

Morgan Stanley Modern Slavery and Human Trafficking Statement – Financial Year 2017

This Statement is being published in accordance with Section 54 of the Modern Slavery Act 2015. It outlines the steps taken by Morgan Stanley¹ during the 2017 financial year to ensure that modern slavery² 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 41 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 13,000 vendors (as of December 31, 2017) 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), the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

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 [2017 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 2017, Morgan Stanley established an Executive Global Committee to oversee all activities related to the Modern Slavery Act, including any concerns regarding our supply chain. This was in addition to the global, cross functional working group that was created in 2016 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 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.

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

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

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. For more information on our Environmental and Social Policies, please visit the [corporate governance page](#) of our website.

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 risks associated with third party suppliers. In 2017, we reviewed over 1,400 companies using a risk based approach; the program reviews online public records, including an evaluation of significant litigation and regulatory actions and a negative media search of publicly available 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 2017, Morgan Stanley took the following steps to familiarize both our employees and our suppliers with the goals and requirements of the Modern Slavery Act:

- *We included online public record searches into our existing due diligence process with the aim of identifying any issues with suppliers regarding modern slavery and human trafficking;*
- *We reviewed our supply chain by category of goods/services provided, and notified approximately 5,500 of our suppliers about our Anti-Modern Slavery efforts;*
- *We included language pertaining to modern slavery in our Global Supplier Selection and Engagement Policy and related Procedures;*
- *We included language setting out our expectation that our suppliers do not use modern slavery in the goods or services they provide to us in new and amended supplier agreements;*
- *We added questions relating to modern slavery to our global RFP templates;*
- *We conducted informational sessions and training for various internal groups, providing an overview of the Modern Slavery Act and the Morgan Stanley 2016 Statement;*
- *We conducted a human rights workshop for internal sourcing professionals; and*
- *We conducted a roundtable discussion with key stakeholders regarding human rights issues within transactions, with a focus on banking and investment management.*

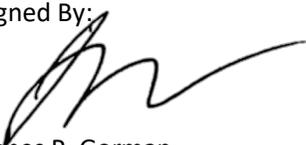
Ongoing Plans

In the financial year ending December 31, 2018, we intend to continue work on reducing the risk of there being modern slavery and human trafficking in our operations or supply chain by taking the following steps:

- *Where appropriate, we will add language detailing our expectation that our suppliers do not use modern slaves in the goods or services they provide to us in new and amended contracts;*
- *We will provide training to additional internal groups; and*
- *We will review the supply chain categories that were not included in the 2017 supplier notifications and, where appropriate, send notifications about our Anti-Modern Slavery efforts to the vendors providing those goods and services.*

This Statement has been approved by the Board of Directors of Morgan Stanley on May 23, 2018.

Signed By:



James P. Gorman
Chairman and Chief Executive Officer