

2021 UK Gender Pay Gap Report

Morgan Stanley remains committed to embedding diversity and inclusion as an essential element of our business strategy by building an inclusive workforce that reflects the demographics and values of our employees, clients, shareholders and the global communities where we live and work. We remain focused on achieving this through innovative thinking, strategic action, and a long-term investment in our employees and communities.

Central to our strategy is holding ourselves collectively accountable for ensuring that women of all backgrounds have equal opportunity to develop and progress. We continue to enhance and expand our talent development and leadership programmes, and despite the social constraints imposed by the pandemic of the last two years, ensure that our culture and wellness efforts provide ample support to the needs of employees and their families.

In this report we publish our UK Gender Pay Gap figures for 2021. The results highlight our continued efforts towards closing the pay gap by increasing the proportion of women in senior roles and striving for gender balance across all levels.



CEO Statement



“Our 2021 Gender Pay Gap Report reflects our commitment to provide equity and opportunity for women at Morgan Stanley. While we have seen our focus consistently yield progress year-over-year, we acknowledge that it is too slow and we recognise that there is much work to be done to achieve sustainable change. Over the course of the last year, our investments in efforts to retain and advance women include increased management accountability, partnering with leadership to further advance career opportunities for colleagues, continuously enhancing and expanding our development programmes for women and providing transparency on progress through our annual global Diversity and Inclusion report.

Our core value ‘Commit to Diversity and Inclusion’ underlines the strength of our intent to drive gender equity. We continue to see progress in our recruiting and retention efforts with increased female representation at all levels over the last 12 months. This has been achieved through strengthening our talent pipeline with gender-balanced shortlists, proactive career discussions, diversity progress reviews with divisional and country heads, and robust leadership development initiatives.

In 2017, we reported our first Morgan Stanley UK Group Gender Pay Gap median figure as 35.2%. At the five-year mark, we are pleased to see continued year-over-year progress in narrowing the pay gap, with a 2021 median figure of 29.8%, a reduction from our 2020 median pay figure of 30.4%. While we achieved our initial goal of 30% women in senior roles in 2020, earlier than targeted, we aim to continue to exceed this goal and remain steadfastly committed to growing this representation and addressing the Gender Pay Gap.

With an ambitious diversity and inclusion strategy for 2022, we look forward to further building on our current work and continuing to play a role in advancing the diversity agenda across the industry.

I confirm the data in this report is accurate.”

A handwritten signature in blue ink that reads 'Clare Woodman'.

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

Key highlights

Morgan Stanley remains committed to a five-point action plan to reduce its Gender Pay Gap.

1. Senior Leadership Commitment

- The number of women on the Morgan Stanley International Board rose from 18% (2017) to 38% (2021)
- Female representation on our European Operating Committee increased from 20% (2017) to 39% (2021)
- In addition to our CEO, in EMEA we have seven female senior leaders on the European Operating Committee (2021):
 - Chief Financial Officer – Kim Lazaroo
 - Chief Information Officer – Merav Pepere
 - 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 Macro Research – Tosin Akinluyi
- Our EMEA CEO is Executive Sponsor of the HM Treasury Women in Finance Charter, sponsor of our gender-focused employee network, and a member of the Women in Finance Accountable Executive Taskforce, the 30% Club and the '25x25' initiative
- Divisional Gender Pay Gap data is shared with members of our European Operating Committee ahead of the compensation process to reduce gender imbalance in remuneration decisions
- Division heads hold annual diversity reviews with the CEO and COO, and appoint a representative from their division to the EMEA Diversity Action Council to drive the diversity and inclusion strategy across the firm

2. Focus on Recruitment

- Quarterly diversity recruitment events focused on professional skills and life/culture at the firm are hosted in partnership with our employee networks and supplemented with direct sourcing efforts, which have resulted in 34% of our EMEA prospective candidates self-identifying as female
- School outreach efforts including our flagship Step In, Step Up Programmes and Apprenticeship Programme have increased our early careers hiring of women to 45% in 2021
- New recruiting programmes, including our Morgan Stanley Experienced Professionals Programme and Future Generation Scholarship have significantly improved our experienced hire statistics with inaugural classes of 45% and 52% females respectively

3. Path to Leadership and Robust Talent Management

- 43.2% of UK officer promotions were women, up 6.6 percentage points from the previous year
- In 2021, ~260 women across EMEA participated in one of our development programmes. Since 2011, more than 1,200 women have participated in one or more of our development programmes
- Talent development programmes include manager training and coaching to support their employees' development and advancement

4. Focus on Benefits

- Parental transition coaching continues to be offered to employees and their managers, before employees go on leave and upon their return to the workplace, further enhanced with 1:1 coaching
- Leave policies enhanced to include 16 weeks paid co-parenting leave (maternity leave remains at 26 weeks), and 4 weeks paid caregiver leave
- Family support efforts and women-friendly policies enhanced to address mental health and well-being; including menopause, breast health, increased childcare needs due to the pandemic, and pregnancy loss (includes 10 days of paid leave for miscarriage, pregnancy termination and unsuccessful IVF)
- Gender affirmation health benefits added to support gender diversity
- Head of family advocacy for Institutional Securities Group, EMEA appointed to support new and expecting parents

5. Manager Education

- Enhanced our inclusive leadership training offerings for all employees to align to key people processes
- Culture onboarding session launched in 2021 which emphasises our inclusive culture and firm values to new hire managers
- Managers are provided with training on key topics such as performance evaluation and employee retention, which include providing effective feedback and supporting wellbeing

Executive Summary – Morgan Stanley UK Group

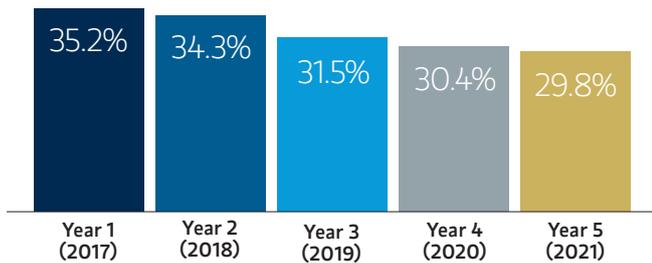
In this summary we review the combined data of the three entities as Morgan Stanley UK Group, as we believe this provides a more balanced reflection of our total UK workforce and enables us to highlight trends.

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 2021 median Gender Pay Gap is 29.8%, which is a 0.6 percentage point decrease in comparison to 2020, and a 5.4 percentage point decrease from our first report in 2017. This demonstrates that our efforts to decrease the Gender Pay Gap continues to show results. However, we still have considerable work to do in order to achieve gender balance in our workforce across all levels.

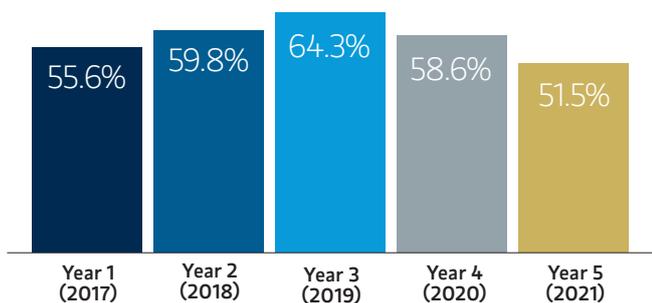
MS UK Group Median Pay Gap



Median Bonus Gap

Notably, our 2021 median bonus gap decreased 7.1 percentage points to 51.5%. This improvement is mainly driven by Morgan Stanley Employment Services Limited, where a proportion of our revenue-generating employees sit and we have seen an increase in average bonus pay for women. The Morgan Stanley & Co. International Plc bonus gap remains high; due to a higher proportion of our senior management population being long-tenured men. We continue to focus on the impact that our growing proportion of women in entry to mid-level roles will have in temporarily widening the pay gap, however we recognise that this is important to enhance our female talent pipeline and make a sustainable impact in the long-term.

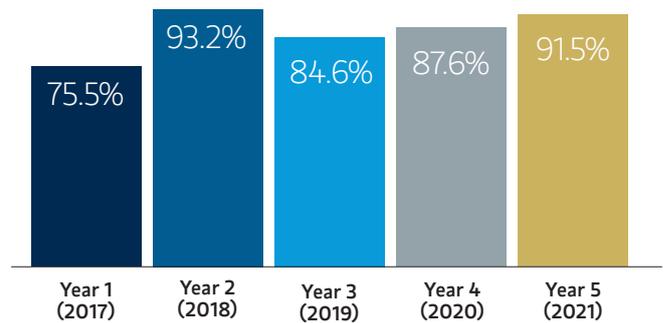
MS UK Group Median Bonus Gap



Proportion Receiving a Bonus

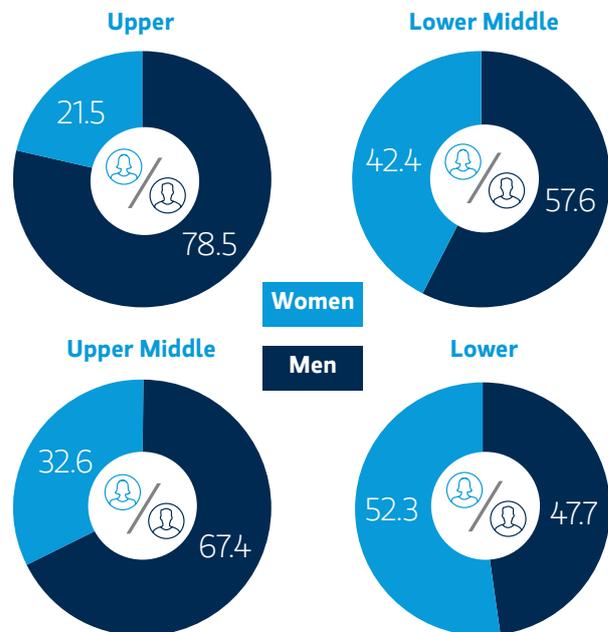
Over the last few years, we implemented changes to make more roles bonus eligible. In 2021, we paid a one-off bonus payment to all eligible employees which resulted in an increase in the proportion of women receiving a bonus.

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.



YoY Var % Female

Upper	↑ 0.2
Upper Middle	↑ 0.8

YoY Var % Female

Lower Middle	↑ 1.1
Lower	↑ 2.4

Statutory Figures – Morgan Stanley UK Group, Morgan Stanley UK Limited, Morgan Stanley Employment Services Limited and Morgan Stanley & Co. International Plc

Detailed below is a full summary of all statutory Gender Pay Gap data for the three Morgan Stanley UK entities that had 250 or more employees as at April 2021 and comprise the Morgan Stanley UK Group.

- Morgan Stanley UK Limited (MSUK – predominantly non-revenue generating divisions)
- Morgan Stanley Employment Services Limited (MSES – mixture of revenue and non-revenue generating divisions)
- Morgan Stanley & Co. International Plc (MSIP – predominantly revenue generating divisions)

		MS UK GROUP	MSUK	MSES	MSIP
Snapshot pay (%)	Median	29.8	21.2	28.2	36.0
	Mean	40.5	21.7	43.1	50.1
Bonus pay (%)	Median	51.5	29.6	43.2	66.8
	Mean	67.8	43.3	85.6	64.4
Proportion who received a bonus (%)	Women	91.5	92.4	89.4	89.9
	Men	95.1	96.4	93.5	93.0
Pay quartiles (% female)	Quartile 1	52.3	51.9	44.2	52.0
	Quartile 2	42.4	44.1	59.7	38.5
	Quartile 3	32.6	36.0	50.0	26.2
	Quartile 4	21.5	24.9	29.9	10.9

The Gender Pay Gap Explained

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

The Gender Pay Gap is distinct from equal pay. Equal pay ensures that women and men are being paid equally for the same or similar role, or for work of equal value.

The Firm is committed to ensuring 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 demographic.