

In the midst of the financial and economic upheavals of the last several years, Morgan Stanley has advanced our commitment to placing environmental, social and governance issues at the center of our business activities. We established the Global Sustainable Finance Group in 2009 to provide a focused, strategic approach to this effort. Today, having reaffirmed our corporate strategy and taken actions to put Morgan Stanley on a path to more consistent, sustainable profitability, we remain committed to sustainability in all of its aspects.

This past year, we rearticulated our core values, which distill the essence of what matters most for Morgan Stanley – our clients, shareholders, employees and communities – and for our continued success in a world of continual change.

These values are illustrated throughout this year's sustainability report:

- *Putting clients first* – many stakeholder engagement activities and a strengthened new product approval process actively demonstrate our commitment to acting in the best interests of clients
- *Leading with exceptional ideas* – in 2012, we launched our *investing with impact* platform, enabling wealth management clients to create financial, social and environmental value. Our clean technology investment banking team engaged in advisory assignments, IPOs, and other financing transactions valued at over \$6 billion. These successes highlight our determination to identify unique opportunities and develop pioneering financial solutions that can benefit all stakeholders
- *Doing the right thing* – A strong culture of integrity, together with enhanced risk management policies and practices, including those related to compensation, keep us focused on our pursuit of long-term shareholder value. With those practices, we seek to underscore the premium we place on honesty, collegiality and character
- *Giving back* – Innovative community development and philanthropic programs underscore a commitment to using our many resources, including intellect, capital and pro bono services, to strengthen our communities. The dedication of our employees, who last year contributed 176,000 hours to nonprofits around the globe, is exceptional

In our daily operations, too, we strive to demonstrate these values. We achieved our goal of reducing carbon emissions 15 percent from a 2006 baseline a year ahead of schedule in 2012. Our new goal calls for a further reduction of 15 percent in emissions from offices by 2017, a cumulative 37 percent reduction from 2006. The deliberate actions that lead to our reduced carbon emissions have been recognized in the LEED certification attained by 21 of our buildings. Significantly, Morgan Stanley's headquarters building in New York recently received LEED Gold for Existing Buildings, acknowledging the many resource-saving initiatives we have implemented.

Throughout our 78-year history, we have built on the legacy of the exceptional individuals who founded Morgan Stanley. By remaining true to our values and aspiring to long-term

sustainability, we will continue to honor that legacy while delivering lasting value to the many stakeholders whose trust and respect we value.

James P. Gorman

Chairman and Chief Executive Officer