



Open the door to a better future

2017 CORPORATE SOCIAL RESPONSIBILITY REPORT

MOODY'S

We believe that knowledge fuels opportunity.

The core of our business is to provide credit ratings, research, tools and analysis that help equip participants in global financial markets to understand risks and move forward with critical insight. Our corporate social responsibility (CSR) efforts are rooted in that same approach. We seek to empower people with the knowledge, resources and confidence they need to create a better future — for themselves, their communities and the environment.

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About this report

This is Moody's (NYSE: MCO) eighth annual CSR Report, covering January 1 to December 31, 2017. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. Like our corporate annual report, this document covers all of Moody's Corporation and its subsidiaries, including all Bureau van Dijk entities acquired in August 2017. Performance data in this report includes Bureau van Dijk, unless otherwise stated. All references to dollars are to US dollars, unless otherwise stated, and "tonnes" refers to metric tons.

We invite you to email us at csr@moody's.com with feedback and questions about this report. You can access previous reports on Moody's CSR webpage, moody's.com/csr.

“Moody’s CSR strategy reflects the issues our employees and other stakeholders care about most — and the challenges we believe we can uniquely solve — by clearing paths to knowledge and opportunity for people everywhere.”

Raymond W. McDaniel, Jr.
President & CEO, Moody’s Corporation

A message from our CEO

Each year, I look forward to presenting the highlights of our company's CSR work — and every year brings more great examples of how our employees' passion, purpose and intellect are changing lives and communities for the better.

It's not simply what we accomplished that makes me so pleased as I look back on our progress in 2017. I'm just as excited about the strides we have taken to connect CSR more closely and powerfully with everything we do as a business.

Starting last year, we challenged ourselves to identify the areas where the unique strengths of our business and the talents and interests of our employees intersect with society's most pressing needs. This process helped us recognize that we can create our greatest positive impact by expanding access to knowledge and the opportunities it creates.

As a result, we have refocused our overall CSR approach on empowering people with the information, resources and confidence to succeed in the global economy.

I see this at work in Reshape Tomorrow™, our financial empowerment initiative dedicated to helping people overcome the challenges of growing a small business. The work in 2017 was to get this ambitious program up and running. We're now poised to start working with partners to provide the business tools and financial know-how that small business owners in developing areas — especially women and those who possess untapped potential — need to build a more prosperous future.

Through our financial intelligence and analytical tools, we're using the power of information to bring environmental sustainability issues into clearer focus. Moody's Investors Service led this effort in 2017 by expanding its Environmental, Social and Governance Initiative, which provides insight to help the financial community better understand how factors such as climate change and sustainability affect creditworthiness.

Also, Moody's Investors Service completed 18 more Green Bond Assessments, which give investors the information they need to confidently make investments in projects that benefit the environment.

I also want to thank our employees for bringing Moody's CSR purpose to life through their time, expertise and passion. Our volunteers gave of themselves in life-changing ways over the past year, from mentoring young men of color in Brooklyn, New York, to making solar lamps for people in villages across India.



I encourage you to explore these and many other stories in our 2017 CSR Report, which also looks at how we're accelerating our efforts in the year to come. Together with our partners, we are building a world where everyone has a chance to prosper.

A handwritten signature in black ink, reading "Ray McDaniel". The signature is fluid and cursive, with a large, stylized "M" and "D".

Raymond W. McDaniel, Jr.
President & CEO, Moody's Corporation



About Moody's

Moody's Corporation (NYSE: MCO) is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets.

With headquarters located at 7 World Trade Center in New York City, Moody's is the parent company of Moody's Investors Service, which provides credit ratings and research on the impact of credit in the markets, and Moody's Analytics, which offers leading-edge software, advisory services and research for credit and economic analysis and financial risk management.

Moody's acquired Bureau van Dijk, a global provider of business intelligence and company information, in August 2017. With offices in nearly 30 countries, Bureau van Dijk captures and treats information on private companies for better decision-making and increased efficiency. Its products include Orbis, the world's most powerful comparable data resource on private companies, which provides information on approximately 300 million organizations across the globe. Bureau van Dijk solutions support the credit analysis, investment research, tax risk, transfer pricing, compliance and third-party due diligence needs of financial institutions, corporations, professional services firms and governmental authorities worldwide.

OUR MISSION:

To be the world's most respected
authority serving risk-sensitive
financial markets.

\$4.2B

2017 revenue

\$1B

2017 net income

41

Countries where
Moody's maintains
a presence

12,000

Employees
worldwide

Moody's Investors Service

Moody's Investors Service is a leading provider of credit ratings, research and risk analysis. Moody's commitment and expertise contribute to transparent and integrated financial markets by providing critical insight. The firm rates and analyzes the credit profiles of more than 120 countries, approximately 4,700 nonfinancial corporate issuers, 4,100 financial institution issuers, 17,700 public finance issuers, 11,000 structured finance transactions and 1,000 infrastructure and project finance issuers. Moody's Investors Service rated more than \$72 trillion of debt in 2017.

In August 2017, Moody's Investors Service launched its Analytic and Technology Solutions (ATS) group as part of a series of initiatives across Moody's to harness innovative and emerging technologies. We see opportunities for ATS innovations to not only benefit our customers, but also advance Moody's CSR initiatives in financial empowerment, environmental sustainability, education and beyond. Led by Managing Director Fabian Astic, the group's objectives include developing quantitative models and analytical tools for use in the rating process and across Moody's Investors Service. ATS also works to expand our technology innovation activities, including advanced capabilities in machine learning and artificial intelligence.

\$2.77B

2017 revenue

Moody's Investors Service awards and recognition

AMERICAS



Best CLO Rating Agency: 2016–2017



#1 US Credit Rating Agency: 2012–2017



#1 US Rating Agency: 1997–2017

EMEA



Multi-award winner, including best rating agency categories: 2015–2018



Best Rating Agency: 2017

ASIA PACIFIC



Multi-award winner: 2016–2017
Green Rating Agency of the Year: 2017



Market Leadership Award, Islamic Finance Intelligence & Ratings: 2016–2017
Best Islamic Finance Rating Agency: 2015



Australian Rating Agency of the Year: 2014–2017



Most Influential Credit Rating Agency: 2013–2016



Best Islamic Rating Agency: 2015, 2017



#1 Asia Credit Rating Agency: 2012–2016



View the full list of awards at moodys.com/awards.

Moody's Analytics

Moody's Analytics provides financial intelligence and analytical tools supporting our customers' growth, efficiency and risk management objectives. The combination of our unparalleled expertise in risk, our expansive information resources and our innovative application of technology helps today's business leaders confidently navigate an evolving marketplace. We are recognized for our industry-leading solutions that comprise research, data, software and professional services and that are assembled to deliver a seamless customer experience. Thousands of organizations worldwide have made us their trusted partner because of our uncompromising commitment to quality, client service and integrity.

\$1.43B
2017 revenue

OUR MISSION: Empowering our customers to make better, faster decisions.

OUR VISION: To be the global leader in solving critical business problems.

OUR VALUES:



CUSTOMER FOCUS
We tackle customers' problems as if they were our own.



OPEN MINDSET
We invite new ideas and differing perspectives.



EXCELLENCE
We want everything we do, big or small, to be exceptional.



TEAMWORK
We achieve our best results when we work together.

Moody's Analytics awards and recognition



Best Solvency II Tech Solutions Category Winner



Best Buy-Side Market Surveillance Tool Category Winner – Structured Finance Portal



#1 IFRS 9
#1 Asset and Liability Management
#1 Regulatory Capital Calculation and Management



Ranked 19th in the Overall Top 100 Rankings



Best Credit Risk Solution Provider – RiskCalc™



Compliance Risk, Liquidity Risk, Enterprise Risk and Risk Technology Implementations of the Year



CLO Data Provider of the Year



Front-Line Customer Service Team of the Year – Financial Services Industries
Award for Innovation in Customer Service – Financial Services Industries



View the full list of awards at moodyanalytics.com/awards.



CSR at Moody's

As a company that serves governments, institutions, companies and financial markets globally and is part of local communities in 41 countries, our profitability, our growth — our very future — hinge on doing business in a responsible way. CSR is far more than an obligation for Moody's and our approximately 12,000 employees. It sets the course for using our talents, expertise and assets to make a lasting, positive difference through actions that also make our company stronger.

Our CSR approach focuses on empowering people around the world with the information, resources and confidence they need to create a better future — for themselves, their communities and the environment.

On a path of continuous improvement

Building on the philanthropic work of the Moody's Foundation and our employees' passion for service, we launched our CSR program in 2009 and began publishing an annual CSR Report in 2010. These formal steps added more rigor, visibility and resources to an already strong ethic of giving back to our communities.

In 2017, Moody's senior leaders started taking an in-depth look at how we could better focus our CSR activities and investments. The process included interviews with more than 40 company leaders, survey responses from 700-plus employees in our offices worldwide and a broad-based materiality assessment to identify the CSR-related issues that are most significant to Moody's business.

WE EVALUATED EACH CSR ISSUE AGAINST SIX CRITERIA:

RELEVANCE. Does the issue align with our business priorities?

ASSETS. Does the issue present an opportunity to apply our core expertise, such as analytics and research, influence, technology or employees' skills?

RESONANCE. What opportunities does it create for our employees worldwide to feel connected to the corporate mission and business objectives?

AUTHENTICITY. Does it position Moody's to serve as a neutral voice and an influential leader?

DIFFERENTIATION. Does it offer a unique role, relative to others in our market, for Moody's to play?

NEED. Does it signify an important and recognized societal challenge or opportunity?

Ultimately, we learned that our stakeholders consider **small business growth**, **environmental sustainability** and **education** to be among the highest-priority issues for Moody's to influence. The insights from this overall process guided us to develop a more sharply focused, global CSR strategy that not only responds to the issues our company and stakeholders care about most but also helps us to apply our expertise and resources effectively and achieve greater impact. Across all these areas, Moody's values of diversity and inclusion serve as a lens through which to evaluate our CSR efforts and investments.

2017 CSR awards & recognition



AmCham CARES
2017 (Singapore)



Caring Company
2017 (Hong Kong)



League of American Communications
Professionals (LACP) 2016 Vision Awards
Annual Report Competition:

Gold Winner Worldwide
Top 80 Reports in the Americas
Top 50 Reports in the US

Our CSR strategy

Starting in 2017, we focused our global CSR efforts around four core areas:



Empowering people with financial knowledge

Building upon our expertise in serving the global capital markets, we've launched Reshape Tomorrow, a financial empowerment initiative dedicated to helping people overcome the challenges of growing a small business. We're developing partnerships with organizations around the world to give small business owners access to vital information about the credit process and help them connect to sources of financing.



Activating an environmentally sustainable future

We're continually taking steps to reduce Moody's adverse impact on the planet through programs that promote reuse, recycling and resource conservation throughout our operations. Outside our walls, we make an even greater positive difference through technology tools and analytical services that help other organizations and the investor community better assess the value of environmental sustainability in financial markets.



Helping young people reach their potential

We work with schools and nonprofits around the world to prepare young people for successful careers in finance, technology and economics. This includes helping create and expand mentorship initiatives, skills-development programs, internships and other educational opportunities for young people ages 15–24.



Sharing our passion and purpose with the world

Our employees play an integral role in driving the company's CSR progress through their volunteer efforts, contributions of pro bono expertise and board service on behalf of nonprofit organizations worldwide.

As our CSR strategy evolves, these areas of focus will provide a solid base for new initiatives and opportunities to partner with other organizations that share our goals. In addition, Moody's overall CSR approach reflects the company's deep commitment to operating with integrity, fostering diversity and inclusion and supporting programs that strengthen local communities.

Engaging with our stakeholders

Moody's management relies on regular communication from our stakeholders to understand how we are viewed as a business. Stockholders, investors, issuers, employees and members of the public are always welcome to send us feedback. Candid dialogue helps us better recognize and respond to emerging trends and challenges with innovative solutions.

EACH YEAR, WE PROACTIVELY SEEK INPUT FROM FOUR GROUPS:

STOCKHOLDERS. Moody's Investor Relations group has contracted with an independent third-party vendor for the past several years to conduct a perception study of investors in Moody's Corporation that provides strategic guidance for investor communications and identifies key investment drivers. Stockholder feedback — which is communicated to management and the Board of Directors — helps inform and focus various investor relations initiatives. This process in turn helps investors better understand Moody's strategy and long-term growth opportunities.

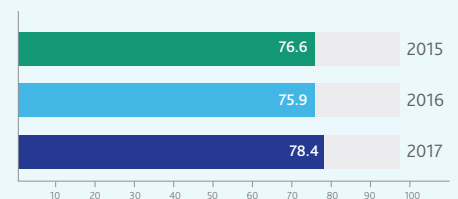
CUSTOMERS. Using blind surveys, we ask Moody's customers to rate our performance versus the competition as well as our product quality and customer service. We consistently find that our customers are highly satisfied with the predictive nature of our ratings and the quality of our research, data and service solutions. Customers also cite the expertise and responsiveness of our analysts as the reasons we regularly meet or exceed their expectations.

EMPLOYEES. Through our annual Business Effectiveness Survey, we encourage employees to provide feedback in a number of areas, such as Employee Development, Diversity & Inclusion, and their Commitment to Moody's. The questions have remained the same for the past four years, allowing us to identify trends and assess our ability to make improvements, based on the feedback. Employees recognize the importance of this tool, as shown by the fact that more than 90% of our employees completed the survey in 2017 — a considerably higher rate than we see in external benchmarks. Moody's employees rated the statement, *I am treated with respect and dignity*, 19 points more favorably than benchmarked companies.

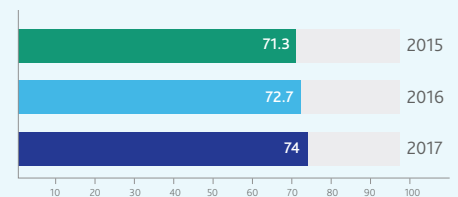
ASSET MANAGERS AND SELL-SIDE ANALYSTS. We believe that these people are ideally positioned to tell us how the broader investment community views Moody's. They provide feedback on what makes Moody's a good investment. We also gauge what they think about the company's management and its strategy through an annual perception study. At the top of this group's list in 2017 were our reliable cash flow generation, sustainable revenue growth, and capable and creditable senior management team. Moody's scores on these criteria surpassed the average for S&P 500 companies.

Business Effectiveness Survey

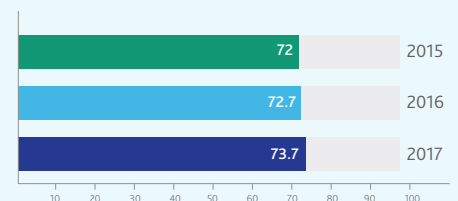
COMMITMENT TO MOODY'S



EMPLOYEE DEVELOPMENT



DIVERSITY & INCLUSION



Scores represent the weighted average of employees' favorability against a cluster of related questions. Favorability is defined as either "agree" or "strongly agree" on a five-point scale.

How we respond

Moody's senior executives and business leaders use the collected feedback from all our key stakeholder groups to help set strategic priorities and inform business plans each year. When stakeholders raise a specific concern, we seek to gather additional information as needed and resolve the issue through the most direct and appropriate channel.

Last year, for example, a number of Moody's Analytics employees shared that they spent too much time on low-value, repetitive tasks. In direct response to this feedback, the Moody's Analytics Customer Service management team implemented Daisy — which stands for Digital Assistant Intelligently Supporting You — an artificial intelligence tool that reads every incoming email to the Client Service group. Daisy can intelligently route service cases to the correct individual, suggest appropriate responses to customers on repetitive inquiries and automatically log the details of each case.

CSR governance

We're advancing our CSR efforts with support from our most senior leaders and input from employees at all levels. We have created a governance structure around the CSR strategy and its implementation that closely aligns with our business strategy and creates opportunities for innovative collaboration across the company.

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CSR governance structure





Empowering people with financial knowledge

A small-scale farmer builds a production facility for her rural community in Malaysia. As a result, she and her neighbors travel fewer miles to process their crops, saving money and time. Surrounding farms can hire more hands to grow their businesses and reinvest in their community.

Having access to credit can put those goals within reach. However, many small business owners around the world struggle to gain basic financial management skills or to qualify for loans that could help their businesses grow. That's why Moody's is helping to empower small business owners with the tools and know-how to navigate the lending process. We're also extending our business expertise to help ensure that more business owners can participate in capital markets and reap the benefits.

Reshape Tomorrow: More opportunity for more people

When small businesses are unable to access capital, great opportunities go unrealized. It's a loss for financial providers and for the business owners seeking to provide for themselves and their communities.

We believe that access to basic knowledge about credit — and to the capital required to set the goals of small business owners in motion — can go a long way toward spurring economic growth in communities around the world. Also, many lenders need better information about these borrowers in order to make confident decisions. In 2017, we saw an opportunity to use our core business expertise and resources to bring more people into the financial circle.

The result is Reshape Tomorrow, a financial empowerment initiative dedicated to helping people overcome the challenges of growing a small business.

Reshape Tomorrow helps small business owners — especially women and members of untapped groups in developing markets — access vital information about the credit process. To scale our impact, we're partnering with organizations around the world to provide financial and business management courses in targeted areas. We'll also help small and growing businesses connect to sources of financing.

Reshape Tomorrow will employ a number of technology tools to help small businesses thrive, including the MARQ™ portal and CashFlowTool.com (formerly known as Flight), an application launched in 2018 by our partner Finagraph. **(See related stories on pages 18 and 21–22.)** These tools, when paired with financial education and support services, can help close the opportunity gap.

One of our first global partners in Reshape Tomorrow is The Fore, a UK nonprofit that helps early-stage charities and social enterprises secure funding and develop more effective business models. In 2018, we are inviting even more nonprofits to submit proposals for Reshape Tomorrow programs that support business development, financial empowerment and other goals of this initiative.

We believe that beyond providing access to practical tools and resources, Reshape Tomorrow will open opportunities for Moody's leaders to advocate for the needs of small business owners and the importance of educating people about effective financial management and credit.



"Our vision for Reshape Tomorrow is to help people all over the world — especially women and untapped groups — gain the business tools and financial knowledge they need to build a more prosperous future for themselves and their communities."

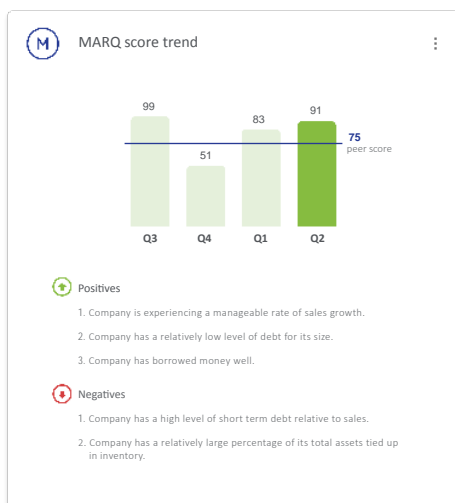
Arlene Isaacs-Lowe
Global Head, CSR, Moody's Corporation

Tools to power small business lending

Information and education are the keys to unlocking credit, which is essential to helping small businesses achieve success. At Moody's, we're creating greater economic opportunities for small businesses through tools and analytics that make financial information more transparent and actionable.

MARQ and CashFlowTool.com

In 2017, we expanded the Moody's Analytics' MARQ portal to make it easier for businesses to share information electronically with lenders and for lenders to access insightful analytics to make better credit decisions, faster. The MARQ portal gathers critical information from the borrower and generates a MARQ credit score and supporting analysis. These tools help speed and improve the decision-making process so that financial institutions can get critical funding in their customers' hands more quickly.



The MARQ score is also provided through **CashFlowTool.com**, an easy-to-use web app created by our partner Finagraph. CashFlowTool.com helps small business owners and their advisors monitor and manage the cash flow of the business and understand its credit position. By giving small businesses

a clear view of their financial health, CashFlowTool.com empowers them to access capital when they need it and puts them in a position to grow.

Additional tools

In the past year, we also enhanced the integration and functionality of our loan origination products—Lending Cloud and CreditLens—to help lenders efficiently and profitably meet the needs of small businesses that might otherwise be considered too difficult to serve.

Moody's Analytics' Emerging Business Unit was instrumental in identifying opportunities and innovations that supported lenders in 2017. One case that stands out is a strategic investment in CompStak, a provider of commercial real estate lease information.

As insights and analytics from CompStak's commercial lease data are incorporated into Moody's Analytics products, lenders will have a more complete picture to assess small businesses. Imagine a catering company that wants to move into a warehouse district but needs a loan to do so. The business owners may know all the reasons that neighborhood makes sense. But the bank may not, or it might be operating on outdated assumptions about the neighborhood. Using CompStak's nontraditional data, a bank can confirm whether making the loan is a smart move.

Financial inclusion

By providing a more holistic view to banks and empowering entrepreneurs, we seed the conditions for economic growth and create opportunities for responsible lending that can revitalize underdeveloped neighborhoods and underserved communities. We see how greater access to credit can deliver the economic benefits that stem from creating more jobs and higher wages. It's why we're more committed than ever to supporting an inclusive financial system that works for all.



"We're working with parties on both sides of the transaction—the suppliers of funding as well as the people who need the funding to grow their business and succeed."

Mark Almeida
President, Moody's Analytics



Helping small businesses stay in business

The national network of Small Business Development Centers (SBDCs) provides free consulting services and low-cost training programs across the United States. The centers are an invaluable resource for new entrepreneurs and established businesses that want to improve their performance and grow. As a company that shares the SBDCs' mission, we want to ensure that they have the resources they need to promote small business growth and economic opportunity.

Moody's Analytics and Finagraph collaborated with SBDCs in 2017 to bolster their credit counseling programs for small business clients. At the Columbia-Harlem SBDC in New York City, we conducted focus groups and pilot programs that helped us gather feedback from small business owners to inform the development of CashFlowTool.com. We also joined the America's SBDC Annual Conference to build awareness of our small business development efforts. Conferences gave way to trials and trainings as well as more outreach to extend the impact of these tools, thus empowering more businesses with the insights they need to survive and grow.

"The reaction we've gotten from the SBDCs and their clients has been phenomenal," says Nancy Michael, Senior Director, Enterprise Risk Solutions at Moody's Analytics. "Small businesses, their accountants and their advisors have been chomping at the bit to put these tools to use. It's encouraging that we've hit on a real value that they're lacking today."

Throughout this pre-launch process, we heard from 650 small and midsize businesses about their desire for tools to better manage cash flow and financial performance. Entrepreneurs told us that accounting jargon and consultant-speak have little place in a busy business; instead, they want simple and instant ways to gauge their business performance.

Finagraph distilled these insights into CashFlowTool.com — a mobile and web-based app that shows a business's most critical financial metrics through a Cash Flow Calendar and Cash Activity Feed. Information and activities are presented in an easily digestible format so that businesses can quickly figure out what's going on and what needs to be done.

"The prediction capacity in the tool's Cash Flow Calendar is genius," says business broker Mona Brown, Principal and CEO of Monapoly Enterprises LLC. "After all, cash flow is the crux of the success of a business."

Mona is deeply involved in the small business community in Atlanta, Georgia, helping to spur growth in underdeveloped neighborhoods. We're excited about the potential for CashFlowTool.com to help more entrepreneurs like her succeed.



Mona Brown, Principal & CEO of Monapoly Enterprises LLC, who recognizes the value of CashFlowTool.com



Bureau van Dijk acquisition:

Q&A with Mark Almeida

In August 2017, Moody's acquired Bureau van Dijk, a global provider of business intelligence and company information. Mark Almeida, President of Moody's Analytics, shares how this acquisition — the largest in our company's more than 100-year history — will help strengthen our business and CSR efforts.

Q: How does the acquisition of Bureau van Dijk fit into Moody's work?

MARK: For me, the way to think about Moody's is that we're an information company. No matter how you slice what we do, we're all about providing information and insight to as many people as we possibly can.

We believe that financial markets and banking systems operate better and support economic prosperity when those markets are efficient.

When people have confidence in how markets operate — when they feel there's an even playing field — they're more likely to participate in those markets and to rely on those markets either as a source of funds or as a consumer of capital. So, one of the ways to make markets more efficient is to ensure that everybody has equal access to information so that they can make better, more informed decisions.

In 2017, we doubled down on that mission when we acquired Bureau van Dijk, a company that specializes in capturing and distributing information on private companies for better decision-making and increased efficiency. Its products include the world's most powerful data resource on private companies.

Q: What's the significance of private company information?

MARK: While information about publicly traded companies is readily available, accessing similar details about private companies is more challenging. Bureau van Dijk has done a great job of figuring out how to make that information available to customers all around the world.

Q: How will Bureau van Dijk help advance Moody's CSR efforts?

MARK: Again, one of the challenges that organizations have in lending money and offering credit is

getting reliable information about their borrowers for making decisions. That's particularly true when it comes to small business lending.

It's relatively easy for big publicly traded companies to get access to capital. It's much harder for a smaller business. Bureau van Dijk provides a high degree of transparency for companies and, in particular, their ownership. As a result, organizations can expand their relationships with third parties — including customers and vendors — and make responsible lending decisions with more confidence. This includes more effectively deciding whether to extend credit — and credit limits — to more firms in order to spur business growth and economic vitality in local communities.

They can also analyze corporate groups for risk factors or adverse news — information many organizations use to help them make ethical decisions around their customer and supplier base.



Women's World Banking Partnership

Q&A with Sylvia Chahonyo

During the Women's World Banking Summit in October 2017, Sylvia Chahonyo, General Manager for Moody's Investors Service in South Africa, presented Moody's research on mobile money and banks that provide microfinance banking for women who own businesses in East Africa. We asked Sylvia to share her broader perspective on financial inclusion for women in the region.

Q: Why is it important to cultivate financial inclusion for women in Africa?

SYLVIA: When a woman is empowered and making money, the proceeds often go toward creating a permanent dwelling for her family and paying for her children's education. Yes, women build small businesses so they can be financially independent. Even more than this, supporting women entrepreneurs also serves to plow money back into the community and improve the quality of life and access to opportunities for local children.

Q: What challenges can hold back African women who own businesses?

SYLVIA: There is a propensity for banks to focus lending on men, given that, historically, most successful small and micro businesses on the continent were male-led. However, their success is not because the businesses are run by men. It is because male-led businesses have historically had more opportunities and access to finance than businesses led by women have had.

Q: How can we enable more female entrepreneurs in Africa to succeed?

SYLVIA: We must make sure that the people providing access to financial and other types of opportunities see women as viable customers who can run businesses, borrow money and meet their repayment obligations. We also need to empower women entrepreneurs through financial education and knowledge — so they can confidently seek the help of banks and other types of financiers.

Sylvia presenting at the Women's World Banking Summit





A look inside CashFlowTool.com

Finagraph's CashFlowTool.com was built for a single purpose: to help eliminate cash flow as a reason that businesses fail. With the Cash Activity Feed and Cash Flow Calendar in CashFlowTool.com, a business can gain instant insight into its cash flow position and business performance.

Here's a closer look at some of the CashFlowTool.com features.

Cash Activity Feed

The Cash Activity Feed detects cash flow anomalies based on historical patterns and presents the information in an easily digestible, bite-size format.

"We worked really closely this year with educators, consultants and other supporters of small businesses to equip them with tools and training to bring more value to their businesses on a day-to-day basis."

Nancy Michael

Senior Director, Enterprise Risk Solutions,
Moody's Analytics

Anomaly detector

Users receive alerts when anomalies — such as unexpected bills, late customer payments and overdue bills — are detected.



Alert: Unexpected bills

VENDOR	TYPICAL	DATE	ACTUAL
Ace Cleaning Supplies	\$482	10/21/18	\$1,100
City Power and Light	\$334	9/22/18	\$810
Springdale Water Supply	\$257	9/18/18	\$503

Communication hub

When an anomaly is detected, users can collaborate with their critical team members to get clarity and take action.



Dan Summit 2:55PM

What is going on with the Ace Cleaning Supplies bill?



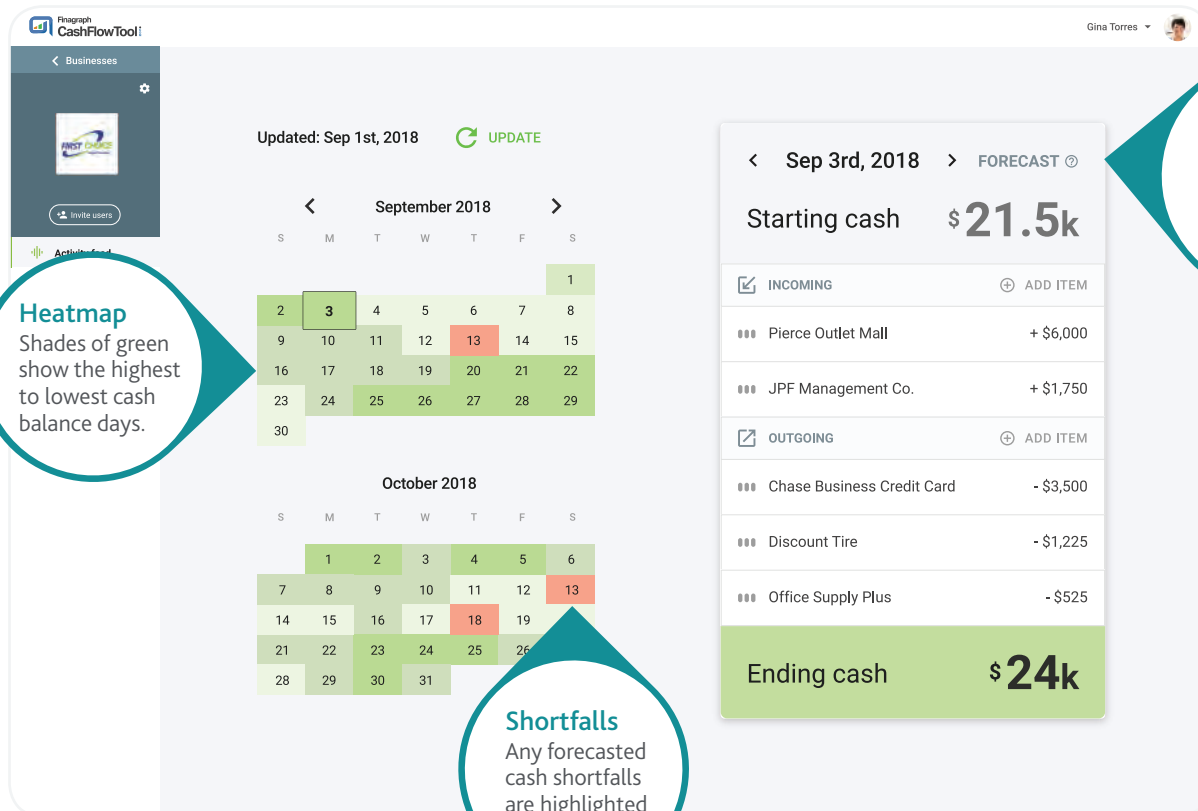
We won a new large contract at the office complex downtown and needed to restock cleaning solution beforehand. This will be a new recurring project for us.

Historical timeline

Users can reference the team's clarifying comments to recall the decisions they made and why.

The Cash Flow Calendar

The Cash Flow Calendar analyzes a company's historical transactions to predict users' upcoming cash inflows and outflows.



650

Small and midsize businesses that contributed to the pre-launch program that helped build CashFlowTool.com

15

Lending institutions that have chosen the MARQ portal for small business lending since its launch in 2017

A photograph of three wind turbines against a sky with scattered clouds. The turbines are positioned in a row, with the central one being the most prominent. The sky transitions from a pale blue at the top to a soft orange and yellow near the horizon, suggesting a sunrise or sunset. The turbines are a light brown or tan color.

Activating an environmentally sustainable future

Moody's pursues environmental sustainability because we care about the planet. We also care about our customers and how we conduct our operations. Our data and analysis provide value for investors, businesses and governments because we take an objective, long-term view that includes complex and evolving issues such as global climate change. We're helping to power decisions on investments and projects that contribute to a more sustainable future.

Support for sustainable investment decisions

We've seen sustainability move from buzzword to business imperative as people, companies and governments increasingly seek to make environmentally and socially conscious investments. For example, more than 1,700 asset managers and owners, who collectively manage approximately \$68 trillion in assets, have signed on to the United Nations–supported Principles for Responsible Investment as of December 2017. This response represents a real market need for better data and tools to assess impact — one we are well positioned to address as experts in data, analytics and creditworthiness.

Our ESG Initiative

Moody's Investors Service has been incorporating environmental, social and governance (ESG) considerations into its credit analysis for years for those sectors that are most exposed to these considerations. In 2016, we launched a dedicated ESG Initiative to expand the products and services that help global investors, governments and issuers understand the material links between sustainability and creditworthiness. Our specialized ESG offerings include Green Bond Assessments (GBAs), climate risk analysis and sector-specific research on carbon transition risks.

In 2017, Moody's ESG Initiative formed a dedicated analytical team to scale up environmental research and products designed to bring transparency and comparability to the marketplace. Drawing upon talent from across the company as well as external subject-matter experts, our ESG Initiative now includes a dozen dedicated professionals for ESG and nearly 100 analysts working across three ESG Working Groups covering the Asia-Pacific, EMEA (Europe, Middle East and Africa) and Americas regions.

ESG thought leadership

One of the key ways we ensure that financial market participants and other stakeholders understand how ESG factors are reflected in our credit analysis is through our thought leadership activities, which we expanded greatly in 2017.

For example, we launched an ESG content hub at moody.com/esg to engage more people with credit-related insights and developments in green finance. We also participated in many global policy discussions in this area. Our senior ESG experts contributed to numerous climate action panels around the world, including those at the United Nations Climate Change Conference, COP23. Our Chief Risk Officer served on the Financial Stability Board's Task Force on Climate-related Financial Disclosures, an initiative that could lead to the standardization and mainstreaming of climate disclosure data over time.

Notable achievements in 2017 include the following:



Joined the Climate Bonds Initiative Partners Program



Became the first credit rating agency to join the Institutional Investors Group on Climate Change



Assessed \$7 billion in green bond debt from issuers in Europe, North America, Africa, Asia and Australia — bringing the total to more than \$16 billion since 2016



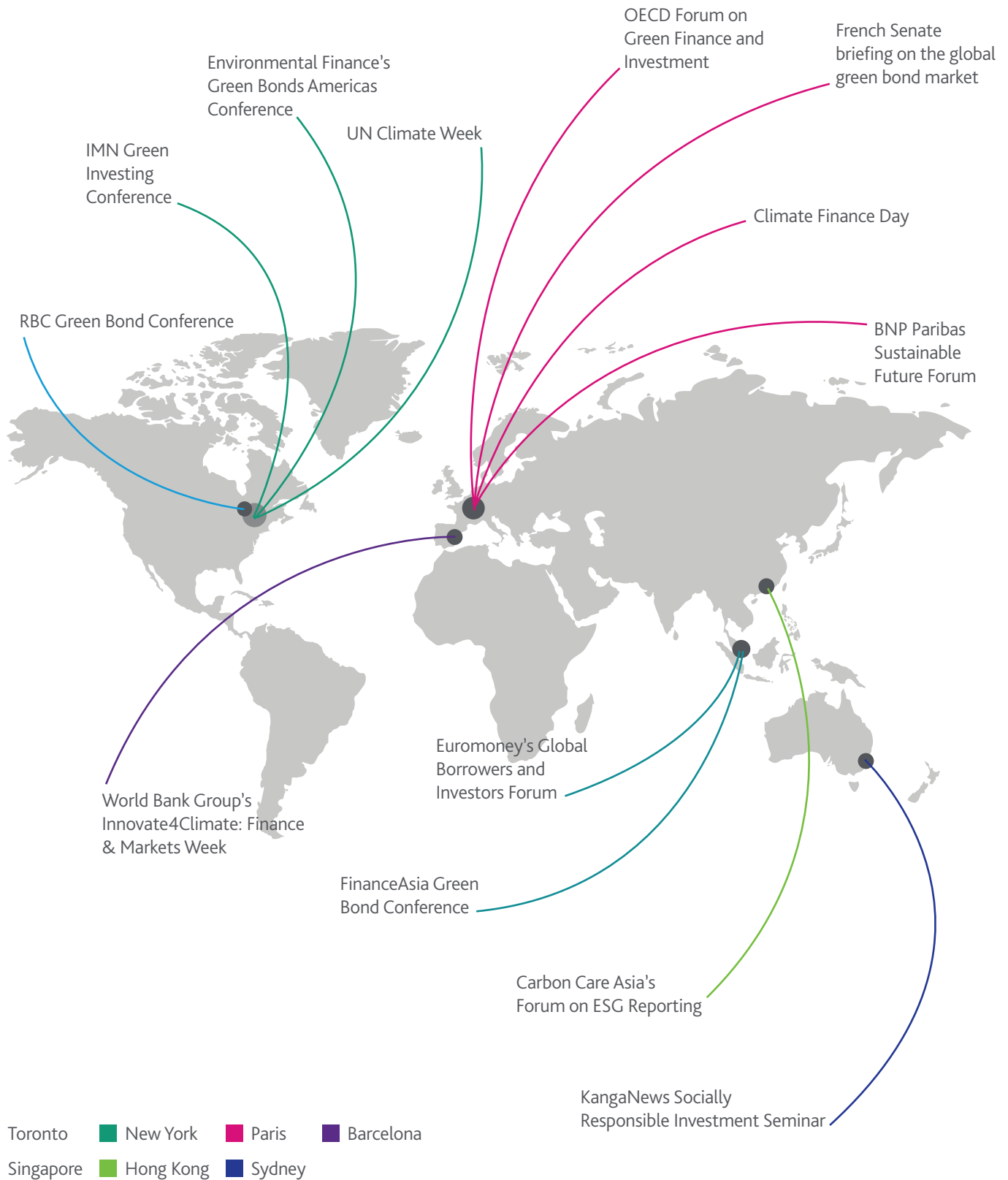
Issued research on topics such as:

1. Industry-sector-specific carbon transition risk, defined as the credit impact of increased costs and business model adjustments associated with reducing global greenhouse gas (GHG) emissions
2. Global green bond issuance in 2017
3. Impacts of climate change on US state and local government issuers



Participated in the G20 Green Finance Study Group, which is working to mobilize the public and private capital needed to make sustainable development and climate action a reality

Moody's ESG experts presented at these events in 2017:



GBA growth

Corporations, financial institutions, cities and other governing bodies issue bonds — fixed-income securities that raise capital for projects, programs or activities — all the time. When a city issues a green bond, it commits to using the proceeds for specific climate or environmental sustainability purposes, such as stronger seawalls or more efficient drainage systems. Investors have always been interested in whether the issuer is in a position to repay its debts. Today, a growing pool of investors is also interested in evaluating the issuer's approach to environmental sustainability and ensuring that the funds from a green bond will be used for the promised sustainability purposes.

Our introduction of GBAs in 2016 helped provide investors with much-needed answers to the questions around disclosure, governance and use of proceeds. Moody's GBA represents a forward-looking, transaction-oriented opinion on the relative effectiveness of the issuer's approach to managing, administering, allocating proceeds to and reporting on environmental projects financed with green bond proceeds.

Through June 2018, Moody's Investors Service had assessed 40 green bonds representing nearly \$19.5 billion in green bond debt. And activity around these efforts is accelerating: we have published multiple GBAs for nine issuers and 24 of the 40 GBAs were published between September 2017 and the end of June. We believe that issuance of green bonds could approach \$250 billion in 2018, an increase of more than 60% over 2017. As investor demand for sustainable investments grows, so, too, does the need for accountability mechanisms like GBAs. Through our rapidly expanding GBA portfolio, we aim to create a common language around the relative merits of green bonds, across a diverse array of geographies and sectors.

Green bond factors

Green bonds are assessed on a scale ranging from GB1 (Excellent) to GB5 (Poor), reflecting Moody's opinion on five broad factors:

- ① Organization
- ② Use of proceeds
- ③ Disclosure on the use of proceeds
- ④ Management of proceeds
- ⑤ Ongoing reporting and disclosure

500

Retweets that former Vice President Al Gore received after sharing a Moody's report on how climate change may affect US state and local bond issuers





Green Bond Assessments scale to new markets

In December 2017, Nigeria made history by becoming the first country in Africa to issue a green bond. As the continent's largest oil producer, the West African country was making a symbolic and significant move toward decarbonizing its economy. Our Green Bond Assessment (GBA) team provided a grade of GB1 (Excellent), supplying investors with much-needed information about the offering.

Proceeds from the \$29.7 million issuance will support renewable energy and afforestation projects throughout Nigeria. Just as important, the hydroelectric power plants and solar panels that the country plans to build will support Nigeria's goal of reducing CO₂ emissions 40% by 2030. The GB1 grade provides a clear signal to investors that there are strong environmental sustainability credentials and controls around the bond.

In South Africa, Cape Town coped with its worst drought on record. The city issued a \$74 million green bond to fund water conservation and infrastructure improvements. Again, Moody's GBA grade provided a lens through which investors could assess the green credentials of the offering so that they and the city could see a path forward.

By building greater transparency and credibility around environmental projects, GBAs equip investors with a tool to more confidently fund the building blocks of a more sustainable future.



"Our Green Bond Assessment on Nigeria's maiden sovereign green bond provided guidance to investors on how the country intends to finance and, ultimately, realize its Paris Agreement commitments."

Rahul Ghosh

Senior Vice President, ESG & Green Bonds,
Moody's Investors Service





Sustainability with roots that run deep

A unique ecosystem in the British Isles, the Caledonian Forest provides critical habitat for some of the region's rarest wildlife. It is believed to be one of the last remaining wildernesses in Europe. Once home to the wolf, lynx, beaver and wild boar, this ancient woodland in the Scottish Highlands was devastated by logging, burning and excessive grazing. And just when things looked grimmest for the ancient forest, the nonprofit Trees for Life moved in to restore what once was.

Trees for Life works with volunteers to plant native species such as birch, rowan and aspen to restore the forest and expand habitat for wildlife. It also allows companies and individuals to offset their carbon footprints by supporting tree planting.

Inspired by a recommendation from Anna Burel, Moody's Investors Service Vice President in our London office, we connected the Moody's Foundation's philanthropic support of Trees for Life to our Green Bond Assessment (GBA) initiative. Our Foundation helped establish a grove with an initial gift that funded the purchase of more than 3,600 trees, and Moody's Investors Service now donates two trees in the name of the issuing institution and its Relationship Manager for every GBA we publish.

As our business grows, so will the Caledonian Forest.

"Trees for Life links philanthropic support and sustainability with an important piece of our business and also engages our employees around a topic that they feel strongly about," says Rob Fauber, President of Moody's Investors Service. "And, by making an up-front grant, we actually have a small forest where we can continue to plant trees."



View of the Caledonian Forest



Trees for Life volunteers planting saplings donated by the Moody's Foundation



Task Force on Climate-related Financial Disclosures:

Q&A with Richard Cantor

The Financial Stability Board (FSB) invited Moody's to participate in the Task Force on Climate-related Financial Disclosures (TCFD) in 2016 because of our expertise in evaluating creditworthiness and bringing transparency to financial market participants. Richard Cantor, Chief Risk Officer of Moody's Corporation and Chief Credit Officer of Moody's Investors Service, serves as our representative on the TCFD.

Q: What is the Task Force on Climate-related Financial Disclosures?

RICHARD: The TCFD is a 32-member group chosen by the FSB to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable and clear. The purpose of the task force is to encourage the disclosure of decision-useful information to investors, lenders and issuers about the climate-related financial risks and opportunities that firms operating in the capital markets face.

Q: Why are these kinds of disclosures important?

RICHARD: Better access to data can enhance how climate-related risks are assessed and managed. If Moody's can receive more information in a standardized format, we're able to do sharper comparisons across firms. That means we can write more transparently about our conclusions based on our analysis.

Q: What is the larger hope for these efforts?

RICHARD: In 2017, the task force sifted through the disclosure regimes that were already being recommended by others and added its own thinking to come up with a recommended set of disclosures, which it published in the summer.

We hope the TCFD recommendations are adopted widely and that, over time, greater standardization of reporting and disclosure practices enables more consistent and material assessments of the credit impact arising from climate-related risks and opportunities across sectors and issuers.

Support for TCFD

Moody's Chief Executive Officer and Chief Financial Officer signed statements of support in 2017 for the TCFD recommendations.



View our disclosures implementing the TCFD recommendations at bit.ly/moodystcfd.



Learn more about the task force's work at fsb-tcfd.org.

\$19.5B

Total value of green bonds that we have assessed as of June 2018

Environmental sustainability inside Moody's

Being conscious of the environment, aware of the resources we use, and active in promoting the well-being of our people and the planet are some of the ways we make Moody's a great place to work. We strive to reduce our environmental impact through a range of initiatives and programs, many of them driven by our employees. We're also working to set ambitious environmental sustainability goals for 2018 and beyond.

Environmental & Sustainability Policy

In 2017, we rewrote our Environmental & Sustainability Policy to articulate a strategic direction for our environmental initiatives and better explain what we can do for the environment as a financial services company. The revised policy expands our commitment to using natural resources more efficiently and reducing the impact of our business on the environment. It sets the tone and direction for more ambitious efforts, such as accurately measuring our greenhouse gas (GHG) emissions and promoting reuse, recovery and recycling of materials in Moody's offices. We also created a purchasing policy that considers the environmental practices of our suppliers and contractors. And in 2018, we plan to update our Vendor Code of Conduct to further reflect our environmental values.

Moody's is not an especially resource-intensive business. Because we lease all our buildings, our efforts to reduce our environmental footprint partly depend on the operating procedures of our building managers. Along with influencing the environmental practices of our building managers and landlords, we use environmental considerations to help guide our selection of office locations. This includes leasing space in energy-efficient buildings that are Leadership in Energy and Environmental Design (LEED) certified (or a local equivalent outside the US); that have convenient access to public transportation; that include bicycle storage and shower facilities to promote exercise and greener commuting; and that use energy-efficient, recycled and sustainable materials, fixtures and control systems, including daylight harvesting sensors that maximize a building's natural light.

61%

Our global square footage that is LEED certified



View our Environmental & Sustainability Policy at csr.moody's.io/reports.

In 2017, Moody's headquarters
in New York City recycled or diverted:



253.3
TONS OF PAPER

2015: 475 | 2016: 433



3,640*
POUNDS OF
FOOD DONATED
TO CITY HARVEST

2015: 9,513 | 2016: 6,405

290
GALLONS OF USED
COOKING OIL



2015: 340 | 2016: 340

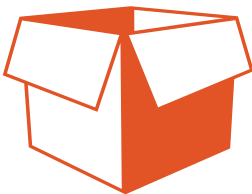
532,355
COFFEE PACKETS

2015: 503,440 | 2016: 504,080



19.5
TONS OF COMPOSTED
ORGANIC WASTE

2015: 8.3 | 2016: 16.1



42.6
TONS OF
CARDBOARD

2015: 56.5 | 2016: 58.5

*Enhanced management controls over purchasing and food waste have resulted in a steady decline of available donations over the last three years.

Moody's Environmental Task Force

Much of our business relies on the free flow of information. Inside Moody's, the ability to gather feedback and communicate important policy and procedural changes is just as important. Established in 2017, our Environmental Task Force (ETF) helps create opportunities for employees to become directly involved in advancing sustainability.

The ETF encourages people from across the company to crowdsource ideas for further reducing our footprint and to communicate our progress on environmental sustainability to colleagues. Activities so far have included sorting plastic bottles for recycling, hosting competitions in our New York headquarters for reducing the use of paper plates, and changing printer settings to black and white in our Paris office. In 2017, Moody's reduced its overall paper consumption by 14.3% compared with 2016. We are positioned to further drive down paper use this year, thanks to another employee-sourced idea: our new Paperless Rating Committee initiative. By promoting alternatives to the use of printed documents in our ratings work, such as reviewing and sharing all information electronically, we are on track to reduce our paper consumption by up to 29.6% compared with 2017.

The ETF is also an important tool for sharing information and fielding questions from employees on our fast-expanding ESG activities, including newly formed third-party partnerships that will advance our thought leadership.



“We’re learning more and more each year about how we can improve our ability to accurately track our carbon footprint. With that knowledge, we’re able to identify new ways to drive down emissions even further.”

Tim Brosnan

Senior Vice President, Global Real Estate,
Moody's Corporation

Measuring our greenhouse gas emissions

Even though our operations have a relatively low environmental impact, we recognize that we can always do more.

In 2017, we worked closely with the managers of the buildings where we rent office space to better understand our carbon footprint and identify opportunities to reduce our indirect, or Scope 3, GHG emissions. Initial steps included commissioning an outside consultant, Bureau Veritas, to help us set benchmarks for measuring GHG emissions. We will continue to look for ways to further decrease our GHG emissions.

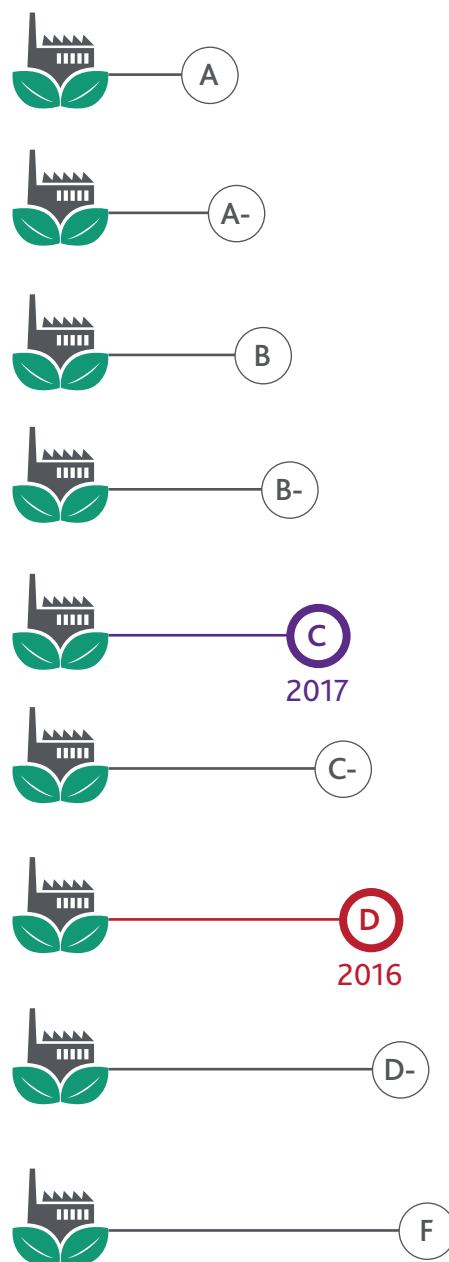
We also reported our GHG emissions data and related information to CDP ([cdp.net/en](https://www.cdp.net/en)) for the first time in 2017 as part of our efforts to improve on the company's 2016 filing. By increasing transparency and adding detail, we were able to raise our CDP score by two grades.

We reduced our Scope 1 and 2 GHG emissions by 9%, or 1,643 metric tons of carbon dioxide — the equivalent of keeping 355 cars off the road for a year¹ — in 2017. However, our Scope 3 GHG emissions rose by about 20%, to 7,841 metric tons in 2017 compared with 6,520 metric tons in 2016. This change primarily stemmed from increased business travel as a result of Moody's stronger business performance last year.

Recognizing the impact that our operations create, we are intently focused on reducing travel-related Scope 3 GHG emissions. In 2016, we made a major investment in our videoconferencing system as an alternative to travel. We also instituted new policies that encourage our employees to use teleconferencing to meet with customers. In addition, more employees took advantage of our flexible working arrangement policies, resulting in fewer miles driven to and from work.

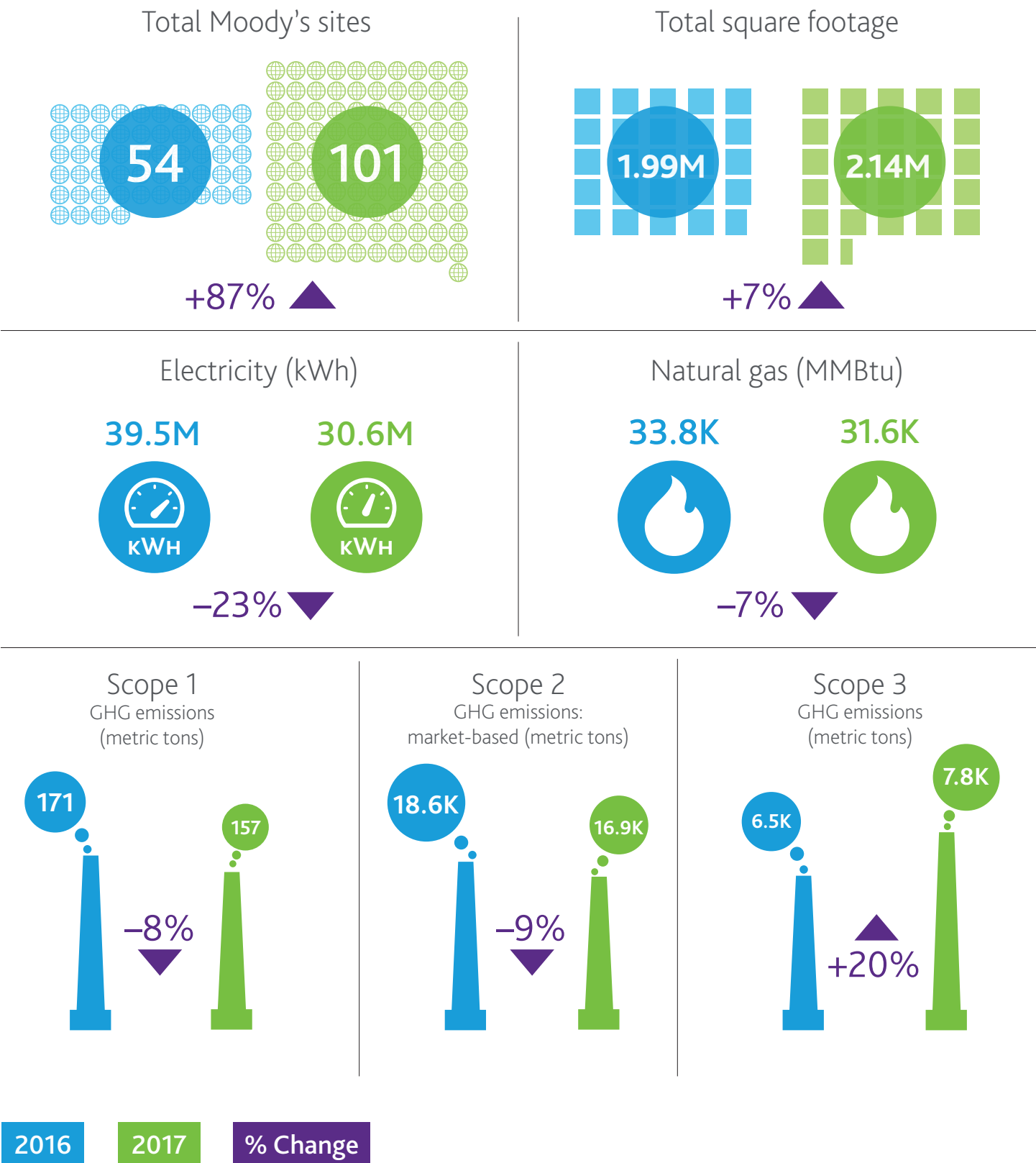
These efforts, along with maintaining a robust resource management plan, allowed us to create a workplace with more options while also being materially more environmentally efficient in 2017, even as the size of our physical footprint increased by roughly 7%.

By increasing transparency and adding detail, we were able to raise our CDP score by two grades.



¹Annual vehicle distance traveled in miles and related data – 2015 (1) by highway category and vehicle type, US Department of Transportation, January 2017, <https://www.fhwa.dot.gov/policyinformation/statistics/2015/pdf/vm1.pdf>.

Our energy usage and carbon footprint*



*Amounts have been rounded.



NYCLab: Bringing in fresh ideas from future leaders

We believe that Moody's can create a more sustainable world by mentoring — and learning from — the next generation of leaders. In October 2017, we partnered with a group of student consultants from Bard College's MBA in Sustainability program. NYCLab, Bard's yearlong experiential learning workshop, gives MBA students the chance to team with corporate, government and nonprofit organizations to solve sustainability-related business challenges.

"Working with these young leaders was very insightful for Moody's, and I think the benefits went both ways," says Jennifer Stula Rivera, Vice President, CSR. "These students brought in cutting-edge sustainability ideas from the academic realm and helped us translate them into actions that will help solve our real-world business challenges."

We see the Bard program as a unique opportunity: we gain the perspective of the smart young minds entering the sustainability field, and our employees gain an avenue to mentor the next generation of business leaders. Students delivered a strategic outlook for Moody's environmental sustainability efforts, identifying opportunities and gaps in our current initiatives and providing a road map for program implementation.

Students evaluated Moody's CSR strategy through five focus areas:



CSR Evaluators



Environmental Grants



ESG Products



Website Content



FSB TCFD Disclosures

Moody's colleagues and NYCLab students at the presentation of their CSR strategy outlook





Helping young people reach their potential

Today's students and young adults will drive the next wave of advances that shape our society. Yet many young people struggle with economic and cultural barriers, a lack of professional role models and other challenges that hold them back. We believe that by sharing our expertise, we can help young people from untapped communities build the confidence to succeed in careers in finance, technology and economics — and build brighter futures.

Education for high school students

We work with high schools and nonprofits around the world to help students overcome learning challenges and envision themselves in promising careers. Many of our employees serve as mentors for young people from a range of backgrounds. Others from Moody's help create learning and leadership experiences that empower students with the skills to navigate life successfully.

"We've seen firsthand how mentoring helps young people access higher education and reach their potential in college and beyond."

Raymond W. McDaniel, Jr.
President & CEO, Moody's Corporation

For example, we sought to inspire more women and girls to bring their talents to careers in science, technology, engineering and math. Through a partnership with the nonprofit Girls Who Code, we sponsored a program that taught computing and professional skills to 38 high school students in San Francisco and New York. Before the girls started this program, only 35% of them had expressed interest in a computing career. By the end, that number had jumped to 85%.

14

Partners receiving grants and support for education programs in 2017

50%

Increased interest in a computing career

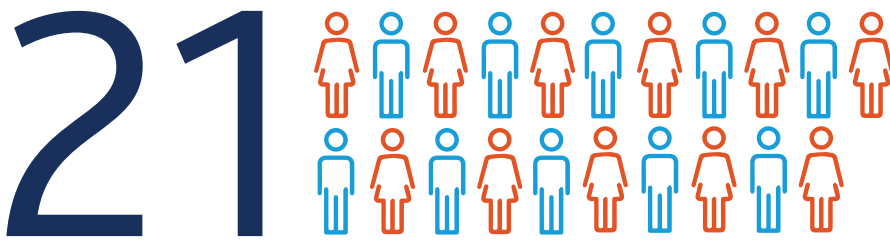
Students from Girls Who Code



College internships and rotational programs

When college students get hands-on experience in a professional setting, they emerge better qualified and more excited to move forward. We're helping college students and recent graduates establish their career paths through internships and rotational programs at Moody's.

In 2017, we welcomed 14 recent college graduates to the second class of Moody's Analytics Technology Rotation (MATR) Program, a two-year experience that enables graduates to explore their interests by working with different software engineering teams every six months. Programs like MATR help us identify and place the talented people who will make our company stronger.



Students who attended a two-day immersive career development program that we hosted in New York as part of our partnerships with women's colleges and historically black colleges and universities



"I joined the MATR program to learn and have an impact. Through multiple opportunities, the program enabled me to gain a wide range of experience and receive ongoing mentorship from colleagues."

Joy Machado

Associate Software Engineer, Moody's Analytics & MATR Program participant



"After interning with Moody's, I knew it was the place I wanted to begin my career. The MATR program has allowed me the opportunity to learn and grow with the help of some exceptional colleagues."

Yves Aubourg II

Associate Software Engineer, Moody's Analytics & MATR Program participant

Mentoring our associate analysts

Starting their careers doesn't mean young professionals are finished learning. In many ways, their most valuable lessons are still to come. We listen to our young talent to address what's important to them and support their career ambitions. We also work to create an environment where they're empowered to innovate and grow.

**"We're aiming to create the Lead Analysts of the future.
It's good for our company and good for our employees."**

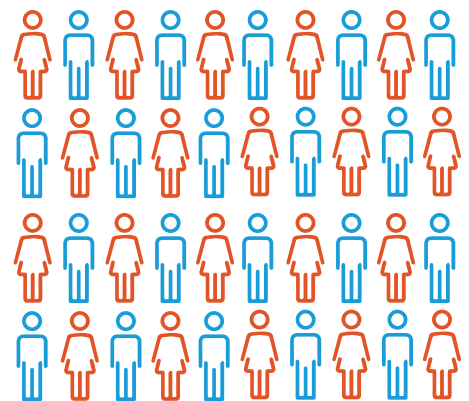
Margaret Rienecker

Managing Director, Global Ratings & Research Support, Moody's Investors Service

Our Ratings & Research Support (RRS) group is committed to the professional development of Associates and Associate Analysts. In 2017, RRS promoted 41% of its Associate Analysts. We also launched the Moody's Investors Service Innovation Club, in which promising junior employees from RRS and other groups explore and pitch business-improvement ideas. Members of the club brought us the idea for our new Paperless Rating Committees, an initiative that over time will dramatically reduce our paper use.

We continue to help young employees find purpose in their work and encourage them to share their ideas and feedback.

40



New management
positions for early-
career ratings analysts
seeking to progress in
their careers



Professions with purpose

Simone Andrews, an Associate Analyst in our RRS group within Moody's Investors Service, grew up in Houston, Texas. She saw the devastating effects of Hurricane Ike on the Gulf Coast in 2008 and of Hurricane Harvey in 2017.

Simone knew she wanted to find a career that combined her personal passion for environmental policy with her professional skills and abilities. When Moody's created four new positions for Associate Analysts on our Environmental, Social and Governance (ESG) team in 2017, she jumped at the opportunity. Now Simone helps investors around the world better understand the financial and credit risks of transitioning to a low-carbon economy.

"It's rewarding to hear (President & CEO) Ray McDaniel say the ESG Initiative is a key company objective," Simone says. "That gives me a greater sense of purpose and helps contextualize the impact of my work."

Every day at Moody's, we see game-changing contributions from young men and women like Simone. Margaret Rienecker, Managing Director of Global Ratings and Research Support, says the group is laying the foundation for Associate Analysts to evolve into the Lead Analysts of the future.

"I see firsthand how Moody's potential is enriched by the energy of our early-career talent," Margaret says. "We're committed to understanding what's important to them and providing the opportunities and support they need."



"It's rewarding to hear Ray McDaniel say the ESG Initiative is a key company objective. That gives me a greater sense of purpose and helps contextualize the impact of my work."

Simone Andrews

Associate Analyst, Moody's Investors Service

Flooding caused by Hurricane Harvey





Mentors making a difference

In 2014, our New York-based Multicultural Employee Resource Group (MERG) observed that young men of color were falling behind in the classroom. Our employees couldn't stand by and watch the students lose their opportunity to learn, because a good education is the foundation for a better future.

In partnership with Big Brothers Big Sisters of New York City, our New York MERG created Bridging the Gap, a mentorship program to help young men of color reach their potential.

In 2017, 50 Moody's employee "Bigs" coached 45 high school "Littles" from Brooklyn's Eagle Academy for Young Men II on skills such as college readiness, communication, problem-solving and teamwork. In addition to touring colleges, the students participated in cooking classes to learn healthy eating habits and in improv classes to become better public speakers.

In line with the My Brother's Keeper initiative, a program launched by former President Barack Obama that is designed to keep more young people on track and help them think more broadly about their futures, our employees take steps to mentor students on how to succeed in the professional world. Through programs like Bridging the Gap, our employees are helping build the foundation for a diverse group of community leaders.

"I chose to become a mentor because I can personally attest to the benefits of having one as a young man of color," says Jerrel Baker, an Associate Lead Analyst in Public, Project and Infrastructure Finance for Moody's Investors Service. "This is my avenue to pay it forward."

Our group of mentors reflects the diversity of race, gender, sexual orientation, generation, background and tenure within Moody's. We believe it's important to show the Littles that everyone can seize the opportunity to succeed in the professional world and at a corporation such as Moody's.

Bridging the Gap now serves sophomores, juniors and seniors. Every student who participated in the first cohort in 2015 is on track to graduate this spring. Moving forward, we aim to expand this program model to other communities where we do business to help more young men of color succeed.



Moody's mentors, called "Bigs," and mentees, called "Littles," working together during an icebreaker



Littles attending a presentation on business etiquette to learn skills that will help them pursue promising careers



Our third cohort of high school sophomores spending time with 20 new Moody's mentors



Educate. Inspire. Include.

A joint effort with Girls Inc. of New York City, the Moody's Generation Giga Girls (G3) Data Analytics elective teaches high school girls about data analytics and critical thinking. The G3 program seeks to give girls the confidence to pursue careers in finance, technology and economics.

Here's a look at the G3 program's results and progress in 2017.

Building confidence in numbers

When Shayla H., a junior at Central Park East High School who is learning about data analytics, stood up and announced how much she loves math in front of Oprah Winfrey, we knew we were doing something right. In March 2018, during a panel discussion with Oprah and others on International Women's Day, the teen exclaimed that her favorite class is G3.

Making data analysis personal

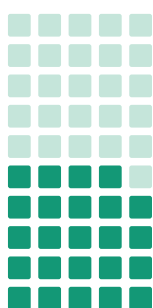
In 2017, we helped evolve G3 into an interactive online experience, with animated characters that resemble the participants and situations like those the girls encounter every day. Vianca G., a G3 alumna, says that pretending she was in the virtual lessons was inspiring and that she loved giving feedback on how to improve the experience.

Picturing a professional future

Monique W., a G3 student, plans to study aerospace engineering at Tuskegee University and dreams of becoming a NASA astronaut. "I learned about Mae C. Jemison, the first African American woman to go into outer space," Monique says of her experience in G3. "She made me believe that if she could do it, I could too."

GIRLS SHOWED CONFIDENCE
IN MATH

48%



BEFORE

86%



AFTER

CAN ANALYZE OR
INTERPRET DATA

66%



BEFORE

86%



AFTER

SHOWED INTEREST IN A MATH
OR DATA ANALYTICS CAREER

38%



BEFORE

89%



AFTER

Expanding the program

In 2017, building on G3's initial success, we also piloted the curriculum in the New Settlement Apartments, a New York City housing and community service organization. This was the first instance of G3 being taught outside of Girls Inc. We plan to train facilitators from 30 schools and community organizations in New York City to deliver the programming in 2018–2019. We hope to scale the program and eventually deliver the benefits of G3 nationwide.



Power to the young people

Bark made of solar panels. Branches full of leaf-shaped wind turbines. Tree after tree in which children can play to transfer kinetic energy into city-sustaining power.

Enertree, a clean energy source disguised as a tree, came from the creative minds of Uyen T., Phuong V. and Alexa N., students from Oak Grove High School in San Jose, California, who submitted a project to the 2017 Network for Teaching Entrepreneurship (NFTE) World Series of Innovation. The online competition asks young people ages 13–24 to invent new products or services that tackle some of the world's biggest challenges — namely, the United Nations' 17 Sustainable Development Goals (SDGs).

Through the World Series of Innovation, NFTE teaches youth to think like entrepreneurs, take ownership of problems and work through obstacles independently. We supported the students in 2017 by hosting innovation days, during which Moody's employees helped them prepare their submissions. Moody's Foundation also sponsored two challenges that addressed the seventh SDG, affordable and clean energy, and the 11th SDG, sustainable cities and communities. The challenges were judged by our employees in New York City and West Chester, Pennsylvania. In all, 383 students from Canada, India, Singapore and the United States submitted 173 ideas.

John Baer, Managing Director of Enterprise Risk Solutions at Moody's Analytics and NFTE Bay Area advisory board member, was one of the judges who gave the Adjudicators Award to Enertree — a top-10 finalist for the renewable-energy challenge.

"I continually see young minds providing innovative solutions to real local — and often global — problems," he says. "To properly address our world's significant challenges, joining with the leaders of tomorrow is a must."

In the sustainable cities and communities challenge, the Adjudicators Award went to Uyen T. and Alyssa V. from Oak Grove for their innovative approach to farming. The team invented Crop Up, a way to grow crops in vertical layers — like the floors of a building — which could save acres of space and feed communities in a more sustainable fashion.

We believe experiences like this are an ideal way to motivate young people and shine a light on their potentially game-changing solutions.



"I continually see young minds providing innovative solutions to real local — and often global — problems. To properly address our world's significant challenges, joining with the leaders of tomorrow is a must."

John Baer

Managing Director, Enterprise Risk Solutions,
Moody's Analytics



Sharing our passion and purpose with the world

Solving problems such as pollution, poverty and lack of access to quality education requires collective action and community engagement. As a global company whose employees possess specialized expertise in financial services, technology and risk analysis, Moody's is in a unique position to make a difference. Beyond contributing time and money, we also share our knowledge, products and services with nonprofits that are creating transformational, systemic change.

Skills-based volunteer efforts

We look for opportunities to pair our employees' specialized talents with the needs of local nonprofits. Through company-wide volunteer initiatives such as Moody's TeamUp®, which unites people in our local offices to complete service projects, and pro bono volunteering driven by employees' passion and skills, we seek to make lasting impacts in local communities.

Board service

We underwrote the development of the NYC Nonprofit Board Development Coalition's *NYC Good Governance Blueprint*, which helps nonprofit leaders learn best practices around governance. We also launched pilots in New York and San Francisco with BoardLead, which strengthens social-good organizations by recruiting, placing, training and supporting talented professionals from top companies for high-impact board service.

In the UK, we participated for the first time in NCVO's Step on Board, which also matched charities with Moody's employees. Through this program, our people serve as trustees and share their skills to help the charities achieve their missions. We expect that programs like Step on Board will empower more of our employees to volunteer their expertise at local nonprofits and therefore allow our professionals to enhance their leadership and decision-making skills.

Pro bono expertise

In 2017, Moody's volunteers brought their data analytics expertise to the Hetrick-Martin Institute (HMI), a nonprofit dedicated to creating a safe and supportive environment for LGBTQ young people between the ages of 13 and 24 in New York and New Jersey. Our employees donated their time to collect and analyze data about the need for programs like HMI, the existing infrastructure for support and the sources available for funding in other cities. Thomas Krever, Chief Executive Officer of HMI, says Moody's brought expertise that was critical in helping the nonprofit take a data-driven approach to determining where to expand and serve the LGBTQ community outside of New York City.



"Moody's staff added expertise critical to expanding our capacity to serve the LGBTQ community outside of New York City."

Thomas Krever
CEO, Hetrick-Martin Institute



Putting our skills to work for nonprofits:

Q&A with Arthur Skelskie

We support our employees who share their expertise with the organizations and causes they're passionate about. One of these employees is Arthur Skelskie, our Senior Vice President of Corporate Services, who has been a longtime volunteer and board member for the Cooke School & Institute, an organization that serves children with special needs in grades K–12.

Q: When did you begin volunteering for the Cooke School & Institute?

ARTHUR: In 2011, I took a group there to volunteer. We set up the space to look like a grocery store. The kids were cashiers. We'd pick things up and give them money, all to teach them about personal finance. I remember going home that night and saying to my wife, "This school is unbelievable. The level of enthusiasm and excitement is so impressive." It was a place where I really wanted to do more. The next day, I came into the office and asked the then President of Moody's Foundation to help me explore the possibility of serving on the board.

Q: How have you helped them further their mission?

ARTHUR: The Cooke School & Institute is all about helping these kids to live independent lives. A couple of years ago, some of the administrators were worried that their state-of-the-art curriculum wasn't supported by state-of-the-art facilities. They were in dreary hundred-year-old buildings with barely working heating and air conditioning. It wasn't a setup for solid learning. I'm a real estate guy by background. That's what I know about in the world. So I'm helping them build a new consolidated school, figuring out how to fund and design the facility.

Q: What motivates you to share your time and skills?

ARTHUR: People always ask me why I'm involved with the Cooke School & Institute. I don't have kids or relatives with learning disabilities. It's just what I do. I have these skills in real estate and finance, and not everyone has them. If I can share them with a school to support these kids' learning, that's a powerful way to extend Moody's expertise to benefit the community. The administrators always thank me. And I always say, "It's nothing special. This is what I do for a living — I know how to help."

Rendering of the future consolidated Cooke School & Institute

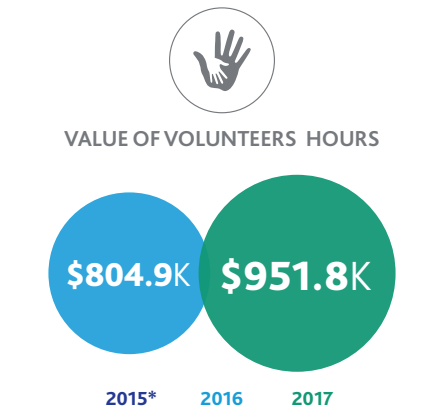
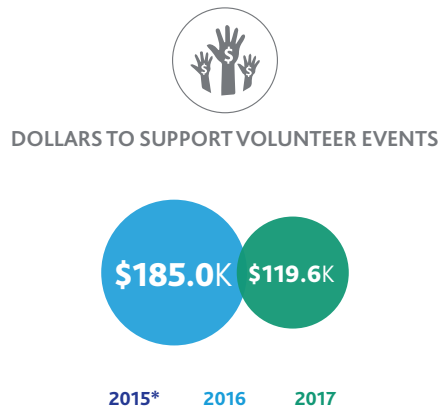
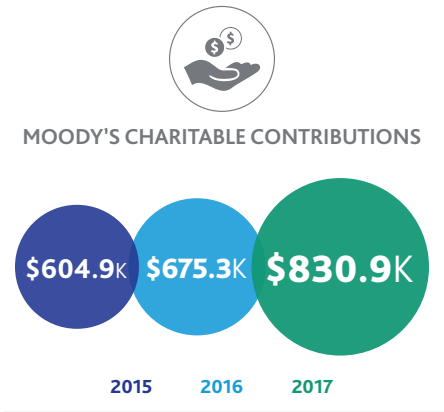
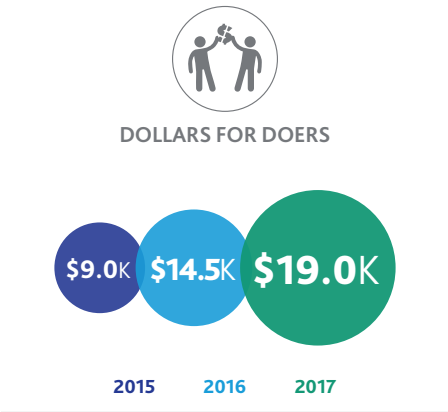
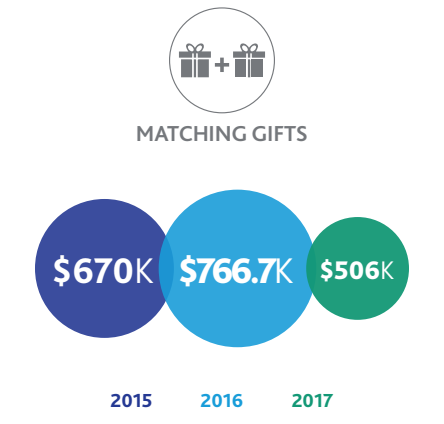
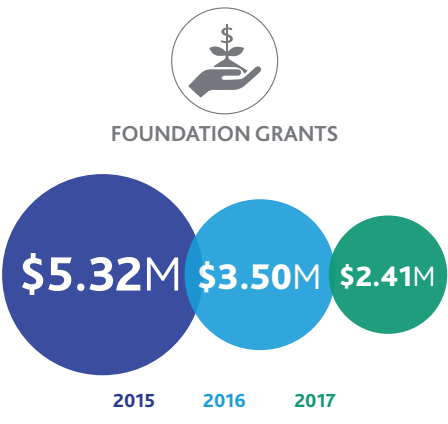


Employee matching

We support the initiatives for which Moody's employees volunteer their time and effort. Through the Dollars for Doers program, employees who volunteer 40 or more hours at a single nonprofit during the year can direct a \$500 Moody's Foundation grant to that nonprofit. In 2017, we granted \$19,000 to nonprofits through Dollars for Doers. We also match up to \$2,500 of employees' personal gifts to eligible tax-exempt nonprofits or governmental organizations, drawing from the pool of funds allocated to our Moody's Matching Gifts program. In 2017, we matched \$506,000 of employees' personal gifts.



TOTAL SOCIAL INVESTMENT



*In 2015, we did not track this level of detail in our data.



Transforming our communities for the better

Children at Riversands Primary School in Diepsloot, a township in northern Johannesburg, don't always have enough to eat, which makes concentration and learning difficult. The South African school provides a lunch — often the only meal many students get during the day.

In 2017, our employees in South Africa partnered with The Click Foundation to support the school's feeding scheme. The project was part of Moody's TeamUp, our annual employee-volunteering effort that unites people across the company in using their energy and skills to fulfill unmet needs in their communities.

But the team's members didn't want to simply donate food. They wanted to create a lasting impact on the children's future. So they planted a vegetable garden at Riversands Primary.

"This was the first time we focused on a single project throughout the year," says Sylvia Chahonyo, General Manager for Moody's Investors Service in South Africa. "It's how we can truly make a difference."

Many of the students had never seen a garden. But now, as the plants grow, so does the children's understanding of their value. The fresh vegetables from the garden are improving the nutritional value of the school lunches, which helps set the students up for successful learning.

Our employees plan to continue supporting the Riversands garden and teaching these young students how to tend a garden and grow healthy foods, thus providing the children with the knowledge and skills that can help them sustain themselves for life.



Moody's volunteers digging the garden bed foundation



The group preparing for the day's work



Harnessing the talent of veterans

Many service members transitioning to civilian life struggle to communicate their strong transferable skills and experience when seeking new jobs. We believe veterans bring essential talents to companies in the fields of finance, technology and economics. But sometimes there is a misconception among employers that it's difficult to translate military skills and experience into private-sector expertise.

"As corporations evolve, continuing to build an awareness and understanding of veteran capabilities is increasingly important," says Louis Saund, a founding member of our Veterans Employee Resource Group (VERG) chapter in the United Kingdom. "We wanted to help companies understand who these people are, what they can do and how they add value."

Louis, a former member of the British army, and Charles Martin, another UK VERG founder and army reservist, set out in 2017 to help more veterans secure employment at companies like ours. They spearheaded a new Moody's Veteran Insight Programme (MVIP) with help from Andreas Naumann, Managing Director and Global Head of Relationship Management for Moody's Investors Service and the UK VERG's executive sponsor. The MVIP offers on-the-job training and networking opportunities to members of the armed forces who are in their last year of duty.

"It's a very personal experience," Charles says of the transition from full-time service to civilian life. "In some cases, people have a great support network that gets them where they need to go. In other cases, they don't."

In 2017, the MVIP provided support for service members on the cusp of transition. Participants had a chance to demonstrate how their military skills and experience match up to civilian careers. And we had a chance to show them the benefits of working at Moody's. Sandeep Rajan and Christopher Ashford, two of last year's participants, have since joined our company full-time.



UK VERG cofounders Louis Saund and Charles Martin

"This program has given me a sense of direction," says Sandeep, now a Senior Associate of Account Management at Moody's Investors Service. "I gained a clearer sense of how to advance in a career path."

Moody's Foundation

The Moody's Foundation, established in 2002, directs our corporate philanthropy and also sponsors our employee giving programs. We're proud of our grantees' achievements over the years in education, civic and economic development, health and human services, and arts and culture.

A sharpened focus

As part of reassessing our overall CSR approach in 2017, we took a deep look at how the Moody's Foundation could play a more effective role. The Foundation is sharpening its focus on supporting partnerships that align with the company's current CSR priorities: financial empowerment, environmental sustainability and education.

Creating that closer alignment has helped guide our work with organizations such as Prep for Prep, a nonprofit that nurtures leadership skills in young people of color through access to private education, and Trees for Life, a group working to restore the Caledonian Forest and its unique wildlife to the Scottish Highlands. **(See related story on page 28.)**

"We challenge ourselves to think critically about how we create social good. Now our activities are focused in the areas where our expertise can make a resounding difference."

Arlene Isaacs-Lowe

Global Head, CSR, Moody's Corporation



\$2.9M

Total grants by the Moody's Foundation in 2017

12

Countries reached by philanthropy of the Moody's Foundation

51

Partners supported by the Moody's Foundation in 2017

2018 goals for Moody's Foundation grants

We're aligning the Foundation's 2018 grant-making efforts with our sharpened focus on supporting financial empowerment, environmental sustainability and education. We plan to allocate a total of \$4.2 million in grants across the following areas:



Small & growing businesses

\$1.47M



Education

\$1.26M



Additional areas

\$630,000



Environment

\$420,000



Community

\$420,000

\$4.2M

Total grants we plan to allocate in 2018

Moody's Foundation grantees

- » Achievement First
- » American Museum of Natural History
- » Battery Conservancy
- » British Red Cross
- » Brooklyn Botanic Garden
- » Brunel University Urban Scholars
- » Bulldog Trust (The Fore)
- » Career Ready
- » Center for Talent Innovation
- » Children's Museum of Manhattan
- » Columbia University
- » Cooke School & Institute
- » Coro New York Leadership Center
- » ELBA
- » Euro Challenge
- » European Volunteer Centre
- » Exploratorium
- » Girls Inc.
- » Girls Who Code
- » Give2Asia
- » Gladesmore Community School
- » Greater Houston Community Foundation
- » Hamilton Family Center
- » Hands on Bay Area
- » Hetrick-Martin Institute
- » KELY Support Group
- » Kiva
- » Metropolitan Museum of Art
- » Museum of Modern Art
- » National Academy Foundation
- » National Merit Scholarship
- » Network for Teaching Entrepreneurship
- » New York Botanical Garden
- » New York Cares
- » Old Vic Theatre
- » Place2Be
- » Points of Light
- » Prep for Prep
- » San Francisco MOMA
- » Save the Children
- » Staten Island Children's Museum
- » Taproot
- » Team Rubicon
- » The Bank Street Center Liberty LEADS
- » The Council for Economic Education
- » The Franklin Institute
- » The Posse Foundation
- » Trees for Life
- » Vocação
- » WISE: High School of Economics & Finance
- » Whitney Museum of American Art
- » Youth About Business

Moody's partners with Mission Measurement

At Moody's, we are recognized standard-setters. This also translates to how we measure the impact of our grant portfolio. When governments, foundations, researchers and nonprofits around the world can evaluate the impact of their investment in social causes using standardized metrics, they can make better-informed decisions that improve society.

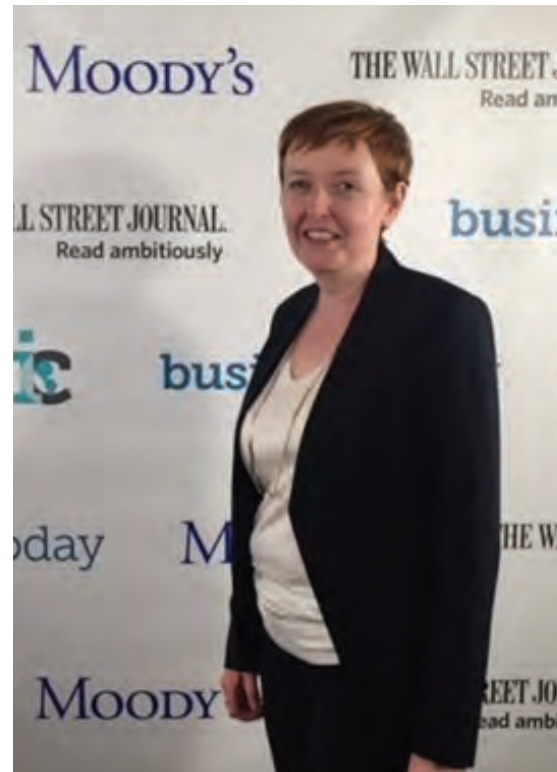
We are early adopters of the Mission Measurement Impact Genome Project (IGP) initiative. Mission Measurement has derived more than 150 common outcomes from over 77,000 unique data points to create the philanthropic sector's most comprehensive evidence-based taxonomy of outcomes. Looking ahead, we see an opportunity to create a standard for all corporations.

"Evaluating data is at the heart of what we do at Moody's, and using this as a basis to assess the effectiveness of our nonprofit partnerships strengthens our ability to drive social impact," says Arlene Isaacs-Lowe, Global Head of CSR for Moody's Corporation. "This important initiative empowers nonprofits to demonstrate in a rigorous, quantitative way how their work makes a real difference. Donors will be able to better understand the effectiveness of their funds and impact on the causes and communities they support."

The IGP is designed to make life easier for charities too, through a groundbreaking partnership with GuideStar, the nonprofit sector's leading marketplace for charitable data. Nonprofits can register for free at impactgenome.org and complete the IGP common report to obtain an IGP badge on their GuideStar profile. Donors who see the badge will be able to learn more about the organization's impact.

Business Today Impact Challenge

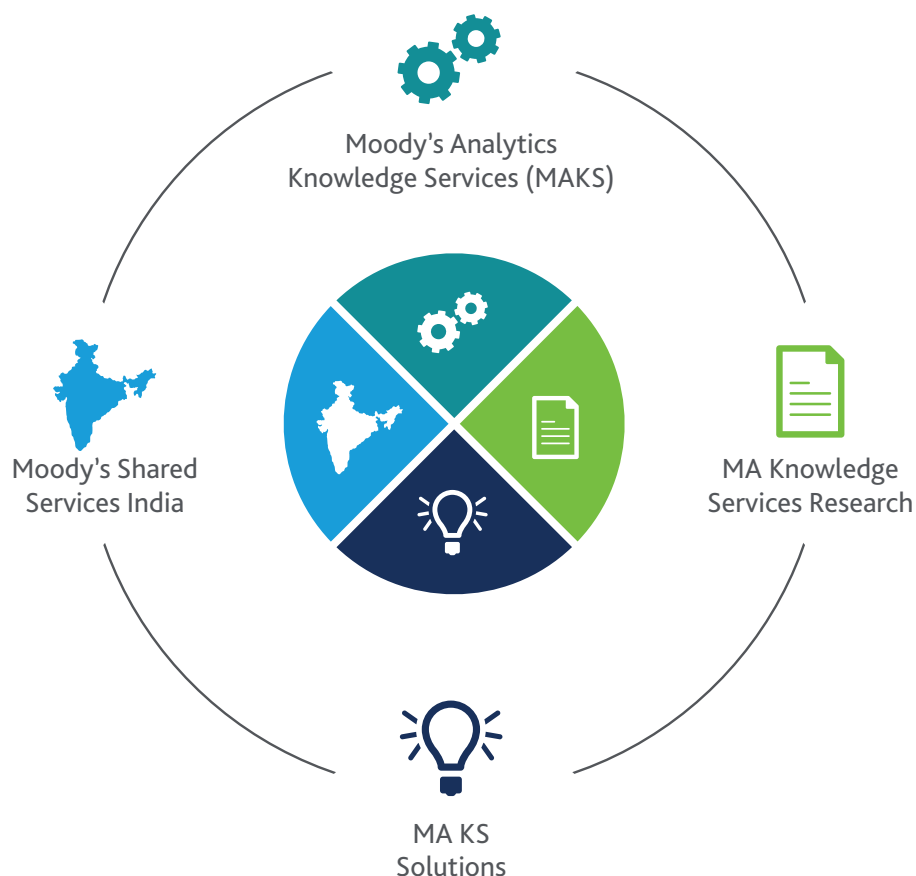
We gave a charitable contribution of \$15,000 in support of the 2017 Business Today Impact Challenge, a competition that awards startup funding for students pursuing social entrepreneurship. Our senior leadership engagement and access were of even greater value to the students participating in the challenge. Mark Almeida, President of Moody's Analytics, gave the opening remarks, and other top Moody's Analytics executives supported the event as mentors and judges.



Sheena Sweeney, Managing Director, Global Customer Service, Moody's Analytics, and judge for the Impact Challenge, where she posed insightful questions and provided valuable feedback on the business plans of participating social entrepreneurs

Moody's CSR activities in India

Moody's has four wholly owned India-based subsidiaries that are subject to the Companies Act, 2013:



In 2017, these subsidiaries together awarded \$221,850 in grants and coordinated 30 volunteer projects in India involving nearly 800 employee volunteers. In each of these subsidiaries, a CSR committee helped direct activities that aligned with our company-wide CSR strategy while also addressing local needs.

For example, MAKS's support included providing \$30,804 to ChildFund India for its Sustainable Nutrition Education and Health (SNEH) project, which is working to end malnutrition among children in the Jhabua district of Madhya Pradesh. By the end of 2017, this effort had helped 620 children move into the "nourished and healthy" category and educated 1,496 community members from 33 villages about children's health-related issues. For its support of SNEH, MAKS was given a CSR impact award for best CSR project in the health care category by a corporate house at the 2017 India CSR Summit & Exhibition.

Moody's grantees in India

- 1 **Himalayan Environmental Studies and Conservation Organisation (HESCO)**, Uttarakhand — for Adopt a Village project
- 2 **Rural Technology Action Group (RuTAG)**, Indian Institute of Technology Delhi — for manufacturing and dissemination of sheep hair shearing combs and cutters
- 3 **Centre for Urban and Regional Excellence (CURE)** — for School Sanitation Project
- 4 **Society for Action in Community Health, Meghalaya** — for empowering women through livelihood and enterprise promotion
- 5 **ChildFund India** — for Sustainable Nutrition Education and Health project
- 6 **ChildFund India** — for distribution of flood relief, including educational kits in Bihar
- 7 **Learning Links Foundation** — for Math-e-Magic project, establishing and running three math labs
- 8 **Society for All Round Development** — for academic support at Child Resource Centres serving children in need
- 9 **Magic Bus Foundation** — for a Sports4Development Project that seeks to enhance the education and holistic development of 2,000 children in Bangalore
- 10 **Sampark** — for promoting the health and well-being of migrant construction workers and their children

 Read our India CSR policies at csr.moodyys.io/reports.



Creating a great place to work

Our employees play an important role in financial markets, systems and institutions. So it's important for us to create a workplace where they feel valued and inspired to bring their best. We foster a culture of independence, inclusion and intellectual leadership. We strive to build an environment that values collaboration and professional growth. And we work to ensure that all our people can share their perspectives and be heard.

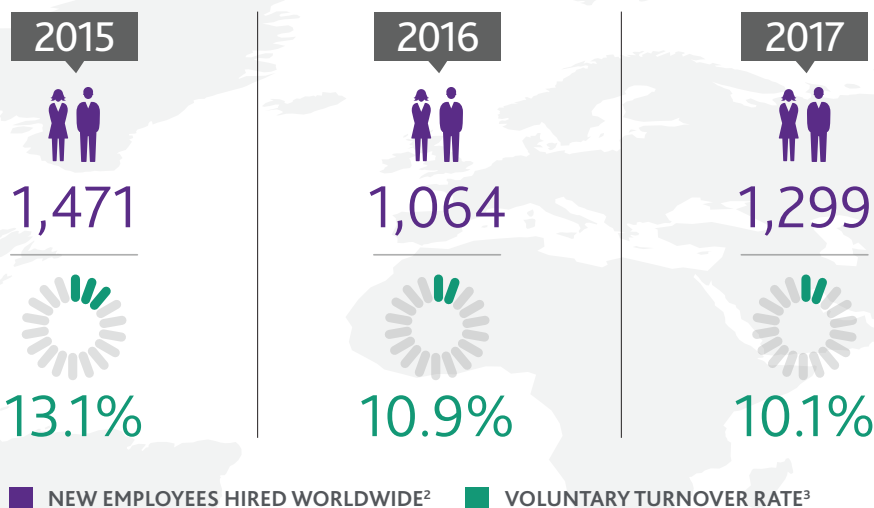
Our diverse and inclusive culture

Our business benefits from having many different perspectives. That's why we actively promote diversity at every level of Moody's. We work hard to ensure that all employees, from company leaders to new hires, are respected, included and empowered.

In 2017, Moody's Corporation President and CEO Raymond W. McDaniel, Jr., was one of the first CEOs in financial services to sign the CEO Action for Diversity & Inclusion™ pledge (ceoaction.com/the-pledge), which outlines the actions that we and other signatories are taking to cultivate a more inclusive workplace.

Manager training

To ensure that company management approaches diversity thoughtfully and thoroughly, we required managers to attend at least two diversity and inclusion programs in 2017. That year, we introduced Conversations to Understand, a series that helped managers learn more about the experiences of African Americans, Hispanics and people of South Asian descent in the United States and other countries. During the sessions, employees shared how they've experienced unconscious bias outside of Moody's. These conversations increased awareness on topics such as Islamophobia, the transgender community, and racial and cultural issues, and the sessions helped expand the conversation around unconscious bias and how it can play out for different groups.



²Data does not include Bureau van Dijk or Moody's Analytics Knowledge Services.

³Data does not include Bureau van Dijk or Moody's Analytics Knowledge Services. Voluntary turnover rate in 2017 was below the CEB Corporate Leadership Council 2017 Average Global Voluntary Turnover rate of 12.84%, which includes all movements out of the organization resulting from an employee-initiated action or cause (e.g., resignations, retirements, deaths and fixed-term contract staff who resigned prior to the end of their contract).

39%

Proportion of our US employees who are women

33%

Proportion of our US managers who are women

70%

Percentage of US female employees participating in career counseling

All percentages above reflect the 2016 employment data from the 2017 Working Mother award featured on [page 57](#).

Employee Resource Groups (ERGs)

Fostering a culture where everyone feels included and empowered means giving everyone a voice to express their views. Moody's ERGs provide a platform for our employees to share their ideas on ways to make Moody's work culture even more inclusive. ERGs provide information to our leaders on how managers can support employees and how we can make Moody's an employer of choice for all.

In 2017, we elevated conversations about intersectionality to highlight the importance of building allegiances across communities and understanding how employees are interconnected.

In London, the UK Multicultural ERG and UK LGBTA ERG hosted a panel on global LGBTQ inequality called "From Discrimination to Persecution." The panel stressed how the LGBTQ community has made great strides in its quest for equality over the past few decades, especially in Western nations such as Great Britain, Canada and the United States. However, LGBTQ individuals around the world still battle adverse situations, ranging from social isolation to imprisonment and even death.

During the US National Hispanic Heritage Month, our New York Multicultural ERG and Veterans ERG members partnered to host a leadership spotlight with Michael Montelongo, former Assistant Secretary and Chief Financial Officer of the US Air Force. Michael spoke about how his Latino identity and perspective played a role in his career journey in the military and in corporate America. He touched on the challenges he faces and the benefits he sees as a Latino and as a veteran.

The UK Gender Pay Gap Report

We are committed to fostering a workplace that draws on the experiences, backgrounds and opinions of all our people. Our culture leverages diversity and inclusion for success. We support the UK Gender Pay Gap Report process as part of our efforts to ensure equality of opportunities.

We actively work to ensure that women and men across our company are paid equally for comparable work. That work, however, is different from the UK Gender Pay Gap analysis, which is not about equal pay and rather is about the average pay of all women versus that of all men each in Moody's Investors Service and Moody's Analytics UK. The findings reflect what we already know: there are fewer women than men in the most senior roles of our company. We are dedicated to balancing our gender representation at all levels of our business. We've put in place activities and programs to attract and develop female leaders. These include providing leadership training for women, gender-balanced recruiting and flexible work arrangements for all staff — as well as recruiting and retaining the most talented employees and building a strong pipeline of talent.

Moody's ERGs

We have five groups with a total of 28 chapters worldwide:



MOODY'S GENERATIONAL
EMPLOYEE RESOURCE GROUP



MOODY'S LGBTA
EMPLOYEE RESOURCE GROUP



MOODY'S MULTICULTURAL
EMPLOYEE RESOURCE GROUP



MOODY'S VETERANS
EMPLOYEE RESOURCE GROUP



MOODY'S WOMEN'S
EMPLOYEE RESOURCE GROUP

98%

Managers globally who
attended at least two programs
on diversity and inclusion
in 2017



View our 2018 UK Gender Pay Gap Report at bit.ly/moodysukgpggr.

External recognition for Moody's diversity and inclusion efforts



2017 *WORKING MOTHER*
100 BEST COMPANIES

Working Mother magazine named Moody's in its 100 Best Companies list for the second year in a row, recognizing us for our commitment to creating programs for our US employees that help foster advancement for women and deliver workplace flexibility, childcare and paid parental leave.



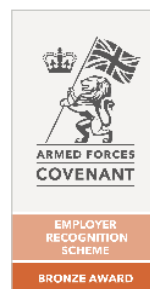
HUMAN RIGHTS
CAMPAIGN CORPORATE
EQUALITY INDEX

For the sixth consecutive year, we earned a perfect score of 100 on the Corporate Equality Index, a national benchmarking tool from the Human Rights Campaign (HRC) that evaluates corporate policies and practices related to LGBT employees. HRC ranks companies based on LGBT workplace inclusion and is the largest lesbian, gay, bisexual and transgender advocacy group in the US.



COMMUNITY BUSINESS
AWARDS: HONG KONG
LGBT+ INCLUSION INDEX

The Hong Kong LGBT+ Inclusion Index awarded us the 2017 Silver Standard, which recognizes our high performance in — and commitment to — developing an inclusive workplace for LGBT employees. The Hong Kong LGBT+ Inclusion Index is the first benchmark on LGBT workplace inclusion practices and initiatives in Asia.



ARMED FORCES COVENANT
IN THE UK

The Armed Forces Covenant in the UK gave us a bronze award, recognizing our commitment to its two key principles: (1) no member of the armed forces community should face disadvantage in the provision of public and commercial services compared to any other citizen, and (2) in some circumstances, special treatment may be appropriate, especially for the injured or bereaved.

Professional development opportunities

Moody's offers a broad portfolio of learning and development opportunities that address employees' needs at all stages of their careers. Their continuous journeys start with onboarding and progress to include development of role-specific technical and functional skills, professional and management skills, and leadership skills.

Leadership development

Moody's supports the development of leaders through each important transition in their careers — as new managers, managers of teams and leaders of global functions. As part of our core management training, in 2017 Moody's globally provided more than 18,250 hours of development to managers. In addition, Moody's offers a number of multi-day workshops in which participants hone their management skills, hear from senior managers and learn from peers in an interactive environment.

Employee training in 2017*



552,716
Training hours

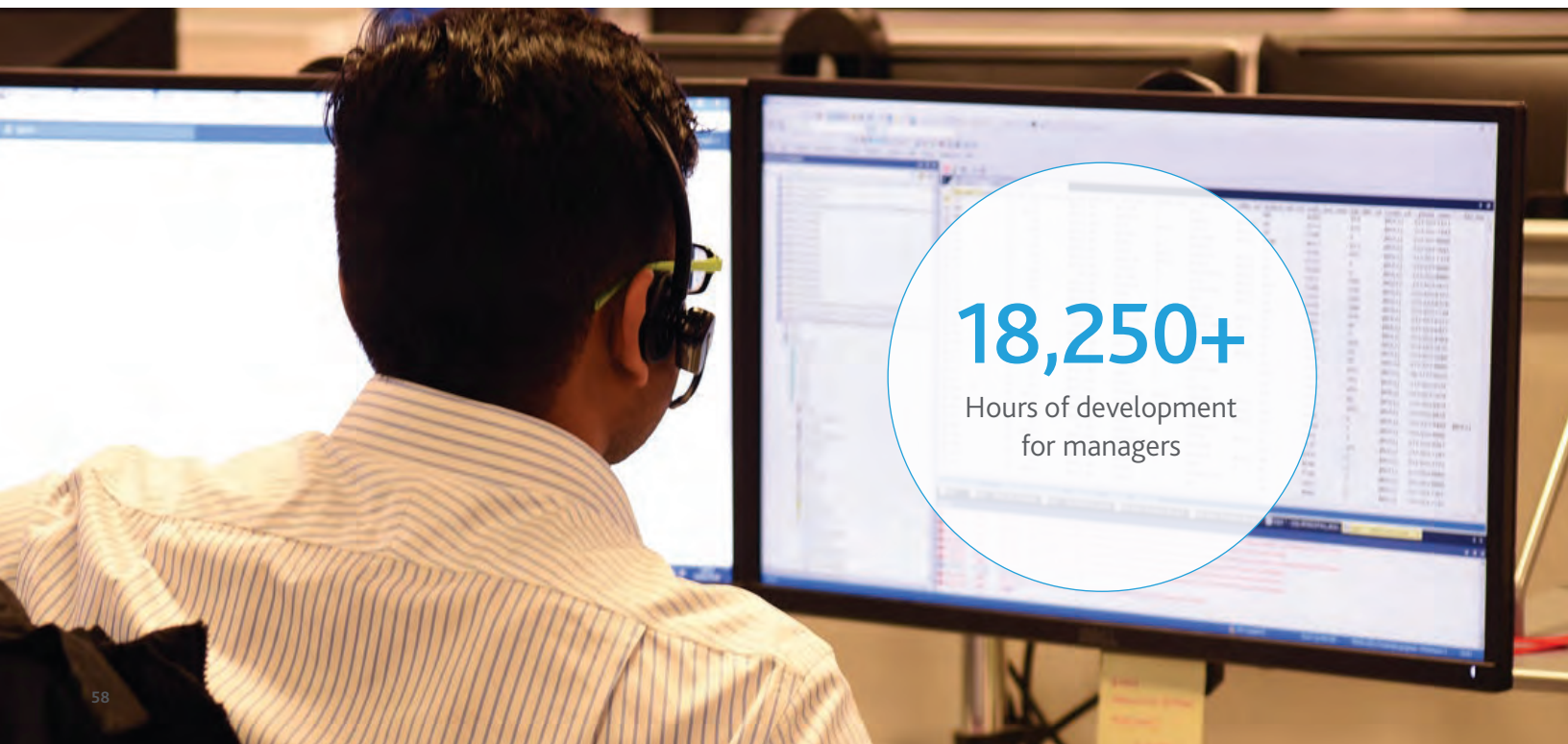


329,243
Training courses
completed



13,168
Employees who
accessed training

*Includes only hours recorded in Moody's Knowledge Portal. Individuals participate in additional team and business-unit-specific training.



18,250+

Hours of development
for managers



A deep dive into machine learning

As part of the Enabling Technologies Initiative at Moody's Investors Service (MIS) and in partnership with Moody's Information Technology (MIT), last year six of our employees attended a monthlong program at Google's Machine Learning Advanced Solutions Lab in Mountain View, California.

The program included practical, hands-on training in key machine learning areas using TensorFlow as well as Google Cloud Machine Learning Engine tools, systems and application programming interfaces. This is the same training that Google's own engineers receive.

“We're excited about the learning our teams received from Google and even more excited about how MIS and MIT will continue their partnership afterward,” says MIS President Rob Fauber. “This training allows us to combine the expertise we have developed in-house with the next generation of tools and technologies in machine learning—and to put them together to create new opportunities for our business.”

At the end of the course, Google facilitated a two-day idea session with the team to identify promising opportunities for Moody's to apply machine learning at scale in areas such as predictive analytics and data extraction. Upon returning to Moody's, participants worked with other colleagues to help share their new insights into machine learning so that the company can further develop these competencies.

16,809

Hours of training completed through Moody's Information Technology University, which evolved its approach in 2017 to help employees learn how digital technology affects business

Moody's employees during a tour of Google's campus



Total rewards

Moody's is committed to providing competitive compensation and benefits programs designed to care for our employees and their families. Our comprehensive programs offer resources and support for physical, mental and financial well-being. We promote preventive care and awareness and support a healthy lifestyle. We also believe that promoting financial wellness and supporting flexible work arrangements are critical to our efforts to create a work atmosphere in which people feel valued and inspired to give their best.

Holistic benefits

Beyond delivering health insurance, retirement savings contributions, and paid vacation and sick days, we extend other benefits to support our employees and their families. We've introduced new initiatives and enhanced existing ones, such as parental leave, workplace flexibility and educational support.

RE-IGNITE, our career reentry program, helps talented candidates return to the workforce after a hiatus. **(See related story on page 62.)** Employees pursuing higher education can take advantage of an Education Assistance Program that reimburses them for job-related educational costs up to \$15,000 per year. In 2017, 389 employees participated in the program.

Equal opportunity

We are an equal opportunity employer. When we interact with employees — through hiring, compensation, training, providing benefits and more — we do so without regard to any characteristic that is protected by law. This includes race, color, sex, gender, age, religion or religious creed, national origin, ancestry, citizenship, marital status, sexual orientation, gender identity, gender expression, genetic information, physical or mental disability, and military or veteran status.



"One of the many ways we support our employees is through our global workplace flexibility program. When employees have the opportunity to modify their hours or work location — and to manage work and personal life — we know that engagement, productivity and morale increase."

Sandra Altiné

Managing Director, Global Diversity & Inclusion,
Moody's Corporation





Collaboration across generations

We know the energy and potential of our millennial employees not only can move Moody's business forward but also can help us become a vehicle for positive change. To support our young talent, we constantly seek ways to learn about the challenges they face and what motivates and inspires them.

With that in mind, we developed a training program in 2017 to help Moody's colleagues from different generations better understand each other and collaborate more successfully. After one of the sessions, a millennial participant raised his hand and suggested we do something more: create an ERG dedicated to multi-generational support. Sensing the passion of this employee, a Gen Xer and a baby boomer expressed their interest as well. In a true collaboration across generations, the three colleagues founded the New York Generational ERG, called GenERGy for short.

"This group is an excellent way to learn about generational differences and similarities," says Blair Worrall, Senior Vice President of Ratings Delivery and Data and GenERGy's executive sponsor. "It's also a great opportunity to network with employees and gain valuable insights."

GenERGy's members seek to leverage the energy, insights and experiences of Moody's multi-generational workforce to cultivate an inclusive work environment that fosters greater connectedness and supports the development of all generational groups. GenERGy held four events in 2017 that collectively drew nearly 1,300 employees. In one of the events, titled "Disrupting the Workplace: How Generational Diversity Impacts Innovation," multi-generational participants discussed topics such as how they can leverage their generational experiences in emerging technology.



Members of GenERGy following an event



A way back into the workplace

Anyone looking to reenter the workforce after taking time away can have trouble convincing hiring managers to look past a résumé gap. And the majority of people encountering this challenge are women. In fact, the number of 25-to-54-year-old women participating in the workforce fell by 4% from 2000 to 2015.⁴

The truth is that highly educated and experienced women bring unparalleled value to companies in finance, technology and economics. When they join Moody's, we gain diverse perspectives and leadership.

In part, that's why we launched RE-IGNITE, a 10-week reentry program designed to help bring experienced professionals back into the workplace after an extended absence. In 2017, the inaugural cohort of five women came into our New York offices and dusted off their professional skills through business boot camps.

During RE-IGNITE, the women learned about our company through a senior-management speaker series. They also participated in a service project with children at Public School 149 Sojourner Truth in Harlem.

The program serves as a point of reentry for professionals as well as a point of connection with diverse, top-performing talent for Moody's. Four of the five women who participated in RE-IGNITE accepted offers to work with us full-time.

Melba Herrera Kelly, who now works for the Content team at Moody's Analytics, found the RE-IGNITE experience attractive and supportive.



Four of the five women who participated in RE-IGNITE accepted offers to work with us full-time.

“Not only was it a well-managed transition back to the workforce,” says Melba, “it was also a great way to learn about the Moody's culture and ensure a good fit.”

⁴Rebecca Koenig, "How to Get Back to Work after Caring for Family," *U.S. News & World Report*, February 21, 2018, <https://money.usnews.com/money/careers/salaries-and-benefits/articles/2018-02-21/how-to-get-back-to-work-after-caring-for-family>.

A low-angle, upward-looking photograph of a modern skyscraper's facade. The building features a series of vertical, metallic-looking slats that create a strong sense of height and architectural rhythm. The sky is visible at the top left corner. The 'Moody's' logo is prominently displayed on a horizontal band across the middle of the frame.

Moody's

Doing business with integrity

We operate with the utmost integrity and professionalism because our reputation depends on it. Financial market participants around the world rely on Moody's to provide objective and impartial insights, and our job requires transparency throughout our business. For Moody's, impeccable standards of corporate governance serve as the cornerstone for building trust with our shareholders, our customers and our industry.

Codes of conduct

Moody's commitment to ethics and integrity starts with understanding and adhering to the laws that govern our business dealings in all 41 countries in which Moody's has an office. In addition, all Moody's employees as well as the members of the Board of Directors are required to abide by Moody's Code of Business Conduct, which outlines the principles and policies they are expected to follow in their daily business activities. Upon hiring and periodically thereafter, all employees must certify that they have read and will adhere to the Code.

Among the topics addressed in the Code are discrimination and harassment, conflicts of interest, protecting confidentiality, antitrust and competition, anti-bribery and anti-corruption, and insider trading.

To assist employees in identifying and resolving ethical issues that may arise, the Code uses questions and answers as well as examples to illustrate the discussion. Questions include, "When is it permissible to give gifts?" and "What should I do if I believe I have experienced discrimination or harassment?"

We review the Code periodically to ensure that it is consistent with the laws and regulations in the jurisdictions in which we do business as well as with best practices. Suspected violations of the Code of Business Conduct are investigated and may result in disciplinary action up to and including termination.

The Code of Business Conduct is broken down into the following sections:



Where to Seek Help and Report Concerns



How We Treat Each Other



How We Treat Our Customers, Business Partners and Competitors



How We Protect the Company and Its Shareholders



How We Act with Integrity in the Global Community



View our Code of Business Conduct and other corporate governance documents at bit.ly/moodyscobccg.



Moody's Investors Service standards

Moody's Corporation is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, including securities issued by state and local governments, municipalities and sovereigns.

In addition to the Code of Business Conduct, Moody's Investors Service has a Code of Professional Conduct that governs the rating process. In particular, the Code of Professional Conduct addresses the quality and integrity of the rating process, independence and management of conflicts of interest, our responsibilities to the investing public and issuers, and protection of confidential information.

Compliance and ethics training

At Moody's, compliance and ethics training is an integral part of our employees' overall professional development. We have implemented more than 20 online training modules aligned with our codes of conduct and policies to help analysts, directors and other Moody's professionals clearly understand and execute their ethical responsibilities and regulatory obligations. Course topics include privacy, conflicts of interest, ethical business practices, and compliance with laws, rules and regulations. All new hires complete mandatory training at the start of their employment, and every year all employees complete refresher training on our expectations for serving the public, our customers and one another.

Political activities

We encourage employees to participate in the political process on their own time. When doing so, they must not imply that they are acting on behalf of Moody's. Individual participation in political activities must be completely voluntary and must occur only during nonworking hours. Activities may not involve the use of Moody's funds, personnel time, equipment, supplies or facilities. Employees' personal political contributions are not reimbursed by the company.

Moody's Corporation is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, including securities issued by state and local governments, municipalities and sovereigns. In light of the work that Moody's Investors Service performs, we must be sensitive to potential conflicts of interest.



INTEGRITY

We hold ourselves to the highest standards of honesty, transparency and fairness in all that we do.

INTELLECTUAL LEADERSHIP

We lead market thinking on credit- and risk-sensitive topics by thinking critically and creatively, and questioning the status quo.

INCLUSION

We foster an inclusive and collaborative work environment where everyone's views matter, and believe that a diverse workforce makes us more effective.

INSIGHT

We serve our customers, market participants and business partners by providing unique, forward-looking perspectives.

INDEPENDENCE

We base our views on a thorough analysis and rigorous review of the facts, free from bias, and express them with objectivity and confidence.



The Moody's Investors Service Code of Professional Conduct is available at bit.ly/moodysmiscobc.

Reporting concerns or potential violations

We are committed to fostering a culture in which all employees feel comfortable raising issues that are important to them. We elevate voices and concerns through our Open Door Policy, which supports employees in holding frank discussions with their immediate supervisors or other senior managers, as well as with members of the Compliance, Human Resources and Legal departments. As part of this policy, we take steps to ensure that employees never face reprisals for raising concerns in good faith. Each of our business units is staffed with Compliance Officers and Human Resources Representatives who can help employees with any questions or concerns.

Investigations of suspected violations

All reports of suspected violations are promptly investigated. Moody's endeavors to maintain the confidentiality of all investigations to the extent reasonably possible. Moody's respects the right of each employee to report in good faith potential or suspected violations and does not tolerate retaliation against any employee for making such good faith reports. Any person found to have retaliated against an individual for reporting in good faith a suspected violation or for participating in an investigation of allegations of such conduct will be subject to appropriate disciplinary action up to and including termination.

Moody's Integrity Hotline

Moody's maintains an Integrity Hotline that allows employees to report any suspected wrongdoing anonymously. The hotline is staffed by a third party and is available 24 hours a day, 7 days a week, 365 days a year. Reports made via the Integrity Hotline are forwarded to Moody's Legal and Compliance departments for follow-up.



20+

Compliance and ethics
online training modules
available to employees

75

Languages in which
our Integrity Hotline
is available

Protecting customer privacy

We regularly review our Privacy Policy, which governs how we collect, use and protect personal data, and we recently updated it to satisfy requirements under the EU General Data Protection Regulation (GDPR).

In addition to updating our Privacy Policy, we're making a number of changes to comply with the GDPR, which represents a significant change in European data protection laws. We are reviewing and updating our internal policies and procedures as necessary, including those relating to information security and incident response. We are also implementing a governance structure to incorporate privacy by designing and developing a training program for employees.

Upholding human rights

Our commitment to operating in an ethical and lawful manner includes protecting the basic dignity and human rights of our employees. Adding to the principles and requirements within our Code of Business Conduct, Moody's has issued a Modern Slavery and Human Trafficking Statement that sets out our approach to preventing these practices in our workforce and supply chain.



View our Privacy Policy at bit.ly/moodyspp.



View our most recent Modern Slavery and Human Trafficking Statement at bit.ly/msandhts.

Our commitment to operating in an ethical and lawful manner includes protecting the basic dignity and human rights of our employees.



Moody's Board of Directors

Our Board of Directors oversees the management and overall strategy of Moody's Corporation, which includes Moody's Investors Service and Moody's Analytics. All nine members of the Board, except President and CEO Raymond W. McDaniel, Jr., are independent directors as defined by the New York Stock Exchange. No new members joined the Board during 2017.

Our board members bring to Moody's regulatory and financial expertise, experience running large global businesses, and executive experience with financial and technology companies. Board members serve one-year terms and are elected annually by our stockholders. Moody's bylaws state that the nominees for director are required to receive a majority of votes cast at the annual meeting.

Members take a rigorous approach to corporate governance that includes an annual review of the Board's governance principles and all committee charters. The Board also reviews governance developments, issues and topics that are significant to our business and our stockholders.

Our Board seriously considers all stockholder proposals. Stockholders can communicate with the Board by following the process described in the company's proxy statement.

Our Chairman of the Board oversees matters brought before the Board and performs an annual evaluation of individual directors after discussion with all board members. The Governance & Nominating Committee also reviews the Board's composition to assess current members' skills and experience and provides input on the types of skills and experience that the Board may find valuable in the future. Consistent with Moody's values, the Governance & Nominating Committee pays special attention to fostering a diverse range of backgrounds and perspectives on the Board to help strengthen our company leadership.



Henry A. McKinnell, Jr., PhD
Chairman of the Board, Moody's Corporation


Board committees

AUDIT

Chaired by Leslie F. Seidman and composed of independent directors, the Audit Committee primarily oversees the integrity of the company's financial statements and the financial reporting and audit process.

GOVERNANCE & NOMINATING

Chaired by Basil L. Anderson and composed of independent directors, the Governance & Nominating Committee is responsible for shaping the company's corporate governance, engaging in director succession planning, and identifying and recommending nominees for the Board.



Moody's has four standing board committees, three of which are composed solely of independent directors.

COMPENSATION & HUMAN RESOURCES

Chaired by Kathryn M. Hill and composed of independent directors, the Compensation & Human Resources Committee is responsible for executive and director compensation, CEO and senior management succession planning, and reviewing employee benefit plans.

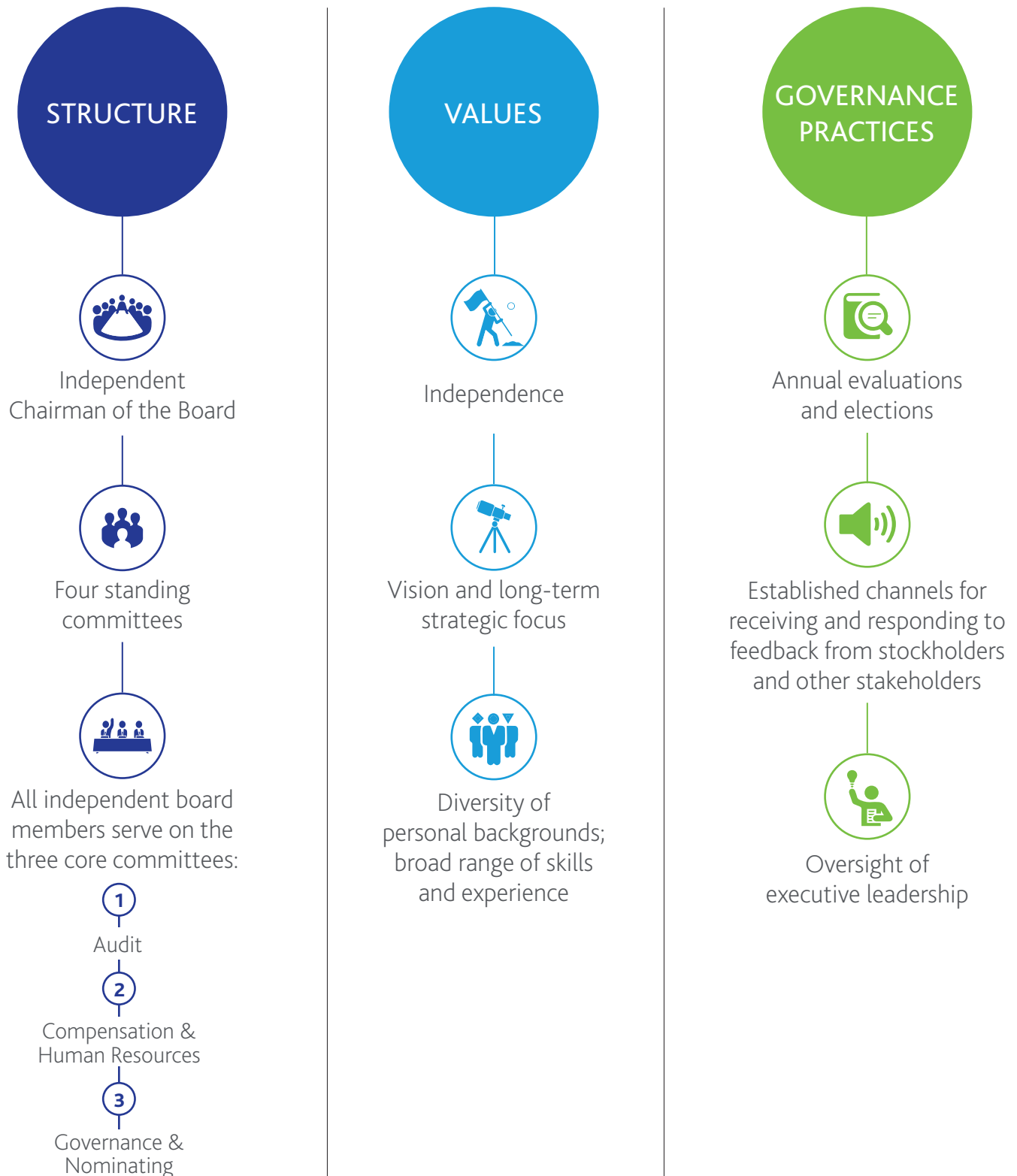
EXECUTIVE

Chaired by Henry A. McKinnell, Jr., PhD, the Executive Committee's primary purpose is to exercise the authority and powers of the Board of Directors between meetings of the Board. President & CEO Raymond W. McDaniel, Jr., also serves on this committee.



Learn more about Moody's corporate governance structure and practices at bit.ly/moodyscgs.

What makes our Board of Directors effective



Moody's Corporation Board of Directors as of December 31, 2017

Back row, from left:

- » Basil L. Anderson
- » Darrell Duffie, PhD (retired as of April 24, 2018)*
- » Bruce Van Saun
- » Jorge A. Bermudez
- » Ewald Kist (retired as of April 24, 2018)*

Front row, from left:

- » Raymond W. McDaniel, Jr.
- » Leslie F. Seidman
- » Kathryn M. Hill
- » Henry A. McKinnell, Jr., PhD

How to contact the board

To contact the Board or a specific director, Moody's stockholders and other stakeholders may write to either at the following address:

c/o Corporate Secretary
Moody's Corporation
7 World Trade Center
250 Greenwich Street
New York, NY 10007
United States

*Vincent A. Forlenza and Gerrit Zalm are the new board members elected by our stockholders on April 24, 2018.



The background of the page is a stylized world map. The map is rendered in a dark, textured blue color. Overlaid on the map is a network of glowing blue lines and dots, suggesting global connectivity or data flow. The lines are thin and intersect at various points, while the dots are small and bright. The overall aesthetic is modern and technological.

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