

Morgan Stanley's U.K. Tax Strategy

1. Core Values

At Morgan Stanley, we are committed to fostering and maintaining a culture based on our five core values: *Do the Right Thing, Put Clients First, Lead with Exceptional Ideas, Commit to Diversity and Inclusion, and Give Back*. This means conducting our business activities in accordance with the letter and spirit of applicable laws and regulations and Firm policies, and acting with integrity. These values are reflected in the Morgan Stanley Code of Ethics and Business Conduct to which all employees are required to adhere.

In line with this ethos, Morgan Stanley International Limited (MSI) together with Morgan Stanley's subsidiaries operating in the UK (the MSUK Group) are committed to:

1. ensuring that the tax result of conducting our business and when working with our clients is in accordance with the law and the clear intention of Parliament;
2. engaging with HM Revenue & Customs (HMRC) in an open, transparent and cooperative manner; and
3. ensuring that we have effective tax risk management and governance frameworks in place.

2. UK Tax Governance

Overall responsibility for the oversight of the MSUK Group's tax affairs rests with the MSI Board of Directors (the Board). The Board discharges certain responsibilities through its committees including the Audit Committee and Risk Committee. Matters considered by these committees include controls and risk management processes in relation to tax affairs. As required by law, a Senior Accounting Officer has been appointed to oversee such tax matters.

Executive management of the MSUK Group is performed by the EMEA Operating Committee (EOC) and oversight of the management of financial and non-financial risks (including tax) is performed by the EMEA Risk Committee (ERC). The EMEA Chief Financial Officer is the EOC member appointed as the Senior Accounting Officer for the MSUK Group. Day to day oversight of the management of tax matters is delegated to the EMEA Tax Department, Human Resources and Operations. The EOC and ERC are supported by a number of other committees including the EMEA Franchise Committee, whose remit includes consideration of the impact that the tax aspects of an activity, transaction or operation could have on the Firm's reputation with the public, clients and regulators.

3. UK Risk Management

Morgan Stanley addresses the risks it faces in its business through appropriate policies, assessment, communication and reporting. The MSUK Group has in place policies and procedures designed to reduce tax risk and ensure compliance with our responsibility for tax matters.

Like other risks, responsibility for managing tax risks rests with the departments and functions which have ownership of the related activity, process or business.

Our tax specialists have the appropriate authorities and level of tax knowledge and qualification to execute their role and apply skill, care and judgment to arrive at appropriate conclusions. Staff who are engaged in matters that have tax implications have relevant training and experience. In certain circumstances we will consider it appropriate to consult with external advisers. This will include

situations where particular expertise is required in a specific area of law or where the law is complex, uncertain or developing.

4. Attitude to UK Tax Planning

We have a duty to our shareholders to manage our business in an efficient manner. In doing so, we are committed to conducting our business activities in accordance with the letter and spirit of applicable UK laws and regulation. We have adopted and adhered to the UK Code of Practice on Taxation for Banks (the Code) and consistent with the Code we consider that tax results should be aligned with genuine commercial activity.

When working with our clients, we apply a similar approach and standard to those which we apply for the MSUK Group's own tax affairs.

5. The Level of Acceptable UK Tax Risk

Morgan Stanley does not set monetary targets for tax. Our aim is to appropriately manage our UK tax profile within the ambit of all applicable laws and to ensure that tax reporting is timely, accurate and complete.

When assessing the tax risk associated with our commercial activities, we may claim statutory tax incentives and exemptions which Parliament has made available and where we have a legitimate choice as to what to do.

Morgan Stanley has no tolerance for tax evasion or for allowing the use of our services and products to evade tax. We support, and will comply with, UK law aimed at preventing the facilitation of tax evasion and fraud.

6. Approach to Dealings with HMRC

We are committed to maintaining a transparent and constructive relationship with HMRC. In particular, we will:

- act with integrity and engage with HMRC in a cooperative, open and professional manner;
- seek formal or informal approval from HMRC on tax positions which are uncertain due to the complexity of applicable law, where necessary;
- discuss the application of the Code in advance of execution of specific transactions, where appropriate; and
- seek where possible to resolve uncertainty before filing returns.

This document sets forth MSUK Group's tax strategy, as approved by the Board, in compliance with the requirements of Schedule 19 Finance Act 2016.