

## **Morgan Stanley Modern Slavery and Human Trafficking Statement – Financial Year 2016**

This Statement is being published in accordance with Section 54 of the Modern Slavery Act 2015. It outlines the steps taken by Morgan Stanley<sup>1</sup> during the 2016 financial year to ensure that modern slavery<sup>2</sup> is not taking place in any part of our own operations or in any of our supply chains, as well as our future plans in that regard. This Statement applies to the global operations and supply chain of Morgan Stanley and our consolidated subsidiaries.

### **Introduction**

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, wealth management and investment management services. With offices in more than 42 countries, the Firm's employees serve clients worldwide including corporations, governments, institutions and individuals.

Morgan Stanley's employees procure goods and services from Morgan Stanley's supply chain, which is made up of over 14,000 vendors (as of December 31, 2016) with the majority in the US and UK.

Morgan Stanley is committed to supporting the protection and advancement of human rights in our business and throughout our supply chain. With operations around the world, we strive to uphold global standards for responsible business, including equal opportunity, freedom to associate and bargain collectively, and the elimination of child and forced labor. We endeavor to exercise our influence in part by conducting our business operations in ways that attempt to preserve, protect and promote the full range of human rights, such as those described in the United Nations Universal Declaration of Human Rights (UDHR).

While this Statement covers our direct operations and supply chain, we acknowledge that our client and customer base may constitute an additional area of focus; you can access more information on our approach to environmental and social risk management, human rights and anti-money laundering in our [Environmental Policy Statement](#), [Statement on Human Rights](#), [Code of Conduct](#) and [2015 Sustainability Report](#).

### **Our Approach**

Morgan Stanley's activities and operations are integrated globally, with core risk management policies and procedures established at a global level. Morgan Stanley's holding company board has established an enterprise risk management framework that ensures that Morgan Stanley's risks are managed in a sound manner and escalated as appropriate. This includes management of sourcing and outsourcing, supplier selection, franchise risk and environmental and social risk.

In 2016, Morgan Stanley created a global, cross functional working group to plan compliance with the Modern Slavery Act and implementation of enhancements to improve our ability to identify modern slavery risks.

### *Policies*

Morgan Stanley is guided by the rights outlined in the UDHR and in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and Morgan Stanley expects that its suppliers, affiliates and partners do the same. All employees must read and acknowledge the Morgan Stanley Code of

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<sup>1</sup> References to Morgan Stanley in this document are to Morgan Stanley, a Delaware corporation, and its consolidated subsidiaries.

<sup>2</sup>"Modern Slavery" means "slavery and human trafficking" as defined in Section 54 of the Modern Slavery Act 2015.

Conduct annually, which underscores our values and our commitment to ensuring a workplace that includes equal opportunity, dignity and respect, including with respect to our suppliers, affiliates and partners.

In addition, Morgan Stanley's existing Global Franchise Risk and Global Environmental and Social Risk Policies outline requirements for heightened sensitivity and review where business activities or operations may be at high risk of exposure to human rights abuses.

Morgan Stanley also has a global integrity hotline providing employees with a mechanism to report concerns regarding potentially unlawful, improper or questionable conduct, including with regard to vendors or other third parties.

#### *Due Diligence Process*

Morgan Stanley's vendor due diligence program assesses risk associated with third party suppliers. The assessment includes a review of the supplier's litigation history, regulatory profile and negative media coverage using publicly available material and news sources. This assessment identifies, among other things, potential for risks associated with human rights and other social and/or environmental issues. Where appropriate, issues are escalated to senior management.

In 2016, Morgan Stanley conducted a global internal assessment in order to identify potential enhancements to the scope and depth of our vendor due diligence process, consistent with the provisions of the Modern Slavery Act. We reviewed the Firm's spend categories for both goods and services purchased from 3rd party suppliers, and identified those spend categories (and the vendors associated with those spend categories) that may be subject to additional review, including for potential modern slavery related issues. In addition, we reviewed supplier agreement templates to ascertain whether such agreements impose obligations on our suppliers to address modern slavery issues in their business and supply chains.

#### *Ongoing Plans*

In the financial year ending December 31, 2017, we plan to further develop our vendor due diligence program to better identify potential high-risk vendors. If we become aware that any of our existing vendors have modern slavery related issues, we will review and address those situations as deemed appropriate. We will amend policies and procedures to better address modern slavery risks where necessary. In addition, we plan to include language explicitly pertaining to modern slavery in our supplier Request for Proposal (RFP) templates and in contracts with new suppliers. We are working on an internal communication and training strategy related to the Modern Slavery Act for relevant Morgan Stanley employees. Further, we have planned a stakeholder engagement roundtable and internal workshop to enhance our approach to managing human rights risks more broadly at the Firm.

Signed by:



James P. Gorman

Chairman and Chief Executive Officer