

Morgan Stanley Investment Management (ACD) Limited

Morgan Stanley Funds (UK) MS Calvert Fixed Income Opportunities Fund ("the Fund")

FCA Product Reference Number ("PRN"): 939811

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This document provides sustainability information for consumers in relation to the Fund.

Sustainable investment labels help investors find funds that have a specific sustainability goal. This Fund does not have a UK sustainable investment label because it does not have a sustainability objective in line with the Financial Conduct Authority's Sustainability Disclosure Requirements ("SDR"). However, the Fund's investment approach takes into consideration sustainability characteristics as detailed below.

Sustainability Approach

Binding Criteria

- **Calvert Principles:** In relation to this Fund, the use of "Calvert" in the name refers to Calvert Research and Management ("Calvert"), an indirect, wholly owned subsidiary of Morgan Stanley dedicated to responsible investment and Environmental, Social and Governance (ESG) research. The Fund utilises a quantitative and qualitative ESG research process to identify issuers which exhibit sound management of sustainability issues. This process is based on the Calvert Principles for Responsible Investment ("Calvert Principles"), which are a proprietary framework to assess investee issuers across a number of financially material ESG factors. In doing so, the Fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations.
- **Exclusions:** The Fund screens out certain sectors and issuers that are deemed to be involved in controversial activities.
- **Lower carbon intensity:** The Fund maintains a lower carbon intensity for corporate bond investments than the corporate bond component of the Bloomberg Global Aggregate Index, aiming to reduce such carbon intensity over time.

Non-binding Criteria

- **Engagement:** The investment manager may undertake engagement activities with selected issuers on their corporate governance practices, as well as on ESG-related controversies and other material sustainability themes including, but not limited to, decarbonisation & climate risk, circular economy & waste reduction, nature capital & biodiversity, diverse & inclusive business, and decent work & resilient jobs.

Glossary for this Fund

Investment manager the company who oversees and makes decisions about what the Fund invests in.

Calvert Principles for Responsible Investment is a proprietary framework (<https://www.calvert.com/media/34498.pdf>) to assess investee issuers across a number of financially material ESG factors. These include: environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations.

Weighted Average Carbon Intensity is a measure of a portfolio's exposure to carbon intensive issuers. It is calculated by taking the sum of – an issuer's carbon intensity multiplied by the issuer's weight within the portfolio – for all issuers in a portfolio. Each issuer's carbon intensity refers to the company's most recently reported or estimated Scope 1 and Scope 2 greenhouse gas (GHG) emissions normalised by sales in USD, which allows for comparison between companies of different sizes. WACI is a TCFD-recommended metric for comparing portfolios' normalised carbon intensity.

Scope 1 emissions are direct emissions from company-owned or controlled sources.

Scope 2 emissions are indirect emissions from the generation of purchased energy.

United Nations Global Compact is a voluntary initiative to implement universal sustainability principles. The UN Global Compact sets out Ten Principles defining core values in the areas of human rights, labour standards, the environment, and anti-corruption.

International Labour Organisation (ILO) Fundamental Principles, adopted in 1998 and amended in 2022, is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values.

Very severe controversies are defined as an instance or ongoing situation in which company operations and/or products allegedly have an environmental, social, and/or governance impact that is serious or very serious in its nature, and extensive or extremely widespread in its scale.

- Sustainable Bonds: The Fund may invest a proportion of its assets in Sustainable Bonds, defined as labelled debt instruments where the issuer has committed to financing or attaining specific environmental and/or social objectives, including but not limited to "Green", "Social" and "Sustainability" Bonds, based on the main labels of bonds issued to date, including those recognised by the International Capital Market Association (ICMA).
 - The investment manager deploys a proprietary assessment framework for Sustainable Bonds, through which the robustness, impact and transparency of such instruments are evaluated.

Further details are provided in the Fund's Prospectus and in the Sustainability Metrics section below.

Sustainability Metrics

The table below summarises the Fund's performance against relevant metrics in relation to its sustainability characteristics:

Sustainability Metrics	Metric Threshold	Metric Value
% of the Fund evaluated under the Calvert Principles for Responsible Investment (excluding cash or any hedging instruments)	100%	—
Carbon intensity lower than the corporate portion of the Bloomberg Global Aggregate Index (shown in the Metric Threshold column)	WACI of Bloomberg Global Aggregate Index (corporate bonds only)	—
Measured by Weighted Average Carbon Intensity ("WACI"): scope 1 and 2 emissions in tons CO ₂ e/US\$ million revenue		
Exclusions		
% Fund exposure to corporate issuers deriving revenues greater than the stated exclusionary thresholds below:		
Controversial weapons (>0% revenue)	0%	—
Civilian firearms (>0% revenue)	0%	—
Military and conventional weapons (>10% revenue)	0%	—
Manufacturing or production of tobacco (>0% revenue), or tobacco distribution and retail (>10% revenue)	0%	—
Gambling (>10% revenue)	0%	—
Adult entertainment (>10% revenue)	0%	—
Alcohol production or related activities (>10% revenue from production, >25% revenue from retail or distribution, or >50% revenue from supply of key raw materials)	0%	—
Mining and extraction of thermal coal (>0% revenue)	0%	—
Coal-fired power generation (>10% revenue)	0%	—
Oil & gas exploration, development and production activities, where this represents the company's core business activity	0%	—
% Fund exposure to corporate issuers with violations of the United Nations Global Compact, or the ILO Fundamental Principles, or with controversy cases that the Investment Manager views as "Very Severe", including those related to the OECD Guidelines for Multinational Enterprises.	0%	—

The metrics will be updated with actual values when the Fund publishes its first annual SDR Sustainability Report.

This analysis is conducted by the investment manager using Calvert's proprietary research and third party ESG screening data.

Further Details

Further information on the Fund, including the Fund's Prospectus, the Fund's Annual Report, the Key Investor Information Document (which includes information on the Fund's costs and charges), the Fund's SDR Sustainability Report (once available), and other relevant information can be found here: <https://www.morganstanley.com/im/en-gb/intermediary-investor/funds-and-performance/morgan-stanley-funds-UK/fixed-income/ms-calvert-fixed-income-opportunities-fund.html>