

Help Your Clients Capitalize on Global Change



TOPICS WE'LL COVER

A Transformative Time	2	Why Calvert	8
Trends and Opportunities	4	Getting Started	9

1 A Transformative Time

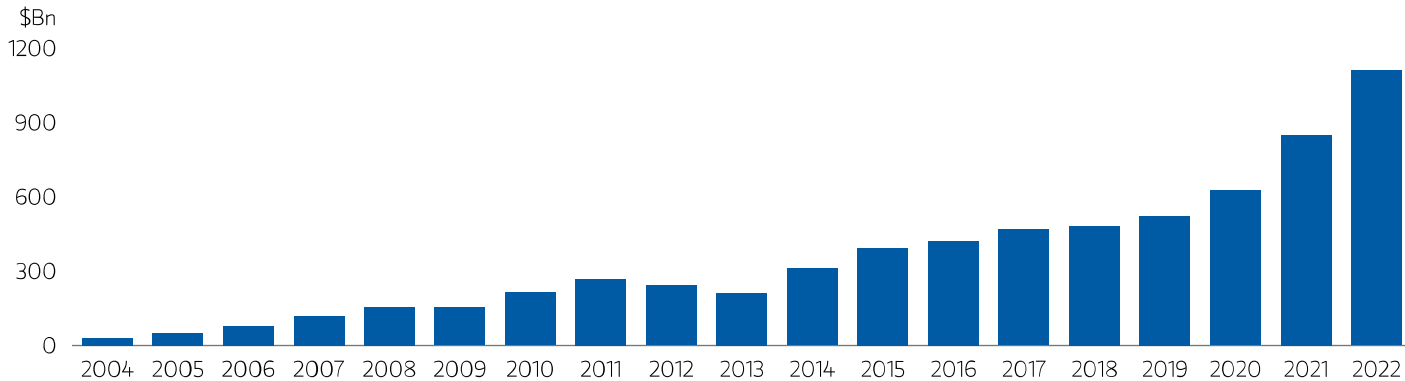
The world is changing faster than ever, as global forces and trends reshape how we live, how we work and how we invest. Three of these trends are creating significant opportunities for investors while transforming society.

Energy Transition

We are undergoing massive shift in the energy system. Global investment in low-carbon energy technology surged to a record \$1.1 trillion in 2022¹, outpacing investment in fossil fuels as countries and businesses continue to execute on energy transition plans.

Energy companies are taking steps to cut emissions, diversify their businesses and prepare for falling fossil fuel demand. The decarbonization journey presents opportunities as companies evolve their strategies and take differentiated approaches to manage the energy transition.

Global Investment in Energy Transition

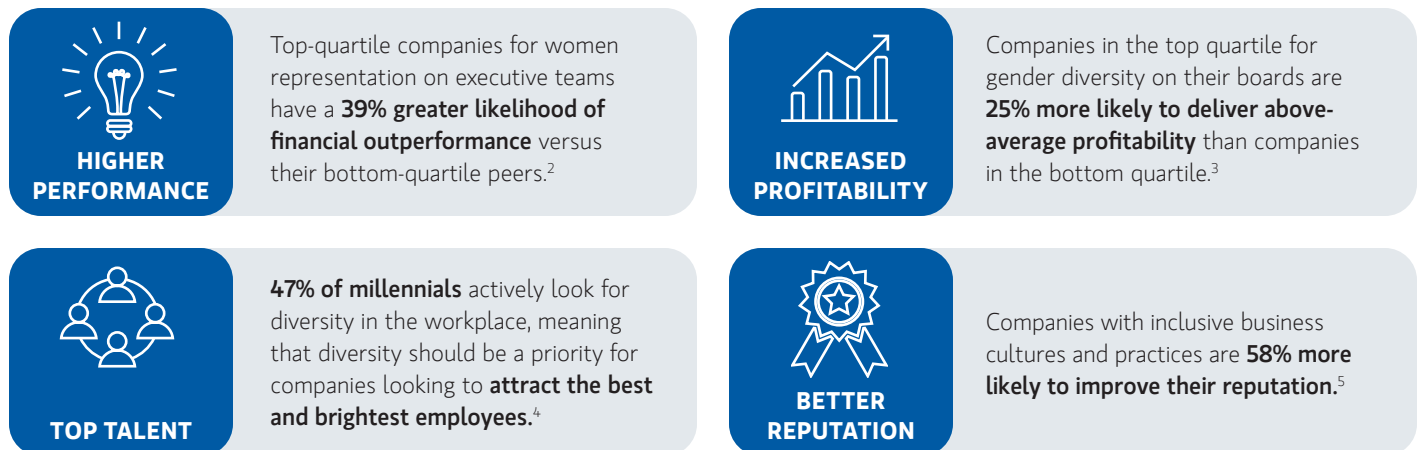


Source: Bloomberg NEF. Data as of January 2023

¹Bloomberg NEF, "Global Low-Carbon Energy Technology Investment Surges Past \$1Trillion for the First Time," January 26, 2023.

Shift to a Talent-Based Economy

Another major trend is the shift from a resource-based economy to a talent-based economy. To position themselves for success, many companies are focused on attracting and promoting diverse talent. There's a growing body of research indicating that companies with greater diversity outperform their less diverse peers on a range of measurements including:



As a 2020 McKinsey report noted: For diverse companies, the likelihood of outperforming industry peers on profitability has increased over time, while the penalties are getting steeper for those lacking diversity.⁶

Focus on Mitigating Environmental Impacts

Humans impact the environment in many ways, from pollution and deforestation to climate change and biodiversity loss. Market forces alone can't resolve these issues, so governments are increasingly passing laws and regulations which may have a major impact on business operations.

² McKinsey, "Diversity matters even more: The case for holistic impact," Sundiatu Dixon-Fyle, Celia Huber, María del Mar Martínez Márquez, Sara Prince, Ashley Thomas and Dame Vivian Hunt, December 5, 2023.

³ McKinsey, "Diversity wins: How inclusion matters," Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, Sara Prince, May 19, 2020.

⁴ Forbes, "The Importance Of Diversity And Inclusion For Today's Companies," Bernard Tynes, March 3, 2022.

⁵ Catalyst, "Why Diversity and Inclusion Matter: Quick Take," June 24, 2020.

⁶ McKinsey, "Diversity wins: How inclusion matters".

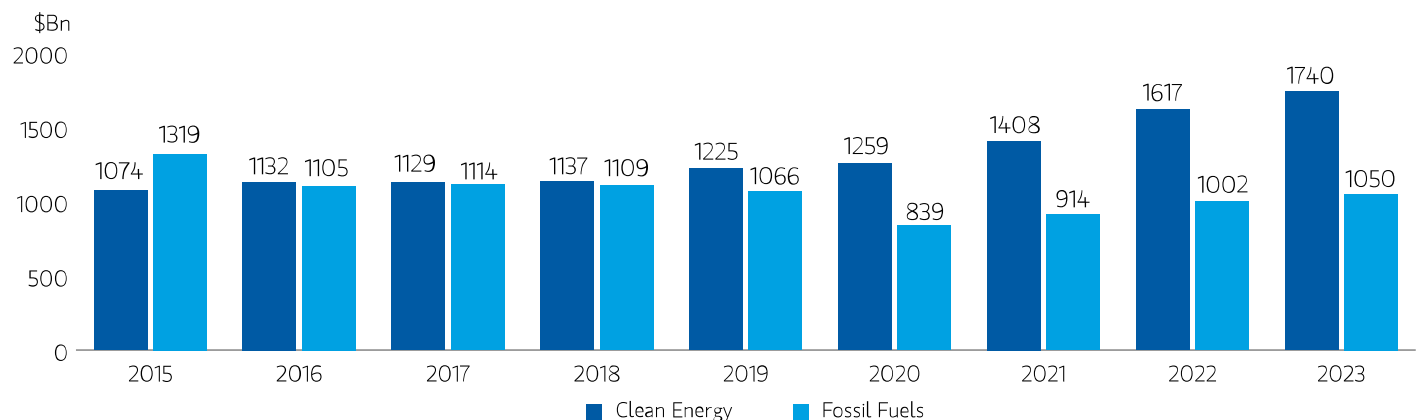
2 Trends and Opportunities

How do you turn global trends into positive client conversations? Start by helping your clients understand the investment opportunities and risks that these trends present:

Energy Transition

RENEWABLES: Renewables have become increasingly cost competitive with fossil fuels, yet they make up only 13% of today's global energy mix.⁷ While headwinds remain for the energy transition, **more than \$1.7 trillion is being invested in clean energy around the world.**⁸ With demand for oil and gas expected to peak by 2030⁹ and as clean energy becomes even more competitive, the long-term investment case for renewables looks compelling.

Clean Energy Spending is Outpacing Fossil Fuels



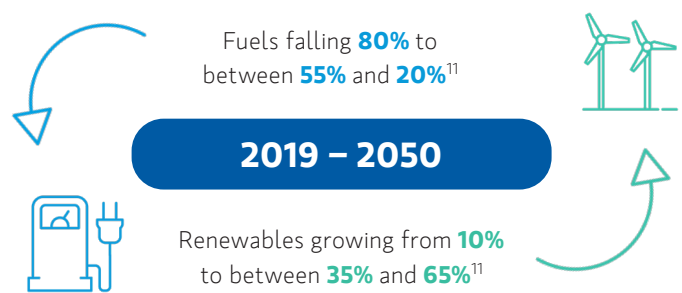
Source: World Energy Investment 2023, International Energy Agency

⁷ U.S. Energy Information Administration, Monthly Energy Review, May 2023.

⁸ International Energy Agency, World Energy Investment 2023, May 2023.

⁹ International Energy Agency, "Oil and gas industry faces moment of truth –and opportunity to adapt –as clean energy transitions advance," November 23, 2023.

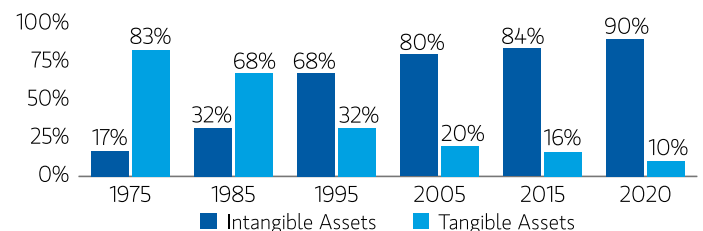
DECARBONIZATION: The scope and pace of decarbonization is helping investors to identify companies poised to benefit from the energy transition. For example, NextEra Energy has shifted their business away from fossil fuels and is now the largest provider of wind and solar energy.¹⁰ Meanwhile, BP sees the share of fossil fuels as a primary energy source falling from **80% in 2019 to between 55% and 20% by 2050**, with **renewables like wind and solar energy growing from 10% to between 35% and 65% over the same period.**¹¹



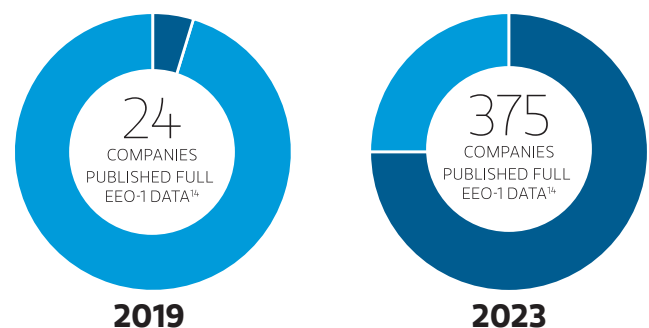
Shift to a Talent-Based Economy

INTANGIBLES: **Roughly 90% of the value of the S&P 500 is intangible, up from 17% in 1975.**¹² Intangible assets such as talent and reputation are critical to a company’s success. Investors should pay attention to how companies attract, retain and motivate their employees. Evaluating companies through a social lens can help differentiate leaders from laggards and uncover opportunities in human capital management.

Components of S&P 500 Market Value



TRANSPARENCY: While nearly 75% of Russell 1,000 companies disclose workforce diversity data,¹³ regulators and industry bodies continue to push toward greater transparency. **In 2019, only 24 companies in the S&P 500 published their full EEO-1 data; today over 375 companies have committed to publish.**¹⁴ Improving transparency will improve the data available to investors while pushing companies to improve how they manage key human capital issues.



¹⁰ Energy Digital, “Top 10: Biggest Renewable Energy Companies,” Mariam Ahmad, March 9, 2023.

¹¹ CNBC, “BP says demand for oil and gas will drop dramatically by 2050 in ‘decisive shift,’” Catherine Clifford, January 30, 2023.

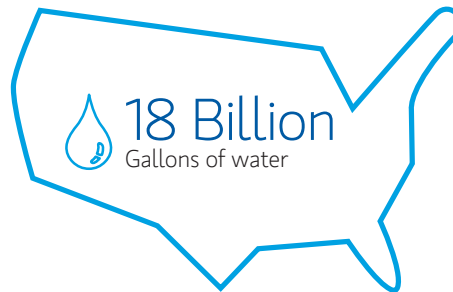
¹² Forbes Advisor, “What Are Intangible Assets?,” John Egan and Paul Katzeff, June 13, 2023.

¹³ Triple Pundit, “Workforce Diversity Disclosures Hit An All-Time High,” Mary Mazzoni, March 22, 2023.

¹⁴ Bloomberg, “There’s One Diversity Initiative Companies Aren’t Likely to Backtrack On,” Jeff Green, September 25, 2023. The EEO-1 Component 1 report is a mandatory annual data collection that requires all private sector employers with 100 or more employees, and federal contractors with 50 or more employees meeting certain criteria, to submit workforce demographic data, including data by job category and sex and race or ethnicity, to the Equal Employment Opportunity Commission.

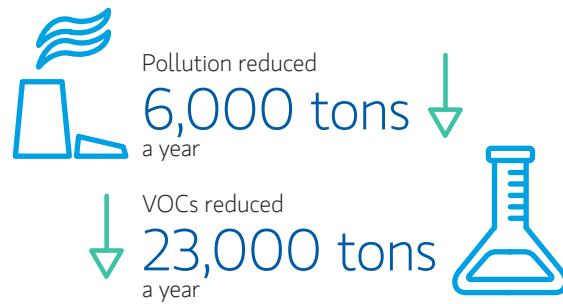
Focus on Mitigating Environmental Impacts

WATER: Water supply, efficiency and quality are all critical to the global economy. **The U.S. uses more than 18 billion gallons of water per day for industrial purposes.**¹⁵ So investors should pay attention to companies exposed to water infrastructure, as well as those that are heavy users of water. Initiatives to use water more efficiently can produce cost savings for companies while benefiting the world around them.



POLLUTION AND WASTE: Governments often act when companies don't make enough progress on pressing environmental issues. For example, in the U.S., the EPA has proposed standards to **reduce toxic pollution by an estimated 6,000 tons/year and VOCs (volatile organic compounds) by 23,000 tons/year.**¹⁶ Compliance with these standards poses significant costs and risks, requiring companies to monitor and reduce air pollutants—or face potential litigation.

EPA Proposed Standards



¹⁵ Stantec Energy & Resources Advisor, "Water and energy: A symbiotic relationship," Mario Finis and Ryan Roberts, February 8, 2023.

¹⁶ Calvert Impact Blog, "Proposed EPA Standards Illustrate Importance of Negative Externalities for Investors," Emily Wasgner, July 10, 2023.

Questions to Ask

USE THE THREE GLOBAL TRENDS AND THE FOLLOWING QUESTIONS TO HELP UNDERSTAND WHAT'S IMPORTANT TO YOUR CLIENTS.

Which of these trends do you want to see represented in your investment portfolio?

With global investment in the energy transition at record highs, have you thought about how companies in your portfolio can capitalize on the big shift?

How important is it that the companies in your portfolio be able to navigate the risks and opportunities related to these trends?

Have you considered that reducing waste and emissions can save companies money while improving their reputation?

Doesn't it make sense that companies that excel at navigating these trends may outperform their peers over time?

How important is it for your portfolio to include sustainable leaders vs. sustainable laggards?

Have you considered that companies that can navigate these trends may potentially avoid costly workforce problems or regulatory sanctions?

How important is it for you to see the impact that the companies in your portfolio are having?

How important is it for companies in your portfolio to be able to attract and retain the people they need?

3 Why Calvert

Calvert has been a global leader in Responsible Investing for over 40 years. Our investment approach is based on the belief that companies that manage their environmental and social risks make better long-term investments.



Performance

- Our first responsibility is to deliver competitive investment performance while striving to benefit society and the planet.
- We believe investing in companies with sustainable business practices can create efficiencies that increase shareholder value and mitigate risk.



Research

- We focus on financially material ESG issues that can impact a company's value, operational performance or relationship with stakeholders.
- Combining fundamental analysis and ESG analysis gives us a more complete picture of the companies in which we invest.



Engagement

- Calvert advocates and engages directly with management to help companies improve corporate behaviors and financial performance.
- We take an active role—from filing shareholder proposals and resolutions to working with companies to address sustainable practices.



Impact

- How companies respond to global forces and trends can have a significant effect on the environment and society.
- That's why we measure, manage and report our ESG exposures and impacts.

4 Getting Started

Global change is creating opportunities for you and your clients. It's important to work with an investment manager who understands these trends and can help you incorporate them into client portfolios.

Here's how you can get started.

Make the Case

Explain why you believe that navigating these trends requires an approach that targets companies who excel at managing their ESG risks and opportunities.

Uncover Motivations

Many clients want their investments to reflect their personal values. Discuss how the trends discussed in this paper align with your clients' motivations.

Explore Our Resources

With a broad array of resources and strategies, Calvert makes it easy to build sustainable portfolios for an ever-changing world.

Risk Considerations

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market.

ESG strategies that incorporate impact investing and/or environmental, social and governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance.

A separately managed account may not be appropriate for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required.

For important information about the investment managers, please refer to Form ADV Part 2.

This material is a general communication, which is not impartial, is for informational and educational purposes only, not a recommendation to purchase or sell specific securities, or to adopt any particular investment strategy. Information does not address financial objectives, situation or specific needs of individual investors.

DISTRIBUTION

This material is only intended for and will only be distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations.

MSIM, the asset management division of Morgan Stanley (NYSE: MS), and its affiliates have arrangements in place to market each other's products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM's affiliates are: Eaton Vance Management (International) Limited, Eaton Vance Advisers International Ltd, Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, and Atlanta Capital Management LLC.

This material has been issued by any one or more of the following entities:

EMEA

This material is for Professional Clients/Accredited Investors only.

In the EU, MSIM and Eaton Vance materials are issued by MSIM Fund Management (Ireland) Limited ("FMIL") FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at 24-26 City Quay, Dublin 2, DO2 NY19, Ireland.

Outside the EU, MSIM materials are issued by Morgan Stanley Investment Management Limited (MSIM Ltd) is authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

Italy: MSIM FMIL (Milan Branch), (Sede Secondaria di Milano) Palazzo Serbelloni Corso Venezia, 16 20121 Milano, Italy. **The Netherlands:** MSIM FMIL (Amsterdam Branch), Rembrandt Tower, 11th Floor Amstelplein 1 1096HA, Netherlands. **France:** MSIM FMIL (Paris Branch), 61 rue de Monceau 75008 Paris, France. **Spain:** MSIM FMIL (Madrid Branch), Calle Serrano 55, 28006, Madrid, Spain. **Germany:** MSIM FMIL Frankfurt Branch, Große Gallusstraße 18, 60312 Frankfurt am Main, Germany (Gattung: Zweigniederlassung (FDI) gem. § 53b KWG). **Denmark:** MSIM FMIL (Copenhagen Branch), Gorrissen Federspiel, Axel Towers, Axeltorv2, 1609 Copenhagen V, Denmark.

MIDDLE EAST

Dubai: MSIM Ltd (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158).

This document is distributed in the Dubai International Financial Centre by Morgan Stanley Investment Management Limited (Representative Office), an entity regulated by the Dubai Financial Services Authority ("DFSA"). It is intended for use by professional clients and market counterparties only. This document is not intended for distribution to retail clients, and retail clients should not act upon the information contained in this document.

This document relates to a financial product which is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any documents in connection with this financial product. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. The financial product to which this document relates may be illiquid and/or subject to restrictions on its resale or transfer. Prospective purchasers should conduct their own due diligence on the financial product. If you do not understand the contents of this document, you should consult an authorised financial adviser.

U.S.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT

Latin America (Brazil, Chile Colombia, Mexico, Peru, and Uruguay)

This material is for use with an institutional investor or a qualified investor only. All information contained herein is confidential and is for the exclusive use and review of the intended addressee, and may not be passed on to any third party. This material is provided for informational purposes only and does not constitute a public offering, solicitation or recommendation to buy or sell for any product, service, security and/or strategy. A decision to invest should only be made after reading the strategy documentation and conducting in-depth and independent due diligence.

ASIA PACIFIC

Hong Kong: This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore:** This material is disseminated by Morgan Stanley Investment Management Company and should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); (ii) to a "relevant person" (which includes an accredited investor) pursuant to section 305 of the SFA, and such distribution is in accordance with the conditions specified in section 305 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This publication has not been reviewed by the Monetary Authority of Singapore. **Australia:** This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

JAPAN

For professional investors, this material is circulated or distributed for informational purposes only. For those who are not professional investors, this material is provided in relation to Morgan Stanley Investment Management (Japan) Co., Ltd. ("MSIMJ")'s business with respect to discretionary investment management agreements ("IMA") and investment advisory agreements ("IAA"). This is not for the purpose of a recommendation or solicitation of transactions or offers any particular financial instruments. Under an IMA, with respect to management of assets of a client, the client prescribes basic management policies in advance and commissions MSIMJ to make all investment decisions based on an analysis of the value, etc. of the securities, and MSIMJ accepts such commission. The client shall delegate to MSIMJ the authorities necessary for making investment. MSIMJ exercises the delegated authorities based on investment decisions of MSIMJ, and the client shall not make individual instructions. All investment profits and losses belong to the clients; principal is not guaranteed. Please consider the investment objectives and nature of risks before investing. As an investment advisory fee for an IAA or an IMA, the amount of assets subject to the contract multiplied by a certain rate (the upper limit is 2.20% per annum (including tax)) shall be incurred in proportion to the contract period. For some strategies, a contingency fee may be incurred in addition to the fee mentioned above. Indirect charges also may be incurred, such as brokerage commissions for incorporated securities. Since these charges and expenses are different depending on a contract and other factors, MSIMJ cannot present the rates, upper limits, etc. in advance. All clients should read the Documents Provided Prior to the Conclusion of a Contract carefully before executing an agreement. This material is disseminated in Japan by MSIMJ, Registered No. 410 (Director of Kanto Local Finance Bureau (Financial Instruments Firms)), Membership: the Japan Securities Dealers Association, The Investment Trusts Association, Japan, the Japan Investment Advisers Association and the Type II Financial Instruments Firms Association.

© 2025 Morgan Stanley. All rights reserved.