

Morgan Stanley

2021 Social Bond Impact Report



Morgan Stanley is a leading global financial services firm. Our subsidiaries and affiliates advise, originate, trade, manage and distribute capital for governments, corporations, institutions and individuals. We maintain significant market positions in our three business segments—Institutional Securities, Wealth Management and Investment Management.

Our core values—Doing the Right Thing, Putting Clients First, Leading with Exceptional Ideas, Committing to Diversity & Inclusion, and Giving Back—guide everything we do. Through the talents and effort of our 71,000 employees in 41 countries, we aim to deliver results for our stakeholders today while setting strategic goals for the future.

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through Community
Development Finance



From Our Chief Sustainability Officer



The past year has served to highlight many of the systemic issues of inequality that have long existed in the U.S. and across the world. The COVID-19 pandemic had a devastating effect with vulnerable communities experiencing the impacts most acutely. As Morgan Stanley recognized the growing needs in our communities, we took action by supporting client transactions that address COVID-19 response and recovery, donating more than \$90 million in 2020 to relief organizations across the world and by issuing our own inaugural \$1 billion social bond to support affordable housing developments across the U.S.

The \$1 billion social bond is designed and implemented in partnership with not-for-profit or community-oriented fund managers and project sponsors. It supports initiatives of Morgan Stanley's community development finance program, and aims to create lasting positive change in U.S. communities with a focus on robust social service offerings that support families and seniors so that they may live better and more prosperous lives.

It is also a part of our decade-plus-long leadership in sustainable finance. In 2009, we established our Global Sustainable Finance Group, and in 2013, we launched the Morgan Stanley Institute for Sustainable Investing to accelerate the mainstream adoption of sustainable investing. This groundwork has enabled us to advance innovative ideas and support bonds that raise capital for positive environmental and societal impact. In 2013, Morgan Stanley helped a client issue the first corporate green bond ever. In 2017, we priced the first public market bond deal for a community development financial institution to help advance economic opportunity in underserved neighborhoods around the U.S. In 2020, we worked with the Ford Foundation to issue a first-of-its-kind \$1 billion social bond with net proceeds to support and strengthen not-for-profit organizations hit hard by the COVID-19 pandemic.

We are proud of the impact we have made and look forward to continuing to direct capital to affordable and impactful housing developments throughout the life of this bond and future bonds.

Audrey Choi
Chief Sustainability Officer, Morgan Stanley
Chief Executive Officer, Morgan Stanley Institute for Sustainable Investing

Approach to Sustainability

Morgan Stanley partners with clients and stakeholders to mobilize capital at scale to tackle sustainability challenges such as climate change and inequality. We are committed to delivering environmental, social and governance (ESG) innovation alongside long-term value for clients and shareholders.

Morgan Stanley was an early mover in the mainstream market, having established our dedicated sustainability focus over a decade ago. Our strategy focuses on integrating sustainability into our core businesses and support functions through extensive collaborative partnerships between teams across our businesses. We execute innovative solutions for our clients that address complex ESG issues, and drive revenue opportunities. We also take a responsible, transparent and proactive approach to sustainability in our operations and disclosure.

Effective governance, ethical business conduct and support for our skilled workforce underpin our business success and our approach to sustainable investing and finance.

Strong ESG performance helps us reduce risk and enhance value for our stakeholders. Our firm's core values guide our sustainability strategy to deliver results today while doing our part to contribute to a sustainable future.

We also pursue three cross-cutting sustainability priorities across our business activity, thought leadership and operations: climate change, inclusive growth and plastic waste. Through initiatives within each focus area, Morgan Stanley aims to support the UN Sustainable Development Goals (SDGs). This report focuses on our approach to inclusive growth, given the relevance to the social bond.

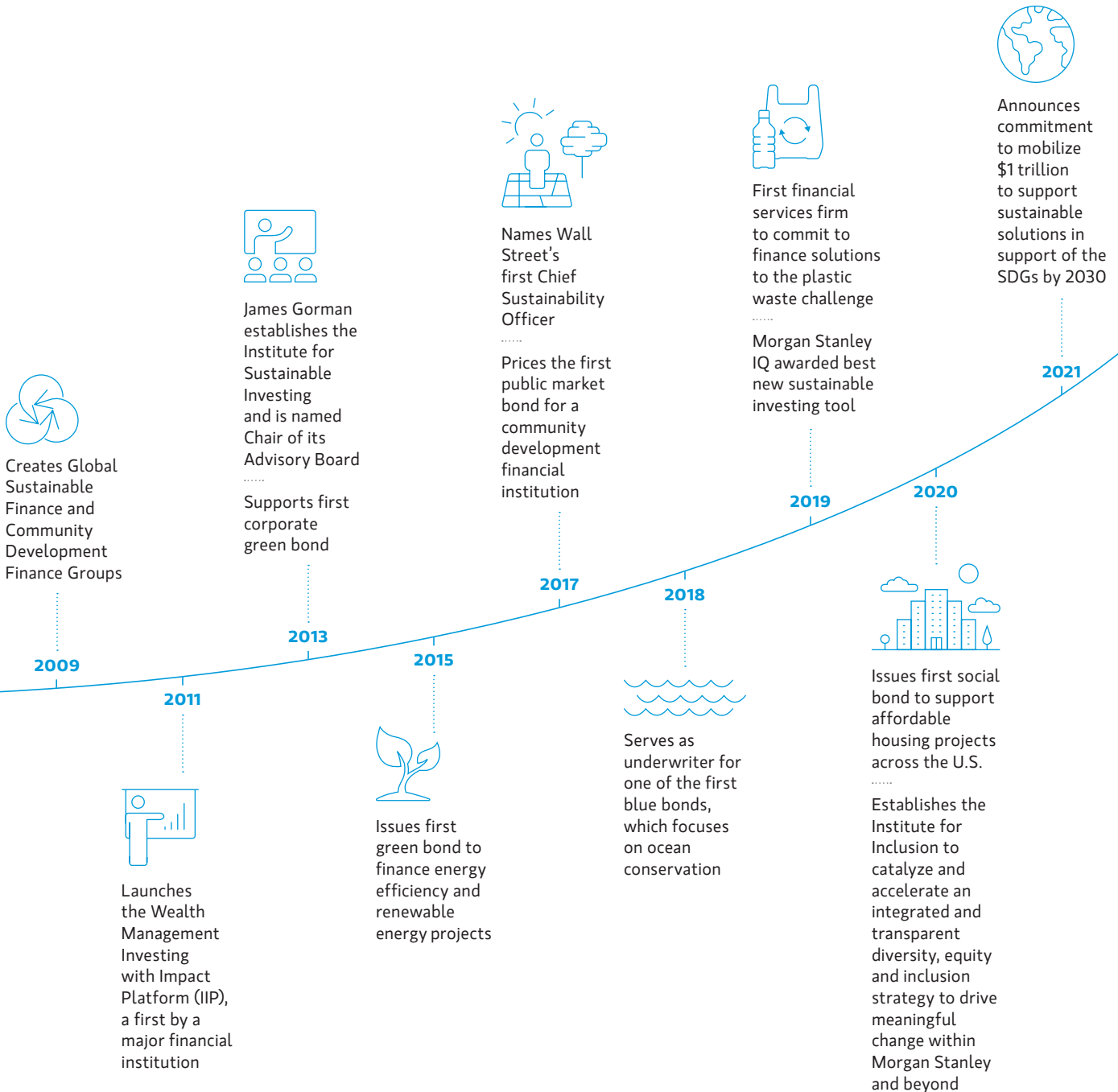


Morgan Stanley was named North America's **Best Bank for Sustainable Finance 2020** by Euromoney.



Morgan Stanley was named **Manager of the Year, U.S. Municipal Sustainability Bonds and U.S. Municipal Social Bonds** by Environmental Finance.

Our Sustainability Milestones



Fostering Inclusive Growth through Community Development Finance

Inclusive growth is an imperative for governments and a core focus of Morgan Stanley’s sustainability strategy, solutions and services. We define inclusive growth as economic gains that are broad-based, sustainable and provide opportunity across all participants in the economic system.

A key driver of our inclusive growth strategy is Morgan Stanley’s Community Development Finance (CDF) program. We create investment opportunities that attract both philanthropic and private capital to create lasting positive changes in communities across the United States. Our U.S. banks have consistently received “Outstanding” ratings for their Community Reinvestment Act (CRA) activity from the Office of the Comptroller of the Currency (OCC), including most recently in 2020, for their track records in meeting community needs.

Community Development Strategy

Our CDF group provides innovative financing that seeks to improve people’s quality of life in communities across the United States. Designed and implemented with community and nonprofit partners, our program executes innovative transactions not routinely performed by private investors in the following areas:

- Preservation and development of sustainable, multifamily affordable rental housing
- Healthy communities
- Equitable transit-oriented development
- Economic development that supports quality jobs
- Capital for underserved, small and rural markets
- Capacity building for nonprofits

IMPACT BY THE NUMBERS: 2010–2020

\$24Bn

committed in loans and investments



145,000+ affordable housing units funded

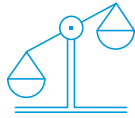


\$373MM in small business loans, including \$54MM in 2020



198,000+ jobs created or retained

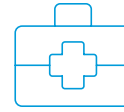
THEMATIC SPOTLIGHTS



Affordable Housing: CDF's affordable housing strategy emphasizes providing safe and affordable housing, and impactful supportive services to low- to moderate-income households across the country. This is achieved primarily through two main business lines: low-income housing tax equity and affordable housing preservation investments. Low-income housing tax equity investments support the new construction or substantial rehabilitation of affordable housing properties as part of the Low-Income Housing Tax Credit (LIHTC) program. Preservation investments aim to prevent at-risk properties from being converted to market-rate housing or, conversely, falling into deep disrepair. By providing acquisition capital, CDF enables not-for-profit or community-oriented buyers to compete with market-rate bidders and keep the properties affordable.



Supportive Services: Providing funding for supportive services is a priority for CDF's housing investments. These supportive services vary greatly depending on the needs of the local communities and tenants, but generally focus on integrated services to help families build wealth, combat food insecurity, improve access to health care and assist homeless or near-homeless individuals in finding housing stability. Most recently, CDF supported the installation of premium broadband infrastructure for 22 affordable housing buildings in Brooklyn, giving residents access to free WiFi. The ongoing cost of this service is being funded through operating savings realized through the installation of solar panels on many of the buildings.



COVID-19 Relief: Since the start of the COVID-19 pandemic, CDF has continued its support of the increasingly dire affordable housing crisis across the country through the financing of 57 projects for a total of ~\$780MM since the start of the global pandemic. This includes \$150MM in rescue capital to finance affordable housing projects where the initial investors walked away due to COVID market volatility.



Disaster Recovery: In 2020, Morgan Stanley continued to provide financing for the creation and preservation of affordable housing in communities devastated by natural disasters such as areas impacted by floods, hurricanes, tornadoes, and wildfires. Two examples of high-impact investments are highlighted below:

- Morgan Stanley partnered with the National Equity Fund to develop the \$200MM Rebuilding Local Economies Fund, which has helped rebuild developments across parts of the Midwest, South and East impacted by floods, hurricanes and tornadoes. The Fund targets FEMA disaster counties in 26 states using LIHTC to finance new construction or rehabilitation.
- In the wake of disastrous wildfires that struck Sonoma County, California, Morgan Stanley invested \$13.5MM to quickly structure a complex transaction for the preservation of Parkwood, 56 units of naturally occurring affordable housing. This financing enabled the Burbank Housing Development Corporation, a Sonoma County nonprofit affordable housing developer, to quickly purchase the Parkwood property, making it likely the first apartment complex converted to affordable housing after the fires.

Morgan Stanley's Social Bond

In 2020, Morgan Stanley issued a \$1Bn social bond—our first—to support affordable housing across the United States. These projects will support individuals and families of low or moderate incomes, many of whom are struggling to meet housing costs in the pandemic-affected economy.

The bond brings to life [Morgan Stanley's Social Bond Framework](#) (the "Framework"), which aims to contribute to Morgan Stanley's CDF program through a focus on affordable housing. Eligible Social Projects are expected

to directly contribute to SDG number 11 ("Sustainable Cities and Communities"), and to indirectly contribute to two additional SDGs as a result of the interlinkages between the Eligible Social Projects and a broader array of community services:

PROJECT CATEGORY
(AS IN THE SBP)

SUMMARY OF CORE SDGS
(AND RELEVANT SDG TARGETS)

SUMMARY OF SECONDARY SDGS
(INTERLINKAGES AND INDIRECT IMPACT)

AFFORDABLE HOUSING



11.1 Ensure access for all to adequate, safe and affordable housing and basic services



1.5 Build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters



10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

MORGAN STANLEY SOCIAL BOND OVERVIEW

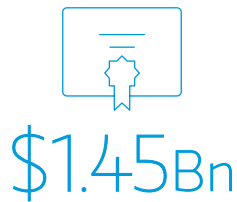
Issue Date	October 21, 2020
Currency	USD
Tenor	5NC-4
Value	\$1 Billion
Net Proceeds	\$996,500,000
Use of Proceeds	An amount equal to the net proceeds from the issuance of the Social Bond will finance and/or refinance affordable housing projects. Projects aim to provide housing at affordable rates to low- or moderate-income individuals and/or families. "Eligible Social Projects," are defined in Morgan Stanley's Social Bond Framework.
Fixed Coupon Rate	0.864%
Project Evaluation and Selection	Morgan Stanley's specialist teams, including Community Development Finance and Global Sustainable Finance are responsible for the process of evaluation and selection of Eligible Social Projects. The Social Bond Supervisory Committee has overall responsibility for supervision of the Eligible Social Projects register.
Management of Proceeds	On a semi-annual basis, the Supervisory Committee evaluates the Eligible Social Portfolio to ensure that the aggregate amount is equal to or greater than the net proceeds from the sale of the Social Bond. If the aggregate is less than total net proceeds, Morgan Stanley will hold the balance of the unallocated amount in cash, cash equivalents, U.S. or other government securities, U.S. agency securities or U.S. agency mortgage-backed securities in a segregated account established for tracking purposes until the amount can be allocated to the Eligible Social Portfolio.
Reporting	On an annual basis and on a timely basis in the case of material developments, Morgan Stanley will publish the total qualifying amount of Eligible Social Projects, the associated estimated social impacts and a management assertion regarding project allocations. This includes external review of project eligibility.



2021 Impact Highlights

SOCIAL BOND OVERVIEW

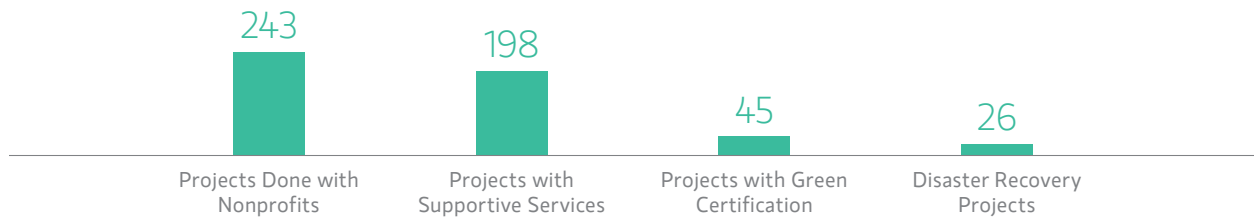
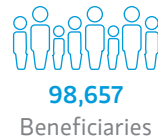
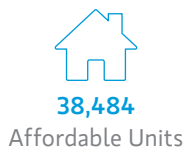
BOND COVERAGE



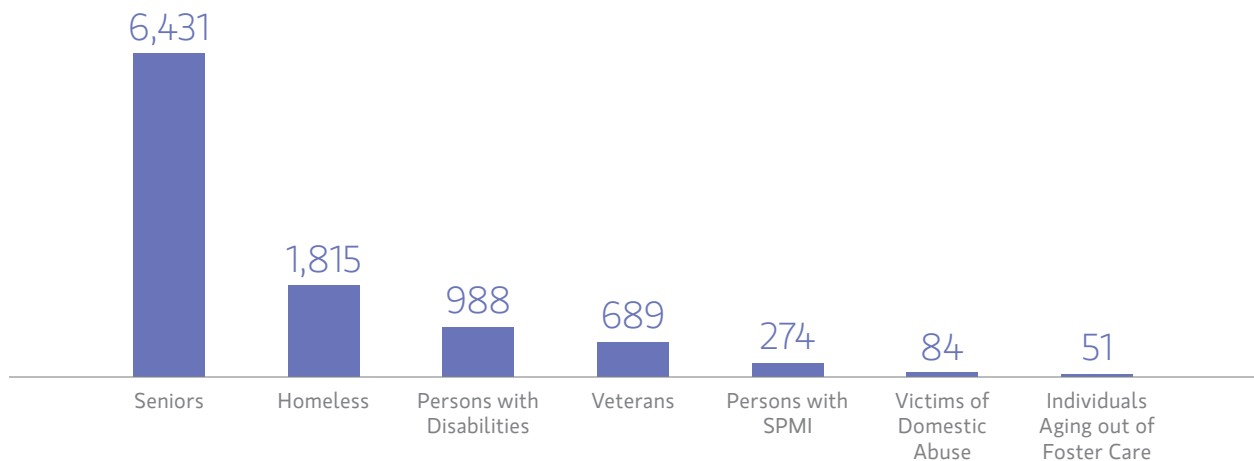
HOUSING PROJECTS SUPPORTED



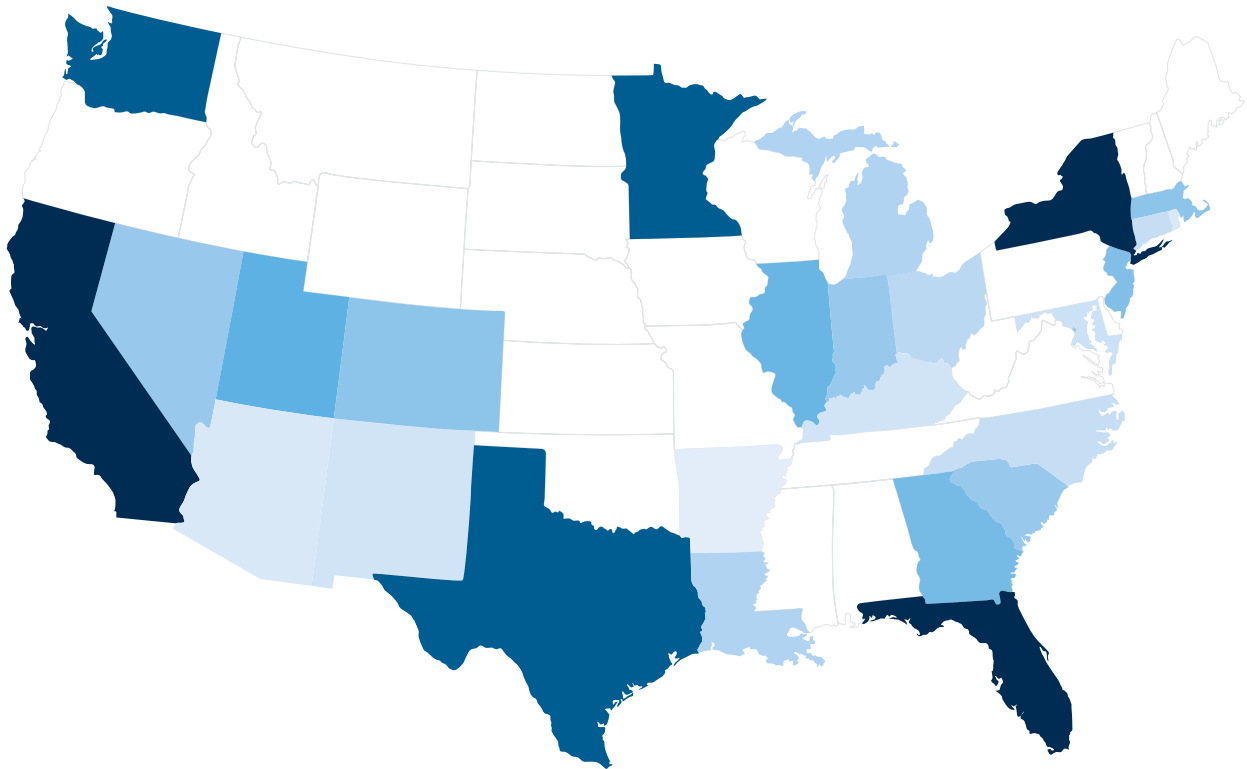
IMPACT STATISTICS



TARGETED SERVICE ENRICHED HOUSING UNITS



GEOGRAPHIC COMPOSITION BY COMMITMENT



Portfolio Distribution: ■ 0–5% ■ 5–10% ■ 10–20%

New York: **16.5%**
 Florida: **13.0%**
 California: **11.9%**
 Minnesota: **9.7%**
 Washington: **6.4%**
 Texas: **5.6%**
 Utah: **4.2%**

Illinois: **3.2%**
 Georgia: **2.5%**
 New Jersey: **2.3%**
 Colorado: **2.0%**
 Massachusetts: **2.0%**
 Indiana: **1.8%**
 Nevada: **1.5%**

South Carolina: **1.5%**
 Washington, D.C.: **1.5%**
 Louisiana: **1.4%**
 Michigan: **1.4%**
 Ohio: **1.3%**
 Connecticut: **1.2%**
 North Carolina: **1.2%**

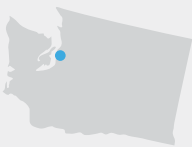
Maryland: **1.1%**
 Kentucky: **0.8%**
 New Mexico: **0.8%**
 Arizona: **0.7%**
 Rhode Island: **0.6%**
 Arkansas: **0.3%**

Project Spotlights



CLAY APARTMENTS

Seattle, Washington



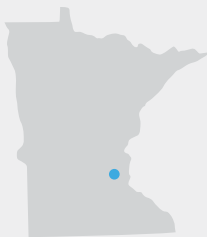
76
Units

Morgan Stanley financed the acquisition of Clay Apartments, a 76-unit property in Seattle, Washington as part of its affordable housing preservation initiatives. The project's sponsor, Low Income Housing Institute, aims to lease all of the units to individuals experiencing homelessness or near homelessness. 20 of the units are operated under a Veterans Administration Transition in Place contract, which is targeted towards homeless veterans. The property provides case management on a voluntary basis to all residents of the building with two dedicated on-site case managers, one specifically for the veterans. The case managers will work with supportive service managers and community-based organizations to identify and access resources for tenants with an ultimate goal of supporting housing stability.



AIN DAH YUNG

St. Paul, Minnesota



42
Units

Mino Oski Ain Dah Yung is a new construction low-income housing tax credit project located in St. Paul, Minnesota that targets homeless or near-homeless youth, ages 18 to 24, with particular emphasis on serving Native American youth. The project is a supportive housing development with 42 units. The design incorporates unique Native-inspired design and blends with the diverse cultural and commercial businesses in the surrounding community. The property includes 24-hour front desk staffing, group activity spaces, a fitness center, health care and therapy spaces, and a clothing closet and food shelf for residents in need. On-site staff speak Native languages and have a deep understanding of American Indian traditions, incorporating these traditions into the on-site services they provide, including community-building, educational guidance, family reunification, financial management, job and life skills training, and mental health services. The project, developed by Project for Pride in Living (PPL) and Ain Dah Yung Center, received the Affordable Housing Tax Credit Coalition's 2020 Charles L. Edson Tax Credit Excellence Award.



MORGAN STANLEY SOCIAL BOND

MANAGEMENT REPORT - PERIODIC REVIEW 2021

Log of assessments to date

Assessment number	Description	Date
#1	Morgan Stanley Social Bond, DNV eligibility assessment - Initial	October 2020
#2	Morgan Stanley Social Bond, DNV eligibility assessment – Periodic Review (this assessment)	June 2021

Introduction

Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, advises, and originates, trades, manages and distributes capital for, governments, institutions and individuals. The firm has significant market positions in three business segments — Institutional Securities, Wealth Management and Investment Management.

Scope and Objectives

Morgan Stanley developed in October 2020 a Social Bond Framework (the “Framework”) to outline how it intended to meet the requirements of the International Capital Markets Association (ICMA) Social Bond Principles (SBP) 2020. Morgan Stanley subsequently issued a Social Bond in October 2020 (henceforth referred to as “Bond”) under this Framework. DNV Business Assurance Services UK Limited (henceforth referred to as “DNV”) delivered the eligibility assessments for the Social Bond, which successfully received a positive Second-Party Opinion against the SBP in October 2020.

Morgan Stanley has now commissioned DNV for a Periodic Review of the assets that have been financed from the proceeds of the Bond to 31st March 2021.

Our methodology to achieve this is described under ‘Work Undertaken’ below.

The scope of work is limited to a desktop review of the total allocated projects to confirm their eligibility as per Framework and SBP. The scope of our initial eligibility assessment in October 2020 comprised of a review of projects that had been financed up to that date. This Periodic Review assess all assets funded under the Framework from the proceeds of the Bond up to 31st March 2021.

We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of the Bond, the value of any investments in the Bond, or the long-term social benefits of the transaction. Our objective has been to provide an assessment as to whether the Use of Proceeds from the Bond meet the Social Bond criteria established in the Framework as well as the SBP.

Responsibilities of the Management of Morgan Stanley and DNV

The management of Morgan Stanley has provided the information and data used by DNV during the delivery of this Periodic Review. Our statement represents an independent opinion and is intended to inform Morgan Stanley management and other interested stakeholders in the Bond as to whether the assets financed from the proceeds of the Bond aligned with the Framework and the ICMA SBP 2020. In our work we have relied on the information and the facts presented to us by Morgan Stanley. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Morgan Stanley Management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our Social Bond Eligibility Assessment methodology to create a Morgan Stanley-specific Social Bond Periodic Review Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's review of the assets financed by the bond.

As per our Protocol, the criteria against which the assets have been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that proceeds of a Social Bonds must be applied to finance or refinance eligible activities. The eligible activities should produce clear social benefits.
 - **Principle Two: Process for Project Evaluation and Selection.** Confirmation that the Process for Project Evaluation and Selection has remained consistent from DNV's initial eligibility assessment in October 2020
 - **Principle Three: Management of Proceeds.** Confirmation that the process for the Management of Proceeds has remained consistent from DNV's initial eligibility assessment in October 2020
 - **Principle Four: Reporting.** Confirmation that the commitments to reporting have remained consistent from DNV's initial eligibility assessment in October 2020
-

Work undertaken

For this Periodic Review we focused on reviewing whether the assets funded by the Bond have met the Use of Proceeds criteria outlined in the Morgan Stanley Social Bond Framework and therefore considered eligible as per the SBP.

Morgan Stanley has provided details for all assets as to why each was chosen, which eligible category they fall under and how they meet the eligibility criteria defined in the Framework.

Subsequently, for the sample of assets that were chosen, DNV requested further information and evidence that supported these claims, verifying that partnership agreements, funds investment policies and individual projects met the criteria established in the Framework.

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Morgan Stanley in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Morgan Stanley-specific Protocol, adapted to the purpose of the review;
- Quantitative and qualitative review of project portfolio, through assessment of documentary evidence provided by Morgan Stanley on the asset financed by the Bond, in-depth spot-checks on selected assets, and discussions with Morgan Stanley management, supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below. This Periodic Review focusses on Principle 1. The full eligibility assessment carried out in October 2020 can be found on Morgan Stanley's website.

1. Principle One: Use of Proceeds.

Morgan Stanley uses a dynamic pool of projects, the "Eligible Social Projects", as defined in the Framework. Morgan Stanley has allocated funds to finance ongoing and/or future Eligible Social Projects since the date of issuance of the Bond, as well as refinance eligible investments to which disbursements have been made since 2018 (as per the Framework). This is achieved via investments into closed-end investment vehicles with strict investment policies that adhere to the criteria established in the Framework.

Morgan Stanley's Eligible Social Projects being financed under the Framework fall into the following category, in line with the Social Bond Principles:

- Affordable Housing (See Schedule 1)

For this Periodic Review, DNV has used the criteria above as the basis of our assessment of conformance. We were provided with an exhaustive list of projects financed under the Framework to 31st March 2021, and carried out spot-checks to verify that the Framework criteria was met.

To support the review Morgan Stanley has provided the Eligible Social Projects Report, a register designed to track the Eligible Social Projects. Our checks were conducted at three levels: partnership agreements, funds investment policies, and individual projects. We also conducted in-depth spot-checks on selected funds and assets which are summarised in the table below.

In total, our sample review covered:

- 2 partnership agreements
- 34 funds
- 408 projects

Level of check	Type of evidence reviewed	Number of spot-checks	Conclusion
Partnership agreements	<ul style="list-style-type: none"> • Copies of partnership agreements containing wording related to affordable housing eligibility criteria 	3 partnership agreements across various types of funds	The evidence reviewed meets the criteria established in the Framework and is aligned with the Social Bond Principles
Fund Investment Policies	<ul style="list-style-type: none"> • Individual funds' investment policies • K1 tax document • Quarterly reports and rent information • Underwriting guidelines and general term sheet in lieu of the investment policy statement, where necessary 	Policies or equivalent documents for 4 different funds across two types of partnership agreements	The evidence reviewed meets the criteria established in the Framework and is aligned with the Social Bond Principles
Projects	<ul style="list-style-type: none"> • List of projects "Social Bond - Appendix A – 2021.03.31" showing: <ul style="list-style-type: none"> - geographic location of affordable housing projects funded; - corresponding fund name; - level of income of populations reached; - categories of vulnerable populations reached - other social characteristics and benefits of project • Community Reinvestment Act (CRA) evaluations 	8 affordable housing projects across multiple funds and partnership types	The evidence reviewed meets the criteria established in the Framework and is aligned with the Social Bond Principles

	<ul style="list-style-type: none"> • Deeds of trust or first mortgage documentation, evidencing that the project financing was made by the fund • Investment approval memorandums (prepared by the GP) containing an overview of the housing project, investment amount, number of affordable units, affordability characteristics, satellite imagery, transaction structure, other loan information. • Pro-forma financial statements 		
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Our review of the documents listed above, as well as interviews with Morgan Stanley management, showed conformance with the defined criteria. Clarification requests were sufficiently addressed through additional documentation.

The total monetary amounts in the project portfolio was also reviewed by DNV and we can confirm that the over-collateralisation is sufficient.

DNV also confirms that the Eligible Social Projects continue to be aligned with the UN SDGs: UN SDG 11 (Sustainable Cities and Communities), and indirectly UN SDG 1 (No Poverty), and UN SDG 10 (Reduced Inequalities).

DNV concludes that the projects being financed under the Bond deliver clear social benefits and are consistent with the Framework and the requirements outlined in the ICMA SBP 2020.

2. Principle Two: Process for Project Evaluation and Selection.

Morgan Stanley management confirmed that no changes were made to the processes described in this section since the eligible assessment of October 2020.

3. Principle Three: Management of Proceeds.

Morgan Stanley management confirmed that no changes were made to the processes described in this section since the eligible assessment of October 2020.

4. Principle Four: Reporting.

Morgan Stanley management confirmed that no changes were made to the processes described in this section since the eligible assessment of October 2020.

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On the basis of the information provided by Morgan Stanley and the work undertaken, it is DNV's opinion that the projects financed up to 31st March 2021 meets the criteria established in the Protocol and are aligned with the Use of Proceeds stated in the Framework and are eligible as per the International Capital Markets Association Social Bond Principles 2020.

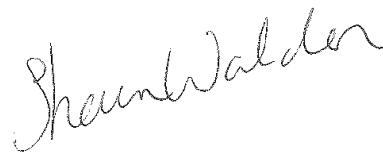
for DNV Business Assurance Services UK Limited

London, 9th June 2021



Richard Strutt

Senior Consultant and Project Manager
DNV – Business Assurance



Shaun Walden

Principal Reviewer
DNV – Business Assurance

About DNV




DNV is an independent assurance and risk management provider, operating in more than 100 countries. Through assessment and digital assurance solutions, DNV helps companies build trust and transparency around products, assets, supply chains and ecosystems.

Whether certifying products, sharing claims or optimizing and decarbonizing supply chains, DNV helps companies manage risks and realize their long-term strategic goals, improving ESG performance and generating lasting, sustainable results.

Combining sustainability, supply chain and digital expertise, DNV works to create new assurance models enabling interaction and transaction transparency across value chains. Drawing on our wide technical and industry expertise, we work with companies worldwide to bridge trust gaps among consumers, producers and suppliers.

Driven by its purpose, to safeguard life, property, and the environment, DNV helps tackle the challenges and global transformations facing its customers and the world today and is a trusted voice for many of the world's most successful and forward-thinking companies.

SCHEDULE 1: DESCRIPTION OF ACTIVITIES FINANCED THROUGH THE BOND

Eligible Social Category	Description	Target populations	UN SDG – Core	UN SDG – Indirect
<p>Affordable Housing</p>	<p>Projects aiming to provide housing at affordable rates to low- or moderate-income (“LMI”) individuals and/or families, defined as earning less than 50% and less than 80%, respectively, of the relevant area median income or “AMI”, in line with the definition in the Community Reinvestment Act of 1977.</p> <p>The objective is to have projects aiming to provide housing at affordable rates to LMI individuals and/or families.</p>	<p>The Affordable Housing projects are expected to deliver benefits to various example categories of the ICMA SBP 2020’s Target Populations such as, but not exclusively, people living below the poverty line, people with disabilities, designated disaster areas or people who are marginalised or underserved.</p>	<p>11 Sustainable cities and communities</p> 	<p>1 No Poverty</p> 
				<p>10 Reduced Inequalities</p> 

Management's Assertion Regarding the Eligible Social Portfolio

Management asserts that as of March 31, 2021, an amount equal to the net proceeds from its issuance of 0.864% Notes on October 21, 2020 due October 21, 2025 has been allocated to Eligible Social Projects, which meet the criteria specified on the Social Bond Framework, dated October 2020.

Project Eligibility Criteria

Eligibility criteria are based on the definitions of "Community Development" under Title 12, Chapter 1, Part 25 of the Code of Federal Regulations, in compliance with the Community Reinvestment Act of 1977.

1. Projects targeting low-income individuals or families that have individual or median family income that is less than 50% of AMI;
2. Projects targeting moderate-income individuals or families that have individual or median family income that is at least 50% and less than 80% of AMI;
3. Projects targeting groups located in a census tract by the United States Bureau of the Census categorized as LMI; and
4. Activities that revitalize or stabilize:
 - Low- or moderate-income geographies;
 - Designated disaster areas; or
 - Distressed or underserved non-metropolitan middle-income geographies designated, by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, based on:
 - Rates of poverty, unemployment, and population loss; or
 - Population size, density, and dispersion.

Activities are considered to revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community needs, including needs of LMI individuals or families.

Eligible Social Projects include projects with disbursements made by Morgan Stanley's Entities in the year 2018 and beyond.

Morgan Stanley's Entities making disbursements towards Eligible Social Projects include Morgan Stanley Bank, N.A., Morgan Stanley Community Investments LLC, MS Affordable Housing LLC and Morgan Stanley Private Bank, National Association.

For more information about Morgan Stanley,
visit morganstanley.com.