



Better decisions, brighter futures

2019 Corporate Social Responsibility Report

MOODY'S | Better decisions

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About this report

This is Moody's 10th annual Corporate Social Responsibility (CSR) Report, which covers the period from January 1 to December 31, 2019, except as noted otherwise. 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 microsite](#).

Our complete responses to the standards and disclosures set by GRI, the Sustainability Accounting Standards Board, and the Task Force on Climate-related Financial Disclosures can be found in the [appendix](#) of this report.

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

We find ourselves in unprecedented times as we face the immediate and long-term impacts of COVID-19 on the health and economic security of people around the world. Many are facing challenges and disruptions, including small businesses and educational systems. In response to the pandemic, Moody's is providing charitable donations and other urgent support to address the needs of affected communities where we operate. These efforts build on the actions we took in 2019 to grow our partnerships and global programs, and ultimately support the needs of small business owners and students.

These commitments also reflect our purpose to bring clarity, knowledge and fairness to an interconnected world. Corporate social responsibility (CSR) is in many ways at the heart of our endeavors to enhance connection and collaboration between people, which supports addressing society's most pressing issues.

In 2019, we saw tangible results from the first full year of our signature financial inclusion initiative, Reshape Tomorrow™. With support from the Moody's Foundation and employee volunteers, our partners are doing important work in communities across the world. Small businesses in the US learned how to manage cash flow more effectively for growth. Small shopkeepers in Kenya received business management and finance training. And economies in Latin America grew stronger as local entrepreneurs

forged new connections. You will read more about these efforts and others in the pages that follow—with the common thread being knowledge helping to fuel inclusion and growth across a wide range of markets.

We are proud of the progress made on our journey to be leaders in CSR and of our business activities to help enterprises make better decisions that form pathways to creating a better tomorrow. With this in mind, we continued to grow our sustainable finance initiatives by making several strategic investments—including majority stakes in Four Twenty Seven, Inc. and Vigeo Eiris and a minority stake in SynTao Green Finance—that are enabling us to extend our data and analytics capabilities further in the environmental, social and governance space. We also became a signatory to the United Nations Global Compact, committed to its Business Ambition for 1.5°C campaign and took steps to join the Business Roundtable and support its Statement on the Purpose of a Corporation, among other activities.

As we reflect on these achievements, I want to acknowledge and thank our Moody's employees, who are dedicated to volunteering and embedding CSR principles throughout our organization. Together, with their passion and the commitment of our partners, we will continue to build a brighter future in both good and challenging times.



“Corporate social responsibility is in many ways at the heart of our endeavors to enhance connection and collaboration between people, which supports addressing society's most pressing issues.”

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

About Moody's

Our company

Moody's (NYSE: MCO) is a global integrated risk assessment firm that empowers organizations to make better decisions. Our data, analytical solutions and insights help decision makers identify opportunities and manage the risks of doing business with others. We believe that greater transparency, more informed decisions and fair access to information open the door to shared progress.

With over 11,000 employees in more than 40 countries,¹ Moody's combines international presence with local expertise and over a century of experience in financial markets.

"In today's complex environment, Moody's drive for clarity, knowledge and fairness matters more than ever to our stakeholders."

ROB FAUBER
CHIEF OPERATING OFFICER,
MOODY'S CORPORATION



1. The completed sale of Moody's Analytics Knowledge Services on November 8, 2019, resulted in the reduction of approximately 2,800 employees.
2. Moody's Investors Service, December 31, 2019. 3. [Reis.com](#). 4. Bureau van Dijk, December 2019. 5. Moody's research, December 2019. 6. [FourTwentySeven, Inc.](#)
7. Moody's Events and Moody's Investors Service. 8. [Moody's Analytics](#). 9. [Moody's Analytics Data Alliance](#).

One Moody's

As the world becomes more interconnected, so do we. In 2019, our goal was to forge a united identity for the company that not only celebrates our history but also shows how our business is equipped to meet the changing demands of the marketplace. As part of this process, Moody's took on a comprehensive refresh of our mission, vision, purpose and values that involved engaging a multitude of stakeholders from across the company.

Greater than the sum

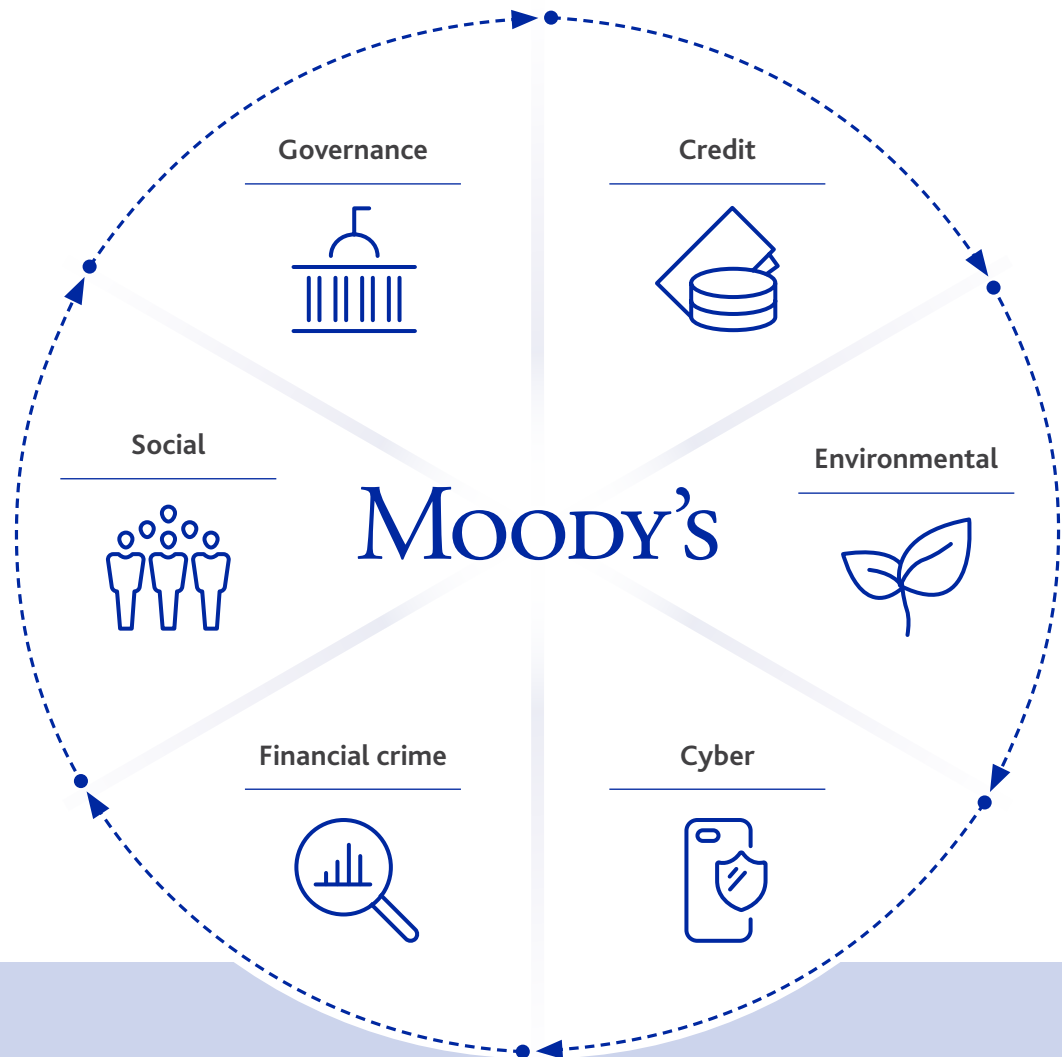
We are supporting better decisions by linking multiple factors, including cybersecurity, financial crime and environmental, social and governance (ESG) considerations, to strengthen the market's understanding of risk.

As we do, we are building our capabilities. Our recent investments in Four Twenty Seven, SynTao Green Finance and Vigeo Eiris exemplify our commitment to this. Each provides new ESG analytics and climate risk solutions that add to the power of "One Moody's."

For more examples of how Moody's is uniting our efforts to help our stakeholders build a brighter future, visit our new [ESG & Climate Risk hub](#).

Together, our extensive capabilities, products and datasets amplify our ability to serve. As we continue to move toward "One Moody's," we remain as committed as ever to our values of being principled, inclusive, collaborative, forward-thinking and rigorous.

We aim to take a holistic approach to the consideration of entity risk.



>> Learn more about Moody's ESG efforts:
ESG approach

Our CSR strategy and social investing focus areas

We drive progress and measurable impact in our complex and changing world by building more inclusive economies, stronger communities and an environmentally sustainable future.

To get there, we focus our social investing in three key areas:



Empowering people
with financial
knowledge



Activating an
environmentally
sustainable future



Helping young
people reach
their potential

Through this approach, we connect people with the knowledge and resources they need to make better decisions and create a stronger shared tomorrow.

MOODY'S

SUSTAINABLE
DEVELOPMENT GOALS



The United Nations Sustainable Development Goals (SDGs) are intended as a blueprint to a better, more sustainable future. Our own CSR strategy aligns with and supports many of these goals. The SDGs give us another valuable lens through which to consider our progress toward addressing these global challenges.

In 2019, Moody's used the UN Global Compact's new SDG Action Manager tool to more rigorously map our efforts and impact to the SDGs. This tool combines the SDGs with B Lab's B Impact Assessment and the Ten Principles of the UN Global Compact to enable meaningful business action through self-assessment, benchmarking and improvement. As a member of the Reporting on the SDGs Action Platform, we also used the report *Integrating the SDGs into Corporate Reporting: A Practical Guide* to further align our actions.

Our work toward the SDGs takes shape through:

- » Partnerships to foster economic inclusion and entrepreneurship—especially among women and underserved communities—through education and access to financial services and lending
- » Support for finance, technology and economics education and career mentoring, especially for marginalized groups
- » Credit ratings, research and ESG assessments and clean energy investments, as well as the links between climate change and financial markets



“CSR and social investing are part of the fabric of our company and integral to our corporate strategy. It's our contribution to a shared future.”

ARLENE ISAACS-LOWE

GLOBAL HEAD OF CSR, MOODY'S CORPORATION
AND PRESIDENT, MOODY'S FOUNDATION

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Key activities

A look back at 2019

We believe that progress with measurable impact demands an analytical approach and consistent commitment. Throughout the past year, we set clear goals, invested in innovative partnerships and took strategic steps to help our stakeholders make better decisions. Some highlights:

INVESTING IN ESG RISK ASSESSMENT

We furthered our promotion of transparent and globally consistent ESG standards through new research and added capabilities.

- » Moody's Investors Service published new general principles for assessing environmental, social and governance (ESG) risks and research on the effects of social considerations on credit quality
- » Acquired a majority stake in Vigeo Eiris, a provider of ESG data, research and assessments
- » Acquired a majority stake in Four Twenty Seven, Inc., a provider of data for assessing physical climate change risks
- » Acquired a minority stake in SynTao Green Finance, a provider of ESG data and analytics in China

PARTNERING FOR REAL IMPACT

We helped our partners amplify their reach.

- » Chaired WEConnect International's Council on Scaling Women-Owned Businesses and announced plans for pioneering research
- » With support from Moody's, Mission Measurement published its first report on corporate giving
- » Took part in CSR Europe's third Brussels SDG Summit, sharing our expertise on partnering with nongovernmental organizations to drive social impact
- » Supported the launch of Village Capital's Finance Forward Latin America 2019 initiative, which empowers local entrepreneurs to develop financial health solutions
- » Announced our Pathway to Prosperity initiative with America's Small Business Development Centers to help business advisors and, ultimately, their clients better understand cash flow management

STEPPING FORWARD WITH OUR COMMITMENTS

We pushed for a more sustainable global financial system and pledged to hold ourselves accountable.

- » Became a signatory to the Principles for Responsible Investment
- » Joined the UN Global Compact (UNGC) initiative
- » Became a founding member of the UNGC CFO Taskforce for the SDGs and joined the Reporting on the SDGs Action Platform
- » Signed the UNGC Business Ambition for the 1.5°C Pledge committing to set science-based targets and achieve net-zero emissions by 2050
- » Joined the Business Roundtable and signed its Statement on the Purpose of a Corporation the following month

ENABLING BETTER DECISIONS FOR MORE CUSTOMERS

We made key investments to provide greater access to some of our core competencies.

- » Acquired RiskFirst, a provider of risk analytics technology, extending our range of risk solutions to the institutional buy-side
- » Launched Moody's Local, a platform of domestic credit ratings and research for financial institutions, corporate entities, local governments and other sectors in Latin America

CONTINUING TO WORK TOWARD A SUSTAINABLE FUTURE

We focused on reducing our own environmental footprint and advancing our sustainability profile.

- » Launched the first Moody's Future Solutions™ global immersive pro bono pilot in China, providing skills-based volunteering to environmental organizations
- » Initiated our own physical climate risk assessment with Four Twenty Seven
- » Achieved carbon neutrality for 2019 by purchasing verified carbon offsets

PROVIDING TRANSPARENCY FOR OUR STAKEHOLDERS

We provided greater disclosure of our own ESG practices, and were recognized for it.

- » Added to the FTSE4Good Index Series
- » Issued first public disclosures informed by Sustainability Accounting Standards Board (SASB) guidelines
- » Again included in JUST Capital's JUST U.S. Large Cap Diversified Index
- » Added to Bloomberg's Gender-Equality Index for 2019 policy and performance measures

Key activities

A look ahead in 2020

Every year brings new opportunities for better decisions to create more measurable impact toward a brighter future. Here are some of our planned priorities for 2020.

INVESTING IN ESG RISK ASSESSMENT

We plan to advance our analytical offering that spans across credit, ESG, sustainable finance and climate risk solutions. With the recent acquisitions of Vigeo Eiris and Four Twenty Seven, we are also working to integrate deeper ESG and climate data into both credit ratings and separate risk management solutions, as well as using Four Twenty Seven's data to enrich our climate research.

ENABLING BETTER DECISIONS FOR MORE CUSTOMERS

We will keep delivering meaningful, relevant ratings and research to investors and policymakers. For example, our findings and views on the credit and economic impact of the COVID-19 pandemic are available to all at moodys.com/coronavirus. To help hospitals and other healthcare organizations readily identify and qualify medical and personal protective equipment suppliers, we launched the free "Know Your Supplier" online portal. And to help governmental authorities get funding to small businesses, we are leveraging our loan origination tools, data and insights.

PARTNERING FOR REAL IMPACT

Moody's will fund a \$1 million program of charitable donations and other support to help organizations impacted by COVID-19 and those directly involved in relief work. We will also increase support to existing philanthropic partners to help small businesses and education systems and reconfigure our employee volunteer programs to assist communities most affected by the pandemic. As we do, we will evaluate the measurable impact of our support to maximize our reach.

CONTINUING TO WORK TOWARD A SUSTAINABLE FUTURE

In our continued pursuit of carbon neutrality, we will explore setting science-based targets, implementing internal carbon pricing, purchasing renewable energy and more. We are also focused on improving value and supply chain management, with a priority on examining emissions allocation, sustainability efforts and diversity measures.

STEPPING FORWARD WITH OUR COMMITMENTS

We are committed to elevating the awareness and perception of Moody's ESG and CSR profiles across our stakeholder groups, especially in the EMEA and Asia-Pacific regions. Internally, diversity and inclusion remains an area of concentrated focus for 2020. We will continue to address diversity and inclusion within all HR initiatives, including talent acquisition, assessment and development.

PROVIDING TRANSPARENCY FOR OUR STAKEHOLDERS

We are dedicated to providing greater transparency in our disclosures. Specifically, improvements in how we report on greenhouse gas emissions (GHG) and energy use—including fuel; electricity; heat, steam and cooling; and waste—will be a key focus in 2020.



Learn more about where Moody's is going:
Moody's CSR

Performance indicators

Environmental



Energy

10%

REDUCTION IN ELECTRICITY USE YOY

16%

REDUCTION IN ELECTRICITY USE
PER EMPLOYEE YOY

11%

RENEWABLE ENERGY USE



Travel and commuting

75%

MILES COMMUTED USING PUBLIC TRANSPORT
OR CARPOOLING¹

17%

REDUCTION IN BUSINESS TRAVEL
EMISSIONS YOY²



GHG emissions³

7.52 tCO₂e

PER \$M REVENUE

2.70 tCO₂e

PER EMPLOYEE

SUSTAINABILITY STRIDES IN EUROPE

In September 2019, our Prague team moved into a new office in the prestigious Butterfly House. The innovative facility earned BREEAM Excellent certification and features elevators with regenerative power; automatic, solar-powered exterior shutters; electric vehicle charging stations; and shelters for birds and bumblebees.

Later in the year, we signed a lease to take over the top two floors of a state-of-the-art sustainable building in Vilnius, Lithuania. We plan to move into the space later in 2020.



CERTIFIED CLIMATE PROJECTS SUPPORTING MOODY'S 2019 EMISSIONS OFFSETS

To balance the residual emissions that result from our operations, Moody's supports a variety of certified climate projects to offset 2019 reported emissions (Scope 1, Scope 2: market-based and Scope 3: categories 6 and 7).

We select these projects based not only on their emissions mitigation and avoidance potential but also on their wider contribution to the SDGs. In alignment with our commitment to carbon neutrality, we intend to monitor technological innovations to further reduce our impact in future years.



Wind project (India)
REDD+ project (Canada)
Wind project (Costa Rica)

Gold Standard

Clean cookstoves project (Kenya)

See pages A-19 and A-20 for more information on Moody's 2019 environmental performance.

The number of employees used for calculations on this page is 13,467; this corresponds to the number of employees in Moody's 10-K filing plus the number of regular Moody's Analytics Knowledge Services employees up to the date of completed sale of that business.

1. Based on a representative sample of employees across multiple geographies. The employee survey received 2,296 valid responses.

2. Air travel emissions were reduced 27% YOY. In 2019, additional business travel emissions categories were calculated: rail, car rental, black car and hotel.

3. Figures in metric tons of carbon dioxide equivalent (tCO₂e). Emissions calculations based on Scope 1, Scope 2: market-based and Scope 3: categories 6 and 7.

Performance indicators

Social

As we make measurable progress in our three CSR areas of focus, we partner with a range of organizations through initiatives such as Reshape Tomorrow™ and programs such as Pathway to Prosperity. To help track our investment over time, we use the [Mission Measurement Impact Genome Project®](#) methodology and scorecard. See 2019 scorecard highlights below.



Empowering people with financial knowledge

Building upon our core expertise in serving the global capital markets, we have undertaken a series of initiatives and partnerships dedicated to helping people overcome the challenges of growing a small business, including access to credit and capital.



Activating an environmentally sustainable future

We continually seek to reduce Moody's adverse impact on the planet. And, amid increasingly frequent and severe climate-related disasters, our grants prioritize organizations with a mission of environmental sustainability, especially in emerging economies.



Helping young people reach their potential

We work with schools and nonprofits around the world to prepare students ages 15–24 for successful careers in finance, technology and economics via mentorship initiatives, skills-development programs, internships and other educational opportunities.

Key impact metrics

\$1.4M INVESTED

35 COUNTRIES AFFECTED

94.5% MEDIAN EFFICACY RATE

\$355k INVESTED

40 COUNTRIES AFFECTED

100% MEDIAN EFFICACY RATE

\$1.2M INVESTED

63 COUNTRIES AFFECTED

94.4% MEDIAN EFFICACY RATE

Total reach

8,698 BENEFICIARIES

108,434 BENEFICIARIES

96,387 BENEFICIARIES

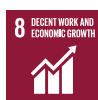
Beneficiary demographics

79% FEMALE
21% MALE
<1% NONBINARY

53% FEMALE
47% MALE
0% NONBINARY

54% FEMALE
46% MALE
<1% NONBINARY

SDGs supported



Participating grantees reported on their most recent set of 12-month results as of January 2020. Data is not reflective of all Moody's grant partners. Dollar amounts invested are approximate.



See our partnerships in action



Social | Reshape Tomorrow™

Empowering people across the globe

Through Reshape Tomorrow, our flagship financial inclusion initiative, we are delivering on our commitment to empower people with financial knowledge. In 2019, we partnered with innovative organizations to help bring thousands of entrepreneurs the tools, skills and knowledge they need to make better decisions and grow their small businesses.

● **ACUMEN** invests in emerging businesses working to disrupt the cycle of poverty. With Moody's support, the organization is improving the way its local teams engage with these companies after investment.

● **ECHOING GREEN** equips emerging social entrepreneurs with resources and training to grow their businesses. Moody's has worked closely with the organization to develop a loan-readiness curriculum as part of its larger program.

● **THE FOUNDATION FOR SMALL BUSINESS DEVELOPMENT** is dedicated to helping entrepreneurs succeed. Moody's has partnered with the foundation to create a free cash flow certification program for small business advisors and owners across the United States.

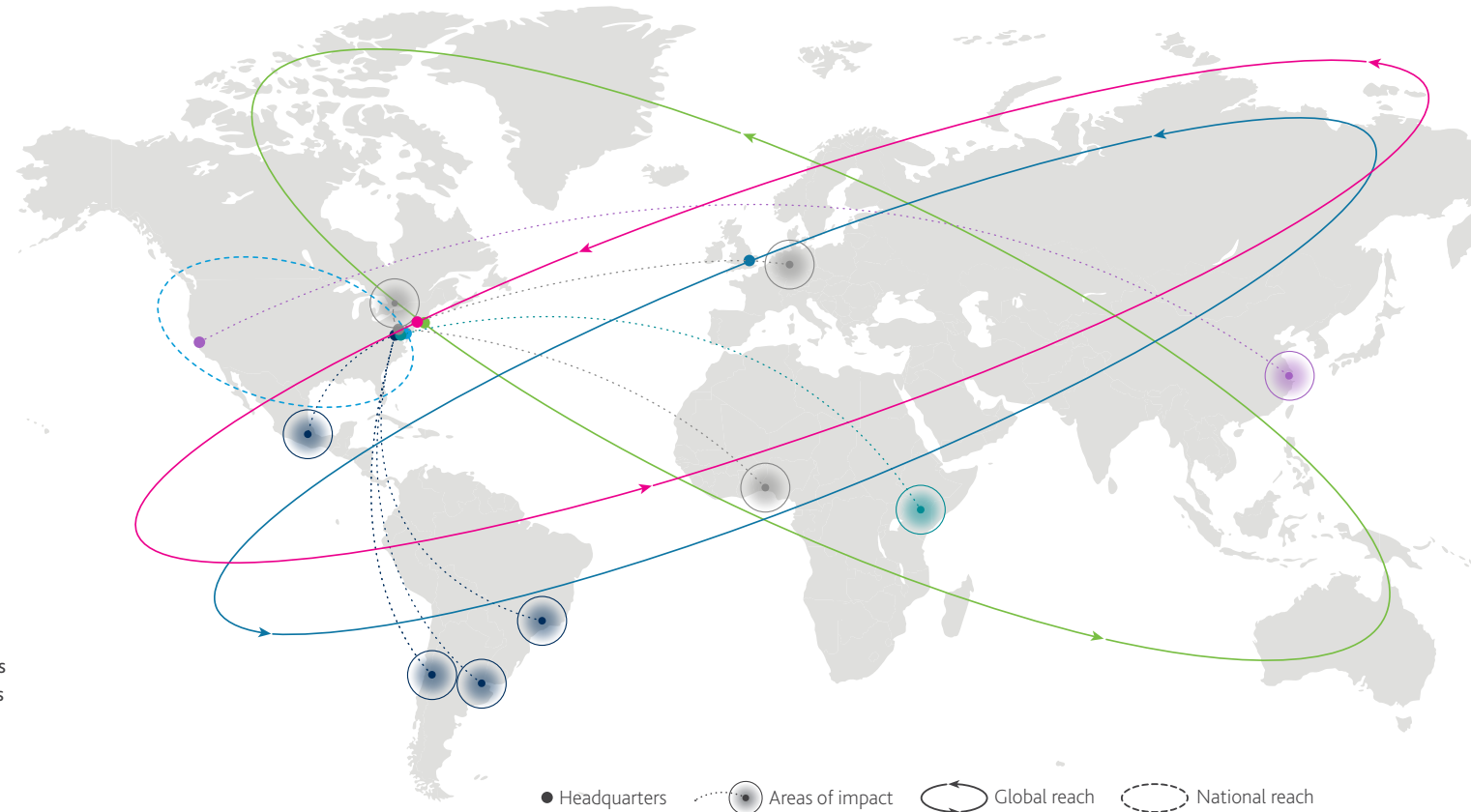
● **TECHNOSERVE** helps entrepreneurs in the developing world build competitive farms, businesses and industries. In collaboration with Moody's, the nonprofit has mentored hundreds of small business owners in Kenya.

● **THE ASIA FOUNDATION** is a nonprofit committed to improving lives across Asia. Since partnering with Moody's, the foundation has expanded its migrant women's entrepreneurship program to provide business training to women in China.

● **THE FORE** helps small and early-stage charities and social enterprises secure funding and achieve scale and sustainability. Through grants and volunteering, Moody's has helped The Fore support 55 UK-based organizations.

● **VILLAGE CAPITAL** finds, trains and invests in entrepreneurs solving major global problems. In 2019, Moody's supported Village Capital's Finance Forward Latin America, an accelerator for startups developing solutions for financial health.

● **WECONNECT INTERNATIONAL** empowers women in business to grow and scale their enterprises. In partnership with Moody's, WEConnect launched its Financing Your Growing Business training program for women entrepreneurs.



Recognition

We are proud of the awards and recognition we have received from organizations across the world. The following is a selection of those most relevant to this report.

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

Inclusion in ESG indices

NYSE: MCO



FTSE4Good Index Series



Bloomberg Gender-Equality Index



JUST Capital's JUST U.S. Large Cap Diversified Index

Social impact

Moody's

Moody's is proud of the accolades for our volunteer efforts and social outreach in communities around the world.



AmCham CARES High Distinction Award 2019–2020 and Enterprise Honoree 2017–2018 (4x winner)



Hong Kong Council of Social Service's Caring Company (3x recognition) Awarded to Moody's Asia Pacific Limited



NYC Service Mayoral Recognition Award (3x winner)

Diversity and inclusion

Moody's

A variety of organizations continue to recognize Moody's as one of the best places to work.



Working Mother 100 Best Companies (4x winner)



Stonewall Top 100 Employers 2019, Championing LGBT Inclusion in Workplace, #44 (3x winner)



Community Business Hong Kong LGBT+ Inclusion Index – Silver Standard (2x winner)



Human Rights Campaign Foundation 100% Corporate Equality Index: Best Places to Work (8x winner)



Working Mother Best Companies for Dads (2x winner)



UK Armed Forces Covenant Silver Award

Ratings and research

Moody's Investors Service

Our leadership in bringing clarity to capital markets through our credit ratings, research and risk analysis has earned global and regional honors.



The Asset Triple A Rating Agency of the Year Awards 2019 (Multi-award winner, Pitch)



Institutional Investor Poll Global Credit Rating Agency: 2019 #1 US Credit Rating Agency: 2012–2018 (8x winner, Poll)



Global Capital Bond Awards 2019 (Multi-award winner, Poll)

Data and analytics

Moody's Analytics

Our data and analytical capabilities, spanning finance, accounting, compliance and risk functions, have earned recognition from industry experts.



Chartis RiskTech100® 2020 (Multi-award winner)



Chartis RiskTech Quadrant®, Category Leader for KYC Solutions



FocusEconomics Analyst Forecast Awards 2019 (Multi-award winner)

ESG approach

From data to impact: Bringing ESG transparency to the market



From data to impact: Bringing ESG transparency to the market

Demand for environmental, social and governance (ESG) tools, resources and expertise continues to rise. Over the past year, we made it a priority to provide ESG data, assessments, analytics, research and benchmark products in service of our mission to help companies make better decisions. We have also increased our focus on demonstrating the systematic and transparent incorporation of material ESG issues into credit ratings.

Moody's ESG and climate capabilities expanded during 2019 as we made strategic investments in ESG leaders such as Vigeo Eiris, Four Twenty Seven, Inc. and SynTao Green Finance, as well as created a central team dedicated to driving our ESG offering.

Our increasingly sophisticated understanding of the trends and market demands for ESG and climate risk assessments gives us an opportunity to deliver on our mission.

Smart acquisitions

Moody's Investors Service (MIS) has always incorporated all risks, including ESG considerations, into credit ratings where relevant and material. As a global integrated risk assessment firm, Moody's now provides ESG and climate insights across three main areas: standalone ESG, sustainable finance and climate risk solutions via our newly acquired affiliates; transparent and systematic integration of ESG consideration with the rating agency; and ESG data and insights integrated into Moody's Analytics' risk management solutions.

Moody's investments in 2019 included majority stakes in Vigeo Eiris, a global provider of ESG research, data and assessments, and Four Twenty Seven, a provider of climate data and risk analysis, as well as a minority stake in ESG and sustainability specialist SynTao Green Finance in China.

In a September 2019 report, MIS used Four Twenty Seven's data on exposure to heat stress in US jurisdictions alongside information on outstanding debt and credit quality. We found that 21% of outstanding debt that Moody's rates is exposed to high or very high heat stress. "That analysis shows the power of bringing different data expertise together in a new and different way," says Lisa Rabbe, chief government and public affairs officer of Moody's Corporation. "It really highlights the power of these acquisitions paired with what Moody's has always done." The response from regulators and policymakers to the Four Twenty Seven acquisition has been positive.

"I recently attended a meeting at Climate Week NYC with senators from the Special Committee on Climate Crisis," says Rabbe. "When they learned how the Four Twenty Seven dataset was used in the heat map, they affirmed that this was exactly the kind of data everybody needs right now. And these new datasets and capabilities have been met with very high degrees of enthusiasm from every policymaker and every regulator we've spoken to."

We are now integrating data from Four Twenty Seven into some of Moody's business lines. For example, aggregated Four Twenty Seven climate risk data is now available on the Reis Network, Moody's Analytics' commercial real estate platform.

We saw similar benefits from our Vigeo Eiris acquisition. "Vigeo Eiris is well known in its field of expertise," says Gwen Safa, managing director of Strategy & Marketing for Moody's Corporation. "Moody's Investors Service was one of the first global agencies to assess green bonds, back in 2016. Now, with the combined expertise of Vigeo Eiris and MIS, we are becoming leaders in assessing labeled bonds and sustainability-linked debt globally."

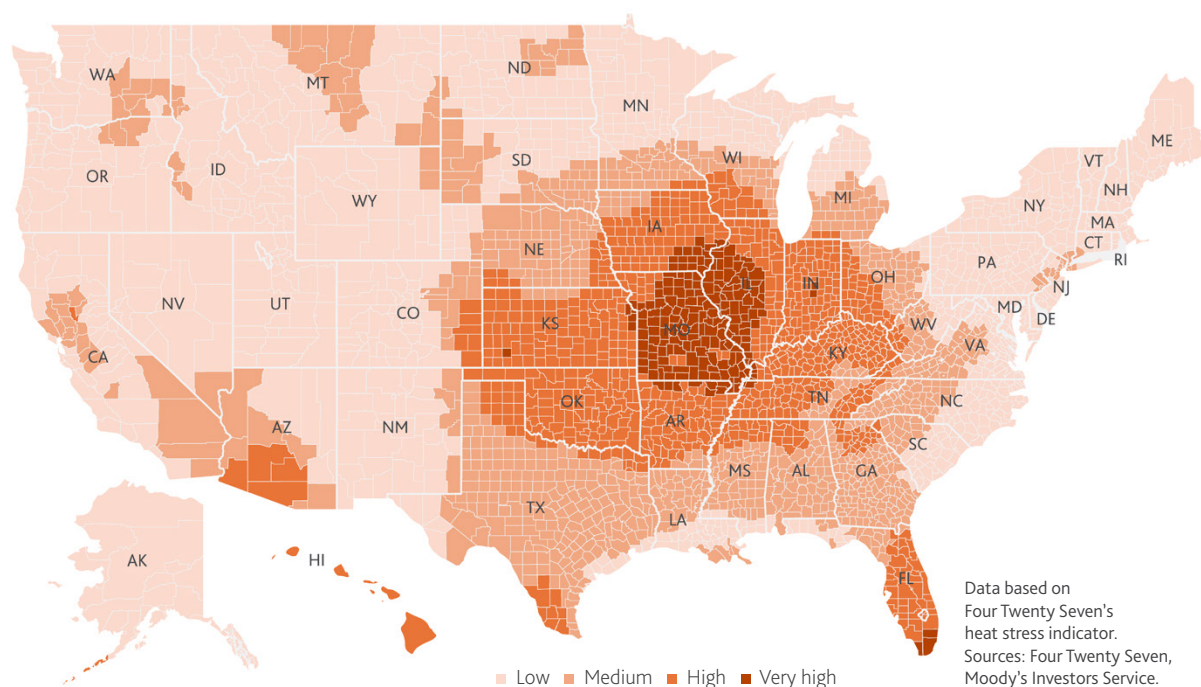
"With the combined expertise of Vigeo Eiris and Moody's Investors Service, we are becoming leaders in assessing labeled bonds and sustainability-linked debt globally."

GWEN SAFA

MANAGING DIRECTOR, STRATEGY & MARKETING,
MOODY'S CORPORATION



Four Twenty Seven data shows heat stress will be concentrated in the central Midwest



Improving ESG assessments

Analysis of how social considerations affect creditworthiness has historically been the least developed among ESG considerations. Social issues may include an issuer's interactions with employees, customers, supply chain partners, counterparties and society at large.

Of note today, MIS regards the recent and rapid spread of COVID-19 as a social risk under our ESG framework, given its substantial threat to public health and safety, with credit implications that will continue to play out in the years to come. Measures we took in 2019 to classify social considerations are helping us understand and analyze the severe credit shock sparked by the 2020 pandemic.

"Defining material social considerations is difficult because the underlying issues are often intangible or difficult to measure—there were no hard metrics," says Swami Venkataraman, senior vice president at MIS. "This shifted last year."

In February 2019, MIS published a formal classification of social risk considerations. In October 2019, MIS published a heat map illustrating the credit materiality of social considerations to 82 global sectors with total rated debt of about \$78 trillion.

The heat map report was the first of its kind and one of more than 220 MIS research pieces published on ESG in 2019. The report tells investors which sectors are more exposed to social risks and explains how we classify those risks. More than 1,200 of our analysts across the globe collaborated to produce the classifications, and the result has been compared with outside frameworks such as the Sustainability Accounting Standards Board (SASB) and the Principles for Responsible Investment (PRI).

Response from market participants has been very positive. "We added clarity to something that people were struggling to understand," says Venkataraman.

In China, where financial regulators will require all publicly listed companies and bond issuers to disclose their ESG risk in 2020, we have expanded our commitment and expertise by investing in SynTao Green Finance.

"We are now building an integrated risk management solution and not just a point solution for ESG as if it is a standalone risk," says Nick Reed, executive director at Moody's Analytics. "It's about discovering what the integration of several risk types looks like. We have a long history of being able to do just that as new risks emerge."



"Our goal for 2020 is to scale up governance and carbon transition assessments substantially."

BRIAN CAHILL

GLOBAL HEAD OF ESG, MOODY'S INVESTORS SERVICE



NEARLY

30

YEARS OF ESG EXPERIENCE

Our affiliate Vigeo Eiris has been a pioneer in ESG analysis since the 1990s.



220+

MIS RESEARCH REPORTS RELATED TO ESG CONSIDERATIONS IN 2019



38,000+

CREDIT RATINGS

ESG considerations are integrated into MIS credit ratings.



5,000+

ESG ASSESSMENTS ASSIGNED BY VIGEO EIRIS



6

CLIMATE HAZARDS

Four Twenty Seven assesses at the facility-level: heat stress, water stress, floods, hurricanes and typhoons, sea level rise and wildfires (forthcoming).

The social risks heat map complements our earlier issuer-level governance assessment efforts, including the 2019 publication of a framework to assess corporate governance at publicly traded nonfinancial corporations. Moody's governance assessment framework helps credit analysts and investors compare companies on a consistent, transparent and verifiable basis, giving greater visibility into the governance factors that could most influence credit risk. These assessments also provide a relative ranking of governance risk characteristics.

"Our goal for 2020 is to scale up governance and carbon transition assessments substantially," says Brian Cahill, global head of ESG at MIS.

MIS also continued to improve issuer-level analysis for carbon transition risk. Beginning in 2018, we identified which sectors were at risk with our *Environmental Risks—Global: Heat Map* report. We then turned our attention to developing a framework for specific companies at risk. And our carbon transition assessments helped expand our toolbox for bringing ESG intelligence to market.

"There is a lot of intention in the market to move toward more responsible capitalism," says Andrea Blackman, global head of ESG and Climate Risk Business at Moody's Corporation. "Moody's can help by bringing data and information modeling and risk evaluation capabilities together to formulate risk and valuation."

And serving the practical business of the market is both Moody's past and future as we move forward into the ESG space. 🌐

Leaning into leadership

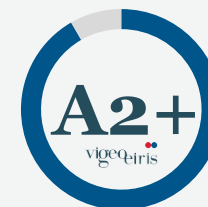
Moody's is proud to help standardize and shape the sustainable finance market. In this shifting regulatory landscape, we offer a unique perspective to our industry peers. Together, we are united for positive change.

UN Global Compact

In 2019, we became a founding member of the UN Global Compact CFO Taskforce for the SDGs, signed its Business Ambition for 1.5°C pledge, joined the Reporting on the SDGs Action Platform and, through CSR Europe, shared our expertise in sustainable finance and advanced the conversation with the European Commission.

Business Roundtable

We also took steps to join the Business Roundtable at the participant level and sign its Statement on the Purpose of a Corporation in 2019. "The Roundtable is a great opportunity for us to help corporate America's CEO population who signed that statement to walk the talk on ESG," says Lisa Rabbe, chief government and public affairs officer of Moody's Corporation.



Sustainability rating certificate for Moody's

In addition to the acquisition of Vigeo Eiris, Moody's has solicited Vigeo Eiris to conduct an independent ESG and sustainability rating.

As of March 2020, Moody's holds an A2+ rating, based on an overall score of 53/100. Moody's ranks within the top 10% of all companies rated by Vigeo Eiris worldwide and first out of 58 within the Business Support Services North American sector, and we aspire to continue improving our overall score.

Rank in sector	1/58
Rank in region	5/1,252
Rank in universe	268/4,859
ESG reporting rate	87%
Sector average	61%

[VIEW FULL SUSTAINABILITY RATING CERTIFICATE >](#)

Vigeo Eiris is a majority-owned non-credit rating agency affiliate of Moody's Corporation. Vigeo Eiris produces assessments and research using its own methodologies.



Q&A with Wendy Cheong

Managing Director, Regional Head of Asia-Pacific, Moody's Investors Service

Heading MIS' growth strategy for Asia-Pacific has given Wendy Cheong a unique perspective on China's regulatory landscape and approach to ESG issues. Through her management of operations and joint ventures in the region, she has seen the acceleration of change firsthand.

Q: What is the state of ESG and sustainable finance in China?

A: We're seeing strong momentum and tremendous opportunities in China, where the move toward ESG integration has historically been driven by the government and international investors. Specifically, the government, along with other institutions, has taken a leading role in developing the ESG markets through pilots, education, training and policies as well as regulatory guidance. We're now also seeing increasing awareness among domestic investors. The Chinese government has announced requirements for publicly listed companies and bond issuers to disclose ESG risks by 2020, which is fueling transparency.

Q: Why did Moody's decide to invest in SynTao Green Finance?

A: The investment in SynTao Green Finance aligns with Moody's commitment to promote globally consistent approaches for assessing ESG risks and opportunities—for credit and beyond. SynTao Green Finance's China-specific datasets enhance Moody's global ESG research and data, and complement Moody's acquisitions in 2019 of Vigeo Eiris, a leading global provider of ESG research, data and assessments, and of Four Twenty Seven, a leader in climate data and risk analysis.

Q: You just mentioned a few firms Moody's acquired in 2019—what is next?

A: Demand for climate risk, sustainable finance and ESG solutions has grown rapidly, and we will leverage the strengths and capabilities of SynTao Green Finance and our other new affiliates to become a one-stop shop for credit, ESG, cybersecurity and climate risk solutions. Together with these affiliates, we'll seek to provide a range of solutions for investor and issuer ESG needs, including joint research, product development and technical cooperation.



China Sustainable Investment Review 2019

This SynTao Green Finance report illustrates best practices and latest industry trends from global ESG practitioners and is used by domestic institutional investors in China as ESG investment guidance. It gained commendations from international organizations such as the UN Environment Programme Finance Initiative, PRI, International Finance Corporation, London School of Economics and domestic organizations in China such as the China Banking and Insurance Regulatory Commission and the Sustainable Stock Exchange at China Social Investment Forum.

[VIEW THE REPORT >](#)

Stories of impact

Every year, we have an opportunity to look back on some of the highlights of our CSR work. The following represent only a sample of the better decisions and brighter futures we enabled in 2019.

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BRUNEL UNIVERSITY USWAP

Unlocking untapped potential for London students



To read more, visit our CSR microsite

Paving a “pathway to prosperity” one small business at a time

Small businesses are the backbone of the US economy. However, with recent uncertainty caused by COVID-19, many are struggling to stay afloat. Even in less turbulent times, entrepreneurs often lack insight into what their finances look like from day to day, how much cash they have on hand or whether they will be able to pay their bills on time. In fact, according to a March 2018 Preferred CFO study, 82% of business failures are a result of poor cash flow management.

One of Moody's key CSR focus areas is empowering people with financial knowledge, which is why we made cash flow management the focus of a 2019 initiative for US entrepreneurs. This financial empowerment initiative was created in partnership with the Foundation for Small Business Development (FFSBD), the philanthropic arm of [America's Small Business Development Centers \(SBDCs\)](#). It is the first initiative under Moody's new Pathway to Prosperity program, which is part of our larger Reshape Tomorrow™ initiative.

Through this inaugural initiative, we are providing support to the nearly 1,000 locations across the nationwide network of SBDCs. As Pathway to Prosperity continues to grow, this initiative and others like it will help deliver the resources and training that entrepreneurs need to overcome the challenges of growing a small business.



[>>](#) Learn more about how we're responding to COVID-19.

Teaching advisors, helping businesses flourish

The 2019 financial empowerment initiative provides business advisors with free resources, including training sessions, certifications and access to a software program designed to enable simple, powerful and predictive cash flow for businesses.

"Pathway to Prosperity is helping me help my clients understand a more intuitive way to work through their unique business needs and easily track finances," says Chaimie Pewitt, former executive director of the Southern Colorado SBDC. "The training sessions help advisors like me support our clients with a range of useful resources."

In 2019, Pathway to Prosperity held three in-person advisor sessions: the New England SBDC Professional Development Conference in May, America's SBDC Annual Conference in September and the Virginia Professional Development Conference in November. Training sessions can also be hosted online, allowing even more advisors across the nation to take part as the program scales.

To date, 174 business advisors have been trained—168 in person and six online. Business advisors who attended these sessions were then able to pass on the knowledge they received to their end clients, further extending the reach of these trainings.

Training the trainers



PAVING A "PATHWAY TO PROSPERITY" ONE SMALL BUSINESS AT A TIME

Potential through partnership

As the economic landscape continues to shift in 2020, Moody's and America's SBDC will assess how we can best support small businesses. America's SBDC is slated to host additional business advisor training sessions throughout the US, and we plan to roll out new advisor-led trainings to business owners. These upcoming sessions will focus on driving the adoption and use of cash flow management resources provided by the SBDC advisors who have been trained in the program.

"Our ultimate goal is to help thousands of small business owners and employees to better manage their finances and secure their operations," says Charles "Tee" Rowe, president and CEO of America's SBDC.

"The ongoing partnership with Moody's and FFSBD allows us to further develop innovative ways to serve the needs of the small business community and brings us one step closer to achieving this goal." 🌐

NEARLY

1,000

SBDC LOCATIONS SUPPORTED THROUGH
PATHWAY TO PROSPERITY



82%

BUSINESSES THAT FAIL AS A RESULT OF
POOR CASH FLOW MANAGEMENT



"Our ultimate goal is to help thousands of small business owners and employees to better manage their finances and secure their operations."

CHARLES "TEE" ROWE

PRESIDENT AND CEO, AMERICA'S SBDC



Giving Kenya's duka owners tools to thrive

Three years ago, single mother Nancy Wambui was living with her young son in the back of her shop in Kenya's capital of Nairobi, selling a small stock of eggs, tomatoes, milk and cakes. She had capital of just \$50. Today, her shop is valued at over \$4,000, and her future plans for the business include expanding into wholesale and opening other locations. She is purchasing land valued at \$20,000 on which she plans to construct rental houses.

Wambui attributes her success to what she learned about savings and loan readiness through the Smart Duka initiative, which supports mom and pop shops like hers—known in Kenya as “dukas.” In 2019, this program expanded as a result of a collaboration between Moody's and our Reshape Tomorrow™ partner [TechnoServe](#), a nonprofit operating in 29 countries that works with enterprising women and men in the developing world to build competitive farms, businesses and industries. Together, our organizations are helping to reduce unemployment, boost local economies and transform lives across Kenya and beyond.

1,025 
SHOP OWNERS WHO BENEFITED FROM
THE SMART DUKA INITIATIVE IN 2019

180 
SHOP OWNERS WHO BENEFITED FROM
THE PROGRAM TRAINING IN 2019

“We're not just giving people one fish and expecting them to make do. Through the Smart Duka program, we're teaching people how to fish and helping them thrive for many years to come.”

ELSIE NGINA
BUSINESS ADVISOR, TECHNOSERVE



Small shops driving economic growth

Small businesses are vital to the economy in Nairobi, where more than half the population lives in impoverished areas.¹ Dukas play an important role in helping lift residents out of poverty.

So far, the Smart Duka program has helped 1,025 Nairobi shop owners, more than half of whom are women, get the support and training they need to start and maintain sustainable business models and generate profit to support their families. And in the next five years, the program aims to train 100,000 entrepreneurial owners across Kenya to expand their business and financial management skills.

Hands-on training with financial experts

To date, financial experts from Moody's have conducted six virtual training sessions with 120 duka owners. In addition, a team of our volunteers and TechnoServe business counselors held an in-person mentorship session for 60 shop owners in Nairobi in July 2019. These digital and on-the-ground trainings empower duka owners with important elements of financial management, including supply chain handling and shop management practices.

"It was a great experience to work with the Kenyan duka owners who have a passion to learn about best financial management practices," says Sven Reinke, senior vice president of Moody's Investors Service. "Giving people the tools they need to help themselves is a great way to ensure their businesses are successful in the long run."

Personal progress, profitable growth

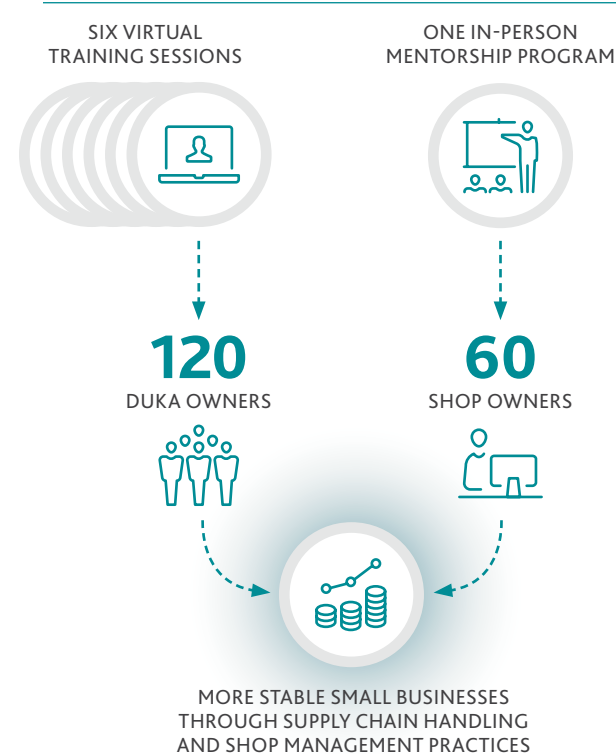
Wambui's story is just one of many personal successes to come out of Smart Duka. For Florence Muthoni, another duka owner in Nairobi, the program gave her the skills she needed to bounce back after initial failure. Following her mother's death, Muthoni spent years hawking wares on the city's streets before she could save enough money to open a shop that sold cereal.

With fierce competition, she could not keep customers coming in, so she had to shut it down. About a year later, she made one more attempt, using the last of the money she had received from selling her cereal shop to buy another duka. By this time, she had also discovered TechnoServe's program.

"The timing couldn't have been more perfect," she says. "Now, I go to work every day and get to apply what I have learned from the Smart Duka program. It has taught me a lot about expanding my inventory to give customers what they want. And giving them what they want keeps them coming back."

We hope Nairobi entrepreneurs like Muthoni and Wambui continue to thrive long after the Smart Duka program ends. "Moody's believes in the mission of transforming people's lives, and our partnership has been exceptional," says Elsie Ngina, a business advisor with TechnoServe. "We're not just giving people one fish and expecting them to make do. Through the Smart Duka program, we're teaching people how to fish and helping them thrive for many years to come." 🌍

Giving people the tools they need



"[The program] has taught me a lot about expanding my inventory to give customers what they want. And giving them what they want keeps them coming back."

FLORENCE MUTHONI
SMALL DUKA OWNER IN NAIROBI



1. *Population and Health Dynamics in Nairobi's Informal Settlements: Report of the Nairobi Cross-sectional Slums Survey 2012*, African Population and Health Research Center, January 1, 2014.

Unlocking untapped potential for London students

As a young teenager, C.L.* grew up in one of the poorest areas in London's borough of Kensington and Chelsea, where attending a prestigious college was not in the cards. "My secondary school teachers thought I couldn't maintain a university lifestyle," she says. "Instead, they directed me to take an apprenticeship or a BTEC [vocational qualification]."

But then she found the Urban Scholars Widening Access Programme (USWAP) at Brunel University London. Funded and supported by Moody's for 15 years, the USWAP champions secondary school students from underserved backgrounds and provides multiple levels of support—including subsidized coursework, mentorships and summer programming—to engage students in learning.

Her time with the USWAP encouraged C.L. to break out of her shell and dream bigger about her future. Today, at 19, she is an undergraduate law student at Brunel and plans to become a fully qualified barrister when she graduates. "The USWAP really encouraged me to become the person I am," she says.

C.L.'s success story is just one of more than 700 created over the last decade and a half. In 2019, Moody's and Brunel celebrated these and all the stories yet to come by bringing alumni, students, faculty and business leaders together in an event that showcased the long-term benefit the USWAP creates in the lives of its students.



"It is one thing to read a report and see statistics on paper, but it is another experience entirely to hear young people speak about the huge impact this program has had on their lives."

RUDO MUTAMBIANWA

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

*Only first names or initials have been used for student and alumni privacy.



20%

STUDENTS ACHIEVING TARGET EXAM GRADES UPON ENTRY TO THE USWAP

----- SINCE THE PROGRAM'S LAUNCH IN 2004 -----



91%

STUDENTS WHO HAVE GONE ON TO GRADUATE FROM A UNIVERSITY



83%

MEMBERS OF MOST RECENT USWAP ALUMNI GROUP STUDYING STEM OR FINANCE



65%

THOSE AT RUSSELL GROUP (HIGHER-TARIFF) UNIVERSITIES

Surfacing and amplifying submerged talent

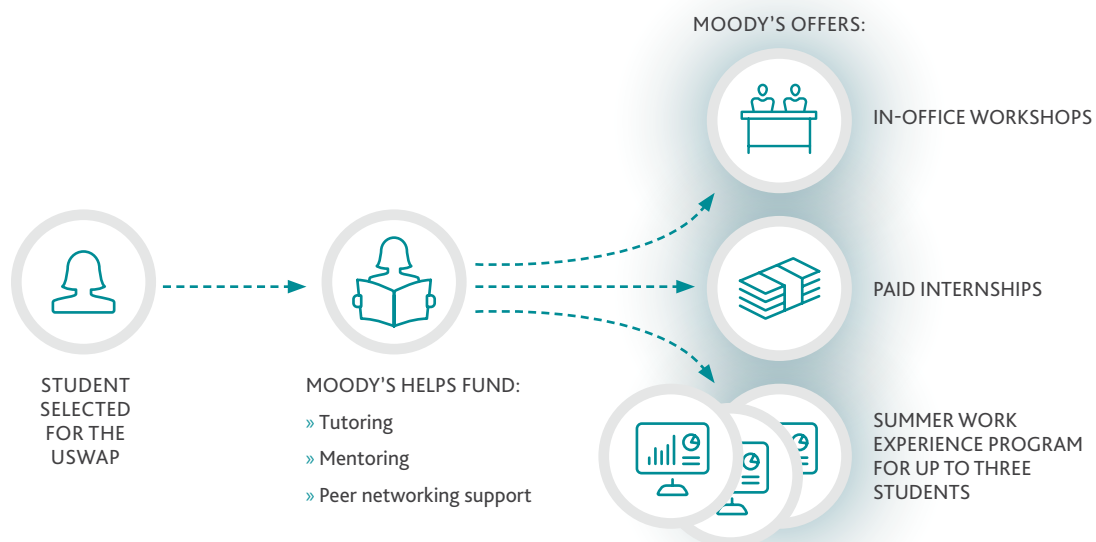
Upon entry to the USWAP, roughly 20% of students are achieving target exam grades, and like C.L., most face a low likelihood of attending a university. But in many cases, low exam scores are more a product of environmental challenges than of ability.

USWAP participants are selected by talent coordinators from their secondary schools using a system informed by Brunel Professor Valsa Koshy. Her research demonstrates that identifying submerged talent in underserved students and giving them a system of support helps increase their academic achievements, foster higher-education aspirations and build the social skills and self-esteem they need to become successful after graduation.

Moody's helps fund tutoring, mentoring and peer networking support so that students can improve their exam scores. Students also receive help applying for funding opportunities and university admission. And, as a partner, Moody's hosts up to three Brunel Urban Scholar students in our summer work experience program every year, in addition to offering in-office workshops to Urban Scholar students.

The efforts are paying off: Since the program's launch in 2004, 91% of students have gone on to graduate from a university. Now, 83% of the most recent USWAP alumni group is studying STEM or finance, and 65% are at Russell Group (higher-tariff) universities.

A path toward success



*Only first names or initials have been used for student and alumni privacy.

"The USWAP really encouraged me to become the person I am."

C.L.*
ALUMNA, USWAP



A celebration years in the making

Statistics are important, but for Rudo Mutambiranwa, CSR regional head of EMEA and Asia-Pacific at Moody's Corporation, hearing firsthand accounts from the young people who have benefited from the program is even more powerful. "It is one thing to read a report and see statistics on paper," Mutambiranwa says, "but it is another experience entirely to hear young people speak about the huge impact this program has had on their lives. It's inspiring."

Mutambiranwa was among the Moody's representatives who joined Brunel faculty, 40 USWAP alumni and 100 current program participants at the 15-year celebration event last summer. There, alumni shared their stories and words of encouragement.

"Through this program, I was selected to intern for the Moody's banking team in the UK and Ireland," said John,* a USWAP alumnus who now has a successful banking career in London. "It opened my eyes to a career in finance and helped support my decision to study economics at university. Before entering the program, I never thought this field of study would be an option for me."

For recent alumnae Frankie and Lizzie,* the impact was just as tangible. Both young women took a break from their studies in the US to speak at the event about their studies abroad and experiences applying for scholarships. Both are receiving scholarships worth £90,000 per year through the Sutton Trust US Programme, in partnership with the Fulbright Commission. Through the USWAP, they had many one-on-one sessions with program staff to complete their applications, do practice interviews and receive information about how to take full advantage of studying overseas.

As the USWAP continues to grow, we hope the program touches many more lives and raises the submerged talent of London's youth to a place where it can make us all stronger. 🌐

"[The internship] opened my eyes to a career in finance and helped support my decision to study economics at university. Before entering the program, I never thought this field of study would be an option for me."

JOHN*
ALUMNUS, USWAP

*Only first names or initials have been used for student and alumni privacy.

Championing the next generation of leaders

In service to our focus on helping young people reach their potential, we are working with schools and nonprofits in communities around the world to help prepare tomorrow's leaders for successful careers in finance, technology and economics.

A few more success stories from 2019

Generation Giga Girls (G3) Data Analytics Program

Together, Moody's and longstanding partner Girls Inc. are creating spaces where girls can build their skills in technology and data analytics. In 2019, the G3 program expanded outside of New York for the first time in its five-year history to 11 new locations in the US and one in Canada.

[LEARN MORE >](#)

CareerTrackers

With funding from the Moody's Foundation, the CareerTrackers internship program in Australia piloted a weeklong work-shadowing program for indigenous high school students during the school holidays. The students shadowed "buddies" working at 15 organizations across various STEM-related industries, including Moody's.

Gladesmore Community School

When London's Gladesmore Community School was struggling with governmental spending cuts to education, Moody's volunteers helped identify sources of private and public funding to ensure continued success for the secondary school's nearly 1,300 students. In addition, Moody's employees mentored students and visited them at Gladesmore throughout the year.

[LEARN MORE >](#)

Accelerating financial health for Latin American businesses

Moody's has a strong and growing presence in Latin America. In 2019, we launched Moody's Local, a domestic ratings platform focused on serving the needs of local capital markets in Latin America. That is why we have also expanded our CSR efforts there, as part of our commitment to supporting the social, environmental and financial health of Latin American communities.

In a strong example of our focus in the region, we collaborated with our Reshape Tomorrow™ partner [Village Capital](#) to host Finance Forward Latin America 2019.

Despite a recent increase in access to bank accounts, many Latin American small and medium-sized businesses continue to battle income instability. With the prevalence of a cash-based economy and insufficient financial education, it can be difficult for people to take the necessary steps to improve their financial health. Known for its unique peer-selected investment process, Village Capital finds, trains and invests in early-stage entrepreneurs solving major global problems. The organization also runs one of the most active financial health accelerators in the world, with more than 20 programs that have supported over 250 startups worldwide since 2014.

"We've seen real progress on financial inclusion in the past few years. But simply being included is only the start," says Village Capital CEO Allie Burns. "Now that people are in the system, we need to make sure they can actually use the system to build their financial health."



"We've seen real progress on financial inclusion in the past few years. But simply being included is only the start."

ALLIE BURNS
CEO, VILLAGE CAPITAL



Regional startups, real solutions

Micro, small and medium-sized enterprises can play a significant role in generating economic activity and employment. Yet just 45% of those enterprises in Latin America survive longer than two years, compared with nearly 80% in Europe. Meanwhile, these small business owners grapple with the stressful financial situations that all business owners face, such as managing cash flow and liquidity and accessing capital.

With Finance Forward Latin America 2019, Moody's and Village Capital aimed to empower entrepreneurs with the financial knowledge and resources they need to succeed and to create a positive impact in their communities. Developed as part of a multiyear global coalition created in partnership with MetLife Foundation, PayPal and other local partners, the program invited Latin American entrepreneurs to solve some of their region's most pressing financial health challenges.

After reviewing 182 applications, Moody's, Village Capital and the other major partners chose 12 startups from across Latin America to participate, including companies from Brazil, Chile, Colombia and Mexico. The initiative marked the first time that Village Capital's accelerator held major events in four Latin American countries, making it the only one of its kind in the region.

A panel on peer-selected investments in Latin America during the 2019 South by Southwest Conference showcased the unique strength of Finance Forward Latin America 2019. The panel featured Alberto Jones Tamayo, representative director of Moody's de Mexico.

45%

SMALL BUSINESSES IN LATIN AMERICA THAT SURVIVE LONGER THAN TWO YEARS



182

APPLICATIONS FOR FINANCE FORWARD LATIN AMERICA 2019



12

STARTUPS SELECTED TO PARTICIPATE IN FINANCE FORWARD LATIN AMERICA 2019



Moody's
LOCAL

A local ratings platform for local communities

In September 2019, we launched Moody's Local, a domestic credit ratings platform focused on serving the needs of capital markets in Latin America. The platform uses unique methodologies to provide credit ratings and research for financial institutions, corporate entities, local governments and other sectors.

Moody's Local tailors its research to the needs of these markets and provides research materials in the local language, allowing for greater efficiency and timeliness. In addition, Moody's Local is developing non-rating products that are suitable for these markets, such as assessments for social performance and small and medium-sized enterprises.

The initial launch included a rebranding of Moody's-owned affiliates in Bolivia, Panama and Peru. In the future, Moody's Local will expand to other countries in the region.

"Moody's Local will give us a stronger platform to address the needs of local markets in Latin America," says Martín Fernández Romero, managing director and regional head of Latin America for Moody's Investors Service. "This strategy allows us to grow our footprint while maintaining our core values: transparency, integrity and consistency in our rating process."

Making a difference where we work

Moody's is dedicated to the well-being of the communities where we do business. In 2019, our work with ● **VILLAGE CAPITAL** and other local partners supported communities across Latin America.

● **CONCIENCIA**

Moody's employees volunteered with Conciencia's "Emprendiendo Tu Futuro" ("Building Your Future") program to help entrepreneurs in Argentina train for jobs and develop professional skills. Moody's employees engaged with the program as mentors and facilitators for a series of workshops covering budgets, income and expenses, and loans and interest rates.

● **VOCACÃO**

Our funding supported one of Vocação's intensive job education and mentoring programs for students preparing to enter the formal labor market. In 2019, Moody's employees volunteered with the program and provided mentorship to students interested in entering careers in the fields of finance, economics, technology and math.

● **FUTURE FOOD INSTITUTE**

In December, we added global nonprofit Future Food Institute to our partner portfolio. The institute's Fazenda São Paulo Agroforestry Project will improve and enrich degraded land, develop a 478,000-plant eucalyptus forest, restore 287 hectares of native savannah, foster the area's biodiversity and fauna, and create jobs for forest workers.

● **INSTITUTO PERENE**

With a grant from the Moody's Foundation, Instituto Perene — a nonprofit dedicated to promoting development while protecting natural resources in rural Brazil — installed 100 improved cookstove models in the state of Bahia. The new stoves were completed in July and are estimated to reduce carbon dioxide emissions by 1,700 metric tons over 10 years. In 2020, we will provide an additional 136 stoves through a renewed grant, expected to generate a total 2,217 metric tons of offset.

A powerful experience for entrepreneurs

Over three months, the entrepreneurs in Village Capital's program attended a series of multiday workshops in Santiago, Chile; São Paulo; and Mexico City. Participants attended sessions with mentors from different organizations, including Moody's employees, at the São Paulo and Mexico City workshops.

"As the regional partner for Finance Forward in Latin America, Moody's brought such a unique and powerful perspective to the program," says Dustin Shay, senior director of partnerships at Village Capital. "Their level of credibility within the financial services industry helped us to engage the startups at a deeper level and address some of the key challenges for small businesses across the region."

At the end of the program, the entrepreneurs selected the participating startups they believed were "most investment ready." The peer-selected startups received funding to help strengthen and scale their business operations. They also participated in a pitch workshop in Buenos Aires, Argentina, and met with local investors and venture capital funds.

Looking toward the future of Finance Forward Latin America, Shay is most excited about the opportunity to continue fostering these kinds of connections. "This program is a bridge to connect entrepreneurs with customers, investors and partners across Latin America, scaling contextualized solutions to systemic issues in financial health," he says. "We're excited to really build on that and continue to deepen those connections next year." 🌐

"This program is a bridge to connect entrepreneurs with customers, investors and partners across Latin America, scaling contextualized solutions to systemic issues in financial health."

DUSTIN SHAY

SENIOR DIRECTOR OF PARTNERSHIPS, VILLAGE CAPITAL



Taking pro bono global

Sharing our passion and purpose with the world is the bedrock of Moody's CSR strategy. And our employees play an essential role in making that possible.

In 2018, we created Moody's Future Solutions™, a pro bono program that gives employees the opportunity to support nonprofit organizations through high-impact skills-based volunteering. In the [fall 2018 pilot](#), hosted in New York City, 16 New York-based Moody's employees brought their expertise to two local nonprofits.

To build on this momentum in 2019, we extended our pro bono strategy to include a global immersive program, in which employees travel to volunteer with organizations around the globe.

"We're proud of our volunteers for positively impacting local communities and enhancing their leadership skills, cultural awareness and professional networks."

STEVE TULENKO
PRESIDENT, MOODY'S ANALYTICS



Valuable skills and vital partnerships in Beijing

On August 17, 2019, 11 employees from Moody's offices worldwide gathered in Beijing for our first global pro bono program, developed in partnership with [PYXERA Global](#). Over three weeks, Moody's volunteers provided professional services and knowledge development to local nonprofit partners, while growing their skills and expertise on the region.

Moody's and PYXERA Global selected three partner organizations, each aligned with Moody's focus on the environment and sustainability, to participate in the program: the Society of Entrepreneurs and Ecology, the Global Environmental Institute and the Institute for Sustainable Development Goals of Tsinghua University. The volunteers were split into teams and paired with one of the organizations.

"Moody's global immersive program in China enabled employees from all over the world to use their passion and expertise to help promote entrepreneurship, protect environmental and ecological systems, and advance sustainable development in the region," says Moody's Analytics President Steve Tulenko. "We're proud of our volunteers for positively impacting local communities and enhancing their leadership skills, cultural awareness and professional networks."

One Moody's team helped the Society of Entrepreneurs and Ecology create a strategic volunteer management plan. Another team provided the Global Environmental Institute with background information on financial metrics to analyze its programs. The final Moody's team provided quantitative research to the Institute for Sustainable Development Goals of Tsinghua University to support the development of tools and frameworks for evaluating Chinese corporations' contributions toward the United Nations Sustainable Development Goals.

With the services that Moody's teams provided, the Society of Entrepreneurs and Ecology can enhance the reach and impact of its volunteerism throughout China, the Global Environmental Institute can speak to its stakeholders with greater confidence and the Institute for Sustainable Development Goals of Tsinghua University has a strong foundation for its work toward the 2030 Agenda for Sustainable Development in China.

"We hope to see more projects like this, which help build a better future for everyone," says Wu Tong, secretary-general assistant and manager with the Society of Entrepreneurs and Ecology.



"We hope to see more projects like this, which help build a better future for everyone."

WU TONG

SECRETARY-GENERAL ASSISTANT AND MANAGER,
SOCIETY OF ENTREPRENEURS AND ECOLOGY



A hopeful outlook for students in London

From the launch of our global pro bono program in China to our first pro bono project in Europe, Moody's Future Solutions is evolving the way we think of employee engagement.

In London, Gladesmore Community School is an oasis amid inequality. In an area with high levels of crime and poverty, nearly 1,300 children turn to Gladesmore for encouragement and development. Gladesmore's well-planned curriculum, mentorship programs and extracurricular classes and activities have made it one of the top 1% of schools nationally.

Moody's is committed to helping young people reach their potential, and Gladesmore exemplifies how the right support can help students succeed. As part of an ongoing relationship with the school, Moody's employees host students in our London office and visit them at Gladesmore throughout the school year. During these sessions, employees meet with students to provide career guidance and to help them develop their interview skills and build confidence.

Student and school council member Ruby Buttolph was ecstatic when she found out she had received top scores on all her exams and believes Moody's played a big role in her success. "I am so grateful for the support that I have received from my teachers and my mentor from Moody's," she says. "They gave me the encouragement I needed to achieve the success I dreamed of."

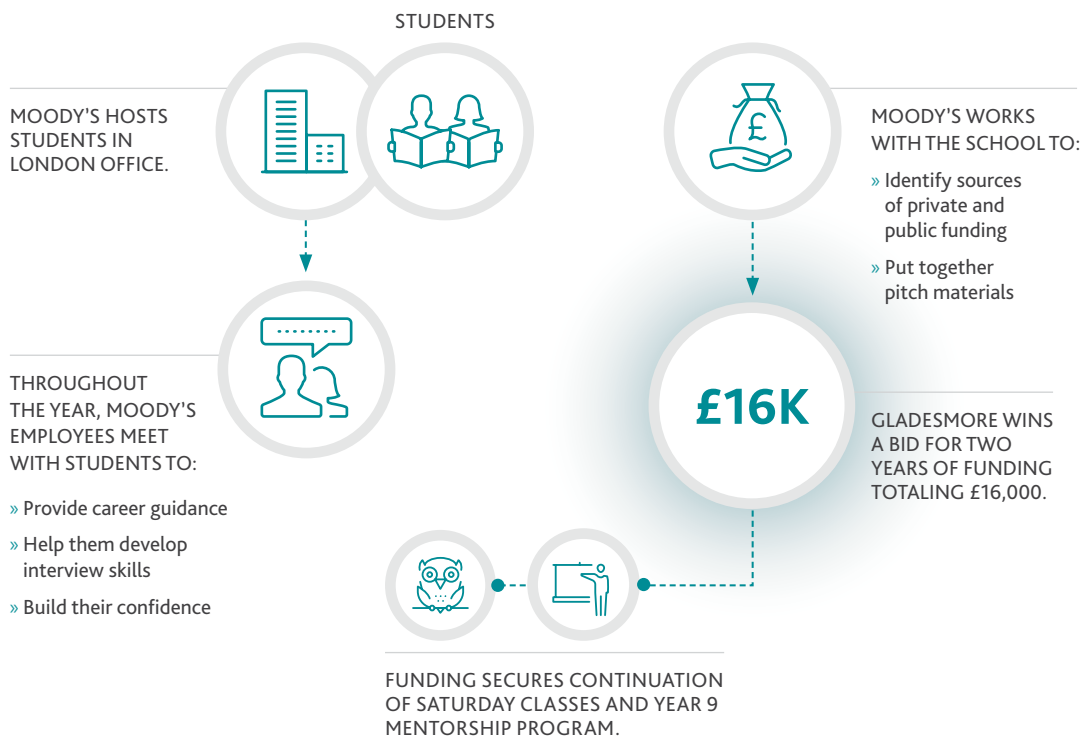
"I am so grateful for the support that I have received from my teachers and my mentor from Moody's. They gave me the encouragement I needed to achieve the success I dreamed of."

RUBY BUTTOLPH

YEAR 11 STUDENT, GLADESMORE COMMUNITY SCHOOL

An ongoing relationship

Moody's is helping Gladesmore respond to evolving educational challenges with guidance and mentorship.



TAKING PRO BONO GLOBAL

In 2019, we extended our relationship with Gladesmore to help it address a new challenge. With recent government cuts to education, the school needed to diversify its funding to ensure the continued success of its students. A team of Moody's volunteers worked with the school to identify sources of private and public funding and put together pitch materials for meetings with potential funders.

Since completing this work, Gladesmore has won a bid for two years of funding, totaling £16,000, to continue to offer Saturday classes for students who require additional support. In addition, the school has raised enough money to deliver a new mentorship program to a group of Year 9 students.

A look ahead for Moody's Future Solutions

Pro bono initiatives such as the global immersive program in Beijing and the local work with Gladesmore have been popular with employees and partner organizations alike. Moving into 2020, we plan to initiate more local pro bono programs across all our regions, and we have already started two new projects in Australia and the US. As Moody's Future Solutions grows and inspires additional employee engagement efforts around the world, it has the potential to create a wave of positive impact.

"Moody's Future Solutions underscores our commitment to CSR and the importance of sharing our expertise globally with those who will benefit greatly from it," says Mona Breed, chief information officer at Moody's Corporation.

By providing more opportunities for employees to showcase their talents and contribute to solving critical social challenges, Moody's strives to continue to share our passion and purpose with others. 🌍

"Moody's Future Solutions underscores our commitment to CSR and the importance of sharing our expertise globally with those who will benefit greatly from it."

MONA BREED

CHIEF INFORMATION OFFICER, MOODY'S CORPORATION



Reporting frameworks

Our stories highlight some of our key CSR efforts—but these narratives are just one part of a much larger picture. To support our value of acting with principled integrity and our belief in measurable impact, Moody's reports against three distinct frameworks. Each of these helps us engage in meaningful dialogue with our stakeholders, and each provides us with a different lens on our work as we continue to strengthen and evolve it.

A-2

Global Reporting Initiative (GRI)
Standards: Core option

A-42

Sustainability Accounting
Standards Board (SASB)

A-46

Task Force on Climate-related
Financial Disclosures (TCFD)

GRI Index

Organizational profile

102-1	Name of the organization
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Moody's Corporation (Moody's)

102-2	Activities, brands, products and services
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Moody's (NYSE: MCO) is a global integrated risk assessment firm that empowers organizations to make better decisions. Our data, analytical solutions and insights help decision makers identify opportunities and manage the risks of doing business with others. We believe that greater transparency, more informed decisions and fair access to information open the door to shared progress. With over 11,000 employees in more than 40 countries, Moody's combines international presence with local expertise and over a century of experience in financial markets.

102-3	Location of headquarters
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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	» Denmark	» Nepal	» South Korea
» Australia	» France	» Netherlands	» Spain
» Austria	» Germany	» Panama	» Sri Lanka
» Belgium	» Hong Kong	» Peru	» Sweden
» Brazil	» India	» Poland	» Switzerland
» Canada	» Israel	» Portugal	» Thailand
» Chile	» Italy	» Russia	» United Arab Emirates
» China	» Japan	» Saudi Arabia	» United Kingdom
» Costa Rica	» Lithuania	» Singapore	» United States of America
» Cyprus	» Mexico	» Slovak Republic	
» Czech Republic	» Morocco	» South Africa	

To see a detailed list of our office locations, visit: bit.ly/moodyscontactus

102-5 Ownership and legal form

Moody's is a public corporation.

All 10 members of the Board in 2019, except President and CEO Raymond W. McDaniel, Jr., were 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 (MIS) rates and analyzes debt covering more than 130 countries, approximately 4,900 nonfinancial corporate issuers, 4,100 financial institution issuers, 17,200 public finance issuers (including sovereign, sub-sovereign and supranational issuers), 9,500 structured finance transactions and 1,000 infrastructure and project finance issuers. As of year-end 2019, MIS rated more than \$70 trillion of total outstanding debt.

Moody's Analytics (MA) provides financial intelligence and analytical tools to assist businesses in making decisions. MA's portfolio of solutions consists of specialized research, data, software and professional services, which are assembled to support the financial analysis and risk management activities of institutional customers worldwide. MA customers represent more than 11,000 institutions worldwide operating in over 155 countries. During 2019, Moody's research website was accessed by over 306,000 individuals, including 41,000 customers.

102-7 Scale of the organization

Moody's, a provider of credit ratings, research, tools and analysis, has over 11,000 employees worldwide and maintains significant operations in more than 40 countries. The annual revenue of Moody's in 2019 was \$4.8 billion (\$2.3 billion adjusted operating income). See more information in Moody's 2019 Annual Report: bit.ly/moodys2019annualreport

102-8 Information on employees and other workers

Moody's supplements our permanent workforce through the use of temporary employees, contractors and consultants. Moody's employs over 11,000 people worldwide.

Our global gender percentage representation was 41.18% female, 58.06% male, and 0.76% other/not provided.¹

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

Significant changes in leadership included the election of new Board member Thérèse Esperdy, the appointment of Rob Fauber (previously president of MIS) to the new role of chief operating officer, and the addition to Moody's of Lisa Rabbe, new chief government and public affairs officer, and DK Bartley, managing director and head of Diversity & Inclusion. Michael West succeeded Fauber as president of MIS, and Stephen Tulenko succeeded Mark Almeida as president of MA.

As part of Moody's continued focus on quality and risk management, there were several changes to the Enterprise Risk Management function to combine Moody's risk management and control monitoring activities into a single, consolidated Risk Management and Controls function. The role of Scott Kenney, now SVP-Risk Management and chief audit executive, expanded to include management of Risk Management and Controls. The company also embedded risk officers, responsible for identifying risk and reporting on risk management activities to the chief audit executive, into MA and MIS and in Shared Services. Moody's risk officers are Jeff Hare, SVP-Moody's Shared Services risk officer; Margaret Rienecker, MD-Global Ratings and Research Support and MIS risk officer; and Renee Reisel Tack, executive director-MA Administration and MA risk officer.

In 2019, Moody's acquired RiskFirst, a provider of risk analytics technology, in addition to majority stakes in Vigeo Eiris, an international provider of environmental, social and governance (ESG) research, data and analytics, and Four Twenty Seven, Inc., a leading provider of data assessing physical climate change risks. Moody's also acquired a minority stake in leading provider of ESG data and analytics SynTao Green Finance.

¹ The following groups are excluded from the analysis: Moody's Analytics Knowledge Services, non-employees (such as non-payroll consultants) and temporary employment workers (such as interns). Head count as of December 31, 2019.

Moody's acquired ABS Suite™, a software platform used by issuers and trustees for the administration of asset-backed and mortgage-backed securities programs. The product and personnel joined MA's Structured Solutions business; the software complements the MA Ki™ platform, the next-generation version of Moody's ABS System.

Team8, a leading cybersecurity think tank and company creation platform, and Moody's formed a joint venture to establish a global standard for evaluating and assessing cyber risk for enterprises. This venture builds on Moody's 2018 strategic investment in Team8, which provided access to cybersecurity research and innovation as well as deeper connections to cyber leaders across countries and industries.

In September 2019, Moody's announced the launch in Latin America of Moody's Local, a new platform providing domestic credit ratings and research for financial institutions, corporate entities, local governments and other sectors in Bolivia, Panama and Peru, subject to regulatory approvals. Equilibrium, the wholly-owned subsidiary of Moody's that previously provided domestic ratings and research services in those jurisdictions, was rebranded as Moody's Local.

In November 2019, Moody's completed the sale of our Moody's Analytics Knowledge Services business to the London-based private equity firm Equistone Partners Europe Limited.

There were no significant changes to Moody's supply chain in 2019.

102-11 Precautionary Principle or approach

Moody's is a founding member of the United Nations Global Compact CFO Taskforce for the Sustainable Development Goals (SDGs), which will advance SDGs through corporate strategy and investments. Moody's has committed to achieve net-zero emissions by 2050 by allocating funds to adaptation, embedding greenhouse gas (GHG) reduction into decision-making and reporting on performance.

Moody's assesses climate-related risks and opportunities through a multidisciplinary risk management process. Risk management processes are intended to reflect risks the company faces as an organization, including climate-related risks. At this time climate-related risks have not been determined to be material to our operations. Moody's acknowledges future risks and opportunities may intensify and will continue to monitor and respond as needed.

Moody's provides opportunities for employees to become directly involved in advancing sustainability, such as through our Environmental Task Force, 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

Moody's and its affiliates engage with a multitude of ESG and 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) | » Global Reporting Initiative (GRI) | » Principles for Responsible Investment (PRI) | » Task Force on Climate-related Financial Disclosures (TCFD) |
| » Climate Disclosure Standards Board (CDBS) | » ICMA Green Bond Principles (GBP) | » Sustainability Accounting Standards Board (SASB) | » United Nations Global Compact (UNGC) |
| » Climate Bonds Initiative (CBI) | » International Organization of Standardization (ISO) | | |

102-13 Membership of associations

Moody's 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:

- | | | | |
|--|---|---|--|
| » Accounting for Sustainability (A4S) | » CFA Institute | » National Center for APEC (NCAPEC) | » Sustainable Investment Forums (SIFs) |
| » AFNOR – ISO Management de l'environnement | » Climate Bonds Initiative (CBI) | » Network for Greening the Financial System (NGFS) | - DANSIF |
| » Alliance of Regional Collaboratives for Climate Adaptation (ARCCA) | » Comité 21 | » New York & New Jersey Minority Supplier Development Council | - EUROSIF |
| » American Society of Adaptation Professionals (ASAP) | » Council of Institutional Investors (CII) | » Pensions and Lifetime Savings Association (PLSA) | - FRENCHSIF |
| » Asia Investor Group on Climate Change (AIGCC) | » Council on Foreign Relations (CFR) | » Society for Corporate Governance | - ITALIANSIF |
| » Asian Venture Philanthropy Network (AVPN) | » CSR Europe | » The Conference Board | - RIA |
| » Aspen Network of Development Entrepreneurs (ANDE) | » European Banking Federation (EBF) | » The Institute of International Finance (IIF) | - SPAINSIF |
| » Bay Planning Coalition (BPC) | » Finance for Tomorrow | » The Shift | - SWESIF |
| » Business for Social Responsibility (BSR) | » Global Investors for Sustainable Development (GISD) Alliance | » United Nations Environment Programme Finance Initiative (UNEP FI) | - UKSIF |
| » Business Roundtable (BRT) | » Green Finance Institute | » Urban Land Institute (ULI) | - USSIF |
| » Ceres Company and Investor networks (Ceres) | » Hong Kong Green Finance Association (HKGFA) | » Women Presidents' Educational Organization (WPEO) | - VBDO |
| » Chief Executives for Corporate Purpose (CECP) | » Institutional Investors Group on Climate Change (IIGCC) | | |
| | » Investor Group on Climate Change (IGCC) | | |
| | » Italian Private Equity, Venture Capital and Private Debt Association (AIFI) | | |

In addition, in July 2019, Richard Cantor, chief credit officer of Moody's, was appointed Chair of the US National Committee of the Pacific Economic Cooperation Council.

Strategy

102-14 Statement from senior decision maker

See page 3 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, Moody's learned that our stakeholders consider small business growth, environmental sustainability and education to be high-priority economic, environmental and social issues to which we could make an effective and meaningful contribution.

For more information on Moody's approach to these issues, please reference the stories of impact in this report, the "Local communities" section of the GRI Index beginning on page A-34, the TCFD Report beginning on page A-46 and our 2019 Annual Report: bit.ly/moodys2019annualreport

Ethics and integrity

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

Moody's values guide our progress in a complex and evolving environment.¹ We believe that more informed decisions are better decisions and that financial knowledge empowers people. We turn our beliefs into action by delivering the necessary inputs for informed decision-making that promote growth, sustainability and transparency.

Principled

We are united by a determination to act with integrity and make a positive impact on the global economy and in our local communities.

Inclusive

We believe that diverse viewpoints lead to better decisions. Everyone's opinion matters and everyone's contributions are valued.

Collaborative

We work across boundaries to bring the right ideas, people and resources together to deliver the best outcomes and adapt to a changing marketplace.

Forward-thinking

Staying relevant in a changing world means looking to tomorrow with curiosity, optimism and energy. Our passion, collective imagination and intellect opens the door to a better future for our customers, our communities and the environment.

Rigorous

Our intellectual excellence sets us apart. We approach our work with the greatest care and hold ourselves to the highest standard, every day, because we know our work has impact.

1. The values detailed above are a result of a 2019 effort to refresh Moody's identity as expressed at moodys.com/about. Our values prior to this effort focused on 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. The Legal department is responsible for updates and distribution. The Code, which is revised and republished at least every two years, is available in 11 languages: Arabic, Chinese, Dutch, English, French, Japanese, Korean, Portuguese, Russian, Slovak and Spanish. Upon hiring and periodically thereafter, including when a new version is published, 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 our expectations of incumbent and prospective 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, HR 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; HR, 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, within their first 90 days of employment, 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. This training is designed to help analysts, directors and other Moody's professionals clearly understand and execute their ethical responsibilities and regulatory obligations.

In 2019, we deployed over 30 mandatory online and instructor-led courses 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. 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 as well as financial, risk and other disclosures made in the company's annual and quarterly reports related to sustainability
- » **Governance & Nominating Committee:** Responsible for shaping the company's corporate governance, engaging in director succession planning and identifying and recommending nominees for the Board; oversees sustainability matters as they pertain to business and long-term value creation; and makes recommendations to the Board regarding these issues
- » **Compensation & Human Resources Committee:** Responsible for oversight and recommendations regarding executive and director compensation, CEO and senior management succession planning, and oversight of 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:

- | | | | |
|--|--|---|---|
| » Rob Fauber,
Chief Operating Officer | » Arlene Isaacs-Lowe, MD and
Global Head, CSR; President,
Moody's Foundation | » Scott Kenney, SVP-Risk
Management and
Chief Audit Executive | » Lisa Rabbe, Chief
Government and Public
Affairs Officer |
| » John Goggins,
General Counsel | » Mark Kaye, Chief
Financial Officer | » David Platt, Chief
Strategy Officer | » Stephen Tulenko, President,
Moody's Analytics |
| » Melanie Hughes, Chief
Human Resources Officer | | | » Michael West, President,
Moody's Investors Service |

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:

- | | | | |
|--|--|--|--|
| » Michael Adler, MD,
Corporate Communications | » Keith Berry, ED,
MA Accelerator | » Dorian Hare, SVP,
Investor Relations | » Di Holman, MD,
Human Resources |
| » DK Bartley, MD,
Diversity & Inclusion | » Jeremy Davis, VP, CSR | » Jeffrey Hare, SVP, Risk
Management and Controls | » Faina Leyvi, AVP,
Corporate Planning |
| » Andrew Berenblum, MD,
Business Services | » Rahul Ghosh, SVP,
Credit Strategy | » Jack Holleran, MD,
Compliance | » Elizabeth McCarroll,
Corporate Secretary and
Associate General Counsel |

» Ryan Mensing, SVP,
Government & Public Affairs

» Ryan Oliveri, SVP,
Human Resources

» Doug Ryker, MD,
FP&A & Real Estate

» Gwen Safa, MD,
Strategy & Marketing

» Atsi Sheth, MD,
Credit Strategy

» Jocelyn Steelman, MD,
MA 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 244 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. Three members of the 10-member 2019 Board were female.

In 2019, our Board of Directors was composed of the following members:

» Henry A. McKinnell, Jr.,
PhD, Chairman
» Basil L. Anderson, Chairman
of the Governance &
Nominating Committee

» Jorge A. Bermudez
» Thérèse Esperdy
» Vincent A. Forlenza

» Kathryn M. Hill, Chairman of
the Compensation & Human
Resources Committee
» Raymond W. McDaniel, Jr.

» Leslie F. Seidman, Chairman
of the Audit Committee
» Bruce Van Saun
» Gerrit Zalm
(retired April 2020)

See Moody's 2020 proxy statement for more information on directors' current and past employment and other significant commitments:

bit.ly/moodys2019proxystatement

102-23 Chair of the highest governance body

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

102-27 Collective knowledge of highest governance body

The Board and its committees receive regular updates on various economic, environmental and social issues such as credit risk, the macroeconomic environment, sustainability matters, diversity and inclusion, and pay equity.

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.

Management plays an essential role in the risk management process and serves as the first line of defense. The management team has risk management built into its objectives and is responsible for identifying and assessing any risks and opportunities as well as mitigating actions. The Enterprise Risk Management program is responsible for designing and maintaining a process to assist the management team with the identification, management and strategic consideration of risks throughout the enterprise.

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 monthly, to evaluate the company's CSR progress and generate recommendations to enhance Moody's approach to CSR. The Enterprise Risk Management program's responsibilities include regularly communicating information related to risks through reporting to management and the Board.

The Governance & Nominating Committee of the Board of Directors oversees sustainability matters, including significant issues of corporate social and environmental responsibility, as they pertain to the company's business and long-term value creation for the company and its stockholders, and makes recommendations to the Board regarding these issues.

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

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

Stakeholder engagement

102-40 List of stakeholder groups

Each year, we proactively seek input from five groups:

- » Customers
- » Employees
- » Suppliers
- » Communities
- » Stockholders

102-41 Collective bargaining agreements

Approximately 10% of employees are covered by a collective bargaining agreement.

102-42 Identifying and selecting stakeholders

The Investor Relations team is responsible for managing and interacting with stockholders, asset managers and sell-side analysts to attract investment in Moody's. Our customers and employees are also clear stakeholders in Moody's. The CSR Group identifies community groups, including nongovernmental organizations (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 yearly:

- » **Employees:** Each year, we encourage our employees to provide anonymous and candid feedback in a number of areas through our Business Effectiveness Survey. This year, we introduced a new employee survey that measures engagement, which is now called our Business Engagement Survey. This survey includes items that measure key drivers of engagement (for example, Belonging, Manager Trust, Accountability) and two items that measure engagement as an outcome ("How happy are you at Moody's?" and "Would you recommend Moody's?"). We included 14 items from our previous employee survey to identify trends in areas such as Inclusion and Work-Life Balance, allowing us to continuously improve and adjust to meet the changing needs of our workforce. We improved in the area of Work-Life Balance when compared with 2018. In 2020, we plan to conduct shorter, more frequent surveys to measure near real-time engagement, track progress and identify actions to address results. Employees recognize the importance of this tool, as shown by the fact that more than 87% of our employees completed the survey in 2019.
- » **Customers:** Using blind surveys, we ask Moody's customers to rate our performance versus the competition's as well as our product quality and customer service. We also engage asset managers and sell-side analysts, many of whom are customers, because 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 strategy.
- » **Stockholders:** Moody's Investor Relations team has contracted with an independent third-party vendor for the past several years to conduct a perception study of investors about Moody's 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 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.
- » **Communities:** 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 the door to a brighter future for people around the world. Collaborating with our NGO partners on programs ensures we are using their expertise in the field to achieve desired efficacy rates. In addition, we recognize that ESG considerations are used to assess the sustainability of entities, including Moody's, and their environmental and social impacts on communities. We have identified key organizations in this field to engage with and assessments to complete 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 Asia, Europe and the US; and hosting meetings and calls. Investor Relations is in continuous communication with stakeholders other than during designated “quiet periods” prior to the company’s announcement of earnings.

102-44 Key topics and concerns raised

» **Employees:** Moody’s engagement score (the average of two items: “How happy are you at Moody’s?” and “Would you recommend Moody’s?”) is 71 out of 100.

Key themes include:

- Employees are generally engaged ... but want to better understand the future direction.
- Employees are generally happy with communication at Moody’s ... but want to be better informed of key decisions impacting their work.
- Employees appreciate their managers and trust them ... but want more active support removing barriers slowing down their work.

Actions are being taken to reinforce areas of strength and opportunity, such as:

- Sharing Moody’s vision, mission and values with all employees to reinforce the company’s direction
- Through automation, technology changes and improving or aligning Moody’s processes, allowing employees to work smarter and faster

» **Stockholders:** At the top of the list of priorities for asset managers and sell-side analysts representing MCO stockholders in 2019 were sustainable revenue growth, capable senior management and sound capital allocation strategy. Moody’s scores on these criteria once again surpassed the average for S&P 500 companies.

» **Communities:** Moody’s continues to implement Mission Measurement’s Impact Genome Project® to assess our social impact with our NGO partners. Moody’s was again recognized for our ESG performance by JUST Capital, scoring in the top 50% of industry rankings. This resulted in Moody’s inclusion in the Goldman Sachs JUST U.S. Large Cap Equity ETF, which tracks the JUST U.S. Large Cap Diversified Index. Additionally, the company was included in the FTSE4Good and Bloomberg Gender-Equality indices for the first time in 2019. The company also became a participant level signatory to the United Nations Global Compact, founding member of the United Nations Global Compact CFO Taskforce for the SDGs and the Reporting on the SDGs Action Platform. Moody’s also became a service provider signatory to the Principles for Responsible Investment.

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 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 "Inclusive" value serves as a lens through which to evaluate our CSR efforts and investments.

We focus our global social investing efforts around three core areas:

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

The 2019 report features stories of impact from these areas of focus. More examples can be found at moody.com/csr.

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

We restated the following 2018 GHG emissions after further review in preparing for limited assurance of our 2019 GHG emissions:

- » Scope 1 to 2,480.4 metric tons of carbon dioxide equivalent (tCO₂e) to reflect moving 1,704.0 tCO₂e for natural gas-related emissions and 541.4 tCO₂e for refrigerants-related emissions from Scope 2 to Scope 1
- » Scope 2 to 15,690.2 tCO₂e to reflect changes detailed in Scope 1 bullet above
- » Scope 3, category 6 emissions (business travel) to 18,567.5 tCO₂e, which includes flights that were omitted in previous calculations
- » Scope 3, category 7 emissions (employee commuting) to 10,960.3 tCO₂e to reflect an improvement in our calculation methodology and allow year-over-year comparison

102-49 Changes in reporting

Moody's enhanced its reporting of Scope 3 GHG emissions to include further detail in category 6 (business travel) related to rail, rental car, black car and hotel spend. Emissions reporting also includes employees from Moody's Analytics Knowledge Services up to the date of completed sale of that business.

102-50 Reporting period

This is Moody's 10th annual CSR Report, covering January 1 to December 31, 2019.

102-51 Date of most recent report

Moody's most recent CSR Report was released April 29, 2019.

102-52 Reporting cycle

Moody's releases our 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 A-2 to A-41.

102-56 External assurance

Apex Companies, LLC (Apex) conducted independent verification of Moody's GHG emissions for calendar year 2019, including Scope 1-Direct Sources, Scope 2-Indirect Sources (location-based and market-based) and Scope 3-Other Indirect Sources (category 6: Business Travel and category 7: Employee Commuting) in accordance with ISO 14064-3 Greenhouse Gases-Part 3. See the [Verification Opinion](#) at the end of this report for further details. 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 2019 Annual Report for key financial information. View the report: bit.ly/moodys2019annualreport

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

Moody's assesses climate-related risks and opportunities through a multidisciplinary risk management process. Risk management processes are intended to reflect risks the company faces as an organization, including climate-related risks.

As part of its risk oversight, the Audit Committee reviews key risk factors, including the risk of a business continuity disruption due to climate-related incidents. Risk factors also include exposure to reputational and credibility concerns, such as those that could stem from climate-related considerations. The Governance & Nominating Committee oversees sustainability matters, including significant issues of corporate social and environmental responsibility, as they pertain to the company's business and long-term value creation for its stockholders, and makes recommendations to the Board.

Moody's has identified three main areas of climate-related opportunities for our business: strategic investment in products and services, memberships and climate change commitments, and research and development.

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

For more information, please reference our 2019 Annual Report: bit.ly/moodys2019annualreport

Environmental: Emissions and energy

103-1 Explanation of the material topic and its Boundary

Moody's environmental impacts are limited and include GHG emissions (from energy used in buildings and for transport) and water use and waste (from office operations). However, our stakeholders and employees consider environmental sustainability to be one of the highest-priority issues on which to provide Moody's thought leadership. We report in line with GRI, TCFD and United Nations Global Compact (UNGC), the relevant and globally recognized ESG reporting frameworks that are applicable to our business. We have continued to advance our reporting framework for carbon and other environmental disclosures to better reflect our ongoing commitment to reducing our environmental impact.

Moody's 2019 Scope 3 GHG emissions reporting includes further detail in category 6 (business travel) related to rail, rental car, black car and hotel spend. Emissions reporting also includes employees from Moody's Analytics Knowledge Services up to the date of completed sale of that business.

103-2 The management approach and its components

Moody's commitments as an organization

Moody's takes environmental sustainability issues seriously, as evidenced by our initiatives to track and reduce our company's carbon footprint. In 2019, we committed to and achieved carbon neutrality moving forward for our direct operations, business travel and employee commuting; committed to science-based targets; and undertook an enhanced evaluation of Scope 3 emissions by including all relevant categories. We also committed to performing a climate-related scenario analysis and attaining third-party assurance of emissions and energy, with work in these areas continuing into 2020.

Moody's has taken concrete steps over the past year to improve our sustainability strategy and management, including proactively joining the UNGC and signing the UNGC Business Ambition for 1.5°C Pledge. As a member and signatory, Moody's is committed to instituting science-based targets to help limit global temperature rise to 1.5°C by 2050, as well as achieve net-zero emissions.

Moody's is a founding participant of the UNGC CFO Taskforce for the SDGs—providing our expertise to a network for CFOs focused on advancing the SDGs through corporate strategy and investments. We also have joined the UNGC Reporting on the SDGs Action Platform to participate in shaping the future of corporate reporting on the SDGs.

We also joined Principles for Responsible Investment in 2019, pledging to enhance the transparent and systematic integration of ESG factors in credit risk analysis and investment decisions.

In addition to our corporate advancements, Moody's has further demonstrated our commitment to growing our platform of risk assessment capabilities and advancing our global standards for assessing environmental and climate risk factors, as evidenced by our recent acquisitions: Four Twenty Seven, Vigeo Eiris, and SynTao Green Finance. These acquisitions advance our objective of integrating climate analytics into our offerings, contribute to the further development of leading ESG risk assessments, and provide an opportunity to enhance Moody's global ESG research and data.

Moody's operational impacts

Moody's is committed as an organization to protecting and caring 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; reduction of electric, water and other natural resources in our office operations; selection of utility contracts, where available, that originate from a renewable source; and other operational best practices. As part of these efforts, Moody's is committed to working to reduce our global operations' contribution to climate change. Our environmental programs are structured to minimize the impact on our GHG emissions to the extent possible and allowable by local laws or mandated by property lease requirements.

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–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.

ENVIRONMENTAL TASK FORCE

Established in 2017, our Environmental Task Force helps create opportunities for employees to become directly involved in advancing sustainability. The Environmental Task Force encourages people from across the company to crowdsource ideas for further reducing our footprint and to communicate our progress on environmental sustainability to colleagues. The site-based Environmental Task Force groups work in conjunction with departments such as Information Technology, Corporate Facilities and others on idea generation and, if feasible, implementation. In 2020, to ensure greater efficiency and enhance effectiveness, the activities and responsibilities of the Environmental Task Force will be integrated into the CSR Impact Leader program.

ENVIRONMENTAL & SUSTAINABILITY POLICY

Our Environmental & Sustainability Policy, reviewed and approved by the Board of Directors, 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

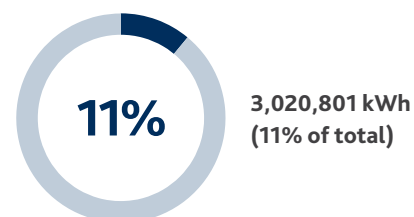
The CSR team in consultation with our Facilities and Global Real Estate teams regularly reviews our environmental policy and operating procedures. The Environmental Task Force provides an avenue to crowdsource ideas from our employees, and this approach has already resulted in a number of local initiatives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

As part of its membership to the UNGC, Moody's will submit an annual progress report, including a description of practical actions the company has taken to enhance its sustainability efforts. We also evaluate our performance by reviewing results of third-party assessments such as CDP and the SAM Corporate Sustainability Assessment, which powers the Dow Jones Sustainability Indices.

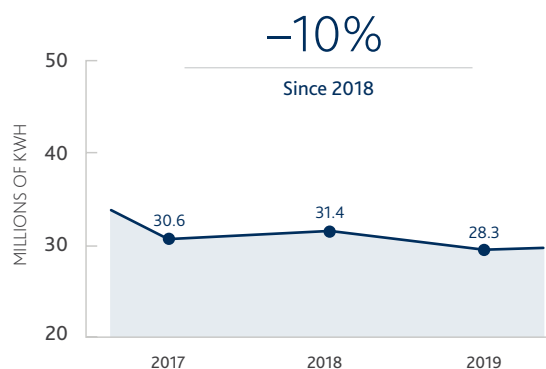
302-1 Energy consumption within the organization

Energy type	Total consumption
Diesel	380 gallons
LPG	88,383 kilowatt-hours (kWh)
Natural gas	13,754 million British Thermal Units (MMBtu)
Electricity	28,269,677 kWh
Steam	140,821 kWh
Chilled water	1,468,565 ton-hours

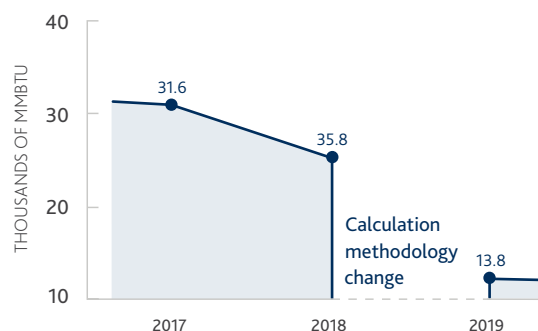
Renewable energy use



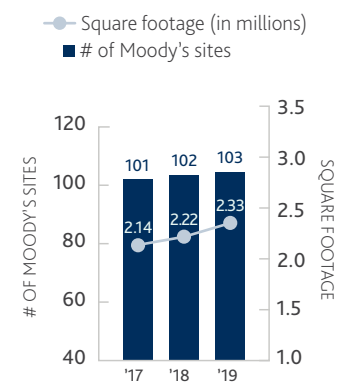
Electricity



Natural gas



Moody's sites

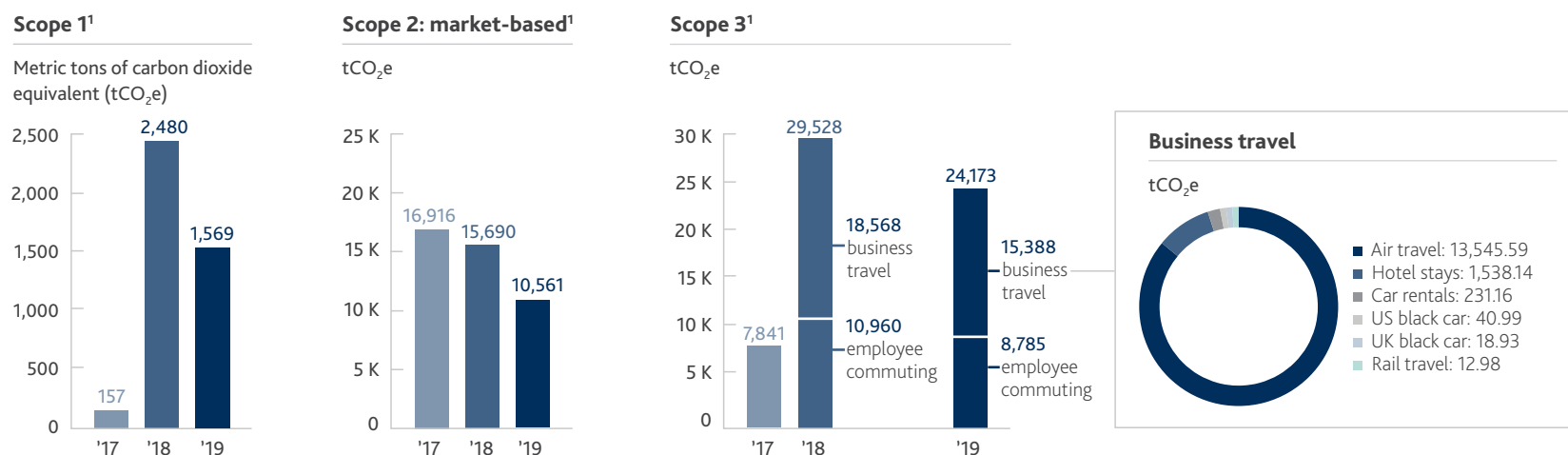


Variations in 2019 natural gas consumption are due to improvements in calculation methodologies.

302-4 Reduction of energy consumption

A number of actions taken helped reduce energy consumption in 2019. On March 30, the Environmental Task Force asked employees around the globe to participate in Earth Hour by switching off lights in solidarity for our planet. Employees also participated in the Summer Lights-Out Campaign by dimming or turning off the lights in their offices and common areas on Friday afternoons during the summer (May 31–August 28 for the Northern Hemisphere and November 29–February 28 for the Southern Hemisphere) to support global efforts to save energy in the workplace. Our headquarters at 7 World Trade Center, representing greater than one-third of our square footage, also participated in Daylight Hour on June 21 and turned off all noncritical lighting for one hour.

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect (Scope 3) GHG emissions



Gas	Reference
CO ₂	IPCC Fifth Assessment Report (AR5 - 100 year)
CH ₄	IPCC Fifth Assessment Report (AR5 - 100 year)
N ₂ O	IPCC Fifth Assessment Report (AR5 - 100 year)

Scope 1 and 2 emissions were calculated in accordance with the World Resources Institute/World Business Council for Sustainable Development GHG Protocol Corporate Accounting and Reporting Standard. Scope 3 emissions were calculated in accordance with the World Resources Institute/World Business Council for Sustainable Development Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

305-5 Reduction of GHG emissions

Scope 1 emissions variations are due to improvements in calculation methodologies as more data became available. The Scope 2: market-based¹ emissions reduction was driven by three main factors: the energy conservation efforts outlined in 302-4, the increase in renewable energy consumption in 2019 and improvements in calculation methodologies. In 2020, Moody's plans to implement an Environmental Management System and platform to further improve the data collection process and accuracy of the emissions calculations. The reduction in Scope 3 emissions is largely tied to the Travel Smart initiative launched in 2019, which covers a set of guiding principles to better manage business travel and expenses in order to help reinvest in Moody's. The initiative was embraced globally, resulting in an 18% savings in travel expenses.

1. Figures have been rounded; see Moody's corresponding CDP report for full data. 2019 emissions reporting includes employees from Moody's Analytics Knowledge Services up to the date of completed sale of that business.

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 is 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. The following groups are excluded from the analysis: Moody's Analytics Knowledge Services, non-employees (such as non-payroll consultants) and temporary employment workers (such as interns). Head count as of December 31, 2019.

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 journeys start with onboarding and progress to include the development of role-specific technical and functional skills, professional and management skills, and leadership skills. See pages A-26 through A-28 for more information on Moody's employee training and education.

With the multidimensional challenges of a mixed-generation workforce, global pressures, industry disruptions and talent competition, Moody's continues to revolutionize our Global Talent Management strategy. In 2019, we increased our focus on how we source, assess, identify and develop talent for current and future roles. Our laser focus on attracting and retaining top talent enables 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.

Over the course of 2019, we:

- » Began work to refresh Moody's employer brand and EVP; this work will continue into 2020
- » Launched a new employee engagement survey to gauge employee satisfaction

- » Established baseline Moody's practices and processes for the selection, development and promotion of talent globally
- » Began to embed diversity and inclusion practices in talent reviews and succession discussions globally
- » Developed Moody's Leadership Success Profile, which defines behaviors that will differentiate the global leaders we need for today and tomorrow
- » Developed and launched Leadership Essentials, targeting first-level managers, and ran two pilots with our high-potential pipeline
- » Developed a 360 multi-rater assessment aligned to the Leadership Success Profile
- » Identified an enterprise talent pool of high-potential, diverse leaders

Moving forward, we plan to continue developing our strategy with the aim to:

- » Embed the Leadership Success Profile into performance management, interview practices, succession planning and criteria for leadership promotions
- » Develop and launch additional leader/manager programs, focusing on inclusive behaviors
- » Develop and launch senior leader program focused on change and agility
- » Continue to enhance our talent review practices, with a focus on identifying and accelerating the development of high-potential talent across Moody's

Compensation

Our compensation philosophy has four components; Moody's strives for its compensation to be:

- » **Structured fairly.** We strive to structure our compensation programs in a fair and equitable manner, meaning that employees in similar roles should have similar compensation opportunities. We assign every position a salary band by evaluating job responsibilities, competency, accountability, complexity and required level of partnership.
- » **Aligned to local markets.** Moody's participates in salary surveys in each of our markets to ensure we can attract and retain strong talent by offering compensation in line with the expectations of the local market. We receive aggregated compensation data for each job description and update our pay structures and salary bands every year before the annual salary review process.
- » **Driven and differentiated by performance.** The main vehicle for Moody's to align employees' compensation to company and individual performance is our annual cash incentive or bonus programs. Our cash incentives align program payouts to targeted performance measures determined by Moody's goals. Bonus awards are calculated based first on the performance of an employee's operating company, then on the employee's individual performance.
- » **Understood and valued by all.** The final principle of our compensation philosophy has been formally added in 2020 and will serve as a directional goal to be achieved within the next few years.

Benefits

At Moody's, we see our investments in benefits as an investment in our people. Moody's is committed to providing competitive 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 have 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 are also available to our employees' partners and children. Benefits offered to employees differ by work location; however, our benefits 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
 - 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 and perquisites that vary by location, 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
- » Matching gifts program for charitable contributions
- » Auto and property insurance coverage discounts
- » Long service awards
- » Free or discounted cultural memberships
- » Termination indemnities
- » Parking and transportation allowances
- » Car allowances
- » Meal benefits
- » Child care support

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

Employee engagement

Each year, we encourage our employees to provide anonymous and candid feedback in a number of areas through our Business Effectiveness Survey. This year, we introduced a new employee survey that measures engagement, which is now called our Business Engagement Survey. This survey includes items that measure key drivers of engagement (for example, Belonging, Manager Trust, Accountability) and two items that measure engagement as an outcome ("How happy are you at Moody's?" and "Would you recommend Moody's?"). We included 14 items from our previous employee survey to identify trends in areas such as Inclusion and Work-Life Balance, allowing us to continuously improve and adjust to meet the changing needs of our workforce. We improved in the area of Work-Life Balance when compared with 2018.

In 2020, we plan to conduct shorter, more frequent surveys to measure near real-time engagement, track progress and identify actions to address results. Employees recognize the importance of this tool, as shown by the fact that more than 87% of our employees completed the survey in 2019. Items are compared with Glint's global benchmark, which represents companies that have a home base in various countries and may or may not operate outside of their home country. Combining panel and employee data, our benchmarks include employees from well over 500 companies that have greater than 5,000 employees each, of which over 50 companies have over 100,000 employees each. Respondents are included from over 150 countries.

Compensation

An important part of Moody's compensation philosophy is ensuring that compensation is aligned to local markets. Moody's participates in salary surveys in each of our markets (a market can be considered a country or a region or industry within a country). Every year, we and the other survey participants anonymously submit compensation data for each job, based on job descriptions. An independent consulting firm aggregates and scrutinizes this information to ensure compliance with all data privacy regulations. We receive the aggregated data and analyze Moody's pay rates in comparison with those of the local market. We update our pay structures every year before the annual salary review process, building a range for each salary band in each market.

Benefits

Moody's benefits are benchmarked routinely against the market. We conduct benchmarking using industry-specific data wherever possible. Moody's also has three benefits-related governance committees, described below.

MANAGEMENT BENEFITS AND COMPENSATION COMMITTEE (MBCC)

The MBCC, established in 1998, regularly reviews global benefit plans and proposals for benefit plan implementation, termination or any other changes that don't align with or otherwise have implications for our global benefits strategy, across the following subject plans:

- » Retirement Account (US Qualified Defined Benefit Plan)
- » Profit Participation Plan (US Qualified Defined Compensation 401(k) plan)
- » Deferred Compensation Plan (Non-Qualified)
- » Non-US Retirement Plans
- » Career Transition Plan
- » Employee Stock Purchase Plan
- » Global Profit Sharing Plan
- » Health and Welfare Plans

APPEALS COMMITTEE (AC)

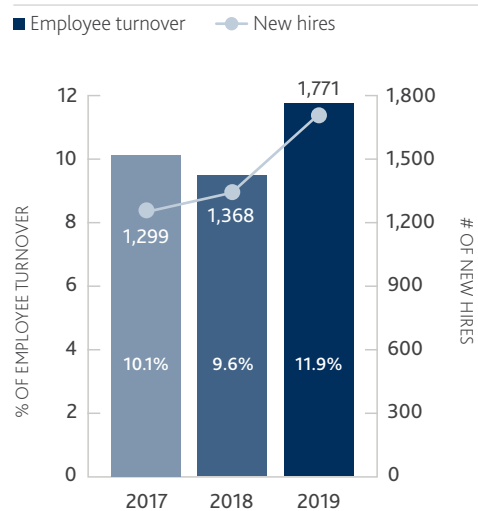
The AC, established in 1998, has the final authority and responsibility under each subject plan for determining benefit claims by plan participants. Any employee, member or beneficiary may request that the AC review and reconsider benefits determination. The MBCC ensures that the applicant receives written notice of the decision by the AC.

ASSET MANAGEMENT COMMITTEE (AMC)

The AMC, established in 2000, is responsible for controlling, managing and investing the assets of the US retirement plans. This includes selecting acceptable asset classes, defining allowable ranges of holdings by asset class and by individual investment managers as a percentage of assets, defining acceptable securities within each asset class and establishing investment performance expectations. The AMC communicates the policy and performance expectations to investment managers and reviews the investment performance of the retirement plans regularly to ensure the policies are being followed and progress is being made toward achieving the performance objectives.

401-1 New employee hires and employee turnover

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



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

1. The following groups are excluded from the analysis: Moody's Analytics Knowledge Services, non-employees (such as non-payroll consultants) and temporary employment workers (such as interns). Head count as of December 31, 2019.

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 stockholder 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 are in many ways an extension of our social investing focus on helping young people reach their potential, aimed at preparing students for successful careers in finance, technology and economics.

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.

In 2019, Moody's implemented a new global program, Leadership Essentials, targeting new and front-line managers from across the Moody's organization—Moody's Analytics (MA), Moody's Investors Service (MIS) and Moody's Shared Services. This robust three-day experiential program builds core management skills and capabilities while establishing expectations of great leadership at Moody's. In addition to the in-class component, the program includes 360-degree feedback, pre-work on topics such as "Understanding Compensation" and "Talent Acquisition," and post-work including cohort working groups to further reinforce the learnings from the program.

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 educational 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 several diversity development training programs to support our underrepresented employees; see page A-31 for more details on key programs.

Learning Council

Moody's Learning Council is led by the learning leaders in the company, including those from MIS (Professional Development & Training), MA 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 our training and education programs. Among these are focus groups, written and electronic surveys following the completion of e-learning and instructor-led programs, 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 evaluate:

- » 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 their objectives
- » Individuals' preferences in terms of training modality

Additionally, Moody's conducts an employee survey every year. This year, we introduced a new employee survey that measures engagement, which is now called our Business Engagement Survey. This survey includes items that measure key drivers of engagement (for example, Belonging, Manager Trust, Accountability) and two items that measure engagement as an outcome ("How happy are you at Moody's?" and "Would you recommend Moody's?"). We included 14 items from our previous employee survey to identify trends in areas such as Inclusion and Work-Life Balance, 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 87% of our employees completed the survey in 2019.

404-1 Average hours of training per year per employee

Moody's conducted more than 251,109 hours of training for employees worldwide in 2019. (Note: This figure includes only hours captured in Moody's Knowledge Portal and online training programs. Employees participated in additional team- and business-unit-specific training.)

Average training hours in 2019

Overall	
Per employee	23.7
By employee category	
Per officer-level employee	27.9
Per non-officer-level employee	21.1

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 2019, Moody's globally provided more than 67,922 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 functional and technical training and education includes the MIS Credit Academy and Moody's Analytics Technology Rotation (MATR) Program. These programs are examples of career pathways into finance and technology:

- » The Credit Academy is a multilevel, progressive developmental training program targeted to jump-start and expedite skill development for junior analytical staff at MIS. The program includes onboarding, job readiness and career progression training across the full spectrum of analytical and professional skills required of our analytical staff.
- » The MATR Program is a two-year software development rotation program for recent graduates who want to be part of a community of developers at the intersection of finance and technology. Participants hired into the program get an opportunity to rotate throughout different teams across the different offices in the US, allowing them to gain exposure to a wide variety of technologies within different lines of business.
 - Since its inception in 2016, MA has welcomed 59 participants into the program, and two cohorts (2016 and 2017 groups) have graduated. These program graduates represent 22 successful permanent placements onto technology teams across the organization both in the US and, most recently, in our Brussels office. Overall, through its first four years, the MATR Program boasts a retention rate of 70% for participants who joined the program and are remaining at MA. This is a testament to the outstanding experiences they are provided during their rotation assignments and on their permanent placement teams as program graduates.
 - Additionally, the program contributes significantly to diversity hiring efforts across MA. Due to MA's attendance at conferences such as the Grace Hopper Celebration and relationships cultivated through a network of colleges and universities, the 2019 and incoming 2020 MATR cohorts are composed of 57% female participants.

Moody's also maintains our Knowledge Portal, through which 100% of employees accessed training in 2019.

Employees pursuing higher education can take advantage of an educational assistance program that reimburses them for job-related educational costs up to \$15,000 per year; in 2019, more than 377 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 is 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. The following groups are excluded from the analysis: Moody's Analytics Knowledge Services, non-employees (such as non-payroll consultants) and temporary employment workers (such as interns). Head count as of December 31, 2019.

Moody's is evaluating how best to represent our non-aggregated demographic details as a part of our global diversity and inclusion (D&I) strategy enhancement.

103-2 The management approach and its components

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 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.

In the fourth quarter of 2019, Moody's underwent a global D&I strategy enhancement to continue to evolve our D&I strategy in the following ways:

Goals

- » Implement a global strategy that is designed to enhance the overall advancement of employee culture, operational effectiveness and efficiency by incorporating D&I into all components of our business strategy.
- » Increase ethnic representation, specifically our Black, African American and LatinX population
- » Continue to advance women in leadership roles.
- » Enhance analysis of LGBTQ+ and Allies data by encouraging greater voluntary self-identification within the US.
- » Provide a higher level of transparency around D&I initiatives and priorities.

Initiatives

- » **D&I Spotlight – Beyond the Mood**, which highlights employees and what they are doing outside of Moody's to promote D&I
- » **#IamRemarkable**, a Google initiative empowering women and underrepresented groups to celebrate their achievements in the workplace and beyond

Responsibilities of management team

Moody's has a D&I 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 D&I 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 on 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 our 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 2019, Moody's had 32 ERG chapters globally and six focus areas:

- | | | |
|---|---------------------|---------------|
| » Generational ERG | » Multicultural ERG | » Women's ERG |
| » Lesbian, Gay, Bisexual,
Transgender & Allies ERG | » Veterans ERG | » Minds 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

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

Diversity education

The Office of Diversity & Inclusion offers a wide range of workshops, trainings and toolkits, including the annual ERG Summit, which was newly launched in 2019 to evaluate strategic employee priorities related to inclusion, belonging, cultural awareness and individual affinities.

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 the Senior Women's Leadership Forum, a 12-month interactive leadership development program for women at the senior officer level across Moody's that 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.

Workplace flexibility

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

Globally, 100% of our employees can take advantage of our flexible work arrangement offerings that best fit their needs 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:** At Moody's, we hold ourselves accountable for attracting diverse talent from external talent pools and adopting 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 to hold Moody's leaders accountable for the advancement of D&I within each line of business. Measurements include diversity representation, number of D&I efforts led and self-evaluations, all of which are captured in the Leveraging Diversity competency of our annual Performance Summary for managers. The Performance Summary is related to rewards and compensation.

First Level Officer Study

Launched in May 2018, the First Level Officer Study aimed 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 were used to inform and execute Moody's talent management strategy and leadership development curriculum.

In 2019, some strategic initiatives that resulted from this study included:

- » Presenting findings to the D&I Council and to Moody's Analytics, Moody's Investors Service and Moody's Shared Services leadership
- » Developing and launching the Leadership Success Profile
- » Launching a leadership development program for all new managers, focused on inclusive behaviors and career development conversations
- » Defining a new consistent promotion and compensation philosophy
- » Establishing consistent talent management standards, such as diverse talent review

Awards and recognition

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

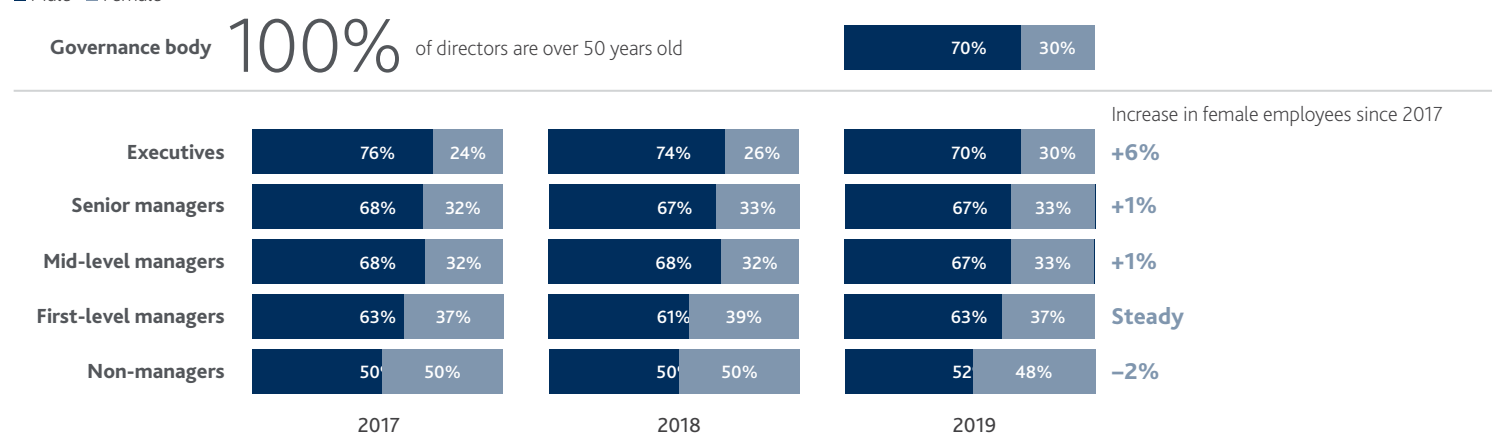
Equal opportunity employment

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

■ Male ■ Female



Our 2019 US employee population racial/ethnic group percentage representation was 48.99% white, 46.12% people of color and 4.89% not disclosed. The percentage for people of color includes those who identified as Asian, Hispanic, Black, American Indian/Alaskan Native, Hawaiian/Other Pacific Island or two or more races.

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

1. Governance body represents the 2019 Moody's 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, non-employees (such as non-payroll consultants) and temporary employment workers (such as interns).
Head count as of December 31, 2019.

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/moodysmsandhts

In 2018, Moody's implemented a Vendor Code of Conduct describing our 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

Employees have access to the Moody's Integrity Hotline, which they may use to report concerns about human rights issues. The Hotline is available to all Moody's employees worldwide and is open 24 hours a day, seven days a week, 365 days a year; it offers services in more than 75 languages, including the languages spoken in each country where Moody's has offices.

103-3 Evaluation of the management approach

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

412-2 Employee training on human rights policies or procedures

In 2019, employees completed 9,574 hours of training in human rights policies.

Fully 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, the environment and education to be three 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 and growing 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 just 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.

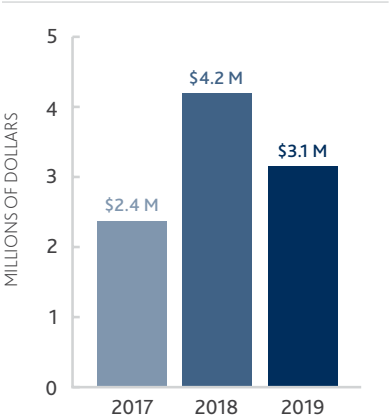
Solving problems such as pollution, poverty and lack of access to quality education requires collective action and community engagement. As a global company whose employees possess specialized expertise in financial services, technology and risk analysis, Moody's can make a positive difference.

Beyond contributing time and money, we also share our knowledge, products and services with nonprofits that are creating transformational, systemic change. In 2019, Moody's and the Moody's Foundation provided grants to the following organizations and programs:

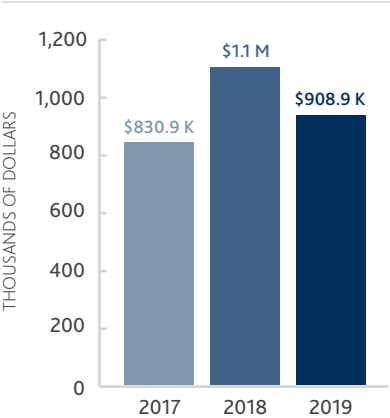
- | | | | |
|---|---|---|--|
| » Acumen | » European Volunteer Centre | » JA Asia Pacific | » Team Rubicon UK |
| » Bank Street College of Education | » Foundation for Small Business Development | » Junior Achievement Lithuania | » TechnoServe |
| » Brunel University London | » Friends of Women's World Banking | » NAF | » The Asia Foundation |
| » CareerTrackers Indigenous Internship Program | » Future Food Institute | » National Merit Scholarship Corp. | » The Bulldog Trust |
| » Center for Media Change | » Girls Inc. | » Network for Teaching Entrepreneurship | » The Resource Foundation |
| » Columbia University School of General Studies | » Girls Who Code | » New York Cares | » The UK Career Academy Foundation |
| » Cooke School and Institute | » Gladesmore Community School | » nova-Institute | » Trees for Life |
| » Creating an Environment of Success | » Habitat for Humanity Hong Kong | » Prep for Prep | » Village Capital |
| » East London Business Alliance | » HandsOn Hong Kong | » Surfrider Foundation Europe | » Vrutti |
| » Echoing Green | » Hetrick-Martin Institute | » Team Rubicon | » WEConnect International |
| | | » Team Rubicon Australia | » W!SE (Working in Support of Education) |
| | | » Team Rubicon Canada | » WWF-Australia |

Social investment dollars

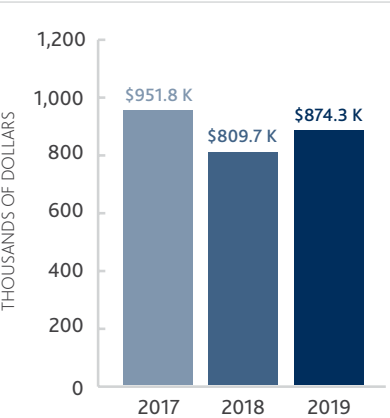
Foundation grants



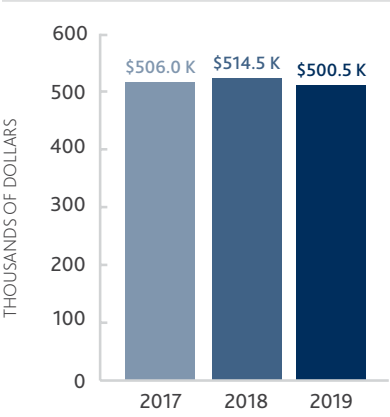
Moody's charitable contributions



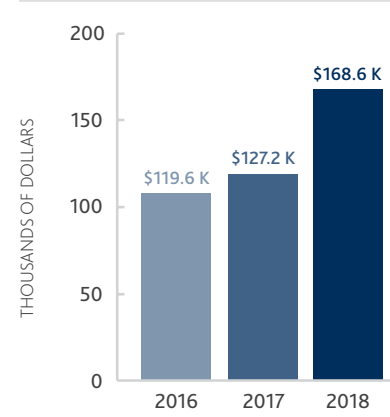
Value of volunteer hours across Moody's



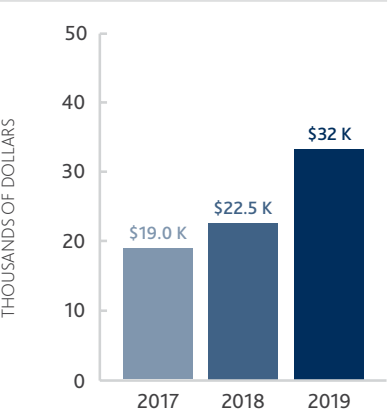
Matching gifts



Dollars to support volunteer events



Dollars for Doers



103-2 The management approach and its components

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.

Empowering people with financial knowledge

Building upon our core expertise in serving the global capital markets, we have undertaken a series of initiatives and partnerships dedicated to helping people overcome the challenges of growing a small business, including access to credit and capital. Our signature initiative, 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 2019, we worked with eight Reshape Tomorrow partners in communities around the world.

We are fulfilling an important but often overlooked role. Before entrepreneurs can 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 provide promising individuals who want to grow their enterprises with vital access to credit information as well as training to build essential business skills.

Activating an environmentally sustainable future

We continually seek to reduce Moody's adverse impact on the planet. And, amid increasingly frequent and severe climate-related disasters, we prioritize organizations with a mission of environmental sustainability, especially in emerging economies, in distributing our grants.

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 (ages 15–24) of today's generation to learn and to discover their full potential to achieve successful careers in finance, technology and economics. Because our passion for making a difference can help ignite their own.

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.

Moody's Foundation Governance

The Moody's Foundation, the philanthropic arm of Moody's, consists of the following members:

BOARD OF DIRECTORS

- | | | | |
|-------------------|----------------------|-------------------|-------------------|
| » John J. Goggins | » Arlene Isaacs-Lowe | » David Platt | » Anne Van Praagh |
| » Melanie Hughes | » Mark Kaye | » Stephen Tulenko | |

OFFICERS

- | | | | |
|---|---|--|--|
| » Cindy Ham,
Assistant Secretary | » Arlene Isaacs-Lowe, President | » Elizabeth McCarroll,
Secretary and Vice President | » Jennifer Stula Rivera,
Vice President |
| » Jeffrey Hare, Assistant
Secretary and Vice President | » Scott Kapusta,
Assistant Treasurer | » Douglas Ryker, Treasurer | |

103-3 Evaluation of the management approach

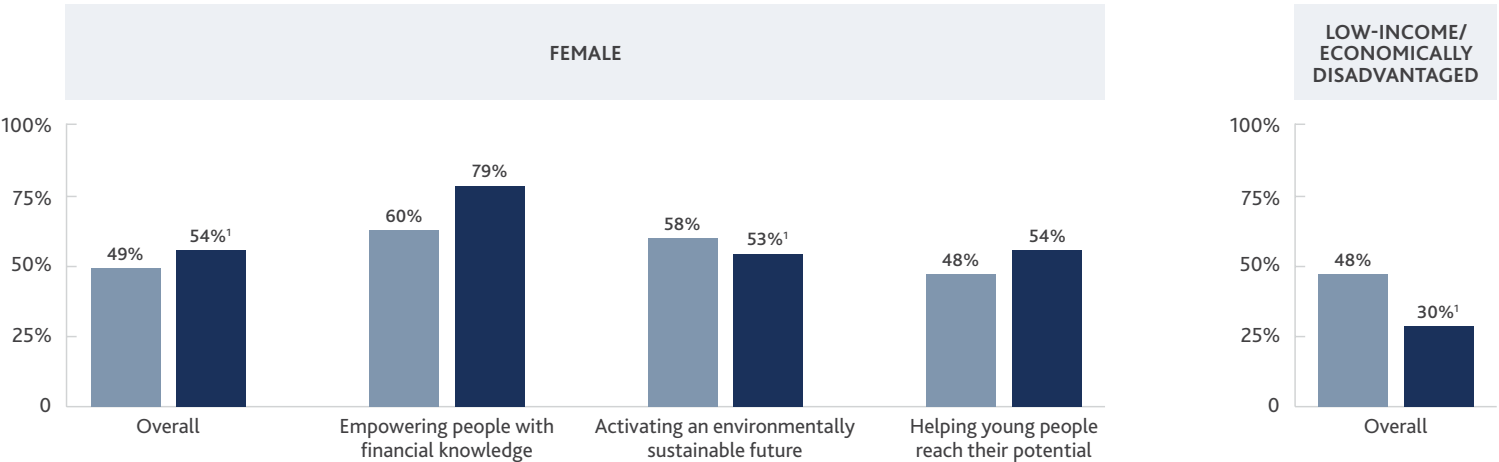
The Moody's Foundation Board oversees efforts to engage with and benefit local communities. The progress of grantees toward standardized outcomes and the impact of Moody's investment over time are measured annually using Mission Measurement's Impact Genome Project methodology and scorecard and Moody's own CSR key performance indicators (KPIs): quality of evidence; beneficiary demographics; global footprint; and job readiness outcomes in finance, technology and economics.

Moody's 2019 internal KPIs were based on 2018 data. Internal targets for 2020 are being discussed on a rolling basis to allow time for the portfolio to align with Moody's CSR strategy, which was launched in 2018, and external KPIs will be identified in April 2020. Where opportunities to strengthen efficacy are identified, the team works with the partner organization to develop strategies for improvement.

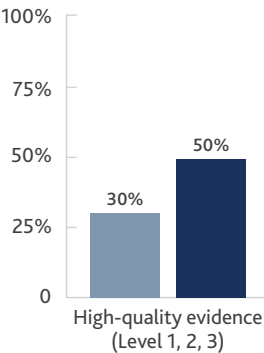
Moody's community investment KPIs

■ 2018 ■ 2019

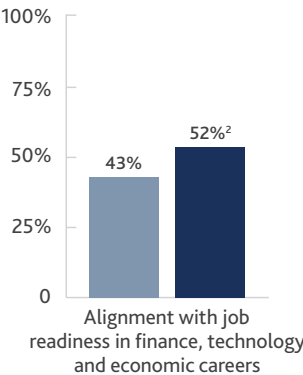
Beneficiaries



Quality of evidence



Job readiness outcomes



Global impact



1. Two of Moody's disaster relief partners with outlying results were excluded. This will be addressed in 2020.
2. Lower than expected due to a misaligned education program, with significant reach, reporting a low number of outcomes. Misalignment will be addressed in 2020.

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

69% – This figure represents the percentage of countries where we have grantee and employee engagement partnerships globally. We do not conduct environmental impact assessments or development programs directly but rather depend on our grantees to have included them as part of their program development process. The progress of grantees toward standardized social impact outcomes and the impact of Moody's investment over time are measured annually using Mission Measurement's Impact Genome Project methodology and scorecard and Moody's own CSR KPIs.

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 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 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 Business 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 Business Conduct is reviewed biannually. 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 \$110,000 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 2019, 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 improvement of our products and services

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. Our program integrates Moody's business objectives with industry and internal best practices to provide a foundation for decision-making regarding the management, security and use of data within the organization. Data is safeguarded based on requirements and controls determined by Moody's Information Risk and Security, which include access and right of use controls. Security controls are periodically evaluated by Internal Audit.

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

Moody's does not disclose specific information in this area due to confidentiality constraints. Please see our Privacy Policy to learn more about our approach to customer privacy: bit.ly/moodysprivacypolicy

SASB Index

Moody's and SASB

Guidance provided by the Sustainability Accounting Standards Board (SASB) for the Professional & Commercial Services industry helped inform the data included in Moody's 2019 Corporate Social Responsibility Report. In addition, Moody's has identified the sections of the CSR Report, as well as those in other public disclosures, that most closely align with SASB's objectives. Moody's will continue to examine ways to adjust our disclosures as these topics change over time.

About this index

Unless otherwise noted, this document covers all of Moody's Corporation (NYSE: MCO) and its subsidiaries, and all data covers the period from January 1 to December 31, 2019. All references to dollars are to US dollars. All references to GRI reporting are to the Global Reporting Initiative (GRI) Standards: Core option disclosures found in the GRI Index in the 2019 Corporate Social Responsibility Report.

Certain statements in this Index and cross-referenced in the 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 Index and cross-referenced in the Report. Statistics, metrics and other performance measurements included in this Index and cross-referenced in the Report are estimates and may be based on assumptions or developing standards. Consistent with our holistic approach to CSR, examples of products and services included in this Index and cross-referenced in the Report include instances in which they have been provided for free, at a reduced cost, or for a fee or cost.

Sustainability disclosure topics & accounting metrics

Data security

ACCOUNTING METRIC	CATEGORY	CODE	RESPONSE
Description of approach to identifying and addressing data security risks	Discussion and Analysis	SV-PS-230a.1	See GRI Index, Customer privacy, Item 103-2, on page A-41.
Description of policies and practices relating to collection, usage, and retention of customer information	Discussion and Analysis	SV-PS-230a.2	See GRI Index, Customer privacy, Items 103-1, 103-3 and 418-1, on page A-41. Privacy Policy

Workforce diversity & engagement

ACCOUNTING METRIC	CATEGORY	CODE	RESPONSE
Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Quantitative	SV-PS-330a.1	See GRI Index, Organizational profile, Item 102-8, on page A-4, and Diversity and equal opportunity, Item 405-1, on page A-33. For descriptions of our policies and programs for fostering equitable employee representation, see GRI Index, Diversity and equal opportunity, Items 103-2 and 103-3, on pages A-29 to A-32.
(1) Voluntary and (2) involuntary turnover rate for employees	Quantitative	SV-PS-330a.2	For data about the voluntary turnover rate for employees, see GRI Index, Employment, Item 103-1 on page A-21 and Item 401-1 on page A-25.
Employee engagement as a percentage	Quantitative	SV-PS-330a.3	We define employee engagement as the percentage of employees who respond to our annual Business Engagement Survey, which was completed by more than 87% of employees in 2019. For more information about our approach to engaging employees, see GRI Index, Stakeholder engagement, Item 102-43, on page A-12, and Training and education, Item 103-3, on page A-27.

Professional integrity

ACCOUNTING METRIC	CATEGORY	CODE	RESPONSE
Description of approach to ensuring professional integrity	Discussion and Analysis	SV-PS-510a.1	See GRI Index, Ethics and integrity, Items 102-16 and 102-17, on pages A-7 and A-8. Code of Business Conduct Code of Professional Conduct Vendor Code of Conduct
Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Quantitative	SV-PS-510a.2	Material legal proceedings for the company are disclosed in Note 22, Contingencies, on page 113 of our 2019 Form 10-K.

Activity metric

ACTIVITY METRIC	CATEGORY	CODE	RESPONSE
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Quantitative	SV-PS-000.A	See GRI Index, Organizational profile, Items 102-7 and 102-8, on page A-4.

TCFD Report

About TCFD

The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations for more effective climate-related disclosures that: a) “promote more informed investment, credit, and insurance underwriting decisions” and b) “would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks.”

The Task Force’s recommendations are structured around four thematic areas that are core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. The four overarching recommendations are supported by key climate-related financial disclosures, referred to as recommended disclosures, that build out the framework with information that will help investors and others understand how reporting organizations assess climate-related issues.

Moody’s and TCFD

Moody’s Corporation (Moody’s) is a global integrated risk assessment firm that empowers organizations to make better decisions. Our data, analytical solutions and insights help decision makers identify opportunities and manage the risks of doing business with others. We believe that greater transparency, more informed decisions and fair access to information open the door to shared progress.

Moody’s response to the TCFD recommendations follow the confirmation of support signed by our CEO and CFO in June 2017. It also follows our ongoing annual disclosure commitment of the organization’s greenhouse gas (GHG) inventory and climate-related issues through CDP. Moody’s Investors Service (MIS) has undertaken extensive reviews to integrate scenario analysis into credit impact assessments. Moody’s firmly believes in promoting global environmental, social and governance (ESG) measurement standards for use by market participants and ongoing commitment to enhancing transparency in ESG. Richard Cantor, chief credit officer of Moody’s, serves as a member of the Task Force. This TCFD response addresses the 11 recommendations and was developed with the assistance of external consultants, building on past risk disclosure through CDP and interviews with key internal risk personnel.

Governance

The Board’s oversight of climate-related risks and opportunities

Moody’s Board of Directors (the “Board”) oversees our management and overall strategy. In fulfilling this responsibility, the Board oversees our enterprise-level approach to major risks facing the company and identifies strategic opportunities.

The Board’s oversight of risk

With the assistance of the Audit Committee, the Board oversees Moody’s policies for assessing and managing our exposure to risk. The Board periodically reviews these risks and Moody’s risk management processes. The Board’s responsibilities include reviewing our practices with respect to risk assessment and management and reviewing contingent liabilities and risks that may be material to the company.

As part of its risk oversight, the Audit Committee reviews key risk factors, including those disclosed in Moody’s Annual Report on Form 10-K. Such risk factors include the risk of a business continuity disruption due to climate-related incidents. Risk factors in the Form 10-K also include exposure to reputational and credibility concerns, such as those that could stem from climate-related considerations. For example, the MIS practices relating to the incorporation of climate-related risks into its credit methodologies and credit ratings could potentially impact its ratings performance and business reputation.

The Governance & Nominating Committee oversees sustainability matters, including significant issues of corporate social and environmental responsibility, as they pertain to Moody's business and long-term value creation for our stockholders. The Governance & Nominating Committee reviews such matters and makes recommendations to the Board. In addition, the Audit Committee oversees financial, risk and other disclosures made in our annual and quarterly reports related to sustainability. We included disclosure relating to sustainability in our 2019 Form 10-Q filings as well as in the Form 10-K for the year ended December 31, 2019.

The Board has reviewed and approved our Environmental & Sustainability Policy, which reflects Moody's efforts to minimize the impact of our operations and services on the environment.

The Board's oversight of strategy

The Board reviews Moody's long-term strategic plan at least annually. Members of management provide the overall strategy for the company as well as for the two primary business segments, focusing on both Moody's current position and the proposed plans to achieve our strategic goals. Management's presentations include financial updates, strategies for the various lines of business and geographic plans. The Board's ongoing oversight extends throughout the year, because management is continually adjusting Moody's strategy in response to emerging risks and opportunities. As described below, this was especially evident in 2019 as we strived to enhance our work in the ESG sector.

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

Management's role in assessing and managing climate-related risks and opportunities

Management's role with respect to risk

The CEO, who also serves on the Board, is responsible for ensuring that material risks are appropriately assessed and mitigated. Under the oversight of the Board and its committees, the CEO has established an Enterprise-Wide Risk Committee, composed of the CEO and his direct reports, which include

the chief risk officer. The Enterprise-Wide Risk Committee reviews the work of the Enterprise Risk Management (ERM) function that is managed by the chief risk officer. Among other things, the ERM function is responsible for identifying and monitoring existing and emerging risks that may impede the achievement of Moody's strategic and operative objectives.

The CFO provides leadership in innovation, implementation and influence to facilitate long-term sustainable growth. Beginning this year, Moody's is leveraging a climate-related scenario analysis, including a physical risk assessment from Four Twenty Seven, Inc. and a transition risk assessment, to understand the financial and risk-related implications of climate change on Moody's business model and operations. The CFO has expanded financial disclosures related to sustainability that provide useful information to investors and has tied CFO incentive compensation to sustainability performance.

The chief risk officer, who dually reports to the Audit Committee and the CEO, provides oversight and monitoring of all material risks that have the potential to hinder Moody's operations and talent, including climate-related risks. Risks associated with climate change are actively managed through the Corporate Services Group and mitigated through the Crisis Management and Business Continuity Plans and teams. Should any material climate-related risks and mitigating actions be identified by the ERM function, they would be presented to the Audit Committee and to the Board.

Moody's CSR Council, chaired by President and CEO Raymond W. McDaniel, Jr., convenes senior management team members to shape its overall CSR strategy. The CSR Working Group, chaired by Arlene Isaacs-Lowe, global head of CSR and president of the Moody's Foundation, consists of executives charged with honing and implementing the strategy. In addition to our CSR team, Moody's also created the CSR Impact Leaders program to leverage employee knowledge and insight in advancing our CSR initiatives. These CSR bodies provide oversight and guidance on how employees' input can be incorporated into environmentally conscious policies and processes.

Management's role with respect to managing opportunities

Moody's management team develops a strategic plan that responds to market-driven opportunities through new products, offerings and acquisitions.

Moody's corporate mission is to provide trusted insights and standards that help decision makers act with confidence. Management believes that one key aspect to implementing this strategy is to invest in strategic growth opportunities. Through the work of the management team, led by the CEO and chief operating officer, Moody's invests in initiatives to implement our strategy, including internally led organic development and targeted acquisitions.

Climate-related risks and opportunities governance summary

- » **Moody's Board of Directors:** Oversees overall strategy and enterprise-level approach to major risks
- » **Audit Committee:** Is responsible for the financial, risk and other disclosures made in our annual and quarterly reports related to sustainability
- » **Governance & Nominating Committee:** Oversees sustainability matters as they pertain to business and long-term value creation and makes recommendations to the Board regarding these issues
- » **CEO:** Ensures that risks are mitigated and opportunities are identified
- » **CFO:** Embeds sustainability into business-as-usual financial processes and decision-making within their remit, including real estate, facilities and supply chain
- » **Chief risk officer:** Is responsible for full ERM function, including risk identification and monitoring
- » **Chief strategy officer:** Is responsible for the CSR function and provides periodic reporting, along with the global head of CSR, to the Board
- » **CSR team:** Is responsible for internal capacity building and implementation of sustainability measurement and reporting of strategy and processes

Strategy

ESG considerations are critical to managing risk and seizing opportunities in today's global capital markets. Moody's is committed to transparently and systematically integrating ESG considerations into credit ratings and risk management solutions. Working with our affiliates, Moody's is also developing standalone market-leading ESG, sustainable finance, and climate risk data and assessments to meet the growing needs of issuers, investors and policymakers across the globe. Through an in-depth discovery process conducted in 2017, which included survey input, meetings and interviews, Moody's learned that our stakeholders consider small business growth, environmental sustainability and education to be high-priority economic, environmental and social issues to which we could make an effective and meaningful contribution.

Climate change-related opportunities

Moody's has identified three main areas of climate-related opportunities for its business: strategic investment in products and services, memberships and climate change commitments, and research and development. Moody's new product offerings and climate-related analytical initiatives are intended to address the business opportunities and risks identified in the relevant section below.

Strategic investment in products and services

In 2019, Moody's acquired several ESG-related companies to promote transparent standards for use by market participants. These acquisitions recognize that ESG considerations are increasingly relevant to issuers, investors, counterparties and others as capital markets and other stakeholders seek clear and objective standards for understanding and measuring these factors. Moody's new product offerings and climate-related analytical initiatives contributed to an estimated \$15 million to \$20 million in revenue in 2019.

VIGEO EIRIS

In April 2019, Moody's acquired a majority stake in Vigeo Eiris, a global provider of ESG research, data and assessments. With products and capabilities based on ESG assessments and an extensive ESG database, Vigeo Eiris offers specialized research

and decision-making tools for sustainable and ethical investments. These include carbon footprint data and assessments covering physical risk management, climate change governance and energy transition. The addition of Vigeo Eiris strengthens Moody's ability to provide positive screenings that identify companies developing climate change solutions and support our partners in the development of EU's Paris-aligned Benchmarks.

FOUR TWENTY SEVEN

In July 2019, Moody's acquired a majority stake in Four Twenty Seven, a provider of data, intelligence and analysis related to physical climate risks. It does this by aggregating location-based exposures to provide climate risk assessments at the company, REIT, sub-sovereign and sovereign levels. The addition of Four Twenty Seven enhances Moody's growing portfolio of risk assessment capabilities and underscores our work to advance global standards for assessing environmental and climate risk factors. Four Twenty Seven also strengthens our growing thought leadership and research on incorporating climate risk into economic modeling and credit ratings.

SYNTAO GREEN FINANCE

In October 2019, Moody's acquired a minority stake in SynTao Green Finance, a provider of ESG data and analytics based in and serving China. SynTao's data covers publicly listed Chinese companies, bond issuers and macro ESG development trends, and the company also provides thought leadership on ESG to policy makers. This investment strengthens Moody's presence and engagement in China and its financial markets, and reflects our focus on supporting long-term, sustainable regional growth and contributing to the healthy development of ESG markets more broadly.

Memberships and climate change commitments

Moody's conducts outreach and engagement with a multitude of ESG and CSR bodies and is a member of a number of industry associations and supranational organizations. For a full list, see GRI Index, Organizational profile, Item 102-12, on page A-5, and Item 102-13, on page A-6. The following are highlights from 2019.

UNITED NATIONS GLOBAL COMPACT

In July 2019, Moody's became a participant in the United Nations Global Compact (UNGC). Launched in 2000 to encourage companies to engage in responsible business practices, the UNGC is the largest corporate sustainability initiative in the world, with over 9,500 business and 3,000 non-business signatories. As part of its membership, Moody's will submit an annual progress report that includes a description of practical actions it has taken to enhance its sustainability efforts.

In addition, Moody's was named as a founding participant of the UNGC CFO Taskforce for the Sustainable Development Goals (SDGs) and joined the UNGC Reporting on the SDGs Action Platform to help shape the future of corporate reporting on SDGs. The SDGs are 17 goals established by the UN to address global challenges by 2030, including climate change and environmental degradation.

In December 2019, Moody's also signed the UNGC Business Ambition Pledge for 1.5°C and committed to instituting science-based targets through the Science Based Targets initiative to help limit global temperature rise to 1.5 degrees Celsius and achieve net-zero emissions by 2050.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

In July 2019, Moody's became a signatory to the Principles for Responsible Investment (PRI), an international association of asset owners, investment managers and service providers working toward a more sustainable global financial system through the incorporation of ESG factors into investment decisions. This builds on our 2016 signing of PRI's Statement on ESG in Credit Risk and Ratings, part of an initiative to enhance the transparent and systematic integration of ESG factors into credit risk analysis. As a PRI member, Moody's joins a network of over 2,200 organizations in endorsing PRI's six core principles related to acting in the best long-term interest of investors and incorporating ESG issues into investment and disclosure practices. Moody's will submit a report to PRI on its responsible investment activities annually. Moody's will also continue to publish a TCFD Report annually, which satisfies PRI's new requirement for signatories beginning in 2020.

A4S CFO NET ZERO STATEMENT OF SUPPORT

In December 2019, Moody's CFO, Mark Kaye, signed the Accounting for Sustainability (A4S) CFO Net Zero Statement of Support and committed the company to aligning our GHG emission-reduction targets, across all relevant scopes, with emissions scenarios for 1.5 degrees Celsius; setting and validating science-based targets through the Science Based Targets initiative; and planning to publish our own net-zero emissions pathway, outlining the Moody's trajectory toward net-zero emissions. A4S was established by HRH The Prince of Wales and aims to inspire action by finance leaders to drive a fundamental shift toward resilient business models and a sustainable economy.

Research and development

DEVELOPMENT OF REPORTS AND WHITE PAPERS

Using data and analytics from Four Twenty Seven, Moody's analysts have produced several reports this year and in early 2020 on the exposure of issuers to the physical risks of climate change. To view full reports, visit: esg.moody's.io

In September 2019, MIS [published a report](#) analyzing the growing exposure of local governments to rising temperatures in the US. The report found that local government exposure to rising temperatures stemming from climate change varies widely by geography, with the Midwest and Southeast being more exposed than other regions.

In January 2020, MIS [published a report](#) examining the exposure of investor-owned utility holding companies with regulated US electric subsidiaries to the heightened risk of extreme weather events brought on by climate change. The report found that climate hazards, including higher air and water temperatures and increased intensity and frequency of storms, will increase financial and physical risks for investor-owned utilities.

In February 2020, MIS [published a report](#) examining the labeled bond market. The report found that green, social and sustainability bond issuance will hit a combined record of \$400 billion in 2020, up 24% from the previous record of \$323 billion achieved in 2019. Continued growth and diversification of these markets will be accompanied by innovation in new labels and structures, particularly with respect to transition bonds and sustainability-linked bonds and loans.

In March 2020, MIS [published a report](#) describing a conceptual approach to using climate scenarios to help assess the credit impact for rated issuers across sectors globally on a consistent basis. While we expect a more pronounced decarbonization trajectory and more frequent and volatile extreme weather in the future, there is a wide range of possible outcomes, and the credit impact will not be uniform across or within sectors. Consequently, climate scenarios are critical in providing consistent starting points to better understand the relative positioning and strategic response of companies, governments and assets to both transition and physical risks. On transition risks, our scenarios are based on the International Energy Agency's Stated Energy Policies Scenario and Sustainable Development Scenario, which are closely aligned with the near-term and longer-term goals of the Paris Agreement, respectively. With regard to physical risks, in the near term the uncertainty in outcomes is driven mainly by scientific uncertainty inherent within climate models themselves. Grouping the outcomes of climate models into low, medium and high tiers allows for the exploration of potential severity in climate hazards.

DECISION MODEL REBUILDING

Factoring in climate data from Vigeo Eiris and Four Twenty Seven, Moody's modeling teams have been processing various segment, industry and regulatory scenarios and models to update probability of default and loss given default scoring. This helps market participants of those scenarios and models better understand portfolio implications, concentrations and sensitivities to ESG.

SCENARIO ANALYSIS

In 2020, we conducted a scenario analysis to evaluate our exposure to physical and transition risks in our operations and against our strategy. The scenario analysis categorizes several climate-related opportunities that Moody's has been implementing in recent years as a market response for ESG-related products. We identified climate-related risks and opportunities across three time frames: short term, which considers 2025; medium term, which considers 2030; and long term, which considers 2040. We explored the potential impacts of each risk with the goal of building mitigation strategies into financial planning. The low carbon transition presents numerous opportunities for Moody's in terms of new product offerings and expansion of ratings to fully encompass long-term climate-related risks and create opportunities for integration into an organization's business sustainability.

We assessed the resilience of our strategy by conducting scenario analysis to investigate the implications of two alternate yet plausible future states of the world. To explore transition risks and opportunities, we applied a low emissions scenario involving application of strong policies such as carbon pricing to limit temperature rise in line with globally agreed climate goals. We modeled physical risks across Moody's entire global portfolio to assess both chronic risks (arising from long-term shifts in climate and weather patterns) and acute risks (arising from sudden and severe climate events). We modeled transition risks and opportunities—focusing on carbon price—across short-, medium- and long-term intervals. We assessed physical risks using a high-emissions scenario over the next 20 years; climate impacts under different scenarios prior to this time show negligible differences until the trajectories of their emissions begin to diverge.

We used the International Energy Agency World Energy Outlook Sustainable Development Scenario to explore transition risks and opportunities. This scenario limits temperature rise in accordance with global climate goals and meets the UN's SDGs for energy access and air quality. We modeled carbon pricing scenarios to evaluate their impact on Moody's direct (Scope 1) and indirect (Scopes 2 and 3) GHG emissions.

We assessed physical risks using the Intergovernmental Panel on Climate Change Representative Concentration Pathway 8.5. This scenario consists of few or no policy changes, resulting in high levels of atmospheric GHG emissions at the end of the century and associated exacerbated physical impacts, such as increased heat or water stress, sea level rise and other extreme events. This analysis also rated the risk of natural disaster in the form of earthquake risk. As there is yet to be a strong proven link between climate change and earthquake events, the results were not included in this report; however, we fed them into internal risk frameworks and planning.

The future we experience is likely to be a combination of elements from both transition and physical risk scenarios. Exposure to transition risk due to the unforeseen implementation of policies is likely. However, as our global carbon budget to limit warming to 1.5 degrees Celsius diminishes, we are likely to

experience physical impacts from the change of weather patterns and climate, regardless of policy decisions in the next decade. Exploring the extremities of high transition risk and high physical risk scenarios helps inform our strategy and assess long-term resiliency. Moody's will monitor several indicators to help determine whether one scenario is evolving over another. These signposts include global carbon pricing implementation, nationally determined contributions to meet global climate goals (expected to be increased for the next Conference of the Parties), renewable energy prices and energy mix penetration as well as the evolution of emission pathways and emerging scientific literature.

A summary of the climate-related risks and opportunities that Moody's identified and modeled is shown in the tables on the next two pages.

Overall, climate-related risks for both transition and physical scenarios pose low-level impact to Moody's. Our dedication to climate action through comprehensive measurement and disclosure of emissions in the form of committing to setting science-based targets minimizes the exposure to accelerated emissions mitigation policies. The impact of carbon pricing on a sliding scale up to \$140 per metric ton of carbon dioxide equivalent in 2040¹ on Moody's emissions footprint was below 1% of net operating income. We have also enhanced the MIS rating methodologies and made improvements to acquired ESG-related companies to incorporate climate risk into economic modeling and credit ratings to ensure the MIS ratings are resilient to these risks.

Physical risks for Moody's global portfolio were low for acute climate events of floods, hurricanes and typhoons. Impact of chronic events were low for sea level rise and in the medium risk category for heat and water stress. Although heat and water stress were deemed high risk, the impact on Moody's is expected to be minimal. The geographic locations shown to experience heat and water stress were evaluated in consideration of their energy requirements and the additional expenses to condition workspaces to safeguard employee comfort. Expenses required to secure water supplies were minimal. The site-level physical risk assessment informed which sites globally would require resiliency investment and those which would be more suitable for long-term relocation.

1. *World Energy Outlook 2019*, International Energy Agency, <https://www.iea.org/reports/world-energy-outlook-2019>.

PHYSICAL RISKS		Long-term risk level	Risk mitigation
Acute Sudden and severe natural events	Floods	 Low	In a high-temperature-rise scenario, risk of flood was low across Moody's rental portfolio, with 9% of sites at risk. Sites at higher risk will be evaluated.
	Hurricanes and typhoons	 Low	Sites with historical exposure to severe weather events are monitored and assessed for resiliency investment. Overall, 9% of our sites are at risk to hurricanes and typhoons; most of these sites are at low risk. Those identified as higher risk are monitored for resiliency investment and potential relocation.
Chronic Risks due to long-term shifts in climate or weather patterns	Heat stress	 Medium	A significant proportion (33%) of our sites is expected to experience a high level of heat stress due to climate change. We expect operation costs of comfort cooling at these sites to increase and will monitor them to ensure we can continue to source 100% renewable electricity.
	Water stress	 Medium	In 4% of sites, Moody's operations are expected to experience water stress due to climate change. Each site identified at risk of water stress will be evaluated for resiliency investments and monitored, along with its water levels. Water stress tends to be one of the less relevant risks for offices, which make up all of Moody's rental portfolio that was screened for physical climate risk exposure.
	Sea level rise	 Low	Overall, the risk to Moody's from sea level rise is 1% of the sites. To improve resiliency, the affected sites will be monitored in terms of contingency planning and adaptation measures installed at the citywide level.

TRANSITION RISKS AND OPPORTUNITIES			Short term (2025)	Medium term (2030)	Long term (2040)
Policy and legal	Increased pricing of GHG emissions	Introduction of mandatory carbon pricing would increase costs for direct operations and increase costs indirectly via the purchase of goods and services.		<0.5% impact on operating income	<1% impact on operating income
	Mandates and regulations on existing products and services	Mandates and regulations on high-carbon products give way to increased opportunities for the growth of Moody's ESG-related rating products.		Market growth opportunity	Market growth opportunity
Technology	Costs to transition to lower-emission technology	The World Energy Outlook Sustainable Development Scenario shows a significant continued reduction in the pricing of renewable technologies; therefore, we will benefit from avoided costs in the continued procurement of renewable electricity.		Avoided costs	Avoided costs
Market	Changing customer behavior	Moody's is unlikely to experience reduced demand for goods and services due to increased input prices, but we likely will realize opportunities from the growth of our ESG-related products.		Market growth opportunity	Market growth opportunity
	Shifts in consumer preferences	Shifting of customer preferences is unlikely to weaken our reputation if we keep responding to market demand for more climate leadership.		Market growth opportunity	Market growth opportunity
	Climate-related risk analytics in ratings	Potential poor ratings performance due to an ineffective implementation of climate-related risk analytics in ratings could damage the MIS reputation.		No discernible quantified impact	No discernible quantified impact
	Stigmatization of sector	Moody's faces potential stigmatization from its association with high-carbon emitters.		No discernible quantified impact	No discernible quantified impact
	Increased stakeholder concern or negative stakeholder feedback	Moody's strong push for increased disclosure on GHG inventory and implementation of science-based targets will likely meet stakeholder expectations.		Market growth opportunity	Market growth opportunity

 LOW RISK
  OPPORTUNITY

Risk management

ESG risk factors influence investment processes and decision-making and cover many issues that traditionally have not been part of financial analysis yet are likely to have increasing operational and financial impacts. Moody's assesses climate-related risks through a multidisciplinary risk management process. While climate-related risks have not been determined to be material to our operations at this time, we have identified three potential areas of impact: extreme weather patterns on operations, regulation on utility and energy costs, and reputational risks related to sustainability practices.

Below are descriptions of the potential risks and our approach to risk management for each scenario.

Impact of extreme weather patterns on operations

Changes and extreme variability in weather patterns could potentially cause a reduction in revenue from decreased delivery of goods and services and/or increased costs associated with operations. For example, our Asia-Pacific operations are vulnerable to an increase in the severity, duration and frequency of tropical storms. Physical risks in the US take the form of increased frequency and severity of storms with related flooding, particularly in the coastal eastern states, and extreme heat events contributing to drought conditions and numerous wildfires across the western states. This could lead to temporary or, in the event of severe damage, permanent closure of offices. One such instance occurred in 2012, when our headquarters at 7 World Trade Center in New York City was temporarily closed due to storm surge flooding that resulted in a loss of power in Lower Manhattan.

As part of our risk management approach, Moody's works to understand risk drivers and manage operating expenses accordingly. Business continuity and disaster recovery planning is an integral part of our risk culture and encompasses climate-related risk. When evaluating this specific scenario, we determined that alternative options such as telecommuting and the transfer of work to other locations are feasible and can be implemented with modest productivity disruptions.

Impact of regulation on utility and energy costs

As energy markets and regulations change, Moody's sees the potential for a near-term increase in operating costs. Specifically, climate change regulation may result in energy price increases. Gas, electricity, water and sewer expenses represented about \$5 million or 0.2% of our 2019 operating expenses. A hypothetical 10% rise in utility and energy prices across the board could raise electricity spend by about \$500,000 annually.

While this would have a minimal effect on Moody's financial results, it is part of our business strategy to manage this exposure. We work with relevant partners and vendors to assist in calculating our global footprint and devise recommendations for emission reductions. These efforts include ensuring appropriate terms and conditions are in place to plan for potential disruptions and build in redundancy where needed.

Impact of reputational risks related to sustainability practices

Moody's is highly visible within the capital markets and attracts many diverse stakeholders, including individuals and organizations for whom our future is of direct importance, as well as indirect stakeholders who are concerned with corporate behavior and action. This visibility heightens the potential impact of climate-related risks of our operations and product offerings. Since the threat of climate change is held as relevant and important by certain stakeholders, Moody's actions or lack thereof concerning climate change could create reputational risk. For example, if we are not transparent and do not adequately explain our actions to stakeholders, they could conclude that Moody's is not environmentally responsible. Further, the MIS practices relating to the incorporation of climate-related risks into its credit methodologies and ratings could potentially impact its ratings performance and business reputation. Though any one incident is unlikely to weaken our reputation, a cumulative lack of support and transparency for sustainability goals could detract from our brand value.

As part of our risk management approach, Moody's has engaged a third-party vendor to evaluate our carbon accounting and reporting and to develop meaningful recommendations to help us accelerate our climate-related risk initiatives. We are committed to advancing our climate and sustainability efforts and improving our disclosure in this area to meet growing investor and stakeholder expectations and avoid incremental costs associated with negative brand perception.

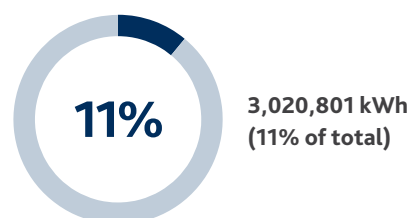
Metrics and targets

Moody's has shown a commitment to disclosure of GHG inventory and climate-related strategies via CDP since 2017. Plans have been put in place to expand the scope of emissions accounting and disclosure for our 2020 CDP response to include all relevant Scope 3 sources of emissions. We engage third-party auditors to review our GHG inventory and implement an internal monitoring and review process to track and refine accuracy over time. Moody's sourced Verra and Gold Standard Verified Emission Reductions to offset 2019 emissions. We also intend to complete 100% sourcing of renewable energy in 2020, as well as formally publish verified targets aligned with the Science Based Targets initiative. These targets ensure that our direct operations align with an emissions trajectory of 1.5 degrees Celsius and that net-zero emissions are achieved no later than 2050. The most significant contribution to our emissions footprint is the Scope 3 category of Purchased Goods and Services. We introduced best practice accounting methodologies in 2020 to estimate our emissions from this category, with bold plans underway for ambitious target setting and supplier engagement approaches to reduce these emissions. Our 2020 CDP response and science-based targets commitment will further detail our metrics and targets.

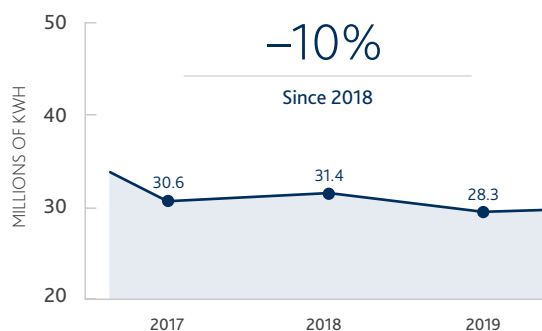
Energy consumption and site information

Energy type	Total consumption
Diesel	380 gallons
LPG	88,383 kilowatt-hours (kWh)
Natural gas	13,754 million British Thermal Units (MMBtu)
Electricity	28,269,677 kWh
Steam	140,821 kWh
Chilled water	1,468,565 ton-hours

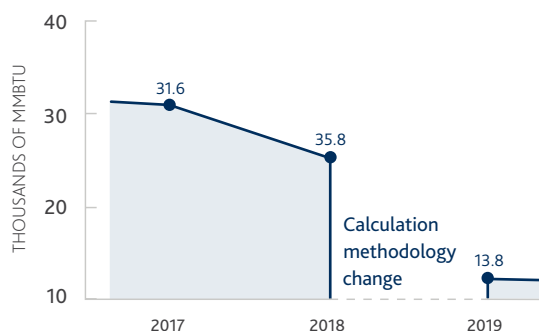
Renewable energy use



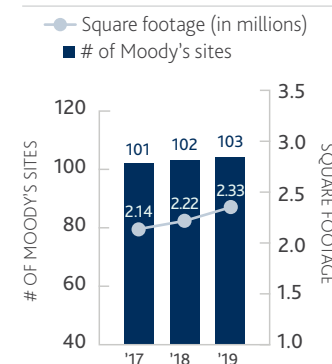
Electricity



Natural gas



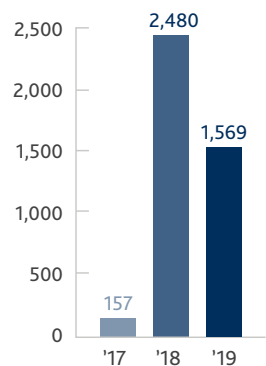
Moody's sites



GHG emissions (in metric tons of carbon dioxide equivalent)

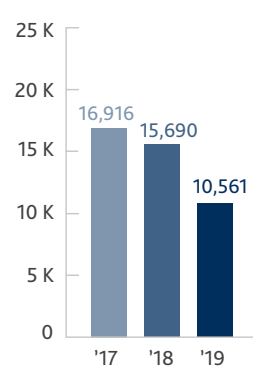
Scope 1¹

Metric tons of carbon dioxide equivalent (tCO₂e)



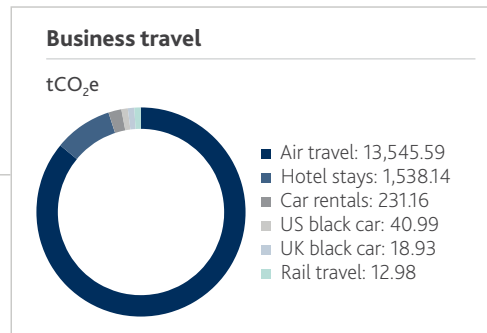
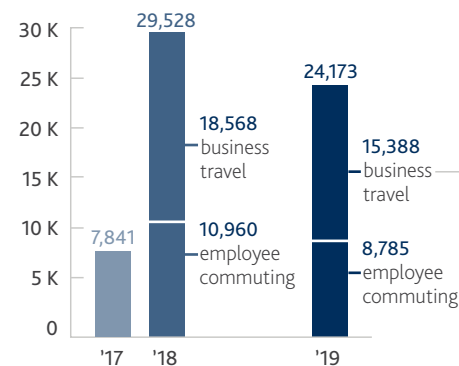
Scope 2: market-based¹

tCO₂e



Scope 3¹

tCO₂e



Gas	Reference
CO ₂	IPCC Fifth Assessment Report (AR5 - 100 year)
CH ₄	IPCC Fifth Assessment Report (AR5 - 100 year)
N ₂ O	IPCC Fifth Assessment Report (AR5 - 100 year)

Scope 1 and 2 emissions were calculated in accordance with the World Resources Institute/World Business Council for Sustainable Development GHG Protocol Corporate Accounting and Reporting Standard. Scope 3 emissions were calculated in accordance with the World Resources Institute/World Business Council for Sustainable Development Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

1. Figures have been rounded; see Moody's corresponding CDP report for full data. 2019 emissions reporting includes employees from Moody's Analytics Knowledge Services up to the date of completed sale of that business.

Next steps

Moody's understands that resiliency and strategy building for climate-related risks and opportunities is an iterative process. We intend to expand the analysis scope to cover additional scenarios in future years, such as the application of a fully detailed scenario for 1.5 degrees Celsius when it becomes available. As scenario narratives continue to advance, we will expand risk coverage and increase the granularity of assessment. The evolution of global emissions and the scenario signposts will be monitored to help us ensure that the climate and emissions strategy adequately mitigates risks and continues to respond to market calls for increased ESG products. Moody's will continue to strive for ambitious climate action through our commitment to measuring, reducing, offsetting and reporting on our emissions footprint.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

Certain statements contained in this release are forward-looking statements and are based on future expectations, plans and prospects for the business and operations of Moody's Corporation (the "Company") that involve a number of risks and uncertainties. Such statements may include, among other words, "believe", "expect", "anticipate", "intend", "plan", "will", "predict", "potential", "continue", "strategy", "aspire", "target", "forecast", "project", "estimate", "should", "could", "may" and similar expressions or words and variations thereof that convey the prospective nature of events or outcomes generally indicative of forward-looking statements. The forward-looking statements and other information in this release are made as of the date hereof and the Company undertakes no obligation (nor does it intend) 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 applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying examples of factors, risks and uncertainties that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to, the impact of COVID-19 on volatility in the U.S. and world financial markets, on general economic conditions and GDP growth in the U.S. and worldwide, and on the Company's own operations and personnel. Many other factors could cause actual results to differ from Moody's outlook, including credit market disruptions or economic slowdowns, which could affect the volume of debt and other securities issued in domestic and/or global capital markets; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates and other volatility in the financial markets such as that due to uncertainty as companies transition away from LIBOR and Brexit; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs and trade barriers; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations, including provisions in the Dodd-Frank

Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and regulations resulting from Dodd-Frank; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to MIS's rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which the Company may be subject from time to time; provisions in the Dodd-Frank legislation modifying the pleading standards, and EU regulations modifying the liability standards, applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; the possible loss of key employees; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the outcome of any review by controlling tax authorities of the Company's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if the Company fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which the Company operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions or other business combinations and the ability of the Company to successfully integrate such acquired businesses; currency and foreign exchange volatility; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are currently, or in the future could be, amplified by the COVID-19 outbreak and are described in greater detail under "Risk Factors" in Part I, Item 1A of the Company's annual report on Form 10-K for the year ended December 31, 2019, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it.

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 goals of Moody's Corporation and its subsidiaries (the "Company"), 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. 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 Securities and Exchange Commission.



VERIFICATION OPINION GREENHOUSE GAS EMISSIONS

To: Moody's Corporation

APEX Companies LLC, (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Moody's Corporation (Moody's) for the period stated below. This Verification Opinion applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of Moody's. Moody's is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification opinion on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG statement based on the verification. Verification activities applied in a limited level of assurance verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

Boundaries of the reporting company GHG emissions covered by the verification:

- Operational Control
- Worldwide

Types of GHGs: CO₂, N₂O, CH₄, HFCs, CFCs, HCFCs

GHG Emissions Statement:

- **Scope 1:** 1,569 metric tons of CO₂ equivalent
- **Scope 2 (Location-Based):** 11,210 metric tons of CO₂ equivalent
- **Scope 2 (Market-Based):** 10,561 metric tons of CO₂ equivalent
- **Scope 3:**
 - Business Travel: 15,388 metric tons of CO₂ equivalent
 - Employee Commuting: 8,785 metric tons of CO₂ equivalent

Data and information supporting the Scope 1, Scope 2, and Scope 3 GHG emissions assertion were historical in nature for the most part. In some cases, data were estimated rather than historical in nature.

Period covered by GHG emissions verification:

- January 1, 2019 to December 31, 2019

Criteria against which verification conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard
- WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Reference Standard:

- ISO 14064-3: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas statements



Level of Assurance and Qualifications:

- Limited
- This verification used a materiality threshold of 5% for aggregate errors in sampled data for each of the above indicators.
- Global Warming Potentials used to calculate refrigerant emissions were not consistent with those used for the remainder of the inventory.

GHG Verification Methodology:

Evidence-gathering procedures included but were not limited to:

- Interviews with relevant personnel of Moody's and their consultant;
- Review of documentary evidence produced by Moody's;
- Review of Moody's data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of sample of data used by Moody's to determine GHG emissions.

Verification Opinion:

Based on the process and procedures conducted, there is no evidence that the GHG emissions statement shown above:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (**Scope 1 and 2**), and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (**Scope 3**).

It is our opinion that Moody's has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with Moody's, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.



Attestation:

A handwritten signature in blue ink, appearing to read 'Trevor A. Donaghu'.

Trevor A. Donaghu, Lead Verifier
Program Manager
APEX Companies, LLC
Pleasant Hill, California

A handwritten signature in blue ink, appearing to read 'David Reilly'.

David Reilly, Technical Reviewer
Principal Consultant
APEX Companies, LLC
Santa Ana, California

April 13, 2020

This verification statement, including the opinion expressed herein, is provided to Moody's Corporation and is solely for the benefit of Moody's Corporation in accordance with the terms of our agreement. We consent to the release of this statement by you to CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this statement.

SOLICITED SUSTAINABILITY RATING – March 2020

Sustainability Rating Certificate for Moody's

Moody's has solicited Vigeo Eiris to conduct an independent ESG and sustainability rating.

As of March 2020, Moody's Corp¹. ("Moody's") obtains an A2+ rating, based on an overall score of 53/100. Moody's ranks within the top 10% of all companies rated by Vigeo Eiris worldwide (4,859 in total²) and 1st out of 58 within the Business Support Services North American sector.

Moody's displays overall strong willingness and capacity to integrate ESG factors into its strategy, operations and risk management, with robust to advanced performance on issues related to legal security, operational efficiency and reputation while limited although above sector-average results are seen on drivers that could impact human capital cohesion.



Rank in Sector 1/58

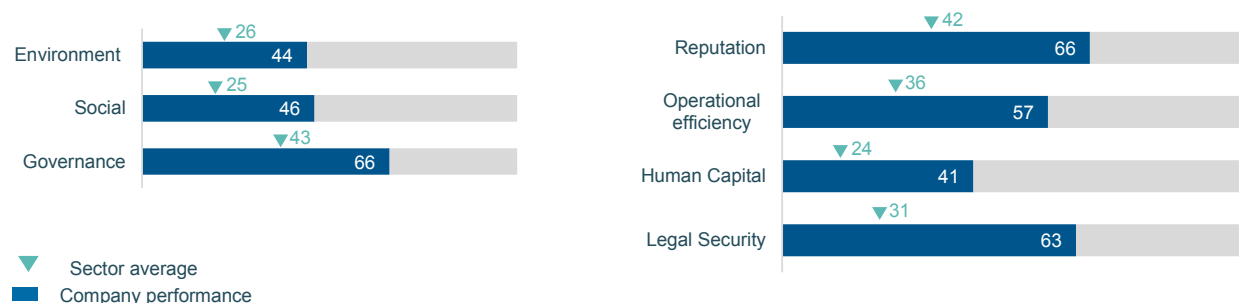
Rank in Region 5/1252

Rank in Universe 268/4859

ESG Reporting Rate 87%

Sector average 61%

ESG AND RISKS MANAGEMENT PERFORMANCE (./100)



KEY TAKEAWAYS

Impacts: Moody's does not report on quantified objectives to reduce its climate footprint. KPIs demonstrating the company' social impacts reveal mixed trends in terms of diversity and training, while health and safety metrics are not monitored at group level. Moody's seems to have initiated a transition towards integrating sustainability, compliance and cyber risks within its service offer.

Risks: Moody's risk management system appears solid, covering most of its material sustainability risks. The company displays robust to advanced capacity to safeguard and enhance its legal security, reputation, and operational efficiency. Mitigation of material factors that could impact human capital cohesion receives a limited (although above-average) level of assurance.

Management: Moody's appears to integrate sustainability factors into its strategy and operations, although its approach does not appear to be supported by quantified objectives. Robust means and processes address the most material challenges. Moody's faces isolated controversies (four) and communicates on some corrective actions imposed to the Group in the frame of settlements.

¹ Moody's Investor Services, a subsidiary of Moody's Corp., is a shareholder of Vigeo Eiris

² As of 28/02/2020

vigeo-eiris.com

SOLICITED SUSTAINABILITY RATING – March 2020

This issuer-solicited sustainability rating was produced using research about Moody's from Vigeo Eiris' database as well as interviews with 11 Company's managers and directors and one employee representative, conducted from 04/02/2020 to 11/02/2020.

Vigeo Eiris' assessment report was delivered on 25/03/2020, covering 6 domains, 17 sustainability drivers and 29 impact indicators. It is structured around 3 key pillars:

1. The social and environmental impacts of Moody's products and services, its strategy for the future, and its ability to invest in and create sustainable value;
2. Moody's capacity to identify and mitigate its ESG risks and to preserve and increase the value of its strategic assets (including reputation, human capital, operational & organisational efficiency and legal security);
3. The strategic and operational integration of social responsibility topics in Moody's governance, operations and reporting, including the balance and dynamics of stakeholder relationships.

Vigeo Eiris' analysis aims to inform investors, asset managers and other relevant stakeholders of the nature, weighting and level of integration of ESG factors by the Company, as well as its ability to identify and mitigate related risks.

Moody's is an integrated risk-assessment firm with two main activities: Moody's Investors Service (MIS) publishes credit ratings and provides assessment services on debt obligations and entities that issue such obligations (corporate and governmental obligations, structured finance securities, etc.) while Moody's Analytics (MA) provides specialized research, data, software and professional services to support financial analysis and risk management activities of institutional customers. Since 2017, Moody's has acquired several research and data providers, including Bureau van Dijk (specialized in company information), Vigeo Eiris (sustainability research) and Four Twenty-Seven (climate risk research), thereby expanding its research, products and services to new risk classes, considered adjacent to credit risk.

Paris, 26 March 2020

Hélène Drouet
Sustainability Rating Product Manager



Muriel Caton
Senior advisor, sustainable finance strategy



Disclaimer & Copyright

The Company gave us access to all documents and interviewees that we requested as part of our analysis process. We have a reasonable level of assurance about the reliability of information provided by the company. We have conducted this analysis in line with our standard methodological framework and Code of Conduct. We have not been subject to any pressure or proposal which could affect our independence or alter the integrity of our statements or opinions. We have no personal interest with the issuer, its executives or its activities.

Vigeo Eiris provides its clients with information and/or analyses or opinion on factual, quantitative or statistical, managerial, economic, financial, governance, social, or technical data, in relation to companies, brands, products or services, assessed individually or with respect to sectors, regions, stakeholders or specific themes. Vigeo Eiris is committed to making its best efforts when collecting, organising, consolidating, formatting, making available and/or delivering the aforementioned information, analyses and/or opinion to its clients.

Although Vigeo Eiris only uses publicly available information, we cannot guarantee the accuracy or completeness of this information. The above elements (information, indicators, analyses, scores, and opinion) do not include or imply any approval or disapproval from Vigeo Eiris, its executive officers or employees. These elements do not represent in any way a guarantee, or reference of legal, moral, philosophical, ethical or religious nature, supporting or opposing any investment or divestment decision, or any standpoint or opinion expressed in favour of, or against companies, products, services, sectors or regions directly or indirectly mentioned in Vigeo Eiris' deliverables. Our deliverables are not, and should not, be considered as a form of financial advice or recommendation. No investment or divestment decision should be attributed to the information or opinion provided by Vigeo Eiris. Our products and services must only be considered as one of the many elements related to the financial decision-making process.

Vigeo Eiris, its methodology, brand, and employees shall under no circumstances be held responsible for any kind of consequence (including economic, financial or legal) derived from the interpretation of its information, analyses, opinion, scores and indicators. The terms of use of our products and services and their impacts stem from the sole responsibility of their users.

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