

RESOLVED that shareholders of Morgan Stanley urge the Board of Directors to oversee a racial equity audit analyzing Morgan Stanley's adverse impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on Morgan Stanley's website.

SUPPORTING STATEMENT

High-profile police killings of Black people—most recently George Floyd—have galvanized the movement for racial justice. That movement, together with the disproportionate impacts of the COVID-19 pandemic, have focused the attention of the media, the public, and policy makers on systemic racism, racialized violence and inequities in employment, health care, and the criminal justice system.

Morgan Stanley recently announced a new Institute of Inclusion with initial funding of \$25 million, as well as a \$5 million donation to the NAACP's legal defense fund. The bank has also added its commitment to diversity and inclusion as its fifth core value. We urge Morgan Stanley to implement its commitment to racial justice by assessing its impacts on nonwhite stakeholders and communities of color.

Two of Morgan Stanley executives chaired the 2019 NYC Police Foundation Gala that honored CEO and Chairman Gorman. Morgan Stanley is also represented on the board of the Atlanta Police Foundation and numerous other police foundation boards, from Jupiter, Florida, to Long Beach, California. Police foundations buy equipment for police departments, including surveillance technology that has been used to target communities of color and nonviolent protestors.

The bank has also faced a series of highly publicized allegations of discrimination by Black employees, including a 2018 suit filed by a former Black Morgan Stanley wealth manager that alleged he was the subject of racial discrimination and subsequently fired for raising his concerns. In June 2020, Morgan Stanley's former global head of diversity, Marilyn Booker, filed a lawsuit alleging systemic racism at the bank and retaliation for raising concerns over repeated instances of discrimination in the hiring, retention, and promotion of the bank's Black employees. Several employees of color are also requesting a waiver of the bank's non-disclosure agreements in order to discuss their experiences with discrimination at Morgan Stanley.

A racial equity audit will help Morgan Stanley identify, prioritize, remedy, and avoid adverse impacts on nonwhite stakeholders and communities of color. We urge Morgan Stanley to assess its behavior through a racial equity lens in order to obtain a complete picture of how it contributes to, and could help dismantle, systemic racism.