

## Morgan Stanley Modern Slavery and Human Trafficking Statement – Financial Year 2020

This Statement is being published in accordance with Section 54 of the United Kingdom’s Modern Slavery Act 2015 and Section 16 of Australia’s Modern Slavery Act 2018 (Cth).<sup>1</sup> It outlines the steps taken by Morgan Stanley<sup>2</sup> during the 2020 financial year to address the risk of modern slavery<sup>3</sup> in 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 12,000 vendors (as of December 31, 2020) with the majority in the US and UK. Key categories of goods and services procured by Morgan Stanley mainly include: IT (Hardware, Software and Telecommunications), Non-IT (Advertising, Office Machines, Office Supplies, Printing, Travel and Entertainment, etc.), Professional Services (IT-Consulting, Other Professional Services, Outsourced Services, etc.) and Space and Occupancy (Design and Construction, Facilities, Furniture and Fixtures, Security, etc.).

Morgan Stanley is committed to being a responsible corporate citizen, respecting human rights and supporting the protection and advancement of human rights. With operations around the world, we strive to uphold global standards for responsible business, including equal opportunity, the freedom to associate and bargain collectively, and the elimination of modern slavery, human trafficking and harmful or exploitative forms of child 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 (ILO), and the UN Guiding Principles on Business and Human Rights (UNGP).

While this Statement covers our direct operations and supply chain, we also acknowledge that our client and customer base constitutes 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 [Statement on Human Rights, Code of Conduct](#) and [2020 Sustainability Report](#).

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<sup>1</sup> Please refer to the section below “Australian Requirements (Additional Information)” for further details required under Australia’s Modern Slavery Act 2018 (Cth).

<sup>2</sup> References to Morgan Stanley in this document are to Morgan Stanley, a Delaware corporation, and its consolidated subsidiaries, including the following entities that are subject to the requirements of Section 54 of the Modern Slavery Act 2015: Morgan Stanley & Co. International plc (UK company registration number 02068222); Morgan Stanley Investment Management Ltd (UK company registration number 01981121); Morgan Stanley UK Group (UK company registration number 01281415); Morgan Stanley UK Limited (UK company registration number 04071123); Morgan Stanley Employment Services UK Ltd. (UK company registration number 05065987); Morgan Stanley Bank International Ltd (UK company registration number 03722571) and the following entities that are reporting entities under Australia’s Modern Slavery Act 2018 (Cth): Morgan Stanley Australia Limited; Morgan Stanley Australia Securities Limited; Morgan Stanley Wealth Management Australia Pty Ltd; Morgan Stanley (Australia) Securities Holdings Pty Limited.

<sup>3</sup> For the purposes of this Statement, the term “Modern Slavery” includes “slavery and human trafficking” as defined in Section 54 of the Modern Slavery Act 2015 and “modern slavery” as defined in Section 4 of Australia’s Modern Slavery Act 2018 (Cth).

## ***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 has a global 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 2020, Morgan Stanley's Modern Slavery Executive Global Committee continued to drive implementation of enhancements to improve our ability to identify modern slavery risks across the organization and assess the effectiveness of our response.

### *Policies*

Morgan Stanley is guided by the rights outlined in the UDHR and in the ILO, and Morgan Stanley expects that its suppliers, affiliates and partners do the same. Morgan Stanley's Supplier Code of Conduct outlines Morgan Stanley's expectations that suppliers have appropriate policies in place to ensure they are not complicit in human rights abuses, including modern slavery and human trafficking.

Morgan Stanley's Global Franchise Risk Policy requires heightened sensitivity and review for business activities, operations or projects in countries or locations experiencing human rights abuses. Our approach to environmental and social risk management, including human rights and modern slavery considerations, is set out in our [Environmental and Social Policy Statement](#). As outlined in the Policy Statement, Morgan Stanley will not knowingly engage in transactions where there is evidence of direct involvement in modern slavery, such as forced labor, human trafficking, or harmful or exploitative forms of child labor. Our Policy Statement is reviewed annually and updated to reflect our current strategy and key developments.

Morgan Stanley has a number of mechanisms in place to assess the effectiveness of our actions to identify and mitigate the risk of modern slavery. With respect to our own workforce, we regularly review representation, hiring, promotion, attrition, compensation and other key data and leverage that data to identify gaps, shape our strategy and goals and evaluate progress against those goals. 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. Morgan Stanley also has a global Integrity Hotline providing employees and other stakeholders, including suppliers, with a mechanism to report concerns regarding potentially unlawful, improper or questionable conduct.

## ***Due Diligence Process***

### *Supply Chain*

Morgan Stanley's vendor due diligence program, using a risk-based approach, assesses risks associated with third party suppliers. In 2020, reviews were conducted for over 2,600 suppliers. Reviews ranged from a search and analysis of online public records, including significant litigation and regulatory actions, for high-risk suppliers to a negative media search for suppliers determined in prior assessments to be low risk. The reviews identify, among other things, potential for risks associated with human rights and other social and/or environmental issues. Where appropriate, potential issues are escalated to senior management.

Given the nature of the services provided by Morgan Stanley, the skilled nature of our workers, and the level of transparency and oversight we have over our direct workforce and operations, we consider there is a low risk of

modern slavery in our operations. Our greatest potential areas of risk of involvement with modern slavery is through our supplier relationships and other third-party relationships.

Within Morgan Stanley's supply chain, the following key areas were identified as presenting a relatively higher risk of modern slavery and human trafficking:

- IT Products and Services – Hardware, Software and Telecommunications Equipment;
- Non-IT Products and Services – Office Machines (Rentals, Equipment, Maintenance and Repair);
- Professional Services – IT Outsourcing and Consulting and Project Consulting; and
- Space and Occupancy - Design and Construction, Facilities, Food Services and Furniture and Fixtures.

#### *Client Transactions*

Businesses and internal groups refer client transactions to the Environmental and Social Risk Management Group for due diligence when there is a potentially significant environmental or social risk. Areas of potential heightened human rights risk undergo enhanced diligence and may require escalation to the Global or Regional Franchise Committees and/or senior management based on the identification of environmental and/or social issues in the due diligence process.

Additionally, within our Investment Management division, we recognize that risks relating to various sustainability factors such as labor retention, supply chain disruption, and human rights violations can pose actual or potential material risks to our investments at the individual asset and portfolio levels. Furthermore, given our role as a global investment manager, we acknowledge that an unintended consequence of some of our investments may include some level of adverse impact on broader systemic sustainability factors such as social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The Morgan Stanley Investment Management [Sustainable Investment Policy](#) outlines how we look to identify, understand, and mitigate such potential sustainability risks in our portfolios, and also how we aim to reduce potential adverse impacts through a combination of actions, including investment teams' engagement with investee management, our global stewardship program, our thematic research, and our collaborative efforts in the broader investment industry.

Morgan Stanley is committed to combating financial crimes and our Global Financial Crimes policies and standards are designed to enable us to comply with all relevant laws and regulations as well as industry guidance and best practice. Throughout the client lifecycle we deploy methods to detect and disrupt modern slavery and human trafficking, including using client screening technologies (such as adverse media) to identify relevant risk factors and escalate them to financial crimes teams.

In addition, our country risk analysis, which includes human rights and modern slavery factors, underpins our financial crime risk management framework, directly influencing outcomes of processes such as transaction monitoring and client risk rating.

#### ***Activities in 2020***

In addition to the steps delineated in our 2019 statement, in 2020 Morgan Stanley took the following steps to familiarize both our employees and our suppliers with the goals and requirements of both Modern Slavery Acts:

- Conducted a training session with our global Corporate Services Security group to further educate the team on human rights and our anti-modern slavery and human trafficking efforts;
- Developed a formal escalation review process for any suppliers identified as potentially practicing modern slavery and human trafficking;
- Engaged an external organization to work with the Modern Slavery Executive Global Committee to further understand developing trends or emerging issues related to modern slavery and human trafficking;

- Updated the [Supplier Code of Conduct](#) which is incorporated into all new supplier agreements to include reference to the 2019 Modern Slavery Statement; and
- Updated our Environmental and Social Policy Statement to further describe our approach to human rights and modern slavery considerations.

### ***Ongoing Plans***

In the financial year ending December 31, 2021, in addition to the steps set out above, we intend to continue our efforts to reduce the risk of exposure to modern slavery or human trafficking in our operations or supply chain by taking the following steps:

- Continue to increase awareness by broadening our training sessions to other groups and senior leaders across the Firm;
- Continue to integrate human rights and modern slavery considerations into our environmental and social risk due diligence processes related to client transactions; and
- Update the Supplier Code of Conduct with the 2020 Modern Slavery Statement, to show the most current document and continue to incorporate it in new agreements.

### ***Australian Requirements (Additional Information)***

For the purposes of Australia's Modern Slavery Act 2018 (Cth), Morgan Stanley Australia Limited, Morgan Stanley Australia Securities Limited, Morgan Stanley Wealth Management Australia Pty Ltd and Morgan Stanley (Australia) Securities Holdings Pty Limited (together, the **Australian Reporting Entities**) are reporting entities covered by this Statement. The Australian Reporting Entities are Australian incorporated entities which are wholly-owned subsidiaries of Morgan Stanley and sit within the business units, described above.

This Statement outlines the actions the Australian Reporting Entities have taken (consistent with Morgan Stanley's global policies and processes described in this Statement) to identify and mitigate the risks of modern slavery occurring in their operations and supply chain.

Consultation in relation to this Statement was undertaken between the Australian Reporting Entities and also by the Australian Reporting Entities with their respective controlled entities. This was done by circulating it to, and seeking input from, a working group responsible for Morgan Stanley's anti-modern slavery program. This Statement was also reviewed by the regional Morgan Stanley executives responsible for oversight of the Australian Reporting Entities and their controlled entities.

This Statement has been approved by the Board of Directors of Morgan Stanley on June 10, 2021.

Signed by:



James P. Gorman  
Chairman and Chief Executive Officer

## APPENDIX

**2019 Modern Slavery and Human Trafficking Statement:**

[https://www.morganstanley.com/about-us-governance/pdf/Modern\\_Slavery\\_2019\\_Statement.pdf](https://www.morganstanley.com/about-us-governance/pdf/Modern_Slavery_2019_Statement.pdf)

**2018 Modern Slavery and Human Trafficking Statement:**

[https://www.morganstanley.com/about-us-governance/pdf/Modern\\_Slavery\\_2018\\_Statement.pdf](https://www.morganstanley.com/about-us-governance/pdf/Modern_Slavery_2018_Statement.pdf)

**2017 Modern Slavery and Human Trafficking Statement:**

[https://www.morganstanley.com/about-us-governance/pdf/Modern\\_Slavery\\_2017\\_Statement\\_Signed.pdf](https://www.morganstanley.com/about-us-governance/pdf/Modern_Slavery_2017_Statement_Signed.pdf)

**2016 Modern Slavery and Human Trafficking Statement:**

<https://www.morganstanley.com/about-us-governance/pdf/Modern-Slavery-Statement-6-9-2017-signed.pdf>