

# 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

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### Data security

ACCOUNTING METRIC	CATEGORY	CODE	RESPONSE
Description of approach to identifying and addressing data security risks	Discussion and Analysis	<b>SV-PS-230a.1</b>	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	<b>SV-PS-230a.2</b>	See GRI Index, Customer privacy, Items 103-1, 103-3 and 418-1, on page A-41. <a href="#">Privacy Policy</a>

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*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	<b>SV-PS-330a.1</b>	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	<b>SV-PS-330a.2</b>	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	<b>SV-PS-330a.3</b>	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	<b>SV-PS-510a.1</b>	See GRI Index, Ethics and integrity, Items 102-16 and 102-17, on pages A-7 and A-8.  <a href="#">Code of Business Conduct</a> <a href="#">Code of Professional Conduct</a> <a href="#">Vendor Code of Conduct</a>
Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Quantitative	<b>SV-PS-510a.2</b>	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	<b>SV-PS-000.A</b>	See GRI Index, Organizational profile, Items 102-7 and 102-8, on page A-4.

# 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

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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](https://bit.ly/moodyscontactus)

#### 102-5 Ownership and legal form

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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

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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

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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](https://bit.ly/moodys2019annualreport)

## 102-8 Information on employees and other workers

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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.<sup>1</sup>

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

## 102-9 Supply chain

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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

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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.

<sup>1</sup> 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**

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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**

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

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

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See page 3 for a statement from President and CEO Raymond W. McDaniel, Jr.

### 102-15 Key impacts, risks and opportunities

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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](https://bit.ly/moodys2019annualreport)

## Ethics and integrity

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

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Moody's values guide our progress in a complex and evolving environment.<sup>1</sup> 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](https://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](https://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](https://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](https://bit.ly/moodysvcc)

## **102-17 Mechanisms for advice and concerns about ethics**

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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](https://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
- » John Goggins, General Counsel
- » Melanie Hughes, Chief Human Resources Officer
- » Arlene Isaacs-Lowe, MD and Global Head, CSR; President, Moody's Foundation
- » Mark Kaye, Chief Financial Officer
- » Scott Kenney, SVP-Risk Management and Chief Audit Executive
- » David Platt, Chief Strategy Officer
- » Lisa Rabbe, Chief Government and Public Affairs Officer
- » Stephen Tulenko, President, Moody's Analytics
- » 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
- » DK Bartley, MD, Diversity & Inclusion
- » Andrew Berenblum, MD, Business Services
- » Keith Berry, ED, MA Accelerator
- » Jeremy Davis, VP, CSR
- » Rahul Ghosh, SVP, Credit Strategy
- » Dorian Hare, SVP, Investor Relations
- » Jeffrey Hare, SVP, Risk Management and Controls
- » Jack Holleran, MD, Compliance
- » Di Holman, MD, Human Resources
- » Faina Leyvi, AVP, Corporate Planning
- » Elizabeth McCarroll, Corporate Secretary and Associate General Counsel

- » Ryan Mensing, SVP,  
Government & Public Affairs
- » Doug Ryker, MD,  
FP&A & Real Estate
- » Atsi Sheth, MD,  
Credit Strategy
- » Jocelyn Steelman, MD,  
MA Financial Planning  
& Analysis
- » Ryan Oliveri, SVP,  
Human Resources
- » Gwen Safa, MD,  
Strategy & Marketing

## 102-19 Delegating authority

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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

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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

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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
- » Jorge A. Bermudez
- » Kathryn M. Hill, Chairman of  
the Compensation & Human  
Resources Committee
- » Leslie F. Seidman, Chairman  
of the Audit Committee
- » Basil L. Anderson, Chairman  
of the Governance &  
Nominating Committee
- » Thérèse Esperdy
- » Raymond W. McDaniel, Jr.
- » 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](https://bit.ly/moodys2019proxystatement)

## 102-23 Chair of the highest governance body

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

## 102-27 Collective knowledge of highest governance body

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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**

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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**

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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**

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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**

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Each year, we proactively seek input from five groups:

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

### 102-41 Collective bargaining agreements

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

### 102-42 Identifying and selecting stakeholders

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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

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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

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» **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

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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

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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](https://www.moody.com/csr).

#### 102-47 List of material topics

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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

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

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**102-49 Changes in reporting**

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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.

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**102-50 Reporting period**

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

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**102-51 Date of most recent report**

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

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**102-52 Reporting cycle**

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Moody's releases our CSR Report annually.

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**102-53 Contact point for questions regarding the report**

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We invite you to email us at [csr@moody.com](mailto:csr@moody.com) with feedback and questions about this report.

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

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

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**102-55 GRI content index**

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This report's GRI content index is located on pages A-2 to A-41.

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**102-56 External assurance**

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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**

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See Moody's 2019 Annual Report for key financial information. View the report: [bit.ly/moodys2019annualreport](https://bit.ly/moodys2019annualreport)

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

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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](https://bit.ly/moodys2019annualreport)

## Environmental: Emissions and energy

**103-1 Explanation of the material topic and its Boundary**

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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

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### *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, 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](https://csr.moody's.io/reports)

### **103-3 Evaluation of the management approach**

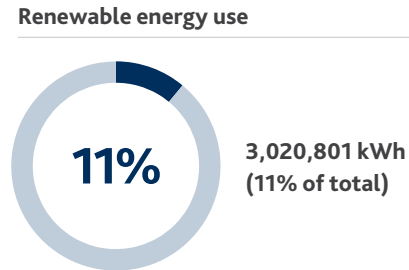
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The CSR team in consultation with our Facilities and Global Real Estate teams regularly reviews our environmental policy and operating procedures. The Environmental Task Force provides an avenue to crowdsource ideas from our employees, and this approach 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.

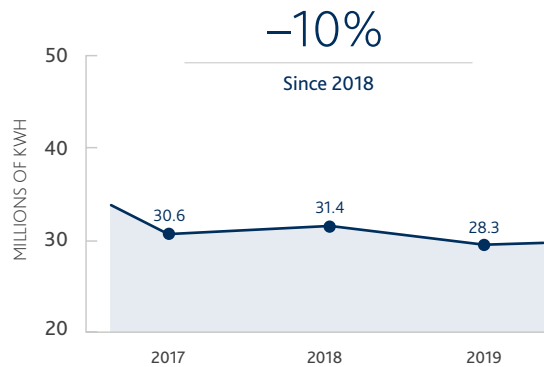
As part of its membership to the UNGC, Moody's will submit an annual progress report, including a description of practical actions the company has taken to enhance its sustainability efforts. We also evaluate our performance by reviewing results of third-party assessments such as CDP and the SAM Corporate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

### 302-1 Energy consumption within the organization

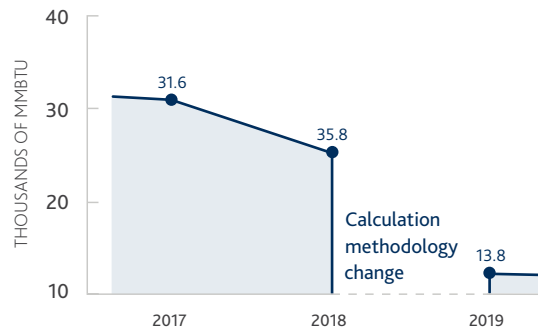
Energy type	Total consumption
Diesel	380 gallons
LPG	88,383 kilowatt-hours (kWh)
Natural gas	13,754 million British Thermal Units (MMBtu)
Electricity	28,269,677 kWh
Steam	140,821 kWh
Chilled water	1,468,565 ton-hours



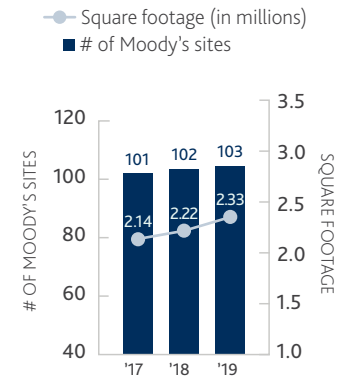
#### Electricity



#### Natural gas



#### Moody's sites

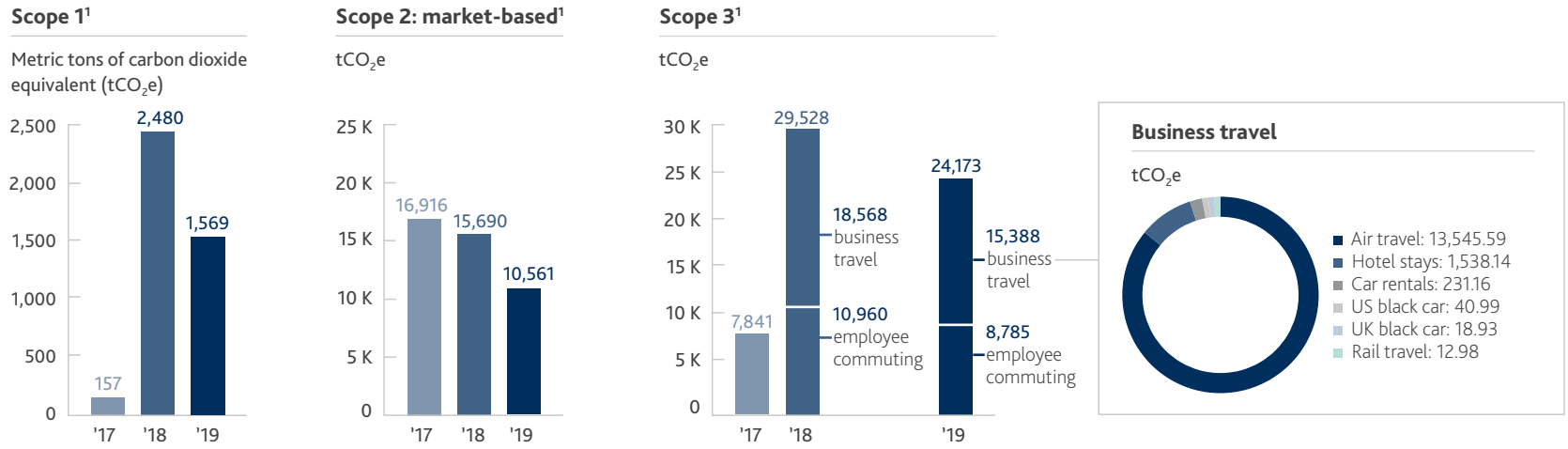


Variations in 2019 natural gas consumption are due to improvements in calculation methodologies.

### 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 <sub>2</sub>	IPCC Fifth Assessment Report (AR5 - 100 year)
CH <sub>4</sub>	IPCC Fifth Assessment Report (AR5 - 100 year)
N <sub>2</sub> 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-based<sup>1</sup> 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

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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

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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](https://bit.ly/moodyscgsp)

## 103-3 Evaluation of the management approach

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### *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)

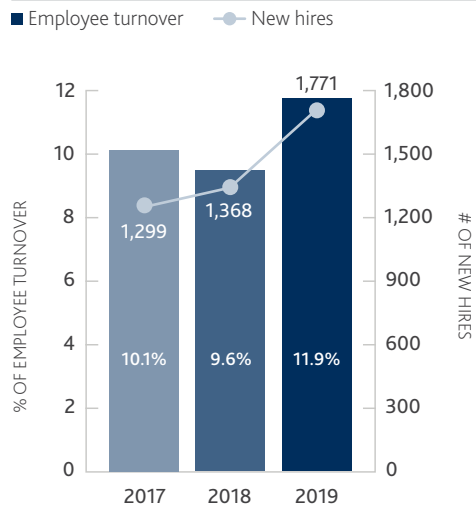
The AC, established in 1998, has the final authority and responsibility under each subject plan for determining benefit claims by plan participants. Any employee, member or beneficiary may request that the AC review and reconsider benefits determination. The MBCC ensures that the applicant receives written 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 hires<sup>1</sup>



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

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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

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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**

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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**

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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**

<b>Overall</b>	
Per employee	23.7
<b>By employee category</b>	
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

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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

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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

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#### *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](http://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](https://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**

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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](https://awards.moody's.io)

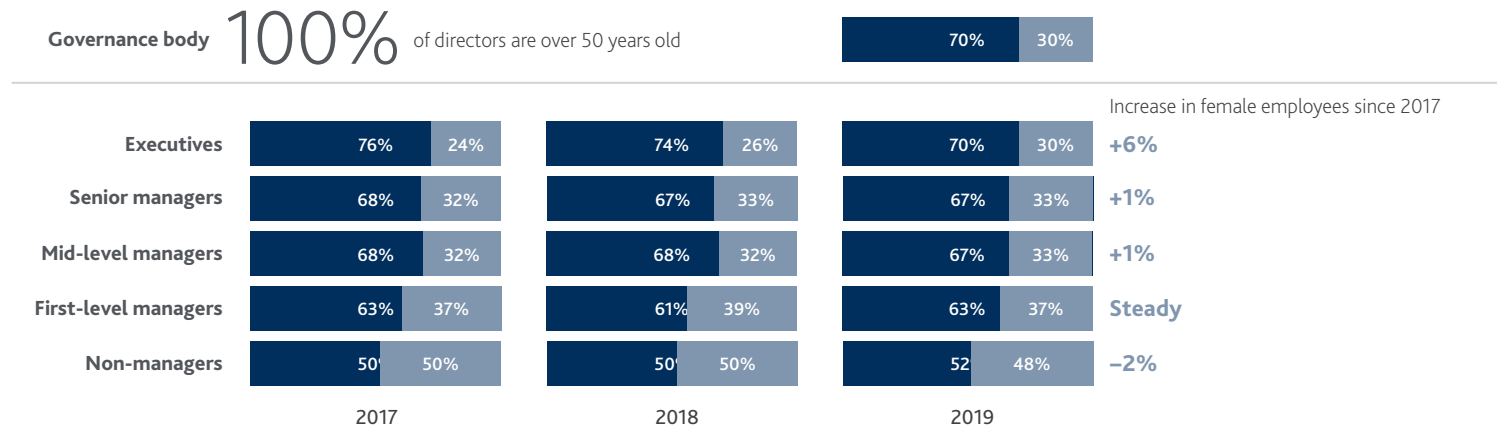
#### *Equal opportunity employment*

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 individuals<sup>1</sup> within Moody's governance bodies and employee population:<sup>2</sup>

■ 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

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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](https://bit.ly/moodyscgsp)

### 103-2 The management approach and its components

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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](https://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](https://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

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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

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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

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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.

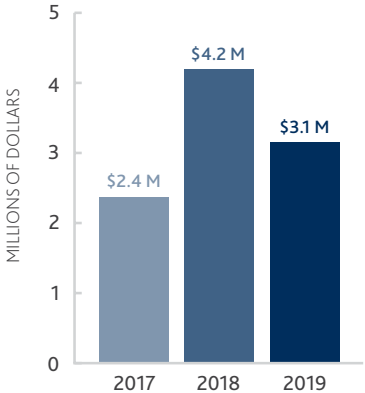
Solving problems such as pollution, poverty and lack of access to quality education requires collective action and community engagement. As a global company whose employees possess specialized expertise in financial services, technology and risk analysis, Moody's can make a positive difference.

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:

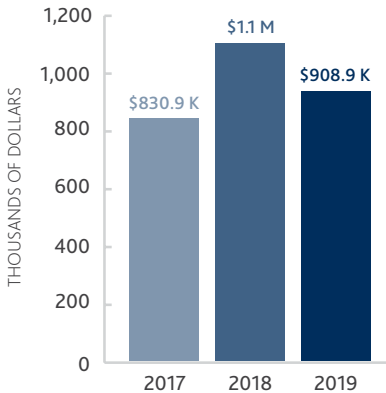
- » Acumen
- » Bank Street College of Education
- » Brunel University London
- » CareerTrackers Indigenous Internship Program
- » Center for Media Change
- » Columbia University School of General Studies
- » Cooke School and Institute
- » Creating an Environment of Success
- » East London Business Alliance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

Social investment dollars

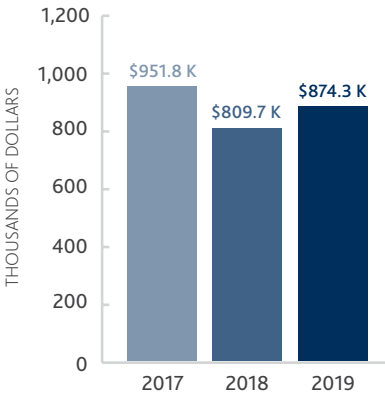
Foundation grants



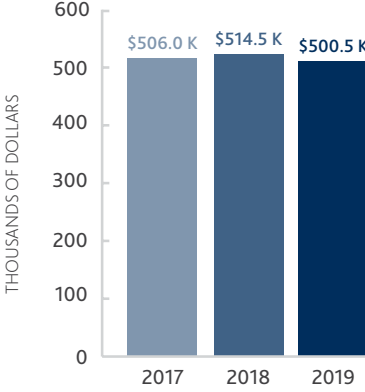
Moody's charitable contributions



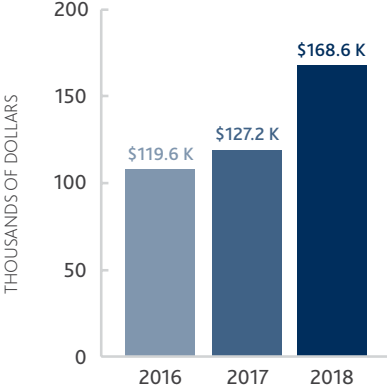
Value of volunteer hours across Moody's



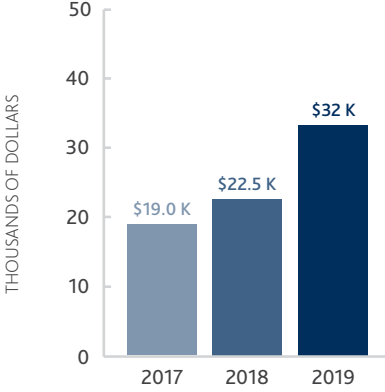
Matching gifts



Dollars to support volunteer events



Dollars for Doers



## 103-2 The management approach and its components

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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**

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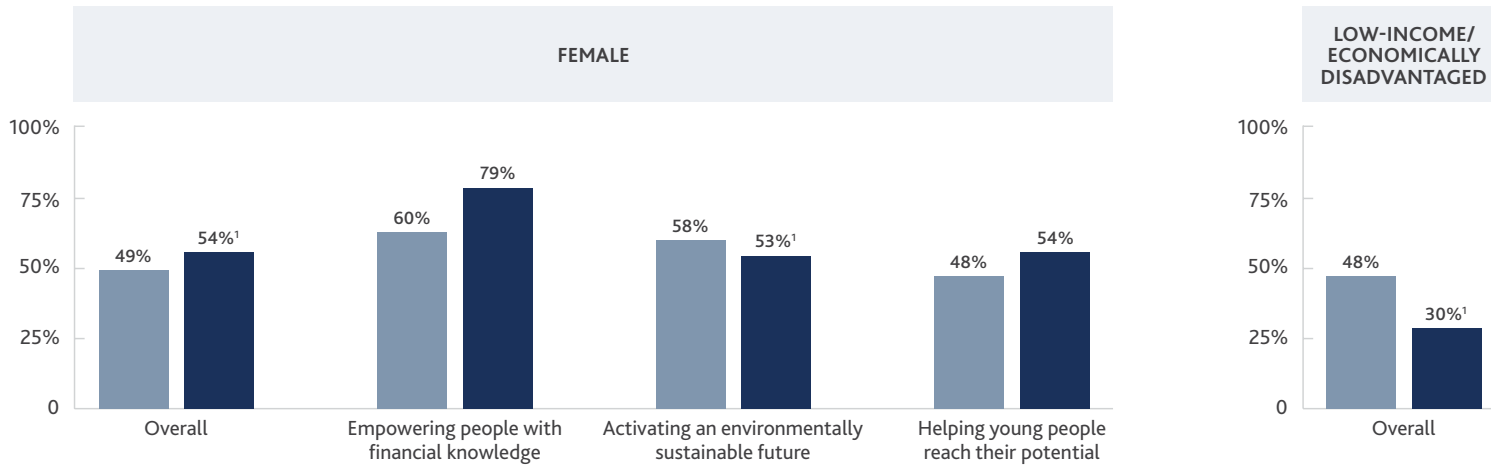
The Moody's Foundation Board oversees efforts to engage with and benefit local communities. The progress of grantees toward standardized outcomes and the impact of Moody's investment over time are measured annually using Mission Measurement's Impact Genome Project methodology and scorecard and Moody's 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.

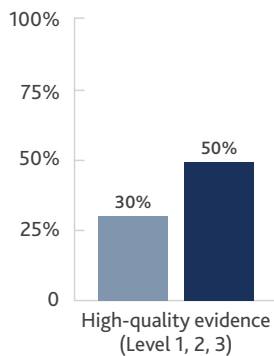
## Moody's community investment KPIs

■ 2018 ■ 2019

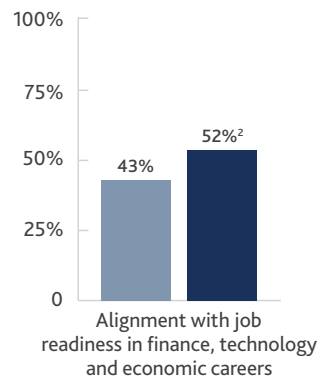
### Beneficiaries



### 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**

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**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**

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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**

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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**

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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**

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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

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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

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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

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We regularly review and update, as needed, our Privacy Policy ([bit.ly/moodysprivacypolicy](https://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

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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](https://bit.ly/moodysprivacypolicy)

## “Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

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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:** CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, HFCs, CFCs, HCFCs

### **GHG Emissions Statement:**

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

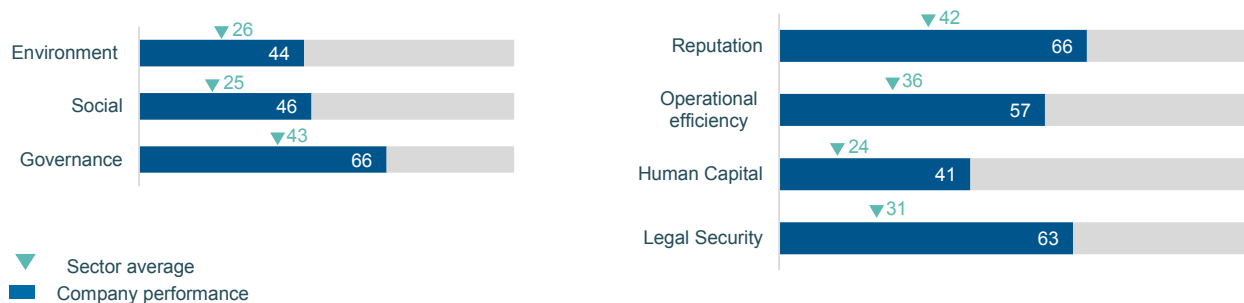
As of March 2020, Moody's Corp<sup>1</sup>. ("Moody's") obtains an A2+ rating, based on an overall score of 53/100. Moody's ranks within the top 10% of all companies rated by Vigeo Eiris worldwide (4,859 in total<sup>2</sup>) and 1st out of 58 within the Business Support Services North American sector.

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	ESG Reporting Rate	87%
Rank in Region	5/1252	Sector average	61%
Rank in Universe	268/4859		

### 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.

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

## 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.

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