

**Exhibit 4:** Sectors and Underweight-rated stocks that face headwinds from the decarbonisation trend

Sector	Context on how sector is impacted/transiting	Europe	Americas	Asia Pacific
Energy	Demand for oil and gas needs to fall in order to achieve the Paris Agreement goals. Many energy companies have indicated their intention to transition towards lower carbon revenue streams. However, it remains unclear what impact this will have on cash flow generation, returns and valuations.	N/A	Continental Resources, Nabors Industries, US Silica Holdings, Delek US Holdings	Thailand: Thai Oil Public Company
Power & Utilities	Overall, the transition should be positive for the Utilities sector, given the investment opportunities for decarbonising the power system and electrifying more of energy demand. However, for some companies there is a concern around the funding of large scale capex programmes. Higher customer bills in the coming years (due to carbon pricing, and increased risk of wildfires, storms & flooding) pose a political challenge, with risk of government intervention, but should be managed and will ultimately prove temporary in the medium/long term. There is a challenge for residual coal exposure and a potential headwind for the gas utilities as homes and buildings electrify heating and cooking. However, gas is likely to play a significant role in transition for the foreseeable future and then the assets could potentially be used for hydrogen. Finally, there could be a dislocation in valuation multiples between leaders and laggards in the decarbonisation story.	N/A	Consolidated Edison, Eversource Energy, Southern Company, Xcel Energy and ONE Gas	China: Huaneng Power Malaysia: Tenaga Nasional
Cement	Cement production is responsible for 7% of all CO2 emissions globally. However concrete, the end product which is used by combining cement with aggregates and water, is essential to economic development and the second most consumed commodity globally, after water. As a result, the product is unlikely to be substituted and hence cement decarbonisation is essential to delivering climate goals. We see companies using many levers to deliver medium-term decarbonisation ambitions, including 1) lifting alternative fuel usage, 2) investment in lifting cement kiln efficiency, 3) pushing the commercial adoption of low carbon cement and concrete, which include more blended materials such as slag, fly ash and recycled concrete waste and 4) carbon capture storage. In terms of impact, we see those companies who lead on decarbonisation seeing higher revenue growth through demand for green cements and concretes and increased margins and cement and concrete prices increase to offset higher carbon costs. Those companies which lag are at risk of losing share and seeing cashflow shrink as CO2 costs rise. In China, the long term goal to reduce carbon emissions is already constraining industrial product with ~30% of national cement production already impacted this year.	Buzzi Unicem	N/A	China: Tangshan Jidong Cement and West China Cement
Chemicals	Greater adoption of carbon pricing schemes would put upwards pressure on costs in the Chemical sector, most notably across silicon metal producers, fertilizers, industrial gas companies and some specialty chemical producers. While we would expect much of this cost to be passed on to customers, the exposure can be reduced via phasing out coal-powered energy where possible, utilising bio based materials, and leveraging new technologies like carbon capture and hydrogen. In the case of the industrial gas companies, they are protected by their long term contracts that allow for this cost inflation to be passed directly to their customers.	N/A	N/A	N/A
Coal	A key goal of COP26 is to accelerate the phase out of coal. In Asia there are several companies that generate >90% of revenues from coal. For these companies, transitioning away from coal will require large-scale investments in renewable energy. The cost and timing of such a transition is unknown and will also impact companies across the supply chain.	N/A	N/A	China: Yanzhou Coal, China Coal Energy, Shaanxi Coal Industry Indonesia: Adaro
Metals & Mining	Climate action has become a central pillar of the mining industry's strategic decision-making, focusing the debate on portfolio positioning and carbon emissions. While commodities are essential to the energy transition, their extraction and use results in 4-7% of global greenhouse-gas emissions (Scopes 1 & 2). This rises to 32-35% if we consider Scope 3 emissions linked to the sector. In terms of impact, we believe higher carbon costs from incremental carbon taxes and investment required in decarbonisation technologies would be a headwind for producers across the steel & aluminium space. Companies would have to invest in high-capex decarbonisation technologies, which are still not at commercial scale, including green hydrogen and carbon capture and storage. Having said that, we think adequate climate strategies will minimize business risks over time, lowering costs of capital and boosting equity values.	voestalpine	N/A	N/A
Industrials	Industrial companies are exposed to the transition via customers in high carbon sectors such as oil & gas, cement and coal. As these sectors adjust their business models, there could be a negative impact on sales for the equipment manufacturers, although there may be some offset from growth in green products.	N/A	N/A	N/A
Autos	In Autos, while the need to transition to a more sustainable (electric) future is acknowledged by OEMs today, it is not as simple as flipping the proverbial switch. There are risks associated with transitioning from internal combustion engine (ICE) to battery electric vehicles (BEV). These risks include, but are not limited to: 1) losing market share to new entrants, 2) not being able to replace every dollar of lost ICE revenue with BEV revenue, 3) execution risk around strategies to increase BEV vs ICE exposure (i.e. M&A and divestitures), and 4) not being able to maintain 'ICE-era' CPV and margins.	BMW & Schaeffler	Ford Motor, American Axle & Manufacturing, Tenneco, BorgWarner, Adient, Visteon Corp	Nissan
Airlines	For Airlines, sustainable aviation fuel is a favoured method for reducing airlines' emissions. However, lack of supply of sustainable aviation fuel and subpar economics will make it challenging.	Deutsche Lufthansa & Air France-KLM	American Airlines	China: Juneyao Airlines Co
Shipping	Maritime transport is responsible for about 2.5% of global greenhouse gas (GHG) emissions. While shipping remains one of the more CO2 efficient modes of transport in terms of energy use per tonne-kilometre, the IEA estimates shipping emissions will rise by 50% from 2019 levels to 1.1bn tonnes by 2050 if progress towards decarbonisation does not accelerate. We expect the decarbonisation of shipping to lead to higher opex and capex over the next decade. However, we also note that shipping fundamentals may benefit from the supply side rationalization, due to environmental policy uncertainties and emission cut requirements.	N/A	N/A	N/A

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