

2020 SASB Index

The Sustainability Accounting Standards Board (SASB) guidance for Investment Banking, Commercial Banking and Asset Management helps inform the content, narrative and data included in this report. The following table highlights sections of the report and other public disclosures that include information in line with SASB's metrics, as of the year ending December 31, 2020. We are committed to providing investors with useful, relevant and meaningful sustainability information within the context of our businesses, and may evolve our disclosure on these topics over time.

SASB CODE	SASB METRIC	RELATED INFORMATION IN 2020 SUSTAINABILITY REPORT ¹
IB-330a.1 AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals and (4) all other employees	Key Workforce Highlights: <ul style="list-style-type: none"> • 39% of our global employees are women • 26% of our officers² globally are women • 30% of our U.S. employees are ethnically diverse³ • 24% of our U.S. officers are ethnically diverse
IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social and governance (ESG) factors, by industry	The following transactions were reviewed in accordance with our Environmental and Social Policy Statement : Basic Materials: 42 Energy: 59 Financial Institutions: 8 Health Care: 9 Industrials: 31 Pharmaceuticals: 4 Power and Utilities: 70 Real Estate: 7 Retail: 25 Services: 42 Transportation: 4 Total: 301 For more information, see the Environmental and Social Risk Management (ESRM) section, pages 45–46 . In addition, teams across the firm invest in and lend to institutions to generate environmental and social benefits. Examples and KPIs are provided in the Solutions and Services section, pages 18–31 .
IB-410a.3	Description of approach to incorporation of ESG factors in investment banking and brokerage activities	Institutional Securities group's sustainability activities, pages 19–23 . ESRM review process and number of transactions referred for review, pages 45–46 and our Environmental and Social Policy Statement .
IB-510a.1 CB-510a.1 AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Material legal proceedings for the firm are disclosed on pages 128–129 and 159–163 of our 2020 Form 10-K .
FN-IB-550a.2 N-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	We conduct various scenario analyses and stress tests, including the Federal Reserve's Comprehensive Capital Analysis and Review and other stress tests for market, credit and liquidity risks, as appropriate. For more information, see pages 3–5 and 55–78 as well as additional pages throughout our 2020 Form 10-K . With respect to climate change, Morgan Stanley is conducting scenario analyses in the two major categories identified by TCFD: transition risk and physical risk. For more information, see our 2020 TCFD Report .
IB-510a.2 CB-510a.2 AC-510a.2	Description of whistleblower policies and procedures	The <i>Raising Legal and Ethical Concerns and Reporting Misconduct</i> section of our Code of Conduct defines the firm's policies and procedures.

¹ If a metric is not addressed in the report, we have provided links to public disclosures that include relevant information.

² Officers include Managing Directors, Executive Directors and Vice Presidents.

³ U.S. ethnically diverse includes American Indian or Native Alaskan, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Pacific Islander, and Two or More Races.

SASB CODE	SASB METRIC	RELATED INFORMATION IN 2020 SUSTAINABILITY REPORT ¹
IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	Our Code of Conduct and Code of Ethics and Business describe our ethical business practices, guiding the day-to-day behavior of our employees worldwide. We require every employee to certify his or her adherence to, and understanding of, the Code of Conduct when they join the firm, and on an annual basis thereafter.
IB-550a.1 CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	1, Banking Organization Systemic Risk Report at December 31, 2020 (FR Y-15). For more information see page 54 of our 2020 Form 10-K , which describes how the G-SIB buffer is determined, and page 4 of our Basel III Pillar 3 Disclosures Report for the quarterly period ended December 31, 2020, which discloses our G-SIB buffer of 3%.
IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	Our MRT policies and procedures align with regulatory principles and requirements, and are overseen by the Compensation, Management Development and Succession Committee of the Board. In 2020, on average, 67% percent of total remuneration was variable for material risk-takers. See page 43 for more information.
IB-550b.2	Percentage of variable remuneration of MRTs to which malus or clawback provisions were applied	Of the 67% of total remuneration that was variable for MRTs, 42% was subject to malus or clawback. See page 43 for more information.
IB-000.A	(1) Number and (2) value of (a) underwriting, (b) advisory and (c) securitization transactions	Investment banking volumes: Completed Mergers and Acquisitions: \$867Bn Fixed Income Offerings: \$374Bn Equity and Equity-Related Offerings: \$100Bn For more information, see page 34 of our 2020 Form 10-K .
CB-230a.2	Description of approach to identifying and addressing data security risks	Overview of our activities regarding data security risk, page 47 .
CB-240a.1	(1) Number and (2) value of loans and investments made as part of our Community Reinvestment Act program designed to promote small-business and community development	The cumulative values of transactions as part of our Community Development Finance program are noted below. 2010–2020: <ul style="list-style-type: none"> • \$24 billion committed in loans and investment • \$373 million committed in small-business loans and investments, including \$54 million in 2020 For more information see the Community Development Finance section, pages 30–31 .
CB-410a.1	Commercial and industrial credit exposure, by industry	Institutional Securities Loans and Lending Commitments by industry, see page 71 of our 2020 Form 10-K .
CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Global Sustainable Finance partners closely with Firm Risk Management (FRM), including credit risk, to integrate climate change considerations into our risk management processes and governance structures: <ul style="list-style-type: none"> • Morgan Stanley's Firm Risk Committee and Chief Risk Officer formally oversee climate-related financial risks • FRM is working to develop appropriate scenarios and stress-test models to inform changes to our strategy and risk management process • Morgan Stanley works to support and inform the development of methodologies, tools and frameworks to measure and manage climate change emissions and associated risks in the financial sector For more information, see our 2020 TCFD Report .

SASB CODE	SASB METRIC	RELATED INFORMATION IN 2020 SUSTAINABILITY REPORT ¹
CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business and (c) corporate	<p>Small-business loans that incorporate sustainability factors are discussed in the Community Development Finance section, pages 30–31.</p> <p>Our Investment Banking activity, which includes corporate lending, is discussed in the Finance and Advisory Services section, page 23, with select transactions highlighted on pages 20–21.</p>
AC-270a.3	Description of approach to informing customers about products and services	<p>Each business unit is responsible for setting and managing robust policies and processes related to their marketing activities, which are subject to supervisory review in accordance with applicable promotion laws and regulatory obligations. We aim to manage risks in marketing and sales by enforcing the following guidelines:</p> <ul style="list-style-type: none"> • Communications to clients and the public must be fair and balanced, without exaggerated or misleading statements. • Employees must use approved marketing materials and messaging systems when conducting the firm's business. • Financial Advisors must follow a compliance manual of internal sales practice standards, as well as adhere to all applicable laws and regulations. • The firm monitors customer complaints. These are dealt with in accordance with relevant internal policies, and business, legal and/or compliance personnel take action as needed.
AC-410a.1	Amount of assets under management, by asset class, that employ sustainable investing approaches	<p>Wealth Management Investing with Impact Client Assets by Asset Class (\$Bn):</p> <ul style="list-style-type: none"> • Equity: \$32 • Fixed Income: \$7 • Cash Equivalents: \$3 • Other⁴: \$13 • Total: \$55 <p>Investment Management ESG Integrated AUM by Asset Class (\$Bn):</p> <ul style="list-style-type: none"> • Equity: \$238 • Fixed Income: \$96 • Cash Equivalents / Money Market Instruments: \$4 • Other⁵: \$50 • Total: \$388
AC-410a.2	Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies	<p>Overview of our Wealth Management processes, pages 24–25. For more information, see our Investing with Impact brochure.</p> <p>Overview of Investment Management processes, pages 26–29. For more information, see our Sustainable Investing Policy.</p>
AC-410a.3	Description of proxy voting and investee engagement policies and procedures	<p>Overview of Investment Management engagement and activities, pages 26–29.</p> <p>In addition, see Morgan Stanley Investment Management's MSIM Proxy Voting Policy.</p>

⁴ Includes Third-Party Multi-Asset products, Custom, Dual Contract and Alternative Impact Products.

⁵ Includes Private Credit and Equity, Real Assets, Solutions & Multi-Asset.

SASB CODE	SASB METRIC	RELATED INFORMATION IN 2020 SUSTAINABILITY REPORT ¹
AC-550a.3	Total exposure to securities financing transactions	Securities purchased under agreements to resell: <ul style="list-style-type: none"> • Gross: \$264.1Bn • Net: \$2Bn Securities borrowed: <ul style="list-style-type: none"> • Gross: \$124.9Bn • Net: \$5Bn For more information, see pages 116–117 of our 2020 Form 10-K .
AC-550a.4	Net exposure to written credit derivatives	Total firm credit protection sold (prior to counterparty or collateral netting): \$1.2Bn. For more information, see page 113 of our 2020 Form 10-K .
AC-000.A	(1) Total registered and (2) total unregistered assets under management (AUM)	Total Wealth Management Client Assets and Investment Management Assets Under Management or Supervision (no registration distinction), see pages 37 and 41 of our 2020 Form 10-K .
AC-000.B	Total assets under custody and supervision	Components of Wealth Management client assets, see page 37 of our 2020 Form 10-K .

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Investing in the market entails risk of market volatility. The value of all types of investments may increase or decrease over varying time periods. Equity securities' prices may fluctuate in response to specific situations for each company, industry, market condition and general economic environment. Companies paying dividends can reduce or cut payouts at any time.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Bonds

may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer.

International investing entails greater risk, as well as greater potential rewards, compared to U.S. investing. These risks include political and economic uncertainties of foreign countries as well as the risk of currency fluctuations. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less-established markets and economics. REITs' investing risks are similar to those associated with direct investments in real estate: lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

Please note that there is currently no standard definition of "green bond." Without limiting any of the statements contained herein, Morgan Stanley Smith Barney LLC makes no representation or warranty as to whether this bond constitutes a green bond or conforms to investor expectations or objectives for investing in green bonds. For information on characteristics of the bond, use of proceeds, a description of applicable project(s) and/or any other relevant information about the bond, please reference the offering documents for the bond.

Alternative investments are often speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing.

Private Funds (including hedge funds, which are private equity funds) often engage in speculative investment techniques and are only suitable for long-term, qualified investors. Investors could lose all or a substantial amount of their investment. They are generally illiquid and not tax efficient, and have higher fees than many traditional investments.

The investor should note that funds that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

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The returns on a portfolio consisting primarily of Environmental, Social and Governance ("ESG")-aware investments or sustainable investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG or sustainability criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria.

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