Moody's 2020 CDP Response

MOODY'S

Moody's Corporation - Climate Change 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Moody's is a global integrated risk assessment firm that empowers organizations to make better decisions. Our data, analytical solutions and insights help decision-makers identify opportunities and manage the risks of doing business with others. Moody's Corporation (NYSE: MCO) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and Moody's Analytics, which offers leading-edge software, advisory services and research for credit and economic analysis and financial risk management. The corporation, which reported revenue of US$4.8 billion in 2019, employs approximately 11,300 people worldwide and maintains a presence in more than 40 countries. Further information is available at www.moodys.com.

Moody's Investors Service (MIS), a subsidiary of Moody's Corporation, is a leading provider of credit ratings, research and risk analysis. MIS is committed to contributing to transparent and integrated financial markets. MIS provides credit ratings in more than 130 countries. As of December 31, 2019, MIS had credit ratings relationships with approximately 4,900 non-financial 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.

Moody's Analytics, a subsidiary of Moody's Corporation, provides financial intelligence and analytical tools to help business leaders make better, faster decisions. Its deep risk expertise, expansive information resources and innovative application of technology help its customers confidently navigate an evolving marketplace. Moody's Analytics is known for its industry-leading and award-winning solutions, made up of research, data, software and professional services, assembled to deliver a seamless customer experience. It creates confidence in

thousands of organizations worldwide with its commitment to excellence, open-mindset approach and focus on meeting customer needs.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	Yes	3 years

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Argentina
Australia
Austria
Belgium
Brazil
Canada
China
Costa Rica
Cyprus
Czechia
Denmark
France
Germany
India
Israel
Italy
Japan
Mexico
Nepal
Netherlands
Panama
Peru
Poland
Portugal
Republic of Korea

Russian Federation
Saudi Arabia
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Moody's Board of Directors (the "Board") oversees our management and overall strategy. In fulfilling this responsibility, the Board oversees our enterprise-level approach to major risks facing the company and identifies strategic opportunities. With the assistance of the Audit Committee, the Board oversees Moody's policies for assessing and managing our exposure to risk. As part of its risk oversight, the Audit Committee reviews key risk factors, including those disclosed in Moody's Annual Report on Form 10-K. Such risk factors include the risk of a business continuity disruption due to climate-related incidents. The Board periodically reviews these risks and Moody's risk management processes. The Board's responsibilities include reviewing our practices with respect to risk assessment and management and reviewing contingent liabilities and risks that may be material to the company. Risk factors in the Form 10-K also include exposure to reputational and credibility concerns, such as those that could stem from climate-related considerations. For example, as a service company with office space locations, the exposure to climate risk had been considered to be low risk and did not present a significant risk to current operations. With climate action gaining traction and the various risks that can materialize, the Audit Committee considered it to be a developing risk for the company and made a decision to escalate climate action needed in the organization. Alongside our commitment to be carbon neutral beginning in 2019, it was decided that Moody's put in place a number of additional environmental sustainability actions including a climate related scenario analysis, a commitment to Science Based Targets, an evaluation of all relevant category scope 3 emissions, and an attainment of third-party verification of emissions. The CFO is now evaluated against these environmental plans and initiatives. As a result, in 2019, Moody's has become carbon neutral on Scope 1, 2 and Scope 3 emissions from business travel and commuting. Moody's focused its strategic climate risk mitigation and adaptation efforts on the procurement of carbon offsets, on a comprehensive evaluation of all relevant Scope 3 categories, on third party verifications of emissions, on improved TCFD reporting published in early 2020 and on recent commitments towards Science Based Targets.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	This is done through direct interaction by the Audit Committee with management, including periodic reporting. As part of its risk oversight, the Audit Committee reviews key risk factors, such as those disclosed in the Annual Report, including the risk of a business continuity disruption due to climate-related incidents. Risk factors also include exposure to reputational and credibility concerns. For example, MIS's reputation could be affected with respect to its practices relating to the incorporation of climate-related risks into its methodologies and credit ratings. 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 the Company and its stockholders, and makes recommendations to the Board regarding these issues.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Risks Officer (CRO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chief Procurement Officer (CPO)	<Not Applicable>	Managing climate-related risks and opportunities	<Not Applicable>	As important matters arise
Corporate responsibility committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly
Corporate responsibility committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Moody's is advancing its CSR efforts with support from its most senior leaders and with input from employees at all levels. The Company has created a governance structure around the CSR strategy and its implementation that endeavours to closely align with Moody's business strategy and to create opportunities for innovative collaboration across the company. Because climate-related issues are integrated into Moody's business strategy, responsibilities related to climate were assigned at the most senior level of the organization. Moody's CSR Council, chaired by the CEO, convenes senior management team members to shape Moody's overall CSR strategy. The Global Head of CSR leads a CSR Working Group of executives charged with honing and implementing the strategy. Both of these groups meet on a regular basis to evaluate the Company's CSR progress and generate recommendations to enhance Moody's approach to CSR. These governing bodies also assist in identifying opportunities in Moody's businesses that align with its CSR mission. Moody's CSR team is responsible for the day to

day operation and oversight of Moody's CSR efforts and monitoring and tracking progress in achieving objectives. Moody's also created the CSR Impact Leaders program to leverage employee knowledge and insight in advancing our CSR initiatives. These CSR bodies provide oversight and guidance on how employees' input can be incorporated into CSR efforts, including environmentally conscious policies, processes and decision-making.

The CEO, who also serves on the Board and chairs the CSR Council, is responsible for ensuring that material risks and opportunities, including those related to climate, are appropriately assessed and mitigated. Under the oversight of the Board and its committees, the CEO has established an Enterprise-Wide Risk Committee, composed of the CEO and his direct reports, which include the Chief Risk Officer. The Enterprise-Wide Risk Committee reviews the work of the Enterprise Risk Management (ERM) function that is managed by the Chief Risk Officer. Among other things, the ERM function is responsible for identifying and monitoring existing and emerging risks that may impede the achievement of Moody's strategic and operational objectives.

The CFO provides leadership in innovation, implementation and influence to facilitate long-term sustainable growth. The CFO also serves on the CSR Council and has appointed four Managing Directors and their teams to actively manage climate related risk in the CSR Working Group. The climate and environmental risk is managed primarily within Finance because it enables the incorporation of climate outlook into financial risk considerations, providing a straight integration into the corporate strategy. For example, in 2020, climate targets were defined together with the roadmaps to achieve them. Beginning this year, Moody's is leveraging a climate-related scenario analysis, including a physical risk assessment from Moody's majority-owned affiliate, Four Twenty Seven, Inc. and a transition risk assessment, to understand the financial and risk-related implications of climate change on Moody's business model and operations. The CFO has expanded financial disclosures related to climate and sustainability that provide useful information to investors and has his incentive compensation tied to sustainability performance.

The Chief Risk Officer, who dually reports to the Audit Committee and the CEO, provides oversight and monitoring of all material risks that have the potential to hinder Moody's operations and talent, including climate-related risks to fit the same process as any risk monitored by Moody's. For example, the Chief Risk Officer of Moody's Corporation serves as our representative on the TCFD along with Moody's Investors Service's Chief Credit Officer. He also oversees our TCFD report; the most recent Moody's TCFD Report was released in 2020.

Risks associated with climate change are actively managed through ERM and mitigated through the Crisis Management and Business Continuity Plans and teams. Should any material climate-related risks and mitigating actions be identified by the ERM function, they would be presented to the Audit Committee and to the Board.

The CPO oversees our Supply Chain in line with our Vendor Code of Conduct. Starting this year, the CPO is also developing and overseeing the execution of strategies to engage our suppliers on climate action as set forth in our newly approved Science Based Targets.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	N/A

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Chief Financial Officer (CFO)	Monetary reward	Emissions reduction target	In December 2019, the CFO was assigned monetary incentives: Alongside Moody's Corporation's commitment to be carbon neutral beginning in 2019, we put in place a number of additional environmental sustainability actions including a climate related scenario analysis, a commitment to Science Based Targets, an evaluation of all relevant category scope 3 emissions, and attainment of third-party verification of emissions. The CFO will be evaluated against these environmental plans and initiatives.
Chief Procurement Officer (CPO)	Monetary reward	Supply chain engagement	Along with the establishment of Science Based Targets, incentives are provided to Moody's CPO to engage with key suppliers that do not have Science Based Targets in place. This is the beginning of an effort to achieve the target to have 60% of our top suppliers by spend set Science Based Targets by 2025

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Buyers/purchasers	Monetary reward	Supply chain engagement	To engage in our journey to achieve 60% of our top suppliers by spend set Science Based Targets by 2025, key purchasers within Procurement were also assigned monetary incentives to actively communicate and invite suppliers to participate in activities that Moody's is hosting with the goal to educate them on CDP climate disclosure and target setting

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	N/A
Medium-term	5	10	N/A
Long-term	10	20	N/A

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Substantive financial impact is defined as a risk that poses a change of over 10% of Moody's EBIT or has significant impact on objectives around financial sustainability, this also includes the evaluation of uncertainties and untapped opportunities in effective utilization of financial resources.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
The process Moody's applies to determine which risks and opportunities could have a substantive financial or strategic impact is integrated across several tiers of our business units and positions. Business units are responsible for undertaking due diligence and the reporting of any risks and opportunities associated with their activities to the Enterprise Risk Management function (ERM) . ERM, managed by Moody's Chief Risk Officer, is responsible for establishing and maintaining a firm-wide risk management culture and framework embedded within the business for the timely identification, management and reporting of key financial, operational, reputational, and strategic risks. ERM is designed to establish a common, organization-wide understanding of risk management and define roles and responsibilities based on the 2017 COSO framework, Enterprise Risk Management-Integrating with Strategy and Performance. ERM maintains a register of all existing risks which is continually monitored and reviewed. ERM identifies potential untracked risks by conducting regular exploratory exercises to assess Moody's performance and its strategy against the external business environment, emerging research and trends. The CEO, who also serves on the Board, provides an additional tier of risk identification with the submission of any newly detected risks or opportunities to ERM. Under the oversight of the Board and its committees, the CEO has established an Enterprise-Wide Risk Committee, composed of the CEO and his direct reports, which include the Chief Risk Officer. The Enterprise-Wide Risk Committee reviews the work of ERM and undertakes regular independent reviews of currently tracked risks with the aim to identify potential new risks and opportunities for further exploration. The Chief Risk Officer, who dually reports to the Audit Committee and the CEO, provides oversight and monitoring of all material risks that have the potential to hinder Moody's operations and talent, including climate-related risks. Physical climate risks are

actively managed through ERM and mitigated through the Crisis Management and Business Continuity Plans and teams. Should any material climate-related risks and mitigating actions be identified by ERM, they would be presented to the Audit Committee and to the Board. As part of its risk oversight, the Audit Committee reviews key risk factors, including those disclosed in Moody's Annual Report on Form 10-K. Such risk factors include the risk of a business continuity disruption due to climate-related incidents. An example of how this process is applied to the identification of physical risks can be illustrated through the physical risk component of our scenario analysis, which was conducted for the first time this year by our majority-owned affiliate, Four Twenty Seven. Led by Sustainability the scenario analysis process served to identify and evaluate climate-risks against a possible future emissions pathway. Our global building locations were assessed against their risk exposure to various climate-related physical risk elements (water stress, heat stress, sea level rise, flooding, hurricane and typhoons) against the high emissions scenario RCP 8.5. The output provided hazard risk scores and risk thresholds for each facility globally. Risk thresholds indicate whether an asset's risk is at no risk, low, medium, high or red flag (highest risk), based on its score. Sites identified at high risk categories were added to the ERM risk registry and managed through the Business Continuity Plan. Metrics for monitoring the sites identified as high risk exposure level were developed to be tracked and monitored by the Facilities team. Collating this thorough site-level detail of physical risk exposure serves to inform real estate planning, investment for both adaptation and mitigation as well as key input for our business continuity planning. For example, the results showed the Moody's Beijing Office (Kerry Centre) to be at red flag risk for floods and hurricanes and typhoons. As a result, business continuity plans were put in place to minimize disruption in the event of a flood, hurricane or typhoon. An example of how this risk identification process is applied to transition risks can also be illustrated through our undertaking of scenario analysis. Transitional risks were assessed against a below 2 degree emissions scenario, with a key quantitative focus on the impact of carbon pricing. Financial modelling was used to evaluate the impact of carbon pricing on Moody's direct operations and indirectly on purchased goods and services. Through the application of the low emissions scenario (IEA WEO SDS), we were able to identify new risks and gain a greater understanding of potential opportunities. The impact of carbon pricing on a sliding scale up to $140 per metric ton of carbon dioxide equivalent in 2040 on Moody's emissions footprint was below 1% of net operating income and therefore considered low-risk. Newly identified transition risks such as carbon pricing were added to the ERM risk registry for ongoing monitoring and tracking. We have also enhanced many of our tools and research so that they are resilient to the considerations of transition risk into risk assessments. For example, Moody's Analytics (MA) now has data and analytics tools that leverage Moody's Investors Service's (MIS) credit risk models and quantifies climate impacts in financial terms. MA Economic Research has also created a roadmap in the translation of climate scenario analysis as to Macro economic analysis and implications. MIS has developed Carbon Transition Assessments (CTA), an analysis tool that provides sector-specific scoring of corporate issuers based on exposure to and mitigation of transition risks.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Although not a substantive risk as defined in C2.1b, current climate regulation is always relevant to ensure Moody's avoids damage to reputation and / or financial loss arising from the failure to comply with applicable climate-related laws and regulations. Our risk to current regulation is managed internally by a wide range of experts in our corporate governance model (including Legal, Internal Audit, Compliance, Government and Public Affairs, Sustainability/CSR, Finance and regional businesses). These functions work together as appropriate to discuss business implications of current regulation to ensure our ongoing compliance with current regulation. For example, the UK Streamlined Energy and Carbon Reporting regulation that took effect in April 2019 is being monitored for compliance by Government and Public Affairs in coordination with Legal as well as corporate Controls, who confirms which Moody's companies are subject to the regulation. The first effective reporting cycle for Moody's will be calendar year 2020, and Moody's is currently preparing to comply with the regulation's requirements in the applicable UK businesses. Additionally, these reporting efforts are also aligned with corporate sustainability to provide consistency in the carbon accounting methodology wherever possible.
Emerging regulation	Relevant, always included	The Government and Public Affairs (GPA) department is responsible for monitoring emerging laws and regulations and for engaging with policy-makers and regulators as needed. For example, Moody's has responded to the European Commission public consultation on the review of the Non-Financial Reporting Directive (NFRD) and will participate in the policy related discussions at European Union level going forward (anticipated to start in 2021). Should the legislation as reviewed apply to Moody's we could be obliged to report on greenhouse gas emissions as part of the climate disclosures included in the legislation. In addition, as of 2019 Sustainability and ERM are also responsible for conducting climate scenario analysis and assessing Moody's emerging regulatory risk that the scenarios pose. The undertaking of transition scenario analysis assisted us to understand the implications of potential carbon tax policy advancements in our operations. For example, the incorporation of a carbon tax, whereas relevant to Moody's, was deemed to be of low significance since it would have an impact of under 1% of the net operating income.
Technology	Relevant, always included	Technology risks are relevant to our direct operations particularly relating to the energy and fuels consumed to serve our buildings and employees. Technology risks were explored and evaluated in the transition risk component of our 2019 scenario analysis against a technology-driven, low emissions scenario (IEA WEO SDS). As energy markets and regulations change, Moody's sees the potential for a near-term increase in operating costs. Specifically, climate change regulation may result in energy price increases. Gas, electricity, water and sewer expenses represented about $5 million or 0.2% of our 2019 operating expenses. A hypothetical 10% rise in utility and energy prices across the board could raise electricity spend by about $500,000 annually. While this would have a minimal effect on Moody's financial results, it is part of our business strategy to manage this potential exposure. We work with relevant partners and vendors to assist in calculating our global footprint and devise recommendations to reduce emissions. These efforts include ensuring appropriate terms and conditions are in place to plan for potential disruptions and build in redundancy where needed. Moody's voluntary commitment to 100% renewable electricity across our operations reduces our exposure to costs relating to the transition to low carbon energy sources, however, technology risks are continually monitored and tracked against technological advancements and trends.

	Relevance & inclusion	Please explain
Legal	Relevant, always included	Together with monitoring the risk of current and emerging regulation, our legal division is responsible for evaluating the risk of climate-related litigation. Legal risks that are material to the company are disclosed in the company's Form 10-K. Although our exposure to litigation risks is limited since our direct operations are not a large contributor to greenhouse gas emissions, current risk includes but is not limited to reporting requirements from UK SECR regulation and crescent risk of reporting requirements from EU NFRD. As such, Moody's is further enhancing and increasing the rigor of its climate reporting processes, including a TCFD report publication in early 2020 and new internal systems and controls to track climate data. Additionally, we understand the importance of providing comprehensive credit assessments that fully encompass all risks. Our revised product offerings and climate-related analytical initiatives ensure legal considerations relating to transition risks are incorporated.
Market	Relevant, always included	Moody's is not a large contributor to greenhouse gas emissions, however, we continually monitor the market risk of changing customer behavior in favor of low carbon services. We recognize the importance of contributing to environmental sustainability as a company of credit and enterprise risk analysts and as a corporate citizen of the world, ensuring we stay attuned to changing customer behavior with regards to climate impact. New ESG product offerings and climate-related analytical initiatives by Moody's and its affiliates are intended to address the business opportunities and risks associated with market risk.
Reputation	Relevant, always included	Reputational aspects are a constantly relevant risk which Moody's considers and monitors. Moody's is highly visible within the capital markets and attracts many diverse stakeholders, including individuals and organizations for whom our future is of direct importance, as well as indirect stakeholders who are concerned with corporate behavior and action. This visibility heightens the potential impact of climate-related risks of our operations and product offerings. Because the threat of climate change is held as relevant and important by certain stakeholders, Moody's actions or lack thereof concerning climate change could create reputational risk. For example, if we are not transparent and do not adequately explain our actions to stakeholders, they could conclude that Moody's is not environmentally responsible. Further, a failure to effectively incorporate climate-related risks into Moody's Investors Service credit methodologies and ratings could potentially impact its ratings performance and business reputation. Though any one incident is unlikely to weaken our reputation, a cumulative lack of support and transparency for sustainability goals could detract from our brand value. As part of our risk management approach, Moody's has committed to advancing our climate and sustainability efforts and improving our disclosure in this area to meet growing investor and stakeholder expectations and avoid incremental costs associated with negative brand perception. We are publishing a full greenhouse gas emissions inventory, committed to Science Based Targets and achieving net-zero emission by 2050, to offsetting our emissions annually and since September 2000, when the company became public, by 2040, to procuring 100% renewable electricity beginning 2020. Our ambitious sustainability strategy and commitment to ongoing voluntary disclosure of our impact positions us well with respect to reputational concerns. These risks are tracked and monitored on an ongoing basis, ensuring stakeholder expectations are continually met.

	Relevance & inclusion	Please explain
Acute physical	Relevant, always included	Acute physical risk is continually relevant and included in our risk analysis due to potential disruption to operations from climate-related incidents. Although low risk overall, 9% of Moody's global office sites are at risk of flood and also 9% of our global office sites are at risk of hurricanes and typhoons. Due to the possibility of acute climate events, Moody's has a robust Business Continuity Plan in place. The company also provides laptops with remote connectivity and collaboration tools to enable employees to work from home in case of a disruption to normal business operations. For example, a Typhoon affected our Japan office in September 2019. It brought heavy rainfall and strong winds, which caused flash floods in low-lying areas, landslides and short-notice transport disruption. An advisory to all employees was sent letting them know of a possible disruption to transport and suggesting they work from home. The business continuity plan was successfully implemented and no business interruption took place. Our physical risk assessment conducted during our scenario analysis project provided site-level scores of the risk exposure to acute physical risks across our global operations. These results serve to inform our ongoing management and mitigation of acute physical risks, with material risks logged in our ERM registry. The acute climate-related risks to our wider supply chain (in particular our data service providers) form part of our supplier screening, selection and due diligence processes. Redundancy in these services safeguards our ongoing operation, should a severe weather event affect our operations.
Chronic physical	Relevant, always included	Chronic climate-related risks arising from the long-term alteration of climate and weather patterns were thoroughly identified and evaluated during our completion of scenario analysis against a high emissions pathway. Our affiliate, Four Twenty Seven, applied its proprietary models to assign risk exposure scores relating to heat stress, water stress, sea level rise and flooding for each of our global sites. High risk sites are logged on our ERM registry for ongoing monitoring, with key environment metrics also monitored by our real estate team to give an early indication of rising consumption or costs. The chronic risk implications of other key contributors in our supply chain, for example data service providers, present an ongoing risk to be tracked and included in our contract selection and due diligence processes.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

No

C2.3b

(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?

	Primary reason	Please explain

	Primary reason	Please explain
Row 1	Risks exist, but none with potential to have a substantive financial or strategic impact on business	Based on input from Moody's ERM function, consultants, risk assessments and our scenario analysis results, climate-related risks faced by Moody's do not present substantive financial or strategic impact on our operations. These results were reviewed by ERM, who prioritizes, tracks and monitors risks. Our operations are exposed to climate-related physical risks, including heat and water stress, sea level rise and flooding and extreme weather events, however, the financial impact of these is non-substantive. For example, a Typhoon affected our Japan office in September 2019. Heavy rainfall and strong winds caused flash floods in low-lying areas, landslides and short-notice transport disruption. An advisory to all employees was sent letting them know of a possible disruption to transport and suggesting they work from home. No business interruption took place; landlords would be financially responsible for physical damage to offices. Physical risk was evaluated under a high emissions scenario with few policy interventions to curb emissions. Though the physical risks were established to have a non-substantive financial impact, the results assist to inform our capital allocation for adaptation/mitigation measures for each of our sites. Moody's transition risk assessment concluded that it does not present substantive financial impact on our operations. We applied a low emissions scenario with a high price on carbon (IEA WEO SDS) to explore the case of maximized carbon pricing impact across our GHG emissions. The application of carbon price did not present a discernible impact to our operations. The impact on a sliding scale up to $140 per metric ton of CO2e in 2040 on Moody's emissions footprint was below 1% of net operating income. Our transition assessment also evaluated risks relating to technology, market, reputation and legal to determine the financial impact of elements such as shifting consumer demand or preferences and costs to transition to low carbon energy sources. These scenario analysis results confirmed that these risks do not pose substantive financial impact. For example, as energy regulations change, we see the potential for a near-term increase in operating costs. Climate change regulation may result in energy price increases. Gas, electricity, water and sewer expenses represented about $5 million or 0.2% of our 2019 operating expenses. A hypothetical 10% rise in utility and energy prices could raise our spend by about $500,000 annually.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
In 2019, Moody's acquired interests in several ESG-related companies to recognize that ESG considerations are increasingly relevant to issuers, investors, counterparties and other market participants who seek to understand and measure these factors, both in respect to potential financial risk and as self-standing assessment criteria. New product offerings and climate-related analytical initiatives are projected to contribute US$15 million to US$20 million in revenue in 2020. VIGEO EIRIS In April 2019, Moody's acquired a majority stake in Vigeo Eiris, a global provider of ESG research, data and assessments. With products and capabilities based on ESG assessments and an extensive ESG database, Vigeo Eiris offers specialized research and decision-making tools for sustainable and ethical investments. These include carbon footprint data and assessments covering physical risk management, climate change governance and energy transition. The addition of Vigeo Eiris strengthens Moody's ability to provide positive screenings that identify companies developing climate change solutions and support our partners in the development of EU's Paris-aligned Benchmarks. FOUR TWENTY SEVEN In July 2019, Moody's acquired a majority stake in Four Twenty Seven, a provider of data, intelligence and analysis related to physical climate risks. It does this by aggregating location-based exposures to provide climate risk assessments at the company, REIT, sub-sovereign and sovereign levels. The addition of Four Twenty Seven enhances Moody's growing portfolio of risk assessment capabilities and underscores our work to advance global standards for assessing environmental and climate risk factors. Four Twenty Seven also strengthens our growing thought leadership and research on incorporating climate risk into economic modeling and credit ratings. SYNTAO GREEN FINANCE In October 2019, Moody's acquired a minority stake in SynTao Green Finance, a provider of ESG data and analytics based in and serving China. SynTao's data covers publicly listed Chinese companies, bond issuers and macro ESG development trends, and the company also provides thought leadership on ESG to policy makers. This investment strengthens Moody's presence and engagement in China and its financial markets, and reflects our focus on supporting long-term, sustainable regional growth and contributing to the healthy development of ESG markets more broadly.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
15000000

Potential financial impact figure – maximum (currency)
20000000

Explanation of financial impact figure
Recently, Moody's has made a series of ESG-related investments – through acquisitions, joint ventures and organic investments – including investments in the three entities highlighted above: Vigeo Eiris, Four Twenty Seven and Syntao Green Finance. These investments reflect Moody's recognition that ESG considerations are increasingly relevant to issuers, investors, counterparties and other market participants who seek to understand and measure these factors, both with respect to potential financial risk as well as self-standing assessment criteria. New product offerings and climate-related analytical initiatives are projected to contribute $15 million to $20 million in revenue in 2020. The figures include the revenue solely from the acquired companies. The enhancement opportunities of Moody's Investors Service (MIS) and Moody's Analytics (MA) offerings are not included in this financial impact.

Cost to realize opportunity
38000000

Strategy to realize opportunity and explanation of cost calculation
The company has an opportunity to provide new product offerings that are associated with the acquisitions it has made, but also to maximize the potential through integration with MA, MIS analytical processes and other organic growth. For example, MA's flagship commercial real estate (CRE) platform REIS is a proprietary database containing detailed information on commercial real properties in neighborhoods and metropolitan markets throughout the U.S. The database was in need to incorporate physical climate risk information to enable our customers to consider climate risk in financial analysis. In February 2020, Moody's Analytics (MA) announced that aggregate climate risk scores from Four Twenty Seven are now available to REIS Network users. As a result, this combination of data and analytics enables CRE professionals to better understand the exposure of their real estate assets to the physical impacts of climate change, and to factor that insight into their decision-making processes. Another example is the planned addition of Climate and other ESG information from Vigeo Eiris to the database provided by MA's Bureau van Dijk, thus enhancing its product offerings on company profiles. Moody's Investors Service (MIS) also includes relevant physical risk aspects in the credit analysis for certain sectors, e.g., US Public Finance and has thus made the climate and ESG information available to its analysts. The 38 million cost to realize the opportunity represents an approximate dollar amount of the organic investment budgeted for in 2020. This includes the operational cost of the acquisitions as well as the cost to operate the Moody's Risk Assessments team, which was formed in 2019 with the purpose of integrating the relevant acquisitions into Moody's

operations and expanding the Climate and other ESG offerings. This team is tasked with identifying, developing and deploying synergic opportunities to incorporate Climate and ESG considerations into the analysis performed by MIS and MA models, as well as developing new ESG offerings within both the new acquisitions and MA. The team also conducts outreach and engagement activities with all relevant ESG stakeholders (think tanks, NGOs, academia, and other influential bodies in this space).

Comment
N/A

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of new products or services through R&D and innovation

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
DEVELOPMENT OF REPORTS AND WHITE PAPERS Moody's has an opportunity to leverage its well-known reputation on the development of reports and white papers for finance and further integrate it with climate-related implications. Using data and analytics from Four Twenty Seven, Moody's Investors Service (MIS) analysts have produced several reports in 2019 and in early 2020 on the exposure of issuers to the physical risks of climate change. To view full reports, visit: esg.moodys.io In September 2019, MIS published a report analyzing the growing exposure of local governments to rising temperatures in the US. The report found that local government exposure to rising temperatures stemming from climate change varies widely by geography, with the Midwest and Southeast being more exposed than other regions. In January 2020, MIS published a report examining the exposure of investor-owned utility holding companies with regulated US electric subsidiaries to the heightened risk of extreme weather events brought on by climate change. The report found that climate hazards, including higher air and water temperatures and increased intensity and frequency of storms, will increase financial and physical risks for investor-owned utilities. In February 2020, MIS published a report examining the labeled bond market. The report found that green, social and sustainability bond issuance will hit a combined record of $400 billion in 2020, up 24% from the previous record of $323 billion achieved in 2019. Continued growth and diversification of these markets will be accompanied by innovation in new labels and structures, particularly with respect to transition bonds and sustainability-linked bonds and loans. In March 2020, MIS published a report describing a conceptual approach to using climate scenarios to help assess the credit impact for rated issuers across sectors globally on a consistent basis. While we expect a more pronounced decarbonization trajectory and

more frequent and volatile extreme weather in the future, there is a wide range of possible outcomes, and the credit impact will not be uniform across or within sectors. Consequently, climate scenarios are critical in providing consistent starting points to better understand the relative positioning and strategic response of companies, governments and assets to both transition and physical risks.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
7000000

Potential financial impact figure – maximum (currency)
10000000

Explanation of financial impact figure
The 7 to 10 million represent a range of the research business revenue that Vigeo Eiris and 427 combined provide projected for calendar year 2020, based on Moody's financial planning calculations that utilize historical data revenues and growth and business plan milestones. Business developed by Moody's Analytics and Moody's Investors Service that is supported by Vigeo Eiris or Four Twenty Seven was not included in the financial impact figure because it would be very difficult to determine whether the revenue is generated by the ESG aspect of the research or the traditional financial analysis.

Cost to realize opportunity
8000000

Strategy to realize opportunity and explanation of cost calculation
Over the past years, Moody's has observed consumer shift preferences, a growing need and demand to further incorporate climate-related considerations in financial analysis. This is supported by Moody's Analytics findings that climate change could inflict $69 trillion in damage on the global economy by the year 2100, assuming the warming hits the two-degree threshold, and $54 trillion under a 1.5 degree scenario. As a result of this landscape, an opportunity to leverage Moody's research reports and white paper publications and further incorporate detailed considerations related to climate change was identified. For example, in September 2019, MIS published a report analyzing the growing exposure of local governments to rising temperatures in the US. The report found that local government exposure to rising temperatures stemming from climate change varies widely by geography,

with the Midwest and Southeast being more exposed than other regions. To realize the full potential of the opportunity, Moody's is developing data infrastructure that will enable streamlined access to ESG, Climate risk and Sustainable Finance data that will provide access to all the different Moody's entities and affiliates. One of the expected results of this data infrastructure is the ability for Moody's employees to easily navigate a comprehensive climate database that can serve to enable quick access to high-quality data and facilitate climate considerations into Moody's research publications where relevant. The 8 million reported cost is the projection of the operation cost to conduct research activities through our affiliates Four Twenty Seven and Vigeo Eiris in calendar year 2020. These activities will be leveraged not only for research publications from these two affiliates, but also as resources available to all Moody's employees.

Comment
N/A

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resilience

Primary climate-related opportunity driver
Other, please specify (Memberships and climate change commitments)

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
Moody's conducts outreach and engagement with a multitude of ESG bodies and is a member of a number of industry associations and supranational organizations. For a full list, see GRI Index, Organizational profile, Item 102-12, on page A-5, and Item 102-13, on page A-6. As such, an opportunity to become signatory members of primary bodies to help advance climate action across industries was identified. These memberships would also provide market insights that help contribute to the development of Moody's new line of standalone and integrated ESG and climate risk products. The following are highlights from 2019: In July 2019, Moody's became a participant in the United Nations Global Compact (UNGC). As part of its membership, Moody's will submit an annual progress report that includes a description of practical actions it has taken to enhance its sustainability efforts. In December 2019, Moody's signed the UNGC Business Ambition Pledge for 1.5°C and committed to instituting science-based targets (SBT) to help limit global temperature rise to 1.5 degrees Celsius and achieve net-zero emissions by 2050. In addition, Moody's was named as a founding participant of the UNGC CFO Taskforce for the Sustainable Development Goals (SDGs) and joined the UNGC Reporting on the SDGs Action Platform to help shape the future of corporate reporting on SDGs. In July 2019, Moody's became a signatory to the Principles for Responsible Investment (PRI), an international association of asset owners, investment

managers and service providers working toward a more sustainable global financial system through the incorporation of ESG factors into investment decisions. This builds on our 2016 signing of PRI's Statement on ESG in Credit Risk and Ratings, part of an initiative to enhance the transparent and systematic integration of ESG factors into credit risk analysis. As a PRI member, Moody's endorses PRI's six core principles related to acting in the best long-term interest of investors and incorporating ESG issues into investment and disclosure practices. Moody's will submit a report to PRI on its responsible investment activities annually. Moody's will also continue to publish a TCFD Report annually, which satisfies PRI's new requirement for signatories beginning in 2020. In December 2019, Moody's CFO signed the Accounting for Sustainability (A4S) CFO Net Zero Statement of Support and committed the company to setting and validating SBT through the SBT initiative.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
15000000

Potential financial impact figure – maximum (currency)
20000000

Explanation of financial impact figure
Because the opportunity that comes from memberships has a non-financial aspect to the business (enablers of change at scale) and a financial aspect (reputational benefits and market sense to develop new products), this opportunity is perceived as an "enabler" for the ESG business to take place. Therefore, potential financial impact figure of 15 to 20 million represents the full revenue projected for calendar year 2020 from new product offerings and climate-related analytical initiatives. The figures include the revenue solely from the acquired companies. The enhancement opportunities of Moody's Investors Service (MIS) and Moody's Analytics (MA) offerings are not included in this financial impact.

Cost to realize opportunity
165000

Strategy to realize opportunity and explanation of cost calculation
Moody's is perceived in the market as a leading thought leadership provider. It has an opportunity to drive change at scale by leading through example on its commitments to climate action and advancing the dialogue in sustainable finance and its climate

implications through memberships with trade associations. At the same time, the dialogues provide market insights to Moody's. To explore the full potential of this opportunity, Moody's has established a new Outreach and Engagement ESG and Climate Risk Council (O&E ESG Council) that brings together leaders from across the firm who identify relevant industry associations for thought leadership and marketing outreach and for collaborative engagement on strategic ESG topics. These include the following areas of strategic ESG focus for 2020-2021: "Purpose", "Materiality", "Disclosure", "Frameworks", "Transition". The establishment of the O&E ESG Council resulted in the development of strong relationships with influential bodies. For example, in December 2019 Moody's CFO signed the Accounting for Sustainability (A4S) CFO Net Zero Statement of support and committed the company to setting and validating Science Based Targets through the Science Based Targets initiative, which was completed in 2020. A4S was identified as a strategic membership organization through the O&E ESG Council. As a result of the commitment and active involvement through the membership, Moody's is collaborating with A4S on multiple opportunities that are coming to fruition in 2020 related to topics such as assessments of the degree of integration of sustainability considerations in an organization, furthering the inclusion of sustainability into the Finance functions, speaking engagements on sustainable finance, amongst others. The reported $165,000 cost is the rounded figure of dollar amount spent on memberships in calendar year 2019 from Moody's expense records. For 2020, the figure is projected to be significantly higher as efforts to materialize this opportunity increase.

Comment

N/A

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 8.5	Scenario selection, inputs and analytical methods: A benchmark study of publicly available scenarios enabled us to select the ones that best reflected risks and opportunities relevant to Moody's. The criterion for our physical risk assessment was the ability to assess our exposure under a breakdown of globally agreed climate goals. IPCC's RCP 8.5 was selected. This scenario assumes that there will be few policy changes, resulting in high levels of GHG emissions by the end of the century and significant physical impact. Our physical risk assessment conducted by Four Twenty Seven leverages peer-reviewed climate models and environmental datasets from the IPCC, NASA, and NOAA, among others, and is supplemented by commercially available data sources. Facility locations were input into the model. The risk hazard of each property for heat and water stress, sea-level rise and flooding, and exposure to hurricanes and typhoons was assessed. The model allocated hazard risk scores for each facility based on science-driven indicators capturing dimensions of relative and absolute business risk. Risk thresholds were then applied to indicate the risk level for each site. Time horizon and relevance: Physical risk was assessed against a long-term timeframe of 20-30 years. Four Twenty Seven's physical risk analysis relies on IPCC's climate models, which capture trends that emerge on the mid- to late-century time scale, making them more accurate in the relatively long-term. Understanding climate risk exposure in the next several decades provides an indication of the direction and degree of change over time for climate risk exposure, helping to inform preparedness efforts that can be implemented in the near-term to effectively build resilience for changing conditions ahead of time. Coverage: The scenario analysis covered our direct operations at a site-specific level. In future years, we hope to expand our analysis across our value chain. Results: Risks for our global portfolio were low for acute climate events of floods, hurricanes and typhoons, with 9% of our sites at risk. Impact of chronic events were low for sea level rise (1% of sites) and medium risk for heat and water stress. Although heat and water stress were high risk, the impact on Moody's is expected to be minimal. 33% of our sites are expected to experience a high level of heat stress. We expect costs of comfort cooling at these sites to increase and will monitor them to ensure we can continue to source 100% renewable electricity. 4% of our sites are expected to experience water stress. Water stress tends to be one of the less relevant risks for offices, which make up all of Moody's rental portfolio. The site-level physical risk assessment informed which sites would require resiliency investment and which are suitable for long-term relocation. How our results inform our business strategy: Our scenario analysis results enable us to assess the resiliency of our business strategy, prioritize investment into Moody's own ESG capabilities, inform planning and respond to investor disclosure requests. The site-specific physical risk results serve as key inputs to enable planning for adaptation measures and mitigation investment. Case study Extreme weather events have always been considered in business continuity plans. However, a thorough quantitative analysis was needed to provide more detail to the likelihood of the actions that would need to take place in the long-term horizon. The scenario analysis for physical risk provided this level of information, influencing our business objectives and strategy. Our Facilities team used the results of our physical risk exposure analysis to strengthen strategies to monitor risk and track adaptation and mitigation expenditure. The results were also used in our business continuity planning to enhance site-specific procedures for high risk climate impacts. Physical risk assessments will now form part of our due diligence lease selection process.

Climate-related scenarios and models applied	Details
IEA Sustainable development scenario	Scenario selections, inputs and analytical methods: The IEA WEO Sustainable Development Scenario, a low emissions scenario (below 2° C) was selected for our transition analysis. As per our physical scenario selection, a benchmark study of publicly available transition scenarios was undertaken. IEA SDS was primarily selected based on its high carbon price. A high carbon price is commensurate with higher carbon transition risk, therefore representing the highest risk for evaluation. On top of the various published parameters described within IEA SDS, our analysis used the input of our GHG inventory, including Scope 1 and 2 emissions, and a breakdown of our Scope 3 emissions. The carbon price applied per IEA WEO SDS varied across time frames and economy development, scaling up to a price of $140 per mtCO2e for advanced economies in 2040. Our transition analysis was largely based on qualitative methods, drawing on expertise from both internal and external specialists to evaluate our business in relation to the scenario elements and associated transition risks. A quantitative model was produced to explore the impact of carbon pricing on our direct operations and supply chain. Time horizon and relevance: Our transitional analysis was conducted across three timeframes: short-term (up to 2025); medium-term(until 2030); and long- term (until 2040). These timeframes are relevant to Moody's as they match the timeframes of our investment planning and other internal strategies. Coverage: Our transition risk assessment covered both our direct operations and a broader scope achieved through extending our carbon price modelling across elements of our supply chain to evaluate the impact on our purchased goods and services. In future years, we hope to expand our analysis even further across our value chain. Results and how they inform our business strategy: Our transition analysis results allowed us to assess our long-term resilience of our business strategy, strengthen our risk identification processes and investment planning. The results affirmed our ambitious action on climate, including the procurement of 100% renewable electricity for our operations; setting Science Based Targets that include the reduction of absolute scope 1 and 2 emissions 50% by 2030 from 2019, of absolute scope 3 emissions from fuel and energy related activities, business travel and employee commuting 15% by 2025 from 2019 and 60% of suppliers by spend covering purchased good and services and capital goods will have science based targets by 2025; and demonstrating the long term need to allocate investments to achieve these goals. These actions minimize the exposure to accelerated emissions mitigation policies. Overall, climate-related risks for transition scenarios pose low-level impact to Moody's. The impact of carbon pricing was below 1% of net operating income in 2040, and below 0.5% in 2030. Case study: Our transition analysis results affirmed our ambitious climate action set out in our business strategy and objectives. Our results of overall low-level impact for transition risks further confirm the need for ongoing and comprehensive measurement and disclosure of emissions. In 2019, Moody's begun strengthening these efforts, including the disclosure of a full emissions inventory, setting Science Based Targets, enhancing the TCFD disclosure, among others. We also enhanced many of our tools and research to promote resiliency to the considerations of transition risk into risk assessments. Examples of these enhancements resulted in, MA having data and analytics tools that leverage MIS's credit risk models and quantifies climate impacts in financial terms. MA Economic Research created a roadmap in the translation of climate scenario analysis as to Macro economic analysis and implications. MIS developed Carbon Transition Assessments, an analysis tool that provides sector-specific scoring of corporate issuers based on exposure to and mitigation of transition risks.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Changing customer behavior was identified as an opportunity when analyzing market in the transition risk scenario analysis. Moody's is unlikely to experience reduced demand for goods and services due to increased input prices, but the opportunities from the growth of our ESG-related products and solutions have influenced our long-term strategy with regards to our product offerings. To materialize this market opportunities as part of our long-term time horizon strategy that transforms our business, investments were needed. In 2019, Moody's acquired equity in several ESG-related companies to continue to expand and enhance our efforts to integrate ESG best practices in our business and develop and promote globally consistent standards for assessing ESG risks and opportunities These acquisitions recognize that ESG considerations are increasingly relevant to issuers, investors, counterparties and others as capital markets and other stakeholders seek clear and objective standards for understanding and measuring these factors. New product offerings and climate-related analytical initiatives are projected to result in an estimated contribution of US$15 million to US$20 million in revenue in 2020. In April 2019, Moody's acquired a majority stake in Vigeo Eiris, a global provider of ESG research, data and assessments. The addition strengthened Moody's ability to provide positive screenings that identify companies developing climate change solutions and support our partners in the development of EU's Paris-aligned Benchmarks. In July 2019, Moody's acquired majority stake in Four Twenty Seven, a provider of data, intelligence and analysis related to physical climate risks. This addition enhanced our growing portfolio of risk assessment capabilities and underscored our work to advance global standards for assessing climate risk factors. Four Twenty Seven also strengthens our growing thought leadership and research on incorporating climate risk into economic modeling and credit ratings. In October 2019, Moody's acquired a minority stake in SynTao Green Finance, a provider of ESG data and analytics based in and serving China. This investment strengthened Moody's presence and engagement in China and its financial market, and reflects our focus on supporting long-term, sustainable regional growth and contributing to the healthy development of ESG markets more broadly.
Supply chain and/or value chain	Yes	In 2019, a full Scope 3 GHG inventory was commissioned to quantitatively inform the main sources of emissions as well as enable quantitative scenario analysis. The results showed that approximately 80% of Moody's GHG emissions are generated from purchased goods and services and capital goods. Overall, climate related risk poses a low-level impact to Moody's given that a) the impact of carbon pricing on a sliding scale up to US$140 per metric ton of carbon dioxide equivalent in 2040 on Moody's emissions footprint was below 1% of net operating income; and b) Moody's supply chain is primarily composed of a diversified pool of services companies leaders in their fields. However, because they are a significant portion of our emissions, Moody's has established Science Based Targets that include having our top 60% suppliers by spend to set Science Based Targets by 2025, covering our mid-term time horizon strategy. An engagement program with suppliers was needed to achieve this goal. As such, Moody's joined CDP's supply chain program, engaged with suppliers and organized a webinar to encourage them to respond to 2019 CDP questionnaire and eventually set Science Based Targets. Further, Moody's is now providing monetary incentives to the CPO to achieve these milestones and additional incentives to key purchasers with responsibilities for supplier engagement and is in the process of modifying the vendor's code of conduct As a result of these initiatives, we received follow-ups from vendors that did not previously report emissions, we are able to profile vendors based on previous experience and intent to report emissions so our webinars can be targeted based on the level of involvement of each vendor and we expect to see an increase in the amount of vendors submitting responses to CDP as a result.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Investment in R&D	Yes	The observed changes in customers' behavior have influenced our business strategy through the decision to further integrate climate considerations into financial analysis. This includes research and development efforts from Moody's Investors Service's (MIS) analysts when considering credit ratings, and it is aligned with our long-term horizon strategy as described under 'Products and Services'. Using data and analytics from Four Twenty Seven, MIS analysts have produced several reports this year and in early 2020 on the exposure of issuers to the physical risks of climate change. To view full reports, visit: esg.moodys.io For example, in September 2019, MIS published a report analyzing the growing exposure of local governments to rising temperatures in the US. The report found that local government exposure to rising temperatures stemming from climate change varies widely by geography, with the Midwest and Southeast being more exposed than other regions. In January 2020, MIS published a report examining the exposure of investor-owned utility holding companies with regulated US electric subsidiaries to the heightened risk of extreme weather events brought on by climate change. The report found that climate hazards, including higher air and water temperatures and increased intensity and frequency of storms, will increase financial and physical risks for investor-owned utilities. To realize the full potential of the influence in our long-term strategy, Moody's is developing data infrastructure that will enable streamlined access to ESG, Climate risk and Sustainable Finance data that will provide access to all the different Moody's entities and affiliates. One of the expected results of this data infrastructure is the ability for Moody's employees to easily navigate an extensively comprehensive climate database that can serve to enable quick access to high-quality data and facilitate climate considerations into Moody's research publications where relevant.
Operations	Yes	Changes and extreme variability in weather patterns could potentially cause a reduction in revenue from decreased delivery of goods and services and/or increased costs associated with operations. For example, our Asia-Pacific operations are vulnerable to an increase in the severity, duration and frequency of tropical storms. Physical risks in the US take the form of increased frequency and severity of storms with related flooding, particularly in the coastal eastern states, and extreme heat events contributing to drought conditions and numerous wildfires across the western states. This could lead to temporary or, in the event of severe damage, permanent closure of offices. One such instance occurred in 2012, when our headquarters at 7 World Trade Center in New York City was temporarily closed due to storm surge flooding that resulted in a loss of power in Lower Manhattan. As part of our risk management approach, Moody's works to understand risk drivers and manage operating expenses accordingly. The risk of operational disruption due to physical climate risk has influenced our business continuity and disaster recovery strategic planning, an integral part of our risk culture, to encompass climate-related risk. When evaluating this specific scenario, we determined that alternative options such as telecommuting and the transfer of work to other locations are feasible and can be implemented with modest productivity disruptions. Although the overall risk was determined to have a low financial impact on Moody's operations, the consideration of it has influenced our ESG strategy by committing to doing our part to keep Global Warming at 1.5C or below. Moody's has committed to Science Based Targets that include the reduction of 50% of its Scope 1 and 2 emissions by 2025. This will be achieved by procuring 100% renewable electricity starting in 2020, as well as neutralizing the remainder of its emissions through carbon offsets. Further Moody's became carbon neutral through the purchase of offsets for the first time in 2019, including Scope 1, Scope 2 and Scope 3 emissions from employee commuting and business travel and has committed to achieve carbon neutrality for these scopes since the year 2000, when the company became public, by 2040.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Capital allocation	In 2019, Moody's introduced an internal price on carbon into our business travel, with the aim both to reduce emissions from business travel and to collect funds to enable the procurement of renewable electricity for 100% of our operations as well as carbon credits to offset the remainder emissions. The first transaction was applied in 2020 based on the 2019 business travel with the transaction taking place in 2020, once 2019 emissions data was finalized. We conducted a benchmark study and decided to set the price at the industry average, US$15/tCO2e. As a direct result of this implemented internal price on carbon we have contracted the procurement of renewable electricity that will enable us to achieve 100% renewable eletricity sourcing for our global operations for the first time in 2020. Additionally, building on the carbon neutrality for Scope 1, 2 and 3 business travel and employee commuting achieved in 2019, we have approved our plans to continue to offset all of the remainder of our emissions from these scopes on an annual basis as well as offsetting our emissions since the company became public in the year 2000 by 2040.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2019

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2019

Covered emissions in base year (metric tons CO2e)
12130

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
50

Covered emissions in target year (metric tons CO2e) [auto-calculated]
6065

Covered emissions in reporting year (metric tons CO2e)
12130

% of target achieved [auto-calculated]
0

Target status in reporting year
New

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)

Based on our emissions for this reporting year Moody's Corporation formally committed to reduce absolute Scope 1 and Scope 2 GHG emissions 50% by 2030 from a 2019 base year. The coverage of this target extends fully across the global operations of our organization. Our strategy to achieve this target is based on our commitment to procure our electricity from renewable sources and our ongoing energy efficiency initiatives. This target has been set at a level with the goal of aligning our direct operations with an emissions trajectory of 1.5 degrees Celsius and achieving net-zero emissions no later than 2050. The establishment of targets was initiated in 2019, in line with our commitment to the UN's Business Ambition for 1.5C, and finalized in early 2020.

Target reference number
Abs 2

Year target was set
2019

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Other, please specify (Scope 3 Fuel and energy related activities (not already included in Scope 1 and 2); Scope 3 Business Travel; and Scope 3 Employee commuting)

Base year
2019

Covered emissions in base year (metric tons CO2e)
29874

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2025

Targeted reduction from base year (%)
15

Covered emissions in target year (metric tons CO2e) [auto-calculated]
25392.9

Covered emissions in reporting year (metric tons CO2e)
29874

% of target achieved [auto-calculated]
0

Target status in reporting year
New

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
Based on our emissions for this reporting year Moody's Corporation formally committed to reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, business travel and employee commuting 15% by 2025 from a 2019 base year. The coverage of this target extends globally across our operations across 100% of the emissions reported under these categories. Our strategy to achieve this target is via our ongoing sourcing of renewable electricity, reducing the carbon intensity of the fuels we use, switching to alternative technologies that enable low-carbon fuels and finally via an enhanced travel policy favoring teleconferencing, lower carbon modes of travel and a flexible working policy. The establishment of targets was initiated in 2019, as part of our commitment to the UN's Business Ambition for 1.5C, and finalized in early 2020.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2019

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
11

Target year
2020

Figure or percentage in target year
100

Figure or percentage in reporting year
11

% of target achieved [auto-calculated]
0

Target status in reporting year
New

Is this target part of an emissions target?
The achieving of this renewable electricity target ties into achieving our Scope 1 and Scope 2 (market-based) absolute target, which was formally validated as a Science Based Target aligned with 1.5C scenario by the Science Based Target initiative.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
The renewable electricity target covers 100% of our global electricity purchases which we aim to secure on an annual basis. Where possible, we will aim to select utility contracts that originate from a renewable source. Given that our offices are multi-tenant office space, we will rely on unbundled renewable energy certificates for all cases where utility contracts are not feasible. The establishment of targets was initiated in 2019, as part of our commitment to the UN's Business Ambition for 1.5C, and finalized in early 2020.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2019

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Engagement with suppliers	Percentage of suppliers with a science-based target

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
18

Target year
2025

Figure or percentage in target year
60

Figure or percentage in reporting year
18

% of target achieved [auto-calculated]
0

Target status in reporting year
New

Is this target part of an emissions target?
Emissions from our purchased goods and services is a major contributor to our overall emissions footprint, therefore, as part of our commitment to set science-based targets, we have set a target for this Scope 3 category. This target was formally validated as a science-based target by the Science Based Target initiative

Is this target part of an overarching initiative?
Science Based Targets initiative

Please explain (including target coverage)

Emissions from purchased goods and services (cat. 1) and capital goods (cat. 2) make up 85% of scope 3 emissions. Our engagement target covers our key supplier spend data and will require 60% of our suppliers by spend, representing an estimated 62% of combined cat.1 and 2 emissions, to set Science Based Targets by 2025. The establishment of targets was initiated in 2019, as part of our commitment to the UN's Business Ambition for 1.5C, and finalized in early 2020.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	
To be implemented*	1	9876
Implementation commenced*	0	0
Implemented*	7	1322
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (No UPS power for workstations in Gurgaon offices)

Estimated annual CO2e savings (metric tonnes CO2e)

75

Scope(s)
Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
75660

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
>30 years

Comment
Savings in CAPEX for construction of the room, cost of UPS and batteries, fire suppression cost, air conditioning cost. Savings in OPEX cost for avoided efficiency loss and HVAC unit not needed.

Initiative category & Initiative type
Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
151

Scope(s)
Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
21700

Investment required (unit currency – as specified in C0.4)
104000

Payback period
4-10 years

Estimated lifetime of the initiative
16-20 years

Comment

LED lights saves 30% energy compared to CFL/tube lights used earlier, implemented in the Gurgaon office

---

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

7

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1170

Investment required (unit currency – as specified in C0.4)

4300

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Occupancy sensors have been provided in all closed rooms in Gurgaon. Savings in light energy consumption by switching off lights on sensing vacancy in the closed rooms

---

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

13

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

2340

Investment required (unit currency – as specified in C0.4)

3900

Payback period
1-3 years

Estimated lifetime of the initiative
>30 years

Comment
Switch control has been provided for lights for energy saving. Savings in light energy consumption by manual switching off of lights.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
39

Scope(s)
Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
7020

Investment required (unit currency – as specified in C0.4)
31200

Payback period
4-10 years

Estimated lifetime of the initiative
16-20 years

Comment
Electronically commutated (EC) fans were installed in the air handling units for all offices in Gurgaon, along with variable air volume units. This results in energy savings from EC fans, which consume less power and efficient use of air volume.

Initiative category & Initiative type

Company policy or behavioral change	Other, please specify (Summer lights off)

Estimated annual CO2e savings (metric tonnes CO2e)
253

Scope(s)

Scope 2 (location-based)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
110000

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
On March 30, 2019, 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. Monetary savings were estimated with a global average price per kWh of electricity avoided from our summer and hour lights off.

Initiative category & Initiative type

Low-carbon energy consumption	Low-carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)
784

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Mandatory

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
Procurement of 100% renewable electricity for our London, Edinburgh and Frankfurt offices. Investment is zero because it is mandatory.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Internal price on carbon	Starting in 2019, we have implemented an internal carbon price on business travel that provides budget to source 100% renewable electricity for our operations as well as carbon offsets.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Group of products

Description of product/Group of products
Moody's specialized ESG offerings include Green and Sustainability Bond Assessments (GBA and SBA), climate risk analysis and sector-specific research on carbon transition risks. As of 2019, Moody's Investors Service (MIS) and Vigeo Eiris (VE), a Moody's affiliate, have conducted a total of 290 GBA and SBA. MIS and VE GBA and SBA represent a forward-looking, transaction-oriented assessment of the relative effectiveness of the issuer's approach to managing, administering, allocating proceeds to and reporting on environmental projects financed with green / sustainability bond proceeds.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
The EU Taxonomy for environmentally sustainable economic activities

% revenue from low carbon product(s) in the reporting year
0.04

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
Some GBA that took place in 2019 were classified with the Green Bond Principles (ICMA). Moody's and its affiliates begun transitioning the taxonomy to The EU Taxonomy for environmentally sustainable economic activities.

Level of aggregation
Group of products

Description of product/Group of products
Vigeo Eiris, a Moody's affiliate that provides ESG, Climate Ratings and Sustainable Finance assessments, conducts green share assessments. The assessments evaluate green involvement based on the share of revenues derived from the sale of green products and services. Individual products are grouped into themes, which allows investors to identify which SDG-associated area companies are contributing to. This assessment enables investors to identify companies involved in goods and services that contribute to climate change mitigation or adaptation.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year
0.03

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

The percent revenue represents the aggregate of all low carbon products collectively, as described in all rows that respond to this question, excluding GBA

Level of aggregation
Group of products

Description of product/Group of products
Vigeo Eiris assesses entities carbon footprint: Scope 1, Scope 2, and Scope 3 emissions data is collected. When emissions data is not publicly disclosed, Scope 1 and Scope 2 emissions are estimated using Vigeo Eiris proprietary models.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Estimating and Reporting the Comparative Emissions Impacts of Products (WRI)

% revenue from low carbon product(s) in the reporting year
0.03

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
The percent revenue represents the aggregate of all low carbon products collectively, as described in all rows that respond to this question, excluding GBA

Level of aggregation
Group of products

Description of product/Group of products
Vigeo Eiris provides a variety of additional green products that include: - Energy Transition Assessment: a comprehensive and forward-looking analysis of where a company is placed in relation to the mitigation of risks associated with the transition to a low-carbon economy and how to take advantage of the opportunities presented. Companies are assessed on a 0 – 100 scoring scale evaluating their performance against 6 underlying sustainability criteria linked to energy consumption, emission reduction, and the development of low-carbon products. - Physical Risks Management Assessment: assessment of the extent to which companies anticipate, prevent and manage the physical risks of climate change. Companies are assessed on a 0 – 100 scoring scale evaluating their managerial approach. - TCFD Climate Strategy Assessment: assessment of the degree to which climate change has been incorporated into corporate strategy and governance in line with the TCFD recommendations. - Climate Controversies Assessment: Our controversies database allows access to real time information on climate-related allegations against companies and it

provides an opinion on companies' controversies risk mitigation. - Brown Share Assessment: Provides investors with visibility on corporate exposure to fossil fuels in terms of revenue, proven, probable or possible reserves of crude oil, natural gas and coal, as well as potential emissions and power generation. These can be used to facilitate portfolio screenings or assess stranded asset risk.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Variety of methodologies as described in the 'Description of group of products' section)

% revenue from low carbon product(s) in the reporting year
0.03

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
The percent revenue represents the aggregate of all low carbon products collectively, as described in all rows that respond to this question, excluding GBA

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2019

Base year end
December 31 2019

Base year emissions (metric tons CO2e)
1569

Comment
Baseline emissions were readjusted whilst setting our new emissions target

Scope 2 (location-based)

Base year start
January 1 2019

Base year end
December 31 2019

Base year emissions (metric tons CO2e)
11210

Comment
Baseline emissions were readjusted whilst setting our new emissions target

Scope 2 (market-based)

Base year start
January 1 2019

Base year end
December 31 2019

Base year emissions (metric tons CO2e)
10561

Comment
Baseline emissions were readjusted whilst setting our new emissions target

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
Other, please specify (The GHG Protocol: Corporate Value Chain (Scope 3) Standard)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Scope 3 emissions were calculated consistent with the GHG Protocol's Corporate Value Chain (Scope 3) standard. All categories listed in the standard were evaluated for relevance and, when relevant, calculated.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
1569

Start date
January 1 2019

End date
December 31 2019

Comment
N/A

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
2480

Start date
January 1 2018

End date
December 31 2018

Comment
We restated 2018 Scope 1 emissions after further review in preparing for limited assurance of our 2019 GHG emissions: we moved 1,704.0 tCO2e for natural gas–related emissions and 541.4 tCO2e for refrigerants-related emissions from Scope 2 to Scope 1.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
157

Start date
January 1 2017

End date
December 31 2017

Comment
We didn't restate 2017 Scope 1 emissions

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)
171

Start date
January 1 2016

End date
December 31 2016

Comment
We didn't restate 2016 Scope 1 emissions.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
N/A

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

11210

Scope 2, market-based (if applicable)

10561

Start date

January 1 2019

End date

December 31 2019

Comment

N/A

Past year 1

Scope 2, location-based

16114

Scope 2, market-based (if applicable)

15690

Start date

January 1 2018

End date

December 31 2018

Comment

We restated 2018 Scope 2 emissions after further review in preparing for limited assurance of our 2019 GHG emissions: we moved 1,704.0 tCO2e for natural gas–related emissions and 541.4 tCO2e for refrigerants-related emissions from Scope 2 to Scope 1.

Past year 2

Scope 2, location-based

16938

Scope 2, market-based (if applicable)

16916

Start date

January 1 2017

End date

December 31 2017

Comment

We didn't restate 2017 Scope 2 emissions.

Past year 3

Scope 2, location-based

Scope 2, market-based (if applicable)
18600

Start date
January 1 2016

End date
December 31 2016

Comment
We didn't restate 2016 Scope 2 emissions. We only have reporting on market-based emissions for 2016.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
164458

Emissions calculation methodology
The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Spend on top 50 suppliers was obtained from Finance and organized by category. Emissions were calculated based on reported data from suppliers that respond to the CDP and spend-based emissions factors from the GHG Protocol Scope 3 Evaluator tool for the other suppliers. Results were then extrapolated to Moody's total spend on purchased goods and services.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

N/A

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4835

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Spend on top 50 suppliers was obtained from Finance and organized by category. Emissions were calculated based on reported data from suppliers that respond to the CDP and spend-based emissions factors from the GHG Protocol Scope 3 Evaluator tool for the other suppliers. Results were then extrapolated to Moody's total spend on capital goods.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

N/A

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5701

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Activity data were taken from Scope 2 and Scope 3 (business travel and employee commuting). Emissions were calculated using the well-to-tank (WTT) conversion factors from UK Government (Defra) 2019 Conversion Factors for Company Reporting of GHG Emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

N/A

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Data for this category is already included in Scope 3, category 1 (purchased goods and services).

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
482

Emissions calculation methodology
The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Waste and recycling data was provided by facility managers for 2 offices only, representing 27% of Moody's total number of employees. Emissions were calculated for these 2 offices on an FTE basis, then extrapolated to all employees. Emissions factors used come from UK Government (Defra) 2019 Conversion Factors for Company Reporting of GHG Emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
In 2020, Moody's began the process to select a vendor for a new Environmental Data Management system that will allow us to improve the waste data tracking at the global level.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
15388

Emissions calculation methodology

The methodology used is WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This category includes: air travel, rail travel, car rentals, UK & US black cars and hotel stays. Emissions were calculated based on mileage and cabin class for business trips by air, mileage for business trips by rail, total spend for car rentals and black cars, and number of nights per region for hotel stays. Emissions factors used come from UK Government (Defra) 2019 Conversion Factors for Company Reporting of GHG Emissions. Emissions factors for air travel are without Radiative Forcing.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

N/A

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8785

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. An online survey was conducted and 17% of employees provided valid responses. Emissions were calculated based on mileage and mode of transport, then extrapolated to Moody's total number of employees. Emissions factors used come from UK Government (Defra) 2019 Conversion Factors for Company Reporting of GHG Emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

N/A

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

All leases have already been included in Scope 1 and Scope 2.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't distribute any products that need transportation.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't produce any goods.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't produce any goods.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't produce any goods.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant because Moody's doesn't own any facilities that are operated by an outside entity.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant because Moody's doesn't have any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant because Moody's doesn't have any significant investments in operations whose emissions aren't already included in Scope 1 and Scope 2.

Other (upstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

N/A

Other (downstream)

Evaluation status
Please select

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
N/A

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000002512

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
12130

Metric denominator
unit total revenue

Metric denominator: Unit total
4829000000

Scope 2 figure used
Market-based

% change from previous year
38

Direction of change
Decreased

Reason for change
Scope 2 market-based emissions decreased due to three main factors: energy conservation efforts (Earth Hour, Summer Lights-Out Campaign, Daylight Hour), the increase in renewable energy consumption in 2019 and improvements in calculation methodologies.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	539
India	182
Canada	173
United Kingdom of Great Britain and Northern Ireland	115
Belgium	109
Germany	94
China	52
France	49
Italy	38
Mexico	29
Republic of Korea	27
Netherlands	21
Singapore	16
Spain	14

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	11
Sri Lanka	9
Switzerland	8
Russian Federation	8
United Arab Emirates	8
Czechia	10
Slovakia	7
Japan	6
Brazil	6
Argentina	5
Sweden	5
Morocco	5
Israel	4
Cyprus	4
Costa Rica	4
Austria	3
Denmark	2
Nepal	2
South Africa	1
Peru	1
Portugal	1
Panama	1

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary combustion	753
Mobile combustion	190
Fugitive emissions	626

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Argentina	37	37	104	0
Australia	162	162	217	0
Austria	1	3	6	0
Belgium	90	94	525	0
Brazil	10	10	88	0
Canada	14	14	1060	0
China	1291	1291	4620	0
Costa Rica	0	0	89	0
Cyprus	64	63	99	0
Czechia	35	43	70	0
Denmark	8	25	49	0
France	73	55	1070	0
Germany	160	115	383	225
India	2951	2951	4078	0
Israel	41	41	73	0
Italy	27	40	82	0
Japan	83	83	158	0
Republic of Korea	298	298	553	0
Mexico	22	22	46	0
Nepal	0	0	8	0
Netherlands	25	31	58	0
Panama	7	7	38	0
Peru	11	11	51	0
Russian Federation	49	49	138	0
Singapore	169	169	425	0
Slovakia	8	9	47	0
South Africa	26	26	29	0
Spain	53	82	183	0
Sri Lanka	118	118	188	0
Sweden	1	3	68	0
Switzerland	1	1	38	0

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United Arab Emirates	92	92	139	0
United Kingdom of Great Britain and Northern Ireland	837	170	4647	2796
United States of America	4383	4383	14059	0
Morocco	63	63	92	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Purchased electricity	10525	9876
Purchased steam	25	25
Chilled water	660	660

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	784	Decreased	4	Frankfurt, Edinburgh and London offices switched to renewable electricity contracts in 2019. The emissions corresponding to their electricity use represent 784 tCO2e which divided by our 2018 gross global emissions (Scope 1 and 2) of 18,171 represent 4%.
Other emissions reduction activities	538	Decreased	3	A number of actions taken helped reduce energy consumption in 2019. I) The combination of projects implemented in our Gurgaon office to achieve energy efficiency were estimated to save 285 mtCO2e through a reduction of electricity consumption ii) 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. The emissions linked to the reduction in electricity use are estimated at 253 tCO2e. The two initiatives together yield 538 mtCO2e reductions (285+253), which divided by our 2018 gross global emissions (Scope 1 and 2) of 18,171 represent 3%.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology	911	Decreased	5	Scope 1 (natural gas) emissions variations are due to improvements in calculation methodologies as more data became available. The emissions reduction associated with the change in calculation methodology are estimated at 911 which divided by our 2018 gross global emissions (Scope 1 and 2) of 18,171 represent 5%.
Change in boundary		<Not Applicable>		

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	4135	4135
Consumption of purchased or acquired electricity	<Not Applicable>	3020	25249	28269
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	0	141	141
Consumption of purchased or acquired cooling	<Not Applicable>	0	5165	5165
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	3020	34690	37710

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Diesel

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
16

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
9.81978

Unit
kg CO2e per gallon

Emissions factor source
UK Government (Defra) 2019 Conversion Factors for Company Reporting of GHG Emissions

Comment
N/A

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
88

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.21447

Unit
kg CO2e per KWh

Emissions factor source
UK Government (Defra) 2019 Conversion Factors for Company Reporting of GHG Emissions

Comment
N/A

Fuels (excluding feedstocks)
Natural Gas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
4031

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
53.1145

Unit
kg CO2e per million Btu

Emissions factor source
Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410.

Comment
N/A

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method
Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type
Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling
Germany

MWh consumed accounted for at a zero emission factor
225

Comment
Mix of renewable energy sources less than 12 years old.

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type
Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling
United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor
187

Comment
Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

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Sourcing method
Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type
Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling
United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor
2609

Comment
Wind and hydro

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Energy usage

Metric value
28.3

Metric numerator
Millions of KWH

Metric denominator (intensity metric only)
N/A

% change from previous year
10

Direction of change
Decreased

Please explain
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.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Moody's 2019 GHG Verification Final.pdf

Page/ section reference
See page 2, "Verification Opinion" paragraph

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Moody's 2019 GHG Verification Final.pdf

Page/ section reference
See page 2, "Verification Opinion" paragraph

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Moody's 2019 GHG Verification Final.pdf

Page/ section reference
See page 2, "Verification Opinion" paragraph

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Moody's 2019 GHG Verification Final.pdf

Page/section reference

See page 2, "Verification Opinion" paragraph

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Employee commuting

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Moody's 2019 GHG Verification Final.pdf

Page/section reference
See page 2, "Verification Opinion" paragraph

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Forests

Project identification
REDD+ project in Canada

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
10000

Number of credits (metric tonnes CO2e): Risk adjusted volume
10000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Wind project in India

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
10000

Number of credits (metric tonnes CO2e): Risk adjusted volume
10000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Wind project in Costa Rica

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
10000

Number of credits (metric tonnes CO2e): Risk adjusted volume
10000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Energy efficiency: households

Project identification
Clean cookstoves project in Kenya

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
6303

Number of credits (metric tonnes CO2e): Risk adjusted volume
6303

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Stakeholder expectations
Change internal behavior
Other, please specify (Fund Sustainability initiatives within the organization)

GHG Scope
Scope 3

Application
We apply an internal carbon price to emissions from business travel

Actual price(s) used (Currency /metric ton)
15

Variance of price(s) used
Uniform pricing - the same price is applied throughout the company, for all businesses and all geographies.

Type of internal carbon price
Internal fee

Impact & implication
In line with our goal to reduce emissions from Scope 3 categories business travel, fuel and energy and employee commuting by 15% by 2025 with a 2019 baseline, we made the decision to apply an internal carbon price for the first time in the fourth quarter of 2019, with the transaction taking place in 2020. The carbon price accounted for all business travel in calendar year 2019. Because COVID then followed in 2020 and business travel was restricted, we could not observe behavioral effects due to the carbon pricing program implementation. A direct result of this program, however, was the ability to fund the procurement of 100% of our energy from renewable sources as well as offsets to account for the reminder of the Scope 1, Scope 2, Scope 3 employee commuting and Scope 3 business travel emissions. In the future, we have plans to explicitly encourage employees to take lower emission options when traveling for business such as rail over air when possible for the common European routes.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Run an engagement campaign to educate suppliers about climate change

% of suppliers by number
4

% total procurement spend (direct and indirect)
85

% of supplier-related Scope 3 emissions as reported in C6.5
85

Rationale for the coverage of your engagement
Emissions from purchased goods and services (cat. 1) and capital goods (cat. 2) make up 85% of scope 3 emissions. Moody's engagement target covers our key supplier spend data and will require 60% of our suppliers by spend to set science-based targets. Achieving the ambitious 60% requires a focused engagement program building up to strengthen clauses in our supplier contracts. Our educational campaign went well beyond our target, covering our top 85% suppliers by spending and hosting an educational webinar that also explained our new goals. We engaged more than the target because the top 60% exclusively could have suppliers that do not align with our goals and therefore a higher coverage for our campaigns is needed. In the future, we plan to expand our engagement activities even further to approximately the top 90% by spending.

Impact of engagement, including measures of success
The target was set for the first time in 2020, with a 2019 baseline. An engagement program with suppliers was needed to achieve this goal. As such, Moody's joined CDP's supply chain program, engaged with suppliers and organized webinars to encourage them to respond to 2019 CDP questionnaire and eventually set Science Based Targets. Moody's emailed all top 85% suppliers by spending to invite them to the webinars that were hosted in conjunction with CDP. Our first seminar was conducted in May 2020, and follow-up reminders with the session recording were sent. Whereas the ultimate goal is to engage with suppliers to set science based targets ultimately, success will be measured as the percent of suppliers with Science Based Targets. During our first year of engagement, success is measured by the participation rate of suppliers in the webinars and the percent of suppliers that are responding to CDP. As a result of these initiatives, we observed high participation rates with 44 registrants for the first webinar, we were able to profile vendors based on previous experience with greenhouse gas reporting so our webinars could be targeted based on the level of previous disclosure. Successful results showed a number of follow-ups from vendors that did not previously report emissions on how to prepare their first inventory, as well as weekly CDP supplier services report that showed that the participation rates from our vendors were in line and within four points with average rates from other member companies when tracking submissions, activations and confirmed intention to respond. In 2020, we expect to see an increase in the amount of vendors submitting responses to CDP as a result of our engagement activities. By having vendors respond to CDP, Moody's will also have a more accurate measure of our Scope 3 emissions available and we will be able to engage our vendors on the journey to reduce them in the coming years.

Comment
N/A

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5
0

Portfolio coverage (total or outstanding)
<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement
Moody's engages with customers on climate risk analysis across many business lines including Moody's Investors Service, Moody's Analytics (MA) and through our affiliates Four Twenty Seven, who specializes in climate risk analysis, and Vigeo Eiris, who provides specific Environmental and Climate ratings and sustainable finance assessments. Environmental, Social, Governance and Climate risk engagement initiatives are integrated into the broader holistic thought leadership and marketing strategy of Moody's. This includes: - The holding of seminars, briefings and one on one meetings with a broad array of capital market participants, where we share though leadership content - We incorporate sustainability research including climate risk analysis into our website home page on Moodys.com with a specific "ESG Impact' section on that website that highlights the credit rating agency research in this area. - We have a separate ESG site available at https://esg.moodys.io/ that highlights the broader array of products and solutions in this area that Moody's Corporation entities provide. This site has a specific section dedicated to climate change, in addition to sustainable finance and ESG more broadly. - We have established a dedicated Outreach and Engagement Environmental, Social, Governance and Climate Risk council in 2019, with the aim to both advance sustainability collaboration and to service global market needs.

Impact of engagement, including measures of success
Multiple measures are taken into consideration when we evaluate success of these initiatives. We measure growth in research produced, number of seminars on climate risk held, number of people attending those seminars, number of customer engagements year over year. For example, in 2019, MA held more than 990 customer engagements related to ESG trends and challenges. Out of the 990 engagements, over 100 were related to firms that were surveyed by MA to evaluate the level of ESG maturity/understanding of these customers. The findings were shared as industry and market insights with the survey participants and provided a tool for MA to evaluate the impact of its engagements with

customers. MA highlighted to the participants a summary of status quo, challenges and future plans. The impact of these activities was seen through the follow-up requests to learn more about ESG from over one third of the survey participants.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Our employees are also partners in the value chain that we engage with, they are the decision makers when it comes to employee commuting and business travel methods. We have recently set Science Based Targets to reduce our employee commuting, business travel and energy related activities by 15% from a 2019 baseline by 2025. As such, engagement strategies to achieve these reductions were in need to be defined. We significantly increased the flexibility for employees to telecommute and to utilize the remote work technology available and avoid business travel when possible. In addition, we are looking into key routes to consider encouraging rail travel over air travel, as well as economy class over business class when air travel is needed. Our employee commuting emissions is measured through employee surveys that show amount of days with telecommuting as well transportation method. Success will be determined through the reduction of those emissions beginning 2020, tracking emissions avoided from telecommuting and trends on commuting methods shifts. For business travel, we will be calculating this emissions category on an annual basis and evaluate progress based on the reductions achieved for the chosen key routes. The results will be observed when we populate the emissions inventory for calendar year 2020. We expect a significant decline of these emissions due to both the programs put in place, which will be the driver for long-term emissions reductions, as well as the lack of travel and commute due to COVID.

Other engagement programs with employees include energy use reduction awareness. In addition to Moody's participation in the daylight hour campaign created by the Building Energy Exchange, when lights are turned off for an hour, in 2019 for the first time Moody's also ran its first Summer Lights Out campaign that encourages employees to turn their office lights off on Fridays in the summer, based on office location, as well as on early-closure holidays.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations
Funding research organizations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Non-Financial Reporting)	Support	Moody's responded to the European Commission's consultation on the review of the Non-Financial Reporting Directive (NFRD).	We are supportive of efforts to strengthen the comparability and reliability of disclosures under the NFRD, and to widen its scope of applicability.
Adaptation or resilience	Support	Moody's affiliate Four Twenty Seven has actively engaged with regulators such as the European Commission and Central Banks as third-party experts to discuss best practices on physical climate risk disclosures.	Climate stress test.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

No

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Moody's has been helping advance policy indirectly by stepping forward with a broad range of sustainability commitments and active participation in trade associations.

In 2019, Moody's became Signatory to the Principles for Responsible Investment, joined the United Nations Global Compact (UNGC), highlighted its business ambition for 1.5C, became a founding member of the UNGC SDG CFO taskforce for the Sustainable Development Goals, joined the Business Roundtable, supported its statement on the “Purpose of the Corporation”, and signed the Accounting For Sustainability (A4S) CFO Statement of support, where our CFO serves as a member.

Additionally, Moody’s Chief Credit Officer serves as a member of the Task Force on Climate-related Financial Disclosures (TCFD). He has provided the Task Force with insight as to what might constitute “decision useful” disclosures for investors and through our sharing of our own experience developing TCFD disclosures, we have modelled good practice and identified areas where further guidance might be needed.

All these activities promote the advancement of climate policy, meet strategic climate risk governance goals as set out by the TCFD and commit the organisation to climate risk reporting in line with the 2020 requirements of the PRI Reporting Framework.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Moody's has recently established a new Environment, Social, Governance and Climate Leadership and Product Council that brings together senior leaders from across the firm covering ESG, Sustainable Finance and Climate Risk aspects concerning the entity and its products and services. The council meets monthly to ensure consistency on ESG and climate corporate strategy and product development, thought leadership and public policy positioning.

In addition, Moody’s recently established an ESG Outreach and Engagement Council with similar representation. This group coordinates strategic ESG partnerships with membership organisations and bodies, speaking engagements and policy engagements on ESG topics, thereby ensuring that public statements and presentations, research collaboration and opportunities to influence developing ESG standards and policy are aligned across the corporation, and with Moody’s corporate climate change strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary communications

Status
Complete

Attach the document
Moodys_2020_TCFD_Report (1).pdf

Page/Section reference
Entire TCFD report

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment
The TCFD report was published in 2020, however, the entire analysis was based on 2019 data.

Publication
In voluntary sustainability report

Status
Complete

Attach the document
Moodys_2019_CSR_Report.pdf

Page/Section reference
Strategy p.6, emissions figures and other metrics p.10, A-55 and A-56, ESG market approach strategy starting p.14. GRI Index starting p. A-2; SASB Index starting p.A-42

Content elements
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment

Our 2019 CSR report includes also the GRI Index, SASB Index and the TCFD report

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer, Moody's Corporation	Chief Executive Officer (CEO)