

MOODY'S

Igniting a world of opportunity

2018 Corporate Social Responsibility Report



We're working to open the door to a better future

OUR CORPORATE SOCIAL RESPONSIBILITY (CSR) VISION

Moody's believes in a world where more people have access to opportunity, and where everyone has what they need to grow and thrive.

OUR CSR PURPOSE

To empower people with the knowledge, resources and confidence they need to create a better future—for themselves, their communities and the environment.

OUR CSR STRATEGY

We are focused on three areas where we believe Moody's can make the greatest impact:

Empowering
people with
financial
knowledge

Activating an
environmentally
sustainable
future

Helping
young people
reach their
potential

OUR ASSETS

Our continued progress in these areas is made possible by the passion and purpose of our people, as well as our corporate assets:



Volunteering & pro bono



Products & services



Strategic partnerships



Financial resources

OUR REPORT

This year's CSR Report highlights some of our key efforts against this strategy in 2018.

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About this report

This is Moody's (NYSE: MCO) ninth annual Corporate Social Responsibility (CSR) Report, which covers the period from January 1 to December 31, 2018. 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. All references to dollars are to US dollars, unless otherwise stated, and "tonnes" refers to metric tons. Certain statements in this report are aspirational or otherwise forward-looking, and company goals are not guarantees or promises that all goals will be met. Actual results may differ materially from the company's expectations or predictions expressed in this report. Statistics, metrics and other performance measurements included in this report are estimates and may be based on assumptions or developing standards. Consistent with our holistic approach to CSR, examples of products and services mentioned in this report include instances in which they have been provided for free, at a reduced cost, and/or for a fee or cost. We welcome feedback and questions about this report. Please [email](#) us your queries. Previous CSR reports can be accessed on the [Moody's CSR webpage](#).

Our complete GRI Standards: Core option disclosures can be found in the [GRI reporting appendix](#) of this report.

A message from our President & CEO, Raymond W. McDaniel, Jr.

A better tomorrow doesn't just happen by itself. At Moody's, we believe access to opportunity can propel people toward life-changing success and communities across the world toward prosperity.

Over the past year, we have activated new ways of empowering people with the knowledge, resources and confidence they need to work toward a brighter future.

We began 2018 with an ambitious strategy to more tightly focus our CSR efforts at the intersection of our business strengths, our employees' interests and some of society's most pressing needs. With our employees leading the charge, we have developed programs and partnerships in 51 countries.

Among the most significant is Reshape Tomorrow™, our signature financial empowerment initiative, which connects thousands of entrepreneurs with tools and training to help grow their small businesses. Last year, we awarded grants and provided skills-based volunteering to help our eight inaugural Reshape Tomorrow partners in India, China, Europe, Africa and the Americas.

We also expanded our efforts to explain how sustainability issues such as climate change and shrinking natural resources may factor into credit ratings. We completed 21 new Green Bond Assessments, covering \$7 billion of debt, to assist investors in their evaluation of green bond offerings used to finance environmental projects.

Through our work with educators and youth-focused nonprofits, we continued to open greater opportunities to empower the next generation to excel in the financial industry and other career paths. The World Series of Innovation for young entrepreneurs, the Women in STEM, Future Leaders program for young Latinas in Mexico and our Queer Coders for LGBTQI youth in New York City exemplify this effort.

These achievements, along with many others in the pages that follow, were fueled by our employees' talents and inspiration. I am deeply proud of the more than 13,000 people across Moody's—and our extended network of partners in communities around the globe—who enable us to generate positive impact by expanding access to knowledge and the opportunities it creates.



Raymond W. McDaniel, Jr.
PRESIDENT & CEO,
MOODY'S CORPORATION

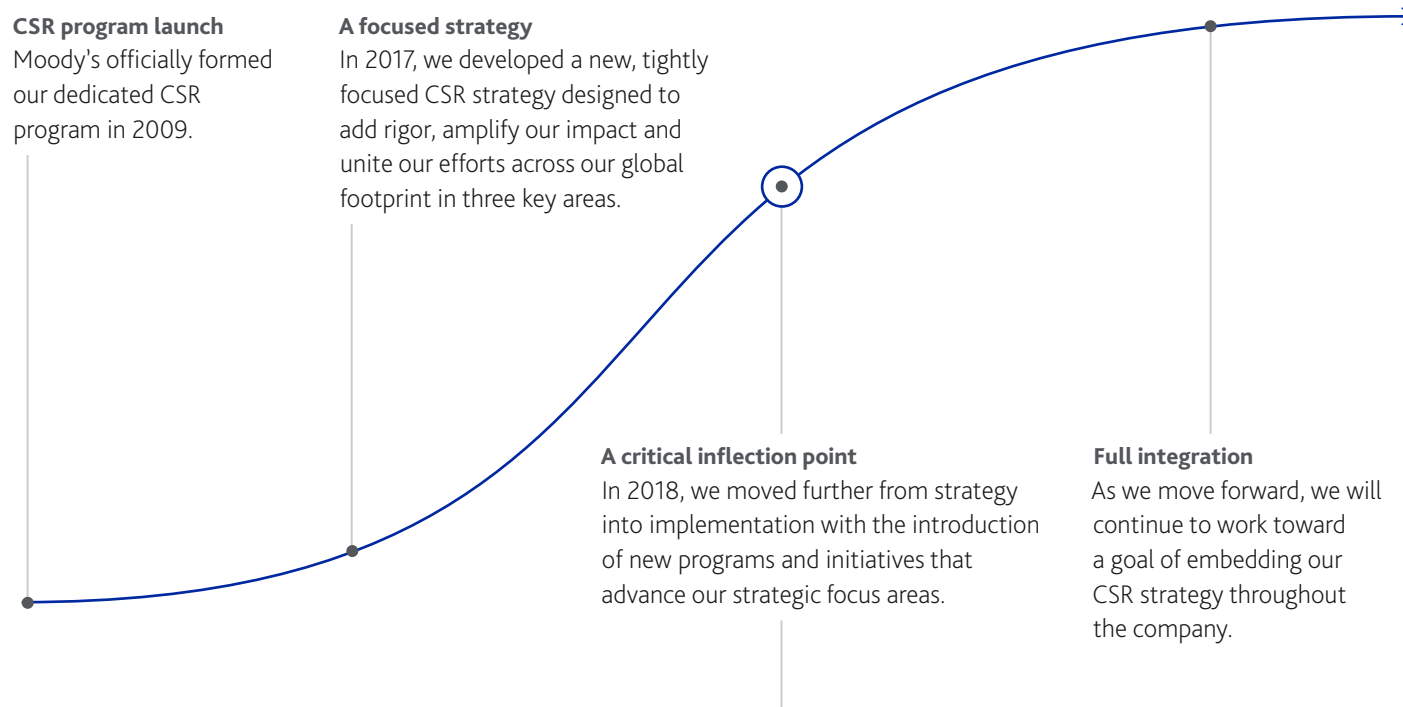


“I am deeply proud
of the people across
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positive impact by
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it creates.”

RAYMOND W. MCDANIEL, JR.
PRESIDENT & CEO, MOODY'S CORPORATION

CSR at Moody's

Each year, we have continued to hone our CSR program to strategically focus on societal issues that Moody's is in a unique position to help address—and those that our employees are most passionate about. Here's where we stand on our journey today.



Empowering people with financial knowledge

Building upon our core expertise in serving the global capital markets, we have launched Reshape Tomorrow™, a financial empowerment initiative dedicated to helping people overcome the challenges of growing a small business. We are developing partnerships to give small business owners access to vital information about the credit process and to help connect them with lending institutions.

Activating an environmentally sustainable future

We are continually taking steps to reduce Moody's adverse impact on the planet through programs that promote recycling, reuse and resource conservation throughout our operations. And, as part of our core business activities, we make an even greater positive difference with technology tools and analytical services that help other organizations and the investor community to 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 students 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, giving and board service on behalf of nonprofit organizations worldwide.

Moody's and the United Nations Sustainable Development Goals

The 17 [United Nations Sustainable Development Goals](#) provide an interconnected blueprint to addressing global challenges and achieving a more sustainable future by 2030. Moody's CSR strategy most strongly connects to the nine goals highlighted here.



As highlighted by many of the programs and initiatives described in this report, Moody's is helping drive progress toward these goals through:

- » Partnerships to reduce income inequality and foster economic inclusion and entrepreneurship — especially among women in economically developing nations — through education and access to financial services and lending
- » Support for finance, technology, economics education and career mentoring, especially for marginalized groups
- » Publishing ratings and research for environmental, social and governance (ESG) and clean energy investments, as well as research on the links between climate change and financial markets

2018 TOTAL SOCIAL INVESTMENT

\$6.8 M

TOTAL SOCIAL INVESTMENT

\$4.2 M

FOUNDATION GRANTS

\$1.1 M

MOODY'S
CHARITABLE CONTRIBUTIONS

\$809,726

VALUE OF VOLUNTEER HOURS
ACROSS MOODY'S

\$514,500

MATCHING GIFTS

\$127,161

SUPPORT FOR VOLUNTEER EVENTS

\$22,500

DOLLARS FOR DOERS



"I am proud of Moody's engagement with our communities and our commitment to programs that entice more young people to pursue STEM professions."

LESLIE F. SEIDMAN, BOARD OF DIRECTORS, MOODY'S CORPORATION

Governance and stakeholder engagement

For information on our governance structure and stakeholder engagement, see the [GRI reporting appendix](#) of this report.

About Moody's

Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets. Moody's Corporation (NYSE: MCO) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and Moody's Analytics, which offers leading-edge software, advisory services and research for credit and economic analysis and financial risk management. The corporation, which reported revenue of \$4.4 billion in 2018, employs approximately 13,000 people worldwide and maintains a presence in 42 countries.

OUR MISSION

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

42

COUNTRIES WHERE MOODY'S
MAINTAINS A PRESENCE

APPROXIMATELY

13,000

EMPLOYEES WORLDWIDE
AS OF DECEMBER 31, 2018

Moody's Investors Service

Moody's Investors Service, a subsidiary of Moody's Corporation, is a leading provider of credit ratings, research and risk analysis. Moody's is committed to contributing to transparent and integrated financial markets. Moody's Investors Service provides ratings in more than 130 countries.

As of December 31, 2018, Moody's Investors Service had ratings relationships with: approximately 4,800 nonfinancial corporate issuers, 4,100 financial institution issuers, 17,600 public finance issuers (including sovereign, sub sovereign and supranational issuers), 9,600 structured finance transactions and 1,000 infrastructure and project finance issuers.



“We have an ongoing commitment to serve the needs of investors with insights that can help them to better understand the links between critical environmental, social and governance considerations and the global markets.”

ROBERT FAUBER, PRESIDENT, MOODY'S INVESTORS SERVICE

Moody's Analytics

Moody's Analytics, a subsidiary of Moody's Corporation, provides financial intelligence and analytical tools to help business leaders make better, faster decisions. Our deep risk expertise, expansive information resources and innovative application of technology help our clients confidently navigate an evolving marketplace.

Moody's Analytics is known for our industry-leading and award-winning solutions, made up of research, data, software and professional services, assembled to deliver a seamless customer experience. We create confidence in thousands of organizations worldwide with our commitment to excellence, open-mindset approach and focus on meeting customer needs.



“At our core, Moody's is an information company. The question is: How can we help unlock access to information for the people who need it to more fully participate in and drive our economies?”

MARK E. ALMEIDA, PRESIDENT, MOODY'S ANALYTICS

Awards and recognitions

View the full list of awards Moody's has received at our [awards site](#).

Moody's CSR awards



New York City Mayoral Service Recognition for making a significant volunteer impact on the community: 2018

Awarded to Moody's Corporation
(4x winner)



Caring Company Logo in recognition of commitment in Caring for the Community Caring for the Employees and Caring for the Environment: 2018/19

Awarded to Moody's Asia Pacific Limited
(2x winner, Poll)



AmCham CARES Gold Recognition Award: 2018

Awarded to Moody's Investors Service Singapore
(3x winner, Pitch)

Moody's Investors Service awards



Institutional Investor
(7x winner, Poll)



GlobalCapital Bond Awards
(Multi-award winner, Poll)



FinanceAsia Achievement Awards
(First win in 2018, Pitch)

Moody's Analytics awards



Chartis RiskTech100®



Asia Risk Technology Rankings
(Multi-award winner)



Risk Technology Awards

Moody's diversity & inclusion awards

Moody's strives to embed diversity and inclusion practices across our global business. We are committed to creating an inclusive environment that allows all employees to be successful and to make a positive impact at Moody's. External organizations that benchmark diversity and inclusion best practices across the globe continue to recognize our efforts:



US Human Rights Campaign Corporate Equality Index: Best Places to Work
(8x winner)



The Australian Workplace Equality Index Small Employer Bronze Award 2018



Community Business Hong Kong LGBT+ Inclusion Index Silver Standard 2017



Working Mother 100 Best Companies
(3x winner)



UK Armed Forces Covenant Silver Award
(2x winner)



Stonewall Top 100 Employers
(2x winner)



Working Mother Best Companies for Dads 2018



Empowering people with financial knowledge

We are on a mission to help bring tools, skills and knowledge to people at every level of the market to promote greater prosperity and opportunity. We believe that by supporting underserved communities, we can help fuel economic inclusion and job growth and help markets work better for more people.

And through our thought leadership and commentary, we are committed to providing trusted standards, supported by data and analytics, to help market participants better understand economic and social impact to make well-informed decisions.

Sparking a world of economic growth

In 2018, in addition to advancing Reshape Tomorrow™, our global financial inclusion initiative for small business owners, we worked across the world, from rural India to Toronto, to empower underserved communities, tech entrepreneurs, nonprofit leaders and financial advisors with the financial knowledge and resources they need to create a positive impact for others.

Investing in tomorrow

Our Reshape Tomorrow initiative accounted for an investment of:

\$1.75 M

IN GRANTS IN 2018

11

NEW MARKETS
IN 2018

“Moody’s touches communities and markets across the globe. Our extensive reach creates the opportunity—and responsibility—to play an important role in helping enterprises in developing economies grow and thrive.”

ARLENE ISAACS-LOWE
GLOBAL HEAD, CSR,
MOODY’S CORPORATION AND
PRESIDENT, MOODY’S FOUNDATION



2018 | HIGHLIGHTS

- 12** Reshape Tomorrow™
From possibility to prosperity: Reshape Tomorrow
After a rigorous proposal process, we announced our eight inaugural Reshape Tomorrow partners: Acumen, The Asia Foundation, Echoing Green, Foundation for Small Business Development, The Fore, TechnoServe, WEConnect International and Village Capital.
- 15** Mission Measurement
Mission: Better data, greater impact
Through our partnership with Mission Measurement’s Impact Genome Project®, we are helping to forge the future of standardized nonprofit impact reporting.
- 17** Bureau van Dijk
Exposing the financial roots of modern slavery
In 2018, Bureau van Dijk, a Moody’s Analytics company, lent its Orbis database and technology to Liberty Shared, a nonprofit dedicated to preventing forced labor and other forms of human trafficking.
- 20** Women entrepreneurs in India
The fruits of entrepreneurship
Working with various nonprofit partners, Moody’s provided over \$80,000 to train more than 300 women from remote and underserved parts of India in financial literacy, organic farming and the basics of small business development.
- 22** Canadian Securities Institute
Promoting financial security for seniors by supporting advisors
Moody’s Analytics Learning Solutions is launching an education initiative through the Canadian Securities Institute to help advisors support and protect seniors.
- 24** Moody’s Future Solutions™
New skills blossom from pro bono service
Last year, we honed our focus on volunteer and pro bono service with nonprofits that work to break down economic barriers—and on projects where our employees can use their professional skills to make a meaningful difference.
- 26** Moody’s Analytics Accelerator
Accelerating a culture of innovation
By partnering with startups that leverage emerging technology, the Moody’s Analytics Accelerator is fast-tracking innovation that can help our customers navigate the evolving marketplace.
- 28** Golden Gate Business Association
Building bridges for LGBTQ entrepreneurs
In 2018, our San Francisco office teamed up with the Golden Gate Business Association and Finagraph to host a workshop for LGBTQ entrepreneurs, sparking the beginning of a mutually promising relationship with the association.
- 30** Also in 2018
An overview of some of the other ways that Moody’s helped empower people with financial knowledge.



 Volunteering & pro bono  Products & services  Strategic partnerships  Financial resources

From possibility to prosperity: Reshape Tomorrow™

What do Latin American fintech innovators, migrant women entrepreneurs in China and shopkeepers in Nairobi have in common? They are among the many groups of people around the world who face unique hurdles in accessing capital to grow their businesses.

At Moody's, we believe that unrealized potential is a loss for both local communities and our broader global economy. That is why, in 2017, we announced the start of Reshape Tomorrow, our signature CSR initiative, to help small and growing business owners overcome the challenges of expanding their enterprises. In 2018, we began the real work.

"Reshape Tomorrow not only helps business owners reach their potential," says Jennifer Stula Rivera, CSR regional head of the Americas at Moody's Corporation, "it also helps shape healthier local economies—and in a healthy economy everyone thrives."

In 2018, we issued a call for proposals from innovative organizations that would allow us to leverage our business skills by offering analytics, resources and pro bono services. We received over 50 qualified applications from organizations across the globe and carefully evaluated each on a range of factors. Ultimately, we selected seven inaugural partners across several regions to join The Fore (UK), our pilot partner: Acumen (global), The Asia Foundation (China), Echoing Green (global), Foundation for Small Business Development (US), TechnoServe (Kenya), WEConnect International (global) and Village Capital (Latin America).

"We've been really thoughtful about the partners that we're working with. Addressing financial wellness and access is all about adding value."

RUDO MUTAMBIANWA
CSR REGIONAL HEAD, EMEA AND ASIA-PACIFIC,
MOODY'S CORPORATION





"We've been really thoughtful about the partners that we're working with. Addressing financial wellness and access is all about adding value," says Rudo Mutambiranwa, CSR regional head of Europe, Middle East, Africa (EMEA) and Asia-Pacific at Moody's Corporation. "These eight partners help Moody's create impact beyond simply writing a check."

For example, Acumen is an organization that offers [patient capital](#) to emerging business owners. To help Acumen go further, we provided these entrepreneurs with coaching, financial training and sales and technology support to help them continue to learn and grow their businesses once they have received that capital. The partnership also creates opportunities for our employees to deliver online training to small business owners anywhere around the world.

75

WOMEN ENTREPRENEURS
SUPPORTED IN THE
WECONNECT PROGRAM



7,000+

WOMEN-OWNED BUSINESSES
IN THE WECONNECT
NETWORK

Another partner, WEConnect International, is dedicated to connecting women entrepreneurs to global market-access opportunity, supporting credit training, promoting employee engagement opportunities and championing gender-inclusive sourcing. With access to WEConnect International's eNetwork of over 7,000 women-owned businesses worldwide, Moody's procurement and sourcing department will be able to diversify our own supply chains and the supply chains of companies with which we do business.

Since announcing our Reshape Tomorrow partnerships in October 2018, we made our initial grants, explored other expertise and resources we could provide, and started to gather baseline data from our partners about the work they are doing. By the end of this year, we will be able to apply Mission Measurement's Impact Genome Project® methodology to standardize how we assess the impact of our investment over time.

"This is a long-term commitment for us," Mutambiranwa says. "We want to be sure we're creating real impact." 🌍

Partner spotlight

Aligning for change

Getting to know our Reshape Tomorrow partners closely is a critical part of the journey. It's also one that has proved mutually rewarding. Our relationship with Acumen is a great example.

"As a brand-new partner, getting to know the Moody's team has been a wonderful experience," says Xaira Ferrara, business development lead at Acumen.

"The time and care they've taken to understand our mission and work, and how it fits with Moody's company values and CSR strategy, has allowed Acumen to develop a true partnership based on transparency, clear goals and expectations, learning and, most importantly, a shared vision and mission to give those living in poverty the tools they need to improve their own lives."

"At Acumen, we see great potential to leverage Moody's expertise to elevate the insights we learned through our work over the past 18 years," Ferrara continues.

"We are excited to explore research opportunities that can help unlock the potential of small businesses and social enterprises to positively impact emerging economies."

Global partners with global reach

As we continue to learn more about our Reshape Tomorrow™ partners and evaluate how we can help them advance their missions, we are excited by the programs we have committed to support in 2019:

\$1.75 M

DOLLARS INVESTED
IN RESHAPE TOMORROW
PARTNERS

Acumen

Acumen's Post Investment Support is a global program of strategic and operational assistance for small business owners that includes coaching, finance, and sales and technology support after initial investment.

The Asia Foundation

Accelerate Women's Entrepreneurship: Supporting Migrant Women-Owned Businesses is a Shanghai-based program helping migrant women grow their businesses through a tailored training program of coaching and networking.

150

MIGRANT WOMEN IN CHINA
WHO ARE MICRO AND SMALL
BUSINESS OWNERS SUPPORTED
BY THE ASIA FOUNDATION

Echoing Green

The Loan Readiness and Impact Funding Initiative is a global program designed to improve social entrepreneurs' ability to access credit while cultivating a community of early-stage lenders committed to social impact.

TechnoServe

The Smart Duka Initiative in Kenya helps a thousand retail shop owners work to grow their businesses through training and coaching on sales, inventory management and technology.

1,000

SMALL BUSINESSES SUPPORTED
BY TECHNOSERVE KENYA'S
SMART DUKA INITIATIVE

WEConnect International

The Global Training Program for Women Entrepreneurs and Financial Institutions will be launched in Canada, Germany and Nigeria, with complimentary online training modules to help women business owners assess creditworthiness and gain access to new capital and markets.



The Fore

The Fore is the only open-access funder in the UK offering development funding and strategic support to early-stage charities and social enterprises.

Village Capital

The FinTech: Latam 2019 program in Chile, Argentina, Brazil and Mexico is a capacity-building program to give entrepreneurs the tools to grow successful businesses, such as team management and financial planning.

50%

VILLAGE CAPITAL FINTECH
COMPANIES THAT COME FROM
UNTAPPED COMMUNITIES

Foundation for Small Business Development

The Foundation for Small Business Development (FFSBD) provides critical learning opportunities and information to entrepreneurs, small business policy makers and small business development centers, while bringing attention to the trending needs of the small business community. Our program with the FFSBD includes educational online programming for advisors, trainers, directors and small business clients as well as a certification program for CashFlowTool.com, a tool designed to help small businesses forecast potential cash shortfalls.



Volunteering & pro bono Products & services Strategic partnerships Financial resources

Mission: Better data, greater impact

Nonprofits do a lot of good work, and they can also spend a lot of time reporting that work to the parties from which they seek funding. On average, each report takes 20–30 hours, and most nonprofits create a custom version for each potential funder, so the time can really add up. If all this time could be reduced to one hour, nonprofits could focus more of their time and energy on creating greater social impact, instead of reporting on it.

That is why Moody's partnered with Mission Measurement, a leader in social sector data and insights. Mission Measurement has developed a unique tool designed to make systems of social change more efficient by reducing reporting time and increasing data consistency. The organization's Impact Genome Project® simplifies the reporting process with its standardized Impact Genome Project scorecard.

Analyzing data is what we believe Moody's does best, and we know the difference that strategic data can make in outcomes. Each year, America invests \$6.3 trillion in programs for social change; improving data and outcome alignment can help that money do more.

The current landscape of philanthropic data—And the way forward

How do you quantify hope? Most nonprofits, foundations and government programs have a wide range of reporting styles and inconsistent data sets. Funders often find it challenging to compare and evaluate nonprofits. The Impact Genome Scorecards are single-page reports that include program overviews, performance summaries and benchmarks.

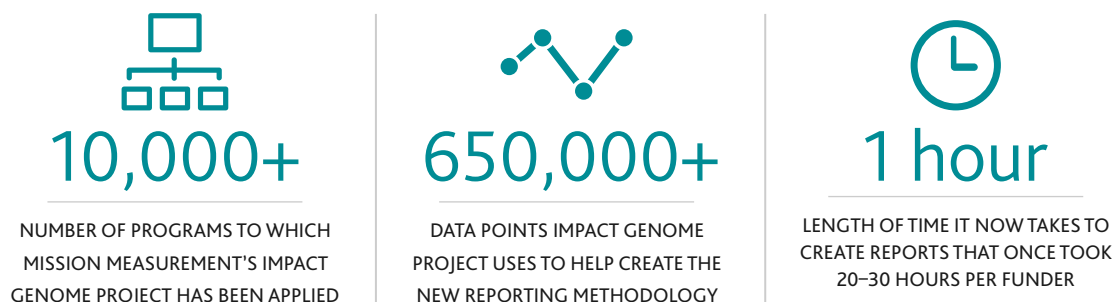
"It's helping these nonprofits to better market themselves and find better opportunities to collaborate with one another."

JENNIFER STULA RIVERA
CSR REGIONAL HEAD OF THE AMERICAS,
MOODY'S CORPORATION



The number and diverse nature of nonprofits could pose a challenge to a single standardized reporting system. But Mission Measurement approaches this issue through strategic categorization. Impact Genome Project divides groups into four main taxonomies: social outcomes, intervention activities, beneficiary traits and environmental context. The tool uses more than 650,000 data points in all, customized by policy area. With this standardization, groups should not have to repeat their reporting work until the next year.

Impact Genome Project offers far-reaching benefits, giving programs a clearer overview of goals and achievements to more accurately assess social impact, identify areas for improvement and advance their strategic planning.




Setting new standards

We are invested in supporting the Impact Genome Project for the wider nonprofit world, and it is already helping Moody's better understand the impact of our own CSR initiatives.




In 2018, the partners for Moody's signature CSR initiative, Reshape Tomorrow™, along with all members of the Moody's grant portfolio, adopted the Impact Genome Project scorecard. These Reshape Tomorrow partners are focused on accelerating the growth of small businesses, which triggers a ripple effect.

Impact Genome Project is designed to present data with greater depth. Partners will select a primary outcome, either Grow Small Business or Stimulate Entrepreneurship, and measure their progress using several associated success indicators. Criteria for the Grow Small Business outcome include financial growth, product or service sales and return on investment. Stimulate Entrepreneurship outcome criteria include expansion into new markets, hiring new employees or attaining access to new capital and credit.

Mission Measurement took a leap forward in promoting the Impact Genome Project. It formed new partnerships with leaders in the assessment of charitable program analysis, including GuideStar, which merged with Foundation Center in 2019 to create Candid. Their adoption of the framework gives the new tool added credibility and traction in the industry. The effectiveness of the tool increases as more companies, programs and organizations adopt it. Better data means companies can compare and contrast philanthropic partners to make more informed choices, an area of growing interest as more businesses develop purposes beyond profit.

"It's helping these nonprofits to better market themselves and find better opportunities to collaborate with one another," says Jennifer Stula Rivera, CSR regional head of the Americas at Moody's Corporation. "It's not just about measurement and evaluation of how far our dollars are going. It's actually about the difference systemic change could make in the industry." 



 Volunteering & pro bono  Products & services  Strategic partnerships  Financial resources

Exposing the financial roots of modern slavery

Valerie Farabee is working overtime to put herself out of a job someday.

"It's ridiculous that we're still dealing with slavery in 2019," says Farabee, director of the Operational Research & Analysis Programme at Liberty Shared, a nonprofit dedicated to preventing forced labor and other forms of human trafficking. "I should not have to be considered an abolitionist."

Bureau van Dijk, a Moody's Analytics company, is helping Farabee move a little closer to her goal by raising international awareness of Liberty Shared's mission through our events and webinars. Last year, our team also showed Liberty Shared how the company's Orbis database and its functionality could accelerate the nonprofit's investigations into the sources of financing behind forced labor.

"This was a unique chance for us to educate more people about a problem that's not only significant for their business but also has huge moral and social implications," says Louise Green, managing director of marketing and communications at Bureau van Dijk. "We're inspired to see how information provided through Orbis is helping companies do the right thing."

"This was a unique chance for us to educate more people about a problem that's not only significant for their business but also has huge moral and social implications."

LOUISE GREEN
MANAGING DIRECTOR,
MARKETING AND COMMUNICATIONS,
BUREAU VAN DIJK



Credible information in 60% less time

Today, more than 40 million people are in modern slavery, and forced labor generates roughly \$150 billion in revenue each year.¹ Farabee's team helps disrupt these crimes by identifying the entities involved in what she calls the "trafficking-to-supply chain" and sharing this information with financial service providers, regulators, government agencies and law enforcement bodies.

"We look for information along the chain. That begins with a worker being trafficked and ends with the ultimate consumer of the slave-created product," she explains. "One of our main targets is the beneficial owners of any company that might be profiting from an instance of forced labor."



40 M+

PEOPLE IN MODERN SLAVERY
AROUND THE WORLD

Bureau van Dijk, a Moody's Analytics company that provides information on more than 300 million private companies, invited Farabee and her researchers to use its Orbis database and technology as part of their investigative process in a forced-labor case last summer. The results, she says, were remarkable.

"Pulling together ownership information for a modern slavery case is definitely one of our more time-consuming tasks at Liberty Shared. It can take three months or more for one full-time analyst," Farabee says. "On the case we trialed with Orbis, it cut down our research time by 60%. Besides making it very easy to find what we were looking for, the information was credible, which helps us build a stronger case."

1. "OECD Task Force on Countering Illicit Trade (TF-CIT)," Organisation for Economic Co-operation and Development, accessed January 25, 2019, <http://www.oecd.org/gov/risk/oecdtaskforceoncounteringillicittrade.htm>.

Boosting the signal with industry forums

Seeing the value of Orbis in these types of investigations led us to team with Liberty Shared on another vital piece of its work: drawing greater attention to the financial roots and human impacts of modern slavery.

As part of our August 2018 seminar on regulatory compliance in Australia, Kaitlyn Speer, manager of Liberty Shared's Operational Research & Analysis Programme, spoke about how she uses ownership and financial data to combat human trafficking. Along with creating and sharing a video interview with Speer to further amplify her message, we also hosted a 30-minute webinar in November that featured Farabee detailing Liberty Shared's work.

Collectively, these pieces of content had more than 700 views by the end of January 2019, and nearly 30% of webinar attendees requested a follow-up meeting with Bureau van Dijk to learn more about how they can use trafficking-to-supply-chain data in their compliance efforts. Nearly 1,000 people also expressed interest in this topic via our social channels by engaging with and sharing the content.

Liberty Shared will continue to team with us for upcoming webinars on modern slavery and related supply chain issues. For example, a session in spring 2019 will focus on how the Orbis database can help international law enforcement agencies disrupt human-trafficking operations.



60%

AVERAGE TIME SAVED IN LIBERTY SHARED'S
RESEARCH USING ORBIS

"We are doing this to create a safer environment for vulnerable people who just wanted a job in order to feed their family and became stuck in a horrible situation."

VALERIE FARABEE

DIRECTOR, OPERATIONAL RESEARCH &
ANALYSIS PROGRAMME, LIBERTY SHARED



"It was extremely rewarding for us to work with Valerie on building awareness and to see our data play a part in helping break the modern slavery business," says Lee Yee Yap, senior director of global marketing and events for the Asia-Pacific region at Bureau van Dijk.

For Liberty Shared, the feeling is mutual.

"We are doing this to create a safer environment for vulnerable people who just wanted a job in order to feed their family and became stuck in a horrible situation," Farabee says. "Having Bureau van Dijk continue to put out assets related to combating human trafficking and slavery means their entire audience — financial crime professionals, compliance people, anti-money laundering people and bankers — will recognize that this is a hot issue." 🌐



Volunteering & pro bono
 Products & services
 Strategic partnerships
 Financial resources

The fruits of entrepreneurship

Jackfruit, a superfood rich in antioxidants, vitamins and protein, grows all over the Jirang Block sector of Meghalaya in northeastern India and is a cornerstone of local diets. However, the fruit has a short shelf life, and until recently, much of the crop went unharvested, even as many local women struggled to find a steady source of income.

In response to a proposal from the Society for Action in Community Health (SACH), and in alignment with the strategic objectives of our Reshape Tomorrow™ initiative, Moody's provided grants to teach local villagers about processing and marketing dried jackfruit, along with other fruits and vegetables. Women took part in the training last summer and visited nearby markets to get advice from other small entrepreneurs. Our funding also helped purchase equipment for the enterprise.

"For many rural Indian women, the biggest roadblock to entrepreneurship is lack of information about things like how to create a business plan, negotiate a fair price for their products and qualify for a bank loan," says Avadhesh Dixit, head of human resources for the India region, Moody's Corporation. "With our support, more women are building the confidence and receiving the guidance to keep a business growing."

The villagers launched a thriving farm-to-retail cooperative in summer 2018. Today, dried jackfruit chips and other products from Jirang Block generate an average of INR250 (about \$3.50) per day for more than 40 women entrepreneurs—triple what most of them were earning a year ago.

"With our support, more women are building the confidence and receiving the guidance to keep a business growing."

AVADHESH DIXIT,
HEAD OF HUMAN RESOURCES, INDIA
REGION, MOODY'S CORPORATION



Because the jackfruit growing season lasts only about seven months, women in the program have diversified their product portfolios to sell in regional shops and at local markets. SACH expects nearly 100 families to participate during the 2019 jackfruit season.

"Beyond improving their livelihood and quality of life, the business has inspired the women to think bigger," says Punyasil Yonzon, a Moody's Analytics Knowledge Services CSR professional in India. "They're now taking the initiative to pursue new retail opportunities in nearby communities."

The Jirang Block co-op is among several microenterprise successes that we helped nurture last year in remote and underserved parts of India. Working with various nonprofit partners, Moody's provided grants to train more than 300 women in financial literacy, organic farming and the basics of small business development.

Women farmers thrive together

In the remote eastern state of Odisha, we partnered with Self-Reliant Initiatives through Joint Action to teach more productive farming methods, along with marketing techniques, to about 200 women last year. Trainers helped introduce low-cost agriculture technologies, better-quality seeds, organic cultivation practices and affordable bamboo poly houses to the villagers. Participating farmers also learned how to sort their produce into different quality classifications, negotiate with wholesalers and manage financial accounts.

Forming a co-op has helped the women increase harvest yields, sales and margins and created jobs for villagers who do not own land. Farmers are earning at least 15% more on average, says Dixit.

A way out of the sex trade

Sex work can seem like the only means of economic survival for some Indian women who feel a lack of skills limits their options. In 2018, we teamed with the Best Practices Foundation to help 30 former female sex workers in Bangalore start microbusinesses.

Through its Market Oriented Value Enhancement (MOVE) training module, the foundation teaches basic sales, marketing, product research and customer service principles. Most participants should be ready to launch a business in as little as a year.

"It will be amazing to see these women sustain themselves with the skills we've helped provide," says Sangeetha Purushothaman, director of the Best Practices Foundation. "They have the determination to take their lives in a new direction, and MOVE gives them an organized pathway to follow." 🌍

"Beyond improving their livelihood and quality of life, the business has inspired the women to think bigger."

PUNYASIL YONZON,
CSR PROFESSIONAL,
MOODY'S ANALYTICS
KNOWLEDGE SERVICES



300+

INDIAN WOMEN TRAINED
in financial literacy, organic farming and
the basics of small business development
through programs we sponsored

\$122,326

FUNDING PROVIDED
for small business training and
other economic development projects
in several communities in India

Digging deep to help a village prosper

Our work with nonprofit Himalayan Environmental Studies and Conservation Organization (HESCO) on a multifaceted development project in the remote northern Indian village of Salga helped us see how economic health can require more than business skills and financial knowledge.

"HESCO helped us recognize that as part of equipping women with skills to start their own microenterprises, we needed to target other challenges in Salga," says Shailendra Gupta, CSR Committee chairperson for Moody's Analytics

Knowledge Services. "We essentially adopted this village." Efforts included funding new household amenities and upgrades to the water supply, in addition to hands-on entrepreneurship courses.

Villagers were making a 4-kilometer round trip to transport water for household use. To improve residents' quality of life and free up more of the women's time each day, we helped fund a water pipeline and install rooftop rainwater-collection systems. Our \$42,821 grant also helped purchase low-cost toilets and more fuel-efficient stoves.

These and other improvements smoothed the way for local women to get trained in running a bakery and launching other small enterprises such as beekeeping and pickle making. Anil Joshi, environmentalist and founder of HESCO, says his office hopes to adopt another village and repeat the type of success that we are creating in Salga.

"A lot of the infrastructure that we've introduced to Salga, with financial assistance from Moody's, is very environmentally conscious," he adds. "It's going to make a lasting impact."



 Volunteering & pro bono  Products & services  Strategic partnerships  Financial resources

Promoting financial security for seniors by supporting advisors

The past few years have seen increased industry and regulatory scrutiny over the financial welfare of older investors. We recognized that financial advisors were on the front lines in working with older investors, who may experience diminished capacity and can find themselves vulnerable to financial mismanagement or exploitation. In 2018, we set out to support financial advisors' understanding of the challenges facing seniors in Canada and provide them with enhanced educational tools through the Canadian Securities Institute (CSI).

Acquired in 2010, CSI operates as part of Moody's Analytics Learning Solutions and offers training and certification services to financial professionals in Canada. As a trusted licensing institution, CSI has access to a network of over 9,600 financial professionals who hold a CSI designation, many of whom work with seniors.

Marie Muldowney, managing director for the CSI portfolio, recognized that our unique role in the Canadian market and our access to investment professionals position us to build awareness and help change the way advisors work with seniors. She organized a team tasked with surveying CSI's designation holders to better understand the scope of the challenge. "We sought to learn more about the issue directly from the financial professionals who advise the senior population," she explains.

"By offering resources, knowledge and skills to both advisors and, through them, the clients they serve, we hope to begin a wave of industry awareness."

MARIE MULDOWNEY
MANAGING DIRECTOR,
TRAINING & CERTIFICATION,
MOODY'S ANALYTICS LEARNING SOLUTIONS



Empowering people with financial knowledge

More than 500 advisors responded to the survey, with the majority acknowledging that additional training would better equip them to recognize and handle the unique issues facing seniors. Based on the survey and follow-on discussions with advisors, the CSI team further identified that lower-income seniors and women who outlive their partners are particularly vulnerable—and the challenges they face are not sufficiently understood by advisors.



"It was heartening that respondents recognized the challenges facing seniors," says Muldowney. "Even more encouraging was the overwhelmingly positive response to our invitation to participate in the awareness-building effort."

"I was elated to see so many of our designation holders offering to get involved in this important cause," she continues. "With the help of our designation holders, we can begin to address the education gap in the industry."

Over the next few months, the CSI team plans to offer these volunteers access to free resources, such as webinars and other training materials, to share with fellow advisors. The team will also make this training available to end clients and their families through advisor-led local presentations.

"By offering resources, knowledge and skills to both advisors and, through them, the clients they serve, we hope to begin a wave of industry awareness," Muldowney says. 🌐



 Volunteering & pro bono  Products & services  Strategic partnerships  Financial resources

New skills blossom from pro bono service

When Moody's employees lend their expertise to a pro bono project at a nonprofit, they do more than help grow that organization's impact and reach. Our people and our company gain something just as valuable.

"Employees in our pro bono programs develop new skills and greater confidence for their work," says Monica Zucker, a Moody's Corporation senior CSR associate, who coordinates volunteer and pro bono opportunities in our New York City office. "At the same time, they're bridging gaps and solving challenges that these nonprofits could rarely afford to tackle on their own. It's a classic win-win."

We have put this synergy between volunteerism and professional development goals to work in several pro bono engagements connected with Reshape Tomorrow™, our signature financial empowerment initiative dedicated to helping people overcome the challenges of growing a small business. Notably, we piloted the pro bono program Moody's Future Solutions™ in New York City last fall.

"We steered even more of our volunteer and pro bono service toward nonprofits that are working to break down economic barriers last year," says Zucker. "We've also been focusing on projects where our employees can use their professional skills to make a difference and learn from the experience."

"The solution that the Moody's team put together is saving me hours upon hours of time and allowing me to think much more creatively about how and where we spend our money."

JENNIFER DASILVA
EXECUTIVE DIRECTOR,
START SMALL THINK BIG



Clearer insights, better decisions

Moody's Future Solutions paired 16 employees from our Moody's Investors Service Ratings & Research Support (RRS) Group with nonprofits Accion East and Start Small Think Big. Each project team included four or five associate analysts, an associate analyst team manager and a lead analyst advisor, with an associate managing director serving as overall program advisor.

Our RRS analysts helped improve the nonprofits' financial, budget and data analysis processes. As a result, these two organizations aligned with our Reshape Tomorrow initiative have become better equipped to help their clients launch and operate small businesses.

The team assigned to Start Small Think Big created a more user-friendly budgeting template for the nonprofit, which provides legal, financial and marketing expertise to entrepreneurs in New York City's underserved neighborhoods. Instead of weeks spent compiling budgets by hand, Executive Director Jennifer DaSilva and her finance committee can now integrate data straight from their bookkeeping software and get an accurate snapshot of the organization's financial status at any time.

"The solution that the Moody's team put together is saving me hours upon hours of time and allowing me to think much more creatively about how and where we spend our money," DaSilva says. "We can see patterns and trends that have existed all along, but we just didn't have any real insight into."

A different challenge confronted the RRS analysts at Accion East, which connects small business owners with affordable loans, business expertise and other resources. Bill Popeleski, the nonprofit's chief operations officer, asked our team to recommend changes that could help Accion extend more loans without increasing its overall default and loss rates. After studying Accion's practices and technologies, including an on-site visit, the Moody's team determined that applicants' income levels tend to be a better predictor of risk than their FICO® scores, and developed a plan to streamline the loan application process and manage related data more efficiently.

"We appreciated the Moody's team's accuracy and insights," says Accion's Popeleski. "Their recommendations are practical and can be implemented over a relatively short time frame."

Learning to lead

For the early-career-stage Moody's employees involved, Moody's Future Solutions offered a chance to problem-solve in a business environment with less structure and more leadership demands. "I gained invaluable insight into the nitty-gritty challenges that an organization actually faces," says Associate Analyst Nick Caruso, who worked with Start Small Think Big.

His teammate Dawei Ma says she liked using her professional knowledge to spark positive change in the community. "Many of the small businesses supported by Start Small Think Big are minority- or women-owned," Ma says. "By helping the nonprofit grow and develop better financial tools, I'm indirectly making an impact on those entrepreneurs."

At the end of their assignments, the associate analysts shared what they learned in presentations to RRS colleagues and senior executives. "It was a great way for these employees to raise their profile in the company and show how they're preparing to take on bigger roles," says Zucker. Based on the pilot's success, we have initiated a pro bono project with a UK partner and plan to launch a global immersive program in 2019.

"We can make a bigger difference through projects that tap into our core expertise and allow our employees to grow while they give," Zucker says. "People feel connected to something meaningful and that there's even greater purpose in what we do at Moody's." 🌐

"We steered even more of our volunteer and pro bono service toward nonprofits that are working to break down economic barriers last year."

MONICA ZUCKER
SENIOR CSR ASSOCIATE,
MOODY'S CORPORATION



600

HOURS DEDICATED BY
16 MOODY'S RRS EMPLOYEES,
volunteering an average of five hours
per week, to pro bono projects
at New York City nonprofits
Accion East and Start Small Think Big

"Many of the small businesses supported by Start Small Think Big are minority- or women-owned. By helping the nonprofit grow and develop better financial tools, I'm indirectly making an impact on those entrepreneurs."

DAWEI MA
ASSOCIATE ANALYST,
MOODY'S INVESTORS SERVICE





 Volunteering & pro bono  Products & services  Strategic partnerships  Financial resources

Accelerating a culture of innovation

We recognize that our customers operate in a complex and often challenging world. We believe that Moody's Analytics has a key role to play in helping to catalyze the growing community of startups that are creating the next generation of ideas.

Through the Moody's Analytics Accelerator, we are partnering with promising startups to help develop a culture of knowledge sharing and engagement within the broader fintech community. Through our work with the nonprofit data provider FinTech Sandbox, we are creating opportunities for startups to connect with established firms to drive innovation.

"We are tapping into the ecosystem of startups and up-and-coming organizations and figuring out new ways to create win-wins," says Keith Berry, executive director of the Moody's Analytics Accelerator.

"We are tapping into the ecosystem of startups and up-and-coming organizations and figuring out new ways to create win-wins."

KEITH BERRY
EXECUTIVE DIRECTOR,
MOODY'S ANALYTICS ACCELERATOR



Sparkling new ideas in the community—and within our walls

Innovation does not happen in a vacuum. That is why the Accelerator team is passionate about providing opportunities for innovators to meet, collaborate and inspire one another by hosting regular Meetup events. These Meetups are opportunities for the fintech community to learn about new market trends and technologies that could be leveraged to create new ways of doing things.

DataDrivenNYC, one of our most popular Meetups, is a monthly event organized with venture capital firm FirstMark Capital, where hundreds of people gather to hear how technology leaders and innovators are using data in new and exciting ways. And the Accelerator now hosts FinTech Sandbox's annual NYC Demo Day, which highlights its portfolio of startups.

We are just as dedicated to giving our own technology experts room to flex their skills and grow. In December 2018, the Accelerator hosted Hack Day NYC, an enrichment event where 14 Moody's engineering, developer and UX teams collaborated on solving problems such as facial recognition and voice command. The hackathon gave participants an opportunity to work with colleagues outside of their teams while experimenting with new technology. More Hack Days are planned for 2019 in Moody's Analytics offices around the world.

Inside the lab: Bringing AI to the financial world

Our vision has attracted many like-minded startups, including cognaiZe, which partnered with the Accelerator to create QUIQspread, an intelligent financial spreading solution.

When a bank reviews a single borrower's financials, the spreading process takes roughly 45 minutes, and a large bank will typically process between 300,000 and 500,000 financials a year. The Accelerator started with the idea that by bringing artificial intelligence and automation to this process our customers can streamline repetitive and highly manual tasks. That idea was the genesis of QUIQspread.

We work hand in hand with our partners to solve problems like these, engaging many of our own software engineers and project managers on these initiatives to ensure that knowledge—and data—transfers smoothly throughout product development.

"Moody's Analytics has a very good strategy and a good understanding of how to work with startups," says cognaiZe CEO, Vahe Andonians. "We are at the forefront of research, trying to do something very difficult, and the Moody's team is really good at giving us the resources we need to do that."

QUIQspread launched in December 2018 and is now live with early customers. The Accelerator's focus on artificial intelligence, combined with the copious amounts of financial data to which Moody's Analytics has access, has allowed QUIQspread to achieve 60% accuracy in financial statement processing out of the box. And, as more customers use the tool, the accuracy rate increases, making QUIQspread smarter with every spread.

We believe a culture that embraces innovation and knowledge sparks more innovation and deeper knowledge in turn. By continuing to find and support trailblazers like cognaiZe, we hope to help fuel an ongoing chain of prosperity. 🌐



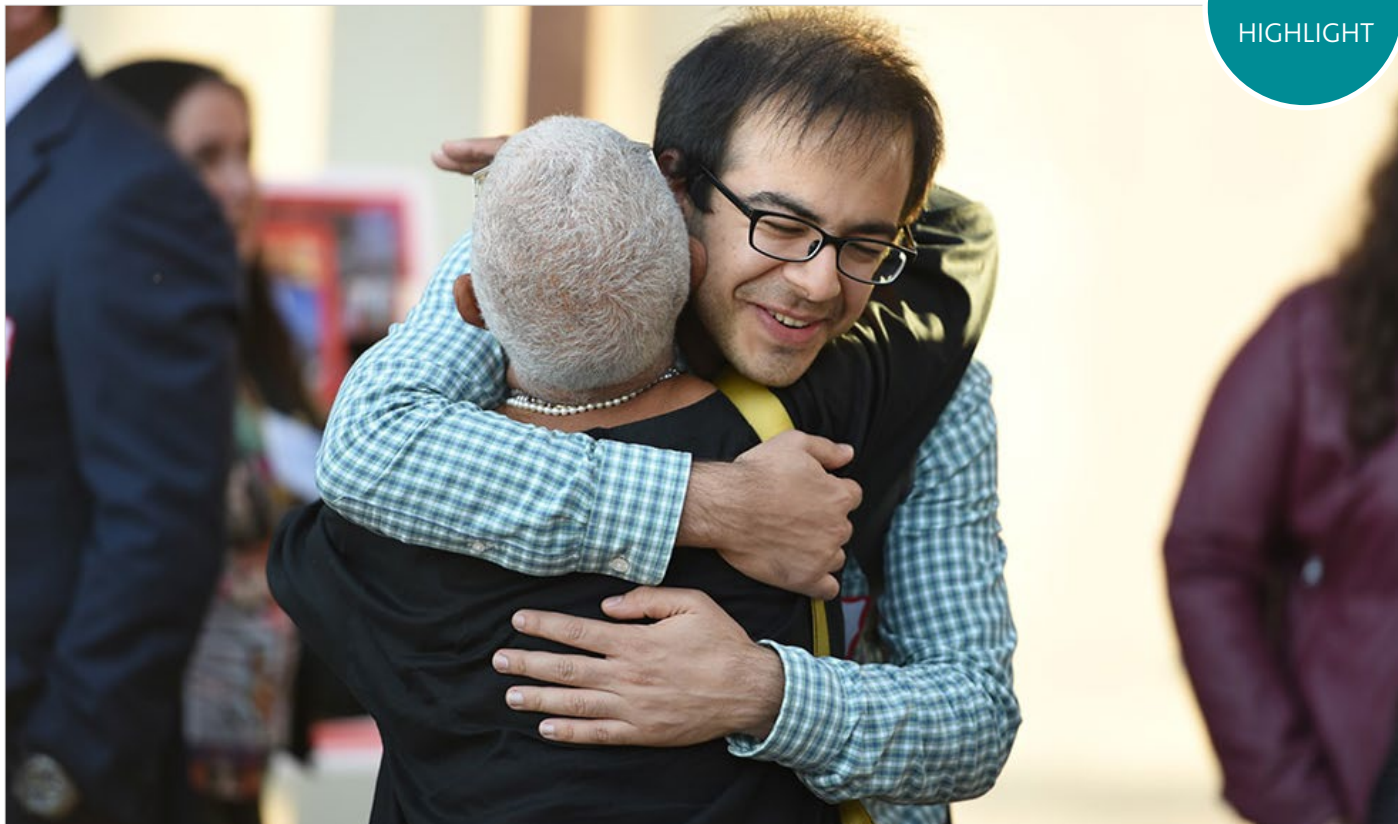
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NUMBER OF MEETUPS THE
ACCELERATOR HAS HOSTED
SINCE INCEPTION

"We are at the forefront of research, trying to do something very difficult, and the Moody's team is really good at giving us the resources we need to do that."

Vahe Andonians
CEO, COGNAIZE





Volunteering & pro bono Products & services Strategic partnerships Financial resources

Building bridges for LGBTQ entrepreneurs

Small businesses strengthen their communities, but many face challenges financing basic overhead expenses. These challenges can be compounded for entrepreneurs who encounter unique barriers to loans, networks or resources.

With Moody's Analytics Small Business Lending Solutions, our goal is to help make the borrower experience easier. We work with financial institutions to create capital opportunities for small businesses, identify and develop digital solutions to help them secure the capital they need, and empower them with education and resources to attain their strategic goals. In 2018, the team from one of our San Francisco offices took a closer look at how they could use our resources to support small businesses in their own backyard.

"We wanted to give our members a new channel to work with the local community, to get more involved and feel more part of the San Francisco community," says Brett Manning, co-chair of Moody's LGBTA Employee Resource Group (ERG).

The LGBTA ERG partnered with the Golden Gate Business Association (GGBA), which had previously reached out to learn more about our credit-scoring work. Founded in 1974 as a chamber of commerce for the LGBTQ community, the GGBA endured many of the same challenges its members faced, and still face to this day. As an advocate for LGBTQ businesses, the GGBA creates opportunities for marketing, networking, procurement

"We wanted to give our members a new channel to work with the local community, to get more involved and feel more part of the San Francisco community."

BRETT MANNING
LGBTA ERG CO-CHAIR,
ASSOCIATE DIRECTOR,
MOODY'S ANALYTICS





and referral-based business growth; promotes business skill development and expertise through workshops and seminars; and works toward positive economic, social and political change.

As we considered how best to partner with an organization with such an important legacy and mission, we focused on the unique tools we could offer the small business owners of the GGBA.

Putting CashFlowTool.com to work

"Small business owners face challenges that are a little bit different from those of larger business owners," says John Baer, managing director in Moody's Analytics Enterprise Risk Solutions Group. "For these entrepreneurs, time is one of the most important resources. We help by bringing efficiency to the small business loan process, which in turn creates greater financial opportunities for all small business owners."

Two years ago, Moody's Analytics partnered with and invested in Finagraph, a fintech startup, to develop time-saving financial tools that would help small business owners stay on top of their day-to-day work. Finagraph's product CashFlowTool.com identifies and seeks to eliminate cash shortfalls as the reason that small businesses fail. CashFlowTool.com reads a business's accounting software to forecast trends in cash flow, such as upcoming bills or when business owners will need money in their accounts. We incorporated Moody's Analytics' award-winning MARQ™ portal and credit score into Finagraph's CashFlowTool.com, which helps banks better assess risk when entrepreneurs seek a loan.

Mike Milan, Finagraph's executive vice president of customer success, says the collaboration has been a rewarding relationship for both companies: "Between what Moody's Analytics brings to the table and what Finagraph brings as an agile, small company, this is a partnership that could really make a huge difference for small and growing businesses."

In June 2018, we invited GGBA members to participate in an engaging complimentary workshop, led by Milan, to learn how to use CashFlowTool.com, and we offered them a free six-month trial. Feedback from the participants—all LGBTQ small business owners—was positive and encouraging.

"Moody's Analytics staff have challenged us to think outside the box in order to ensure the needs of our members are truly being met. Their team encourages innovation, ownership and measurable results."

PAUL PENDERGAST
BOARD MEMBER, GOLDEN GATE
BUSINESS ASSOCIATION



"Between what Moody's Analytics brings to the table and what Finagraph brings as an agile, small company, this is a partnership that could really make a huge difference for small and growing businesses."

MIKE MILAN
EXECUTIVE VICE PRESIDENT,
CUSTOMER SUCCESS, FINAGRAPH



"Moody's Analytics staff have challenged us to think outside the box in order to ensure the needs of our members are truly being met," says GGBA board member Paul Pendergast. "Their team encourages innovation, ownership and measurable results."

A deeper commitment to inclusivity

The workshop was just the beginning of our deepening relationship with GGBA. In November 2018, we hosted a panel discussion where GGBA board members were able to share stories from their 45 years of serving the LGBTQ community in San Francisco.

"It was 40 years to the day of Harvey Milk's assassination, so it was quite profound to hear the story of people who were interacting with him at that time and who were working on developing businesses around the Castro [district of San Francisco]," says Manning.

Even though significant progress has been made in the past year, we know there is much work to do. "We believe in inclusivity and want to support the diversity of the economies that we participate in," says Baer. "While the plan is to start here in San Francisco, we see the reach of this partnership expanding to GGBA's sister groups in Seattle, Austin, Denver and Los Angeles, eventually spreading throughout their western alliance or even the national network."

We are proud that this year's collaboration with the GGBA sparked so many powerful connections, and we are excited to see where our partnership leads. 🌐

"We believe in inclusivity and want to support the diversity of the economies that we participate in."

JOHN BAER
MANAGING DIRECTOR,
MOODY'S ANALYTICS



Also in 2018

Human capital in the Caribbean and Latin America

Significant demographic changes are unfolding across the Caribbean and in many regions of Latin America. The Caribbean has the highest net outward migration in the world and the highest age dependency ratio between retirees and citizens who work. More and more educated, economically active young people are leaving the region for the United States, and the overall working population is diminishing.

In September 2018, Moody's Investors Service published a report focused on broad social factors and demographics that are weakening the 16 rated countries within the region. Our research indicated that continued improvement in social and human capital indicators will be key to offsetting negative demographic trends and keeping these nations economically competitive.



This research offers data that policymakers can use to address these issues and enables investors to make more informed long-term decisions.

Sharing our expertise with the industry

Throughout 2018, Moody's embraced opportunities to add our unique insights to larger industry conversations about the intersection between finance and social issues. For example, during a panel at the Council on Foreign Relations at the Harold Pratt House in New York,

Moody's joined representatives from EY and KKR to discuss views on the impact of demographics on credit risk. The group explored how changing demographics will affect the economy, investment decisions, government policy and society.

ANNE VAN PRAAGH
MANAGING DIRECTOR AND GLOBAL HEAD,
CREDIT STRATEGY AND RESEARCH,
MOODY'S INVESTORS SERVICE

Anne Van Praagh, managing director and global head of Credit Strategy and Research at Moody's Investors Service, shared insights from our research on the implications of aging for healthcare and pensions, how demographics vary across countries and the increase in millennials' purchasing power.

Pro bono training in service of marginalized communities

In Colombo, Sri Lanka, employees from Moody's Analytics Knowledge Services (MAKS) provided technical skills training to staff at a community development organization that serves some of the region's most vulnerable and marginalized residents. MAKS volunteers helped 30 staff members at Life Education and Development Support (LEADS) learn about project management, social media outreach and Microsoft Excel database software—lessons that are helping LEADS streamline its administrative processes.



Activating an environmentally sustainable future

When it comes to environmental sustainability, we all have a stake. Issues such as climate change and natural resource conservation require an answer that extends far beyond volunteerism, and our expertise in credit ratings, research and risk analysis gives Moody's a unique platform from which to contribute to a larger solution. We are helping facilitate investment in sustainable development by increasing transparency and access to information and using our data and analysis to help inform environmentally responsible decisions across the financial services industry. Internally, we strive to sustainably operate our own business and encourage sustainable employee behavior.

Incremental progress toward lasting success

In 2018, in addition to growing our Green Bond Assessments—which provide forward-looking opinions 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—we continued to publish new research on environmental, social and governance (ESG) considerations and credit ratings.

And, in Moody's offices across the world, we assessed and implemented greener operational processes designed to help reduce our waste, emissions and energy consumption.

"We continue to look for ways to leverage our strategic partnerships to elevate the role ESG performance plays in long-term value creation."

JEREMY DAVIS

ASSISTANT VICE PRESIDENT,
CORPORATE SOCIAL RESPONSIBILITY,
MOODY'S CORPORATION



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Bringing our ESG approach into focus for stakeholders

We continued to share insights and educate people about our approach to ESG evaluation in 2018 at numerous events and by expanding our research in new directions.

37 Employee spotlight
Q&A with Yasmina Serghini

The leader of the Moody's Investors Service ESG Working Group for the EMEA region discusses how we are helping to advance the conversation and support market participants.

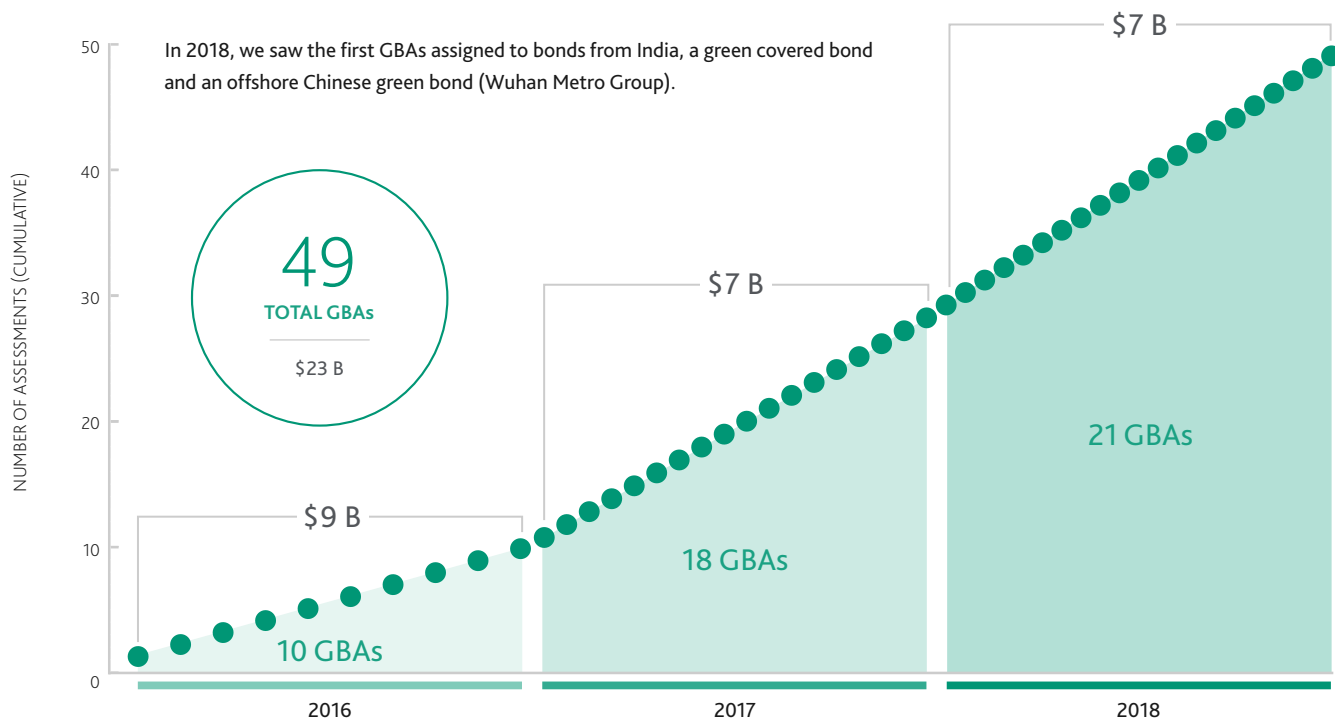
38 Moody's global offices
From small steps to big change: Sustainability at work

In 2018, we enhanced sustainable operations across our global footprint.

39 **Also in 2018**

An overview of some of the other ways that Moody's helped activate an environmentally sustainable future.

Green Bond Assessments—Growth and expansion over time





Volunteering & pro bono Products & services Strategic partnerships Financial resources

Bringing our ESG approach into focus for stakeholders

In addition to Moody's efforts to integrate environmental, social and governance (ESG) considerations into our credit analyses in a more structured and systematic manner, it is essential that financial market participants understand the links involved for these initiatives to succeed. In 2018, Moody's continued to educate the market about our approach and insights at numerous events, including our inaugural Moody's ESG Conference in London, and by expanding our research into new directions.

"Investors have consistently told us, 'We value transparency around how you factor things like climate change and worker rights and diversity into your credit analysis,'" says Jim Hempstead, managing director, Moody's Investors Service (MIS). "We're seeing more interest from stakeholders in resources that support sustainable investing."

The chance to lead—And listen

With a theme of "Through the credit lens: A focus on ESG," our London event in October drew 114 attendees for a half day of presentations and panel discussions.

We set out to make the conference highly interactive and to listen as much as we talked. Throughout the event, attendees' questions, comments and survey responses were posted live, adding another level of dialogue to complement the onstage presentations.

114

ATTENDEES AT MOODY'S
INAUGURAL ESG
CONFERENCE

The on-screen polling questions were particularly useful as a gauge of investors' most urgent challenges and concerns, said one attendee. "Every single speaker had something informative and interesting to say," said another. "All were well prepared, and the moderators knew exactly what they were doing."

Giving voice to thought leaders and perspectives beyond those of MIS helped the conference resonate with attendees. Nikhil Rathi, CEO of the London Stock Exchange Group, began the morning with a keynote on the growing momentum behind "green finance"—a term for investment practices that seek to advance environmental sustainability goals—and how the integration of ESG into credit analysis is enhancing capital markets. Mike Tyrrell, editor of SRI-CONNECT, then led a panel discussion on the physical risks of climate change and their implications for the credit quality of sovereign governments.



"We're seeing more interest from stakeholders in resources that support sustainable investing."

JIM HEMPSTEAD
MANAGING DIRECTOR,
MOODY'S INVESTORS SERVICE



The conference also gave us a chance to share research, case studies and analytical frameworks created through our ESG Initiative over the past three years. MIS presenters included Rahul Ghosh, senior vice president for ESG and Green Bonds, who gave an overview of our findings on environmental risks that pose the greatest threat to credit and rated debt across various sectors. Brian Cahill, managing director of the Corporate Finance Group for Asia and global executive sponsor for ESG initiatives at Moody's Investors Service, joined with a senior executive from Bloomberg New Energy Finance to discuss investment implications of the Paris Agreement, such as how carbon-transition efforts are informing credit risk assessment.

Based on attendees' feedback, Hempstead says, the team will continue to increase our focus on social and governance issues in future ESG conferences.

"The level of engagement by this audience of experts demonstrated to me that it is key that whenever we talk about ESG considerations, our insights are directly relevant to financial decision makers," he says.

Tracking exposure in environmental risks

Beyond our presence at international events, MIS researchers also greatly expanded our ESG report library in 2018 to satisfy the market's appetite for independent insight in this evolving dimension of credit risk.

Moody's *Environmental Risks—Global: Heat Map* report, an assessment of credit exposure to environmental risks across 84 industry sectors globally, is one of our most widely read ESG resources. We updated our initial 2015 report in September 2018, providing even more detailed analysis and uncovering some notable shifts in environmental risk exposure over the past three years.

Our 2018 report looked at \$74.6 trillion in rated debt, up nearly 10% compared with 2015. About \$10 trillion of that total is in sectors assessed as having moderate exposure to environmental risks—including pollution, land-use restrictions, carbon regulations, water shortages and natural disasters—compared with \$7 trillion three years ago.

"What's interesting about that change is that \$3 trillion of debt moved from low to moderate risk," says Hempstead. The move shows investors and others in the financial markets how these kinds of environmental factors are making an impact. "That's directly answering the question of 'What are the most at-risk sectors and which credit ratings are being impacted?'" he says.

For 11 sectors, with \$2.2 trillion in rated debt, environmental risks are already ratings-relevant or will be in the coming few years

Breakdown of "Elevated Risk" (Immediate/Emerging) sectors in environmental risks heat map (in US\$ billion)

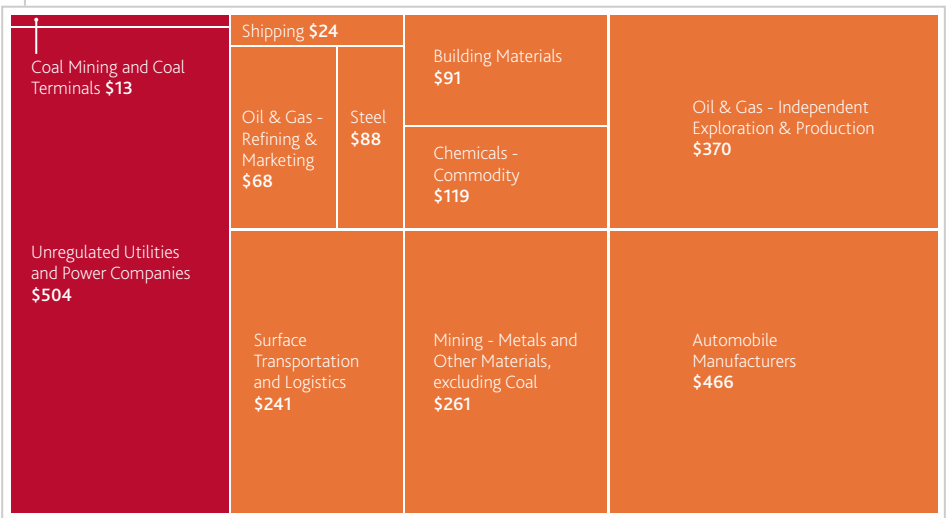
■ Elevated Risk—Immediate ■ Elevated Risk—Emerging ■ Moderate Risk ■ Low Risk

Elevated Risk—Immediate \$517

Elevated Risk—Emerging \$1,726



A detailed view of immediate and emerging elevated risk debt, by sector



Note: Boxes are sized relative to the value of rated debt (in US\$ billion) and color indicated for overall credit exposure.

Source: *Environmental Risks—Global: Heat Map: 11 Sectors with \$2.2 Trillion Debt Have Elevated Environmental Risk Exposure*, Moody's Investors Service, September 25, 2018.



Input to keep us improving

Other ways MIS continued to refine our analysis included seeking feedback from market participants on a new cross-sector methodology for assessing ESG risks that can impact credit quality for issuers and transactions in all sectors, published in January 2019.

"Setting principles for how ESG considerations are incorporated into credit is important to maintain our high standards for analytical rigor," Hempstead says.

"This methodology is an influential resource in our credit analysis, so it's important that we give stakeholders a chance to weigh in."

MIS also issued a request for feedback on our proposed governance assessment scoring tool for publicly traded, nonfinancial rated companies. Governance assessments give market participants greater visibility into factors we see as having the most potential to influence credit risk, and they also provide a relative ranking of governance risk characteristics.

"Corporate governance matters to bondholders because a governance breakdown can have negative impacts on creditworthiness," says Brendan Sheehan, a governance expert and vice president at MIS. "Our governance assessments will be a useful tool that helps create a common language for identifying areas of governance that might call for additional examination."

"However," he continues, "governance is only one of many factors that determine an issuer's credit quality." 🌐

Sharing our ESG expertise across the globe

Moody's experts presented on ESG and green bond issues across the world throughout 2018, including events in:

- | | | | | |
|--------------|---------------|-----------------|-------------|------------------|
| » Barcelona | » Hong Kong | » Munich | » Singapore | » Vienna |
| » Brussels | » Lisbon | » New York | » Stockholm | » Warsaw |
| » Chicago | » London | » Paris | » Sydney | » Washington, DC |
| » Copenhagen | » Los Angeles | » San Francisco | » Tokyo | » Zurich |
| » Dubai | » Madrid | » Seoul | » Toronto | |
| » Frankfurt | » Milan | | | |

Employee spotlight

Q&A with Yasmina Serghini

ASSOCIATE MANAGING DIRECTOR, MOODY'S INVESTORS SERVICE

Leading Moody's Investors Service ESG Working Group for EMEA and overseeing teams of analysts have given Yasmina Serghini more than a front-row seat to the rise of ESG awareness in the market. In fact, by supporting research, issuer engagement and market outreach, she has helped it along.



Q: Why is it important for Moody's to take a leading role in the ESG space?

A: It's a foundational change in the market. There is an expectation among market participants and other stakeholders, including regulators, that Moody's will highlight the risks and opportunities associated with ESG factors. And, with increasing sustainable finance regulation in Europe, a number of institutions and investors are turning to Moody's to seek more information and more clarity as they build their own ESG capabilities.

We're past the wake-up call. A dialogue has opened, and Moody's is expected to contribute.

Q: What is Moody's doing to advance the conversation and help others incorporate ESG considerations?

A: First, it's a matter of creating a common language. Last year, our ESG and industry experts worked together to develop a powerful taxonomy that reconciles the relevant issues with the ratings. After a public comment period, we published a cross-sector methodology in January 2019 to help the market understand how Moody's incorporates ESG factors,

including assessments of materiality and time horizons.

Beyond that, we published separate, robust, sector-level analytical frameworks specific to environmental, social and governance factors to offer insight into what we consider, which should help market participants better understand and assess their risk exposure. Now we're focused on creating actionable tools for the investor community that provide issuer-level analysis.

We complement this with a steady stream of research reports hosted on [Moody's ESG hub](#). These range from broad insights like various economies' susceptibility to climate change to event-specific analysis, such as the credit implications of Cyclone Idai for Mozambique investors.

Q: How else is Moody's helping support a more sustainable and environmentally responsible financial system?

A: As the green bond market has diversified — and the whole financial system seeks to become "greener" — Moody's has expanded the range of issuers we evaluate under that criteria. As we transition to a lower-carbon economy and sovereigns work to implement their various Paris

Agreement commitments, there is tremendous need for funding to finance green projects and green infrastructure.

Investors want to know that the money they invest in a green bond will eventually serve a project that makes a positive impact on the environment, and many want to track the outcomes for their own reporting. Last year, we issued a report linking the \$23 billion of green bond debt that Moody's has assessed to a savings of 2.6 million metric tons of annual carbon emissions.

Q: How is Moody's directly engaging with investors to share these insights?

A: Moody's participates in a range of public and private forums, and our employees regularly speak at events, including those hosted by the World Bank Group. Partnering with the UN-backed Principles for Responsible Investment has given us the opportunity to connect with investors around the world and learn about the analytical challenges they encounter. And we continue to be a member of the Institutional Investors Group on Climate Change and to participate in the Institute of International Finance's sustainable finance and infrastructure working groups.

From small steps to big change: Sustainability at work

We often can take the basic measures for granted. Recycling, reuse and smart consumption might seem obvious to a sustainability-savvy audience. But every little step does add up and can contribute to sizable change. In 2018, we continued to invest in enhancing sustainable operations across our global footprint. From Tokyo to New York and beyond, we worked to reduce waste, emissions and energy consumption and to encourage environmentally conscious behavior. Here is a snapshot of some of our efforts.



Energy use at Moody's

For information about Moody's 2018 energy usage and carbon footprint, see page 64 of the [GRI reporting appendix](#) of this report.

Also in 2018

Student-inspired grants

In 2018, students in the Bard College MBA in Sustainability program participated in a semester-long experiential learning workshop to tackle sustainability-related business challenges as their capstone course. The students spent months analyzing Moody's environmental sustainability practices across five focus areas. The effort resulted in a framework for internal environmental sustainability, along with the identification of environmental grants that may allow for carbon credit offsets that would help Moody's reduce our overall greenhouse gas emissions.

Using the suggestions as a starting point, Moody's approved and funded three grants with environmental focus areas in 2018, including a grant to Instituto Perene, which works with rural communities in the Atlantic Rainforest biome. Additional future grants are under review.

Third annual Climate Week Briefing

On September 27, Moody's Investors Service (MIS) hosted our third annual Climate Week Briefing in New York, in partnership with the Climate Bonds Initiative. MIS analysts helped plan the event and spoke on panels throughout, highlighting our thought leadership on ESG issues in credit. Topics included the credit risks corporate sectors face as a result of carbon transition, the impact of physical climate risks on public finance issuers, how municipalities are incorporating green infrastructure and sustainability projects into critical programs, and carbon emission mitigation. MIS analysts also shared our views on the green bond market and Moody's Green Bond Assessment.

The briefing drew nearly 200 attendees, representing a significant increase over each of the previous two years.

Distributed solar asset-backed securities research

Although the distributed solar industry has grown rapidly over the past several years, the potential market remains large. In 2017, US solar power generation of any type totaled 77 terawatt hours, representing only about 1.9% of total US electricity generation. On November 21, Moody's Investors Service published a new global approach to rating solar asset-backed securities backed primarily by payments made under distributed generation solar systems and related production-dependent solar contracts, such as leases or power purchase agreements.

Trees for Life: One-year update

In a partnership launched in 2017, Trees for Life will plant two trees for every Green Bond Assessment that Moody's issues. Together with grants from the Moody's Foundation, this ongoing effort is helping regenerate the ancient Caledonian Forest in the Scottish Highlands and restore it to a balanced ecosystem.

In 2018, the Moody's Foundation issued a \$25,000 grant that funded the planting of 3,684 trees at Am Meallan in Glen Affric, Scotland. This joint effort resulted in the potential for 921 tonnes of sequestered carbon dioxide equivalent, based on a calculation of 1 tonne for every four mature trees.

In 2019, another \$25,000 grant from the Moody's Foundation will fund the planting of an additional 3,830 trees at a previously unforested site. When mature, those trees will sequester an estimated 957.5 tonnes of additional carbon dioxide equivalent.



Also in 2018



Environmental Task Force launch

In April, Moody's launched our Environmental Task Force, a global network created to systematize and most efficiently implement environmental initiatives across the corporation. For example, the group launched a commuter survey in 2018 to help Moody's better understand our employees' travel habits and encourage more sustainable travel among our employees. In addition, measuring the impact of our employees' commuting practices will help inform benchmarks and bolster reporting of our Scope 3 emissions.

And, in May, the Environmental Task Force launched our first Ugly Mug Competition, encouraging all employees to use reusable mugs and water bottles to reduce the use of paper cups and our impact on the environment. Winners of the month-long competition for each region had a tree planted in their name in Moody's Trees for Life grove.

Credit risk analysis and a lower-carbon future

In September 2018, a cross section of leading CEOs and executives convened in New York City at the fifth CECF (Chief Executives for Corporate Purpose) CEO Investor Forum to share with institutional investors their ideas and long-term business plans for sustainable value creation.

Moody's Investors Service (MIS) brought our insights to a special panel, moderated by Chris Fowle, head of Americas at Principles for Responsible Investment, on ESG risks and opportunities in credit analysis as considerations in a lower-carbon economy.

"We have always been incorporating these risks into our credit view," said panelist Gail Sussman, MIS managing director of U.S. Public Finance. "But now we're being more transparent in calling them out."

Sussman joined three other senior-level MIS analysts representing a range

of industry sectors. Our panelists shared specific examples of how each sector is approaching ESG. For example, in the automotive space, when Ford transitioned the F-150 truck to an aluminum body, the shift incorporated important ESG concepts, which then became an important part of assessing Ford's ability to service its debt.

Through events like this, Moody's continues to help educate capital market participants on increasingly relevant ESG considerations.

Strategic resilience: Our Disaster Relief Scorecard

How will you respond in the face of disaster? To help Moody's answer that question, we leveraged the expertise of our Public Finance Group and Moody's Analytics' World Workstation product to develop an innovative scorecard. It uses relevant company criteria to determine appropriate disaster relief responses from Moody's, supporting UN Sustainable Development Goal 13: Take urgent action to combat climate change and its impacts. In 2018, we shared our approach at a Corporate Volunteers of New York panel focused on best practices for disaster response and resiliency.





Helping young people reach their potential

Moody's is helping to fuel the future by reaching the leaders of tomorrow. We share our expertise and provide opportunities across the globe for the bright, diverse young minds of today's generation to learn and to discover their full potential. Because our passion for making a difference can help ignite their own.

Unlocking career inspiration

In 2018, we continued to create and sponsor a range of programs and events to empower young people from all walks of life to carve out new paths on their journeys. We encouraged our peers to do the same by opening dialogue on the role that entrepreneurship plays in driving social impact and preparing a new generation for the future of work. We invited young people from marginalized groups into our offices to inspire them and let them know that they have a place—and support—in our industry. And we continued to encourage progress in our existing nonprofit partnership programs.



25

PROGRAMS FUNDED



84%

AVERAGE PROGRAM
EFFECTIVENESS RATE¹



\$1.61M

INVESTED



2018 | HIGHLIGHTS

43 Network for Teaching Entrepreneurship (NFTE)

Young leaders step up to the plate

Through our partnership, we continued to sponsor challenges as part of NFTE's World Series of Innovation competition for young entrepreneurs. In 2018, we extended the conversation with a special panel event at the United Nations to discuss the roles of entrepreneurs and the business community in solving world problems.

46 Women in STEM, Future Leaders

Bienvenidas al futuro: Sparking opportunity for Latinas

At the Women in STEM, Future Leaders panel event—the first event at our headquarters conducted entirely in Spanish—Moody's welcomed 115 girls from 11 Mexican states to motivate them to pursue careers in STEM and continue to thrive.

49 Hetrick-Martin Institute

The diverse coders of tomorrow

Last year, we launched the Queer Coders program with longtime partner the Hetrick-Martin Institute to help teach LGBTQI youth job-ready coding skills while offering critical wraparound counseling and mentorship services.

51 Also in 2018

An overview of some of the other ways that Moody's is helping young people reach their potential.

¹. Program effectiveness rate calculated by dividing outcomes achieved over total reach. This was calculated using Mission Measurement's Impact Genome Project® scorecard to assess programs that received grant funding in 2018.



 Volunteering & pro bono  Products & services  Strategic partnerships  Financial resources

Young leaders step up to the plate

Climate change, gender inequality, water scarcity. The world has significant challenges to address. Would you ask teenagers to do it?

Moody's partner Network for Teaching Entrepreneurship (NFTE) would—and did again in 2018.

The World Series of Innovation is a global online competition for young entrepreneurs ages 13–24. Each year, NFTE offers up challenges based on the United Nations' 17 Sustainable Development Goals. Teams pick a global issue, then use business skills, creativity and research to form a plan to solve it. More than 800 teams competed in 2018.

Last year, Moody's sponsored two challenges: to create an initiative addressing the effects of rapid urbanization and to increase access to affordable, reliable energy. For the 2019 World Series of Innovation, Moody's proposed a new challenge: to design an initiative that promotes responsible energy consumption. The challenges posed in the competition are real-world issues, and the logic, research and methodical approaches the student competitors apply to solving them are innovative and uplifting.

"Thinking creatively, thinking about risk taking, working with others—the whole entrepreneurial mindset is the future of our workforce."

GUS HARRIS
EXECUTIVE DIRECTOR,
CONTENT SOLUTIONS,
MOODY'S ANALYTICS



Honoring and fostering innovation

During Global Entrepreneurship Week 2018, Moody's and EY hosted an event at the United Nations headquarters to honor the competitors and sponsors of the World Series of Innovation.

A panel discussion, moderated by Moody's Analytics Chief Economist Mark Zandi, highlighted the benefits of encouraging the entrepreneurial mindset and how the world needs youth, entrepreneurs and the business community to work to make the world a better place. Representatives for the City of New York, the U.N., EY and Mission Measurement contributed their expertise on the panel. Gus Harris, Moody's Analytics executive director of Content Solutions and a member of the NFTE board of directors, gave the closing remarks.



"I find promise, optimism and hope when I get to meet and hear from our high school and college students—tomorrow's leaders—and observe their passion, creativity and energy," Harris said.

To him, the opportunity inherent in the ideas presented and in the next generation of leaders was clear: "What I saw was immense potential."

Over the years, Harris has been impressed with the caliber of young people in the World Series of Innovation and other NFTE programs and competitions. He still recalls a past group of early teen winners. "I was amazed," he says. "The way these young people conducted themselves, I would have thought they were at least 10 years older."

More than sponsorship: A partnership

The partnership between Moody's and NFTE is a natural fit, reinforcing and amplifying our efforts to empower entrepreneurship, support sustainability and help young people succeed. Beyond sponsoring the competition, Moody's employees volunteer as judges for the World Series of Innovation and serve as coaches and guest speakers at other NFTE events and in classrooms.

The demographics of NFTE's student participants reflect the diversity of the under-resourced communities where the organization operates¹

41%

HISPANIC

36%

BLACK

17%

WHITE

12%

ASIAN

2%

NATIVE AMERICAN

7%

OTHER

1. Total percentage is greater than 100 because students can identify as more than one race or ethnicity.

We also sponsor NFTE's Entrepreneurship 2 curriculum, part of NFTE's robust Entrepreneurship Pathway of programs. Entrepreneurship 2 provides an advanced class for learning to refine business models, develop products and build sales, marketing, finance and management knowledge. Through the course, students compete for startup capital and prizes on the local, regional and national levels. It is not all about competition though: The module also helps prepare students for the Certiport Entrepreneurship and Small Business certification exam.

NFTE's entrepreneurship courses attract a diverse group of students each year. The courses provide students from under-resourced communities with the opportunity to build business, leadership and problem-solving skills.

Harris sees several indicators of success: increasing program participation, students' growing entrepreneurial mindsets and, most importantly, what participants accomplish after leaving the program. That includes the possibility of future internships or jobs at Moody's, and NFTE students have been invited to the Moody's offices several times for business planning and ideation sessions.

"Thinking creatively, thinking about risk taking, working with others — the whole entrepreneurial mindset is the future of our workforce," Harris says.

Despite the magnitude of the global challenges ahead, he is encouraged by the possibilities of working with NFTE and other leading institutions. "As long as we are part of the larger collective efforts, hand in hand with others around the world, there is reason for optimism," he says. 🌐

Moody's in action for entrepreneurial youth

The World Series of Innovation is just one of many ways Moody's leaders volunteered to help young entrepreneurs develop financial, creative and business skills in 2018.

Business Today Impact Challenge

Moody's demonstrated our commitment to helping people grow their small businesses with a seed-funding competition for socially conscious entrepreneurship. Seven Moody's executives volunteered as judges, speakers and mentors for the groups.

NFTE Innovation Day

Senior leaders from Moody's helped schools and community organizations learn about market research, opportunity recognition and business economics during Innovation Day volunteer events in the Delhi National Capital Region in India, Mexico City, New York City, San Francisco, and West Chester, Pennsylvania.

19

LOCATIONS

9

COUNTRIES



Solving global problems takes global perspective.

NFTE works in 19 locations across nine countries, reaching students around the world with the help of partners like Moody's and our participating offices in Delhi, India; Mexico City; New York City; San Francisco; Singapore; Waltham, Massachusetts; and West Chester, Pennsylvania.



 Volunteering & pro bono  Products & services  Strategic partnerships  Financial resources

Bienvenidas al futuro: Sparking opportunity for Latinas

What do you want to be when you grow up?

The possibilities should be endless. But when children grow up without exposure to different careers, the options become limited. That is especially true for girls in places where traditional values may restrict opportunities for women. Fortunately, groups such as the U.S.-Mexico Foundation are changing the trend.

In June 2018, Moody's partnered with the U.S.-Mexico Foundation to host 115 high school girls from 11 Mexican states. The event at our New York City headquarters was part of a summer camp commemorating the culmination of the eight-month Women in STEM, Future Leaders mentorship program. For many participants, the trip was their first time visiting the US.

Ximena Rubio, assistant vice president, Moody's Corporation, says that most of the girls came from disadvantaged backgrounds and were the first in their families to attend high school. They were excited to be in New York, celebrating their hard work throughout the program.

"If you're willing to work hard and you reach out for help and look for opportunities, you will be amazed by the number of people willing to help you—and you will be able to get very far."

XIMENA RUBIO
ASSISTANT VICE PRESIDENT,
MOODY'S CORPORATION



Rebeca Vargas, president and CEO of the U.S.-Mexico Foundation, created Women in STEM, Future Leaders to empower Mexican teens to pursue careers in science, technology, engineering and mathematics (STEM). Each girl is assigned a mentor—a woman with a doctorate or post-doctorate or a fellow in academia who specializes in a STEM field. The program makes career possibilities tangible by incorporating visits to offices, factories and labs. Experiencing these workplaces firsthand fuels the girls' curiosity and passion for STEM careers. Then the program helps direct them to degrees and areas of study in college that align with those interests.

At our New York event, the young women learned that while career-building will present challenges, hard work will be rewarded and they will find people rooting for them along the way if they reach out. To reinforce the sense of community and to honor these young women's identities, our Latino/Hispanic leadership initiative, conectaMos, and our Generational Employee Resource Group, GenERGy, teamed up to conduct the event entirely in Spanish—a first for Moody's.

They put together a panel of junior to mid-level Moody's employees of Latin descent, several of whom are immigrants to the US. The afternoon was filled with stories of hard work, determination, struggles and success. Moderated by Rubio, the panel discussion led to many poignant moments of recognition and empowerment.

"It was one of the happiest days of my life," says Cristina Pieretti, managing director for Reis at Moody's Analytics, who gave the closing remarks for the event. "The energy in the room was amazing."

Engaged and eager to learn more, the girls asked panelists about their college degrees, their backgrounds and how to find resources. Rubio recalls one girl with a scholarship to a university in Mexico City who asked for tips on how to cope with living away from home. In response, panelists provided examples of the economic, emotional and academic support they received throughout their own journeys.

"I'm Venezuelan, I've never studied in the US, but Moody's gave me the opportunity to prove myself," Pieretti says.

The event exemplifies Moody's commitment to diversity and inclusion, empowering women and promoting careers in finance, technology and economics among tomorrow's leaders.

Reflecting on her own path to Moody's, Rubio sees the same boundless potential for each of the young women. "If you're willing to work hard and you reach out for help and look for opportunities," she says, "you will be amazed by the number of people willing to help you—and you will be able to get very far." 🌐

Moody's panelists

Wilfrido Torres

PROJECT MANAGER,
MOODY'S INVESTORS SERVICE

Cristina Miranda

FINANCIAL DATA STRATEGIST,
MOODY'S ANALYTICS

Laura Cuello

VICE PRESIDENT,
MOODY'S INVESTORS SERVICE

Nathalie Medina

FINANCIAL DATA ANALYST,
MOODY'S INVESTORS SERVICE

Maria Guaman

SENIOR TEAM LEADER,
DATA GOVERNANCE,
MOODY'S CORPORATION

"I'm Venezuelan, I've never studied in the US, but Moody's gave me the opportunity to prove myself."

CRISTINA PIERETTI

MANAGING DIRECTOR, REIS,
MOODY'S ANALYTICS



Partner spotlight

Q&A with Rebeca Vargas

PRESIDENT AND CEO, U.S.-MEXICO FOUNDATION

In 2018, the U.S.-Mexico Foundation celebrated the culmination of its eight-month Women in STEM, Future Leaders program with a summer camp in New York City, where 115 girls from 11 states in Mexico visited offices, went on tours and planned their futures.

Get an inside look at the experience with U.S.-Mexico Foundation President and CEO Rebeca Vargas.



115

HIGH SCHOOL GIRLS WHO
TRAVELED FROM MEXICO TO
THE MOODY'S OFFICES IN
NEW YORK CITY

Q: What did the Moody's event mean to the girls?

A: The success stories of Moody's employees from diverse backgrounds or underserved communities or who are immigrants to the US portrayed hope for the students. Having the opportunity to meet these role models helped them build new goals—they realized that they can also achieve their dreams.

Q: What was it like to partner with Moody's?

A: I'm thankful for the support from senior management and the LatinX employees from the group who shared their personal stories of struggles, hard work and success. I was also extremely proud to witness the profound impact that "my girls" had on the Moody's executives and managers present at the event. I think the executives also learned a lot about the impact that they can have in the lives of underserved women and the responsibility that comes with achieving success.

Q: How will the trip to New York continue to benefit the group?

A: The summer camp in New York contributes to a profound transformation in the participants. It's an experience that changes them forever and converts them into future leaders committed to giving back to their own communities.



Volunteering & pro bono Products & services Strategic partnerships Financial resources

The diverse coders of tomorrow

Too often, young people from marginalized groups are systemically discouraged from considering careers in financial services, due in part to the lack of opportunities as well as not seeing people like themselves—women, people of color, LGBTQI individuals—represented. Young people of all backgrounds deserve access, and Moody's is helping foster it.

That is why we are proud to sponsor hands-on learning and mentorship for the next generation of coders, especially those in untapped communities. We have done this over the years by supporting the nonprofit Girls Who Code and by developing our own Moody's Generation Giga Girls Data Analytics elective with the nonprofit Girls Inc. NYC.

In 2018, we went further by creating the Queer Coders program with the Hetrick-Martin Institute (HMI), our longtime partner. HMI is the largest organization in New York supporting LGBTQI youth, primarily LGBTQI youth of color, who are among the most vulnerable and often lack access to support programs.

HMI shares our passion for youth education and empowerment, and together we created a strategic vision for a program that would bridge gaps in technical knowledge and foster a safe and affirming environment for LGBTQI youth. We wanted to show how pursuing their passions in coding could help them thrive and, ultimately, maximize their opportunities for success.

"These kids often don't get the same opportunities. They need a safe space to learn the skills they need for success."

TOM KELLER
MANAGING DIRECTOR,
MOODY'S INVESTORS SERVICE
AND HMI BOARD MEMBER



"These kids often don't get the same opportunities," says Tom Keller, managing director of Moody's Investors Service and HMI board member. "They need a safe space to learn the skills they need for success."

Over the course of a four-week preliminary training period and two-week coding session at Camp Maven for LGBTQI youth, 20 high school students gained job-ready coding skills in Python, Java and Pascal, and learned about web and app design. At the Queer Coders program, students were in a supportive environment built to cultivate and encourage their independence, self-advocacy and ongoing stability. To this end, Moody's and HMI ensured that the students had access to wraparound services, such as one-on-one and group counseling, professional development and mentorship.

Our LGBTQ Employee Resource Group (ERG) took a key role in developing the Queer Coders mentorship program, and the personal passion and energy from our team were instrumental in its success.

"The ERG absolutely ran with the program. They were so moved by it and want to do it next year," says Jennifer Stula Rivera, CSR regional head of the Americas at Moody's Corporation. 🌍



They grow so fast

The past year saw several milestones in our youth coding programs.

Girls Who Code

In 2018, eight Girls Who Code graduates put their acquired skills to work by interning at Moody's. As a longtime sponsor of the program, we were inspired to see years of mentorship and learning pay off for these girls as they begin promising careers within the financial services industry. Alumna Joelle Robinson, who is now a full-time Moody's employee, says, "It was wildly enriching to meet and learn from women leaders in the tech space. The program inspired me to become a software engineer and showcased the importance of sisterhood in a diverse setting."

8

GIRLS WHO CODE GRADUATES
WHO COMPLETED MOODY'S
INTERNSHIPS IN 2018

Moody's Generation Giga Girls (G3)

The future is also bright for Moody's G3 Data Analytics elective facilitated by Girls Inc. NYC. Last year, we expanded our New York-based G3 program by training 30 additional teachers on our curriculum. And we are pleased to report that in 2019 we will launch three G3 pilot programs in Denver, Fort Worth, Texas, and Omaha, Nebraska, with plans to eventually expand nationwide into 15 markets.

3

G3 PILOT PROGRAMS
LAUNCHING IN 2019

Hack the Hood

In December 2018, we made our first grant to Hack the Hood, a nonprofit that introduces low-income youth of color to careers in tech by hiring and training them to build websites for real small businesses in their own communities. The program supported by this grant will start in 2019.

Also in 2018

Experiences that break down employment barriers

Unemployment among Indigenous Australians remains more than twice the national average, despite over a decade of efforts by the Council of Australian Governments to close this gap. For young Indigenous people, one of the underlying challenges is a lack of mentoring experiences.

By providing internships for students and young adults who are investigating or pursuing finance careers in our regional offices, Moody's contributed to breaking down these barriers and increasing the diversity of our workforce.



In 2018, we formalized our relationship with CareerTrackers, an Australian nonprofit, to set up internship and mentoring opportunities for Indigenous high school seniors, university students and post-graduate job seekers. The mentoring program for high school students will help 50 students each year achieve one week of work experience related to a STEM career, provide ongoing academic coaching to ensure students enter college, offer each student a paid internship the summer before entering college and pair students with an industry mentor.

This is just one of our 2018 internship and mentorship programs that brought young people into our

offices and gave them a boost toward promising careers.

At our London office, Moody's employees and our information technology division mentored several young women from Brunel University London. And in New York City, several special-needs students from the Cooke School and Institute interned at our headquarters or visited our offices with their parents. Arthur Skelskie, senior vice president of Corporate Services at Moody's Corporation and a longtime Cooke board member, joined other employees to teach the Cooke students about our business processes and help them practice new job skills.

Helping a skills-building NGO amplify its impact

When the Learning Links Foundation, an NGO focused on education and career skills for underrepresented people, needed technical expertise to improve the impact reports that it sends to donors, a local Moody's Analytics employee in Delhi, India, was quick to respond. Sameer Goyal, associate director of BEAT Custom Solutions at Moody's Analytics Knowledge Services, advised the nonprofit on creating a data management dashboard that enables Learning Links to automatically populate its donor reports with up-to-the-minute financial details.



"Now we are helping Learning Links Foundation put together an RFP to find a dedicated IT partner," says Goyal. "It's been a liberating experience to see how much work organizations like this are doing to create an impact for those in need."

Growing neurodiverse talent in IT

Moody's and longtime partner Cooke School and Institute are developing a white paper on ways to expand IT career opportunities to a broader range of people with special needs. Funded with a grant from the Moody's Foundation, this cross-sector initiative is blazing a new trail to help students develop IT and computer skills—and to examine best ways to create pathways toward employment and post-secondary opportunities—for untapped neurodiverse populations.

Hope for young people with dependencies

In Limassol, Moody's volunteers and the nonprofit Kenthea joined forces in 2018 to support individuals ages 18–24 going through re-education and rehabilitation in their fight against dependencies. Moody's employees offered career guidance to these young people, with insights on CV building, cover letter composition and the job application process. The team also shared tips and guidance on professional behavior and communication skills, with an emphasis on managing disagreement and resolving conflict in the workplace.

GRI reporting

Organizational profile

102-1 Name of the organization

Moody's Corporation

102-2 Activities, brands, products and services

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

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; Moody's Analytics, which offers leading-edge software, advisory services and research for credit and economic analysis and financial risk management; and Bureau van Dijk, a global provider of business intelligence and company information with solutions that 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.

102-3 Location of headquarters

Moody's headquarters is located at 7 World Trade Center in New York, New York, USA.

102-4 Location of operations

Moody's maintains significant operations in the following countries:

» Argentina	» France	» Mexico	» South Africa
» Australia	» Germany	» Nepal	» Spain
» Austria	» Hong Kong	» Netherlands	» Sri Lanka
» Belgium	» India	» Panama	» Sweden
» Brazil	» Ireland	» Peru	» Switzerland
» Canada	» Israel	» Poland	» Thailand
» China	» Italy	» Portugal	» United Arab Emirates
» Costa Rica	» Japan	» Russia	» United Kingdom
» Cyprus	» Korea	» Saudi Arabia	» United States of America
» Czech Republic	» Malaysia	» Singapore	
» Denmark	» Mauritius	» Slovakia	

102-5 Ownership and legal form

Moody's is a public corporation.

All 10 current members of the Board, except President and CEO Raymond W. McDaniel, Jr., are independent directors as determined using the independence criteria included in the New York Stock Exchange listing standards.

102-6 Markets served

Moody's Investors Service rates and analyzes debt covering more than 130 countries, approximately 4,800 nonfinancial corporate issuers, 4,100 financial institutions issuers, 17,600 public finance issuers (including sovereign, sub-sovereign and supranational issuers), 9,600 structured finance transactions and 1,000 infrastructure and project finance issuers. As of year end 2018, Moody's Investors Service rated more than \$70 trillion of total outstanding debt.

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.

102-7 Scale of the organization

Moody's, a provider of credit ratings, research, tools and analysis, has approximately 13,000 employees worldwide and maintains significant operations in 42 countries. The annual revenue of Moody's Corporation in 2018 was \$4.4 billion (\$2.1 billion adjusted operating income). See more information in Moody's 2018 Annual Report: [bit.ly/moodys2018ar](https://www.moodys.com/content/dam/moodys/2018-annual-report.pdf)

102-8 Information on employees and other workers

Moody's supplements its permanent workforce through the use of temporary employees, contractors and consultants. Moody's does not share additional employment information at this time.

102-9 Supply chain

Moody's supply chain is indirect and consists mostly of reputable financial services firms, sophisticated independent consulting firms and other service providers in the areas of finance and technology (including the procurement of software, data and other technology-related goods and services).

102-10 Significant changes to the organization and its supply chain

In 2018, Moody's Investors Service (MIS) expanded its global footprint by opening its first office in Saudi Arabia and by investing in a leading Latin American rating agency, ICR Chile. Moody's also advanced its pursuit of new opportunities in markets adjacent to MIS by launching the Cyber Risk Analytics Group, an initiative further supported by a recent investment in the Team8 cybersecurity fund led by Managing Director Derek Vadala. MIS also launched Moody's Investors Service Assessments, a new group to leverage our company's expertise and reputation to develop offerings beyond public credit ratings. Led by Managing Director Myriam Durand, the group's objectives include providing high-quality data and consistent frameworks and standards to evaluate, measure and understand a variety of existing and emerging risks. These risks include areas such as environmental, social, governance, cyber and reputational risks, which have become increasingly important to investors, issuers, counterparties and regulators as well as in our credit risk analysis.

Moody's Analytics increased its commercial real estate presence with the acquisition of Reis, Inc., a leading provider of US commercial real estate (CRE) data. Over nearly 40 years, Reis has compiled a rich archive of detailed information on some 18 million properties nationwide. Providing analysis and forecasts covering 275 metropolitan markets and 7,700 submarkets, Reis has become the data set of choice for CRE professionals, including property developers, managers, investors, lenders and brokers. Moody's Analytics also added to its financial training solutions with the addition of Omega Performance, which offers a wide range of online credit training courses to clients worldwide and serves more than 300 customers, ranging from large global banks to local lending institutions.

There were no significant changes to Moody's Corporation's supply chain in 2018.

102-11 Precautionary Principle or approach

Although Moody's direct impact on the climate is limited, the company is dedicated to furthering preventive accountability mechanisms such as Green Bond Assessments. Moody's also provides opportunities for employees to become directly involved in advancing sustainability, such as through the company's Environmental Task Force (established in 2017), which encourages people from across the company to crowdsource ideas for further reducing our footprint and to communicate our progress on environmental sustainability to colleagues.

102-12 External initiatives

Richard Cantor, chief credit officer of Moody's Corporation, is a member of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which developed voluntary, consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. TCFD helps companies understand what financial markets want from disclosure in order to measure and respond to climate change risks and encourages firms to align their disclosures with investors' needs. Moody's chief executive officer and chief financial officer signed statements of support for the recommendations put forward by the TCFD in June 2017. Moody's has implemented these recommendations: bit.ly/moodystaskforce

Moody's engages with a multitude of environmental, social and governance and corporate social responsibility (CSR) parties that develop standards or frameworks and/or evaluate and assess performance. These are parties such as, but not limited to:

- » CDP (formerly Carbon Disclosure Project)
- » Sustainability Accounting Standards Board (SASB)
- » Global Reporting Initiative (GRI)

Moody's is in active dialogue with and considering signatory status to a number of external initiatives such as, but not limited to:

- » United Nations Global Compact
- » Principles for Responsible Investment

102-13 Membership of associations

Moody's Corporation and its subsidiaries are members of a number of associations (such as industry associations) and national or international organizations such as, but not limited to:

- » Aspen Network of Development Entrepreneurs (ANDE)
- » CSR Asia
- » CECP (Chief Executives for Corporate Purpose)
- » CSR Europe
- » Ceres Company and Investor networks
- » National Center for APEC (NCAPEC)
- » CFA Institute
- » The Conference Board
- » Council on Foreign Relations

In addition, in 2018, Richard Cantor, chief credit officer of Moody's Corporation, completed his three-year term as a US member of the APEC Business Advisory Council (ABAC), where he chaired ABAC's Finance and Economics Working Group.

Strategy

102-14 Statement from senior decision maker

See page 4 for a statement from President and CEO Raymond W. McDaniel, Jr.

102-15 Key impacts, risks and opportunities

Moody's core expertise and key opportunities lie in analytics and research, technology and employees' skills. Through an in-depth discovery process conducted in 2017, which included survey input, meetings and interviews, we have learned that our stakeholders consider small business growth, environmental sustainability and education to be among Moody's highest-priority economic, environmental and social issues.

Moody's is not a large contributor to greenhouse gas (GHG) emissions. However, we recognize the importance of environmental sustainability as a company of credit and enterprise risk analysts and as a corporate citizen of the world. Moody's Investors Service published its approach to assessing the credit impact of environmental risk and released groundbreaking research on how the transition to a low-carbon economy will impact 84 different sectors globally. The resulting heat map shows which sectors face the highest risk to their credit quality based on a variety of drivers.

For more information on risk factors, please reference our 2018 Annual Report: bit.ly/moodys2018ar

Ethics and integrity

102-16 Values, principles, standards and norms of behavior

Moody's values are integrity, intellectual leadership, inclusion, insight and independence.

Every Moody's employee, as well as each member of the Board of Directors, is 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. View our Code of Business Conduct and other corporate governance documents: bit.ly/moodyscgsp

In addition to the Code of Business Conduct, Moody's Investors Service has a Code of Professional Conduct that governs the rating process. View the Moody's Investors Service Code of Professional Conduct: bit.ly/miscopc

Moody's has implemented a Vendor Code of Conduct describing its expectations of incumbent and perspective vendors in the areas of business integrity, labor practices, employee health and safety, diversity and inclusion, and environmental stewardship. View Moody's Vendor Code of Conduct: bit.ly/moodysvcc

102-17 Mechanisms for advice and concerns about ethics

At Moody's, we are committed to fostering a culture and work environment in which all employees feel comfortable asking questions, seeking advice and raising issues that are important to them—including reporting allegations of non-compliance with laws, regulations and policies. 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, Moody's prohibits, and does not tolerate, any form of retaliation against employees who raise concerns in good faith.

All employees have a number of channels to report concerns: managers; Human Resources, Compliance and Legal departments; and the Integrity Hotline. The Integrity Hotline allows employees to report any suspected wrongdoing anonymously, is staffed by a third party and is available at all times and in multiple languages. Reports made via the Integrity Hotline are forwarded to Moody's Legal and Compliance departments for follow-up, and all reports of suspected violations are promptly investigated and remediated.

Finally, Moody's provides extensive compliance and ethics training both to new employees and to existing employees, to help reinforce the resources available to employees to raise concerns and ask questions, and as an integral part of their overall professional development. Depending on the line of business and work location, new hires to Moody's must complete between 5.0 and 8.5 hours of online training that is aligned with our codes of conduct and policies within their first 50 days of employment. This training is designed to help analysts, directors and other Moody's professionals clearly understand and execute their ethical responsibilities and regulatory obligations.

In 2018, we deployed over 20 mandatory online modules to educate and refresh the knowledge of existing employees on compliance policies and codes of conduct.

Governance

102-18 Governance structure

Moody's Board of Directors oversees the management and overall strategy of Moody's Corporation. Board members serve one-year terms and are elected annually by our stockholders. Moody's has four standing board committees:

- » **Audit Committee:** Primarily oversees the integrity of the company's financial statements and the financial reporting and audit process
- » **Governance & Nominating Committee:** Responsible for shaping the company's corporate governance, engaging in director succession planning and identifying and recommending nominees for the Board
- » **Compensation & Human Resources Committee:** Responsible for executive and director compensation, CEO and senior management succession planning, and reviewing employee benefit plans
- » **Executive Committee:** Exercises the authority and powers of the Board of Directors between meetings of the Board

Learn more about Moody's corporate governance structure and practices: bit.ly/moodyscgsp

Moody's CSR Council, chaired by President and CEO Raymond W. McDaniel, Jr., convenes the following senior management team members to shape our overall CSR strategy:

- » Mark Almeida, President, Moody's Analytics
- » Rob Fauber, President, Moody's Investors Service
- » John Goggins, General Counsel
- » Melanie Hughes, Chief Human Resources Officer
- » Arlene Isaacs-Lowe, MD and Global Head, CSR, President, Moody's Foundation
- » Mark Kaye, Chief Financial Officer
- » David Platt, Chief Strategy Officer

The CSR Working Group, chaired by Arlene Isaacs-Lowe, managing director and global head of CSR, consists of the following executives charged with honing and implementing the strategy:

- » Keith Berry, ED, MA Accelerator
- » Terry Fanous, MD, PPIF
- » Donough Foley, SVP, Government & Public Affairs
- » Jack Holleran, MD, Compliance
- » Di Holman, MD, Human Resources
- » Atsi Sheth, MD, Credit Strategy
- » Arthur Skelsie, SVP, Corporate Services
- » Jocelyn Steelman, MD, MA Financial Planning & Analysis
- » Michael Adler, Member-at-Large, SVP, Corporate Communications
- » Jeremy Davis, AVP, CSR
- » Faina Leyvi, Member-at-Large, Manager, Investor Relations
- » Doug Ryker, Member-at-Large, MD, Financial Planning & Analysis

102-19 Delegating authority

Moody's CSR Council and CSR Working Group each meet on a regular basis to evaluate the company's CSR progress, generate recommendations to enhance Moody's approach to CSR and identify opportunities in Moody's business that align with our CSR mission. Our CSR team oversees programs and investments to ensure we're achieving Moody's goals, and 238 people across the company serve as CSR Impact Leaders, who encourage their colleagues to get involved in local efforts and contribute new ideas for improving or expanding our programs.

102-20 Executive-level responsibility for economic, environmental and social topics

President and CEO Raymond W. McDaniel, Jr., chairs Moody's CSR Council. Global Head of CSR Arlene Isaacs-Lowe leads Moody's CSR Working Group.

102-22 Composition of the highest governance body and its committees

Moody's Board of Directors also serves as the highest CSR governance body. All directors with the exception of President and CEO Raymond W. McDaniel, Jr., are independent as determined using the independence criteria included in the New York Stock Exchange listing standards. All directors serve one-year terms and are elected annually by stockholders. Two members of the nine-member 2018 Board were female, and three members of the 10-member 2019 Board are female.

In 2018, our Board of Directors was composed of the following members:

- | | |
|--|--|
| » Henry A. McKinnell, Jr., PhD, Chairman | » Leslie F. Seidman |
| » Basil L. Anderson | » Bruce Van Saun |
| » Jorge A. Bermudez | » Gerrit Zalm |
| » Vincent A. Forlenza | » Darrell Duffie, PhD (retired April 2018) |
| » Kathryn M. Hill | » Ewald Kist (retired April 2018) |
| » Raymond W. McDaniel, Jr. | |

In March 2019 Thérèse Esperdy was added to the Board of Directors.

See Moody's 2019 proxy statement for more information on directors' current and past employment and other significant commitments: bit.ly/moodys2019ps

102-23 Chair of the highest governance body

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

102-29 Identifying and managing economic, environmental and social impacts

Moody's CSR Council, chaired by President and CEO Raymond W. McDaniel, Jr., and Moody's CSR Working Group use the collected feedback from all our key stakeholder groups to help set and execute strategic economic, environmental and social priorities. Both of these groups meet on a regular basis to evaluate the company's CSR strategy and progress.

102-31 Review of economic, environmental and social topics

Moody's CSR Council meets at least twice a year, and the CSR Working Group meets bi-monthly, to evaluate the company's CSR progress and generate recommendations to enhance Moody's approach to CSR.

102-32 Highest governance body's role in sustainability reporting

Moody's CSR Council formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.

Stakeholder engagement

102-40 List of stakeholder groups

Each year, we proactively seek input from six groups:

- » Employees
- » Customers
- » Stockholders
- » Asset managers and sell-side analysts
- » Nongovernmental organizations (NGOs)
- » Global and national sustainability organizations

102-41 Collective bargaining agreements

Fewer than 1% of employees are covered by a collective bargaining agreement.

102-42 Identifying and selecting stakeholders

The Investor Relations Group is responsible for managing and interacting with stockholders, asset managers and sell-side analysts in order to attract investment in Moody's. Our customers and employees are also clear stakeholders in Moody's. The CSR Group identifies NGOs and global and national sustainability organizations that Moody's can engage with on the social and environmental issues we are in a unique position to help address.

102-43 Approach to stakeholder engagement

While we always welcome and encourage feedback from our stakeholder groups, we also conduct the following formal engagement activities on a yearly basis:

- » **Employees:** Each year, we encourage our employees to provide anonymous and candid feedback in a number of areas through our Business Effectiveness Survey. Our survey questions have remained consistent over the past several years, giving us the ability to identify trends in the areas of Employee Development, Diversity & Inclusion, and Commitment to Moody's and allowing us to continuously improve and adjust to meet the changing needs of our workforce. Employees recognize the importance of this tool, as shown by the fact that more than 86% of our employees completed the survey in 2018.
- » **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.
- » **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 about Moody's Corporation that provides strategic guidance for investor communications and identifies key investment drivers. This feedback is communicated to management and the Board of Directors of Moody's Corporation and helps inform and focus various investor relations initiatives. This process in turn helps investors better understand Moody's CSR strategy and long-term growth opportunities.
- » **Asset managers and sell-side analysts:** We believe that these groups 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 conduct an annual perception study to gauge what they think about the company's management and its strategy.
- » **NGOs:** Our partnerships with NGOs bring our vision into focus by implementing programs designed to achieve outcomes aligned to our strategy. They also provide an opportunity for our employees to engage in our efforts to open to the door to a better future for people around the world. Collaborating with our NGO partners on programs ensures we are utilizing their expertise in the field to achieve high efficacy rates.
- » **Global and national sustainability organizations:** We recognize environmental, social and governance (ESG) considerations are used to assess the sustainability of entities. We have identified key organizations in this field to engage with and assessments to complete in order to communicate our results to stakeholders as well as identify opportunities to further improve our own performance.

Investor Relations engages with stockholders, asset managers and side-sell analysts throughout the year by attending industry conferences; conducting non-deal roadshows in cities across the US, Europe and Asia; and hosting meetings and calls. Throughout 2018, there were quiet periods around earnings announcements (approximately two to four weeks prior to earnings calls). As such, Investor Relations is in communication with its stakeholders on a continuous basis for approximately 40 weeks of the year.

102-44 Key topics and concerns raised

- » **Employees:** Moody's employees rated the statement "I am treated with respect and dignity" 20.3 points more favorably than did employees at benchmarked companies.
- » **Asset managers and sell-side analysts:** At the top of this group's list in 2018 were sustainable revenue growth, reliable cash flow generation and capable and credible senior management team. Moody's scores on these criteria once again surpassed the average for S&P 500 companies.
- » **NGOs:** In the first year of implementing our partnership with Mission Measurement and its Impact Genome Project® to assess our social impact, our partners have provided us valuable feedback to improve the questions, process and outcome factors.
- » **Global and national sustainability organizations:** Moody's was recognized for its ESG performance by JUST Capital scoring in the top 50% of industry rankings. This resulted in Moody's Corporation's inclusion in the Goldman Sachs JUST U.S. Large Cap Equity ETF, which tracks the JUST U.S. Large Cap Diversified Index (JULCD).

Reporting practice

102-45 Entities included in the consolidated financial statements

Moody's Annual Report and this CSR Report both cover all of Moody's Corporation and its subsidiaries.

102-46 Defining report content and topic Boundaries

In 2017, Moody's senior leaders undertook an in-depth process to focus our CSR efforts, which 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?

Insights from this overall process guided us to develop a global CSR strategy that not only responds to the issues our company and stakeholders care about most but also helps us 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.

We focus our global CSR efforts around three core areas:

- » Empowering people with financial knowledge
- » Activating an environmentally sustainable future
- » Helping young people reach their potential

The 2018 report is aligned to and organized by those areas of focus.

102-47 List of material topics

Our stakeholders consider small business growth, environmental sustainability and education to be among the highest-priority economic, environmental and social issues for Moody's to address.

102-48 Restatements of information

There are no restatements of information in the 2018 report.

102-49 Changes in reporting

There are no significant changes in 2018 in the list of material topics and their Boundaries.

102-50 Reporting period

This is Moody's ninth annual CSR Report, covering January 1 to December 31, 2018.

102-51 Date of most recent report

Moody's most recent CSR Report was released on July 24, 2018.

102-52 Reporting cycle

Moody's releases its CSR Report annually.

102-53 Contact point for questions regarding the report

We invite you to email us at csr@moody.com with feedback and questions about this report.

102-54 Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

102-55 GRI content index

This report's GRI content index is located on pages 52–76.

102-56 External assurance

External assurance was not sought for this report as a whole.

Economic performance

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

201-1 Direct economic value generated and distributed

See Moody's 2018 Annual Report for key financial information. View the report: bit.ly/moodys2018ar

201-2 Financial implications and other risks and opportunities due to climate change

Moody's does not believe that its business model would be negatively affected by physical climate parameters. However, Moody's has identified opportunities for its business in the areas of emission reporting obligations, product efficiency regulations and standards, and changing consumer behavior.

Moody's new product offerings and climate-related analytical initiatives are intended to address the business opportunities and risks identified above.

Climate change and credit risk research

Moody's Investors Service publishes research analyzing the impact of climate change on credit risk for corporate and public sector debt issuers. In 2015, Moody's Investors Service published an approach to assessing the credit impact of environmental risk and released research on how the transition to a low-carbon economy will impact 86 different sectors globally. The resulting heat map showed a view of which sectors faced the highest risk to their credit quality based on a variety of drivers. This was the first time a ratings agency classified risks to these sectors in this way.

Most of the 86 sectors scored consistently low across the five subcategories of environmental risk: air pollution, soil/water pollution and land-use restrictions, carbon regulations, water shortages, and natural and man-made disasters. Carbon regulations and air pollution were the most frequently cited risks in sectors with higher risk overall. Since then, Moody's Investors Service updated that report in 2018 and also regularly publishes sector-specific analyses on the credit impact of climate change.

Green Bond Assessments

A Green Bond is a fixed-income security that funds projects with specific climate or environmental sustainability purposes.

2016

In 2016, Moody's Investors Service introduced Green Bond Assessments, which are opinions regarding the relative effectiveness of the approach adopted by the issuer to manage, administer, allocate proceeds to and report on environmental projects financed with the proceeds of green bonds. Green Bond Assessments are distinct from Moody's Investors Service credit ratings and do not measure credit risk. Moody's Green Bond Assessments are assigned an assessment on a five-point scale from GB1—excellent—to GB5—poor.

2017

In November 2017, Moody's announced the establishment of a specialized team dedicated to focusing on ESG and Green Bond initiatives. Moody's expanded ESG team was created to advance the transparency around how ESG risk considerations are incorporated into our credit analysis. The ESG team focuses its effort on a series of research that assesses the credit impact of carbon transition for the most exposed sectors, including utilities, oil and gas, automobiles, steel, and metals and mining.

The firm has more than 60 analysts across rating groups globally that support its ESG initiatives.

2018

In 2018, the first Green Bond Assessments were assigned to bonds from India (Axis Bank, Indian Renewable Energy Development Agency), to a green covered bond (SpareBank 1 Boligkreditt AS – Mortgage Covered Bonds) and to an offshore Chinese green bond (Wuhan Metro Group).

Through the end of 2018, we have assigned 49 Green Bond Assessments relating to a total of \$23 billion in green bond debt (in 2018 alone, we assigned 21 Green Bond Assessments relating to a total of \$7 billion in green bond debt). Additionally, in 2018, we made significant updates to our *Environmental Risks – Global: Heat Map* report, which dissects the exposure of 84 industry sectors covering \$74.6 trillion of debt. The amount of rated debt covered by this review is up 10% over our 2015 edition.

Environmental: Emissions and energy

103-1 Explanation of the material topic and its Boundary

Moody's Corporation environmental impacts are limited and include GHG emissions (from energy used in buildings and for transport), water use and waste (from office operations). However, our stakeholders consider environmental sustainability to be one of the highest-priority issues on which to provide Moody's thought leadership.

103-2 The management approach and its components

Moody's is not an especially resource-intensive business. Nonetheless, we are committed to doing our part to protect and care for the environments in which we live and work. This commitment is demonstrated by the continuous development and implementation of practical and effective corporate policies and programs that support the more efficient use of natural resources and reduce the impact of our businesses on the environment. These programs and policies include, where feasible, the reduction and elimination of waste through reuse, recovery and recycling. As part of these efforts, Moody's is committed to working to reduce its global operations' contribution to climate change. Our environmental programs are structured to minimize the impact on our GHG emissions to the extent possible.

Physical footprint

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.

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.

Environmental & Sustainability Policy

Our recently revised Environmental & Sustainability Policy articulates a strategic direction for our environmental initiatives and better explains what we can do for the environment as a financial services company. It also expands our commitment to using natural resources more efficiently and reducing the impact of our business on the environment, and it sets the tone and direction for more ambitious efforts, such as accurately measuring our GHG emissions and promoting reuse, recovery and recycling of materials in Moody's offices.

Our policy is available for public review and is communicated to employees to increase their awareness of environmental concerns and further encourage them to minimize the impact they have on the environment. View Moody's Environmental & Sustainability policy: csr.moody's.io/reports

103-3 Evaluation of the management approach

The CSR team in consultation with our Facilities and Global Real Estate teams regularly review our environmental policy and procedures. The Environmental Task Force provides an avenue to crowdsource ideas from our employees, and this approach has already resulted in a number of local initiatives designed to reduce our adverse environmental impact. When opportunities are identified to reduce our emissions and/or energy use, they are vetted and evaluated for feasibility in consultation with senior management and the CSR Council.

302-1 Energy consumption within the organization

302-4 Reduction of energy consumption

305-1 Direct (Scope 1) GHG emissions

305-2 Energy indirect (Scope 2) GHG emissions

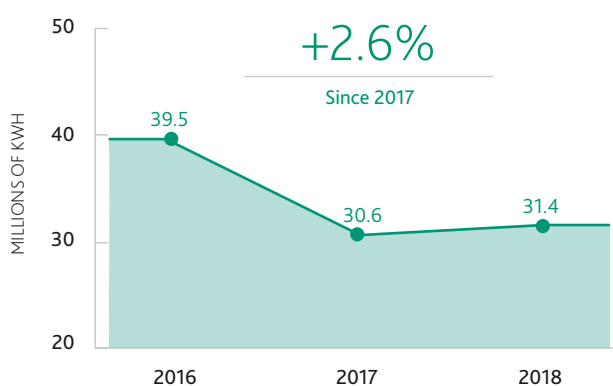
305-3 Other indirect (Scope 3) GHG emissions

305-5 Reduction of GHG emissions

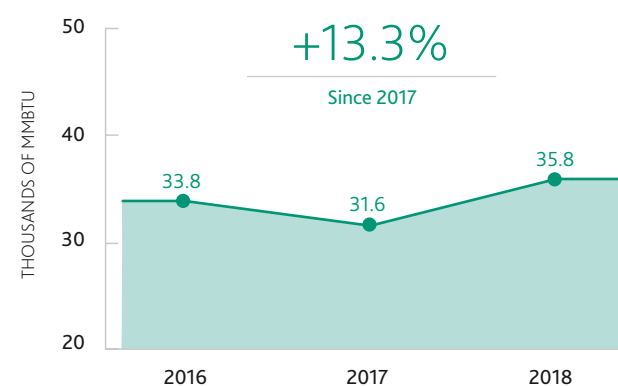
Below are key indicators of Moody's 2018 energy usage and carbon footprint.¹

Energy consumption

Electricity

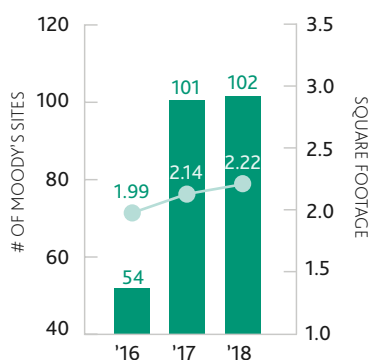


Natural gas



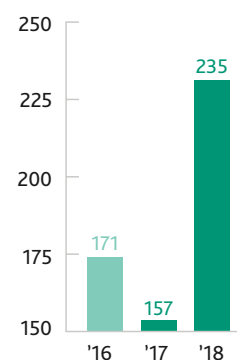
Moody's sites

— Square footage (in millions)
■ # of Moody's sites

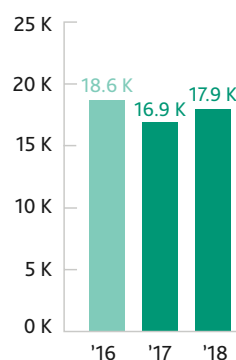


GHG emissions (in metric tons)

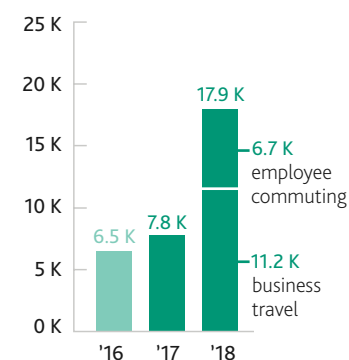
Scope 1



Scope 2: Market based



Scope 3



1. Figures have been rounded. See Moody's corresponding CDP report for full data. Moody's attributes much of the 2018 increases in energy consumption and emissions to our increased physical footprint (overall square footage, number of sites and employee travel) and to improvements in the rigor and quality of evidence in reporting such as, but not limited to, more sites reporting natural gas consumption this year. In 2018, we collected for the first time data on our employees' commuting practices.

Employment

103-1 Explanation of the material topic and its Boundary

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 work to 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.

The new-employee hire and employee turnover data is pulled from our primary HR system, which covers Moody's Analytics, Moody's Investors Service and Moody's Shared Services and excludes Moody's Analytics Knowledge Services, Bureau van Dijk, Midroog, ICRA Limited, Korea Investors Service and Equilibrium.

103-2 The management approach and its components

Our pride in our place of work affects the reasons for staying at Moody's and creating a positive and inclusive work environment.

Our employee value proposition (EVP) outlines the unique benefits that Moody's offers individuals who share their enthusiasm, capabilities and experience with us. Our EVP personifies how we are different and what we stand for. This EVP is based on four "emotional drivers" that inspire us:

- » Have real-world impact.
- » Team up with inspiring colleagues.
- » Have a voice and be heard.
- » Build your future.

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. See page 67 for more information on Moody's employee training and education.

Benefits

At Moody's, we see our investments in benefits as an investment in our people. 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.

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

Our benefits are extensive and inclusive, and many of them are also available to our employees' partners and children. Depending on where employees work, our package can include:

- » Managing your health
 - Medical
 - Dental
 - Vision
 - Flexible spending account
 - Health savings account
 - Employee assistance program
- » Protecting yourself and your family and planning for your future
 - Retirement contribution
 - Profit sharing
 - Life insurance
 - Short-term and long-term disability insurance
 - Business travel accident coverage

While most of our benefit plans fall into these broad categories, Moody's also offers a range of additional programs that may vary by location and team, including:

- » Flexible work arrangements
- » Paid vacation and holidays
- » Parental leave
- » Educational assistance
- » Adoption assistance
- » Backup child and elder care
- » Commuter benefit plan
- » Discounted employee stock purchase plan
- » Employee referral program
- » Financial planning
- » Health advocate
- » LifeCare resource and referral service
- » Matching gifts program for charitable contributions
- » Auto and property insurance coverage

Equal employment opportunity

We are an equal opportunity employer. For our full policy, see Moody's Code of Business Conduct: bit.ly/moodyscgsp

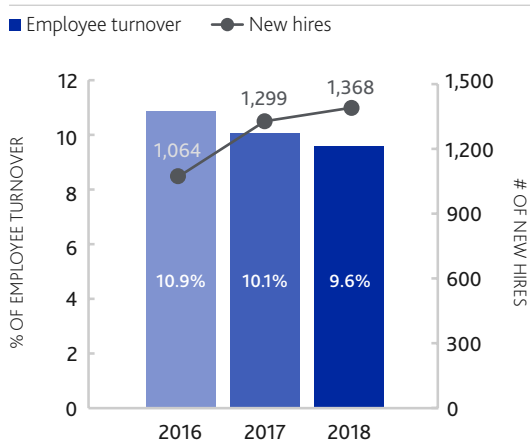
103-3 Evaluation of the management approach

With the multidimensional challenges of a mixed-generation workforce, global pressures, industry disruptions and talent competition, it is a priority for Moody's to revolutionize our Talent Management strategy across the company. In 2018, we developed a new Talent Management strategy that includes a reengineered global and regional Talent Acquisition framework. Our focus on attracting and retaining top talent allows Moody's to benefit from a diverse talent pool, while progressive in-house leadership development helps lead to a more empowered workforce and robust leadership pipeline. This strategy is evolving. Moving forward, we plan to continue developing our strategy with the aim to:

- » Strengthen the Moody's employer brand and EVP in key talent markets
- » Establish baseline Moody's practices and processes for the selection, development and promotion of talent globally
- » Embed diversity and inclusion practices globally
- » Create a leader/manager success profile
- » Develop and launch leader/manager programs, focusing on inclusive behaviors
- » Develop and launch a high-potential program targeting first-level officers/managers and pipeline

401-1 New employee hires and employee turnover

Rate of Moody's employee turnover and number of Moody's new employee hires¹



1. These figures exclude non-employees, temporary employees, Bureau van Dijk and Moody's Analytics Knowledge Services.

Moody's does not share additional employment information at this time.

Training and education

103-1 Explanation of the material topic and its Boundary

Moody's is a data and analytics company that relies on top talent to meet customer and shareholder demands. A multi-generational workforce, global pressures, industry disruptions and talent competition are all forces continuing to drive our prioritization of talent management across Moody's.

Training and education are only a part of Moody's talent management framework, which includes talent acquisition, performance management, total rewards, succession planning and leadership development. Each of these areas supports our business strategy and Moody's culture as a diverse and inclusive place to work.

At Moody's, we view training and education as an investment in our people that aligns their professional goals and interests with the success of our firm. Training and education:

- » Help us achieve our mission and business objectives
- » Support our core values and beliefs
- » Ensure that our employees have professional and technical knowledge and skills to deliver excellence to our clients, customers, and market participants

103-2 The management approach and its components

Moody's training and education efforts support our three corporate social responsibility areas of focus: empowering people with financial knowledge, activating an environmentally sustainable future and helping young people achieve their potential.

From the moment they join, employees begin a journey of continuous learning and development that starts with onboarding and continues throughout their careers. The opportunities to learn and grow—as people and professionals—are expansive and include role-specific technical and functional skills, professional and management skills and leadership development.

Moody's quality training and education go beyond the classroom, engaging our people with a variety of enriching, individualized experiences. Moody's is the place to learn from some of the best minds in finance and technology through peer and informal mentoring and on-the-job training. In addition to instructor-led classroom training, our in-house training groups use new and effective learning technologies—such as online learning, micro-learning (learning in small bites), video-based learning and social learning tools—to reach our geographically dispersed employees. Our on-demand self-study learning libraries focus on a variety of topics, ranging from financial and technical topics to management skills and cultural intelligence.

In addition, employees pursuing higher education can take advantage of our education assistance program that reimburses them for job-related educational costs.

Our people-centric approach equips our employees to be successful today and prepares them for the opportunities of tomorrow. In addition, Moody's offers a number of diversity development training programs to support our underrepresented employees; see page 70 for more details on key programs.

Learning Council

Moody's Learning Council is led by the learning leaders in the company, including those from Moody's Investors Service (Professional Development & Training), Moody's Analytics Learning, Moody's Information Technology Learning, Compliance, Diversity & Inclusion and Global Talent Management. Through the Council, employees can provide feedback and ideas to any of the learning leaders to identify ways to enhance training and education at the firm.

103-3 Evaluation of the management approach

Moody's uses a number of approaches to evaluate the effectiveness of its training and education programs. Among these are written and electronic surveys following the completion of e-learning and instructor-led programs, focus groups and needs assessments that are conducted by the various learning groups to evaluate the effectiveness of learning programs. The needs assessments ask employees and their managers to assess:

- » The effectiveness of training for a variety of skill areas
- » The importance of a particular skill area in helping the individual or the business meet its objectives
- » Individuals' preferences in terms of training modality
- » Information on other programs, initiatives and resources that might be useful to enhance the learning of employees or teams

Additionally, through our annual Business Effectiveness Survey, Moody's engagement survey, we encourage employees to provide feedback in a number of areas, such as Employee Development, Diversity & Inclusion and Commitment to Moody's. Questions in the survey have remained stable over a number of years, allowing us to identify trends and identify opportunities to make improvements based on the feedback. Employees recognize the importance of this tool, as shown by the fact that more than 86% of our employees completed the survey in 2018.

404-1 Average hours of training per year per employee

Moody's conducted more than 246,371 hours of training for employees worldwide in 2018. (Note: This includes only hours captured in Moody's Knowledge Portal. Employees participated in additional team- and business-unit-specific training.)

Average hours in 2018

Overall	
Per employee	18.95
By employee category	
Per officer-level employee	28.7
Per non-officer-level employee	13.8

Moody's does not share additional training hours information at this time.

404-2 Programs for upgrading employee skills and transition assistance programs

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 2018, Moody's globally provided more than 26,000 hours of development to managers. In addition, Moody's offers a number of multiday workshops in which participants hone their management skills, network with senior managers and learn from peers in an interactive environment.

Moody's also maintains its Knowledge Portal, through which 100% of employees accessed training in 2018.

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 2018, 493 employees participated in the program. In addition, Moody's provides career counseling services.

Moody's 10-week RE-IGNITE program is designed to help bring experienced professionals back into the workplace after an extended absence. 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.

Diversity and equal opportunity

103-1 Explanation of the material topic and its Boundary

Moody's believes that an inclusive and diverse workplace that draws on the experiences, background and opinions of all our people is fundamental to our success. 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.

The shared employment data is pulled from our primary HR system, which covers Moody's Analytics, Moody's Investors Service and Moody's Shared Services and excludes Moody's Analytics Knowledge Services, Bureau van Dijk, Midroog, ICRA Limited, Korea Investors Service and Equilibrium. Moody's does not disclose non-aggregated demographic details to employees due to confidentiality constraints.

103-2 The management approach and its components

Diversity & inclusion strategy

At Moody's, we believe that a diverse workforce representing an array of backgrounds and experiences contributes to the quality of our opinions, products and services. We support independent thought and promote a work environment that values and maximizes the contributions of all employees. We approach diversity and inclusion (D&I) as a powerful employee engagement initiative that is aligned with our business strategies globally.

Our D&I strategy is composed of three focus areas:

- » **Understanding D&I:** Engage and educate employees to understand the value of D&I for themselves and for the company.
- » **Creating a great employee environment:** Achieve a diverse, high-performing culture, ensuring that all employees are respected, included and encouraged to realize their greatest potential.
- » **Measuring our progress:** Measure the progress of our D&I efforts, including the retention and development of diverse employees and global talent.

Responsibilities of management team

Moody's has a Diversity and Inclusion Council composed of the most senior leaders in the organization and chaired by President and CEO Raymond W. McDaniel, Jr. In 2017, he became 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 and highlights the importance of D&I to Moody's.

The purpose of the Diversity and Inclusion Council is to provide a forum to collect input from executive leaders on D&I strategies and enable leaders to advance D&I as a business imperative by:

- » Driving measures of accountability for progress against goals
- » Exemplifying inclusive leadership behaviors; intentionally building inclusive culture and teams
- » Empowering leaders to discuss D&I outcomes and holding them accountable
- » Promoting and cascading the D&I message and initiatives

The D&I Ambassador program was launched in partnership with Moody's lines of business to help communicate and drive the importance of D&I across the firm.

The Global D&I Ambassadors have had a tangible impact on Moody's D&I engagement, increasing both manager attendance and senior leadership participation in the diversity strategy. The goals of the D&I Ambassador program are threefold:

- » Increase communications around Moody's commitment to D&I and its impact to the business
- » Engage middle managers in driving D&I results
- » Build a culture of inclusion within lines of business

Employee Resource Groups

Moody's Employee Resource Groups (ERGs) provide a platform for our employees to share their ideas on ways to make Moody's work culture even more inclusive. Our 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 2018 Moody's had 30 ERG chapters globally and five focus areas:

- » Moody's Generational ERG
- » Moody's Lesbian, Gay, Bisexual, Transgender & Allies (LGBTQA) ERG
- » Moody's Multicultural ERG
- » Moody's Veterans ERG
- » Moody's Women's ERG

Moody's also has a Women in STEM employee-led group designed to support the development of women in technology through networking, engagement and education as a means of driving professional growth.

Equal employment opportunity (EEO)

We are an equal opportunity employer. For our full policy, see Moody's Code of Business Conduct: bit.ly/moodyscgs

Diversity education

The Office of Diversity & Inclusion offers a wide range of workshops, trainings and toolkits, including the following:

- » **Conversations to Understand series:** The purpose of the Conversations to Understand series is to provide insight into the different work and life experiences of our employees. These interactive sessions uncover layers of difference in the workforce, such as gender, race, religion, disability awareness and sexual orientation, and provide insight into the different work and life experiences of our employees.
- » **Voices of Diversity:** In this continuing education opportunity, participants explore the concept of unconscious bias and deepen their understanding of the many voices of diversity at Moody's.

Women in Leadership

Our Women in Leadership programs provide development opportunities for women at the officer and senior officer levels. Focused on building Moody's leadership pipeline, they help participants refine their skills and gain visibility across the company.

Programs include:

- » **Senior Women's Leadership Forum:** This 12-month interactive leadership development program for women at the senior officer level across Moody's includes in-person and virtual training sessions, executive coaching and development planning, senior leader meetings and an executive speaker series. One year after program completion, participants and their managers are paired with a coach for ongoing development.
- » **Building Leadership Presence:** This two-day interactive leadership development program for officer-level women is focused on leadership presence, assertive communication and powerful presentations.

Workplace flexibility

Moody's is committed to promoting and supporting work-life balance. We support the use of flexible work arrangements (FWAs) where business needs can be met while also providing employees with flexibility to modify their hours and/or work location. Successful FWAs benefit employees by giving them the opportunity to better manage their work and personal needs and benefit Moody's through increased employee engagement.

In the US, 98% of our employees take advantage of our flexible work arrangement offerings to help better manage their work and personal life demands.

External partnership

In promoting our D&I initiatives, Moody's supports a range of external organizations that focus on diversity, professional development for our employees and broadening academic opportunities for the next generation of business leaders.

103-3 Evaluation of the management approach

Measuring our ongoing progress is part of our D&I strategy.

D&I Scorecard

The Office of Diversity & Inclusion provides a D&I Scorecard that measures progress toward our company goals and targets, including leadership engagement and diverse slates, to hold leaders and senior managers accountable for diversity metrics.

Our metrics include:

- » **Diverse candidate slates/recruitment:** Moody's holds itself accountable for attracting diverse talent from external talent pools and measures to ensure diverse candidate slates.
- » **Internal pipeline:** Moody's focuses on achieving greater representation of diversity at all levels through development and advancement. We measure our effectiveness based on the percentage of all high-potential diverse talent having career discussions and creating comprehensive development plans.
- » **Leadership accountability:** This metric is assessed in order to hold Moody's management team accountable for the advancement of D&I within each line of business. Measurements include how many senior leaders led D&I efforts annually and the self-evaluations of the Leveraging Diversity competency.

Culture survey

We have a number of questions in our annual Business Effectiveness Survey that address inclusion, and managers are given those findings under the D&I Index.

First Level Officer Study

Launched in May 2018, the First Level Officer Study aims to identify the barriers to advancement and retention at the associate director/assistant vice president level. This assessment was conducted to identify actions for progress on women's advancement and overall employee engagement and talent management. Results will be used to inform and execute Moody's Talent Management strategy.

Awards and recognition

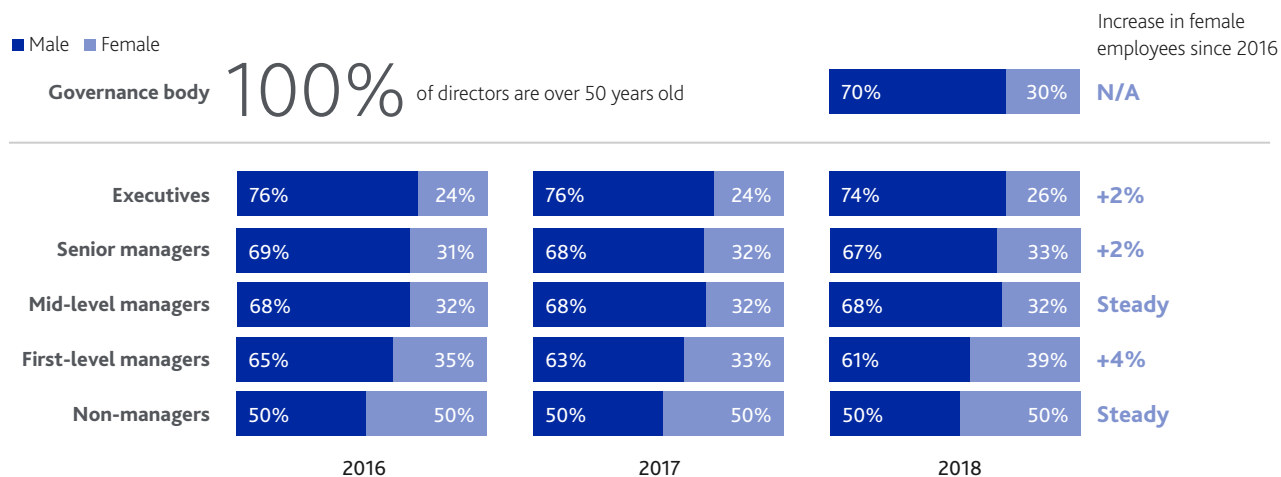
Our diverse workforce is our greatest strength, and our diversity efforts have been recognized by numerous external organizations and media around the world for fostering an environment in which all of our employees can succeed as their full and authentic selves. These recognitions and awards continue to demonstrate Moody's unwavering commitment to diversity and inclusion. See our full list of awards: awards.moody's.io

Equal opportunity employment

Moody's is dedicated to balancing our gender representation at all levels of our business. We have 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.

405-1 Diversity of governance bodies and employees

Percentage of individuals¹ within Moody's governance bodies and employee population:²



1. Governance body represents the Moody's Corporation Board of Directors; executives represent managing directors, executive directors and CEO direct reports; senior managers represent senior vice presidents and senior directors; mid-level managers represent vice presidents and directors; first-level managers represent assistant vice presidents and associate directors; non-managers represent managers, associates and analysts.

2. The following groups are excluded from the analysis: Moody's Analytics Knowledge Services, Bureau van Dijk, any affiliates of Moody's, non-employees (e.g., non-payroll consultants) and temporary employment workers (e.g., interns). Head count as of April 1, 2018.

Moody's does not share additional employee demographic information at this time.

Human rights assessment

103-1 Explanation of the material topic and its Boundary

Our commitment to operating in an ethical and lawful manner includes protecting the basic dignity and human rights of our employees and the people in our supply chain. For more information, view the "Equal Opportunity Employer" section in the Moody's Code of Business Conduct: bit.ly/moodyscgsp

103-2 The management approach and its components

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 this statement: bit.ly/moodysmshst

In 2018, Moody's implemented a Vendor Code of Conduct describing its expectations of incumbent and perspective vendors in labor practices, employee health and safety, diversity and inclusion, and other areas relevant to human rights within the Moody's supply chain. View Moody's Vendor Code of Conduct: bit.ly/moodysvcc

103-3 Evaluation of the management approach

Moody's Code of Conduct is reviewed biannually. The section of the Code relevant to human rights matters is reviewed by the Human Resources and Legal departments.

412-2 Employee training on human rights policies or procedures

In 2018, 8,450 hours were devoted to new employee training in human rights policies.

100% of our employees have been trained in Moody's human rights policies.

Local communities

103-1 Explanation of the material topic and its Boundary

Our stakeholders consider small business growth and education to be two of the highest-priority issues for Moody's to influence.

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 markets and reap the benefits.

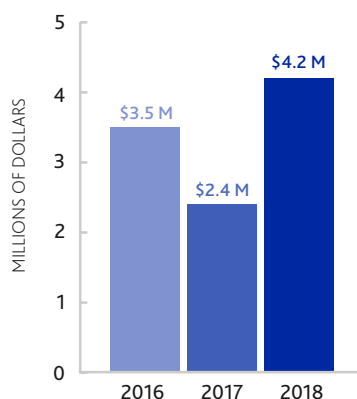
Today's students and young adults will drive the next wave of advances that shape our society. Yet many young people struggle with economic and cultural barriers, a lack of professional role models and other challenges that hold them back. We believe that by sharing our expertise, we can help young people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

Many communities face challenges related to climate change and the transition toward a lower-carbon economy. Moody's helps communities address them by partnering with and providing grants to environmental organizations working at the local level.

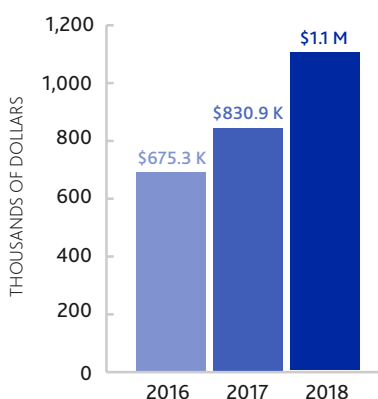
Solving problems such as pollution, poverty and lack of access to quality education requires collective action and community engagement. As a global company whose employees possess specialized expertise in financial services, technology and risk analysis, Moody's can make a positive difference.

Social investment dollars

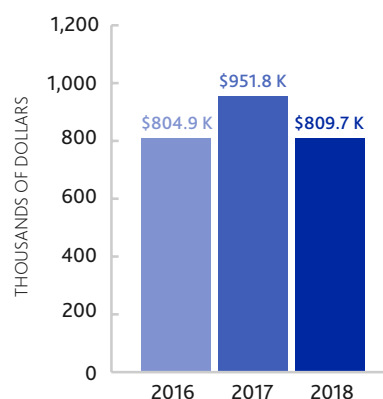
Foundation grants



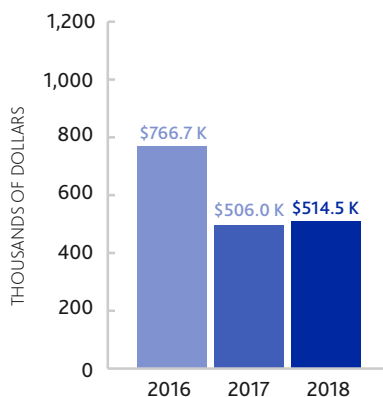
Moody's charitable contributions



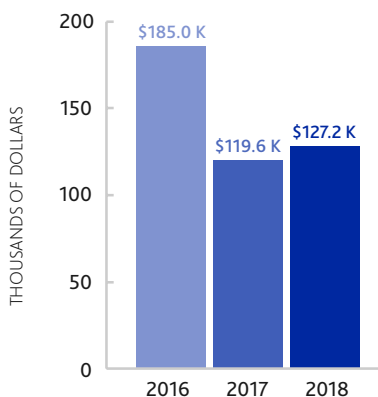
Value of volunteer hours across Moody's



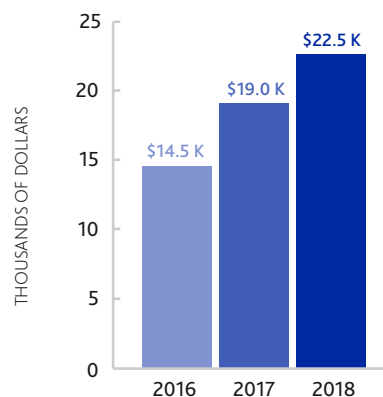
Matching gifts



Dollars to support volunteer events



Dollars for Doers



Beyond contributing time and money, we also share our knowledge, products and services with nonprofits that are creating transformational, systemic change. In 2018, the Moody's Foundation provided grants to the following organizations and programs:

- » Achievement First
- » Acumen
- » American Museum of Natural History
- » Asia Foundation
- » Brooklyn Botanic Garden
- » Brunel University London
- » Career Ready
- » CareerTrackers
- » Center for Talent Innovation
- » Children's Museum of Manhattan
- » Columbia University
- » Conciencia
- » Cooke School and Institute
- » Coro New York Leadership Center
- » Council for Economic Education
- » Darren Drake Memorial Fund scholarship – Northern New Jersey Community Foundation
- » East London Business Alliance
- » Echoing Green
- » Euro Challenge
- » European Volunteer Centre
- » Exploratorium
- » Girls Inc.
- » Girls Who Code
- » Gladesmore Community School
- » Hack the Hood
- » Hamilton Family Center
- » HandsOn Bay Area
- » Hetrick-Martin Institute
- » Instituto Perene
- » KELY Support Group
- » Kiva Liberty LEADS at Bank Street College
- » Metropolitan Museum of Art
- » Museum of Modern Art
- » NAF
- » National Merit Scholarship Corporation
- » Network for Teaching Entrepreneurship
- » New York Botanical Garden
- » New York Cares
- » Oprah Winfrey Leadership Academy for Girls
- » Place2Be
- » Points of Light
- » Prep for Prep
- » San Francisco Museum of Modern Art
- » Staten Island Children's Museum
- » Surfrider Foundation
- » Team Rubicon Australia
- » Team Rubicon Canada
- » Team Rubicon UK
- » Team Rubicon US
- » TechnoServe
- » The Battery Conservancy
- » The Fore Trust
- » The Franklin Institute
- » The Old Vic
- » The Posse Foundation
- » The Resource Foundation
- » Trees for Life
- » Village Capital
- » Vocação
- » WEConnect International
- » Whitney Museum of American Art
- » WISE: High School of Economics & Finance
- » Youth About Business

103-2 The management approach and its components

Reshape Tomorrow™

When our actions, both individually and together as a company, give more people access to opportunity, we create a cycle of progress that produces ever-widening benefits. When people have what they need to pursue their ambitions and build their futures, they're also able to pay it forward, creating opportunities for others in their communities.

Our signature program, Reshape Tomorrow, is designed to change the lives of people all over the world—particularly women and other untapped groups—by empowering them with information and insights to grow their businesses. In 2018, we undertook a rigorous request-for-proposal process that culminated in the selection of six Reshape Tomorrow partners in communities around the world.

We are fulfilling an important but often overlooked role. Before entrepreneurs can even secure the funding they need, they have to acquire the tools and know-how to navigate in the financial world. That's where we can help. By working with partners around the world, we will provide promising individuals who want to grow their enterprises with vital access to credit information as well as training to build essential business skills.

Local volunteer and pro bono work

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

103-3 Evaluation of the management approach

The Moody's Foundation Board oversees efforts to engage with and benefit local communities. The progress of grantees toward standardized outcomes and the impact of Moody's investment over time are measured annually using Mission Measurement's Impact Genome Project methodology and scorecard and against internal Moody's CSR team key performance indicators. We are using 2018 results as a baseline to determine KPIs and targets. Where opportunities to strengthen efficacy are identified, the team works with the partner organization to develop strategies for improvement.

413-1 Operations with local community engagement, impact assessments and development programs

62% – This figure represents the percentage of countries where we have grantee and employee engagement partnerships globally. We do not conduct social impact assessments or development programs directly but rather depend on our grantees to have included them as part of their program development process.

Public policy

103-1 Explanation of the material topic and its Boundary

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. Moody's Corporation does not maintain a political action committee.

103-2 The management approach and its components

As with any other violation of Moody's Code of Conduct, if employees suspect that Moody's funds, personnel time, equipment, supplies or facilities have been wrongfully used for political contributions or lobbying, they are encouraged to report violations to Legal or Compliance or via the Moody's Integrity Hotline.

103-3 Evaluation of the management approach

Moody's Code of Conduct is reviewed bi-annually. The section of the Code of Conduct relevant to matters of public policy is reviewed by the Government and Public Affairs Group.

415-1 Political contributions

In line with the US Federal Lobbying Disclosure Act, external US lobbyists hired by the company reported \$250,000 in expenses related to federal lobbying during the year. No Moody's employee meets the applicable definition of lobbyist.

Moody's does not have a political action committee. In line with European law, Moody's Shared Services UK Ltd is registered on the EU's transparency register and, for 2018, has reported €500,000–€599,000 in activities related to engaging with the EU institutions.

Customer privacy

103-1 Explanation of the material topic and its Boundary

Moody's gathers personal data and other data from our customers via our websites, mobile applications and other forms of Moody's online activities, as well as through offline means, as described in our Privacy Policy. We use the data collected for legitimate business purposes, including the following:

- » Fulfillment of requests
- » Informational communications
- » Administrative communications
- » Other business purposes, including data analysis, editorial and feedback purposes, customer support and to improve our websites

We take our role in safeguarding this information seriously.

103-2 The management approach and its components

Moody's is committed to developing and maintaining a best-in-class security program that addresses, among other areas, privacy and data security, including for our customers' data. The program is based on internationally recognized standards in security and incorporates a privacy-by-design approach within the organization to mitigate privacy risks. The established security controls are periodically evaluated for effectiveness and completeness. In addition, our employees globally are regularly trained on privacy and data security.

103-3 Evaluation of the management approach

We regularly review and update, as needed, our Privacy Policy (bit.ly/moodysprivacypolicy), which governs how our organization collects, uses, processes and protects personal data of external parties.

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

Please see our Privacy Policy to learn more about our approach to customer privacy: bit.ly/moodysprivacypolicy

About the information in this report

Certain statements in this report are aspirational or otherwise forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. These statements, including statements regarding the Company goals, are not guarantees of future results or occurrences. Actual results and financial condition may differ materially from the Company's expectations or predictions expressed in this report due to a variety of factors, including, among others, global socio-demographic, political and economic trends, technological innovations, climate-related conditions and weather events, legislative and regulatory changes and other unforeseen events or conditions, and the factors discussed in the precautionary statements included in this report and those contained in the Company's filings with the Securities and Exchange Commission (SEC). The forward-looking statements are made as of the date of this report, and the Company undertakes no obligation to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by law. In addition, while this report describes potential future events that may be significant, the significance of those potential events should not be read as equating to materiality as the concept is used in the Company's filings with the SEC.

MOODY'S

moody's.com/csr