

2019 UK Gender Pay Gap Report

Diversity remains a key business priority for Morgan Stanley. Our commitment to Diversity and Inclusion lies at the heart of our values as a Firm, embedded in our focus on doing the right thing. We strive for a workforce that mirrors the communities in which we operate.

As an inclusive organisation, we work to bring together dedicated professionals with diverse backgrounds to help the Firm reach its full potential for our clients, shareholders and employees.

Our inclusive culture enables our diverse employees to be themselves, leading to greater innovation and decision-making, resulting in the long-term sustainable growth of the Firm.

CEO Statement

"Increasing the number of women in senior management roles both at Morgan Stanley and across the industry continues to be one of my top priorities.

In 2016, we were the first major US investment bank to sign the HM Treasury Women in Finance Charter. We continue to put focus into strengthening the pipeline of female talent with gender-balanced shortlists, proactive career discussions and robust leadership development initiatives. Diversity progress reviews with divisional and regional heads help drive accountability for delivering against their gender metrics and future action plans.

In 2017, we reported our first Morgan Stanley UK Group Gender Pay Gap median figure as 35.2%. In 2018, we reduced this by 0.9% to 34.3%, and I am encouraged to say that we can report a further reduction of 2.8% to 31.5% in 2019. However, it is important to acknowledge there is more work to do.

To support our commitment to reducing Morgan Stanley's UK Group Gender Pay Gap, we have a target in place to achieve at least 30% female representation in UK senior management roles by the end of January 2023. We are on track to meet our target, which shows progress towards improving female representation.



Sustainable change will take time. Although this report shows some progress, significant improvement is still required. We remain committed to continue to develop, promote and retain talented women across the Firm and create an inclusive environment where each and everyone of our employees can thrive.

I confirm the data in this report is accurate."

A handwritten signature in blue ink that reads "Clare Woodman". The signature is fluid and cursive.

Clare Woodman
Head of EMEA & CEO of Morgan Stanley
& Co. International Plc.

Key Highlights

Morgan Stanley has a five-point action plan to reduce its gender pay gap.

1. Senior Leadership Commitment

- Female membership of the Morgan Stanley International Board rose from 18% (2017) to 42% (2019)
- Female representation on our European Operating Committee increased from 17.6% (2018) to 31% (2019)
- In addition to our female CEO, in EMEA we now (2020) have seven female leaders:
 - Chief Financial Officer – Kim Lazaroo
 - Chief Information Officer – Katherine Wetmur
 - Head of Operations – Fiona Kelly
 - Head of Research – Juliet Estridge
 - Head of Human Resources – Caroline Styant
 - CEO of MSBIL and Co-Head of Loan Solutions & Securitizations Group – Noreen Whyte
 - Head of Bank Resource Management – Susan O’Flynn
- Senior leaders representing each division sit on the EMEA Diversity Action Council with the responsibility of driving, communicating and cascading our diversity strategy across the business

2. Focus on Recruitment

- Globally and in EMEA, our percentage of women on the Summer Analyst programme was 50%
- 2019 marked the sixth year of our global Return to Work programme in London and the first for our Glasgow office

3. Path to Leadership and Robust Talent Management

- 34% of UK officer promotions were women (up 6% from the previous year)
- Annual diversity talent reviews were held with Division Heads and their leadership teams to drive accountability for delivering their gender targets

4. Focus on Retention

- In the Morgan Stanley 2019 Employee Engagement Survey, 90% of EMEA participants strongly agreed that the Firm considers diversity and inclusion to be a priority
- Over 500 diversity-related free-text comments captured in the Employee Engagement Survey were summarised to the Board and employees in divisional Town Halls resulting in follow-up Firm-wide and divisional actions
- The Diversity Action Council held a number of employee forums to hear feedback on how we can continue to improve gender diversity within the Firm

5. Manager Education

- Managers are asked to prioritise attendance at maternity returner and mental health awareness training sessions to support their employees
- We have stepped up our focus on creating an inclusive culture by continuing to roll out Inclusive Leadership training and making Inclusion a key priority in 2020 and beyond for the EMEA Diversity Action Council

Other Initiatives

Other initiatives underway to drive gender diversity in the Firm include:

- Our schools outreach initiative and flagship Step In, Step Up A-Level girls’ programme
- Monitoring of diverse CV submissions and interview shortlists, combined with increased candidate tracking and connectivity
- All eligible employees are entitled to six months of maternity/adoption leave at full pay
- Enhanced shared parental leave and one-month paid paternity leave
- Employee Network initiatives lead by the Women’s Business Alliance, Women in Technology and the Family Network
- Flexible working initiative launched under the WorkSmart brand to challenge perceptions and make flexible working more accessible, acceptable and visible
- Our ‘4P’ (Performance, Platform, Profile and Potential) talent track initiative helps managers and individuals implement career action plans



Executive Summary – Morgan Stanley UK Group

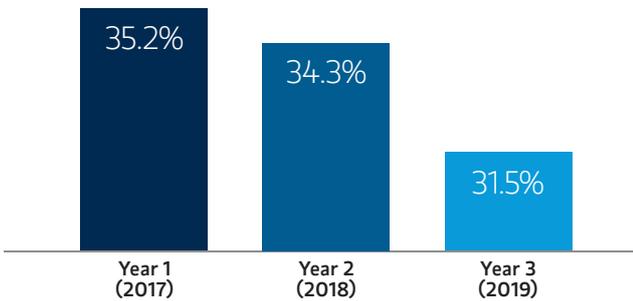
Morgan Stanley UK Group is made up of two entities, Morgan Stanley UK Limited and Morgan Stanley Employment Services Limited, which both had 250 or more employees as at April 2019. We review the data of the combined entities, as we believe this provides a more balanced reflection of our UK workforce.

Fairness in our pay practices remains a core part of our compensation strategy. Our results reflect that we have a greater proportion of men than women in senior positions and in businesses where market rates of pay are highest, but we remain committed to reducing our Gender Pay Gap.

Median Gender Pay Gap

Our 2019 median Gender Pay Gap is 31.5% which is a 2.8% decrease in comparison to 2018 (see the graph below). This demonstrates that our work to decrease the Gender Pay Gap is starting to show results. However, we know we still have considerable work to do to increase the proportion of women in senior management positions.

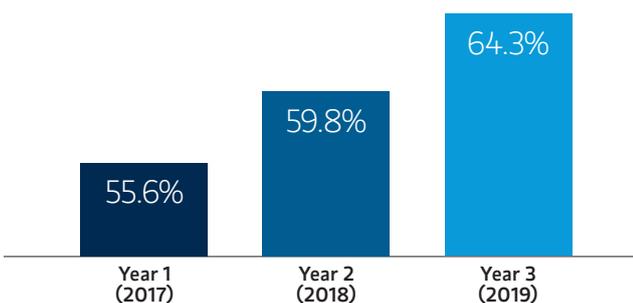
MS UK Group Median Pay Gap



Median Bonus Gap

A higher proportion of our senior management population are men, and this is reflected in our bonus gap. A further contributory factor that has increased the bonus gap over the years, is the proportion of women in Non-Officer roles as we build our female talent pipeline. Even though initially this has an adverse impact on the median bonus gap, we expect these efforts to have a long term positive outcome.

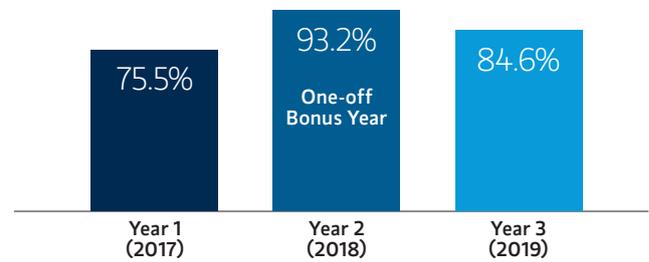
MS UK Group Median Bonus Gap



Proportion Receiving a Bonus

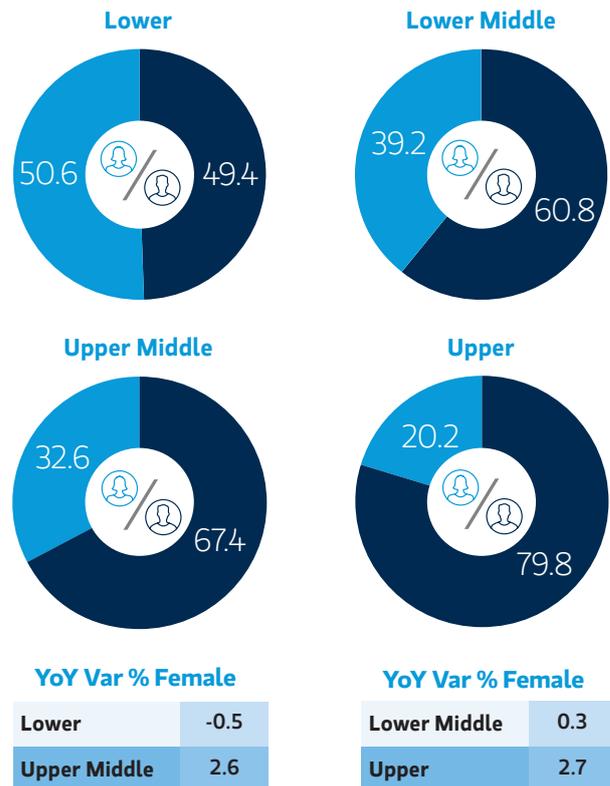
Over the last couple of years, we implemented changes to make more roles bonus eligible. A one-off bonus payment was made in 2017 (year 2) which resulted in the percentage of employees receiving a bonus increasing significantly. This one-off bonus was not repeated in 2018 and as a result the percentage of employees receiving a bonus fell in 2019. However, the proportion of women receiving a bonus overall has improved by 9% since 2017 levels, due to the number of women employed by the Firm increasing and also previously non-exempt employees becoming bonus eligible.

MS UK Group Population of Women Receiving a Bonus



Pay Quartiles

The composition of our workforce is illustrated in the diagram below showing the percentage of women in each pay quartile for the Morgan Stanley UK Group. The number of women in the upper quartile has increased by 2.7% due to the increase of women in senior management positions.



Statutory Figures – Morgan Stanley UK Group, Morgan Stanley UK Limited and Morgan Stanley Employment Services Limited

Detailed below is a full summary of all statutory Gender Pay Gap data for the two Morgan Stanley UK entities that had 250 or more employees as at April 2019 and comprise the Morgan Stanley UK Group.

- Morgan Stanley UK Limited (MSUK – predominantly non-revenue generating divisions)
- Morgan Stanley Employment Services Limited (MSES – predominantly revenue generating divisions)

		MS UK GROUP	MSUK	MSES
Snapshot pay (%)	Median	31.5	22.0	40.3
	Mean	40.9	19.9	50.0
Bonus pay (%)	Median	64.3	39.5	66.1
	Mean	70.7	45.0	69.6
Proportion who received a bonus (%)	Women	84.6	83.7	86.5
	Men	86.1	83.5	89.9
Pay quartiles (% female)	Quartile 1	50.6	49.5	49.8
	Quartile 2	39.2	43.2	38.1
	Quartile 3	32.6	33.5	25.9
	Quartile 4	20.2	26.0	12.5

The Gender Pay Gap Explained

The Gender Pay Gap is the average pay difference between men and women across an organisation regardless of role or level.

The Gender Pay Gap is not the same as equal pay. Equal pay is ensuring that men and woman are being paid equally for the same or similar role, or for work of equal value.

The Firm endeavours to ensure that in line with our meritocratic culture, compensation and reward decisions are fair, equitable and consistent, and are made based on an individual's role, performance and experience regardless of gender, race, ethnicity or other diverse demographic.