

Morgan Stanley

April 17, 2020

Christen Dobson & Marti Flacks
Business & Human Rights Resource Centre

Dear Christen and Marti,

Thank you for inviting Morgan Stanley to comment on Rainforest Action Network's Banking on Climate Change 2020 Report.

Morgan Stanley recognizes that global sustainability challenges, including human rights, resource scarcity and climate change, can result in significant impacts if left unaddressed. By considering environmental, social and governance (ESG) factors in our business activities, we help mobilize capital to deliver sustainable growth and long-term value for our clients and for society.

Morgan Stanley is committed to being a responsible corporate citizen, respecting human rights and supporting the protection and advancement of human rights. Morgan Stanley also recognizes that climate change is an economic reality and a growing risk and opportunity. We seek to support the transition to a low-carbon economy.

Management of environmental and social risks is governed by our policy statements, which are approved by our Board of Directors. Our [Environmental and Social Policy Statement](#) sets forth environmental and social guidelines, including consideration of human rights and climate change, which are incorporated into our transaction due diligence process, our engagement with companies, our supplier expectations, and our own operations. Our [Statement on Human Rights](#), enshrines our commitment to respect and uphold human rights under the United Nations' Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

As described in the policy statements, we analyze environmental and social risks through our due diligence processes that incorporate international frameworks, such as the International Finance Corporation's Performance Standards and Equator Principles. We engage with stakeholders, including indigenous tribes, and incorporate their perspectives and insights into our transaction review. If potentially significant issues, such as potential indigenous rights or human rights violations, are flagged, our Environmental and Social Risk Management (ESRM) Group conducts enhanced due diligence to further understand how the risks are being mitigated and how impacts are being addressed by the company. Depending on the results of the review, transactions may be escalated for further review to our

Regional and Global Franchise Committees in addition to senior management. When we identify a potential environmental or social issue, we also seek to engage as appropriate with a company to address the risk. We have worked with companies to enhance their environmental and social risk management practices.

In terms of climate change, Morgan Stanley recognizes the benefits of helping to reduce greenhouse gas emissions as climate change poses significant risks to the global economy. Morgan Stanley seeks to support the transition to a low-carbon economy through policies, activities, products and services that help mitigate climate risks and catalyze market-driven, low-carbon innovation. We also publish actionable analysis to help clients and other stakeholders navigate the low-carbon transition. Recognizing the need to rapidly scale climate finance, in April 2018, we committed to mobilize \$250 billion to support low-carbon solutions by 2030. We have mobilized approximately \$80 billion in capital toward this goal, including over \$50 billion in 2019.

We recognize the importance of the issues raised and are sensitive to them. We appreciate the opportunity to share our efforts in this regard with you and other stakeholders.

Sincerely,

Sandra Lauterbach
Head of Environmental and Social Risk Management