


Morgan Stanley

INVESTMENT MANAGEMENT



Sustainable Investing Policy



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1 Executive Summary

This Policy applies to MSIM's public and private markets investment teams and regional entities and, generally, to the provision of portfolio management/investment advisory and fund management services for MSIM-managed products and funds.¹

Morgan Stanley Investment Management ("MSIM") provides broad-based specialization across a range of asset classes in public and private markets worldwide.¹ We have been creating value for our clients for over 40 years and operate in more than 20 countries. Our independent investment teams leverage Morgan Stanley's global resources to serve a diverse client base of governments, institutions, corporations, advisors and individuals worldwide. Our investment solutions include a broad range of high-conviction active strategies, alternatives, customization strategies and ESG expertise.

MSIM believes that ESG factors can bring investment risks and opportunities. Understanding and managing these risks and opportunities may therefore contribute to both risk mitigation and long-term investment returns. We seek to drive investment performance through engagement with the assets we own to deliver long-term value, and align with our objective to be responsible stewards of our clients' capital.

Sustainable investing means different things to different investors. MSIM is characterized by its global reach, experience, and reputation for providing customized solutions to clients. Our decentralized investment approach allows investment teams to tailor their approach to sustainability using multiple factors including, but not limited to, the objectives of the product, asset class and investment time horizon, as well as the specific research and portfolio construction, philosophy and process used by that team. Investment teams deploy their skill and judgment in assessing the materiality of ESG-related risks and opportunities as appropriate for each investment strategy.²

We aim to create a culture that fosters investment diversity, innovation and independent thought. This is demonstrated by our investment offerings that range

across various geographies, investment styles, asset classes and approaches to sustainability. We believe this can deliver better outcomes for clients, portfolio companies and markets, as each investment team will be better placed to determine an appropriate focus on ESG to seek to deliver increased and long-term value for its investment strategies and clients.

MSIM's investment teams act as responsible long-term investors. Our strategic aim is to deliver long-term value for our clients in three main areas:

- **Stewardship and Engagement:** Deploying shareholder rights and stakeholder guidance on behalf of our clients to encourage relevant, strong ESG practices with issuers, borrowers and counterparties.
- **Sustainability Expertise in Investment Management:** Considering ESG factors, as appropriate, for certain MSIM investment strategies, asset classes and client needs. These efforts are supported by specialist resources in sustainability regulation and policy, strategic initiatives, stewardship, and sustainability data due diligence and technology innovation.
- **Sustainable Investing Solutions:** Providing our clients with investment solutions that are aligned with their returns objectives alongside their sustainability preferences and needs.

MSIM's Sustainable Investing business agenda and activities are guided by the following principles which are more fully outlined in the relevant sub-sections below:

- **Governance:** We maintain the highest standards of internal governance structures and resources that work to advance Sustainable Investing across our business activities.

¹ MSIM refers to the collective subsidiaries of Morgan Stanley in its Investment Management division. References to "Morgan Stanley" or the "Firm" in this Policy refer to the parent company and its consolidated subsidiaries. In some instances, MSIM may leverage or be a part of Morgan Stanley's processes and/or initiatives related to Sustainable Investing. Certain subsidiaries of Morgan Stanley, including but not limited to Calvert Research and Management and Parametric Portfolio Associates LLC, may differ in their approach to ESG investing and maintain separate sustainability policies. Accordingly, the discussion of ESG investing described herein may not be applicable to each Morgan Stanley affiliate or investment team. Further, some investment strategies do not integrate ESG where it is not currently feasible or appropriate to do so, e.g., passive investment strategies, certain asset allocation strategies, or where requested by clients.

² Some investment strategies do not integrate ESG where it is not currently feasible or appropriate to do so, e.g., passive investment strategies, certain asset allocation strategies, or where requested by clients.

- **ESG Features:** We are committed to considering and incorporating material ESG factors/features (including both risks and opportunities) when evaluating investment opportunities across both public and private markets.
- **Sustainable Investing Solutions:** In considering ESG features and deploying a variety of ESG tools, we create bespoke sustainable investing products and solutions across asset classes, available in active and/or passively managed vehicles
- **Stewardship, Engagement and Voting:** We seek to encourage and partner with our portfolio companies during the period of ownership of their securities to improve both financial and sustainability performance.
- **Advocacy and Collaboration:** Where relevant and consistent with our fiduciary duty, we seek to collaborate with industry peers and standard-setting organizations to advance Sustainable Investing practices.
- **Ongoing Training:** We recognize that the impact of sustainability factors on the economy and our investments and assets is rapidly evolving. As such, we are committed to a culture of ongoing learning and improvement through our internal training programs.
- **Reporting and Transparency:** We foster transparency by providing our stakeholders with the appropriate level of information on sustainability.

2 Sustainability Governance

We view effective management of sustainability issues as a core component of our business strategy and continue to evolve our philosophy as we believe it is fundamental to the long-term success of our organization and our ability to deliver value for our clients. We have established the appropriate governance systems, risk management and controls to support our intention to integrate sustainability considerations across our business.

MSIM ESG Committee

MSIM has established an ESG Committee co-chaired by the MSIM Co-Head and Chief Investment Officer of the Solutions & Multi-Asset Group and MSIM's Global Head of Risk & Analysis. The Committee consists of senior representatives from MSIM's Sustainability team, Office of the Chief Operating Officer and other advisory and related functions who oversee and guide MSIM's support for the sustainable investment strategies of each investment business. Aspects overseen by this Committee include: MSIM's ESG-related goals and strategy, ESG-related product launches and the product development and marketing frameworks relating thereto, MSIM's ESG-related engagement program, ESG-related training and ESG-related technology and data initiatives. The Committee is responsible for this Sustainable Investing Policy, which it reviews periodically to ensure that it accurately reflects the philosophy and processes that govern MSIM's sustainability strategy.

Sustainable Investing Team Leads

It is the investment teams' responsibility to define their approach to consideration of ESG factors. Many of our investment teams or asset class platforms have appointed at least one dedicated Sustainable Investing/ESG specialist to co-ordinate and support this work for the relevant group.

A key responsibility of these specialists is to work with the portfolio managers in their respective teams to help ensure strong ESG incorporation, in line with each team's investment philosophy and strategy. Other elements of the role include supporting investment staff to continuously enhance incorporation of ESG factors/features in investment processes through research, training, knowledge-sharing, engagement with investee management teams, and representing their asset class/team in client meetings, consultant meetings and other forums and groups as necessary.

MSIM Sustainability Team

MSIM believes that a successful sustainability governance framework requires committed leadership, strong collaboration, and robust policies and oversight. MSIM's portfolio managers and investment teams have access to support from the centralized MSIM Sustainability team and the Firm's Global Sustainability Office.

Led by MSIM's Global Head of Sustainability, the MSIM Sustainability team supports MSIM's collective sustainable and governance processes. This group works with the sustainability leads from our investment teams to co-ordinate global sustainable investing and stewardship initiatives. The MSIM Sustainability team's activities include supporting investment teams in relation to incorporating ESG considerations into their investment approaches, developing sustainable fund products, and integrating sustainability data, tools and research, as required.

MSIM's Global Stewardship function, as part of the MSIM Sustainability team, supports and helps coordination of our MSIM proxy voting and investee engagement activities.

We recognize the ESG landscape continues to evolve, so we have developed a culture of ongoing learning and

improvement. This includes ESG knowledge-sharing across investment teams and client/market trends.

Morgan Stanley Institute for Sustainable Investing and Global Sustainable Finance Group

MSIM's Sustainable Investing efforts are also supported by Morgan Stanley's decade-plus commitment to sustainable finance and Firm-level resources. The [Morgan Stanley Institute for Sustainable Investing](#) and the Global Sustainable Office ("GSO") are positioned at the nexus of the Firm's three business pillars (i.e., Institutional Securities Group, Wealth Management and MSIM), and serve as expert resources

and partners on innovation, knowledge sharing and thought leadership across the Firm. GSO regularly advises MSIM on product development and ESG data analysis, collaborates on thought leadership, and partners on internal knowledge-sharing and external industry collaborative efforts.

Accountability and Incentives

Where required by regulation, our local entities have adopted remuneration policies to promote sound and effective risk management with respect to sustainability risks, and which do not encourage excessive risk-taking with respect to sustainability risks.

3 Sustainable Investing Solutions

We offer clients a range of sustainable investing options, from products that integrate ESG factors at various stages of the investment lifecycle to sustainable-focused products that seek to achieve certain sustainability standards in the investment process (such as by meeting a minimum standard for inclusion; having an intentional tilt toward certain sustainability factors; and/or requiring a minimum allocation to certain thematic labelled/certified securities)

to funds that seek to achieve attractive financial returns alongside positive environmental and/or social impacts.

MSIM is committed to providing clients with a broad spectrum of Sustainable Investing solutions across both public and private markets. MSIM strives to provide quantifiable metrics and reporting for our products and solutions, as data access and discoverability improve over time.

4 Sustainability Expertise in Investment Management

MSIM's investment teams incorporate the assessment of material ESG risks and opportunities into investment decision-making processes, as appropriate, and according to investment teams' particular investment strategies. Incorporation of such ESG risks and opportunities may occur at various stages of the investment lifecycle including due diligence and research, valuation, asset selection, portfolio construction, and ongoing engagement and investment monitoring.

In doing so, MSIM's investment teams leverage ESG and other information and insights in a way that is best suited to the specific investment philosophy, asset class and time horizon of a given strategy or product.

Examples of the ESG factors that can be relevant to our investment teams include:

FACTOR	RISK	OPPORTUNITY
Climate Change	<ul style="list-style-type: none"> Transition risk Physical risk 	<ul style="list-style-type: none"> Financing the low carbon transition Renewable and clean technologies Nature-based climate solutions
Natural Resources	<ul style="list-style-type: none"> Rising costs from resource scarcity or resource usage taxes Systemic risk from biodiversity loss 	<ul style="list-style-type: none"> Financing the use of alternative materials Resource efficiency and regeneration technologies
Pollution and Waste	<ul style="list-style-type: none"> Liabilities associated with pollution and contamination Waste management costs 	<ul style="list-style-type: none"> Financing the circular economy Waste disposal technologies
Human Capital	<ul style="list-style-type: none"> Declining employee productivity, attrition, turnover costs Supply chain reputational risks or disruption from unrest or non-compliance 	<ul style="list-style-type: none"> Improving employee productivity, satisfaction and retention Supply chain productivity and efficiency
Customers	<ul style="list-style-type: none"> Acquiring liabilities from harmful or faulty products Recalls, loss of access to markets 	<ul style="list-style-type: none"> Product innovation to address emerging concerns, e.g., healthy lifestyles, privacy protection, sustainability labels Resilient profit margins through stronger brand value
Communities	<ul style="list-style-type: none"> Loss of license to operate Operational disruptions caused by protests/boycotts Systemic inequality and instability 	<ul style="list-style-type: none"> Financing opportunities to increase access in underserved markets to health care, communication, nutrition, and financial products and services

Investment teams may leverage any of the following types of information and resources to support ESG integration activities:

- A)** Company-disclosed information (which may include a company's quarterly financials, earnings calls, general company reporting and/or disclosures, including sustainability-related disclosures)
- B)** Non-company-disclosed information (such as news reports or industry data)
- C)** Third-party research and data
- D)** Engagement with company management
- E)** Other data sourced through bespoke due diligence

Public Markets Investing

We believe that integration of ESG factors supports our ability to manage risk and generate returns through investing in public securities, where ownership is diffused, markets are highly liquid, and company management teams act with

delegated agency on behalf of investors. In this context, the practices that constitute robust ESG integration focus on the use of ESG information to: enhance research and due diligence that underpins security analysis and valuations, inform asset allocation and portfolio construction, construct or optimize against investment benchmarks, and guide stewardship and engagement agendas.

EQUITIES

MSIM's Equities teams comprise generalists as well as sector or regional specialists who assess materiality of ESG factors and utilize company-level research to develop investment strategies that create and capture value while reducing risk. The Equities teams view the engagement with senior management of companies to be an integral component of their role as long-term owners, including engagement on material ESG issues. Investment teams also actively exercise proxy voting rights in support of the investment thesis for a given stock.

FIXED INCOME

Our Fixed Income teams apply proprietary assessment and scoring methodologies that are bespoke to Fixed

Income asset classes, focused on corporate, sovereign and securitized issuance. Additionally as part of a bottom-up, fundamental research process, and in our engagements with issuers, we incorporate an assessment of sustainability-related risks and opportunities into the assessment process to determine impacts on credit fundamentals, implications for valuation and spreads, and any material aspects that may affect the trading technicals of the bonds.

Our Fixed Income teams also deploy a proprietary assessment framework for labeled thematic sustainable bonds, through which the robustness, impact and transparency of such instruments are evaluated.

LIQUIDITY

For our Liquidity portfolios that incorporate ESG factors, our focus is on minimizing sustainability-related risk, in particular those which may materialize as headline risk and which may impact the price of securities or their liquidity. Governance is typically the strongest ESG driver of portfolio risk and return in money markets, given the short duration of the paper we invest in. As liquidity investors, we rely heavily on management teams' controls to avoid involvement in fraud or corruption, and to execute on their commitments. We also view good governance as the foundation stone of strong sustainability fundamentals, reflected in robust policies and business practices on environmental and social issues.

MULTI-ASSET

Certain of our Multi-Asset portfolios integrate ESG factors contingent on asset class and style of investing. As an example, for quant investing, we may optimize the portfolio by using ratings or scores balanced against other risk/return objectives. For customized portfolio solutions, we may review ESG factors to assess impact on asset allocation and/or customize a basket of securities or funds according to the particular sustainability preferences of the client. The Multi-Asset team also conducts thematic engagements on materially important environmental and/or social issues facing companies in order to ensure that the target companies follow good governance practices.

Private Markets Investing

We believe that integration of ESG factors supports our ability to manage risk and generate returns through investing in private markets, where ownership and operational control is directly held (whether majority or minority), assets are generally illiquid, holdings periods are multi-year, and information is often difficult to obtain. In this context, the practices that constitute robust ESG integration focus on the use of ESG information to: enhance the pre-investment due diligence and information discovery that underpins valuations, highlight go/no-go issues in investment selection and deal structuring, inform priorities for post-investment management or operational improvements, and, where applicable and consistent with governance, support the exercise of influence as an owner.

PRIVATE REAL ESTATE

Morgan Stanley Real Estate Investing ("MSREI") teams evaluate ESG risk and opportunity factors identified during pre-investment due diligence, and report the most material ESG issues along with recommendations to the Investment Committee. During the ownership phase, where feasible, we develop ESG action plans to improve the environmental and social impact of direct real estate ownership. We conduct regular reviews of assets to assess greenhouse gas ("GHG") emissions as well as energy, water and waste consumption. These reviews may include an energy audit, a green building certification gap analysis, tracking of sustainability performance data (energy use, GHG emissions, water use and waste) and identification of measures that will improve sustainability performance, such as renewable energy installations, energy efficiency projects and investing in emission reduction technologies. Finally, for select MSREI funds we report annually to the Global Real Estate Sustainability Benchmark (GRESB).

PRIVATE INFRASTRUCTURE

Morgan Stanley Infrastructure Partners ("MSIP") is committed to actively managing ESG issues throughout the investment lifecycle for each asset. The MSIP investment teams evaluate ESG risk and opportunity factors identified during pre-investment due diligence, and report material ESG issues along with recommendations to the Investment Committee. Post-closing, MSIP works with portfolio companies to define and implement strategic goals. As part of this process, the investment team may conduct ESG audits and reviews, and implement mitigation plans to address key ESG issues identified through due diligence. Throughout the investment lifecycle, we measure and monitor ESG performance and ensure ESG processes and procedures are effectively managed. Finally, for select MSIP funds, we report annually the Global Real Estate Sustainability Benchmark (GRESB) and publish an annual ESG report.

PRIVATE CREDIT AND EQUITY

The strategies within Private Credit and Equity consider ESG risks and opportunities throughout the investment lifecycle starting in the investment due diligence phase, where investment teams seek to identify ESG risks and value drivers, and continuing through to the post-investment phase where investment teams seek to partner with investees to maximize ESG opportunities and value drivers. ESG issues identified in the due diligence phase may influence the deal team's overall valuation of the investment, deal structure and contract negotiations. Once an investment is completed, the investment teams monitor sustainability performance and risks where possible with the aim of maximizing value at exit. Investment teams seek to engage with investees and relevant stakeholders to encourage ongoing improvement of sustainability practices. In some cases, investment teams may track improvement across a range of ESG factors using key performance indicators and established work plans.

FUND OF FUNDS AND ALTERNATIVES

The consideration of ESG risks and opportunities is integrated into external manager due diligence in our fund of funds business. Manager due diligence includes an analysis of commitment to ESG integration as assessed through policies and governance structures, an analysis of the extent to which ESG considerations are factored into the investment process, and an assessment of how external managers manage diversity and inclusion and sustainability in their own business operations. In cases where MSIM is making a co-investment with an external manager, ESG due diligence is performed on both the underlying investment and the co-investing manager. Where appropriate, MSIM teams may provide support and resources to external managers to help them enhance their approach to ESG integration and sustainability.

Approach to Sustainability Risk

We recognize that various sustainability factors can pose actual or potential material risks to our investments at the individual asset and portfolio levels. These risks include, but are not limited to, climate change transition and physical risks; natural resources depletion; waste intensity; labor retention, turnover and unrest; supply chain disruption; corruption and fraud; and human rights violations. We also recognize that the universe of relevant risks may grow and evolve over time as the universe of sustainability factors considered relevant to the investment community also grows. The materiality of such risks on an individual asset and on a portfolio as a whole depends on industry, country, asset class and investment style. Sustainability risks can materialize for assets and investments in a range of ways, for example: impaired or stranded asset values, increased operational costs, unforeseen liabilities and penalties, loss of access to markets/customers, and reputational damage. Investment teams are the first line of defense for identifying, understanding and mitigating potential sustainability risk in portfolios.

For public markets portfolios, the MSIM Global Risk & Analysis (GRA) team also conducts top-down sustainability investment risk analysis. This includes sustainability risk exposures (using third-party ratings and data), controversial business exposures, UN Global Compact compliance, and the potential impact of different climate change and transition risk scenarios. The GRA team monitors this information regularly and compiles a monthly firm risk dashboard for senior management, and portfolio-level risk reports are also available to the investment teams. Furthermore, as needed and requested, the Sustainability Team and GRA Team collaborate with the investment teams to conduct analyses on the sustainability risk of select portfolio themes and companies.

For private funds, the investment teams are responsible for conducting due diligence on material issues relating to a proposed investment, which may include, for example, the ongoing monitoring of energy, greenhouse gas, water and waste data and implementation of any asset-relevant

initiatives. ESG issues or opportunities are raised and reviewed as part of the Investment Committee process as confirmed in the Investment Committee checklist. ESG risks and opportunities are continuously evaluated as part of asset management activities. The investment teams also coordinate with the Firm's Environmental and Social Risk Management ("ESRM") group to address any potential environmental and social due diligence considerations that may cause material harm and/or pose reputational risk to the Firm, as per the Morgan Stanley Environmental and Social Risk Management Policy. This allows potential significant concerns to be escalated to the Firm Franchise Committee as relevant. Finally, for our Infrastructure and Real Estate Investing strategies, our teams seek to maintain insurance coverage against liability to third parties and property damage in amounts and on terms that it considers customary and appropriate for its business.

Principal Adverse Impact Monitoring

Given our role as a global investment manager, we recognize that an unintended consequence of some of our investments may include some level of adverse impact on broader systemic sustainability factors such as environmental matters, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

We acknowledge that the systemic nature of sustainability issues, where relevant to a given investment strategy, needs to be addressed in a coordinated and concerted manner across the value chain. Through our Sustainability Team and GRA Team, we look at the portfolio holdings in all MSIM-managed long-term funds and assets to facilitate this holistic approach and, based on the balance of exposures and potential market influence, periodically define areas of potential principal adverse impact which may require attention. For example, these include potential contributions to:

- (i) the increase of greenhouse gas emissions and systemic climate risk;
- (ii) the increased use of finite natural resources;
- (iii) the volume of hazardous and non-recyclable waste; and
- (iv) violations of social norms and employee rights.

We use reasonable efforts to obtain the required data to monitor these potential impacts, and to understand any remediation efforts undertaken by companies. Portfolio managers maintain discretion over the extent to which the outcomes of this due diligence affect buy/sell decisions, portfolio construction, and ongoing engagement and asset stewardship.

We look to mitigate such potential adverse impacts through a combination of actions including investment teams' engagement with investee management, our global

stewardship program, our thematic research, and our collaborative efforts in the broader investment industry. Additionally we strive to adhere to several normative business conduct codes and standards. For example, the Sustainability Team monitors potential violators of the principles enshrined in the United Nations Global Compact and OECD Guidelines and seeks to work with the relevant investment teams to engage with these companies on remediation strategies. MSIM is committed to the principles-based framework for responsible investing as a signatory to the Principles for Responsible Investment. We also adhere to the governance standards published by the International

Corporate Governance Network, and implement the UK Stewardship Code, the Japan Stewardship Code and other regional stewardship codes in our approach to investing and stewardship. Additionally, for certain products in our private fund range, we adhere to IFC Performance Standards.

Finally, the collaboration of our private markets investing businesses with the Firm's ESRM group to identify and address potential environmental and social sensitivities, as outlined in the Morgan Stanley Environmental and Social Risk Policy, also supports MSIM's monitoring and mitigation of potential principal adverse impacts.

5 Stewardship, Engagement and Voting





As active investors and active owners, we have a duty to be good stewards of our clients' capital. We fulfill this duty by engaging with selected companies in which we invest, and by exercising our proxy voting and other rights as shareholders. These stewardship activities give us the opportunity to help guide companies in which we invest toward better ESG practices, which we believe could contribute to attractive returns for our clients over the long term.

Our investment teams endeavour to engage in constructive dialogue with companies, which may encompass meetings and discussions on a particular issue to multi-year engagements/stewardship on a range of E, S or G topics specific to the company or asset to seek to encourage

enhancement. This can encompass a full range of topics that affect the long-term value of a business or asset, including strategy, capital structure, operational performance and delivery, risk management, pay and corporate governance. This helps us manage risk in the near- and long-term, enhance our understanding of our investee companies/ issuers, and, where relevant, create positive sustainable outcomes—all of which benefit our clients.

MSIM's Thematic Engagement Priorities focus on four themes, aligned with the UN SDGs, which are issues that may cause risk to our society and well-being, economy and/or capital markets. The priorities touch all of our investment teams to varying degrees depending on asset class, geography, investment style and strategy.

MSIM's Thematic Priorities for Engaging Companies

 DECARBONIZATION & CLIMATE ACTION	 CIRCULAR ECONOMY & WASTE REDUCTION	 DIVERSE & INCLUSIVE BUSINESS	 DECENT WORK & RESILIENT JOBS
<p>Supporting the transition to a low-carbon economy in line with Paris Agreement goals</p> <ul style="list-style-type: none"> • Renewable energy and clean tech • Energy efficiency • Physical impact adaptation • Just transition 	<p>Supporting business models that reduce impact on natural resources and that innovate to reduce waste generation, with a focus on plastic waste</p> <ul style="list-style-type: none"> • Recycling and reuse • Sustainable sourcing • Life cycle analysis • Water stewardship • Biodiversity 	<p>Supporting business practices that create a more just and inclusive society</p> <ul style="list-style-type: none"> • Affordable access to essential services • Investing in communities • Racial justice • Pay equity • Board and employee diversity 	<p>Supporting decent work across the entire value chain and making workforces resilient in the face of innovation and change</p> <ul style="list-style-type: none"> • Automation and the workforce • Supply chain management • Living wage • Workforce well-being

Engagement

We believe engagement—if carried out well—is mutually beneficial as it enables companies/issuers to explain how their approach to sustainability relates to their broader business strategy and also allows investors to work closely with companies/issuers on specific governance, social and

environmental issues which they believe pose a downside risk to the business. To that end, when we identify material ESG-related or other issues impacting companies/issuers in which we hold significant positions, we seek to proactively engage in active dialogue with management and the results of such interactions in turn inform our investment processes.

On the public markets side, our investment teams who manage active investment portfolios that consider ESG factors/features apply an active approach to stewardship. We exercise our proxy voting and other rights as shareholders. We also regularly monitor and engage with companies/issuers in the normal course of their investment process and leverage the support of the Global Stewardship Team where needed. Investment teams in our public securities business selectively interact with company boards of directors when necessary and beneficial for shareholder or bondholder value. MSIM engages with companies across their capital structure, including through our debt holdings, and leverages our Fixed Income platform to engage with bond issues beyond listed companies, including sovereign states, agencies and private companies. In our private equity business, members of the investment team may serve on the board of directors or invest with other external managers and may address ESG topics through board engagement or engagement with external managers. Engagement fosters productive dialogue, focusing on sustainability risk management and value-generation opportunities.

Engagements are prioritized based on a variety of factors including position size, cadence of annual general meetings, headline events, and materiality of engagement topics. Engagement objectives are also established in different ways, but range from information gathering, encouraging specific disclosures and improved sustainability and governance practices such as adopting longer-term vesting schedules or adopting science-based carbon reduction targets.

MSIM recognizes that certain environmental and social issues can cause risk to our society and well-being, economy and/or capital markets. We periodically identify sustainability focus areas that are of strategic importance to the global economy and long-term stability of the capital markets. These themes touch all of our investment teams to varying degrees depending on asset class, geography, investment

style and strategy. In consultation with the investment teams, we may collaboratively engage alongside peer investors with individual companies/issuers or with groups of companies/issuers in order to support meaningful action on our sustainability focus areas. In doing so, we observe the requirements of local regulations and will act in accordance with our fiduciary obligations to clients.

Please see [MSIM's Engagement and Stewardship Principles](#) for more information on our approach to engagement.

Proxy Voting

Exercising our proxy voting rights enables us to guide portfolio companies toward improved ESG practices, which we believe will produce attractive returns for our clients over the long term. Proxy voting decisions are typically made in-house by members of the relevant investment team and the Global Stewardship team, as required. We do not automatically support management recommendations but consider the merits of each proposal against relevant governance and sustainability criteria and base our voting decisions on the in-depth knowledge of our investment teams and the governance expertise of the Global Stewardship team.

The MSIM Proxy Voting Policy and Procedures addresses a broad range of issues and provides general voting parameters on proposals that arise most frequently. We endeavor to integrate relevant governance criteria along with our Proxy Voting Policy and Procedures with investment goals, using the vote to encourage portfolio companies to enhance long-term shareholder value and to provide a high standard of transparency such that equity markets can value corporate assets appropriately.

For more information on our approach to engagement and proxy voting policies, please see [MSIM's Proxy Voting Policy and Procedures](#).

6 Advocacy and Collaboration

The investment teams responsible for MSIM's actively managed investment solutions generally find one-to-one discussions to be the most effective way to articulate views to a company's management. However, we are supportive of collaborative engagement where it could be necessary or useful to materially enhance portfolio values and where we can do so in a manner that is in full compliance with applicable laws, regulations and judicial precedents. Other factors that we consider before participating in collaborative actions include, but are not limited to: potential conflicts of interest, our obligations under competition or antitrust laws, materiality of the issue, and potential for delivering tangible outcomes in

relation to key sustainability or stewardship-related issues. These may include collaboration with industry peers and standard-setting organizations, and engagement in public policy development in ways that seek to advance sustainable investing practices. Notwithstanding the adopted mode of collaboration, we approach collaborative engagement from the perspective of our role as fiduciaries of client assets, acting on behalf of and in the best interest of our clients. To this end, we maintain memberships with a variety of international and regional organizations which serve to reinforce our sustainability commitments and priorities. A list of such organizations can be found in our latest [UK Stewardship Code Report](#).

7 Training

All MSIM employees except administrative or ancillary staff must take part in the Firm's ESG Foundational Training. In addition to this, MSIM's investment teams participate in training specific to sustainability in asset management, including regulatory developments, market trends, greenwashing risks and broader sustainable investing and stewardship best practices and know-how.

These may be facilitated by MSIM's Sustainability Team, the ESRM group and the Firm's GSO, and both internal and external sustainability subject matter experts. Certain investment teams may require new joiners and existing members within their teams to undergo asset class or team-specific Sustainability training.

8 Reporting and Transparency

We periodically report on our Sustainable Investing and Stewardship activities, in accordance with applicable regulations, voluntary commitments and also our PRI Transparency and [UK Stewardship](#) Reports. Information about our activities is also included in the Firm's group-level sustainability reporting.

We also communicate with our clients on the sustainability characteristics of specific portfolios and related metrics

through both periodic and tailored reports. We strive for timely responses to other stakeholders that request sustainability information, where disclosure is in line with our confidentiality obligations to our clients. Our individual investment teams also communicate their ESG efforts through investment forums and thought leadership pieces that describe their strategy-level approach and views on key ESG issues and trends or through strategy-level ESG reporting.

9 Related Policies

This Policy operates within a broader Morgan Stanley sustainability infrastructure, which is governed by several other policies as listed below:

- **Morgan Stanley Global Franchise Risk Policy** – internal policy that describes the Firm's risk management framework for addressing potential risks, including environmental and social risk
- **Global Environmental and Social Risk Management Policy** – internal policy that outlines the Firm's framework to identify and assess transactions with potential environmental and social risks
- **Morgan Stanley Environmental and Social Policy Statement** – public document that outlines the Firm's commitment to identify and address environmental and social risk
- **Statement on Human Rights** – describes Morgan Stanley's commitment to protecting and advancing human rights through its business and operations
- **Morgan Stanley Code of Conduct** – defines standards of ethical conduct and integrity for Morgan Stanley employees

Explore our site at www.morganstanley.com/im