

2020 UK Gender Pay Gap Report

Central to Morgan Stanley's business strategy is building a diverse workforce that recognizes and reflects the demographics, needs, values and cultures of our employees, clients, shareholders and the communities where we operate. Drawing on our core values and the belief that Morgan Stanley's actions can benefit all of society, we remain committed to diversity and inclusion through innovative thinking, focused action and targeted investment in our employees and communities.

Research has shown that the Covid-19 pandemic has disproportionately impacted women around the globe – particularly those from ethnic-minority backgrounds. Our gender strategy has placed particular emphasis on intersectionality and ensuring that women of all backgrounds have equal opportunity to develop and progress. In the wake of Covid-19, we quickly adapted our talent development and leadership programmes to a virtual environment and introduced a raft of support initiatives – from regular mental health interventions to summer camps and virtual classes for children and further extending manager capability training. Our commitment to the wellbeing and development of our employees throughout 2020 ensured that engagement has remained high and the proportion of women promoted has continued to rise over the last year.

In this report we publish our UK Gender Pay Gap figures for 2019/2020. The results highlight our continued efforts towards eliminating the pay gap, by increasing the proportion of women in senior roles and striving for gender balance across all levels.



CEO Statement

"While 2020 has been a turbulent year, we have not allowed the global pandemic to stall our progress in advancing women in the workplace. The past year has seen us double down on our commitment to support, retain and advance women both inside and outside of Morgan Stanley – from the creation of the Institute for Inclusion, to the expansion of our development programmes for women and publication of our inaugural Diversity and Inclusion report.



Our introduction of our core value 'Commit to Diversity and Inclusion' signals the strength of our intent and focus as a Firm. We recognise we still have significant work to do to reduce and ultimately eliminate our gender pay gap. We continue to make progress in recruiting, developing and retaining women, with representation at all levels increasing during 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% and we have reported an annual reduction to date. I am encouraged to say that in 2020 we can report a year on year decrease from our 2019 median pay figure of 31.5% to 30.4%. While we are pleased that 2020 saw us achieve our goal of over 30% women in senior roles two years earlier than anticipated, we fully acknowledge that the pace of change has been too slow and addressing the gender pay gap remains a key priority.

We remain committed to continue to develop, promote and retain the best talent of all genders and ethnicities across the Firm and create an inclusive environment where each and every one of our employees, women, men and non-binary colleagues, can thrive. With an ambitious diversity and inclusion strategy for 2021, we look forward to further building on our current work and continuing to play a role in forwarding the diversity agenda across the industry.

I confirm the data in this report is accurate."

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

Key highlights

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

1. Senior Leadership Commitment

- The number of women on the Morgan Stanley International Board rose from 18% (2017) to 38% (2020)
- Female representation on our EMEA Operating Committee increased from 31% (2019) to 38% (2020)
- In addition to our female CEO, we currently have seven female senior leaders as members of the EMEA Operating Committee:
 - Chief Financial Officer – Kim Lazaroo
 - Chief Information Officer – Sigal Zarmi
 - 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
 - EMEA Head of Macro Research and Chair of Morgan Stanley's Race to Action Group – Tosin Akinluyi
- Our EMEA CEO is Executive Sponsor of the HM Treasury Women in Finance Charter and sponsor of our gender-focused employee network
- Division heads hold annual diversity reviews with the CEO and COO
- Senior leaders representing each division sit on the EMEA Diversity Action Council with the responsibility of driving, communicating and cascading our diversity and inclusion strategy across the Firm

2. Focus on Recruitment

- Attracting new talent to the industry by hosting quarterly diversity recruitment events showcasing our gender, family and ethnicity employee networks.
- Enhancing our school outreach through our flagship Step In, Step Up Programmes and the new Foundations in Finance Programme, which is focused on social mobility (50% of participants were women)
- We have seen significant improvements in our campus hiring statistics. Women accounted for 60% of our industrial placements (+13%) and 59% of our apprentices (vs a UK norm of 50%). 42% of our entry-level hires were women

3. Path to Leadership and Robust Talent Management

- 36.6% of UK officer promotions were women (up 2.6% from the previous year)
- Development programmes for all levels including mid-career women in our ethnic-minority programme and senior women in our Executive Director Leadership programme

- Since 2011, 1,000 participants have taken part in our women focussed development programmes
- Implementation of individual action plans for women senior leaders using talent management indicators and monitored by the EMEA Diversity Action Council

4. Focus on Retention

- Refreshed our EMEA Operating Committee sponsored flagship womens leadership development programme, which includes group and individual coaching, senior sponsorship and inclusion discussions with managers
- Implemented 41 virtual support sessions covering themes such as resiliency in children, 'Investigating fertility' and menopause
- Increased our mental health support including signing the 'Mental Health at Work Commitment'
- Enhanced our Family back up care offering from 150 hours to 250 hours per dependent for UK employees which can be used for interactive on-line classes, summer camps for working parents or home and nursery childcare
- Virtual return to work initiatives including coaching before/during/post-maternity leave

5. Manager Education

- Continuing to roll out inclusive leadership training for all employees
- Updated our Line Manager development programme to include parental transitions coaching, inclusive leadership and supporting mental health and wellbeing
- Continued to embed performance evaluation manager training, covering career conversations, providing effective feedback and combatting gender bias

Other Initiatives

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

- Published our ground-breaking HERS (Holistic Equal Representation Score – a method for measuring business gender diversity) research report, which became widely referenced after demonstrating the business benefit of gender diversity
- Sponsoring a multi-year research programme by Women in Banking and Finance on the under-representation of women at senior levels, and will introduce effective interventions
- Enhanced parental leave and one-month paid paternity leave, in addition to our existing six months of maternity/adoption leave, at full pay, from the moment new starters join Morgan Stanley
- Created a flexible workplace culture that is inclusive of all employees working both in and out of the office

Executive Summary – Morgan Stanley UK Group

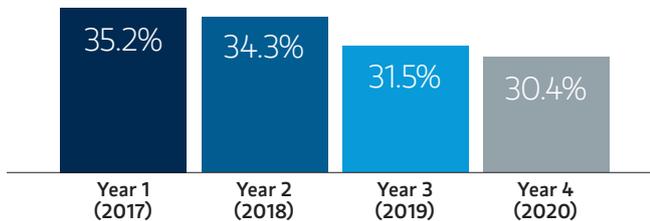
In previous reporting years, we have provided results for two entities: Morgan Stanley UK Limited and Morgan Stanley Employment Services Limited. In 2020, due to internal entity restructuring, we are reporting the results for three entities: Morgan Stanley UK Limited, Morgan Stanley Employment Services Limited and Morgan Stanley & Co Intl Plc, all of which have 250 or more employees as at April 2020. 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 2020 median Gender Pay Gap is 30.4%, which is a 1.1 percentage point decrease in comparison to 2019. This demonstrates that our efforts to decrease the Gender Pay Gap continues to show results. However, we still have considerable work to do to achieve gender balance in our workforce across all levels.

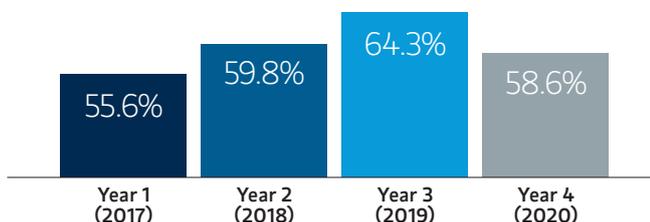
MS UK Group Median Pay Gap



Median Bonus Gap

Our 2020 median bonus gap is 58.6%, which is a 5.7 percentage point decrease in comparison to 2019. This improvement is mainly driven by Morgan Stanley UK Limited, where we have seen an increase in average bonus pay for women. The Morgan Stanley & Co Intl Plc bonus gap remains high; due to a higher proportion of our senior management population being men.

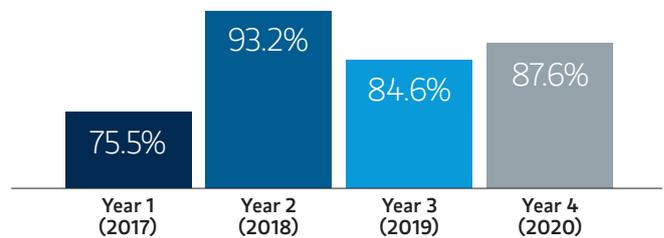
MS UK Group Median Bonus Gap



Proportion Receiving a Bonus

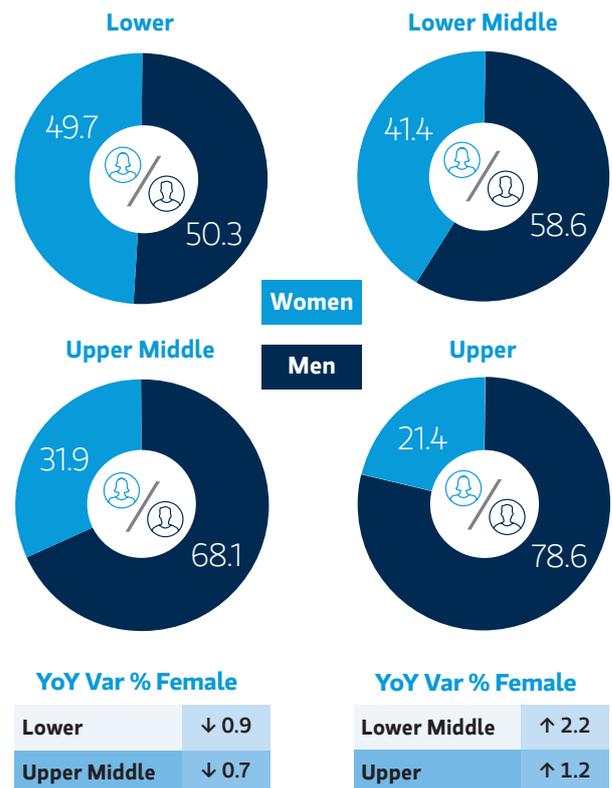
Over the last couple of years, we implemented changes to make more roles bonus eligible. A one-off bonus payment was made in 2018 (year 2) which resulted in the percentage of employees receiving a bonus increasing significantly in that year. This one-off bonus was not repeated in 2019, which explains the decrease in the percentage of employees receiving a bonus in 2019. However, both males and females receiving a bonus has increased by 3% since 2019, due to the number of women employed by the Firm increasing and also previously ineligible 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 1.2% due to the improved representation of women in senior management positions.



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 2020 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)
- Morgan Stanley & Co Intl Plc – (MSIP – predominantly revenue generating divisions)

		MS UK GROUP	MSUK	MSES	MSIP
Snapshot pay (%)	Median	30.4	19.7	30.5	38.0
	Mean	40.2	19.0	29.4	51.4
Bonus pay (%)	Median	58.6	30.0	49.0	64.5
	Mean	70.4	41.8	85.9	66.8
Proportion who received a bonus (%)	Women	87.6	87.9	86.0	87.4
	Men	89.0	89.2	90.9	88.3
Pay quartiles (% female)	Quartile 1	49.7	49.5	45.6	51.2
	Quartile 2	41.4	44.2	50.7	33.6
	Quartile 3	31.9	33.5	47.8	26.4
	Quartile 4	21.4	27.0	26.9	10.7

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 different to 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.