

MOODY'S | Better decisions

WEF Report

2020



Moody's World Economic Forum Report 2020

Moody's is reporting in accordance with the World Economic Forum's Measuring Stakeholder Capitalism expanded metrics and disclosures for the first time. The new report covers a set of common metrics and disclosures on non-financial factors. Moody's will continue to align with the expanded set of metrics as its reporting evolves in future years.

Unless otherwise noted, this document covers all of Moody's Corporation (NYSE: MCO) and its subsidiaries, and all quantitative data covers the period from January 1 to December 31, 2020.

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Principles of Governance

Theme	Core Metrics and Disclosures	Moody's Response
Governing purpose	Setting purpose	<p>Moody's purpose is to bring clarity, knowledge and fairness to an interconnected world.</p> <p>Moody's manages its business with the goal of delivering value to all of its stakeholders, including its customers, employees, business partners, local communities and stockholders.</p> <p>Stakeholder sustainability at Moody's</p> <p>The world is undergoing systemic change as sustainability and environmental, social and governance (ESG) factors redefine financial markets. This will be a decisive decade, with unparalleled opportunity to act on society's most urgent and disruptive issues, from climate change to social challenges.</p> <p>Moody's mission is to provide trusted insights and standards that help decision-makers act with confidence. The Company is placing sustainability at the core of its business, building better business, better lives and better solutions to create long-term value for society, the environment and the economy.</p> <p>Better business</p> <p>Moody's is working to build a better business by embedding responsible, sustainable decision-making into everything it does. At a global level, Moody's corporate governance is structured to enable it to identify and prioritize actions that advance positive change across major social and environmental issues.</p> <p>Better lives</p> <p>Moody's aims to create a forward-thinking, inclusive culture for its people and communities. The Company strives to foster a diverse, equitable and inclusive workplace where every individual can thrive, and it empowers the communities it serves with financial knowledge, educational opportunities and the skills of tomorrow.</p> <p>Better solutions</p> <p>Through its integrated data and analytics capabilities, coupled with deep domain expertise, Moody's provides its customers with the tools and insights to mitigate risks and to capitalize on the opportunities presented by the transition to an inclusive, green and sustainable global economy.</p> <p>Sustainability and climate change are fundamental considerations to seize opportunities and manage risk in today's global capital markets. Moody's customers are increasingly seeking ESG insights for strategic planning, investment decisions, regulatory reporting and risk analysis. Through Moody's products and solutions, the Company is advancing global standards and helping its customers achieve the objectives of the sustainable development agenda.</p> <p>For more information, see Moody's 2020 Stakeholder Sustainability Report.</p>

Principles of Governance

Theme	Core Metrics and Disclosures	Moody's Response
Quality of governing body	Governance body composition	<p>Moody's Board of Directors oversees the management and overall strategy of Moody's. Board members serve one-year terms and are elected annually by Moody's stockholders. Moody's has four standing Board committees:</p> <ul style="list-style-type: none"> » Audit Committee: Primarily oversees the integrity of the Company's financial statements and the financial reporting and audit process as well as financial, risk, accounting and other disclosures made in the Company's annual and quarterly reports related to sustainability. » Governance & Nominating Committee: Responsible for shaping the Company's corporate governance, engaging in director succession planning and identifying and recommending nominees for the Board; oversees sustainability matters, including significant issues of corporate social and environmental responsibility, as they pertain to the Company's business and to long-term value creation for the Company and its stockholders, and makes recommendations to the Board regarding these issues. » Compensation & Human Resources Committee: Responsible for oversight and recommendations regarding executive and director compensation, Chief Executive Officer (CEO) and senior management succession planning and oversight of employee benefit plans. » Executive Committee: Exercises the authority and powers of the Board of Directors between meetings of the Board. <p>Moody's Board of Directors is responsible for oversight of the Company's effective management and strategy for ESG-related risks and opportunities. The CEO, who also serves on the Board, is responsible for ensuring that material risks are appropriately assessed and mitigated. The Board reviews its long-term strategic plan at least annually to assess the Company's approach. The Board is responsible for setting, maintaining and regularly reviewing policies and processes to manage the Company's exposure to risk. The Board is assisted by two committees that inform Moody's approach to ESG issues: the Governance & Nominating Committee and the Audit Committee.</p> <p>All directors, with the exceptions of Raymond W. McDaniel, Jr. and Robert Fauber, are independent as determined using the independence criteria included in the New York Stock Exchange listing standards. All directors serve one-year terms and are elected annually by stockholders. Three members of the ten-member Board at year-end 2020 were female.</p> <p>In 2020, Moody's Board of Directors was composed of the following members:</p> <ul style="list-style-type: none"> » Henry A. McKinnell, Jr., PhD, Chairman » Basil L. Anderson » Jorge A. Bermudez » Thérèse Esperdy » Robert Fauber (joined October 2020) » Vincent A. Forlenza, Chairman of the Governance & Nominating Committee » Kathryn M. Hill, Chairman of the Compensation & Human Resources Committee » Raymond W. McDaniel, Jr. » Leslie F. Seidman, Chairman of the Audit Committee » Bruce Van Saun » Gerrit Zalm (retired April 2020) <p>In 2021, Moody's Board of Directors is composed of the following members (as of May 31, 2021):</p> <ul style="list-style-type: none"> » Raymond W. McDaniel, Jr., Chairman » Basil L. Anderson (retired April 2021) » Jorge A. Bermudez » Thérèse Esperdy » Robert Fauber » Vincent A. Forlenza, Lead Independent Director and Chairman of the Governance & Nominating Committee » Kathryn M. Hill, Chairman of the Compensation & Human Resources Committee » Lloyd W. Howell, Jr. (joined March 2021) » Henry A. McKinnell, Jr., PhD (retired April 2021) » Leslie F. Seidman, Chairman of the Audit Committee » Bruce Van Saun

Principles of Governance

Theme	Core Metrics and Disclosures	Moody's Response										
Quality of governing body (cont.)	Governance body composition (cont.)	Gender statistics: Board of Directors (as of respective annual stockholder meeting)										
		<table><tr><td></td><td>2020</td><td>2021</td></tr><tr><td>Female</td><td>3</td><td>3</td></tr><tr><td>Male</td><td>7</td><td>6</td></tr></table>		2020	2021	Female	3	3	Male	7	6	
			2020	2021								
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Male	7	6										
Race and ethnicity statistics: Board of Directors (as of respective annual stockholder meeting)												
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	2020	2021										
Underrepresented groups ¹	1	2										
White	8	7										
Not disclosed	1											
		<p>1 Underrepresented groups include those who identified as Asian, Hispanic, Black, Native American/Alaskan Native, Hawaiian/Other Pacific Island or two or more races.</p> <p>For more information about the composition of Moody's Board of Directors, see its:</p> <p>» 2021 Proxy Statement, pages 3–4, 24–30</p> <p>» Director and Shareholder Affiliation Policy</p>										
Stakeholder engagement	Material issues impacting stakeholders	<p>Moody's uses a non-financial materiality assessment to identify the sustainability topics that are most relevant to its internal and external stakeholders, and most influential to its business. The materiality assessment informs Moody's sustainability strategy and reporting content.</p> <p>In 2020, Moody's conducted its first comprehensive non-financial materiality assessment. This assessment, completed by an independent consultant, used quantitative data and qualitative insight from international sustainability frameworks (e.g., SASB, GRI, TCFD, WEF and SDGs), and internal and external stakeholders, including Moody's Executive Leadership team and global workforce, customers, investors and NGO/advocacy groups.</p> <p>The top ten topics identified in Moody's first non-financial materiality analysis are:</p> <p>» enhancing capital allocation decisions;</p> <p>» employee health and well-being;</p> <p>» diversity, equity and inclusion;</p> <p>» employee incentives and risk culture;</p> <p>» employee training and upskilling;</p> <p>» transparency and reporting;</p> <p>» climate;</p> <p>» ESG integration;</p> <p>» process transparency and disclosure; and</p> <p>» Board diversity.</p> <p>Moody's approach and performance related to these topics are addressed to varying degrees throughout its 2020 sustainability and financial disclosures. Moody's 2020 Stakeholder Sustainability Report covers additional sustainability topics, such as responsible sourcing, data privacy and communities that are important to key stakeholders and influential to its business.</p> <p>For more information, see Moody's 2020 Stakeholder Sustainability Report, Our material sustainability topics, page 7.</p>										

Principles of Governance

Theme	Core Metrics and Disclosures	Moody's Response
Ethical behavior	Anti-corruption	<p>Moody's requires its employees and directors to conduct themselves according to the highest standards of integrity and ethics in all of their business activities. It is the duty of each employee to comply with all laws and regulations that apply to the Company's business including complying with all applicable anti-bribery and anti-corruption laws, including but not limited to the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act ("UKBA"), and all applicable anti-bribery and anti-corruption laws where Moody's operates, and to accurately reflect all transactions in Moody's books and records.</p> <p>Every Moody's employee, as well as each member of the Board of Directors, is required to abide by Moody's Code of Business Conduct, which outlines the principles and policies they are expected to follow to maintain the highest standards of ethics and integrity in their daily business activities.</p> <p>The Code, which is revised and republished at least every two years, is available in 11 languages: Arabic, Chinese, Dutch, English, French, Japanese, Korean, Portuguese, Russian, Slovak and Spanish. Upon hiring and periodically thereafter, including when a new version is published, all employees must certify that they have read, understand and will adhere to the Code. In addition, upon hiring and periodically thereafter, every employee receives training on the Code.</p> <p>Upon hiring, every Moody's employee also receives training on the Company's Anti-Bribery and Anti-Corruption Policy, which sets forth the Company's expectation that all employees comply with all applicable anti-bribery and anti-corruption laws. Periodically thereafter, Moody's employees receive additional training on that policy, among others.</p> <p>Moody's Supplier Code of Conduct, which is provided to all suppliers and vendors who do business with Moody's, sets forth Moody's expectations that its suppliers and vendors will conduct their business activities with the highest ethical standards, including compliance with anti-bribery and anti-corruption laws.</p> <p>The principles set forth in the Code of Business Conduct and other relevant Company policies, including the Anti-Bribery and Anti-Corruption Policy, and procedures will be enforced at all levels of the Company. In some cases, compliance with the Code and other Company policies will be monitored by periodic audits, investigations or other reviews.</p> <p>The Code and the Company's policies are available on the Company's internal website for employees. The Code may be revised from time to time, and the most recent, controlling version will always be available on the Company's intranet.</p>
	Protected ethics advice and reporting mechanisms	<p>Moody's is committed to fostering a culture and work environment in which all employees feel comfortable asking questions, seeking advice and raising issues that are important to them, including reporting allegations of non-compliance with laws, regulations and policies. Moody's elevates voices and concerns through its Open Door Policy, which supports employees in holding frank discussions with their immediate supervisors or other senior managers, as well as with members of the Compliance, HR and Legal departments. As part of this policy, Moody's prohibits, and does not tolerate, any form of retaliation against employees who raise concerns in good faith.</p> <p>All employees have a number of channels to report concerns: managers; HR, Compliance and Legal departments; and the Integrity Hotline. The Integrity Hotline allows employees to report any suspected wrongdoing anonymously, is staffed by a third party and is available at all times and in multiple languages. Reports made via the Integrity Hotline are forwarded to Moody's Legal and Compliance departments for follow-up, and all reports of suspected violations are promptly investigated and remediated.</p> <p>Finally, Moody's provides extensive compliance and ethics training both to new employees and to existing employees to help reinforce the resources available to them to raise concerns and ask questions and as an integral part of their overall professional development. Depending on the line of business and work location, within their first 90 days of employment, new hires to Moody's must complete between 5.0 and 8.5 hours of online training that is aligned with Moody's codes of conduct and policies. This training is designed to help Moody's employees clearly understand and execute their ethical responsibilities and regulatory obligations.</p> <p>Learn more about Moody's mechanisms for reporting concerns and receiving advice about potential policy violations or ethical issues in its Code of Business Conduct, pages 11–13.</p> <p>In 2020, Moody's deployed or conducted over 35 mandatory online and instructor-led courses to educate and refresh the knowledge of existing employees on compliance policies and codes of conduct.</p>

Principles of Governance

Theme	Core Metrics and Disclosures	Moody's Response
Risk and opportunity oversight	Integrating risk and opportunity into business process	<p>For information about Moody's strategy and prospects for growth, see Moody's 2020 Form 10-K, pages 20–24.</p> <p>For information about Moody's risk factors, see Moody's 2020 Form 10-K, pages 29–39.</p> <p>For information about Moody's climate-related risks and opportunities, see Moody's 2020 TCFD Report.</p> <p>For information about how Moody's is serving the growing global demand for ESG insights, see Moody's 2020 Stakeholder Sustainability Report, Better solutions, page 15.</p> <p>For information about how Moody's identifies its material sustainability topics, see Moody's 2020 Stakeholder Sustainability Report, Our material sustainability topics, page 7.</p>

Principles of Governance

Theme	Expanded Metrics and Disclosures	Moody's Response
Governing purpose	Purpose-led management	<p>Moody's purpose is to bring clarity, knowledge and fairness to an interconnected world.</p> <p>Moody's manages its business with the goal of delivering value to all of its stakeholders, including its customers, employees, business partners, local communities and stockholders.</p> <p>Stakeholder sustainability at Moody's</p> <p>The world is undergoing systemic change as sustainability and ESG factors redefine financial markets. This will be a decisive decade, with unparalleled opportunity to act on society's most urgent and disruptive issues, from climate change to social challenges.</p> <p>Moody's mission is to provide trusted insights and standards that help decision-makers act with confidence. The Company is placing sustainability at the core of its business, building a better business, better lives and better solutions to create long-term value for society, the environment and the economy.</p> <p><i>Better business</i></p> <p>Moody's is working to build a better business by embedding responsible, sustainable decision-making into everything it does. At a global level, Moody's corporate governance is structured to enable it to identify and prioritize actions that advance positive change across major social and environmental issues.</p> <p><i>Better lives</i></p> <p>Moody's aims to create a forward-thinking, inclusive culture for its people and communities. The Company strives to foster a diverse, equitable and inclusive workplace where every individual can thrive, and it empowers the communities it serves with financial knowledge, educational opportunities and the skills of tomorrow.</p> <p><i>Better solutions</i></p> <p>Through its integrated data and analytics capabilities, coupled with deep domain expertise, Moody's provides its customers with the tools and insights to mitigate risks and to capitalize on the opportunities presented by the transition to an inclusive, green and sustainable global economy.</p> <p>Policies</p> <p>Moody's purpose is reflected in a number of policies, codes and statements, including its:</p> <ul style="list-style-type: none"> » Code of Business Conduct; » Code of Ethics for Chief Executive and Senior Financial Officers; » Corporate Governance Principles; » Anti-Bribery and Anti-Corruption Policy; » Supplier Code of Conduct; » Decarbonization Plan; » Environmental and Sustainability Policy; » Human Rights Statement; and » Modern Slavery and Human Trafficking Statement. <p>Goals</p> <p>Moody's made significant progress on its environmental sustainability goals in 2020. It has set science-based targets for reducing its greenhouse gas (GHG) emissions, established plans for expanding its carbon neutrality and procured 100% renewable electricity. Moody's intends to reach net-zero emissions by 2050, consistent with its commitment to the United Nations Global Compact (UNGC) Business Ambition for 1.5°C.</p> <p>Moody's science-based targets for reducing its GHG emissions focus on three key metrics:</p> <ul style="list-style-type: none"> » 50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030;* » 15% reduction in Scope 3 GHG emissions from fuel and energy-related activities, business travel and employee commuting by 2025;* and » 60% of Moody's suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025. <p><small>*From a 2019 base year.</small></p>

Principles of Governance

Theme	Expanded Metrics and Disclosures	Moody's Response												
Governing purpose (cont.)	Purpose-led management (cont.)	<p>In addition to its science-based targets, Moody's is procuring 100% renewable electricity as well as offsetting residual emissions from its operations, business travel and employee commuting on an annual basis, and has offset those emissions retroactively to the year 2000, when the Company became public.</p> <p>For more information, see Moody's:</p> <ul style="list-style-type: none"> » 2020 Stakeholder Sustainability Report, Climate, page 8 » 2020 TCFD Report » 2020 Decarbonization Plan <p>As part of Moody's commitment to diversity, equity and inclusion, in 2021, the Company established three goals to increase representation across its global workforce. Moody's is voluntarily disclosing these goals because they are important to its business and helpful to its stakeholders. These goals are:</p> <ul style="list-style-type: none"> » 50% minimum representation of women globally at entry-level programs, annually;¹ » 8% increase in the number of women globally at officer levels by 2025 as compared to 2020;² and » 30% increase in the number of U.S. Black and Latinx leaders at senior levels by 2025 as compared to 2020.³ <p>For more information, see Moody's Diversity, Equity and Inclusion Report 2020.</p> <p>1 Entry-level programs include Moody's summer internship annual hiring, MA Technology Rotational Program (MATR) annual hiring, and Associate Analyst 3 hires in MIS Ratings and Research Support (RRS) on an annual basis.</p> <p>2 Officer levels include Assistant Vice President (AVP), Assistant and Associate Director and above.</p> <p>3 Senior levels include Senior Vice President (SVP), Senior Director and above.</p> <p><i>Moody's is an equal opportunity employer and does not make employment decisions on the basis of race, ethnicity, gender or any other protected characteristic. Moody's recognizes that many different factors – for example, business growth and related new openings, successful recruitment of diverse applicants, and turnover – will play key roles in whether or not the Company achieves its goals. Where it is within its control, the Company is focusing on each of these factors to create a robust diversity, equity and inclusion strategy that reflects its desire to be a market leader in this space.</i></p>												
Quality of governing body	Progress against strategic milestones	<p>For information about Moody's strategy and prospects for growth, see the Company's 2020 Form 10-K, pages 20–24.</p> <p>Environmental targets and progress</p> <p>Moody's made significant progress on its environmental sustainability goals in 2020. It has set science-based targets for reducing its GHG emissions, established plans for expanding its carbon neutrality and procured 100% renewable electricity. Moody's intends to reach net-zero emissions by 2050, consistent with its commitment to the UNGC Business Ambition for 1.5°C.</p> <p>Moody's science-based targets for reducing its GHG emissions focus on three key metrics:</p> <ul style="list-style-type: none"> » 50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030;* » 15% reduction in Scope 3 GHG emissions from fuel and energy-related activities, business travel and employee commuting by 2025;* and » 60% of Moody's suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025. <table> <tr> <th></th><th>2020 performance</th><th>Target</th></tr> <tr> <td>Reduction of Scope 1 + Scope 2 from 2019 base year</td><td>86%</td><td>50% (by 2030)</td></tr> <tr> <td>Reduction of Scope 3 fuel and energy-related activities, business travel and employee commuting from 2019 base year</td><td>84%</td><td>15% (by 2025)</td></tr> <tr> <td>% supplier spend covered by science-based targets</td><td>26%</td><td>60% (by 2025)</td></tr> </table> <p>* From a 2019 base year.</p>		2020 performance	Target	Reduction of Scope 1 + Scope 2 from 2019 base year	86%	50% (by 2030)	Reduction of Scope 3 fuel and energy-related activities, business travel and employee commuting from 2019 base year	84%	15% (by 2025)	% supplier spend covered by science-based targets	26%	60% (by 2025)
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Principles of Governance

Theme	Expanded Metrics and Disclosures	Moody's Response
Quality of governing body (cont.)	Progress against strategic milestones (cont.)	<p>In addition to its science-based targets, Moody's is procuring 100% renewable electricity as well as offsetting residual emissions from its operations, business travel and employee commuting on an annual basis, and has offset those emissions retroactively to the year 2000, when the Company became public.</p> <p>For more information, see Moody's:</p> <ul style="list-style-type: none"> » 2020 Stakeholder Sustainability Report, Climate, page 8 » 2020 TCFD Report » 2020 Decarbonization Plan <p>Diversity, equity and inclusion goals</p> <p>As part of Moody's commitment to diversity, equity and inclusion, in 2021, the Company established three goals to increase representation across its global workforce. Moody's is voluntarily disclosing these goals because they are important to its business and helpful to its stakeholders. These goals are:</p> <ul style="list-style-type: none"> » 50% minimum representation of women globally at entry-level programs, annually;¹ » 8% increase in the number of women globally at officer levels by 2025 as compared to 2020;² and » 30% increase in the number of U.S. Black and Latinx leaders at senior levels by 2025 as compared to 2020.³ <p>For more information, see Moody's Diversity, Equity and Inclusion Report 2020.</p> <p>1 Entry-level programs include Moody's summer internship annual hiring, MA Technology Rotational Program (MATR) annual hiring, and Associate Analyst 3 hires in MIS Ratings and Research Support (RRS) on an annual basis.</p> <p>2 Officer levels include Assistant Vice President (AVP), Assistant and Associate Director and above.</p> <p>3 Senior levels include Senior Vice President (SVP), Senior Director and above.</p> <p><i>Moody's is an equal opportunity employer and does not make employment decisions on the basis of race, ethnicity, gender or any other protected characteristic. Moody's recognizes that many different factors – for example, business growth and related new openings, successful recruitment of diverse applicants, and turnover – will play key roles in whether or not the Company achieves its goals. Where it is within its control, the Company is focusing on each of these factors to create a robust diversity, equity and inclusion strategy that reflects its desire to be a market leader in this space.</i></p>
	Remuneration	<p>Remuneration policies for the highest governance body and senior executives can be found in Moody's 2021 Proxy Statement, pages 21–22, 36–71.</p> <p>In 2020, the Board Compensation & Human Resources Committee introduced sustainability-related performance goals for determining compensation of certain senior executives, including the Chief Financial Officer (CFO). For more information, see Moody's 2021 Proxy Statement pages 44–47.</p> <p>Tiered monetary incentives for performance on sustainability topics link the accountability of Moody's strategic pillars to the Company's top executives (including the CFO).</p>
Ethical behavior	Alignment of strategy and policies to lobbying	<p>Moody's engages on a variety of significant public policy issues, principally those impacting aspects of capital markets, ESG and sustainable finance markets, and trade and economic recovery.</p> <p>Moody's lobbying positions support the Company's purpose, policies and positions.</p>
	Monetary losses from unethical behavior	<p>Material legal proceedings for the Company are disclosed in Note 21, Contingencies, on page 127 of Moody's 2020 Form 10-K.</p>

Principles of Governance

Theme	Expanded Metrics and Disclosures	Moody's Response
Risk and opportunity oversight	ESG in capital allocation framework	<p>Moody's reinvests capital back into the business to facilitate organic growth and the development of new products. It also invests in external growth opportunities via targeted acquisitions that meet strategic and financial criteria, including some economic, environmental and social considerations. Moody's Board of Directors reviews the capital allocation policy and approves dividends and share repurchases.</p> <p>Moody's invests in mission-led companies to increase its ESG capabilities. In April 2019, the Company acquired a majority stake in Vigeo Eiris (V.E), a provider of ESG research, data and assessments. The acquisition furthers Moody's objective of promoting global standards for ESG for use by market participants. During 2020, the Company increased its stake in V.E from 69.2% to 99.8%. In July 2019, the Company acquired a majority stake in Four Twenty Seven, Inc., a provider of data, intelligence and analysis related to physical climate risk. In 2020, Moody's increased its ownership of Four Twenty Seven, Inc. to 100%.</p> <p>Moody's considers the impact of GHG emission pricing on its share price. Multiple figures of adjusted earnings per share (EPS) for 2020 were evaluated by applying the theoretical carbon price from the two Network for Greening the Financial System (NGFS) emissions scenarios used in Moody's scenario analysis and its internal carbon fee on business travel. In 2020, Moody's implemented a carbon fee on business travel of \$50/metric ton of carbon dioxide equivalent (CO_{2e}) as a key mechanism to limit its travel emissions and fund projects such as the offsetting of emissions for travel that is unavoidable. Due to the COVID-19 pandemic, Moody's business travel emissions were significantly reduced from previous years. It expects the impact of this internal carbon fee to challenge Moody's business units on the decision to travel and to restrict flights to essential travel only.</p> <p>In 2021, Moody's introduced a shadow price on carbon to evaluate new facility leases on their emissions performance. For more information, see Moody's 2020 TCFD Report.</p>

Planet

Theme	Expanded Metrics and Disclosures	Moody's Response												
Climate change (cont.)	Paris-aligned GHG emissions targets	<p>Moody's made significant progress on its environmental sustainability goals in 2020. It has set science-based targets for reducing its GHG emissions, established plans for expanding its carbon neutrality and procured 100% renewable electricity. Moody's intends to reach net-zero emissions by 2050, consistent with its commitment to the UNGC Business Ambition for 1.5°C.</p> <p>Moody's science-based targets for reducing its GHG emissions focus on three key metrics:</p> <ul style="list-style-type: none"> » 50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030;* » 15% reduction in Scope 3 GHG emissions from fuel and energy-related activities, business travel and employee commuting by 2025;* and » 60% of Moody's suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025. <p>*From a 2019 base year.</p> <table> <tr> <th></th><th>2020 performance</th><th>Target</th></tr> <tr> <td>Reduction of Scope 1 + Scope 2 from 2019 base year</td><td>86%</td><td>50% (by 2030)</td></tr> <tr> <td>Reduction of Scope 3 fuel and energy-related activities, business travel and employee commuting from 2019 base year</td><td>84%</td><td>15% (by 2025)</td></tr> <tr> <td>% supplier spend covered by science-based targets</td><td>26%</td><td>60% (by 2025)</td></tr> </table> <p>In addition to its science-based targets, Moody's is procuring 100% renewable electricity as well as offsetting residual emissions from its operations, business travel and employee commuting on an annual basis, and has offset those emissions retroactively to the year 2000, when the Company became public.</p> <p>For more information on Moody's environmental commitments and progress, see Moody's:</p> <ul style="list-style-type: none"> » 2020 Decarbonization Plan » 2020 Stakeholder Sustainability Report, Climate, page 8 » 2020 TCFD Report 		2020 performance	Target	Reduction of Scope 1 + Scope 2 from 2019 base year	86%	50% (by 2030)	Reduction of Scope 3 fuel and energy-related activities, business travel and employee commuting from 2019 base year	84%	15% (by 2025)	% supplier spend covered by science-based targets	26%	60% (by 2025)
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Planet

Theme	Expanded Metrics and Disclosures	Moody's Response																																				
Climate change (cont.)	Impact of GHG emissions	<p>Climate-related risks and opportunities were evaluated against Moody's financial materiality threshold. Moody's defines its materiality threshold as a risk or opportunity that poses a change of over 10% of Moody's earnings before interest and tax (EBIT), or if there is a significant impact on business financial sustainability. Based on Moody's scenario analysis results, the Company has concluded that climate-related risks faced by Moody's do not present substantive financial or strategic impact on its operations. However, several climate-related opportunities do exist for Moody's across the categories of market, products and services, and resilience.</p> <p>Although not material, Moody's considers the impact of GHG emission pricing on its share price. Multiple figures of adjusted EPS for 2020 were evaluated by applying the theoretical carbon price from the two low-emissions reference scenarios described by NGFS and Moody's internal carbon fee on business travel. The 2020 results in terms of impact on Moody's share price are described in the table below. Applying theoretical global carbon prices (orderly, disorderly and Moody's internal carbon price) on 2020 emissions was found to have very low overall impact on Moody's carbon-adjusted EPS (diluted weighted average shares outstanding). For more information, see Moody's 2020 TCFD Report, page 15.</p>																																				
		<table><tr><th></th><th>NGFS orderly</th><th>NGFS disorderly</th><th>Moody's internal carbon price</th></tr><tr><td></td><td>Scope 1, Scope 2 (market-based) and Scope 3 emissions</td><td>Scope 1, Scope 2 (market-based) and Scope 3 emissions</td><td>Business travel emissions</td></tr><tr><td></td><td>Total 2020: 117,609 mtCO₂e</td><td>Total 2020: 117,609 mtCO₂e</td><td>Total 2020: 2,100 mtCO₂e</td></tr><tr><td>Carbon price (USD/mtCO₂e)</td><td>\$0.00</td><td>\$1.80</td><td>\$50.00</td></tr><tr><td>2020 pre-tax cost of carbon (million USD)</td><td>\$0.00</td><td>\$0.21</td><td>\$0.11</td></tr><tr><td>Carbon-adjusted net income (million USD)</td><td>\$2,229.00</td><td>\$2,228.79</td><td>\$2,228.90</td></tr><tr><td>Carbon-adjusted net income, net of tax (million USD)</td><td>\$1,778.00</td><td>\$1,777.83</td><td>\$1,777.92</td></tr><tr><td>Carbon-adjusted diluted EPS</td><td>\$9.3925</td><td>\$9.3916</td><td>\$9.3921</td></tr><tr><td>% reduction from actual</td><td>0.000%</td><td>-0.009%</td><td>-0.005%</td></tr></table>		NGFS orderly	NGFS disorderly	Moody's internal carbon price		Scope 1, Scope 2 (market-based) and Scope 3 emissions	Scope 1, Scope 2 (market-based) and Scope 3 emissions	Business travel emissions		Total 2020: 117,609 mtCO ₂ e	Total 2020: 117,609 mtCO ₂ e	Total 2020: 2,100 mtCO ₂ e	Carbon price (USD/mtCO ₂ e)	\$0.00	\$1.80	\$50.00	2020 pre-tax cost of carbon (million USD)	\$0.00	\$0.21	\$0.11	Carbon-adjusted net income (million USD)	\$2,229.00	\$2,228.79	\$2,228.90	Carbon-adjusted net income, net of tax (million USD)	\$1,778.00	\$1,777.83	\$1,777.92	Carbon-adjusted diluted EPS	\$9.3925	\$9.3916	\$9.3921	% reduction from actual	0.000%	-0.009%	-0.005%
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<p>In 2020, Moody's implemented a carbon fee on business travel of USD50/metric ton of CO₂e as a key mechanism to limit its travel emissions and fund projects such as the offsetting of unabated emissions from operations, employee commuting and business travel. Due to the COVID-19 pandemic, Moody's business travel emissions were significantly reduced from previous years. In the future, Moody's expects the impact of this internal carbon fee to challenge its business units on the decision to travel and to restrict flights to essential travel only.</p>																																						
<p>In 2021, Moody's introduced a shadow price on carbon to evaluate new facility leases on their emissions performance. The real estate shadow price remains a theoretical construct to build the cost impact of emissions from energy consumption into the Company's lease procurement decisions; therefore, it is not included in carbon price calculations.</p>																																						
<p>For more information about the methods used to manage climate-related risks and opportunities, see Moody's 2020 TCFD Report, pages 7–15.</p>																																						

People

Theme	Core Metrics and Disclosures	Moody's Response																																																																				
Dignity and equality	Diversity and inclusion (%)	Gender statistics: global workforce ¹																																																																				
		<table><tr><th></th><th colspan="2">2018</th><th colspan="3">2019</th><th colspan="3">2020</th></tr><tr><th>Employee category²</th><th>Female</th><th>Male</th><th>Female</th><th>Male</th><th>Not disclosed</th><th>Female</th><th>Male</th><th>Not disclosed</th></tr><tr><td>Executives</td><td>26%</td><td>74%</td><td>30%</td><td>70%</td><td rowspan="5"></td><td>33%</td><td>67%</td><td>0%</td></tr><tr><td>Senior managers</td><td>33%</td><td>67%</td><td>33%</td><td>67%</td><td>33%</td><td>67%</td><td>0%</td></tr><tr><td>Mid-level managers</td><td>32%</td><td>68%</td><td>33%</td><td>67%</td><td>33%</td><td>67%</td><td>0%</td></tr><tr><td>First-level managers</td><td>39%</td><td>61%</td><td>37%</td><td>63%</td><td>37%</td><td>63%</td><td>0%</td></tr><tr><td>Non-managers</td><td>50%</td><td>50%</td><td>48%</td><td>52%</td><td>48%</td><td>51%</td><td>1%</td></tr><tr><td>Total</td><td></td><td></td><td>41%</td><td>58%</td><td>1%</td><td>41%</td><td>58%</td><td>1%</td></tr></table>		2018		2019			2020			Employee category ²	Female	Male	Female	Male	Not disclosed	Female	Male	Not disclosed	Executives	26%	74%	30%	70%		33%	67%	0%	Senior managers	33%	67%	33%	67%	33%	67%	0%	Mid-level managers	32%	68%	33%	67%	33%	67%	0%	First-level managers	39%	61%	37%	63%	37%	63%	0%	Non-managers	50%	50%	48%	52%	48%	51%	1%	Total			41%	58%	1%	41%	58%	1%
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People

Theme	Core Metrics and Disclosures	Moody's Response
Dignity and equality (cont.)	Pay equality (%)	Moody's compensation programs are designed to be structured fairly, aligned to local markets, driven and differentiated by performance, and understood and valued by all. Essential to Moody's compensation philosophy is its commitment to paying all of its employees equitably and fairly. As part of that commitment, Moody's studies pay equity annually to identify any areas in the Company where women or, in the U.S., racial/ethnic underrepresented groups are not paid comparably to their peers. While no statistical analysis can account for all things that influence an employee's pay, Moody's considers meaningful factors such as job, family, location, educational level and seniority. When Moody's finds inequities in its pay practices, it makes the requisite adjustments. Each year Moody's reports its findings to its Board of Directors.
	Wage level (%)	<p>Moody's compensation programs are designed to be structured fairly, aligned to local markets, driven and differentiated by performance, and understood and valued by all. Essential to Moody's compensation philosophy is its commitment to paying all of its employees equitably and fairly. As part of that commitment, Moody's studies pay equity annually to identify any areas in the Company where women or, in the U.S., racial/ethnic underrepresented groups are not paid comparably to their peers. While no statistical analysis can account for all things that influence an employee's pay, Moody's considers meaningful factors such as job, family, location, educational level and seniority. When Moody's finds inequities in its pay practices, it makes the requisite adjustments. Each year Moody's reports its findings to its Board of Directors.</p> <p>For 2020:</p> <ul style="list-style-type: none"> » the annual total compensation of the median compensated employee was \$97,860; » the annual total compensation of the CEO, as reported in the Summary Compensation Table, was \$17,270,662; and » based on this information, for 2020, the ratio of the annual total compensation of the CEO to the annual total compensation of the median compensated employee was 176:1. <p>For more information, see Moody's 2021 Proxy Statement, pages 57, 71.</p>
	Risk for incidents of child, forced or compulsory labor	<p>The Moody's Corporation enterprise risk management (ERM) function is responsible for identifying and monitoring existing and emerging risks that may impede the achievement of Moody's strategic objectives, including societal goals. This function has assessed the risk of slavery and human trafficking for Moody's employees and within its supply chain to be low based on the characteristics of the business and the goods and services procured. The ERM function periodically reviews Moody's risks and reports to Moody's Corporation senior management and Board of Directors. Moody's is further expanding its risk management efforts in 2021 by using Moody's Analytics' Orbis platform to monitor Moody's key suppliers for sustainability risks such as human rights violations, human trafficking and environmental crimes, and to ensure compliance with the Supplier Code of Conduct and the new Human Rights Statement.</p> <p>For more information, see Moody's:</p> <ul style="list-style-type: none"> » Human Rights Statement » Modern Slavery and Human Trafficking Statement » Supplier Code of Conduct

People

Theme	Core Metrics and Disclosures	Moody's Response																
Health and well-being	Health and safety (%)	<p>Occupational health and safety programs are managed at the local office level. Additionally, all regional health and safety reporting requirements are provided by way of the local office facilities or office management team. Due to the nature of Moody's business, its employees are not subject to hazardous occupational activities that pose high health and safety risks.</p> <p>Moody's sees its investment in benefits as an investment in its employees. It seeks to provide programs to protect its employees and their families in the event of illness, and offer employees the value, flexibility and choice to help them build a financially secure future. Benefits offered to employees differ by work location; however, Moody's benefits package can include:</p> <ul style="list-style-type: none">» medical;» dental;» vision;» flexible spending account;» health savings account;» employee assistance program;» life insurance; and» short-term and long-term disability insurance. <p>To promote well-being during the pandemic, a number of teams participated in "No Meeting Fridays" and co-ordinated holiday weeks or time off. Employees at AVP level or below received a stipend to help improve their ability to work remotely, and all employees received a year-end "well-being allowance" to use at their discretion to support mental or physical well-being.</p> <p>In 2020, Moody's launched a virtual well-being and development series, Moody's Moments that Matter, providing employees and managers with education and empowerment on mental health, resilience and thriving in an increasingly virtual world through articles, videos and weekly live webinars. Developed as a response to the pandemic, it will continue as part of Moody's range of wellness tools. In 2020, Moody's held over 70 sessions that together garnered more than 44,000 views. Additionally, it further improved its global ergonomics program with online assessments available for in-office and at-home workers and information sessions on proper workstation setups for employees through Moody's Moments that Matter.</p>																
Skills for the future	Training provided (#, \$)	<p>Average training hours^{1,2}</p> <table><tr><th></th><th>2019</th><th>2020</th><th>YoY change</th></tr><tr><td>Average training hours per employee</td><td>24</td><td>21</td><td>-3</td></tr><tr><td>Officer³</td><td>28</td><td>21</td><td>-7</td></tr><tr><td>Non-officer</td><td>21</td><td>21</td><td>0</td></tr></table> <p>Average training expenditure per employee is approximately \$676.^{1,2}</p> <p>The decrease in training hours in 2020 is attributed to shorter-format training and data collection limitations due to the COVID-19 pandemic and the transition to 100% virtual learning, as well as changes in data methodology.</p> <p>1 The data represents employees that are integrated in Moody's IT systems. For 2020, this coverage is approximately 85% of the total Moody's full-time equivalent employees as reported in the <u>2020 Form 10-K</u>. Non-employees (such as non-payroll consultants) and temporary employment workers (such as interns) are excluded from the analysis. Headcount as of December 31 of respective year.</p> <p>2 Data includes hours captured in the Moody's Knowledge Portal and online training programs, related to topics such as compliance, professional development and diversity, equity and inclusion. In addition, leadership development hours were included for the first time in 2020.</p> <p>3 Officer-level data is calculated using the job categories: executives, senior managers, mid-level managers and first-level managers. The data is based on Company records and may involve estimates or assumptions.</p>		2019	2020	YoY change	Average training hours per employee	24	21	-3	Officer ³	28	21	-7	Non-officer	21	21	0
	2019	2020	YoY change															
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People

Theme	Expanded Metrics and Disclosures	Moody's Response
Dignity and equality	Pay gap (% , #)	<p>Moody's compensation programs are designed to be structured fairly, aligned to local markets, driven and differentiated by performance, and understood and valued by all. Essential to Moody's compensation philosophy is its commitment to paying all of its employees equitably and fairly. As part of that commitment, Moody's studies pay equity annually to identify any areas in the Company where women or, in the U.S., racial/ethnic underrepresented groups are not paid comparably to their peers. While no statistical analysis can account for all things that influence an employee's pay, Moody's considers meaningful factors such as job, family, location, educational level and seniority. When Moody's finds inequities in its pay practices, it makes the requisite adjustments. Each year Moody's reports its findings to its Board of Directors.</p> <p>Moody's publishes a Gender Pay Gap Report each year with its statutory gender pay reporting for its UK employees. The UK gender pay gap data reports on a number of different statistics with particular focus on average pay of all women vs. all men in both Moody's Investors Service (MIS) UK Limited and Moody's Analytics (MA) UK Limited.</p>
	Discrimination and harassment incidents (#) and the total amount of monetary losses (\$)	<p>Moody's has a longstanding policy of ensuring a work environment that respects the dignity and worth of each individual and is free from all forms of employment discrimination.</p> <p>Discrimination and harassment, including sexual harassment and other discriminatory harassment, is against the law and will not be tolerated by Moody's. This prohibition applies to all discrimination and harassment affecting the work environment, whether it occurs in the office, outside the office (e.g., at customer-related, Moody's-related or after-hours events) or through the use of electronic communications, including electronic mail, voice mail, text messages and the internet, even if such use occurs on personal devices and during non-work hours.</p> <p>This policy prohibits discrimination and harassment not only as to employees, but also as to applicants for employment, interns (whether paid or unpaid), non-employees, customers, vendors and contractors providing services to Moody's in the workplace. A harasser can be a superior, a subordinate, a co-worker or anyone in the workplace, including an independent contractor, contract worker, vendor, customer or visitor. Harassment by non-employees (e.g., customers, independent contractors, vendors) is also prohibited to the extent that such harassment affects the work environment or interferes with the performance of work by Moody's employees. If an employee informs Moody's that they have been subject to or has witnessed discrimination or harassment in the workplace by a non-employee, appropriate actions will be taken.</p> <p>For more information, see Moody's Code of Business Conduct, pages 15–17.</p>
	Freedom of association and collective bargaining at risk (%)	Approximately 10% of employees are covered by a collective bargaining agreement.

People

Theme	Expanded Metrics and Disclosures	Moody's Response
Dignity and equality (cont.)	Human rights review, grievance impact and modern slavery (#, %)	<p>Moody's commitment to operating in an ethical and lawful manner, including to help protect human rights, serves as the foundation for its relationships with its employees, customers and suppliers, as well as the people in the countries and communities in which it operates. Moody's commitment to operating in an ethical and lawful manner includes protecting the basic dignity and human rights of its employees and the people in its supply chain.</p> <p>In addition to the Human Rights Statement and the principles and requirements within Moody's Code of Business Conduct, Moody's issues a Modern Slavery and Human Trafficking Statement annually that sets out its approach to preventing these practices in its workforce and supply chain.</p> <p>Moody's Supplier Code of Conduct describes its expectations of incumbent and prospective suppliers in labor practices, employee health and safety, diversity, equity and inclusion, and other areas relevant to human rights within Moody's supply chain.</p> <p>Moody's offers equal opportunity to all qualified people. It believes a workforce that represents an array of backgrounds and experiences helps create an environment that maximizes each employee's contribution, widens the leadership pipeline and enhances Moody's work, including the quality of its opinions, products and services. Moody's is dedicated to maintaining a work environment that is open, inclusive and fair for all and to promoting diversity, equity and inclusion in all of its global workplaces. Moody's does not tolerate conduct that is in violation of its Code of Business Conduct and takes appropriate disciplinary action, up to and including termination of employment, against those who engage in such conduct.</p> <p>For more information, see Moody's 2020 Stakeholder Sustainability Report, Responsible sourcing, page 10.</p>
	Living wage (%)	<p>Moody's compensation programs are designed to be structured fairly, aligned to local markets, driven and differentiated by performance, and understood and valued by all. Essential to Moody's compensation philosophy is its commitment to paying all of its employees equitably and fairly. As part of that commitment, Moody's studies pay equity annually to identify any areas in the Company where women or, in the U.S., racial/ethnic underrepresented groups are not paid comparably to their peers. While no statistical analysis can account for all things that influence an employee's pay, Moody's considers meaningful factors such as job, family, location, educational level and seniority. When Moody's finds inequities in its pay practices, it makes the requisite adjustments. Each year it reports its findings to its Board of Directors.</p> <p>Moody's also expects suppliers to comply with applicable wage and hour laws, including minimum wage and overtime laws in the relevant jurisdiction(s), as well as to provide all payments due to, or on behalf of, suppliers' employees, including all required income and social security withholding taxes, unemployment and disability insurance payments and taxes, and all other amounts of benefits owed or payable, to or on behalf of suppliers' employees. See Moody's Supplier Code of Conduct for more information.</p>

People

Theme	Expanded Metrics and Disclosures	Moody's Response
Health and well-being	Monetized impacts of work-related incidents on organization (#, \$)	Occupational health and safety programs are managed at the local office level. Additionally, all regional health and safety reporting requirements are provided by way of the local office facilities or office management team. Due to the nature of Moody's business, its employees are not subject to hazardous occupational activities that pose high health and safety risks.
	Employee well-being (%)	<p>Occupational health and safety programs are managed at the local office level. Additionally, all regional health and safety reporting requirements are provided by way of the local office facilities or office management team. Due to the nature of Moody's business, its employees are not subject to hazardous occupational activities that pose high health and safety risks.</p> <p>Moody's sees its investment in benefits as an investment in its employees. It seeks to provide programs to protect its employees and their families in the event of illness and offer employees the value, flexibility and choice to help them build a financially secure future. Benefits offered to employees differ by work location; however, Moody's benefits package can include:</p> <ul style="list-style-type: none"> » medical; » dental; » vision; » flexible spending account; » health savings account; » employee assistance program; » life insurance; and » short-term and long-term disability insurance. <p>To promote well-being during the pandemic, a number of teams participated in "No Meeting Fridays" and co-ordinated holiday weeks or time off. Employees at AVP level or below received a stipend to help improve their ability to work remotely, and all employees received a year-end "well-being allowance" to use at their discretion to support mental or physical well-being.</p> <p>In 2020, Moody's launched a virtual well-being and development series, Moody's Moments that Matter, providing employees and managers with education and empowerment on mental health, resilience and thriving in an increasingly virtual world through articles, videos and weekly live webinars. Developed as a response to the pandemic, it will continue as part of Moody's range of wellness tools. In 2020, Moody's held over 70 sessions that together garnered more than 44,000 views. Additionally, it further improved its global ergonomics program with online assessments available for in-office and at-home workers and information sessions on proper workstation setups for employees through Moody's Moments that Matter.</p>
Skills for the future	Number of unfilled skilled positions (#, %)	As of December 31, 2020, 37 positions had been open for 90 days or longer.
	Monetized impacts of training – Increased earning capacity as a result of training intervention (% , \$)	Training and development expenses were approximately 1% of payroll in 2020.

Prosperity

Theme	Core Metrics and Disclosures	Moody's Response			
Employment and wealth generation	Absolute number and rate of employment	New employee hires ¹			
			2018	2019	2020
		New employee hires	1,368	1,771	1,421
		Employee turnover rate ¹			
			2019	2020	
		Voluntary turnover	12%	7%	
Involuntary turnover	3%	4%			
The decline in the Company's voluntary turnover rates in 2020 compared to 2019 are likely due to the effects of COVID-19 on the labor market.					
1 The data represents employees that are integrated in Moody's IT systems. For 2020, this coverage is approximately 85% of the total Moody's full-time equivalent employees as reported in the 2020 Form 10-K . Non-employees (such as non-payroll consultants) and temporary employment workers (such as interns) are excluded from the analysis. Headcount as of December 31 of respective year.					
	Economic contribution	For information about Moody's economic contribution, please refer to the Statement of Operations, page 77 and Statements of Cash Flows, page 80 of Moody's 2020 Form 10-K .			
	Financial investment contribution	Please refer to the Liquidity and Capital Resources section of Moody's 2020 Form 10-K , pages 65–70.			
Innovation of better products and services	Total R&D expenses (\$)	Moody's will continue to invest with intent to defend and enhance its core businesses, and expand into strategic adjacencies and new geographies. Learn more about Moody's strategy and priorities for strategic growth in the Company's 2020 Form 10-K , pages 20–24.			
Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	For information about tax payments, please refer to Note 17, Income Taxes, on pages 120–122 of Moody's 2020 Form 10-K .			

Prosperity

Theme	Expanded Metrics and Disclosures	Moody's Response									
Employment and wealth generation	Significant indirect economic impacts	Moody's seeks to empower people with the knowledge, resources and confidence they need to a create a better future – for themselves, their communities and the environment. Across Moody's core areas of strategic focus, it partners with leading nonprofits to ensure its programming is delivered efficiently, with a focus on impact.									
		<div>» Through Reshape Tomorrow™, Moody's flagship financial inclusion initiative, it is delivering on its commitment to empower people with financial knowledge. In 2020, Moody's partnered with innovative organizations to help bring thousands of entrepreneurs the tools, skills and knowledge they needed to make better decisions and grow their small businesses. Moody's has identified the core outcomes of this programming to be business growth and stimulating entrepreneurship. Over the last two years of programming, the majority of program beneficiaries (many of whom are women entrepreneurs) have successfully met these outcomes – meaning that entrepreneurs are accessing finance, growing and managing sustainable businesses, and creating jobs. When women are economically empowered, they contribute more to their families, societies and national economies.</div> <div>» Moody's is helping to fuel future innovation by reaching the leaders of tomorrow. It shares its expertise and provides opportunities across the globe for bright, diverse young minds (ages 15–24) to learn and to discover their full potential. Moody's educational programming is intended to achieve job readiness, development of technological skills and STEM proficiency outcomes. Moody's works with organizations that work with young people who would not ordinarily have access to these opportunities. Through the development of technical skills, educational support, career insights and mentoring, Moody's has seen the attainment levels and aspirations of many of its program beneficiaries increase. In addition, it is creating pathways into its talent pipeline with a focus on finance, technology and economics. The long-term indirect impact of this programming will be a more diverse workforce, improved social mobility and employees with skills aligned to a dynamic work environment.</div> <div>» Moody's is committed to advancing sustainability in its operations, global value-chain, business offerings and communities. The outcomes of its environmental programming are conservation awareness and responsibility, habitat protection and the reduction of individual carbon footprints. Through Moody's partnerships, it is supporting reforestation, sustainable fishing and energy efficiency, and combating marine litter. Through the action of its beneficiaries, it anticipates long-term indirect impacts such as improved air quality, habitat and biodiversity restoration, improved health from the introduction of cook stoves, and improved livelihoods through the adoption of sustainable practices.</div>									
Innovation of better products and services	Social value generated (%)	<p>In 2020, Moody's ESG and sustainability-related products and solutions accounted for less than 1% of total revenue.</p> <p>In 2020, Moody's formed Moody's ESG Solutions (MESG) to serve the growing global demand for ESG and climate insights. The business unit leverages Moody's data and expertise across ESG, climate risk and sustainable finance, and aligns with MIS and MA to deliver a comprehensive, integrated suite of ESG customer solutions. For more information, please visit https://esg.moodyys.io/.</p> <p>Moody's will continue to expand and enhance its efforts to integrate ESG best practices throughout its business and to develop and promote globally consistent standards for assessing ESG risks and opportunities.</p>									
	Vitality Index	<p>Percentage of revenue from product lines added in the last five years</p> <table><tr><th></th><th>2020</th></tr><tr><td>Moody's Analytics and Moody's Investors Service</td><td></td></tr><tr><td>New products¹</td><td>2%</td></tr><tr><td>Acquired products</td><td>12%</td></tr><tr><td>Legacy products</td><td>86%</td></tr></table> <p>In 2020, Moody's formed MESG to serve the growing global demand for ESG and climate insights. The business unit leverages Moody's data and expertise across ESG, climate risk and sustainable finance, and aligns with MIS and MA to deliver a comprehensive, integrated suite of ESG customer solutions. For more information, please visit https://esg.moodyys.io/.</p> <p>¹ Includes revenue from product expansion to new markets.</p>		2020	Moody's Analytics and Moody's Investors Service		New products ¹	2%	Acquired products	12%	Legacy products
	2020										
Moody's Analytics and Moody's Investors Service											
New products ¹	2%										
Acquired products	12%										
Legacy products	86%										

Prosperity

Theme	Expanded Metrics and Disclosures	Moody's Response
Community and social vitality	Total social investment (\$)	Social investment dollars
	Additional tax remitted	For information about tax payments, please refer to Note 17, Income Taxes, on pages 120–122 of Moody's 2020 Form 10-K. Moody's Financial Statements are routinely reviewed by tax auditors and Moody's discloses all that it is required by law, accounting rules or SEC rules.
	Total tax paid by country for significant locations	For information about tax payments, please refer to Note 17, Income Taxes, on pages 120–122 of Moody's 2020 Form 10-K. Moody's Financial Statements are routinely reviewed by tax auditors and Moody's discloses all that it is required by law, accounting rules or SEC rules.

1 Grants paid from the Foundation toward projects aligned with its strategy focus areas.

2 Payments made by MIS, MA, MSS that have been classified as charitable contributions. Payments to support volunteer events and payments to the Foundation are reported separately.

3 The data represents employees that are integrated in Moody's IT systems. For 2020, this coverage is approximately 85% of the total Moody's full-time equivalent employees as reported in the 2020 Form 10-K.

Non-employees (such as non-payroll consultants) and temporary employment workers (such as interns) are excluded from the analysis. Headcount as of December 31 of respective year.

4 Grants paid from The Moody's Foundation toward the Matching Gifts and Dollars for Doers programs.

5 Charitable contribution payments made by MCO to volunteering vendors.

*Figure has been updated since original publication