This is Moody's 2021 Stakeholder Sustainability Report, which covers the period from January 1 to December 31, 2021, except as noted otherwise. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, Value Reporting Foundation’s Sustainability Accounting Standards Board (SASB) Standard for Professional and Commercial Services, and the World Economic Forum (WEF) International Business Council’s Stakeholder Capitalism Metrics. Like the Moody’s Annual Report, much of this document describes matters relating to Moody’s Corporation and its consolidated subsidiaries. When referring to “we” or “Moody’s,” except where otherwise noted, this report refers to Moody’s Corporation and its consolidated subsidiaries. Specific references to “Moody’s Investors Service” and “Moody’s Analytics” are examples of instances where the coverage diverges. In addition: (i) references to “the Board” refer to the Moody’s Corporation Board of Directors, (ii) information and descriptions regarding Executive Compensation and Corporate Governance, like in the 2022 Proxy Statement, refer to Moody’s Corporation and its executive officers, and (iii) information and descriptions relating to Ethics & Integrity, Risk Management, Climate, Responsible Sourcing, Cybersecurity & Data Privacy, Employee Training & Upskilling, Diversity, Equity & Inclusion, Employee Health & Well-being, Communities, ESG Solutions and ESG Integration, as well as our Sustainability Goals, are for Moody’s Corporation and its consolidated subsidiaries, except where otherwise noted.

All references to dollars are to U.S. dollars, unless otherwise stated, and “tonnes” refers to metric tons. Certain statements in this report are aspirational or otherwise forward-looking, and company goals are not guarantees or promises that all goals will be met. Actual results may differ materially from the company’s expectations or predictions expressed in this report. Statistics, metrics and other performance measurements included in this report are estimates and may be based on assumptions or developing standards. Consistent with our holistic approach to sustainability, examples of products and services mentioned in this report include instances in which they have been provided for free, at a reduced cost and/or for a fee or cost. We welcome feedback and questions about this report. Please email us your queries at sustainability@moodys.com.
A Message from Our President & CEO, Robert Fauber

Our planet and society are at a pivotal moment. While climate change remains an existential risk, we face growing uncertainty from conflicts that may have seemed unimaginable not long ago. As the world grapples with these challenges, we at Moody's re-emphasize our commitment to supporting inclusive and sustainable economies and communities.

As leaders in global integrated risk assessment, we are uniquely positioned to help the market make sense of sustainability. Our solutions help companies incorporate sustainability into their decisions and empower our customers to decode risk and unlock opportunities. Our new suite of climate solutions, for example, provides comprehensive measurement and evaluation tools that allow market participants to better understand, quantify and manage climate risks and opportunities.

Sustainability is not only a value driver for Moody's. We strive to lead by example and are embedding responsible and sustainable decision-making across our firm. Last year, we accelerated our commitment to reach net-zero by 2040 – a decade earlier than the Paris Agreement goals. We are also working with our suppliers to help them advance their own sustainability targets.

Most importantly, we're deeply invested in our people. We are proud to be widely recognized as a great place to work, and we continue to push ourselves to build a diverse workforce, compensate our employees equitably and fairly and support the well-being and professional development of our people through a wide range of impactful workplace programs. In our communities, we're engaged through employee-driven giving and volunteer programs, and we support our partners with grants and charitable contributions, including a recent initiative that double-matched employee donations to support Ukraine relief efforts.

While we're proud of the achievements laid out in this report, we know we have to continue the momentum and do much more. Earlier this year we introduced sustainability as a core pillar of our corporate strategy. Other advances in 2022 include further strengthening our global employee benefits, offering Sustainability and ESG training to all of our employees and continuing to integrate and enhance our ESG solutions. We also look forward to working with the Net Zero Financial Services Provider Alliance as part of the Glasgow Financial Alliance for Net Zero (GFANZ) as we take the next steps towards aligning all our relevant products and services to achieve net-zero greenhouse gas emissions.

I thank all of our employees, partners and customers for everything they do with us to build a Better Business, support Better Lives, and deliver Better Solutions. We look forward to continuing our work to make our business, financial markets and global communities more sustainable, inclusive and resilient.

Robert Fauber
President & CEO, Moody's Corporation

"As leaders in global integrated risk assessments, we are uniquely positioned to help the market make sense of sustainability."
2021 Sustainability Highlights

**BETTER BUSINESS**

We accelerated our work to embed responsible and sustainable decision-making into our business by:

» Exceeding and progressing on our science-based targets:
  - 92% reduction in absolute Scope 1 and Scope 2 GHG emissions from 2019 base year, compared with our target of 50% by 2030
  - 95% reduction in Scope 3 GHG emissions from fuel and energy-related activities, business travel and employee commuting from 2019 base year, compared with our target of 15% by 2025
  - 28% of suppliers by spend covering purchased goods and services and capital goods have science-based targets, progressing to our target of 60% by 2025

» Entering sustainability alliances, such as the Glasgow Financial Alliance for Net Zero (GFANZ) and the Taskforce on Nature-related Financial Disclosures (TNFD);

» More fully integrating sustainability-related performance metrics into annual compensation determination for all senior executives; and

» Updating our Environmental Sustainability and Privacy policies to reflect best practices.

**BETTER LIVES**

We took steps to care for and equip our employees and to advance diversity, equity and inclusion (DE&I) in our business and our communities by:

» Committing to dedicating the resources necessary to maintain pay equity and to drive pay decisions based on legitimate factors. Our results show women earning $0.99 for every $1 earned by comparable men globally and non-white1 employees earning $1.01 for every $1 earned by comparable white employees in the U.S.2;

» Evolving how we engage, empower and invest in diverse customers and underserved communities through our Creating Opportunities for Racial Equity (CORE) program;

» Aligning to a single performance management approach globally to empower employees to manage their professional development, and

» Engaging our communities through the donation of more than $6 million in Moody’s Foundation grants, corporate charitable contributions, value of volunteer hours and employee-driven giving3.

**BETTER SOLUTIONS**

We continued to apply ESG best practices to the development of new solutions and the evolution of our legacy platforms and offerings by:

» Launching several new solutions that provide greater transparency into ESG-related risks or assist in aligning investments more closely with regulatory and disclosure frameworks, including:
  - Expansion of our Issuer Profile Scores (IPS) and Credit Impact Scores (CIS)
  - The launch of the ESG Score Predictor and Temperature Alignment Data
  - Establishment of normative screenings for alignment with the UN Sustainable Development Goals (SDG) and Global Compact principles

» Acquiring RMS, a leading global provider of climate and natural disaster risk modeling and analytics.

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1 Defined as LatinX, Black and Asian.
2 As of April 1, 2022. The population studied includes employees eligible for Moody’s compensation programs and excludes limited duration employees, non-employees, temporary workers and employees from companies acquired in 2H 2021. Employees from V.E and Four Twenty Seven were excluded from the analysis due to not being integrated into Moody’s compensation programs at the time of the analysis. This exclusion is non-material and represents 3% of employees.
3 Employee-driven giving includes grants paid from Moody’s Foundation toward the Matching Gifts and Dollars for Doers programs.
4 Represents approximate revenue in (i) stand-alone ESG products and services, including our Climate Solutions, sustainable finance, research and insights products; and (ii) MIS and RMS ESG-focused product enhancements.
Moody's at a Glance

WHO WE ARE
Moody's (NYSE: MCO) is a global integrated risk assessment firm that empowers organizations to identify, manage and measure risk and unlock opportunity. As financial markets become more sophisticated and interconnected, we believe that greater transparency, more informed decisions and fair access to information open the door to shared progress.

With over 13,000 employees and operations in more than 40 countries, we combine global perspective with local expertise and over a century of experience in financial markets.

WHAT WE DO
Our organization comprises two primary business segments:

- **Moody’s Investors Service (MIS)** provides investors with a comprehensive view of global debt markets through credit ratings and research. MIS’s trusted insights help equip decision-makers with information that will assist them in navigating turmoil and market volatility.

- **Moody’s Analytics (MA)** provides data, analytics and insights to equip leaders of financial, non-financial and government organizations with effective tools to understand a range of risks to make better, faster decisions. MA uses analytic models, industry insights, software tools and proprietary data assets to allow companies to inform and perform critical business activities. Customers make better decisions about risk and opportunities by using MA’s integrated, efficient approach to aggregating, broadening and deepening available data, research and analytical tools and software solutions.

Moody’s 2021 Stakeholder Sustainability Report
WHAT WE BELIEVE

Our values guide our progress in a complex and evolving environment. In all we do, we aim to act in a principled, inclusive, collaborative, forward-thinking and rigorous manner. We believe that quality information and financial knowledge is empowering and that our core values ensure better decision-making that promotes growth, sustainability and transparency.
CONTINUING OUR SUPPORT THROUGHOUT THE COVID-19 PANDEMIC

We remain committed as ever to supporting our employees, customers, partners and communities through the ongoing challenges of the COVID-19 pandemic. Some examples include:

» Providing complimentary access to our products and services valued at $22,500,000 since 2020 to help businesses, nonprofits and policymakers assess the risks and financial implications of COVID-19;

» Offering employees flexibility to navigate the pandemic while working from home or the office through our Workplace of the Future initiative;

» Expanding our Moody's Moments that Matter wellness series, with virtual sessions aimed at helping employees adapt to hybrid work; and

» Allocating additional PTO for employees and their families in all markets to get vaccinated.

In certain geographies where new variants posed extreme challenges in 2021, such as the Delta variant surge in India, we provided our employees with a cash allowance, vaccination reimbursement, emergency medical support and/or outpatient coverage extension to ensure they had the resources they needed.

To read more about our ongoing COVID-19 support, see Employee Health & Well-being, and Communities.

$22,500,000 IN COVID-19-RELATED COMPLIMENTARY PRODUCTS AND SERVICES

1 Refers to employees in Moody’s payroll.
2 Value of complimentary content, trials of MA products, new and pro bono products and services made available to the public. Cumulative number includes calendar years 2020 and 2021.

Extending Aid in Ukraine

As the Ukraine-Russia crisis evolves, we are helping provide transparency to the marketplace by sharing research, outlook reports and other materials through our dedicated microsite, and donating an initial $250,000 through the Moody’s Foundation to the International Rescue Committee (IRC), in addition to double-matching employee donations to other Ukraine relief efforts.
Our 2021 Stakeholder Sustainability Report builds on our inaugural 2020 report and highlights our progress toward incorporating sustainability into both our corporate performance and our products and solutions.

For the purposes of this report, “sustainability” encompasses our ability to manage key risks and opportunities while also positively impacting our people, society and the financial markets. As such, this report covers everything from our Decarbonization Plan to our diversity, equity and inclusion efforts, the protection of our customers’ data, as well as the continued integration of ESG considerations into our products and solutions. These strategies and select initiatives from 2021 are highlighted in three main sections, each focused on a different aspect of our global community: Better Business, Better Lives and Better Solutions.

We support global efforts toward more consistent and comparable disclosures, and our reporting is in line with globally recognized and relevant ESG reporting frameworks. The contents of this report cover calendar year 2021, unless stated otherwise, with qualitative discussions also representing early 2022 and future outlooks.

The contents of our 2021 report are informed by an independent, comprehensive non-financial materiality assessment and by various leading ESG disclosure standards, including the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative Standards (GRI) and the World Economic Forum’s International Business Council’s Stakeholder Capitalism Metrics (WEF).

PROGRESSING OUR REPORTING

Our SASB 2020 report was made available for download in SASB XBRL Taxonomy. We have participated in the XBRL tagging pilot program in an effort to help advance more standards-based and comparable disclosure. In 2022, we are looking forward to furthering corporate transparency by joining the United Nations Global Compact’s (UNGC) Early Adopters Program and being one of the first companies to disclose using the enhanced Communication on Progress (CoP) questionnaire.
Today, our world is experiencing rapid, system-wide change largely driven by critical ESG factors. Important issues ranging from a warming planet to racial inequity in the workplace require concerted action by both the public and private sectors to create sustainable change. Our objective in this transformation is to help equip organizations and investors with the tools and insights that will empower them to make better decisions for a more resilient future. This starts with promoting responsibility and inclusivity across our workforce and operations. Outside our four walls, we are focused on leveraging our deep expertise, data and legacy solutions to integrate ESG across all of our platforms in order to meet the growing demand for ESG, including climate, insights.

By making sustainability foundational to our business, we are contributing to this collective effort focused on more sustainable and inclusive financial markets.

Our Commitment to Sustainability

For a list of all of our awards and rankings, please see https://awards.moodys.io/.

* Icon is not an actual award logo.
» Set science-based targets for reducing GHG emissions, published Decarbonization Plan and joined the Say on Climate campaign
» Appointed our first Chief Diversity Officer, with the DE&I function established in 2007
» Committed $1 million to equal justice and support of the Black community, and committed to achieve Management Leadership for Tomorrow’s Black Equity at Work Certification
» Published first Stakeholder Sustainability Report and launched sustainability website
» Published inaugural DE&I Report and established tangible commitments to advance DE&I
» Implemented a new software to streamline our global pay equity analysis
» Committed to achieve net-zero across our operations and value chain by 2040
» Became a founding member of the Net Zero Financial Services Provider Alliance
» Published our inaugural TCFD Report
» Acquired RMS, a leader in climate and natural disaster risk modeling and analytics
» Joined the UN Global Compact, including becoming a founding member of its CFO Taskforce for the Sustainable Development Goals (SDGs) and signing its Business Ambition for 1.5°C pledge
» Became a signatory of the Principles for Responsible Investment
» Published General Principles for Assessing Environmental, Social and Governance Risks, detailing our approach for incorporating ESG in credit ratings
» Acquired majority stake in V.E, global provider of ESG research, and in Four Twenty Seven, leading provider of climate risk tools
» Published our EEO-1 data publicly for the first time

Moody’s 2021 Stakeholder Sustainability Report

2002
2008
2017
2019
2020
2021
**SUSTAINABILITY STRATEGY**

Our sustainability framework is guided by the United Nations Sustainable Development Goals (SDGs) and based on our non-financial material topics.

The framework connects our sustainability strategy to our business purpose and leverages our expertise, resources and values to drive positive, system-wide change through three areas:

- **BETTER BUSINESS**
  - We strive to embed responsible, sustainable decision-making in everything we do.
  - More on page 20

- **BETTER LIVES**
  - We aim to create a forward-thinking, inclusive culture for our people and communities.
  - More on page 39

- **BETTER SOLUTIONS**
  - We build products and services that companies can use to help mitigate emerging risks and accelerate market transformation.
  - More on page 74

Hear more from Andrew Berenblum, Head of Stakeholder Sustainability.
CONTRIBUTING TO UNITED NATIONS SDGS

We are committed to responsibly managing our business and operations to further advance all of the global SDGs. We have identified the following five goals where we have opportunity to make the greatest impact given the nature of our business.

<table>
<thead>
<tr>
<th>SDG</th>
<th>OUR CONTRIBUTION</th>
<th>HOW WE MAKE PROGRESS</th>
</tr>
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</table>
| 5 | Gender Equality: Achieve gender equality and empower all women and girls | - Met and, in some cases, exceeded our diversity goals to increase the number of women at officer and entry levels globally;  
- Advance our ambition to achieve global gender pay equity; and  
- Expand our paid return-to-work program, RE-IGNITE, to the U.K. for mid-to-senior level individuals who are restarting their careers after at least a two-year hiatus. |
| 9 | Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | - Develop products and services to drive innovation, such as our suite of ESG and Climate Solutions, including the expansion of Issuer Profile Scores (IPS) and Credit Impact Scores (CIS) from sovereigns to corporations; and  
- Help small- and medium-sized enterprises scale their business through our empowerment programs, such as Reshape Tomorrow and our investment in Trident, a private equity firm focused on small business investments to spark positive social and economic change in minority communities, as part of our CORE program. |
| 10 | Reduced Inequalities: Reduce inequality within and among countries | - Met our diversity goal to increase the number of Black and LatinX leaders at senior levels in the U.S.;  
- Advance our ambition to achieve pay equity for racial / ethnic underrepresented groups in the U.S.; and  
- Propel diverse talent forward through our dedicated talent accelerator programs, such as TIDE, ConectaMos mentorship initiative and the Asian Leadership Initiative (ALI). |
| 13 | Climate Action: Take urgent action to combat climate change and its impacts | - Decarbonize our operations and value chain:  
  - achieve net-zero by 2040;  
  - reduce our absolute Scope 1 and Scope 2 greenhouse gas (GHG) emissions 50% by 2030 from 2019 levels;  
  - reduce by 15% our Scope 3 emissions from fuel and energy-related activities, employee commuting and business travel by 15% by 2025 from 2019 levels; and  
  - have 60% of our suppliers by spend covering purchased goods and services and capital goods set science-based targets by 2025. |
| 17 | Partnerships for the Goals: Strengthen the means of implementation and revitalize the global partnership for sustainable development | - Align and partner with like-minded organizations and campaigns driving impact across our sustainability pillars, including the UNGC Say on Climate, WeConnect International and Accounting for Sustainability (A4S); and  
- Continue to create new partnerships with other leading climate groups like GFANZ and TNFD. |
MATERIALITY ASSESSMENT

We completed a non-financial materiality assessment that identifies the sustainability topics most relevant to our internal and external stakeholders and most influential to our business. Materiality assessment inputs:

» Industry trends, social listening research and international sustainability frameworks (e.g., SASB, GRI, TCFD, WEF and SDGs).

» Interviews and surveys collected from over 2,000 internal and external stakeholders — including our executive leadership team and the global workforce, customers, shareholders and NGO / advocacy groups.

Throughout this report, we discuss our ongoing progress and forward-looking goals for each of these material topics. In addition to the topics discussed in the materiality assessment, this report also addresses other topics material to our business, including cybersecurity and data privacy.

Materiality Topics (As of Q3 2020)

- Moody’s role in the market
- Environment
- Human capital
- Social capital
- Governance

- Education
- Support for small-and-medium-sized enterprises (SME)
- Supplier diversity
- Philanthropy and employee engagement
- ESG integration
- Process transparency and disclosure
- Transparency and reporting
- Human rights
- Board diversity
- Executive compensation
- Responsible sourcing

Influence on Business Success

- Employee health and well-being
- Enhancing capital allocation decisions
- Climate
- Diversity, equity and inclusion
- Employee training and upskilling
- Employee incentives and risk culture

Materiality Assessment Inputs:

- Industry trends, social listening research and international sustainability frameworks (e.g., SASB, GRI, TCFD, WEF and SDGs).

- Interviews and surveys collected from over 2,000 internal and external stakeholders — including our executive leadership team and the global workforce, customers, shareholders and NGO / advocacy groups.

Influence on Business Success

- Low
- Medium
- High
<table>
<thead>
<tr>
<th>BETTER BUSINESS</th>
<th>DEFINITION</th>
<th>RELATED SECTIONS IN REPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRANSPARENCY AND REPORTING</td>
<td>Publicly accessible information pertaining to our governance, stakeholders (including employees), environmental performance and supply chain</td>
<td>» All</td>
</tr>
</tbody>
</table>
| CLIMATE | How we analyze our climate risk exposure and minimize our greenhouse gas emissions | » Climate  
» Responsible sourcing |
| RESPONSIBLE SOURCING | Our ability to maintain a secure, environmentally sustainable and fair supply chain for our assets and services and ensure the humane treatment of workers employed within our supply chain | » Responsible sourcing |
| HUMAN RIGHTS | The maintenance and implementation of human rights policies for our company | » Ethics and integrity  
» Responsible sourcing |
| EMPLOYEE INCENTIVES AND RISK CULTURE | How we promote an effective risk culture throughout the organization, including appropriate incentives, risk management training and leadership enforcement | » Ethics and integrity  
» Risk management  
» Cybersecurity and data privacy |
| EXECUTIVE COMPENSATION | Our ability to provide fair and transparent compensation of executives | » Corporate governance |
| BOARD DIVERSITY | How the board maintains its diverse composition according to gender, ethnicity and skills criteria | » Corporate governance |
| SUPPLIER DIVERSITY | How we promote a diverse range of suppliers, to include more small and medium enterprises (SMEs) and companies led by individuals from underrepresented ethnicity or gender | » Responsible sourcing |
### BETTER LIVES

<table>
<thead>
<tr>
<th>Definition</th>
<th>Related Sections in Report</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIVERSITY, EQUITY AND INCLUSION</strong></td>
<td>Our ability to ensure employees from diverse backgrounds, genders and ethnicities are offered equal opportunities at all levels</td>
</tr>
<tr>
<td><strong>EMPLOYEE HEALTH AND WELL-BEING</strong></td>
<td>The efficacy of policies and practices to maintain a healthy and safe work environment, as well as our success in ensuring the physical and mental well-being of our employees</td>
</tr>
<tr>
<td><strong>EMPLOYEE TRAINING AND UPSKILLING</strong></td>
<td>How we provide employees with access to training and education in skills that improve employability in the future</td>
</tr>
<tr>
<td><strong>EMPLOYEE INCENTIVES AND RISK CULTURE</strong></td>
<td>How we promote an effective risk culture throughout the organization, including appropriate incentives, risk management training and leadership enforcement</td>
</tr>
<tr>
<td><strong>EDUCATION</strong></td>
<td>How we support the advancement of education in technology, finance and sustainability in the communities where we operate</td>
</tr>
<tr>
<td><strong>PHILANTHROPY AND EMPLOYEE ENGAGEMENT</strong></td>
<td>How we contribute to social and environmental causes through grants, gifts in-kind and related charitable activities, and how those contributions, in turn, make employees feel about working at the company</td>
</tr>
<tr>
<td><strong>SUPPORT FOR SMEs</strong></td>
<td>How the company maximizes engagement, training and education opportunities for SMEs</td>
</tr>
</tbody>
</table>
**BETTER SOLUTIONS**

<table>
<thead>
<tr>
<th>DEFINITION</th>
<th>RELATED SECTIONS IN REPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESG INTEGRATION</strong></td>
<td>» ESG integration</td>
</tr>
<tr>
<td>Enhancing systematic integration of ESG considerations in our products and solutions</td>
<td></td>
</tr>
<tr>
<td><strong>PROCESS TRANSPARENCY AND DISCLOSURE</strong></td>
<td>» ESG solutions</td>
</tr>
<tr>
<td>Contributing to better alignment of key stakeholders through consistent transparency and enhanced disclosures of ESG considerations, how these are integrated, and the extent to which they are deemed financially material in credit assessments</td>
<td>» ESG integration</td>
</tr>
<tr>
<td><strong>ENHANCING CAPITAL ALLOCATION DECISIONS</strong></td>
<td>» ESG solutions</td>
</tr>
<tr>
<td>Our ability to enable financial, non-financial and government organizations to make more informed decisions in relation to capital allocation reflecting ESG risks and opportunities through the provision of high-quality data, analytics and insights</td>
<td>» ESG integration</td>
</tr>
</tbody>
</table>
STAKEHOLDER ENGAGEMENT

Our ability to execute on our sustainability strategy in a meaningful way requires input from all our stakeholders. We actively and regularly engage with a diverse set of internal and external stakeholders, including customers, employees, investors, suppliers, communities, government regulators and policy influencers. Input from these engagements helps us shape, advance and implement our sustainability strategy and is reflected in how we are striving to build a more resilient future.

We engage with these groups to keep them informed of our efforts through a variety of channels, including in-person or virtual meetings, internal employee engagement such as well-being surveys and team conversations, annual perception studies, customer satisfaction surveys, social media accounts and community events.

OUR EXTERNAL INITIATIVES

External initiatives are one of the critical avenues through which we engage our stakeholders. We incorporate best practices and guidance from the following organizations:

- Accounting for Sustainability (A4S)
- Ceres Company and Investor Network
- Chief Executives for Corporate Purpose
- Global Reporting Initiative
- Principles for Responsible Investment
- UN Global Compact
- Value Reporting Foundation (International Integrated Reporting Council and SASB)
- CDP

"We are proud to have Moody’s Chief Financial Officer, Mark Kaye, on our CFO Leadership Network, and to see the progress the team is making on its climate, diversity and reporting efforts each year. Moody’s plays an essential leadership role in advancing environmental, social and governance standards, providing thought leadership on these topics and factoring the associated risks and opportunities into its business, processes and actions. We are delighted to continue to work together and enable more resilient business models and sustainable economies for market participants."

- Jessica Fries, Executive Chairman, A4S
Below are select examples of how we addressed stakeholder feedback in 2021.

**Customers**
- Continued to invest in our ESG capabilities and best practices by enhancing and launching a wide range of ESG and climate solutions;
- Produced a first-of-its-kind report incorporating insights from across the enterprise, *Ready or Not?: Sector Performance in a Zero-Carbon World*;
- Acquired RMS, a leader in climate and natural disaster risk modeling and analytics; and
- Expanded our Creating Opportunities for Racial Equity (CORE) program, which has deposited a cumulative $10 million in Black-owned banks as of 2021.

**Employees¹**
- Expanded the Moody’s Moments that Matter virtual work wellness series;
- Launched a new global performance management system in response to feedback from our employee survey and pulse assessments; and
- Established our employee learning and development program, Moody’s University (Moody’s U), to provide more accessible training for employees seeking career advancement and development opportunities.

**Investors**
- Published our EEO-1 data publicly for the first time;
- Submitted our Decarbonization Plan to a stockholder advisory vote at the 2021 Annual Meeting of Stockholders;
- Held calls with investors on ESG and sustainability, including our environmental commitments and disclosure of DE&I data; and
- Significantly enhanced our sustainability and ESG content in our investor relations materials, including our website, disclosures and presentations.

**Suppliers**
- Engaged nearly 500 of our top suppliers and requested they participate in the annual CDP disclosure;
- Increased percentage of suppliers by spend who have science-based targets to 28%; and
- Continued to encourage diverse supplier spend through our Supplier Diversity Program.

**Communities**
- Worked with eight Reshape Tomorrow™ partners in communities around the world;
- Supported the education of and investment in people of color, women and members of under-resourced groups; and
- Awarded over $3 million in Moody’s Foundation grants.

**Policy influencers**
- Participated in road-testing the Science Based Targets initiative (SBTi) Net-Zero Standard and contributed to the SBTi Net-Zero Foundations for Financial Institutions Draft for public consultation;
- Launched, as a founding member, the Net Zero Financial Services Provider Alliance as part of the GFANZ;
- Joined the TNFD to help develop a reporting framework; and
- Contributed to COP26 discussions on the challenges faced by companies and investors on adoption and acceleration of net-zero targets.

**Government and regulators**
- Proposed public funding programs for increased access to capital and greater financial independence for women in a joint Women Empowerment Manifesto signed by the G20 Business Advisory Council; and
- Engaged with regulators on issues of public policy affecting Moody’s globally, including capital markets, data and technology, economic recovery and ESG and climate risk policy.

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¹ Refers to employees on Moody’s payroll.

To dive into our latest insights and analysis on the key trends shaping ESG, climate risk and sustainable finance globally, visit our Insights & Analysis hub.
BETTER BUSINESS

Corporate Governance
Ethics and Integrity
Risk Management
Climate
Responsible Sourcing
Cybersecurity and Data Privacy
We are working toward building a better business by embedding responsible, sustainable decision-making into everything we do.

Our corporate governance, high standards for ethics and integrity and rigorous risk management enable us to identify and prioritize actions that advance positive change and address issues like climate change, responsible sourcing and cybersecurity — the three main components of our Better Business framework.

LEADING ON CLIMATE ACTION
We are transforming how we work in response to the climate crisis. Our Decarbonization Plan sets out our commitments on the path to net-zero emissions by 2040.

MANAGING OUR SUPPLY CHAIN RESPONSIBLY
We are working to build a supply chain that upholds the same standards we do by championing climate action, diversity and ethical codes of conduct.

STRENGTHENING CYBERSECURITY AND DATA PRIVACY
We are committed to developing our robust technology infrastructure and security-first philosophy to protect against cyber threats and safeguard the privacy and data of our stakeholders.
Corporate Governance

Strong leadership and governance start at the top of the organization. Our Board of Directors sets high standards for our employees, officers and directors. The Board oversees the management and overall strategy of Moody’s — including the advancement of our sustainability strategy. The Board’s oversight extends throughout the year, as management continually adjusts its approach in response to emerging sustainability-related risks and opportunities.

The Executive Leadership team, which is composed of the CEO and his direct reports, serves as the decision-making body for key strategic sustainability efforts, with oversight from three committees of the Board of Directors. These committees include:

- **Audit Committee**: Oversees financial, risk, accounting and other disclosures made in our annual and quarterly reports related to sustainability and supports the Board in its duties related to the oversight of risk assessment and risk management processes.

- **Governance & Nominating Committee**: Oversees sustainability matters related to the business and to long-term value creation and makes recommendations to the Board regarding these issues.

- **Compensation & Human Resources Committee**: Reviews introduction of sustainability-related performance goals for determining compensation of certain senior executives.

Senior Management, composed of the Executive Leadership team’s direct reports, is responsible for identifying and implementing sustainability and ESG-related risks and opportunities into their respective strategies.

**OUR ACTIONS**

We continue to improve our corporate governance to further integrate sustainability into our business strategy. This includes:

- Expanded voluntary sustainability disclosure in the Form 10-K and 10-Q.
- More fully integrated sustainability-related performance metrics into the Strategic & Operational compensation metric of all senior executives.
BOARD EXPERTISE AND EDUCATION

Our Board of Directors is comprised of individuals with wide-ranging experience in ESG, cybersecurity and risk management topics. The chairman of the Audit Committee, Leslie F. Seidman, who also serves as a member of our Governance & Nominating and Compensation & HR Committees, was recently certified in ESG oversight (GCB.D, 2021) and is also certified in cybersecurity oversight (2018). Lloyd W. Howell Jr., a member of our Governance & Nominating and Compensation & HR Committees, brings a strong background in information systems and cyber-related matters.

The Board continues to enhance its collective knowledge of sustainability topics through ongoing education. The Board and its committees receive regular presentations from management on various environmental and social issues such as climate; diversity, equity and inclusion; pay equity; and the integration of ESG factors into our products and solutions. The Board received training from a third party in 2021 regarding oversight considerations with respect to ESG trends and developments. Additionally, management performed a cybersecurity tabletop exercise with the Board to inform the members of their role with respect to response capabilities.

BOARD DEMOGRAPHICS

All directors, with the exceptions of Robert Fauber and Raymond W. McDaniel Jr., are independent under the independence criteria defined in the New York Stock Exchange listing standards.

For more information about the composition of our Board of Directors, see our 2022 Proxy Statement, page 3.

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1 Data as of 2022 Annual Shareholder meeting in April 2022.
2 Underrepresented groups include those who identified as Asian, LatinX, Black, Native American / Alaskan Native, Hawaiian / Other Pacific Island or two or more races.
EMBEDDING SUSTAINABILITY METRICS INTO EXECUTIVE COMPENSATION

We hold our executive leadership accountable for the achievement of our sustainability goals. In 2020, our management team introduced sustainability-related performance metrics for determining compensation of certain senior executives, including the CFO. In 2021, these efforts were expanded with sustainability-related performance metrics, including pre-existing diversity, equity and inclusion targets, being more fully integrated into the Strategic & Operational metrics used to determine annual cash incentive payments for all senior executives.

Further, the CFO had his pay tied to the advancement of the company’s sustainability programs, including progress on our Decarbonization Plan and best-in-class sustainability-related disclosures and reporting. For more information on our climate targets, see our Decarbonization Plan.

Remuneration policies for our highest governance body and senior executives can be found in our 2022 Proxy Statement, pages 22–26, 38–59.

For more information on our policies regarding corporate governance, see Additional Resources.
Ethics and Integrity

Our commitment to operating in an ethical and lawful manner, including to help protect human rights, serves as the foundation for our relationships with employees, customers and suppliers, as well as the people in the countries and communities in which we operate.

**OUR CODE OF CONDUCT**

We require all employees and directors to abide by our Code of Business Conduct, which outlines the principles and policies they are expected to uphold to achieve the highest standard of integrity and ethics in all business practices. The Code of Business Conduct is revised and republished at least every two years and is available in 11 languages. In addition, MIS has a Code of Professional Conduct that governs its credit ratings activities.

All employees must complete compliance and ethics training as an integral part of their professional development. Upon hiring and periodically thereafter, our employees receive mandatory training on the Code of Business Conduct and other company policies, which set forth our expectation that employees comply with all applicable laws and address various topics including health and safety and human rights content.

In addition to complying with all relevant codes, laws and regulations, employees are expected to display the highest standards of professionalism and appropriate judgment in their decision-making. Our performance evaluations include criteria such as “Exhibits highest standards of professionalism, ethics and credibility,” “Behaves responsibly and takes accountability for actions” and “Is transparent in words, actions and intentions.”

**HUMAN RIGHTS**

Our commitment to operating in an ethical and lawful manner includes protecting the basic dignity and human rights of our employees and the people in our supply chain. Our Human Rights Statement provides an overview of how we endeavor to meet the responsibility with respect to human rights, in addition to the principles and requirements within our Code of Business Conduct. We also issue a Modern Slavery and Human Trafficking Statement annually that sets out our approach to preventing human rights violations in our workforce and supply chain.

**ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING**

Our employees receive training upon hiring and periodically thereafter on our Anti-Bribery and Anti-Corruption Policy, which sets forth the expectation that employees comply with all applicable anti-bribery and anti-corruption laws. Additionally, we offer guidance through our internal Anti-Bribery Resource Center. For more information, see Moody’s Anti-Bribery and Anti-Corruption Policy.

We comply with all applicable anti-money laundering (AML) laws and related Know Your Customer (KYC) and Enhanced Due Diligence (EDD) requirements wherever we operate. Although our business activities generally do not expose us to the risk of being a conduit for money laundering activity, in certain jurisdictions, our role in the financial transactions of others may subject our activity to locally applicable AML laws or regulations and require the establishment of an AML program. In such jurisdictions, we have implemented appropriate AML policies and programs, including annual policy certification for all applicable employees.

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1 Refers to Moody’s Corporation and its wholly-owned subsidiaries.
REPORTING MECHANISMS

The Integrity Hotline, which allows employees, suppliers and members of the public 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 our Legal and Compliance departments for follow-up, and all reports of suspected violations are promptly investigated and remediated. We take appropriate disciplinary action, up to and including termination of employment, against those who violate the law, regulations, our Code of Business Conduct or other company policies. We prohibit, and do not tolerate, any form of retaliation against those who raise issues or report concerns in good faith.

In addition, our employees have a number of other channels to report concerns, including via our Open Door Policy, or directly to Human Resources, Compliance or the Legal department.

PUBLIC POLICY

We believe that greater transparency, more informed decisions and equity around information access open the door to shared progress. Consequently, public policy is an integral part of our engagement strategy and core to our business. We regularly engage with policymakers and regulators globally on issues that are important to us and our stakeholders. We provide insights to governments on a host of market issues, principally those relating to capital markets, macroeconomics, ESG and sustainable finance, trade and economic recovery. Our lobbying positions support our purpose, policies and positions.

In 2021, we published our Political Engagement & Public Policy Statement, outlining our governance and approach to advocacy, lobbying, political contributions and employees’ political activities. Moody’s does not maintain a political action committee (PAC) or make any political contributions, including in-kind contributions. We do not currently engage in grassroots lobbying.

In the United States, federal lobbying expenses are reported in compliance with the U.S. Lobbying Disclosure Act. In the fourth quarter of 2021, we registered as a lobbying entity for the first time and reported $520,000 in lobbying expenses for that quarter. For the first three quarters of 2021, external lobbyists reported $180,000 in lobbying expenses on behalf of Moody’s. We also reported $284,000 in lobbying expenses at the state level in the U.S.

In line with European law, Moody’s Shared Services U.K. Ltd is registered on the EU’s transparency register and, for 2021, has reported €500,000–€599,000 in activities related to engaging with E.U. institutions.

We are also a member of various interest groups and engage with think tanks globally. These organizations provide venues for policy discussions and opportunities for advocacy on common areas of interest, including COVID-19 and economic recovery, capital markets, sustainability and credit rating agencies. Total fees paid to principal U.S. trade organizations in the fiscal year 2021 were approximately $855,000.

For more information on our policies regarding ethics and integrity, see Additional Resources.
Risk Management

We strive to create confidence in thousands of organizations worldwide through our ability to help others better understand, measure and manage risk. We strive to approach our own risk management with the same level of rigor and continue to mature our risk management practices and capabilities to better serve our stakeholders.

ENTERPRISE RISK MANAGEMENT

Our Board of Directors oversees management’s implementation of policies and processes to manage our company’s exposure to risk. The Audit Committee supports the Board to oversee the company’s risk assessment and risk management processes.

Our Enterprise Risk Management (ERM) function is designed to establish a standard, organization-wide understanding of risk management and define roles and responsibilities based on the 2017 Committee of Sponsoring Organizations (COSO) framework. Our Chief Risk Officer (CRO) is responsible for the full ERM program, which consists of business-focused risk functions that coordinate with a central independent group. We continue to integrate ESG considerations into our ERM processes.

For more information about our risk factors, see our 2021 Annual Report, pages 27–37.

BUSINESS CONTINUITY MANAGEMENT

We recognize our responsibility to our customers to continue critical operations during disruptive events. Our Business Continuity plans are reviewed by Internal Audit in conjunction with their annual audit plan. The plans include local crisis management teams and risk assessments for every office location. We continually update these plans and assessments in response to changes in external risks and internal business processes, and we have integrated lessons learned from the ongoing COVID-19 pandemic. Additionally, we conduct annual third-party risk assessments of key vendors and run a risk-based testing program that includes tabletop scenario exercises related to cybersecurity.

RISK EDUCATION AND AWARENESS

We have taken steps to improve our risk education and culture, with the goal of cultivating a robust understanding and awareness of risk among employees. As a company in the business of assessing risk, this concept is deeply important to and understood by our employees. On the ground level, we work to foster 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. For more information on compliance training and reporting mechanisms, see Ethics and Integrity.

For more information on our policies regarding risk management, see Additional Resources.

1 Refers to Moody’s Corporation and its wholly-owned subsidiaries.
Climate change is one of the defining issues of our time. While our business is not a major emitter of greenhouse gas (GHG) emissions and has a limited direct environmental impact, we have an important role to play in modeling proactive corporate responsibility, setting industry standards and demonstrating best practices. We are taking significant steps to advance climate action by publishing our TCFD report on an annual basis, issuing our Decarbonization Plan with science-based targets and a comprehensive road map, as well as accelerating our commitment to achieve net-zero emissions across our operations and value chain by 2040.

CLIMATE RISKS AND OPPORTUNITIES

We assess climate-related risks and opportunities through a multidisciplinary risk management process and have implemented the 11 TCFD recommendations. Our 2021 TCFD report introduces:

- The assessment of physical risk based on employee addresses to capture the real risk of business continuity from a climate event due to remote work;
- An advanced physical risk analysis powered by RMS, a Moody’s 2021 acquisition;
- An evolved financial risk profile in the face of climate considerations;
- The incorporation of costs from renewable electricity in the transition risk scenario analysis; and
- The assessment of resiliency and climate maturity for critical suppliers.

LINKING FINANCIALS TO OUR CLIMATE STRATEGY

In 2021, we established our first sustainability-linked credit facility to advance our climate targets, specifically 60% of our vendors by spend to have science-based targets by 2025. The $1.25 billion senior unsecured revolving credit facility includes a sustainability-linked pricing adjustment to support the global transition to the net-zero economy.
CDP: In 2021 we received an ‘A’ score from CDP on climate action for the second consecutive year and were featured in CDP’s 2021 Stories of Change. The top score recognizes us as one of a small number of high-performing companies out of nearly 12,000 that are leading actions to cut emissions, mitigate climate risks and develop the low-carbon economy.

Glasgow Financial Alliance for Net Zero (GFANZ): As part of GFANZ, we are a founding member of the Net Zero Financial Services Provider Alliance — a global group of 23 financial service providers committed to supporting the goal of global net-zero greenhouse emissions by 2050 or sooner. We are committed to aligning our relevant products and services to this goal, in addition to reducing our own operational emissions.

Science Based Targets initiative (SBTi): In 2021, we participated in the road test for SBTi’s Net-Zero Standard, the objective of which is to provide a standardized and robust approach for corporates to set net-zero target that are aligned with climate science. Our near-term targets and long-term net-zero target have been validated by the SBTi.

Task Force on Climate-related Financial Disclosures (TCFD): We were one of the first financial firms to endorse and report based on recommendations from the TCFD, and our Chief Credit Officer has supported the development of these decision-useful recommendations for investors as a TCFD Task Force Member since 2016.

Taskforce on Nature-related Financial Disclosures (TNFD): We joined the TNFD, a new industry-led initiative working to significantly shift global financial flows from nature-negative to nature-positive outcomes. As a TNFD member, we will join leading organizations across key sectors and geographies to develop a reporting framework and act on evolving nature-related risks.

United Nations Global Compact (UNGC): We are a member of the UNGC’s CFO Taskforce for the Sustainable Development Goals, which aims to advance the SDGs through corporate strategy and investments. In 2021, we joined the UNGC’s Action Platform on Climate Ambition and will become sponsors of UNGC Climate in 2022. As an active UNGC participant and a signatory to UNGC’s Business Ambition for 1.5°C, we affirm our support annually for Principle 7: “Businesses should support a precautionary approach to environmental challenges.”
CLIMATE METRICS AND TARGETS

In 2021, we accelerated our ambition to reach net-zero emissions by 2040, a decade earlier than our previous commitment to the UNGC Business Ambition for 1.5 °C. We took significant steps towards this goal — of note, we set a long-term net-zero target, progressed on our near-term net-zero targets to reduce GHG emissions, continued to procure 100% renewable electricity and to offset the remainder of our emissions from our operations, business travel and employee commuting.

ACHIEVING OUR SCIENCE-BASED TARGETS

Our science-based targets are focused on three critical aspects of reducing our GHG emissions:

1. Progress against our targets
2. 2040 Net-zero target
3. Achieving target

1. From a 2019 base year.
2. Our progress on science-based targets was retroactively recalculated due to improved access to vendor spend data and M&A activity. Consequently, our targets were re-submitted to the Science-Based Targets initiative (SBTi) and coverage was re-validated.
3. Renewable electricity by percentage is reported based on originally verified electricity consumption values because it is not possible to buy renewable electricity retroactively due to M&A activity. Therefore, the 2020 restated verification opinion shows a decrease in percentage renewable electricity.

Near-term net-zero targets

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

60% of our suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025

2040 Net-zero target

In addition to this progress, we are announcing our long-term net-zero SBTi-validated target of 90% emissions reductions in Scope 1, 2 and 3 emissions by 2040.

100% renewable electricity

Achieving target

Carbon emissions offset

Achieving target

Progress against our targets

Exceeding target

Exceeding target

In progress
OFFSETTING OUR CARBON EMISSIONS

In addition to the reported emissions reductions, we are committed to offsetting our emissions from operations, business travel and employee commuting on an annual basis. In 2021, we continued to offset our carbon footprint since 2000, when we became a public company.

Our carbon offset projects are selected based on the geographies where we operate and alignment with SDGs and co-benefits; projects are also listed on reputable registries that guarantee third-party verifications. In 2021, we continued our climate project engagements with VERRA and Gold Standard to support our emissions offsets. These global engagements included wind, forestation, clean cookstove and borehole-related initiatives.

CONSIDERATIONS FOR NEW OFFICE LOCATIONS

Environmental considerations help to guide our selection of office locations. This includes leasing space in energy-efficient buildings that are Leadership in Energy and Environmental Design (LEED) certified (or a local equivalent outside the U.S.). Currently, approximately 58% of our employees are working in such buildings — a decrease compared with the previous year due to significant merger and acquisition (M&A) activity. We also evaluate whether a location has convenient access to public transportation, includes bicycle storage and shower facilities to promote exercise and greener commuting, and uses energy-efficient, recycled and sustainable materials, fixtures and control systems. In addition, we consider the cost of carbon when selecting new office spaces.

ADVANCING OUR DECARBONIZATION PLAN IN 2021

» Procured 100% renewable electricity.
» Implemented various projects to promote energy efficiency, including:
  - Increased temperature set-point in technology rooms;
  - Promoted participation in the Daylight Hour campaign, organized by the Building Energy Exchange to raise awareness about using natural light instead of electric light; and
  - Installed light saving mechanisms in some offices, such as sensor motion lights and energy saving LED lights.
» Continued to implement an Internal Carbon Fee of USD $50 per metric ton (mtCO2e) on business travel emissions.
» Continued to apply a shadow price on carbon to evaluate new office leases.
» Launched an updated company-wide environmental sustainability policy.
» Implemented quarterly meetings among our global office representatives to share best practices on reducing emissions from our operations.
» Prioritized sustainable construction and furnishing materials1 in new real estate projects.
» Continued to engage with our stakeholders on climate-related issues. For more information, see Stakeholder engagement.

In 2021, we became the first S&P 500 company to ask its stockholders to vote on its Decarbonization Plan, which seeks to implement sustainable business plans and advocate corporate climate action while giving stockholders a meaningful voice. The Plan received 93% of votes in support.

Certified climate projects supporting our 2021 emissions offsets

- Wind project (Costa Rica)
- Wind project (India)
- Forestation (Canada)
- Clean cookstoves project (Kenya)
- Boreholes (Malawi)
- Clean cookstoves project (India)

1 Materials manufactured with recycled content or third-party certified for complying with recognized sustainability standards.
Data governance and climate-related reporting

We are committed to the highest standards of data integrity and continually seek to elevate its rigor. In 2021, we implemented the following improvements to our data governance:

» Developed and enhanced our data governance methodologies for environmental metrics;
» Operationalized the use of an environmental management system that has become our single source of truth for all climate data; and
» Improved the way we collect, store and transmit our sustainability data by leveraging a digital platform that centralizes and streamlines our reporting efforts and mitigates data integrity risk.

We verify data quality and performance on an ongoing basis, and we annually engage third-party verifiers to review our GHG inventory. For more information, see Moody’s Environmental Assurance Statement in our 2021 TCFD Report.
ENVIRONMENT AND NATURAL RESOURCES

We are committed to reducing our environmental impact by embedding responsible, sustainable processes across our global operations and value chain.

Updating Our Environmental Sustainability Policy

In 2021, we updated our Environmental Sustainability Policy to reflect our latest efforts to enhance our environmental performance and reach net-zero by 2040. The updated policy describes our goals and initiatives to reduce emissions and other environmental impacts, including the introduction of waste targets, and was reviewed and approved by our Board of Directors. In addition to our corporate commitments, the policy outlines ways in which we endeavor to empower our employees to be catalysts of environmental and social change, support environmental projects through the Moody’s Foundation and provide market participants with products and solutions that help mitigate ESG-related, including climate, risks.

Reducing the environmental impact of our offices

We are making our offices more environmentally friendly by purchasing sustainable materials, improving waste management, leveraging renewable electricity, limiting business travel and promoting sustainable commuting options.

As we return to our offices, we are implementing a number of changes to encourage our employees to reduce, reuse and recycle waste. By 2025, we aim to:

1. Reduce office paper by 50% from 2019 levels through initiatives such as reduction of individual printers and digitization of daily business activities;
2. Implement centralized waste collection in offices with more than 50 full-time employees; and
3. Phase out single-use plastics from our global operations, where possible.

For more information on our policies regarding climate mitigation and natural resource management, see Additional Resources.

Energy intensity ratio

kWh/sq ft

Waste from office operations

metric tons

Reduction of office paper from 2019 levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Office Paper (Metric Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>241</td>
</tr>
<tr>
<td>2021</td>
<td>149</td>
</tr>
</tbody>
</table>

1 Represents our offices in the U.S. We are working to collect actual data globally.

Reduction of office paper targets:

- 79% (2020)
- 99% (2021)
Responsible Sourcing

We are working to build a sustainable supply chain that upholds our rigorous standards and champions climate action, diversity and ethical codes of conduct. In addition to engaging our suppliers on climate and increasing our supplier diversity, we have enhanced our due diligence assessments to quantify and monitor potential ESG risks in our supply chain.

ENGAGING SUPPLIERS ON CLIMATE

Engaging suppliers to reduce their own emissions is a key element in our strategy to achieve net-zero emissions. In our Decarbonization Plan, we set a target for 60% of our suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025. As of year-end 2021, we increased our spend to 28%. We continue to seek opportunities to engage with and encourage existing suppliers to set science-based targets.

Our updated Supplier Code of Conduct encourages suppliers to disclose their carbon footprint and set science-based targets, and we are working to update key supplier contracts with the requirement to disclose such targets.

In addition, we engage suppliers through multiple channels to emphasize the importance of carbon disclosures and transparency. In 2021, we hosted webinars for nearly 500 of our top suppliers, requesting that they participate in the annual CDP Climate Change disclosure and set their own science-based targets. With our executive leadership team, as well as through a partnership with CDP, we followed up directly with a number of our priority suppliers and reinforced our commitment to climate action and our expectations of key suppliers.

All of our sourcing managers receive training on responsible sourcing. This training is designed to educate our buyers on social and environmental issues within the supply chain, with a focus on factoring responsible sourcing — including science-based targets and supplier diversity — into award decisions.

In recognition of these efforts, we were named a 2021 Supplier Engagement Leader by CDP for the second consecutive year, placing us among the top 8% of companies assessed for supplier engagement on climate.
INCREASING SUPPLIER DIVERSITY\(^1\)

We are committed to providing our suppliers with equal access to business opportunities. Our supplier diversity efforts focus on encouraging diverse suppliers to bid on projects and submit proposals, selecting qualified diverse suppliers when awarding contracts, and enhancing our relationships by offering networking and mentorship opportunities.

Our Supplier Diversity Program aims to increase our partnerships with small business enterprises and businesses owned by people of underrepresented racial and ethnic groups, women, people with disabilities, veterans and members of the LGBTQ+ community. We also work with our suppliers to encourage diverse spend within their own supply chains. We recently formally launched our Tier II Supplier Diversity Program, which aims to identify, track and manage the diverse spend of our top 50 suppliers.

In 2021, we added over 30 certified diverse suppliers to our network and increased our diverse supplier spend by 15% from 2020. For women-owned business, we increased our spend by 52% from 2020. However, 3% of addressable spend went to women-owned businesses, short of our 5% goal. In 2022, we are redoubling our efforts to increase supplier diversity.

Diverse supplier spend

As a percentage of total addressable spend with suppliers that we do business with directly (Tier 1).

<table>
<thead>
<tr>
<th>Diverse supplier spend</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women-owned</td>
<td>0.3%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Small businesses</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

\(^1\) Refers to Moody's Corporation and its wholly-owned subsidiaries.
CREATING AN ETHICAL SUPPLY CHAIN

We expect our vendors, suppliers, contractors and consultants to share our commitment to the highest ethical standards and operate in compliance with applicable laws, rules and regulations, including all anti-bribery and anti-corruption laws.

All suppliers are asked to adhere to the standards set forth in our Supplier Code of Conduct, which was expanded in 2020 to reflect new social and environmental considerations and describes our expectations of suppliers in the areas of business integrity, labor practices, employee health and safety, diversity and inclusion and environmental stewardship.

Our suppliers and other external stakeholders are encouraged to raise concerns or suspicions of violation of the Supplier Code of Conduct by contacting Moody’s directly or via Moody’s Integrity Hotline. For more on our reporting mechanisms, see Ethics and Integrity.

In addition to these policies, our Modern Slavery and Human Trafficking Statement is updated annually and describes our approach to preventing human rights violations in our workforce and supply chain. Our supplier agreements include language that requires suppliers to ensure there are no human rights violations in their supply chains.

As part of our due diligence process, we evaluate and segment all new suppliers based on criticality and risk, and we screen all key suppliers with Compliance Catalyst, a Moody’s Analytics tool powered by the Orbis and Grid databases on private companies. We assess a broad spectrum of risks, including U.S. sanctions, modern slavery, human rights violations and environmental crimes. In addition, we have put in place a clear escalation pathway to ensure we can address any major risks in an immediate and appropriate manner.

Where possible, we quantify ESG risks — such as supplier diversity, science-based targets, cybersecurity and compliance with global ethical standards — and aggregate this data into an overall scorecard to track our priority vendors. To date, we have assessed 100% of our key suppliers and have not identified any high-risk suppliers.

For more information on our policies regarding responsible sourcing, see Additional Resources.

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1 Refers to Moody’s Corporation and its wholly-owned subsidiaries.
2 Key suppliers are those deemed highest criticality by Moody’s in terms of regulatory impact as well as high-priority software suppliers.
Cybersecurity and Data Privacy

We are committed to developing and maintaining a best-in-class information security program that addresses cybersecurity and data privacy, including for our customers' data. We continuously work to enhance our policies, processes and technology to strengthen our cyber resilience and protect the data and security of our stakeholders.

CYBERSECURITY GOVERNANCE AND RISK CULTURE

Chaired by the Chief Information Security Officer (CISO), our Cyber Enterprise Risk Management Committee is responsible for identifying cyber risks and threats, recommending mitigating actions to strengthen cyber resilience and meeting risk tolerance thresholds established by executive leadership. The full Board of Directors and the Audit Committee receive regular updates from the CISO and Chief Information Officer (CIO), with escalations to the Board handled through the executive leadership team.

EMPLOYEE TRAINING AND AWARENESS

Cyber resilience starts with our people and our culture. In 2015, we enhanced our information security training and awareness program by launching InfoSafe for all employees, vendors and wholly-owned affiliates that are fully integrated with Moody’s systems. The program aims to prevent, detect and respond to cyber threats and incidents, and consists of a number of initiatives, including:

» Recertification of our IT Use Policy;
» Continuing education on phishing awareness;
» Regular communications about cybersecurity best practices; and
» Annual events, like Cybersecurity Awareness Month.

Our employees are required to complete annual cybersecurity training, and compliance is monitored. We use general and targeted phishing simulations to help our employees better recognize and respond to potential threats. The training program is further enhanced by inviting cybersecurity experts to scheduled educational events. We also offer specialized training modules on emerging cyber threats for our software development teams. Our IT Use Policy outlines a clear escalation process that requires employees to immediately report any suspected cybersecurity incident to the IT Help Desk.

CYBERSECURITY MONITORING AND ASSESSMENTS

Our cyber environment is continuously monitored by automated tools and an expert team that reviews alerts and incidents. Our Information Security Incident Response Plan provides governance and guidance in responding to information security incidents and is reviewed at least annually to ensure optimal calibration against existing and emerging threats. In 2021, we completed the implementation of the Security Operations Center, which was previously identified as an opportunity for improvement.

We have a mature cybersecurity program internal review strategy. In addition to the annual assessment of the program and its components, robust vulnerability assessment processes are in place, as well as penetration testing, red teaming, tabletop exercises and phishing drills conducted by internal and external teams. Results are continuously measured and assessed for possible improvements.

We contract reputable third parties to conduct annual external assessments of the cybersecurity program and its components. In 2021, these independent assessments included CoalFire and Trace3. Similarly, governmental agencies and their contracted agents conduct regular reviews in jurisdictions where we operate. Furthermore, insurance agents, clients and other market participants continually assess our security posture for their own needs.

There were no material incidents related to data and cybersecurity breaches across our global operations in 2021.

Please see our Privacy Policy to learn more about our approach to customer privacy.
DATA PRIVACY AND PROTECTION

We are improving our organizational and technical policies to ensure that we comply with changing data privacy laws and protect personal information. For example, we implemented Single Sign-On across multiple platforms to give us more control and visibility into potential threats.

We updated our Privacy Policy to highlight existing protections, including how we would handle requests for personal data from domestic or foreign government or public authorities. The policy explains how we collect personal information, how we use, disclose and protect such information, and the choices our customers have concerning use of such data. We have a dedicated data subject rights process, and all data is safeguarded based on requirements and controls determined by our Information Risk & Security team. We require key vendors to complete security assessments and execute appropriate terms to their vendor agreements if they process personal data controlled by Moody’s. Security controls, including access and right-of-use controls, are periodically evaluated by Internal Audit and external auditors on a product-specific basis.

All employees must protect confidential information they receive in the course of performing their job responsibilities. Protecting confidential information helps us to fulfill our legal obligations and helps to encourage customers’ good faith disclosures. Data privacy training is mandatory for all of our employees at onboarding and periodically thereafter, and we also offer additional role-based training and guidance for teams that regularly handle personal data. Employees who inappropriately disclose or otherwise misuse confidential information may be subject to disciplinary action up to and including termination. For more information, see our Code of Business Conduct.

For more information on our policies regarding cybersecurity and data privacy, see Additional Resources.
BETTER LIVES

Diversity, Equity and Inclusion
Employee Training and Upskilling
Employee Health and Well-being
Communities
Better Lives

We aim to create a forward-thinking, inclusive culture for our people and communities.

We strive to foster a diverse, equitable and inclusive workplace where every individual can thrive, and we empower the communities we serve with financial knowledge, educational opportunities and the skills of tomorrow.

In 2021, we continued to take concrete steps to further strengthen our approach to diversity, equity and inclusion (DE&I) at every stage of our employee lifecycle, while also extending this philosophy to our community engagement initiatives.

For more than a decade, it’s been clear to me that Moody’s is a special place. Even as the world navigates through an era of uncertainty, at Moody’s we know who we are and what we stand for, and we have a clear path for the journey ahead. I am honored to work here, particularly after witnessing Moody’s growth as a company and the company’s continued commitment to our core values.

Our people are crucial to our business, and we are committed to offering our employees opportunities to learn, grow and bring their whole selves to work. In 2021, we affirmed our commitment to thrive by moving to a single performance management approach — Grow, Perform, Succeed (GPS) — that enables our employees and leaders to own their professional development and navigate their careers at Moody’s. We also launched Moody’s University, a new unified framework for delivering learning and development across the organization. I’m excited to watch these initiatives expand and evolve over the coming months and years.

This past year we took concrete steps to enhance our diversity, equity and inclusion practices, both within our organization and in our broader communities. We continue to tie DE&I priorities to our business strategy and define its importance to our collective success — including equitable and fair compensation for our workforce. Our eight business resource groups offer employees with like backgrounds a chance to connect and participate in robust programming. Moody’s people are smart, resilient and passionate — and with their partnership, we can build a diverse, equitable and inclusive workplace where every individual can thrive.

There is still work to do, and I am excited to see where the organization can go from here by harnessing the incredible momentum we’ve built. We understand our responsibility outside the four walls of our business to empower our communities by doing what we know best and working together toward a healthier future. This commitment is woven into the fabric of the company and its culture.

Thank you,

Maral Kazanjian
Chief People Officer
We believe a workforce that represents an array of backgrounds and experiences helps create an environment that maximizes every employee’s contribution, widens the leadership pipeline and enhances our work, including the quality of our opinions, products and services. We aspire to be a place where everyone feels comfortable bringing their authentic self to work, where we demonstrate empathy and civility and where we celebrate the differences that make us stronger.

Hear more from DK Bartley, Chief DE&I Officer
OUR DE&I STRATEGY IN ACTION

Our global DE&I strategy aims to drive a culture of diversity, equity and inclusion across four key areas: our workforce, workplace, customers and communities. The framework aligns to our company’s business priorities, talent strategy, culture and long-term value proposition, and provides a structured approach to advance our DE&I strategy and goals.

In 2021, we advanced our ambition by more deeply integrating DE&I into our business strategy and defining its importance to our collective success by developing and tracking specific KPIs. We are holding our leaders accountable for communicating and progressing on our DE&I goals. We aim to be an organization that demonstrates leading corporate citizenship at every level, challenges the status quo and is fair to all.

We announced public diversity goals in 2021 to increase the number of women at officer and entry levels globally, and Black and LatinX leaders at senior levels in the U.S. We met and, in some cases, exceeded these diversity goals and are examining additional steps we can take to continue to increase diversity in our company.

Global diversity strategic framework

Structured approach to drive a culture of diversity, equity and inclusion

Moody’s

Americas – U.S. – EMEA – APAC

Workforce

Workplace

Customers

Community

Diversity Council

Business Resource Groups

Diversity Training

Partnerships

Supplier Diversity

Talent Acquisition – Performance Management – Retention
Setting our direction: DE&I governance

Our employees actively participate at every step of shaping and implementing our DE&I strategy.

Our global Executive Diversity Council (the Council) is tasked with overseeing the implementation and progression of our DE&I strategy and goals across our business. Chaired by our CEO and composed of senior leaders who are committed to DE&I best practices, the members of the Council meet quarterly so that DE&I policies are an ongoing focus throughout the company. Council members typically have a personal connection to DE&I or have been involved with one or more of our Business Resource Groups (BRG).

Our Regional Diversity Councils in EMEA and APAC provide valuable guidance and ensure our strategy is effectively adapted and implemented in ways that are authentic and resonate with local policies and customs. In addition, our Regional Advisory Committees, made up of BRG co-chairs, serve an important role by facilitating rich discussions, seeking employee feedback and providing inputs to inform DE&I programming. At the center are our BRGs, tasked with implementing and advancing our DE&I agenda with active participation across the organization.

Over the past few years, the Council has helped us make significant progress:

» Developing and implementing workplace flexibility;
» Broadening diversity and inclusion education programs;
» Championing and expanding our BRGs; and
» Establishing the Women in Leadership programs.
Empowering our people: Business Resource Groups

Our BRGs help create a meaningful space for employees to express their values, shape business initiatives and programs and bring their authentic selves to work.

Each of our eight BRGs works closely with our Diversity Council and plays a role in advancing DE&I at Moody’s. Our 44 regional chapters across the Americas, EMEA and APAC represent the many diverse talents within the company and help make our workplace representative of the communities in which we operate. With more than 6,600 BRG members globally¹, each group is led by a chair, who is nominated by the group and ultimately appointed by our Chief DE&I Officer.

Due to the strategic role our BRGs have in our decision-making process for recruitment, retention and professional development, we are now in the process of transforming three of our inclusion groups – Asian Leadership Initiative (ALI), Black Inclusion Group (BIG), and ConectaMos (our LatinX group) – into stand-alone BRGs. This transition will help bring diverse perspectives in shaping our business initiatives and programs. For more information on how the work of our BRGs is integral to activating better lives for our employees and communities, see pg 49, 52, 54 and 64.

¹ Data as of December 31, 2021. An employee can hold membership in multiple BRGs in a single region.
INSIDE MOODY’S: OUR WORKFORCE AND WORKPLACE

We believe that an inclusive, equitable and diverse workplace that draws on the experiences, backgrounds and opinions of all its people is fundamental to our success. Our business benefits from having many different perspectives. That is why we actively promote diversity at every level of Moody’s. We work hard so that all employees, from senior leaders to new hires, feel respected and are included and empowered.

Global employee breakdown by region
Number of employees

<table>
<thead>
<tr>
<th>Region</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas (excl. U.S.)</td>
<td>679</td>
<td>764</td>
</tr>
<tr>
<td>APAC</td>
<td>3,429</td>
<td>4,197</td>
</tr>
<tr>
<td>EMEA</td>
<td>3,145</td>
<td>3,665</td>
</tr>
<tr>
<td>U.S.</td>
<td>4,234</td>
<td>4,834</td>
</tr>
</tbody>
</table>

Full-time 13,202 | Part-time 258
Who we are: race, ethnicity and gender data

Disclosing our diversity data is critical to holding our organization accountable in the efforts to build an inclusive workforce. We are continually challenging ourselves to provide transparent reporting and look forward to identifying ways to enhance our disclosure practices.

We made our 2020 consolidated U.S. Equal Employment Opportunity (EEO-1) data available to the public for the first time. In addition, we are disclosing our EEO-1 data for the second consecutive year, which can be found in the Appendix. While we recognize that EEO-1 data is not a perfect measure of diversity, it is a step towards our efforts to increase transparency and foster an inclusive workplace.

Global gender diversity\(^1,2\)

% female of global workforce population

### Race and Ethnicity of U.S. Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Executive</th>
<th>Mid Level Manager</th>
<th>Non Manager</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>2020</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>2021</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>

\(^1\) The data by seniority represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies for which this data was not available). The total breakdown by gender represents the full employee population. Headcount as of December 31 of the respective year.

\(^2\) Executives represent CEO, CEO-Direct, Exec Directors, GMD, SMD and MD level; senior managers represent AMD, Country Head, EVP and Senior Director level; mid-level managers represent VP-GEO, VP-SA, VP and Director level; first-level managers represent AVP-Analyst, AVP and first-level managers.

\(^3\) Officer and Managers are calculated using the job categories: executives, senior-managers, mid-level managers and first-level managers.

\(^4\) Underrepresented groups include employees who identified as Asian, LatinX, Black, Native American / Alaskan-Native, Hawaiian / Other Pacific island or two or more races.
Advocating for equal pay

We are committed to paying all of our employees equitably and fairly. We study 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, we consider meaningful factors such as job family, location, educational level and seniority. When we find inequities in our pay practices, we make the requisite adjustments. Each year we report our findings to our Board of Directors.

We are proud to share the progress that we have made. While we are proud of this relative parity, we are by no means satisfied. We know that pay gaps constantly fluctuate for many reasons including changes to our business and employee movement in and out of the organization. Therefore, we are committed to dedicating the resources necessary to maintain pay equity and to drive pay decisions based on legitimate factors. To date, we have progressed on our pay equity efforts for women globally and for Black and LatinX employees in the U.S.

Pay equity by the numbers

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.99 earned by women globally</td>
<td></td>
</tr>
<tr>
<td>$1.01 earned by non-white employees in the U.S.</td>
<td></td>
</tr>
<tr>
<td>$0.99 earned by LatinX employees in the U.S.</td>
<td></td>
</tr>
<tr>
<td>$0.99 earned by Asian employees in the U.S.</td>
<td></td>
</tr>
<tr>
<td>$1.00 earned by Black employees in the U.S.</td>
<td></td>
</tr>
<tr>
<td>$1.02 earned by non-white employees in the U.S.</td>
<td></td>
</tr>
</tbody>
</table>

1 As of April 1, 2022. The population studied includes employees eligible for Moody’s compensation programs and excludes limited duration employees, non-employees, temporary workers and employees from companies acquired in 2H 2021. Employees from V.E and Four Twenty Seven were excluded from the analysis due to not being integrated into Moody’s compensation programs at the time of the analysis. This exclusion is non-material and represents 3% of employees.

2 For every $1 earned by comparable men

3 Defined as LatinX, Black and Asian

4 For every $1 earned by comparable white employees
Attracting diverse talent through inclusive recruiting

Our talent acquisition process embeds DE&I best practices at all stages through close collaboration with the hiring managers. We take a structured, objective approach to the interview process and employ the following practices:

» Selecting a diverse interview panel to provide varied points of view during evaluation;
» Leveraging diverse recruiting tools and job boards to build a robust talent pipeline;
» Presenting diverse slates of qualified candidates for our open positions;
» Establishing consistent interviewing practices, including the use of behavioral-based interviewing techniques, to reduce the possibility of unconscious interviewer bias;
» Formalizing feedback collection by using consistent rating scales to promote objective feedback on candidates, while reducing the possibility of unconscious interviewer bias; and
» Holding debrief meetings where the most junior interviewer on the panel provides candidate feedback first and the hiring manager last, to ensure an inclusive process where all voices are heard.

In 2021, we implemented several new recruiting technologies, such as an augmented writing tool that helps our recruiters create job postings that use inclusive language to enhance our diverse candidate pipeline. We also partnered with PowerToFly and Fairygodboss to host a series of opportunities for our women employees to share their experiences in virtual career fairs, provide career advice and network with other women in technology.

RE-IGNITE

RE-IGNITE is our 16-week paid return-to-work opportunity for mid-to-senior-level individuals who are restarting their careers after a minimum two-year hiatus. Professionals who wish to return to the workforce after time away have access to hands-on project work, leadership development and networking opportunities, as well as visibility into our unique culture. Together, these components can help prepare individuals for a successful return to the workforce. In 2021, we expanded the program to the U.K. and transitioned from annual to year-round admissions.

Since the RE-IGNITE program began in 2017, 80% of participants have become Moody's employees.
Bolstering our employee inclusion training1

Creating a culture of inclusion and belonging is expected of all leaders at our company — and that was the driving force behind our Inclusion Evolution employee training program. In 2021, people managers attended the 3.5-hour instructor-led classroom experience that focused on two critical components:

» Understanding ourselves and the social context that creates our identity; and
» Building a culture of inclusion by exploring unconscious bias, empathy and belonging and by advocating for others.

After the program, participants were given additional access to eLearning courses and toolkits to build a culture of inclusion in their own teams. We also offered an abbreviated virtual program to all employees starting in 2021.

COURAGEOUS CONVERSATIONS

We encourage all employees to be upstanders, not bystanders, when they see or hear someone being treated differently based on their race, gender identity, ethnicity, sexual orientation or any other protected characteristic. To aid in these efforts, we created Courageous Conversations, a series of discussions hosted by our BRGs. What began as a dialogue on racial unrest has evolved to include discussions about inclusion, mental health and other topics that may be sensitive but are long overdue. This series aims to facilitate discussions on difficult topics and provide employees with the tools necessary to talk to and learn from each other.

» CONFRONTING ANTI-ASIAN BIAS: In partnership with the Multicultural BRG and Asian Leadership Initiative, we created the Moody’s Courageous Conversations Upstander Toolkit: United Against Anti-Asian Bias. It contains information on how to support members of the Asian and Pacific Islander communities in the face of racism by actively confronting racial bias and prejudice. The toolkit also serves as a guide for fostering productive conversations and allyship in the workplace, with resources that focus on the lived experiences of Asian-Americans to foster better understanding of anti-Asian and Pacific Islander racism.

» SUPPORTING WOMEN THROUGH LIFE’S MILESTONES: We also piloted a “Menopause in the Workplace” program to support our female employees and equip colleagues with information on this life milestone. We expect to roll out the program globally in 2022.

"When I first saw that Moody’s was doing a pilot on menopause in the workplace, I was delighted that this was being recognized — having worked in Moody’s for almost 25 years and having gone through several phases of life while being a part of the company, including menopause. As a manager of 10 people, I am quite open with my team about my symptoms and feelings in the hope that they feel comfortable to talk about it if they choose to, so I can give them the support they need."

- Jenny Lacey, Associate Director, Resourcing & Operations

1 Refers to employees on Moody’s payroll
Working toward Black equity

We were one of the first companies to commit to achieving the new Management Leadership for Tomorrow (MLT) Black Equity at Work Certification in 2020. Since then, we have been taking concrete steps to accelerate Black representation across our business and create new and innovative ways to invest in and contribute to racial justice efforts.

In early 2022, we announced our participation in MLT’s “All In” campaign, an initiative that provides industry-leading employers with a platform to articulate their commitment to a rigorous approach to Black equity while encouraging others to sign on to the MLT Black Equity at Work Certification. Through our participation, we hope to inspire our peers and others to implement the demands of the certification in order to meaningfully progress on racial equity issues in the workplace and in our communities.
Supporting Black equity in our communities

We are proud to continue our five-year commitment to provide $1 million to non-profits advancing Black equity. With five U.S. organizations and seven international organizations slated to receive these funds, we hope to improve equity and inclusion for Black communities around the world in several ways:

» Supporting groups that advocate for social justice;
» Supporting Black and Brown entrepreneurs;
» Creating new internship opportunities, including for Black and Brown students;
» Pushing initiatives to improve inclusion in company operations; and
» Advancing opportunities for Black and Brown professionals to obtain C-level positions.

Our own employees — the members and leaders of the Black Inclusion Group — are involved in the distribution of these funds, making our commitment to improving social justice, equity and opportunities for Black people all the more personal.

The United Negro College Fund (UNCF) is one of the organizations we support. In our efforts to make education more accessible to underrepresented communities, we work with UNCF to sponsor eight college students over three years, helping more Black students obtain their college degrees.

To read more about our community support to other minority groups, see Communities.

INVESTING $1 MILLION IN BLACK EQUITY

We committed $1 million to advance equity and inclusion for Black communities around the world through these organizations:

U.S. ORGANIZATIONS

» Big Brothers Big Sisters of America
» Eagle Academy Foundation
» Equal Justice Initiative
» National Association for the Advancement of Colored People (NAACP)
» United Negro College Fund (UNCF)

INTERNATIONAL ORGANIZATIONS

» Black Business and Professional Association
» Black Women in Motion
» Blueprint for All
» Education Africa
» European Network Against Racism
» Harambee
» United To Change and Inspire (UTCAI)

"UNCF is grateful to have corporate partners like Moody's that are helping us uplift Historically Black Colleges and Universities and ensure that more young people of color can reach their fullest potential... With such partnerships, we can work together to realize UNCF's vision of a nation where all Americans have equal access to a college education."

- Diego Aviles, Vice President, Northeast, UNCF
Building the pipeline of diverse talent

We are committed to building an inclusive pipeline of diverse leaders and empowering them to make impactful contributions to the markets and communities they serve.

Ray McDaniel Scholarship

The Ray McDaniel Scholarship is a five-year, $1.2 million program to provide 30 three-year scholarships to high-achieving undergraduate Black students. In summer 2021, the first cohort of Ray McDaniel scholars joined us for a virtual internship in which they completed a case study and presented their findings to our senior leaders. After the students graduate, they receive job opportunities with Moody’s.

Moody’s Veterans Program

Moody’s Veterans Program is a partnership between our Veterans Business Resource Group (VBRG) and Columbia University to prepare veterans for careers in finance, technology and economics. In 2021, five scholars joined the program and each received $10,000 to support their studies during the 2020–21 academic year. Scholars also had the opportunity to participate in our summer internship program, as well as a mentorship program involving our VBRG.

Queer Coders program

Through our partnership with Hetrick-Martin Institute we support Queer Coders — a program that provides professional development and technical training to lesbian, gay, bisexual, transgender and queer or questioning (LGBTQ+) youth aged 18–24. In 2021, Queer Coders expanded outside of New York City to offer a second national cohort in the U.S. Members of Moody’s New York Pride BRG provided mentoring to the 2021 Queer Coders cohort to help the students develop their interviewing skills.

"Moody’s is committed to recognizing and supporting veterans, active-duty military personnel and military families both at Moody’s and in our communities. We are thrilled to welcome our 2021 cohort of scholars through MVP, which helps student veterans reach their potential and drives a diverse talent pipeline."

- Helene Gurian, Chief Compliance Officer & executive sponsor of the VBRG
Propelling diverse talent forward

Our dedicated talent accelerator programs aim to foster an equitable, inclusive environment.

TIDE

In 2020, we launched TIDE (Talent Aspirations & Alignment, Insights, Development & Career Planning and Exposure & Expansion), a nine-month career-development program aimed at advancing the careers of women, LGBTQ+ employees, people of color, veterans and neuro-diverse employees. Through TIDE, our diverse, talented individuals gain greater visibility across the organization and cultivate relationships with leaders who provide support and mentorship during their career journey, in addition to robust and individualized professional development resources.

"As a member of the first TIDE cohort, I became more deliberate about mapping out the next chapter of my career, and it solidified my commitment to Moody's, helping the company grow and continue to be an employer of choice."

- Alicia Gordon, VP, Senior Compliance Officer

The first cohort of 25 TIDE participants graduated from the program in 2021. The outcomes of our pilot program highlight the impact of TIDE for individuals and the organization as a whole. The second TIDE cohort will convene in spring 2022.

- 96% retention rate of TIDE participants as of the publication of this report.
- 90% of participants agree or strongly agree their career ambitions can be fulfilled at Moody’s.
- 90% of participants agree or strongly agree that TIDE is a key part of our commitment to DE&I.
- 80% of participants agree or strongly agree they are more aware and vocal about their career ambitions.
- 80% of participants agree or strongly agree they have expanded their internal networks.
Senior Women's Leadership Development Program

Our Senior Women's Leadership Development Program — which was founded in 2014 to bring together senior female employees for mentorship, coaching, training and networking opportunities — was transformed and expanded in 2021. The latest cohort comprised 37 senior women who participated in sessions designed to enhance their leadership presence and build influence with key stakeholders, among other objectives. The next cohort will launch in spring 2022 under a new name, RISE.

BRG-led mentorship programs

We are extremely proud of our BRG-led mentorship programs, where peers can gather to engage with leaders and one another to further their professional development.

» The Asian Leadership Initiative (ALI) mentoring program celebrated its fifth year in 2021 — and saw a 50% increase in participation over 2020, with 27 mentor pairings finishing out the program. In an end-of-program survey, 72% of respondents said they found the monthly topics useful for sparking discussions in pairing, and 100% of respondents would like to return to the mentoring program next year.

» In 2021, the Women’s BRG (WBRG) mentorship program celebrated 10 years of mentorship and career growth. Since the launch of the initiative, the program has reached over 700 mentees, 116 mentors and 14 mentor advisors.

» ConectaMos, an initiative of the Multicultural BRG that focuses on Latinx leadership, offers a mentorship program that pairs mentors and mentees to discuss career goals and advancement strategies.

The Senior Women’s Leadership Development Program 2021 graduates saw 90% retention, and 26% of participants received promotions.1 100% of survey respondents would recommend the program to other women at Moody’s.

SUPPORTING OUR LGBTQ+ COLLEAGUES AND COMMUNITY

BE COUNTED

As we continue to expand our data disclosure practices, we launched the Be Counted initiative in 2020 in the U.S. This initiative asked U.S. employees to voluntarily self-identify as members of the LGBTQ+ community. Our senior management and Board of Directors received the data in an aggregated and anonymized form. We are using the data to review and boost leadership development programs, recruitment, employee benefits and more.

1 As of June 2021.

L’AUTRE CERCLE CHARTER

In January 2022, we took another step toward formalizing our support of the LGBTQ+ community in France and on a global scale by signing the L’Autre Cercle Charter. The charter focuses on creating an inclusive environment, ensuring equal rights and treatment for employees, supporting employees who are targets of discrimination and measuring progress and sharing best practices to enact change in the workplace. We are excited to join the other signatories in a shared commitment to support all employees, regardless of sexual orientation or gender identity.

To read more about our workplace DE&I programs, visit our DE&I microsite. To learn more about benefits to support our workforce, including parents, military service members and young professionals, see Employee Health and Well-being.
OUR CUSTOMERS
Through our products and research, we give confidence to decision-makers across financial markets worldwide. We are harnessing the trust that we have built for over 100 years to provide valuable insights into ESG, of which DE&I is an important component.

Creating Opportunities for Racial Equity
Our DE&I initiatives encompass our entire value chain of customers and institutions. That’s why in 2021, we laid the groundwork to transition the Moody’s Multicultural Customer Initiative (MMCI) into our Creating Opportunities for Racial Equity (CORE) program. MMCI, and now CORE, aim to develop partnerships, share expertise, invest capital and utilize software and services to assist community development financial institutions (CDFIs), minority depository institutions (MDIs), diverse finance companies and diverse asset managers.

Progress on our customer initiatives

**DIVERSIFIED DEPOSITS**
We have deposited a cumulative $10 million in treasury deposits in Black-owned banks as of December 31, 2021.

**DEVELOPED PARTNERSHIPS**
Our scaling efforts have included multiple meetings, conversations and webinars with multicultural stakeholders such as banks, asset managers and potential partners.

**SHARED EXPERTISE**
From regional economic reports to our research on racial integration, we have shared reports, authored articles, briefed boards and executives and provided critical business data.

**INVESTED CAPITAL**
Moody’s has invested $5 million in Trident’s fund — focused on equity investments in small / minority-owned businesses — and became a member of its advisory board.
Equity opportunities in action

CORE began with deposits in four CDFIs in fall 2020. Since that time we have expanded the program’s scope by developing partnerships and sharing expertise with multicultural stakeholders. In addition, we invested in Trident, an institutional asset manager that supports underserved small businesses in the U.S., particularly in Black communities.

We intend to continue expanding the program over the coming years and look forward to taking specific measures to engage, empower and invest in underserved communities.

"Having the right partnerships with organizations like Moody's allows Trident to identify and invest in Main Street small businesses, where other firms may not believe opportunities exist. The result is better returns for investors, better outcomes for underserved communities, and better chances for overlooked entrepreneurs to achieve the American Dream."

- Eric Taylor, Founder, CEO & CIO, Trident

Our CORE roadmap

<table>
<thead>
<tr>
<th>PILAR</th>
<th>1. ENGAGE</th>
<th>2. EMPOWER</th>
<th>3. INVEST</th>
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</thead>
<tbody>
<tr>
<td>Strategic Themes</td>
<td>Broaden CORE’s outreach, both internally and externally, and communicate</td>
<td>Strategic education on Moody’s capabilities, portfolio and overall products</td>
<td>Long-term global growth and scale</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Leverage a streamlined and efficient cross-company approach</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Provide more access to and understanding of how to leverage capital</td>
</tr>
</tbody>
</table>
Gender and Finance Research Hub

During Women’s History Month in February 2021, we launched the Gender & Finance Research Hub with research collected from across the different business segments at Moody's.

Our research shows and reinforces the impact of gender equality across sectors and countries globally. For example, in celebration of International Women’s Day, we published our Breaking the Bias report in March 2022. This report highlights why narrowing global gender gaps helps create a more sustainable, inclusive workplace and is an economic, business and financial imperative.

Key findings from the 2022 report include:

» **ECONOMY:** Implementation of family-friendly policies, such as those in other developed countries, could boost U.S. GDP growth by almost $1 trillion in the next 10 years.

» **CORPORATE ACTION:** No corporate sectors achieved management-level gender parity in 2020 and almost half of all sectors have management teams averaging less than 25% female.

» **CREDIT RISK:** Board-level gender diversity is correlated with higher credit ratings. Our data shows that women represent 35% of the boards of the companies with positive governance characteristics, while women hold only 21% of board seats at companies with highly negative governance features.

» **SUSTAINABLE FINANCE:** Debt instruments earmarked for financing of projects tied to the advancement of gender equality have grown steadily, with about $22 billion issued in 2021 and a cumulative $70 billion since 2016.

For more information on our policies regarding diversity, equity and inclusion, see Additional Resources.
Employee Training and Upskilling

Attracting and retaining the right talent is paramount to our success. As a global integrated risk assessment firm, a critical component of our talent attraction and retention strategy is to invest in our people at every stage of the employee life cycle to build an adaptive, engaged, diverse and inclusive workforce.

In 2021, we moved to a single performance management approach — Grow, Perform, Succeed (GPS) — that enables our employees to more effectively own their professional development and navigate their careers at Moody’s. We also created Moody’s University (Moody’s U) — a new unified framework for delivering learning and development across the organization, which launched in 2022.

TRAINING THE WORKFORCE OF THE FUTURE

We are committed to helping our employees and leaders develop the skills they need to thrive — both today and in the future. We provide employees with ongoing learning and development opportunities that begin with onboarding and continue throughout their careers.

In 2021, we made numerous acquisitions, restructured our business units and redefined our working norms and assumptions through our Workplace of the Future initiative. These developments call for re-skilling and upskilling our workforce — all in the midst of challenging external currents that are shaping today’s talent landscape. Therefore, led by our newly appointed Chief Learning Officer, we are transforming our learning and development function to align more closely to our business objectives and the continuously evolving needs of our customers, employees and stakeholders.

1 Refers to employees on Moody’s payroll.
MOODY’S U

Moody’s U offers employees and leaders training on enterprise-wide skills, leadership development, business-specific technical skills and core capability development.

Moody’s U is expanding its training programs to the following areas:

» Enterprise Skills Academy is responsible for developing essential professional skills for all employees;

» Leadership Academy develops manager and leader learning solutions that focus on supporting our leaders to be more change-ready, resilient and agile in an increasingly complex environment;

» MA Academy, with its dual focus on people and products, helps drive the establishment of “vocation” by aligning learning to job families; and

» MIS Academy rolled out global support of Lean Six Sigma literacy, ESG training and certification.

Our training in practice
Business Learning Councils align learning priorities across Moody’s

To operationalize our learning and development strategy and identify priorities aligned to business objectives, we launched Business Learning Councils (BLCs). BLCs are chaired by learning leaders and council membership comprises business unit leaders. BLCs serve as a crucial two-way communication channel between the centralized learning function and each business unit.

The BLC leadership team is responsible for:

» Driving the learning and development strategy and facilitating Moody’s U;
» Developing and implementing operational plans;
» Recommending buy vs. build options for learning and development programs; and
» Driving reporting and metrics methodology and infrastructure.

Leadership development programs

Building a strong leadership pipeline is paramount to our company’s continued success. Key elements include:

» Strategic Alignment – Addressing business-driven needs, aligning learning and development solutions to advance our strategy as an integrated risk assessment organization and building the skills of the future;
» Performance Management: Grow, Perform, Succeed – Aims to build a culture of growth by evolving career and growth conversations to cover not only what can be done to be successful, but also how to do it;
» Career Journey – Concentrating on growth and defining developmental pathways within the organization;
» Talent Acceleration – Building a strong talent pipeline, from early career opportunities to accelerating the development of high-performing diverse talent across Moody’s; and
» Learning Culture – Driven by innovation and growth, to build a learning culture through content creation, delivery and measurement.

2021 LEADERSHIP PROGRAM HIGHLIGHTS

» Virtual Leadership Essentials: Over 300 managers learned fundamental management skills and how to lead with self-awareness and personal effectiveness.
» Leadership Insights: This program provided over 200 leaders with 360-degree feedback, development planning and optional virtual coaching.
» Inclusion Evolution: People managers attended a 3.5-hour instructor-led classroom experience to focus on creating a more inclusive culture, where every employee feels like they belong.

For more on our training and mentorship opportunities for specific employee demographic groups, see Diversity, Equity and Inclusion.
**Business and skills-specific programs**

- **Cornell FinTech & Innovation Program**: Our first cohort of 40 employees successfully completed this five-month program, developed in partnership with Cornell University, to further their understanding of fintech and develop leading innovation and ideation skills.

- **Credit Academy**: In 2021, over 250 junior MIS employees signed on to jump-start their skill development through Credit Academy, which includes onboarding, job readiness and career progression training across the full set of skills required of analysts.

- **Sales training**: We launched a comprehensive sales training program to support more than 1,200 sales professionals in developing industry, customer and product knowledge (including technical and security matters).

- **Rotational programs**: We launched a new rotational Data Science Development Program, and we are going to expand the two-year early-career MA Technical Rotation Program (MATR) to include opportunities for employees across Moody’s.

Employees pursuing higher education can also take advantage of educational assistance that reimburses them for job-related educational costs. See the Compensation & Benefits section for more information.

**ESG training**

To continue helping our customers solve the most complex problems of our time, we are training our employees with deep domain expertise in ESG in subjects like climate risk and new ESG developments in our solutions. In 2021, we published live and recorded trainings that covered risk assessments, EU Taxonomy, UN SDGs, ESG financial markets, green bonds, climate-risk scenarios and many more. In 2022, we rolled out an all-employee modular training on sustainability and ESG.

**Continuous improvement of our learning programs**

We evaluate the effectiveness of our learning programs through a number of approaches, including skills assessment tools, focus groups, surveys and needs assessments deployed at the individual, team and business-unit levels. The findings from these assessments help make the initiatives more useful and actionable.

The needs assessments ask employees and their managers to evaluate:

- The effectiveness of training for a variety of skill areas;
- The importance of a particular skill area in helping the individual or the business meet their objectives; and
- Individuals’ training modality preferences.

For example, a new survey in 2021 gauged how often participants applied their learning from Leadership Essentials to their day-to-day work as managers. According to the survey results, 92% of graduates agreed the program was effective in providing them with tools and techniques they applied to their roles as leaders, and 97% of graduates’ managers agreed the program effectively enhanced the graduates’ leadership skills.

**Training by numbers**

The continued impact of the pandemic affected training activity. For example, average hours decreased, in part, due to non-essential training being paused or reduced to align with business objectives and prioritize employee well-being.

<table>
<thead>
<tr>
<th>Total number of training hours¹</th>
<th>251,109</th>
<th>205,419</th>
<th>218,816</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average training hours¹</th>
<th>28</th>
<th>21</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Officer</th>
<th>Non-officer</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>28</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td>Officer</td>
<td>Non-officer</td>
<td>2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>20</td>
<td>21</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Training and development expenditure per employee</th>
<th>$676</th>
<th>$717</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹Data includes hours captured in Moody’s University and online training programs related to topics such as compliance, professional development and diversity, equity and inclusion. In addition, leadership development hours are included in 2020 onwards.
In 2021, we adopted a single performance management approach — termed Grow, Perform, Succeed (GPS) — that emphasizes our commitment to employee growth and development.

GPS encompasses all aspects of performance management—including dynamic objective setting, performance evaluations and continuous feedback. It allows employees to navigate their Moody’s careers with a set of shared success factors and a qualitative rating scale that measures both business outcomes and behaviors. This drives business results and builds a culture of growth.

As part of this effort, we have refreshed our core success factors — behaviors that are expected of all employees and leaders — and put in place clear and common definitions for evaluating business outcomes and behaviors. We delivered eight separate GPS training programs on the new GPS behaviors and approach, totaling 41 individual trainings globally.

How it works
Employees collaborate with their managers to set clear, measurable objectives that align with department and company objectives, and employees receive continuous feedback. At the end of the performance review cycle, managers and employees have a conversation focused on two key dimensions — both what the employees are expected to achieve and how they are expected to achieve it. Each dimension is given equal weight when determining the employee’s overall performance rating.

In 2021, 92% of employees received a performance and career development review via GPS.

Incorporating diversity, equity and inclusion
Our employees are expected to demonstrate a shared set of behaviors that contribute to a culture of growth and inclusion. As part of the GPS review, all applicable employees are evaluated on our Core Success Factors — including “Authentic and Aware” (e.g., “Listens with empathy and genuinely cares for others”) and “Collaborate with Purpose” (e.g., “Fosters an exchange of perspectives in an open-minded and inclusive manner” and “Listens effectively to hear and value different perspectives and viewpoints”).

There are additional expectations and measures for managers. Managers are evaluated on the Leadership Success Profile — which includes “Empower and Develop Talent” (e.g., “Fosters an inclusive workplace that values diversity and promotes belonging and well-being”). In addition to being embedded in performance evaluations, these behaviors are also incorporated into our employee and manager development programs.

For more on our DE&I programs, see Diversity, Equity and Inclusion. For more information on our policies regarding employee training and upskilling, see Additional Resources.
Employee Health and Well-being

We are committed to protecting the safety, health and well-being of all employees and individuals in our workplace, and expect our employees to take reasonable care to further those efforts. To this end, we offer our employees a comprehensive range of programs with resources and support for physical, mental and financial well-being, as well as support for flexible work arrangements.

Our approach to employee health and well-being aims to:

» Create a workplace where employees feel valued and inspired;
» Provide an environment that fosters a culture of independence, inclusion and intellectual leadership; and
» Support peer collaboration and professional growth.

We began developing a comprehensive, enterprise-wide well-being strategy, which will be implemented in 2022. The strategy places an even greater emphasis on holistic wellness and support as employees continue to operate in a hybrid work environment. We also continued our work to ensure the physical and financial health and safety of our employees and differentiate our compensation and benefits offerings to accommodate our changing environment.

PLACING EMPLOYEE WELL-BEING AT THE CENTER OF HOW WE WORK

As the COVID-19 pandemic continued to shape the lives of our employees in 2021, our wellness programs and initiatives aimed to address the psychosocial and mental health risks associated with lockdowns and the isolation that may result from working from home.

Targeted support also aimed to meet employees where they are on their wellness journey and encourage greater work-life balance:

» No-Meeting Fridays: a number of teams participated in this program, which included coordinated holiday weeks or time off;
» Well-being allowance: received by all employees at year-end to use at their discretion to support mental or physical wellness; and
» Office equipment stipend: available to employees at the Assistant Vice President (AVP) level or below for furniture or peripherals to help improve their ability to work remotely.

We continue to monitor the risk presented by the pandemic and emerging variants, and we remain ready to respond to protect the health and safety of employees. We supported global vaccination efforts by providing employees with time off to get themselves and their children vaccinated.

OUR KEY 2021 WELLNESS SUPPORT INITIATIVES

» Coronavirus intranet site: offers a wide variety of information to support employees, from access to employee assistance programs to tips for remote working.
» Global ergonomics program: online assessments and guidance helps employees set up their in-office and at-home workstations, including through our Moody's Moments that Matter series.
» International wellness days: we marked days such as World Mental Health Day on October 10 by providing a series of discussions, employee stories and information about accessing support.

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1 Refers to employees on Moody's payroll.
Our global well-being strategy

In fall 2021, we began work on a comprehensive global well-being strategy. The strategy is informed by an evaluation of the current state of wellness at our company through a combination of focus groups, stakeholder meetings, employee survey data and existing quantitative data. As a critical input into the creation and evolution of our strategy, several questions in our Business Engagement Survey of employees focus exclusively on evaluating individual well-being, including the ability to have work-life balance, understand priorities, feel a sense of belonging and perceive that Moody’s cares about their wellness. Answers to these questions help further guide us in our strategy to protect employee well-being.

In 2021, 76% of employees agreed Moody’s took a genuine interest in their well-being.

Moody’s Moments that Matter

A total of 26 sessions in 2021 attracted more than 8,500 views.

In 2021, our virtual well-being series, Moody’s Moments that Matter, continued providing employees with education and empowerment on mental health, resilience and thriving in an increasingly virtual world through articles, videos and weekly live webinars. Sessions are developed in close partnership with our BRGs to ensure topics resonate across employee groups. Webinar topics from 2021 included resilience, financial literacy, mental well-being and bullying, among others. Additionally, some BRGs hosted voluntary engagement events, such as online yoga and meditation classes, as well as health information webinars throughout the year.
Making Confident Decisions to Improve Employee Experience and Engagement

Each year, we encourage our employees to provide anonymous and candid feedback through our Business Engagement Survey (BES). This survey helps us to:

» Understand our employees’ level of engagement at periodic intervals throughout the year (for example, through shorter, more frequent pulse surveys);

» Inform our actions through the use of a validated measure of engagement;

» Reinforce managers’ roles to take action by dedicating specific resources to address opportunity areas identified by the survey results; and

» Assess employee sentiment around longevity and intent to stay, which helps us to frame actions that drive talent retention.

Our 2021 employee engagement survey score was 73, compared to a global benchmark of 75 — measured by employees reporting how happy they are at Moody’s and whether they would recommend working here.

We use the feedback we received through the BES as a vital input into making decisions to improve our employee experience. At the same time, we are constantly looking to improve our employee experience and recognize that we can do more. While our employees are highly engaged, many are looking for better communication and transparency around change. The BES found that our employees appreciate the continuous performance review approach and regular check-ins, and some also expressed a desire for better infrastructure and more support to improve job-effectiveness. Additionally, with continued business growth, employees are also seeking more career advancement and development opportunities — which we expect Moody’s U to help us improve.

Business engagement survey

Employee perceptions of the company’s culture are mostly positive, as are their views on the company’s approach to inclusion and well-being.

Employee engagement score

Well-being favorability score

Inclusion score

1 The data represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies which are not integrated in Moody’s IT systems and therefore the survey was not distributed to them). In addition, RMS is in the process of integration and will be reported in these metrics next year. Employees participating in employee engagement surveys in 2021 - 84%, 2020 - 86%, 2019 - 87%.

2 Employee engagement score is an average of two items: “How happy are you at Moody’s?” and “Would you recommend Moody’s?”

3 The favorability score is the average percentage of employees who agree Moody’s takes a genuine interest in their well-being. Global benchmark for the well-being favorability score is not available.

4 Inclusion score is an average of items: “leaders in my line of business value different perspectives.”

5 Survey third-party service provider’s global benchmark is based on cross-client, cross-industry and cross-country company data from well over 700 organizations and over 150 countries.
Employee turnover, new hires and open positions

Like most other companies, we experienced an increase in voluntary turnover, likely due to the effects of the COVID-19 pandemic on the labor market. Additionally, we saw an increase in unfilled skilled positions due to intensified hiring to support growth in key areas. As the competition for talent intensifies, we continue to invest in employee engagement and well-being as key elements of our talent retention strategy.

**Employee turnover rate**

Voluntary turnover: 7% in 2020, 13% in 2021
Involuntary turnover: 4% in 2020, 3% in 2021

**New employee hires**

- 2019: 2,728
- 2020: 1,432
- 2021: 2,707

**Talent Attraction**

- Number of unfilled skilled positions (rounded):
  - 2020: 40
  - 2021: 320
- Open positions filled by internal candidates in calendar year:
  - 2020: 20%
  - 2021: 28%
- Average hiring cost/FTE (USD, rounded):
  - 2020: $7,000
  - 2021: $5,500

1. The data represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies not integrated in Moody’s IT systems). In addition, RMS is in the process of integration and will be reported in these metrics next year.
2. Positions that had been open for 90 days or longer as of December 31 of each respective year.
Independent third-party office health and safety inspections

As part of our return-to-office strategy, we worked with leading global firms who specialize in environmental health and safety inspection, verification and testing to certify that each workplace was prepared for re-occupancy. These firms provided an independent audit to inform best-in-class recommendations in facility services areas such as cleaning, water and air testing and response planning. This audit also provided us an opportunity, where reasonable, to benchmark inspection results against peer companies.

Ensuring the health and safety of employees

We are committed to protecting the safety, health and well-being of all employees and individuals in our workplace. As a result, we are committed to complying with all health and safety laws and regulations, including laws and regulations relating to COVID-19 and / or other public health emergencies, in all countries and localities in which we do business.

Occupational health and safety measures and programs, such as communications, trainings and policies, are managed at either the local or regional level. In addition, third-party providers in the global real estate group also track information relating to health and safety items, such as workplace injuries, and report such information where required (such as to the Occupational Safety and Health Administration in the U.S.).

Site-based inspections of workspaces are also performed at offices, in accordance with local requirements. All applicable inspections, which may include such items as safety and fire inspections, are reported and filed with the authority having jurisdiction for those offices with the endorsement of any relevant work councils.

Employees are also encouraged to report work-related hazards in the workplace. For more information on our reporting mechanisms, please see Ethics and Integrity.

1 Refers to Moody’s Corporation and its wholly-owned subsidiaries.

WORKPLACE OF THE FUTURE

As we continue to monitor the risk presented by the pandemic, we are also re-assessing and evolving the ways we work. Initiated in 2020, our Workplace of the Future (WoF) program is focused on enabling a robust hybrid work model.

As vaccination rates increased and local rules and regulations eased during 2021, we took a phased approach to reopening our offices for employees who wanted to return in person at least part of the time. By year end, approximately 90% of our office footprint was open for business. Employees had broad flexibility around when to work from the office and when to work from home, taking into account their individual well-being availability of child and elder care, and local infrastructure enabling them to travel safely to work. In addition to carefully following local rules and regulations, many locations implemented rotations to allow for physical distancing and provided mandatory training on protocols and employee expectations.
COMPENSATION AND BENEFITS

We believe our investments in compensation and benefits are an investment in our people. We strive for our compensation to be structured fairly, aligned to local markets, driven and differentiated by performance and understood and valued by all.

Equal compensation

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

For information on pay equity, see Advocating for equal pay.

Benefits

We are committed to providing our employees a competitive benefits program designed to care for them and their families — including support for physical, mental and financial well-being. We promote preventive care and awareness and support a healthy lifestyle. Promoting financial wellness and supporting flexible work arrangements are critical to creating a work atmosphere in which people feel valued and inspired to give their best.

Our benefits are benchmarked routinely against the market, using industry-specific data. Beyond delivering health, welfare, and retirement benefits and paid vacation and sick days, our benefits are extensive and inclusive, including a flexible work model and work-from-home arrangements.

Benefits governance

We have three benefits-related committees at the management level:

» The Management Benefits and Compensation Committee regularly reviews global benefit plans and proposals;

» The Appeals Committee has final authority and responsibility for reconsidering benefit determinations when plan participants make a claim; and

» The Asset Management Committee is responsible for controlling, managing and investing the assets of the U.S. retirement plans.

For more information on our policies regarding employee health and well-being, see Additional Resources.

1 Refers to employees on Moody’s payroll.

OUR EMPLOYEE BENEFITS

Benefits offered to employees differ by work location; however, a benefits package can include:

» Medical
» Dental
» Vision
» Flexible spending account
» Health savings account
» Employee assistance program
» Retirement savings / pension termination indemnities
» Life insurance
» Short-term and long-term disability insurance
» Business travel accident coverage
» Flexible work arrangements
» Paid time off (vacation, personal days, sick leave, marriage leave, child care leave, compassionate leave, study leave, military leave, jury duty leave and holidays)
» Maternity leave
» Parental leave
» Educational assistance
» Adoption assistance
» Surrogacy assistance
» Back-up child and elder care
» Commuter benefit plan
» Club memberships
» Parking and transportation allowances
» Car allowances
» Meal benefits
» Child care support
» Discounted employee stock purchase plan
» Employee referral program
» Financial planning
» Matching gifts program for charitable contributions
» Auto and property insurance coverage discounts
» Long-service awards
» Free or discounted cultural memberships
Our assistance programs

Assistance programs are an important way we support our employees — whether through confidential legal, mental health or housing support or continuing education and transition assistance.

Employee Assistance Program

All employees and their dependents have access to our Employee Assistance Program (EAP), which is a confidential service to help employees and their immediate family members address personal concerns that affect their well-being. Although providers vary across the regions, all EAPs provide support with practical issues such as legal, housing and other queries, along with mental health support. Notable examples of times when our EAP has supported employees include the COVID-19 pandemic, the racial justice movement in the U.S. and the unfolding geopolitical conflict in Ukraine. Employees can contact the EAP confidentially and free of charge.

Education Assistance Program

We provide a global Education Assistance Program that enables employees to obtain tuition reimbursement to enhance skills that can improve job performance and further career development. Reimbursement amounts vary by location.

Transition Assistance Programs

Our transition assistance programs support employees who are retiring or whose employment has been terminated. These programs can include pre-retirement planning for intended retirees, severance pay and job placement services. We also offer outplacement services in certain circumstances.

Our benefit updates

In January 2021, we added our first ESG fund investment option to U.S. employees’ Profit Participation Plan (401(k) plan). This provides employees the opportunity to invest retirement savings in a fund that takes a long-term approach aligned with and informed by the UN SDGs.

Paid time off during COVID-19

We understand the importance of taking time away from our work lives to rest and rejuvenate. Unfortunately, with the ongoing pandemic, many employees did not take their fully allotted vacation time. In response, our leadership regularly encouraged employees to use PTO to relax and recharge. Some business unit leaders identified suitable periods for all their employees to take leave concurrently, enabling employees to relax without the pressure of returning to emails and work done by others in their absence. While these periods were not mandatory, employees were strongly encouraged to make full use of their vacation to rest and avoid burnout and fatigue.

Enhancing support for vets and student loan borrowers

» Military leave: To better support our U.S. military service members, all our eligible full-time and part-time employees can now receive up to six months of their regular salary and benefits while on military leave. This is a five-month increase from our previous policy. Concern about financial well-being is not a problem our military service members should have; this updated policy will do more to keep Moody’s an attractive place to work and shows that our DE&I commitment extends to each segment of our workforce.

» Student loan payoff program: Student loan debt remains one of the largest sources of consumer debt in the United States, disproportionately affecting Black and Latinx borrowers and holding borrowers back from financial peace of mind for years. Through our Student Loan Payoff Program, we now offer contributions toward the principal balance of the student loans for our eligible employees. Looking forward, this program will help to contribute to lower barriers for young professionals.
Communities

Our approach to community engagement and corporate social responsibility (CSR) is rooted in our purpose: to bring clarity, fairness and knowledge to an interconnected world. We bring together various elements of our business — employees, products and services and social capital — to empower people with the knowledge, resources and confidence they need to create better lives.

Through our CSR programs, employee engagement activities and Moody’s Foundation grants, and in alignment with the UN SDGs, we are helping to build toward a world where more people have access to opportunity and where everyone has the resources to grow and thrive.

SUPPORTING CAUSES WE CARE ABOUT

Giving is a critical component to advancing our ambition. Following a hallmark year for giving in 2020, our corporate, foundation and employee-driven philanthropy efforts culminated in a total of more than $6 million donated in 2021.

Investment in our communities

<table>
<thead>
<tr>
<th>Year</th>
<th>Moody’s Foundation grants</th>
<th>Moody’s charitable contributions</th>
<th>Value of volunteer hours</th>
<th>Employee-driven giving</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$5,584,300</td>
<td>$555,300</td>
<td>$3,100,000</td>
<td>$1,935,500</td>
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<tr>
<td>2020</td>
<td>$532,500</td>
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<td>$1,382,400</td>
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<td>2021</td>
<td>$874,300</td>
<td>$667,000</td>
<td>$3,113,900</td>
<td>$643,400</td>
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</tbody>
</table>

1 Moody’s Foundation is a separate legal entity and is governed by its own Board of Directors composed of members of management. This board approves social investments and all grants that the Foundation makes.
2 Grants paid from the Foundation toward projects aligned with its strategic focus areas.
3 Payments made by MIS, MA and MSS that have been classified as charitable contributions. Includes charitable contributions to volunteering vendors (nonprofits and social enterprises that coordinate volunteer experiences), previously reported separately.
4 The data represents approximately 95% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies not integrated in Moody’s IT systems). In addition, RMS is in the process of integration and will be reported in this metric next year.
5 Grants paid from Moody’s Foundation toward the Matching Gifts and Dollars for Doers programs.
After participating in a boot camp in Singapore, attendee Dr. Alison Eyring shared how her experience helped lead to the creation of Produgie, a technology company and spin-off of Singapore-based Organisation Solutions focused on democratizing business growth enablement.

"Moody’s Boot Camp challenged my beliefs about the benefits of borrowing and of raising capital. My experience bolstered my confidence when I spun off a technology company from my existing business and raised a seed round. We are on a path to raise Series A this year."

- Dr. Alison Eyring, CEO & Founder, Produgie

WEConnect International

In partnership with WEConnect International, our “Financing Your Growing Business” program supports women business owners through interactive boot camps and online training modules that focus on credit training and accessing markets and capital. WEConnect International connects more than 13,000 women-owned businesses based in over 125 countries to qualified buyers. In 2021, we expanded this program into new markets, offering the trainings in 11 countries, including Costa Rica, Japan, Mexico, U.K. and South Africa. We look forward to continuing this expansion in 2022.
Helping young people reach their potential

We are helping young people from under-resourced communities pursue careers in finance, technology and economics — and build brighter futures as the leaders of tomorrow.

Moody’s HerCapital Program

Moody’s HerCapital Program launched in 2021 in partnership with Sponsors of Educational Opportunity (SEO). The six-month program aims to build the confidence of women leaders entering finance, tech and economics by focusing on various soft, technical and professional skills. The current cohort of more than 160 female students — most of whom are from historically underrepresented groups — attend 51 universities in Belgium, the U.K. and Germany. In addition to authentic exposure to the financial services industry, the program offers opportunities for internships with Moody’s.

Supporting social equality and the environment

When distributing our grants, we support social equality and the environment in our communities, prioritizing local organizations that build inclusive and resilient communities, particularly in emerging economies.

Fundación MarViva

By partnering with Fundación MarViva, we worked to elevate sustainable fishing practices and provide e-commerce tools for environmentally responsible artisanal fishermen in Latin America to grow their businesses. The promotion of marine sustainability and the support of coastal families, many of whom are living in extreme poverty, help to build more inclusive and resilient communities at the local level. Additionally, Moody’s employees engaged in skill-based volunteering events aimed at helping MarViva tackle some of its organizational strengthening needs through, for example, virtual training sessions.

Key impact metrics:

<table>
<thead>
<tr>
<th>2021 focus area summary¹</th>
<th>Key impact metrics:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.1 million invested</td>
</tr>
<tr>
<td></td>
<td>7 countries served</td>
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<tr>
<td></td>
<td>100% efficacy rate</td>
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</table>

Beneficiaries:

<table>
<thead>
<tr>
<th>2021 focus area summary¹</th>
<th>Beneficiaries:</th>
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<tbody>
<tr>
<td></td>
<td>10,000 total reach</td>
</tr>
<tr>
<td></td>
<td>75% female</td>
</tr>
</tbody>
</table>

² Measured using Mission Measurement’s Impact Genome Project methodology. Data is reflective of programming that was active in the calendar year and is not reflective of all Moody’s grant partners.
VOLUNTEERING OUR EXPERTISE

We encourage employees to apply their knowledge and expertise to help strengthen their communities through company-wide volunteer initiatives, such as:

» Moody’s TeamUp®, which unites people in local offices and across business groups to complete service projects in their local communities;

» Moody’s Future Solutions™, our pro bono volunteer program, uses the professional skills of our employees to help nonprofits build capacity and solve pressing challenges;

» Moody’s Impact Leaders program, a global network of employees playing leadership roles in shaping our strategy and initiatives in their local offices; and

» Moody’s Up2You, which encourages collaboration among Moody’s colleagues to host events and activities that support eligible nonprofits.

Our employees contributed 11,238 volunteer hours to their communities in 2021.

Following a successful global immersive Moody’s Future Solutions™ program, Moody’s and SynTao Green Finance (a Moody’s minority affiliate based in China providing ESG data and analytics services) supported the Institute for Sustainable Development Goals of Tsinghua University to establish the assessment framework for ESG / sustainability development of regional and local governments in China.

Additionally, a number of our employees and leaders sit on the advisory and governing boards of the organizations we support and provide strategic guidance. Some of these organizations include Asian Venture Philanthropy Network, Asociación Conciencia, Girls Inc., Hetrick-Martin Institute, Prep for Prep, Village Capital, Youth About Business and WEConnect International.

For more information on our policies regarding communities, see Additional Resources.
BETTER SOLUTIONS

ESG Solutions

ESG Integration
Better Solutions

As a global integrated risk assessment firm, we play a pivotal role in driving the transformation of financial markets to advance strategic resilience, responsible capitalism and the greening of the economy.

Our ESG offering delivers the highest standard of data quality, transparency and adaptability. Complemented by a longstanding record in financial risk modeling, we provide trusted ESG data, insights and analytic capabilities to present an all-encompassing view of ESG risks and opportunities. We help debt issuers and other companies, investors and financial institutions address an unrivaled range of ESG challenges and opportunities, championing meaningful change and preventing greenwashing. These capabilities include sustainable debt issuance, climate risk management, public and private company analysis, financial and sustainability impact and regulatory considerations.

Throughout 2021, we continued to expand our ESG offering and integrate ESG into existing capabilities. We also continued to make strategic investments so that our offering provides the depth and breadth necessary to respond to the diverse and evolving requirements of ESG market participants.

OUR COMPREHENSIVE OFFERING

We meet the needs of our customers and the financial markets through our holistic view of risk and impact. Our offering consists of ESG domain expertise, risk quantification capabilities and credit impact measures — all channeled through intuitive platforms to provide our customers with integrated risk assessments.

Our Product Vitality Index

Our Product Vitality Index demonstrates how the growth of ESG solutions and integration drive innovation at our company. New products and products from acquisitions1 in the last five years contributed to approximately 15% of the total Moody’s revenue in 2021 and our legacy products contributed 85%.

For more information about Moody’s ESG products and solutions, visit our dedicated ESG website.

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1. New products include revenue from product expansion to new markets. The metric does not consider revenue from joint ventures.
ESG Solutions

We help to empower market participants to make better, more sustainable decisions. Our solutions provide the tools to enable our customers — including companies, banks, insurers, governments, asset managers and asset owners — to identify and manage ESG risks and opportunities, strengthen sustainability action plans and communicate with their key stakeholders. Our mission is to provide clear, traceable and defensible intelligence that instills confidence throughout our customers’ decision-making processes.

Over the past three years, ESG has been a strategic growth driver for Moody’s. ESG-related revenue in 2021 increased 36% year-over-year to $29 million, with $22 million in stand-alone ESG revenue and $7 million from integrating our ESG-related solutions into MIS and MA products. The acquisition of RMS, a leading global provider of climate and natural disaster risk modeling and analytics, further demonstrates the strategic importance of ESG to Moody’s business. This acquisition builds on our strategy to invest in companies focused on providing ESG data, research or services for market participants, which began in 2019 with our investments in V.E and Four Twenty Seven, Inc.

GROWTH OF ESG AT MOODY’S IN 2021

+36%

Year-over-year increase in ESG-related revenue (excl. RMS)¹

$81 million

RMS post-acquisition revenue, from September 15-December 31, 2021²

¹ Represents approximate revenue in (i) stand-alone ESG products and services, including our Climate Solutions, sustainable finance, research and insights products; and (ii) MA and MIS ESG-focused product enhancements.

² Net of an $18 million deferred revenue adjustment.

Hear more from Andrea Blackman, Head of ESG Solutions
ESG DOMAIN OFFERING

We aim to provide comprehensive coverage in the form of granular and clearly defined ESG metrics spanning every major asset class and industry. The following table outlines our capabilities and related impact.

<table>
<thead>
<tr>
<th>CAPABILITY</th>
<th>WHAT WE PROVIDE</th>
<th>OUR IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESG MEASURES</strong></td>
<td>» Analyst-validated ESG data, scores and assessments for global public and private companies;</td>
<td>Enables organizations to:</td>
</tr>
<tr>
<td></td>
<td>» Modelled ESG data and scores for global public and private companies;</td>
<td>» Seize opportunities for sustainable value creation;</td>
</tr>
<tr>
<td></td>
<td>» Controversy monitoring and portfolio management tools for over 10,000 entities; and</td>
<td>» Identify and manage material ESG factors affecting portfolio and supply-chain performance for more than 140 million companies through analyst-validated and model-driven ESG assessments; and</td>
</tr>
<tr>
<td></td>
<td>» ESG data powering more than 100 ESG indices.</td>
<td>» Identify best-in-class performers to build innovative, labelled products.</td>
</tr>
<tr>
<td><strong>CLIMATE SOLUTIONS</strong></td>
<td>Climate Risk Identification:</td>
<td>Empowers market participants to identify, quantify and manage their climate-related risks and opportunities.</td>
</tr>
<tr>
<td></td>
<td>» Forward-looking data capturing exposure to climate hazards for thousands of listed companies with global corporate facilities, millions of U.S. commercial real estate properties, as well as global sovereigns and sub-sovereigns; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Assessments of thousands of companies to identify transition risk exposure from different fossil fuel resource types and power-generation technologies.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Climate Risk Quantification:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Climate-adjusted Macroeconomic Scenarios;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Climate-adjusted Probability of Default (PD); and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Climate Pathway Scenarios.</td>
<td></td>
</tr>
<tr>
<td><strong>SUSTAINABLE FINANCE</strong></td>
<td>SPOs of green, social and sustainability bonds and loans for corporates and sovereign customers, with more than 450 SPOs to-date in over 30 countries</td>
<td>Brings clarity to a company or transaction’s sustainability impact and/or alignment to strategic frameworks and market standards;</td>
</tr>
<tr>
<td></td>
<td>» Sustainability Ratings and benchmarks; and</td>
<td>Helps organizations to maximize their sustainability performance and stakeholder value; and</td>
</tr>
<tr>
<td></td>
<td>» Green Verifications (including the CBI verification scheme, Nasdaq Green Equity and Nasdaq Green Equity Transition designations).</td>
<td>Supports organizations' access to capital and their communication of sustainability performance to key stakeholders.</td>
</tr>
</tbody>
</table>

Notable Second Party Opinions (SPOs) in 2021 included:

» Republic of Benin’s SDG Bond Framework, first-ever SDG bond issuance in Africa and one of the first in the world;

» IDB Invest’s Sustainable Debt Framework, first ICMA-aligned Sustainability Debt Framework from a high-grade multilateral development bank;

» European Commission’s NextGenerationEU Green Bond Framework, with the NextGenerationEU green bond program of up to €250 billion, the EU will become the largest green bond issuer worldwide; and

» Ford’s Sustainable Financing Framework, North America auto industry’s first sustainable financing framework.

1 Data as of December 31, 2021.
EXPANDING OUR ESG CAPABILITIES

Throughout 2021, we achieved significant milestones in the expansion of our ESG capabilities, including:

» The launch of Climate Solutions, our comprehensive product suite dedicated to the identification, quantification and monitoring of climate risks. In 2021, we expanded our data coverage of the physical risks posed by climate change with new sub-sovereign climate risk scores that quantify population-weighted exposure to floods, heat stress, hurricanes and typhoons, sea level rise, water stress and wildfires. The scores complement our expanding coverage of forward-looking physical risk data for locations globally, including scores for 200 sovereigns. In December, we announced the launch of Temperature Alignment Data, a net-zero solution that assesses how companies’ emissions targets align with global temperature benchmarks and tracks their progress toward meeting those targets.

» As part of our ESG Measures offering, focused on ESG data, scores and assessments, we announced:
  - The introduction of ESG Score Predictor, a first-of-its-kind tool to generate real-time predicted ESG scores for millions of public and private SMEs worldwide. Based on a model derived from our proprietary ESG scoring methodology for large-cap corporates, the ESG Score Predictor provides financial institutions with essential quantitative data for portfolio and risk management, and helps companies monitor ESG risk across their global supply chains.
  - The expansion of regulatory data solutions, such as Sustainable Finance Disclosure Regulation Principal Adverse Impact (SFDR PAI) Data covering thousands of entities, a bespoke ESG data solution aimed at helping market participants meet European Union SFDR requirements. In October, we launched EU Taxonomy Alignment Screening, a new data solution that helps market participants, including asset managers, banks and insurance companies, respond to disclosure requirements under the evolving EU Taxonomy regulation.
  - The establishment of two normative standard screening solutions, Sustainable Development Goals (SDG) Alignment Screening and Global Compact Screening, that help enable investors and other market participants to integrate the SDGs into their strategies and evaluate the alignment of approximately 5,000 listed companies with the sustainability-focused principles of the United Nations Global Compact respectively.

In 2022, we launched Moody’s ESG360 — an easy-to-use platform delivering transparent ESG and climate data and insights through an intuitive interface. Throughout the year, we will also enhance Moody’s ESG assessments methodology based on our double materiality approach.
EDUCATING MARKETS THROUGH OUTREACH AND RESEARCH

We engage with the global stakeholder community and produce relevant thought leadership to help translate our cutting-edge analytics into actionable insights. For example, during COP26 in Glasgow in November 2021, we engaged in a wide range of discussions to share our insights and expertise on the challenges faced by companies and investors as they seek to adopt and accelerate net-zero targets.

ENGAGING THROUGH PARTNERSHIPS

Industry partnerships are a critical pillar to our engagement activities. Through our affiliation with leading market organizations, we foster opportunities to gain first-hand and valuable insight from market participants which, in turn, inspire our continual development of ESG and climate risk products and solutions. Below are a representative selection of our partners.

Throughout 2021, we coordinated a number of events and published thought leadership on high-interest topics, including:

- 49 thought leadership papers published on the ESG Insights and Analysis hub
- 13 hosted events and 38 sponsored events on topics such as biodiversity, water stress and net-zero (with an 88% average satisfaction score in hosted events, above the global average)
- 23 total consultations submitted to standard setters, regulators and ESG influencers in Europe, North America and APAC
ESG Integration

Beyond our comprehensive suite of ESG solutions, we continue to integrate ESG considerations across our portfolio — from credit ratings to risk management insights and analytics. We aim to provide easily accessible, high-quality ESG data to our analysts and customers. To achieve this, we are expanding our ESG capabilities through targeted investments and acquisitions and developing a robust data infrastructure that streamlines access to ESG, climate risk and sustainable finance data.

**ESG INTEGRATION INTO CREDIT RATINGS**

Moody’s Investors Service (MIS) systematically incorporates material ESG and climate considerations into its credit analysis and credit ratings to help market participants understand how ESG issues affect their fixed income decisions.

In January 2021, MIS launched ESG Issuer Profile and Credit Impact Scores to provide greater transparency into how ESG considerations are incorporated into credit ratings. While initially focused on sovereign issuers, MIS expanded its coverage in 2021 to include more than 1,700 governments, financial institutions and corporations across a wide range of sectors. By the end of 2022, MIS intends to publish ESG scores for thousands of additional rated issuers.

**Assessing exposure with Issuer Profile Scores**

Issuer Profile Scores (IPSs) are assessments of the exposure to environmental, social and governance risks or benefits, based on the general ESG principles that have a material impact on credit quality. Based on a five-point scale ranging from positive (E-1, S-1 or G-1) to very highly negative (E-5, S-5 or G-5), these scores provide a consistent way to express this assessment.

---

IPS Scoring Scale

- Positive
- Neutral-to-low
- Moderately negative
- Highly negative
- Very highly negative

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**A MESSAGE FROM OUR PRESIDENT & CEO**

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**Moody’s 2021 Stakeholder Sustainability Report**
Measuring impact with ESG
Credit Impact Scores

Credit Impact Scores (CISs) are an output of the credit rating process that indicate the extent, if any, to which ESG factors impact the credit rating of an issuer or transaction. Similar to IPS, these scores are attributed on a five-point scale from very highly negative (5) to positive (1).

For example, the CIS score of the issuer in Figure 1 is highly negative (CIS-4), reflecting high exposure to social risks and moderately negative exposure to environment risks, combined with relatively low resilience as weakening public finances and relatively low-income levels constrain the issuer’s capacity to respond to environmental and social shocks.

On the other hand, the CIS score of the issuer in Figure 2 is positive (CIS-1), reflecting low exposure to environmental risks, limited social risks and very strong governance and forward-looking policymaking.

ADDITIONAL COMPONENTS OF MIS INTEGRATION

In addition to ESG scores, MIS publishes Carbon Transition Assessment scores (CTAs), which provide a consistent and verifiable means to analyze carbon transition risk for 3801 rated issuers in the most exposed sectors, such as oil and gas and automobile manufacturers, among others.

For each of the sectors MIS rates globally, MIS also publishes Environmental and Social Risk Heat Maps that visualize the relative ranking of various sectors along the E and S classification of risks.

As the CTAs demonstrate, MIS is committed to creating tools that help the financial system assess transition risk and readiness for a low-carbon world.

1 Cumulative data as of December 31, 2021.
ESG INTEGRATION FOR RISK QUANTIFICATION

By integrating ESG considerations into our Moody’s Analytics (MA) risk management scoring and data products, we are providing global markets with critical financial risk information. We have taken steps to further incorporate ESG considerations into a number of our risk assessment products and tools, including:

» Moody’s CreditView: We are integrating our ESG and Climate Scores and Assessments into Moody’s CreditView—our flagship research, data and analytics platform that features MIS credit ratings and analysis along with MA research and data.

» Climate Pathway Scenario Service: Built on our award-winning scenario generation software, this service helps insurers meet Own Risk and Solvency Assessment (ORSA) and Task Force on Climate-Related Financial Disclosures (TCFD) requirements by quantifying the financial impact from physical and transition risk. It can also support the integration of climate risk into strategic asset allocation (SAA) and investment screening processes. The Climate Pathway Scenario Service won the Climate Risk Initiative of the Year in the 2021 Insurance Asset Risk Awards in North America.

» Commercial Lending Operating Unit: In October 2021, we made proprietary climate risk scores available on our leading commercial real estate (CRE) analytics platform. These climate risk scores quantify the exposure of commercial properties and geographies to the physical impacts of climate change, providing investors, brokers and lenders a more holistic view of risk exposure.

» Orbis: The world’s most powerful comparable data resource on private companies, Orbis has information on over 400 million global entities. We are incorporating additional ESG data sources into our existing database and standardizing it to make it richer, more powerful and easier to integrate into our customers’ workflows. For the third straight year, Orbis won the Best Data Solution for Know Your Customer (KYC) category in the RegTech Insight Awards 2021 in Europe.

In 2022, we will launch our ESG Premium offering, which will include interactive peer comparison and screening tools to provide deeper insights into a company’s ESG performance.

Hear more from Juan Licari, MD-Analytics & Modeling
Strategic acquisitions and investments

We continue to make strategic acquisitions and investments that build on our ESG risk monitoring and assessment capabilities. In 2021, our acquisitions focused on cyber and supply chain risk, enhancing our integrated risk capabilities and recognizing ESG considerations are increasingly relevant to issuers, investors and other market participants.

Cortera

We completed our acquisition of Cortera in March 2021. Cortera, a leading provider of North American credit and data workflow solutions, enhances our risk assessment capabilities and extends our coverage in the SME segment. Cortera augments our extensive database of private company information and enhances our KYC, commercial lending and supply chain solutions.

BitSight

In September 2021, we invested $250 million in BitSight, a cybersecurity risk ratings and assessments company, to enhance BitSight’s capabilities and create a comprehensive, integrated, industry-leading cybersecurity risk platform to help market participants understand cyber risks.

RealXData

In September 2021, we acquired RealXData, a provider of CRE lease-level portfolio management with benchmarking and forecasting capabilities. The acquisition advances our ability to help customers manage their real estate portfolios, analyze performance and define strategy on one platform.

RMS

We acquired RMS in September 2021. With over 400 risk models covering 120 countries, RMS provides extensive and quantitative climate and catastrophe risk modeling solutions for P&C insurers and reinsurers, enabling them to better understand, measure and manage risk.

Bogard

In November 2021, we acquired Bogard, a leading provider of data and information on politically exposed persons in the Nordic region. The acquisition advances our ability to help customers perform KYC screening and research to address financial crime.

PassFort

In December 2021, we acquired PassFort, a SaaS-based workflow platform for identity verification, customer onboarding and risk analysis. The integration of PassFort’s platform into our suite of KYC and compliance solutions will create a more holistic workflow solution, allowing customers to incorporate our data, including credit, cyber, ESG and climate analytics, directly into their proprietary processes.

RealXData

In February 2022, we completed the acquisition of 360kompany AG (kompany), a platform for audit-proof business verification and KYC, operating a network of primary source information on more than 115 million companies across 200 jurisdictions. The platform’s API enables our customers to complete shareholder analysis and entity verification in real time, as well as retrieve original company filings and documents to meet their regulatory demands.

"Today’s leaders face a complex, interlinked world of risks and stakeholders. In the context of a global pandemic, the climate crisis and increasing cyberattacks, our customers must manage a wider range of risks than ever before. We are excited to add RMS and its team of world-class data scientists, modelers and software engineers to the Moody’s family to help accelerate solutions that enable customers to build resilience and make better decisions."

— Robert Fauber, President & CEO
## Metric Summary

The following metric summary contains the data and metrics referenced in our 2021 Stakeholder Sustainability Report. In addition, our report is accompanied by a Methodology Note for the first time, which aims to increase transparency on methodologies used in our sustainability accounting to accurately measure and report our ESG progress and impacts. 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, 2021.

### BETTER BUSINESS

#### CLIMATE

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total absolute GHG emissions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Scope 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-1</td>
<td>1,744</td>
<td>919</td>
<td>851</td>
</tr>
<tr>
<td>WEF Planet: greenhouse gas (GHG) emissions</td>
<td>46%</td>
<td>75%</td>
<td>76%</td>
</tr>
<tr>
<td><strong>Scope 2 market-based</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-2</td>
<td>13,591</td>
<td>2,745</td>
<td>432</td>
</tr>
<tr>
<td>WEF Planet: greenhouse gas (GHG) emissions</td>
<td>77%</td>
<td>82%</td>
<td>86%</td>
</tr>
<tr>
<td><strong>Scope 2 location-based</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-2</td>
<td>14,035</td>
<td>8,767</td>
<td>6,878</td>
</tr>
<tr>
<td>WEF Planet: greenhouse gas (GHG) emissions</td>
<td>77%</td>
<td>82%</td>
<td>86%</td>
</tr>
<tr>
<td><strong>Scope 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-3</td>
<td>172,360</td>
<td>112,368</td>
<td>121,280</td>
</tr>
<tr>
<td>Purchased goods and services</td>
<td>123,000</td>
<td>88,700</td>
<td>105,500</td>
</tr>
<tr>
<td>Capital goods</td>
<td>4,700</td>
<td>9,500</td>
<td>5,300</td>
</tr>
<tr>
<td>Fuel and energy-related activities</td>
<td>4,600</td>
<td>800</td>
<td>220</td>
</tr>
<tr>
<td>Business travel</td>
<td>23,100</td>
<td>3,300</td>
<td>1,480</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>10,400</td>
<td>3,100</td>
<td>208</td>
</tr>
<tr>
<td>Waste generated in operations</td>
<td>460</td>
<td>68</td>
<td>72</td>
</tr>
<tr>
<td>Investments</td>
<td>6,100</td>
<td>6,900</td>
<td>8,500</td>
</tr>
<tr>
<td><strong>Total Scope 1, Scope 2 market-based, Scope 3</strong></td>
<td>187,695</td>
<td>116,032</td>
<td>122,563</td>
</tr>
<tr>
<td>GHG intensity (Scope 1 and Scope 2 mtCO2e/sq ft)</td>
<td>0.006</td>
<td>Not available</td>
<td>0.001</td>
</tr>
<tr>
<td>GRI 305-4</td>
<td>Not available</td>
<td>Not available</td>
<td>0.2</td>
</tr>
<tr>
<td>GHG intensity (Scope 1 and Scope 2 mtCO2e/$ million of revenue)</td>
<td>3</td>
<td>Not available</td>
<td>Not available</td>
</tr>
</tbody>
</table>

1. Our 2019 and 2020 GHG emissions were retroactively recalculated due to improved access to vendor spend data and M&A activity. Consequently, our science-based targets for reducing our GHG emissions were re-submitted to the Science Based Targets initiative (SBTi) and coverage was re-validated.

2. Business travel and employee commuting emissions were restated to include well-to-wheel emissions to ensure alignment to the SBTi Target Validation Protocol and Transport Guidance.

3. Emissions include all offices under financial control. Square footage includes Moody’s managed offices and excludes shared-space offices due to data limitations. The impact is expected to be not material, with emissions in shared-space offices accounting for approximately 0.6% of total GHG inventory in 2021.

*Figures have been updated since original publication*
<table>
<thead>
<tr>
<th>Energy consumption</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy (MWh)</td>
<td>48,251</td>
<td>32,166</td>
<td>27,969</td>
</tr>
<tr>
<td>Energy intensity ratio per sq ft (kWh/sq ft)</td>
<td>19.8</td>
<td>13.0</td>
<td>11.9</td>
</tr>
</tbody>
</table>

**Scope 1 – direct**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas (MWh)</td>
<td>5,211</td>
<td>2,886</td>
<td>4,299</td>
</tr>
<tr>
<td>Other direct (diesel, liquefied petroleum gas) (MWh)</td>
<td>918</td>
<td>466</td>
<td>75</td>
</tr>
</tbody>
</table>

**Scope 2 – indirect**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total electricity consumption from operations (MWh)</td>
<td>36,477</td>
<td>24,377</td>
<td>20,619</td>
</tr>
<tr>
<td>Renewable electricity use(^2)</td>
<td>11%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Out of which covered by Energy Attribute Certificates purchased by Moody’s directly</td>
<td>0%</td>
<td>84%</td>
<td>87%</td>
</tr>
<tr>
<td>Other indirect (purchased steam and cooling) (MWh)</td>
<td>5,645</td>
<td>4,437</td>
<td>2,976</td>
</tr>
</tbody>
</table>

**Decarbonization plan indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target:</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of Scope 1 and Scope 2 from 2019 base year</td>
<td>50% (by 2030)</td>
<td>76%</td>
<td>92%</td>
<td></td>
</tr>
<tr>
<td>Supplier spend covered by science-based targets</td>
<td>60% (by 2025)</td>
<td>25%</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>Renewable electricity use (property portfolio)(^2)</td>
<td>100%</td>
<td>11%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Supplier spend covered by science-based targets</td>
<td>60% (by 2025)</td>
<td>25%</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>Renewable electricity use (property portfolio)(^2)</td>
<td>100%</td>
<td>11%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

\(^1\) Our 2019 and 2020 GHG emissions were retroactively recalculated due to improved access to vendor spend data and M&A activity. Consequently, our science-based targets for reducing our GHG emissions were re-submitted to the Science Based Targets Initiative (SBTi) and coverage was re-validated.

\(^2\) Renewable electricity percentage is reported based on initially verified electricity consumption values because it is not possible to buy renewable electricity retroactively due to M&A activity. Therefore, the 2020 restated verification opinion shows a decrease in percentage renewable electricity.
### ENVIRONMENT AND NATURAL RESOURCES

<table>
<thead>
<tr>
<th>Waste (metric tons)</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste from office operations</td>
<td>3,922</td>
<td>601</td>
<td>429</td>
</tr>
<tr>
<td>Landfill</td>
<td>667</td>
<td>132</td>
<td>149</td>
</tr>
<tr>
<td>Recycled goods</td>
<td>1,697</td>
<td>198</td>
<td>241</td>
</tr>
<tr>
<td>Recycled paper</td>
<td>1,558</td>
<td>272</td>
<td>39</td>
</tr>
</tbody>
</table>

#### Percentage of our employees in offices that implemented sustainable practices

- Phased out single use plastics: 75%
- Implemented centralized waste collection\(^2\): 68%
- Eliminated coffee machines with capsules / sachets: 35%
- Recycle coffee capsules / sachets: 83%

#### Percentage spend on sustainable materials\(^3\),\(^4\)

- Eco-friendly office paper: 68% → 46%
- Eco-friendly stationery and office supplies: 36% → 37%

#### Office paper use

- Reduction of office paper from 2019 baseline\(^4\): 79% → 99%
  - Target: 50%

### RESPONSIBLE SOURCING

<table>
<thead>
<tr>
<th>Supplier diversity</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diverse supplier spend(^5)</td>
<td>10%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Women-owned</td>
<td>0.3%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Small businesses</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

---

1. Actual waste represented 31% of reported volume in 2021. The reported figure represents an extrapolation to cover the full property portfolio.
2. Includes offices that have more than 50 full-time employees, covering approximately 88% of operations based on employee number.
3. Office paper, stationery and office supplies qualify as eco-friendly when they meet one of the more than 45 environmental attributes that are reported by suppliers, see the full definition in the Methodology Note. The decrease in eco-friendly office paper in 2021 is due, in part, to supply chain issues and the limited selection of eco-friendly paper for orders for remote work.
4. Represents our offices in the U.S. We are working to collect actual data globally.
5. Data includes addressable spend with suppliers that we do business with directly (Tier 1).
## DIVERSITY, EQUITY & INCLUSION

### Global gender diversity

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th></th>
<th>2020</th>
<th></th>
<th>2021</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Not Disclosed</td>
<td>Male</td>
<td>Female</td>
<td>Not Disclosed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Role</th>
<th>Male</th>
<th>Female</th>
<th>Not Disclosed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>70%</td>
<td>30%</td>
<td>—</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>67%</td>
<td>33%</td>
<td>—</td>
</tr>
<tr>
<td>Mid-level Manager</td>
<td>67%</td>
<td>33%</td>
<td>—</td>
</tr>
<tr>
<td>First-level Manager</td>
<td>63%</td>
<td>37%</td>
<td>—</td>
</tr>
<tr>
<td>Non-manager</td>
<td>51%</td>
<td>48%</td>
<td>1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>58%</td>
<td>41%</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Race / Ethnicity: United States

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th></th>
<th>2021</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>White</td>
<td>Underrepresented groups</td>
<td>Other</td>
<td>White</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Role</th>
<th>White</th>
<th>Underrepresented groups</th>
<th>Other</th>
<th>White</th>
<th>Underrepresented groups</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Officers and Managers</td>
<td>53%</td>
<td>43%</td>
<td>4%</td>
<td>53%</td>
<td>43%</td>
<td>4%</td>
</tr>
<tr>
<td>U.S. Workforce</td>
<td>49%</td>
<td>45%</td>
<td>6%</td>
<td>49%</td>
<td>45%</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Global employee breakdown by region

<table>
<thead>
<tr>
<th>Region</th>
<th>2020</th>
<th></th>
<th>2021</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas (excluding U.S.)</td>
<td>679</td>
<td></td>
<td>764</td>
<td></td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>3,429</td>
<td></td>
<td>4,197</td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>3,145</td>
<td></td>
<td>3,665</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>4,234</td>
<td></td>
<td>4,834</td>
<td></td>
</tr>
</tbody>
</table>

---

1. Executives represent CEO, CEO-Direct, Exec Directors, GMD, SMD and MD level; senior managers represent AMD, Country Head, SVP and Senior Director level; mid-level managers represent VP-SCD, VP SA, VP and Director level, first-level managers represent AVP-ANALYST, AVP, Associate Director and Assistant Director level; non-managers represent Analyst, Assoc Analyst, Assoc and Associate level.

2. The data by seniority represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies for which this data was not available). The total breakdown by gender represents the full employee population.

3. Underrepresented groups include employees who identified as Asian, LatinX, Black, Native American/Alaskan Native, Hawaiian/Other Pacific Islander or two or more races.

4. Officers and Managers are calculated using the job categories: executives, senior managers, mid-level managers and first-level managers.
### Pay equity

**Global gender pay equity**
- **GRI 405-2**  
  - WEF: People: pay equality  
  - WEF: People: pay gap

<table>
<thead>
<tr>
<th>Gender</th>
<th>Pay</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women's pay compared to men</td>
<td>$0.99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**U.S. Ethnicity pay equity**
- **WEF: People: pay equality**  
  - **WEF: People: pay gap**

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Pay</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-white employees' pay compared to white employees</td>
<td>$1.01</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black employees' pay compared to white employees</td>
<td>$1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LatinX employees' pay compared to white employees</td>
<td>$0.99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asian employees' pay compared to white employees</td>
<td>$1.02</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Board demographics: gender (as of respective annual stockholder meeting)**

<table>
<thead>
<tr>
<th>Gender</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Not disclosed</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Board demographics: race / ethnicity (as of respective annual stockholder meeting)**

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>8</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Underrepresented groups</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Not disclosed</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

---

1. As of April 1, 2022. The population studied includes employees eligible for Moody's compensation programs and excludes limited duration employees, non-employees, temporary workers and employees from companies acquired in 2021. Employees from VE and Four Twenty Seven were excluded from the analysis due to not being integrated into Moody's compensation programs at the time of the analysis. This exclusion is non-material and represents 3% of employees.

2. Defined as LatinX, Black and Asian.

3. Underrepresented groups include employees who identified as Asian, LatinX, Black, Native American / Alaskan Native, Hawaiian / Other Pacific Island or two or more races.
## Human Capital

### New Employee Hires

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>New employee hires</td>
<td>2,728</td>
<td>1,432</td>
<td>2,707</td>
</tr>
</tbody>
</table>

### Employee Turnover Rate

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary turnover</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Involuntary turnover</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Full-time / Part-time Employees

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>11,234</td>
<td>13,202</td>
</tr>
<tr>
<td>Part-time</td>
<td>253</td>
<td>258</td>
</tr>
</tbody>
</table>

### Employees by Business Segment

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s Analytics (MA)</td>
<td>5,008</td>
<td>6,529</td>
</tr>
<tr>
<td>Moody’s Investors Service (MIS)</td>
<td>5,051</td>
<td>5,295</td>
</tr>
<tr>
<td>Moody’s Shared Services (MSS)</td>
<td>1,428</td>
<td>1,636</td>
</tr>
</tbody>
</table>
## HUMAN CAPITAL (continued)

### Collective bargaining agreements

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees covered by collective bargaining agreements</td>
<td>10%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**GRI 102-41**  
*WEF People: freedom of association and collective bargaining at risk (%)*

### Employee engagement

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee engagement score</td>
<td>71</td>
<td>76</td>
<td>73</td>
</tr>
<tr>
<td>Global benchmark</td>
<td>72</td>
<td>74</td>
<td>75</td>
</tr>
<tr>
<td>Well-being favorability score</td>
<td>80%</td>
<td>Not available</td>
<td>76%</td>
</tr>
<tr>
<td>Global benchmark</td>
<td>Not available</td>
<td>71</td>
<td>74</td>
</tr>
<tr>
<td>Inclusion score</td>
<td>68</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td>Global benchmark</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Performance review

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees who received performance and career development reviews via Grow, Perform, Succeed (GPS)</td>
<td>92%</td>
<td></td>
</tr>
</tbody>
</table>

**GRI 404-1**
### TRAINING AND UPSKILLING

<table>
<thead>
<tr>
<th>Training hours²</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute number of training hours</td>
<td>251,109</td>
<td>205,419</td>
<td>218,816</td>
</tr>
<tr>
<td>Average training hours per employee</td>
<td>24</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Officer</td>
<td>3</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>Non-officer</td>
<td>21</td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>

### Training expenditure

<table>
<thead>
<tr>
<th>WEF People: training provided ($)</th>
<th>$676</th>
<th>$717</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEF People: monetized impacts of training</td>
<td>Approximately 1%</td>
<td>Approximately 1%</td>
</tr>
</tbody>
</table>

### TALENT ATTRACTION

<table>
<thead>
<tr>
<th>Number of unfilled skilled positions (rounded)⁴</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEF People: number of unfilled skilled positions (#)</td>
<td>40</td>
<td>320</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Open positions filled by internal candidates in calendar year</th>
<th>2020%</th>
<th>28%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average hiring cost/FTE (USD, rounded)</td>
<td>$7,000</td>
<td>$5,500</td>
</tr>
</tbody>
</table>

---

¹ The data represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies not integrated in Moody’s IT systems). In addition, RMS is in the process of integration and will be reported in these metrics next year.

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 are included in 2020 onwards.

³ Officer-level data is calculated using the job categories: executives, senior managers, mid-level managers and first-level managers.

⁴ Positions that had been open for 90 days or longer as of December 31st of respective year.

---

1. The data represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies not integrated in Moody’s IT systems). In addition, RMS is in the process of integration and will be reported in these metrics next year.

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 are included in 2020 onwards.

3. Officer-level data is calculated using the job categories: executives, senior managers, mid-level managers and first-level managers.

4. Positions that had been open for 90 days or longer as of December 31st of respective year.
## Communities

<table>
<thead>
<tr>
<th>Social investment</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody's Foundation grants</td>
<td>$3,100,000</td>
<td>$3,832,400</td>
<td>$3,113,900</td>
</tr>
<tr>
<td>Moody's charitable contributions</td>
<td>$1,077,500</td>
<td>$1,935,500</td>
<td>$1,859,600</td>
</tr>
<tr>
<td>Value of volunteer hours</td>
<td>$874,300</td>
<td>$581,400</td>
<td>$789,900</td>
</tr>
<tr>
<td>Number of employee volunteer hours</td>
<td>7,842</td>
<td>11,238</td>
<td></td>
</tr>
<tr>
<td>Employee-driven giving</td>
<td>$532,500</td>
<td>$555,300</td>
<td>$667,000</td>
</tr>
<tr>
<td>Total social investment</td>
<td>$5,584,300</td>
<td>$6,904,600</td>
<td>$6,430,400</td>
</tr>
</tbody>
</table>

### Moody’s Foundation Programs

**GRI 413-2**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Empowering people with financial knowledge</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested ($)</td>
<td>$1.4 million</td>
<td>$1.2 million</td>
<td>$1.6 million</td>
</tr>
<tr>
<td>Number of countries served</td>
<td>35</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>Median efficacy rate</td>
<td>95%</td>
<td>88%</td>
<td>96%</td>
</tr>
<tr>
<td>Total beneficiaries</td>
<td>8,700</td>
<td>2,500</td>
<td>4,900</td>
</tr>
<tr>
<td>Female beneficiaries</td>
<td>79%</td>
<td>64%</td>
<td>65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supporting social equality and climate action</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested ($)</td>
<td>$355,000</td>
<td>$352,000</td>
<td>$308,000</td>
</tr>
<tr>
<td>Number of countries served</td>
<td>40</td>
<td>30</td>
<td>37</td>
</tr>
<tr>
<td>Median efficacy rate</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Total beneficiaries</td>
<td>108,000</td>
<td>60,000</td>
<td>62,000</td>
</tr>
<tr>
<td>Female beneficiaries</td>
<td>53%</td>
<td>68%</td>
<td>57%</td>
</tr>
</tbody>
</table>

---

1. Grants paid from the Foundation toward projects aligned with its strategic focus areas.
2. Payments made by MIS, MA and MSS that have been classified as charitable contributions. Includes charitable contributions to volunteering vendors (nonprofits and social enterprises that coordinate volunteer experiences), previously reported separately.
3. The data represents approximately 90% of employees (excludes certain non-wholly-owned subsidiaries and newly acquired companies not integrated in Moody’s IT systems). In addition, RMS is in the process of integration and will be reported in this metric next year.
4. Grants paid from Moody’s Foundation toward the Matching Gifts and Dollars for Doers programs.
5. Measured using Mission Measurement’s Impact Genome Project methodology. Data is reflective of programming that was active in the calendar year and is not reflective of all Moody’s grant partners.
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMUNITIES (continued)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Moody's Foundation Programs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 413-2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helping young people reach their potential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested $</td>
<td>$1.2 million</td>
<td>$1.1 million</td>
<td>$1.1 million</td>
</tr>
<tr>
<td>Number of countries served</td>
<td>63</td>
<td>49</td>
<td>7</td>
</tr>
<tr>
<td>Median efficacy rate</td>
<td>94%</td>
<td>96%</td>
<td>100%</td>
</tr>
<tr>
<td>Total beneficiaries</td>
<td>96,000</td>
<td>17,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Female beneficiaries</td>
<td>54%</td>
<td>66%</td>
<td>75%</td>
</tr>
<tr>
<td><strong>All programs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested $</td>
<td>$3 million</td>
<td>$2.7 million</td>
<td>$3 million</td>
</tr>
<tr>
<td>Number of countries served</td>
<td>99</td>
<td>72</td>
<td>54</td>
</tr>
<tr>
<td>Median efficacy rate</td>
<td>99%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Total beneficiaries</td>
<td>212,700</td>
<td>79,500</td>
<td>76,900</td>
</tr>
<tr>
<td>Female beneficiaries</td>
<td>54%</td>
<td>68%</td>
<td>60%</td>
</tr>
<tr>
<td>Low-income beneficiaries</td>
<td>30%</td>
<td>84%</td>
<td>62%</td>
</tr>
<tr>
<td>Improved general employability &amp; soft skills outcome (previously “Job readiness”)</td>
<td>52%</td>
<td>96%</td>
<td>85%</td>
</tr>
</tbody>
</table>

**COVID-19 RESPONSE**

<table>
<thead>
<tr>
<th></th>
<th>2020 – 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-kind: products and services</td>
<td>$22,500,000</td>
</tr>
</tbody>
</table>
Moody’s is an equal opportunity employer. For Moody’s full policy, see Moody’s Affirmative Action and Equal Employment Opportunity Policy Statement.

Moody’s success in achieving its purpose is only possible through the collective contributions of its global employee population whose members possess the unique combination of skills, professional experience and diversity of backgrounds needed to advance Moody’s business and contribute to the communities in which it operates. Moody’s believes that it is essential to: i) create a workplace where its employees feel valued and inspired; ii) to provide an environment that fosters a culture of independence, inclusion and intellectual leadership; and iii) to support peer collaboration and professional growth.

To learn more about Moody’s DE&I strategy and initiatives, please visit about.moodys.io/diversity.

---

### JOB CATEGORIES

<table>
<thead>
<tr>
<th>HISPANIC OR LATINO</th>
<th>NOT-HISPANIC OR LATINO</th>
<th>OVERALL TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Executive / Sr Officials &amp; MGRS</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>First / Mid Officials &amp; MGRS</td>
<td>44</td>
<td>40</td>
</tr>
<tr>
<td>Professionals</td>
<td>102</td>
<td>83</td>
</tr>
<tr>
<td>Technicians</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Sales Workers</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>15</td>
<td>44</td>
</tr>
<tr>
<td>Craft Workers</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Operatives</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Laborers &amp; Helpers</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Service Workers</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL1</td>
<td>183</td>
<td>178</td>
</tr>
<tr>
<td>PREVIOUS REPORT TOTAL</td>
<td>153</td>
<td>148</td>
</tr>
</tbody>
</table>

---

1. This representation data is collected from all U.S. employees of Moody’s Corporation and its subsidiaries and does not include information regarding the Company’s international employees.
## ESG SOLUTIONS AND ESG INTEGRATION

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moody's Product Vitality index</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WEF Prosperity: vitality index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New products¹</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Acquired products</td>
<td>12%</td>
<td>13%</td>
</tr>
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<td>Legacy products</td>
<td>86%</td>
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1 The revenue breakdown from new products and products from acquisitions in the last five years, excluding joint ventures.

2 New products include revenue from product expansion to new markets.
Framework Index

Our Report has been prepared in accordance with the following voluntary frameworks and initiatives: Value Reporting Foundation’s Sustainability Accounting Standards Board (SASB) Standard for Professional and Commercial Services, the Global Reporting Initiative (GRI) Standards Core option, and the World Economic Forum (WEF) International Business Council’s Stakeholder Capitalism Metrics. These disclosures are meant to assist our investors, customers, business partners and other stakeholders in obtaining standardized disclosure.

Additionally, we have mapped our sustainability progress to the United Nations (UN) Sustainable Development Goals (SDGs) as indicated by icons listed beneath framework descriptions. The following key shows the icons used in this Index wherever it maps with an SDG:

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, 2021.
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<td>Organization name</td>
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| Activities, brands, products, and services | Moody’s at a glance, pg 6-7  
Our commitment to sustainability, pg 10-13  
Better solutions, pg 74-83  
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| Location of headquarters | 7 World Trade Center in New York, New York, USA. | 102-3 |   |   |
| Location of operations | 2021 Form 10-K, exhibit 21 | 102-4 |   |   |
| Ownership and legal form | Moody’s is a public corporation.  
2021 Form 10-K, pg 1 | 102-5 |   |   |
| Markets served and scale of the organization | Moody’s at a glance, pg 6  
2021 Form 10-K, pg 11-14, pg 16-17, pg 72-78 | 102-6, 102-7 |   |   |
| Information on employees and other workers | Inside Moody’s: our workforce and workplace, pg 45-46 | 102-8 |   |   |
| Supply chain | Responsible sourcing, pg 34-36  
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Human Rights Statement  
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| Significant changes to the organization and its supply chain | About this report, pg 9  
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| Precautionary principle or approach | Risk management, pg 27  
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<td>Corporate governance, pg 22-24</td>
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<td>Audit Committee Charter</td>
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<td>Highest governance body’s role in sustainability reporting</td>
<td>The CFO formally reviews Moody’s Stakeholder Sustainability Report.</td>
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<td>Communicating critical concerns</td>
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<td>2022 Proxy Statement, pg 15-16</td>
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<td>Nature and total number of critical concerns</td>
<td>All material legal matters are disclosed in Moody’s 2021 Form 10-K, Note 21 “Contingencies,” pg 126</td>
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<td>SV-PS-510a.2 Principles of governance: monetary losses from unethical behavior</td>
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<td>Remuneration policies</td>
<td>Embedding sustainability metrics into executive compensation, pg 24</td>
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<td>Stakeholder engagement</td>
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<td>Approach to stakeholder engagement and key topics</td>
<td>Moody’s key stakeholders are entities or individuals who are involved in its business, can be directly affected by its business and/or whose actions can directly affect its business.</td>
<td>102-40, 102-42, 102-43, 102-44</td>
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<td>Materiality assessment, pg 14-17</td>
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<td>Stakeholder engagement, pg 18</td>
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<td>Collective bargaining agreements</td>
<td>Approximately 9% of employees are covered by a collective bargaining agreement.</td>
<td>102-41</td>
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<td>People: freedom of association and collective bargaining at risk (%)</td>
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<td>2021 Form 10-K, exhibit 21</td>
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<td>Date of most recent report</td>
<td>Our most recent report, the <a href="#">2020 Stakeholder Sustainability Report</a>, was released in June 2021.</td>
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<td>Reporting cycle</td>
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<td><a href="mailto:Sustainability@moodys.com">Sustainability@moodys.com</a></td>
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<td>Claims of reporting in accordance with the GRI Standards</td>
<td>This report has been prepared in accordance with the GRI Standards: Core option.</td>
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<td>GRI content index</td>
<td>Moody's 2021 Stakeholder Sustainability report framework index, pg 97-107</td>
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<td>External assurance</td>
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### Economic performance

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<td>Direct economic value generated and distributed</td>
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<td>Financial implications and other risks and opportunities due to climate change</td>
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### Claims of reporting in accordance with the GRI Standards

- This report has been prepared in accordance with the GRI Standards: Core option.

### External assurance

- 2021 TCFD Report, pg 34-36

### Claims of reporting in accordance with the SASB

- 2021 TCFD Report, pg 34-36

### Claims of reporting in accordance with the WEF

- 2021 TCFD Report, pg 34-36
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Anti-Bribery and Anti-Corruption Policy  
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Supplier Code of Conduct  
Modern Slavery and Human Trafficking Statement | GRI 205: 103-1, 103-2, 103-3 | SV-PS-S10a1 | Principles of governance: anti-corruption  
Principles of governance: protected ethics advice and reporting mechanisms |
| Communication and training about anti-corruption policies and procedures | Ethics and integrity, pg 25  
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| Lobbying and political contributions | Public policy, pg 26  
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Responsible sourcing, pg 34-36  
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People: human rights review, grievance impact and modern slavery (#, %) |
| Employee training on human rights policies or procedures | Ethics and integrity, pg 25-26  
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<td>GRI 418: 103-1, 103-2, 103-3</td>
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<td>There were no material incidents related to data and cybersecurity breaches across our global operations in 2021.¹</td>
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Glossary

**GRI** – Global Reporting Initiative

**M&A** – Mergers & acquisitions

**MA** – Moody’s Analytics

**MCO** – Moody’s Corporation

**MIS** – Moody’s Investors Service

**SASB** – Sustainability Accounting Standards Board

**SDG** – Sustainable Development Goals

**UNGC** – United Nations Global Compact

**WEF** – World Economic Forum

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**BETTER BUSINESS**

- A4S – Accounting for Sustainability
- AML – Anti-Money Laundering
- CIO – Chief Information Office
- CISO – Chief Information Security Officer
- COSO – Committee of Sponsoring Organizations
- CRO – Chief Risk Officer
- EDD – Enhanced Due Diligence
- NZFSPA – Net Zero Financial Service Providers Alliance
- GFANZ – Global Financial Alliance for Net Zero
- LEED – Leadership in Energy and Environmental Design
- PAC – Political Action Committee
- SBTi – Science-Based Targets initiative
- TCFD – Task Force on Climate-related Financial Disclosures
- TNFD – Taskforce on Nature-related Financial Disclosures

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**BETTER LIVES**

- ALI – Asian Leadership Initiative
- BES – Business Engagement Survey
- BIG – Black Inclusion Group
- BLC – Business Learning Councils
- BRG – Business Resource Group (previously Employee Resource Group)
- CDFI – Community Development Financial Institution
- CPO – Chief People Officer
- CSR – Corporate Social Responsibility
- CORE – Creating Opportunities for Racial Equity
- EEO-1 – U.S. Equal Employment Opportunity report
- ERG – Employee Resource Group (now Business Resource Group)
- GPS – Grow, Perform, Succeed
- MATR – Moody’s Analytics Technical Rotation program
- MDI – Minority Depository Institution
- MLT – Management Leadership for Tomorrow
- MMCI – Moody’s Multicultural Customer Initiative
- TIDE – Talent Aspirations & Alignment, Insights, Development & Career Planning and Exposure & Expansion
- UNCF – The United Negro College Fund
- WBRG – Women Business Resource Group

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**BETTER SOLUTIONS**

- CBI – Climate Bonds Initiative
- CIS – Credit Impact Score
- CRE – Commercial Real Estate
- CTA – Carbon Transition Assessment
- IPS – Issuer Profile Score
- KYC – Know Your Customer
- PD – Probability of Default
- SFDR PAI – Sustainable Finance Disclosure Regulation Principal Adverse Impact
- SME – Small-and-Medium-sized Enterprise
- SPO – Second Party Opinion
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