



Moody's Decarbonization Plan

Moody's made significant progress on its environmental sustainability goals in 2021. The Company has set a long-term net-zero target, progressed on its near-term science-based targets to reduce its greenhouse gas (GHG) emissions, continued to procure 100% renewable electricity and to offset the remainder of its emissions from its operations, business travel and employee commuting retroactively to the year 2000, when the company became public.

Mark Kaye, Chief Financial Officer of Moody's Corporation has stated: "Contributing to an environmentally sustainable global future is a key business objective for Moody's. We are proud of the work we've done to enhance our environmental sustainability and we will continue to expand and enhance our efforts to integrate best practices throughout our business, using science-based targets."

Moody's long-term net-zero target:

» 90% reduction in absolute Scope 1, 2 and 3 GHG emissions by 2040¹,

In 2021, Moody's accelerated its ambition to reach net-zero emissions by 2040, a decade earlier than the Paris Agreement goals. By accelerating its net-zero target, Moody's demonstrates its continued commitment to advancing sustainability.

In its road to net-zero, Moody's set and progressed on validated, interim near-term science-based targets to reduce greenhouse gas emissions in its operations and value chain.

Moody's near-term net-zero targets focus on three key metrics:

» 50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030¹.

Moody's is procuring 100% renewable electricity for its global operations through renewable energy attribute certificates in the short term. Moody's will seek to ensure success in the medium and long term by increasing contracts with utility suppliers whose electricity originates from a renewable source, where possible.

The primary source of Moody's Scope 1 and 2 emissions is grid electricity usage, with its operating sites being composed of leased office space in multi-tenant buildings. To reduce energy consumption, environmental considerations help to guide the selection of office locations. For example, Moody's tracks the number of employees in LEED certified (or equivalent) buildings, which is approximately 58% of the workforce, and it has a shadow carbon price that is considered when selecting new office space locations. As part of its real estate plans, Moody's aims to increase this percentage while also reducing under-utilized office space as it shifts toward a more digital workplace. The company also plans to expand and implement new programs dedicated to electricity usage reduction, such as Moody's Summer Lights-Out initiative which consists of global offices dimming or turning off lights during Friday afternoons, and other operational efficiency projects such as increasing temperature set-points in technology rooms.

» 15% reduction in Scope 3 GHG emissions from fuel and energy related activities, business travel and employee commuting by 2025¹.

Since 2020, Moody's has implemented a company-wide carbon price on business travel, as well as an employee engagement program to educate employees on how they can individually help Moody's reduce its carbon footprint. As the company implements the 'Workplace of the Future' program, which includes more technology enabled work, it continues to enhance its digital capabilities and IT infrastructure to implement work-from-home solutions that ensure productivity and reduce employee commuting time and non-essential business travel. As essential business travel resumes post-COVID-19, Moody's encourages its

¹ Target determined from a 2019 base year.

employees to travel with lower emissions options when possible, such as booking trains over planes or economy rather than business class.

» **60% of Moody's suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025.**

Moody's supplier code of conduct was updated to encourage suppliers to disclose their carbon footprint and set science-based targets to achieve emissions reductions. Moody's has also partnered with CDP supply chain services to enhance its supplier engagement in these areas through webinars and personalized support.

In addition to science-based targets, Moody's commits to:

» **Offsetting the remainder of its emissions**

Beyond the emissions reductions efforts, Moody's is dedicated to offset the remainder of its emissions from its operations, employee commuting and business travel. This was done retroactively to the year 2000, including any re-baselined emissions, and the company will continue to do this on an annual basis by purchasing verified carbon offsets that match the reported emissions.

Moody's supports carbon-offset projects that provide co-benefits such as biodiversity through forestry projects and to also promote financial prosperity in communities where it operates. The company selects carbon offset projects based on the optimal alignment and support of the UN's Sustainable Development Goals (SDGs), including forestation offsets, clean cookstoves or water boreholes, and clean energy. In 2022, Moody's intends to maximize its purchase of carbon offsets in alignment with new net-zero guidance from the Science Based Targets initiative, which prioritizes offsets such as forestation and others that reduce emissions.

» **Engaging with external stakeholders**

In addition to engaging with Moody's supply chain partners, the company helps its customers to better understand climate risk, sustainable finance, and Environmental, Social, and Governance (ESG) considerations. Moody's does this through seminars, briefings and meetings with a broad array of capital market participants. Through these activities, Moody's shares its thought leadership content including:

- Moody's Investors Service's (MIS) sustainability research, including climate risk analysis, which is hosted on Moody's website's homepage (moody's.com) under the 'ESG Impact' section.
- Moody's ESG and Climate Risk Hub (moody's.com/ESG), which highlights a broad array of products and solutions from MIS, Moody's Analytics, and ESG solutions including RMS. The site has specific sections dedicated to climate change, sustainable finance and ESG more broadly.
- Moody's ESG Outreach and Engagement Council, established in 2019, that helps to advance sustainability collaboration, serve global market needs, and align Moody's corporate sustainability strategy with ESG business opportunities.

As a financial services provider, Moody's views the delivery of new products and services, research and development, and innovation as crucial pillars of its net-zero strategy. In 2021, Moody's became a founding member of the Net-Zero Financial Services Provider Alliance (NZFSPA), part of the Glasgow Financial Alliance for Net-Zero (GFANZ), committing to align all of its relevant products and services to net-zero. Moody's aims to accelerate the flow of capital to support the transition to net-zero by providing financial institutions and other decision-makers with net-zero-aligned data, products, and services to identify climate risks and investments in emerging opportunities.

In addition, Moody's plays an important role in helping to inform policy that incorporates climate risk and opportunities into financial considerations. Moody's engages with policymakers by adhering to globally recognized frameworks and standards, participating in consultations such as the EU CSRD and the U.S. Securities and Exchange Commission and sharing insights and best practices on climate risk disclosure through various engagements with central banks, financial institutions, and other bodies.

Also, the Company indirectly advances policy through a broad range of climate-related commitments and active participation in trade associations.

Moody's has taken proactive measures to contribute to climate policy by joining several important initiatives, such as the UNGC where the Company sponsors Climate efforts. Moreover, Moody's joined the Business Roundtable (BRT), supported its statement on the "Purpose of the Corporation", and contributed to BRT's Addressing Climate Change – Principles and Policies. In addition, Moody's Chief Credit Officer serves as a member of the Task Force on Climate-related Financial Disclosures (TCFD), providing insight as to what might constitute "decision useful" disclosures for investors and sharing Moody's own experience developing TCFD disclosures. In 2021, the company has also joined the Task Force on Nature-related Financial Disclosures (TNFD) with a similar role. Moody's signed the Principles for Responsible Investment and the Accounting For Sustainability (A4S) CFO Statement of support, where its CFO serves as a member.

These activities promote the advancement of climate policy, meet strategic climate risk governance goals as set out by TCFD, and commit Moody's to climate risk reporting aligned with the requirements of the PRI Reporting Framework.

Read more about Moody's recent environmental commitments on the [Investor Relations](#) site. To learn more about Moody's efforts and commitment to advance environmental sustainability in its global value chain, business offerings and communities, read the recently updated [Environmental Sustainability Policy](#), [2021 Sustainability Report](#) and [2021 TCFD report](#), and visit [Moody's ESG & Climate Risk Hub](#).