MOODY'S

Moody's Climate-related Risks and Opportunities Assessment

Introduction

About Moody's

Moody's Corporation (Moody's) provides data, intelligence and analytical tools to help business and financial leaders make confident decisions. Moody's has highly skilled analysts, rich data, and robust tools supported by groundbreaking technologies; and a view of the future informed by more than 115 years of expertise.

About this report

The following report examines Moody's climate-related strategies and capabilities. The metrics in this report cover calendar year 2024, unless stated otherwise, with qualitative discussions also representing early 2025 and future outlooks.

Executive Summary

Moody's annually refreshes its climate risk scenario analyses. This year's results demonstrated once again that physical and transition climate risks are not expected to have a material impact on Moody's business:

- → **Climate-adjusted probability of default:** Moody's credit risk remains under or nearly 1% across all assessed climate scenarios.
- → **Physical risk analysis:** the Annualized Damage Rate (ADR) of each asset type does not exceed 0.51 or $510 in damages from climate hazards for every $1 million of exposure.
- → **Transition risk analysis:** the gross annual cost of carbon pricing and renewable electricity procurement never exceeded Moody's financial materiality threshold indicating that carbon pricing risks remain immaterial to Moody's.

Collectively, the analysis finds that Moody's effectively manages climate risks and has significant opportunities related to climate. The materiality and significance of these are defined further in the scenario analysis section of the report.

The Company has made progress on its Decarbonization Plan and is on course to reach its science-based targets. In order for the Company's climate strategy to remain aligned with stakeholder expectations, Moody's refreshed its impact materiality assessment in 2024 via a double materiality assessment. The Company continues to advance the dialogue on sustainable finance through participation in industry working groups.

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Governance

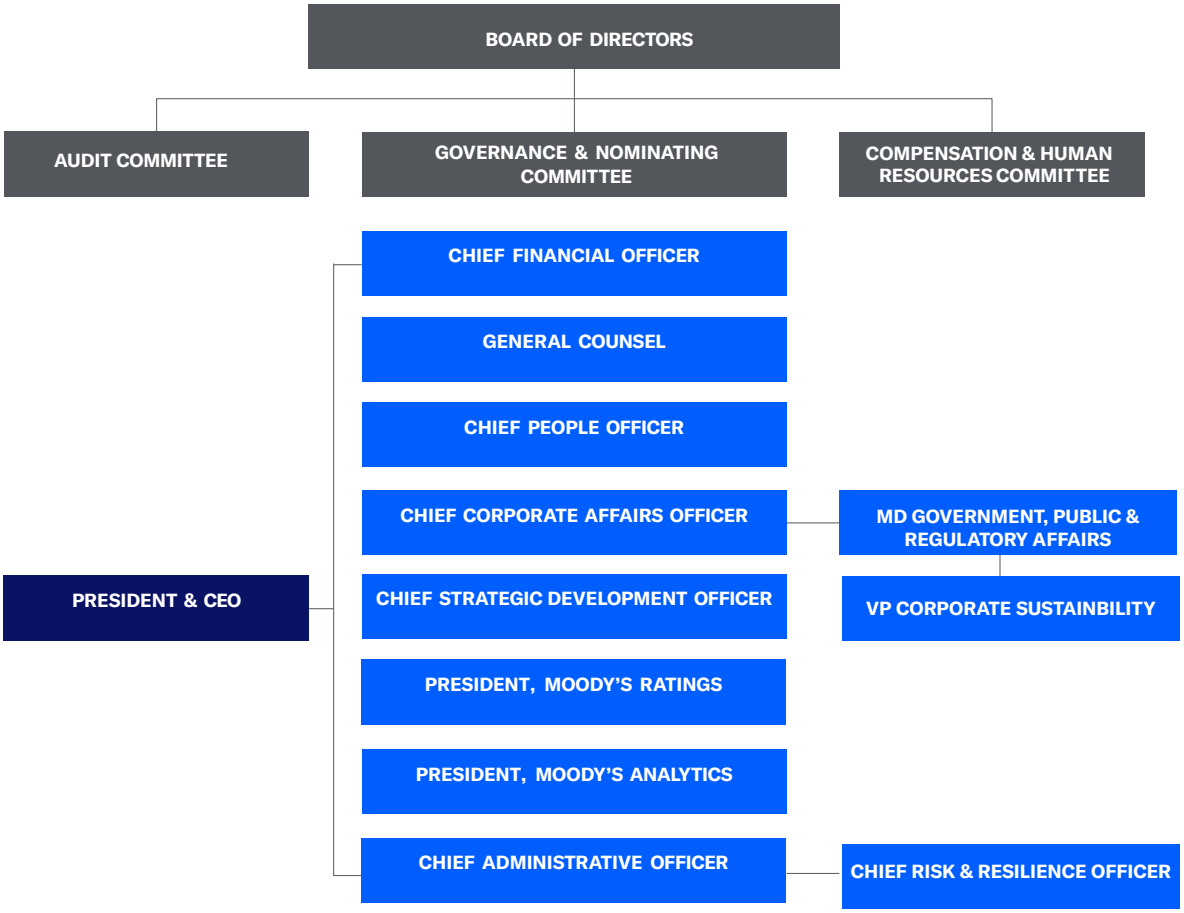
Board Oversight

The Board oversees sustainability matters, via the Audit, Governance & Nominating, and Compensation & Human Resources Committees, as part of its oversight of management and the Company's overall strategy. The Board also oversees Moody's policies for assessing and managing the Company's exposure to risk, including climate-related risks such as business continuity disruption and reputational or credibility concerns stemming from incorporation of climate-related risks into the credit rating methodologies and credit ratings of Moody's Ratings.

- → Audit Committee: Oversees sustainability-related disclosures made in Moody's annual and quarterly reports. The committee also reviews reports by management regarding the adequacy and effectiveness of our internal controls and procedures related to sustainability disclosures.
- → Governance & Nominating Committee: Oversees sustainability matters as they pertain to business and long-term value creation for the Company and its stockholders. The committee also makes recommendations to the Board regarding these issues.
- → Compensation & Human Resources Committee: Oversees inclusion of sustainability-related performance goals for determining compensation of certain senior executives (including the Company's Named Executive Officers).

For more information on the Board and its committees, see Moody's 2025 Proxy Statement. Figure 1 below shows an overview of Moody's climate governance structure.

Figure 1: Moody's climate governance organizational chart



Management's Role in Assessing and Managing Climate-related Risks and Opportunities

The Board and Committees oversee the Company's corporate sustainability strategy. The Executive Leadership Team, including the CEO and his reports, makes key decisions on strategic sustainability efforts, with oversight from the Board of Directors. Responsibilities related to climate are assigned at the most senior levels of the Company with input from employees at multiple levels.

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Table 1 Climate governance leadership

Cross-functional Working Groups	Executive Leadership Team	→ Comprised of the CEO and direct reports, with oversight provided by the three Committees of the Board of Directors. → Serves as the decision-making body for key strategic sustainability efforts.
	Corporate Sustainability Group	→ Evaluates Moody's progress on sustainability issues across its business functions and generates sustainability recommendations. → The Vice President of Corporate Sustainability oversees the design and implementation of Moody's corporate and climate sustainability strategy, reporting to the Managing Director of Government, Policy & Regulatory Affairs (GPRA)
Executive Leadership	President and Chief Executive Officer (CEO)	→ Oversees management's climate assessment and mitigation of material climate risks and opportunities. → The CEO also serves on and periodically reports to the Board on material climate-related issues.
	Chief Risk & Resilience Officer	→ Responsible for escalating material climate related risks as part of overall risk framework → Manages the Enterprise Risk Management (ERM) function, responsible for identifying and monitoring existing and emerging risks.
	Managing Director of Government & Public Affairs (GPRA) and Sustainability	→ Monitors current and emerging climate-related laws and regulations and their implications for Moody's business. → Leads dialogue with key internal and external stakeholders on Moody's value proposition. → Oversees Moody's Corporate Sustainability Group, with managerial oversight for Moody's sustainability activities.
	Chief Finance Officer (CFO)	→ Oversees Moody's finance function and works to embed sustainability considerations into business processes.
	Senior Vice President Global Procurement & Sourcing	→ Oversees Moody's supply chain and, through the Responsible Sourcing group, engages suppliers on climate action as set forth in Moody's science-based targets.
	Chief People Officer (CPO)	→ Oversees the Company's strategy to attract, grow, and retain talent, aligning employee engagement with its sustainability mission. Initiatives like PurposeFirst promote work flexibility and a hybrid model to reduce emissions, alongside employee engagement efforts to raise awareness.
	Chief Administrative Officer (CAO)	→ Oversees strategic and operational initiatives, including the company's global technology team, and identifies opportunities in Moody's digital capabilities and IT infrastructure that align with the Company's Decarbonization Plan, such as home office technology.
	President of Moody's Analytics	→ Oversees Moody's Analytics' climate offerings, and identifies opportunities in Moody's Analytics' business that align with the Company's sustainability mission.
	President of Moody's Ratings	→ Oversees the incorporation of sustainability and climate considerations into credit analysis and credit ratings and identifies opportunities in Moody's business such as the Second Part Opinion (SPO) and the Net Zero Assessment (NZA) products.

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EMBEDDING SUSTAINABILITY METRICS INTO EXECUTIVE COMPENSATION

Moody's incorporates sustainability into executive compensation by including it as a factor in individual performance assessments. For 2024, Named Executive Officers (NEOs) were evaluated in part on their contributions to the Company's sustainability strategy, including oversight, support, and advancement of sustainability initiatives and related reporting. The Compensation & Human Resources Committee retains discretion to adjust individual payouts based on performance against operational objectives, some of which include sustainability-related matters.

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Strategy

Climate-related Risks, Opportunities and Time Horizons

This report details climate-related risks and opportunities relevant to Moody's across three time horizons: short-term (up to 2030), medium-term (up to 2035) and long-term (up to 2040). The short- and medium-term time horizons are aligned with Moody's near-term science-based targets and the Company's financial and operational planning timelines.

Risks and opportunities are evaluated against the Company's financial materiality or where there is a significant impact on the Company's financial sustainability. The materiality and significance of these are defined further in the scenario analysis section of this report.

Table 2: Summary of risks and opportunities significance results

Analysis	Significance Definition	2024 Results
Opportunities	Moody's assesses climate-related opportunities utilizing low, medium, and high impact levels on its business, strategy, and financial planning across each time horizon. Low impact opportunities, such as energy-efficient office practices, provide minor benefits without significantly altering the company's trajectory. Medium impact opportunities, like launching a climate-related product lines, present noticeable benefits and moderately change the Company's course. High impact opportunities can fundamentally transform a company's business and financial strategies, leading to significant changes in markets, revenue streams, cost structures, and risk profiles.	Climate-related opportunities impact level remain medium for Moody's both now and in the future.
Physical Risks	Moody's projections of the financial impacts of climate change on its business utilize the Annualized Damage Rate (ADR) metric, or the expected financial damage per unit of exposure. ADR is defined as the financial damage potential per $1,000 value of an asset or portfolio. The financial damage is compared to Moody's financial materiality threshold to determine the significance of the impact.	The maximum ADR reported in Moody's physical peril analysis is 0.51. This implies that if an individual asset was valued at $1 million, the Company would expect to incur, on average, $510 in damages per year to that specific asset. Similarly, if a portfolio was valued at $100 million, an ADR of 0.51 implies that, on average, the Company would expect to incur $51,000 in damages per year

		across all locations that constitute the portfolio. This suggests that even in a high-emission future, Moody's exposure to physical climate risks is unlikely to be substantially influenced by the climate scenario experienced between now and 2040.
Transition Risks	Moody's transition risk analysis reveals the gross annual cost of carbon pricing and renewable electricity procurement never exceeded Moody's financial materiality threshold, indicating that carbon pricing risks remain immaterial to Moody's.	Changes in Moody's EBIT from carbon pricing risks remain below 1%.
Climate-adjusted Probability of Default	Moody's probability of default arising from climate-related physical and transition risks across the Company's portfolio utilizes the EDF (Expected Default Frequency) metric, which measures the probability that a firm will default in one year. Default is defined as the failure to make scheduled principal or interest payments, or a bankruptcy filing. It is determined as the point in time where the market value of a firm's assets falls below the book value of its liabilities.	Moody's credit risk remains under or nearly 1% across all assessed climate scenarios.

As a result of the scenario analysis, Moody's has not identified any climate risks that are considered significant or that exceed Moody's financial materiality threshold (see Scenario Analysis Results Summary section for further details).

. Moody's expects that climate-related opportunities will continue to drive value for the Company as market demand for data, analytics and insights on climate risk and sustainable finance grow globally.

Several climate-related opportunities remain significant for Moody's. These opportunities are outlined in Table 3. Moody's sustainability strategy is designed to recognize and generate climate-related opportunities while simultaneously mitigating risks. Table 4 summarizes some core capabilities that embody the identified climate-related opportunities.

Table 3 Climate-related opportunities

Opportunity	Financial Driver	Impact Level			Strategy to harness opportunity
		Short-term	Medium-term	Long-term	
Access to new markets	Increased revenue through access to new and emerging markets	Medium	Medium	High	Worldwide business risks are more complex, interconnected, and rapidly changing than ever before. In this era of Exponential Risk, it is critical to consider the implications of climate risk on business strategy, goals, and performance. Moody's has developed flexible and comprehensive offerings to enable evaluation of physical, transition, and integrated climate risks. Moody's capabilities are distinct because the Company builds solutions on a foundational financial intelligence with best-in-market innovation on climate science and modeling through notable acquisitions including RMS in 2021 and major investments in product and tech development. Moody's physical risk offerings have been refined over 30+ collective years of interaction with hundreds of insurers that are subject to regulatory oversight. The transition risk solutions leverage the financial intelligence Moody's has curated over decades bringing industry-relevant climate change context to the modeling of macroeconomic, policy, and credit indicators of business risk. Together, Moody's integrated capabilities support scenario analysis, materiality assessments, and financial modeling of the complex and interconnected risks of climate change. Moody's provides data and models of potential climate risk at the national, sub-national, portfolio, and asset class-specific scale to support customers' existing risk management workflows. These tools enable transparent and robust integration of climate risk insight into risk assessments including investment due diligence, portfolio management, and regulatory reporting and disclosures. The global climate financing gap is estimated at $3.5 trillion annually. This gap represents the difference between the funds needed for climate mitigation and adaptation and the actual investments being made. In 2024, labeled bond and loan markets, including green, social, sustainability, and sustainability-linked (GSSS) instruments, reached $1 trillion, supported by evolving market standards like ICMA and the EU green bond standard. GSSS instruments require second-party opinions on sustainability credentials, a market Moody's serves through its Second Party Opinion (SPO) product. Additionally, issuers seek credible ways to communicate carbon transition strategies to investors and as part of disclosures such as CSRD, which is another emerging market Moody's addresses with its Net Zero Assessment product.
Development of new products and services through R&D and innovation	Increased revenue resulting from heightened demand for products and services	Medium	Medium	High	Moody's unique combination of trusted data, insights and analytical capabilities strongly positioned the Company to meet the growing demand for climate risk capabilities. This demand is only expected to increase with the emergence of voluntary disclosure frameworks on non-financial risks, as well as anticipated regulatory mandates on the disclosure of climate risks. Moody's has made considerable progress in integrating climate risk capabilities from the 2021 acquisition of RMS, including the development of tailored solutions for segment-specific needs and ongoing refinement of climate risk in financial modeling delivering a uniquely comprehensive and robust offerings to customers worldwide (see Table 4). Moody's helps customers to make better business decisions by incorporating a consistent view of the potential impacts from climate change on current and future risk. Moody's solutions provide insight that scale to support customers from the early stages of strategy development with advisory and technical expertise to the self-service integration of detailed models into the most sophisticated customers' internal workflow applications.

					In addition, the Second Part Opinion (SPO) and the Net Zero Assessment (NZA) are products of Moody's Ratings' R&D and innovation, launched in 2022 and 2023, respectively. These products build on Moody's Ratings' unique strengths – the ability to engage with issuers in-depth conversations about their climate strategies and the deep sectoral and company-specific expertise of Moody's 1000+ rating analysts globally.
Memberships and climate change commitments	Increased revenue through access to new and emerging markets	Medium	Medium	Medium	Moody's maintains memberships in numerous climate-related initiatives and industry working groups. This network allows the Company to obtain and contribute to market insights that facilitate the ongoing development of the Company's climate-related risk products and solutions which in turn provides Moody's with access to new and emerging markets. Additional benefits include opportunities to solidify Moody's role as trusted provider of objective and validated risk data, analytics, and insight for better decision-making. Moody's goal is to offer a partnership that gives customers and the market a comprehensive, global perspective and the confidence to act. Moody's memberships include the UK Transition Finance Council, the ICMA Principles Advisory Committee, the Corporate Eco Forum (CEF), the Sustainable Purchasing Leadership Council (SPLC),the Task Force for Nature-related Financial Disclosures (TNFD), and the International Energy Agency's Finance Industry Advisory Board.

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Moody's climate-related opportunities arise from the physical, transition, and integrated climate risk data, analytics, platforms, and advisory capabilities that helps customers integrate climate risk insight into their existing risk management workflows.

Table 4: Climate capabilities

Key Theme	Capabilities
Climate Risk	→ Physical risk • Forward-looking data capturing exposure to climate hazards and financial impact, including: – Physical Climate Risk – Corporates: data covering over 22,000 entities (weighted toward - but not limited to - listed). – On-demand capabilities for any point on the surface of the Earth. – Coverage of 77,000 count of areas. – 30+ Global Climate Models for a wide range of climate hazards. → Transition risk data and analytics • Corporate GHG Emissions: Moody's Corporate greenhouse gas (GHG) emissions database includes both reported and estimated GHG emissions data for millions of financial and non-financial companies, both listed and unlisted. Our dataset provides absolute Scope 1, 2, and 3 emissions data as well as GHG emissions intensities. . • Macro scenarios: Moody's has developed a set of climate risk scenarios using the Moody's Analytics Global Macroeconomic Model. These scenarios provide four alternative pathways forecasting the physical and transition risks to the economy for more than 70 countries and 18,000 macroeconomic variables with a 100-year horizon. This includes data on global CO_2 emissions. • Temperature Alignment Data: Moody's Temperature Alignment dataset conveys the projected trajectory of a company or portfolio's GHG emissions and its estimated global implied temperature rise. It aims to address the increasing pressure of investors and companies to demonstrate measurable action towards achieving net-zero targets. → Integrated climate risk • Climate-adjusted Probability of Default (PD): determines the probability of default for companies and other asset classes, powered by Moody's award-winning PD model and covering physical and transition risk drivers. • Climate Risk Scenarios: assess macroeconomic drivers across a range of NGFS climate scenarios. • Credit Risk Scores: Moody's Ratings publishes Issuer Profile Scores and Credit Impact Scores for 15,000+ rated entities. These scores reflect the credit-related exposure, and impact, of transition risk, physical risk and related environmental risks such as water and biodiversity. This allows

	bond investors to screen and manage credit risks from climate and other environmental risks across their entire portfolio.
Sustainable Finance	→ Second Party Opinions (SPOs) of labeled green, social, sustainability and sustainability-linked debt issuances for corporate and sovereign customers. → Net-Zero Assessments (NZAs) providing forward looking opinions of the strength of an entity's carbon transition plan.

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Impact on Business, Strategy and Financial Planning

NONFINANCIAL MATERIALITY ASSESSMENT AND CLIMATE

Moody's refreshed its impact materiality assessment in 2024 via a double materiality assessment, which identified the key topics relevant to both internal and external stakeholders and the continued business success of the Company. The assessment results indicated that climate matters, physical and transition, remain a high focus issue with a high level of importance to business stakeholders. This supports the Company's strategic emphasis on stakeholder engagement for climate issues reflected in the Decarbonization Plan.

Table 5: Moody's business, strategy and financial planning

Climate Theme	Our Action
Targets	→ Moody's established a commitment to achieve net-zero emissions across operations and value chain by 2040, bringing its original net-zero target forward by ten years. → To support Moody's Decarbonization Plan, since 2020 the Company tied together its financial and climate performance. The compensation of Moody's senior executives and key members of the Procurement team are linked to the Company's performance along clearly defined sustainability metrics and progress against its climate targets.
Disclosures	→ Moody's was recognized with CDP's 'A' Score on Climate Action for the fifth consecutive year.
Acquisitions	→ Since acquiring RMS in 2021, Moody's has significantly advanced its climate risk capabilities. The acquisitions of Praedicat in 2024 and Cape Analytics in early 2025 further enhanced Moody's ability to assess the financial impact of catastrophes, incorporating economic risks, financial performance, and creditworthiness.
Stakeholder Engagement	→ Moody's refreshed its impact materiality assessment in 2024 via a double materiality assessment, which identified the key topics relevant to stakeholders.
Thought Leadership	→ In 2024, Moody's released over 100 research reports focused on climate risks across the insurance, banking, and industrial sectors.

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PHYSICAL AND TRANSITION CLIMATE RISK

While both physical and transition risks have the potential to impact any business, either now or in the future, Moody's has not experienced the realization of any financially material climate-related risks to date. The Company's forward-looking climate risk modeling affirms the understanding that climate is not expected to materially impact Moody's business in the future.

Despite the anticipated low impact of climate risks assessed over the long-term, Moody's continues to monitor and evaluate the materiality of these risks to inform its ongoing climate strategy. A breakdown of the analyzed physical and transition climate risks are detailed in Table 6 and Table 7.

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Resilience of Strategy (Scenario Analysis)

SCENARIO ANALYSIS RESULTS SUMMARY

Moody's modeled the projected business impacts of physical and transition climate risks that may materialize under a wide array of potential futures. Physical risks refer to those arising from acute climate events (e.g., extreme weather) and from chronic and longer-term shifts in climate (e.g., sea level rise). Transition risks refer to those associated with achieving a lower-carbon economy, encompassing disruptions due to changing policy, technology, market, legal and/or reputational conditions. The results of these analyses are summarized in Table 6 and indicate a "low" impact level in all scenarios. These impact ratings are based on both a qualitative analysis of Moody's business model and the risk mitigating effects of Moody's climate leadership; and a quantitative analysis of results from Moody's carbon pricing modeling, climate-adjusted probability of default analysis, and modeling of physical risk hazards and climate-related financial impacts. To explore the forward-looking impacts of physical and transition risks, Moody's made use of climate scenario models developed by the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). The complete scenario analysis results, as well as descriptions of the future climate scenarios assessed, can be found in the Physical Risk Analysis and Transition Risk Analysis sections, respectively.

Table 6: Physical risk scenario analysis results summary[1]

Physical Risks Under IPCC Scenarios		Impact Level[2]			Management and Mitigation
		Short-term	Medium-term	Long-term	
Acute	Inland flooding	RCP 8.5			→ Moody's updated the Company's physical risk scenario analyses to explore the financial impacts of extreme weather events on the Company's offices, data centers and employee remote work locations. Employee homes were projected to have the greatest percentage of asset value at risk, while offices were determined to be the least vulnerable. Overall, physical risks for Moody's global real estate portfolio were found to be of low impact, suggesting that acute physical climate risks are not financially material for Moody's.
		Low	Low	Low	
		RCP 4.5			
		Low	Low	Low	→ Any acute climate-related risks to Moody's supply chain form part of the Company's supplier screening, selection, and due diligence processes.
	Wildfires	RCP 8.5			
		Low	Low	Low	→ Moody's regularly assesses the physical risks to offices and data center locations to allow for appropriate resilience and mitigation measures, including guidance to employees on issues that could impact their ability to work remotely.
		RCP 4.5			
		Low	Low	Low	→ Moody's provides remote connectivity and collaboration tools to enable employees to work from home in case of a disruption to normal business operations.
	Tropical cyclones	RCP 8.5			
		Low	Low	Low	→ Moody's has implemented a new resiliency management system to enhance the mapping of business resiliency and validation of critical dependencies. The new platform integrates data from tools such as HR platforms, IT service management solutions, and supplier management applications, to enable comprehensive assessments that support risk-based decision-making, reducing the impact of major events and strengthening Moody's overall resilience program.
		RCP 4.5			
		Low	Low	Low	
Chronic	Heat stress	RCP 8.5			→ Across all time horizons and climate scenarios evaluated, chronic physical risks for Moody's global real estate portfolio were found to be of minimal impact.
		Low	Low	Low	
		RCP 4.5			→ Moody's expects comfort cooling operating costs to increase and will monitor such sites so that the Company can continue to source 100% renewable electricity.
		Low	Low	Low	

[1] Moody's applies the IPCC Representative Concentration Pathways (RCP) scenarios for the physical risk scenario analysis. See the Physical Risk Analysis section for more information about RCP 4.5 and RCP 8.5.

[2] Low impact: Not exposed or not significantly exposed to historical or projected risks; Medium impact: Exposed to some historical and/or projected risks; High impact: Exposed today and exposure level is increasing.

Chronic	Water stress	RCP 8.5			→ Moody's analyses suggest that water stress primarily affects industrial assets. As Moody's global real estate portfolio is comprised of commercial and residential assets, Moody's exposure to this risk is considered minimal. Nevertheless, sites in regions that may be impacted are monitored in terms of contingency planning and adaptation measures installed at the city level. → High-risk sites are logged on Moody's ERM registry to be assessed on an ongoing basis and key metrics are reviewed by the Real Estate team to enable early identification of rising consumption or costs.
		Low	Low	Low	
		RCP 4.5			
		Low	Low	Low	
	Coastal flooding	RCP 8.5			
		Low	Low	Low	
		RCP 4.5			
		Low	Low	Low	

Table 7: Transition risk scenario analysis results summary[3]

Transition Risks Under NGFS Scenarios		Impact Level[4]			Management and Mitigation
		Short-term	Medium-term	Long-term	
Technology	Costs to transition to lower-emissions technologies	Net-Zero 2050			→ Moody's reduces its exposure to costs from energy markets and regulation change through the Company's voluntary commitment to sourcing 100% renewable electricity across its operations. Moody's transition scenario analysis reveals that under all assessed future scenarios, the costs of the Company's procurement of renewable electricity is likely to be lower than the avoided costs of carbon pricing. Furthermore, Moody's utility spend only represents 0.1% of the Company's annual operating costs, which also diminishes its financial exposure to a potential increase in energy prices. However, given the potential uncertainties in renewable energy markets, there may be increased variability in both pricing and the ability to meet future growth in energy demand. The evolving regulatory and market dynamics could impact the extent to which energy needs are met at previously anticipated cost levels. This context provides an opportunity to monitor and adjust our projections as needed to ensure alignment with future energy requirements. → Technology risks are managed through portfolio-wide tracking of energy and utility usage, and by monitoring the availability of advancements in low-carbon equipment for the Company's operations. Moody's also works with relevant internal partners who assist in calculating the Company's global footprint and devise recommendations to reduce energy consumption through the use of technological and sustainable enhancements in Moody's offices and buildings.
		Low	Low	Low	
		Fragmented World			
		Low	Low	Low	
		Delayed Transition			
		Low	Low	Low	
Market	Customer behavior	Net-Zero 2050			→ Moody's exposure to market risk is mitigated by its monitoring of current and emerging market dynamics, and the proactive integration of sustainability-related data and insights across the Company's products and services. For example, climate considerations are further integrated into Moody's flagship solutions, such as Moody's PD (Probability of Default) model providing climate-adjusted PD for public and private companies. Moody's also continues to build and expand Second Party Opinion (SPO) and Net-Zero Assessment (NZA) capabilities to better meet market needs.
		Low	Low	Low	
		Fragmented World			
		Low	Low	Low	
		Delayed Transition			
		Low	Low	Low	

[3] Moody's applies the NGFS scenarios for the transition risk scenario analysis. See the Transition Risk Analysis section, as well as the NGFS Scenario Portal.
[4] Low impact: Not exposed or not significantly exposed to historical or projected risks; Medium impact: Exposed to some historical and/or projected risks; High impact: Exposed today and exposure level is increasing.

Reputation	Stigmatization of sector	Net-Zero 2050 Low | Low | Low Fragmented World Low | Low | Low Delayed Transition Low | Low | Low	→ As a firm that provides integrated risk assessment services for global customers across sectors, Moody's recognizes the potential for stigmatization due to commercial ties with customers from emissions intensive sectors. Although revenue exposure to organizations deemed at high environmental risk is tracked by Moody's, the total impact of this exposure is not considered material to the overall commercial strategy and mission of facilitating better decisions through transparency. → This risk is further mitigated through Moody's focus on the integration of sustainability considerations across its suite of products and services, including credit ratings and Moody's Ratings' Issuer Profile and Credit Impact Scores.
	Increased stakeholder concern or negative stakeholder feedback	Net-Zero 2050 Low | Low | Low Fragmented World Low | Low | Low Delayed Transition Low | Low | Low	→ Though Moody's most recent materiality assessment reconfirmed that climate-related risks are considered relevant and important by Moody's stakeholders. Moody's does not expect climate-related reputational risk to have a material impact on the Company, as its ongoing net-zero commitment and climate goals secure its position. Moody's addresses stakeholder expectations through ongoing reporting transparency and stakeholder engagement on climate-related issues.
Policy and legal	Increased costs of GHG emissions and procurement of 100% renewable electricity (cost expressed as % of 2024 EBIT)	Net-Zero 2050 0.4% | 0.5% | 0.6% Fragmented World 0.03% | 0.1% | 0.2% Delayed Transition 0.02% | 0.2% | 0.3%	→ Moody's analysis of the potential costs of mandatory carbon pricing under multiple transition scenarios revealed that these costs are not material across all assessed time horizons. → Moody's exposure to carbon pricing risk is mitigated by the Company's climate strategy, including validated science-based targets, commitment to sourcing 100% renewable electricity, supplier engagement program and application of an internal carbon price on business travel.

Policy and legal	Enhanced emissions reporting obligations	Net-Zero 2050 Low | Low | Low Fragmented World Low | Low | Low Delayed Transition Low | Low | Low	→ Increased emissions reporting obligations are considered highly likely across all assessed transition scenarios. The expected impact of such regulations is low as a result of Moody's ongoing disclosure and reporting commitments. → Moody's monitors relevant existing and emerging regulations regarding emissions reporting for ongoing compliance.
	Escalated mandates and regulations on existing products and services	Net-Zero 2050 Low | Low | Low Fragmented World Low | Low | Low Delayed Transition Low | Low | Low	→ Moody's projects the impact of potential mandates on its products and services to be low, due to the Company's ongoing strategy to incorporate climate considerations across its products and services. As detailed in the opportunities section (Table 3), Moody's regularly seeks to develop and deploy opportunities to incorporate sustainability metrics and insights to enhance its product offerings. → Risks resulting from potential non-compliance with all relevant current regulations are managed internally and collaboratively by a wide range of experts in Moody's corporate governance model. These experts include representatives from Legal, Internal Audit, GPRA, Corporate Sustainability, Finance, and Regional Businesses.
	Heightened exposure to litigation	Net-Zero 2050 Low | Low | Low Fragmented World Low | Low | Low Delayed Transition Low | Low | Low	→ Moody's legal department is responsible for evaluating the risk of climate-related litigation, including from customers or third parties in connection with their use of Moody's data. Moody's ongoing focus on the quality of its data and dedication to remediating any gaps in best available information mitigates its litigation exposure risk relating to Moody's data. → In addition, Moody's is enhancing the rigor of its climate reporting processes through a recently implemented Environmental Management System. The system includes full accounting and disclosure of the Company's GHG inventory, attainment of third-party assurance, and new internal systems and controls to track climate data. → Moody's revised product offerings and climate-related analytical initiatives incorporate policy-related transition risk considerations, thereby assisting in managing Moody's own transition risks.

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Physical Risk Analysis

METHODOLOGY AND PROCESS

Moody's climate scenario analysis builds on the Company's work conducted in previous years to evaluate its climate-related risks. This analysis includes quantifying the climate-related financial impacts of acute and chronic physical risks across a range of scenarios and time horizons, using Moody's latest modeling available through Moody's Climate on Demand (CoD) Pro product.[5] CoD Pro integrates Moody's latest climate risk models, which provide quantification of costs and damages from climate change across acute and chronic risks for a range of scenarios and timeframes.

These capabilities allow Moody's to:

→ Better understand the business implications of a range of physical climate scenarios.

→ Stress test the Company's existing strategy.

→ Strengthen the Company's resiliency to climate-related impacts.

Moody's continues to monitor advancements in global emissions and climate policy to determine which physical and transition drivers are most likely to materialize in the future.

The parameters of Moody's physical risk analysis are provided in Figures 2-4, spanning the future scenarios modeled, the climate perils assessed and the metrics underpinning the financial quantification of risk. This analysis covers 100% of offices and data centers from Moody's global operations as of December 31, 2024. In addition, the impact of remote working capabilities is assessed via the quantification of risk to employee home locations,[6] enabling Moody's to better understand the implications of the Company's hybrid work model and strengthen its resiliency planning accordingly.

[5] The Moody's modeling used CoD Pro's 2023.3 hazard version and P.2023.2 financial impact methodology. Modeling is subject to change with the release of new model versions.
[6] The assessed employee home locations represent 88% of all Moody's employees as of December 31, 2024.

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Moody's applies the IPCC Representative Concentration Pathways (RCP) scenarios[7] to explore forward-looking physical risks. As with Moody's transition risk scenario analysis, physical risks are assessed across short- (2030), medium- (2035) and long-term (2040) time horizons.

Figure 2: Physical scenarios evaluated

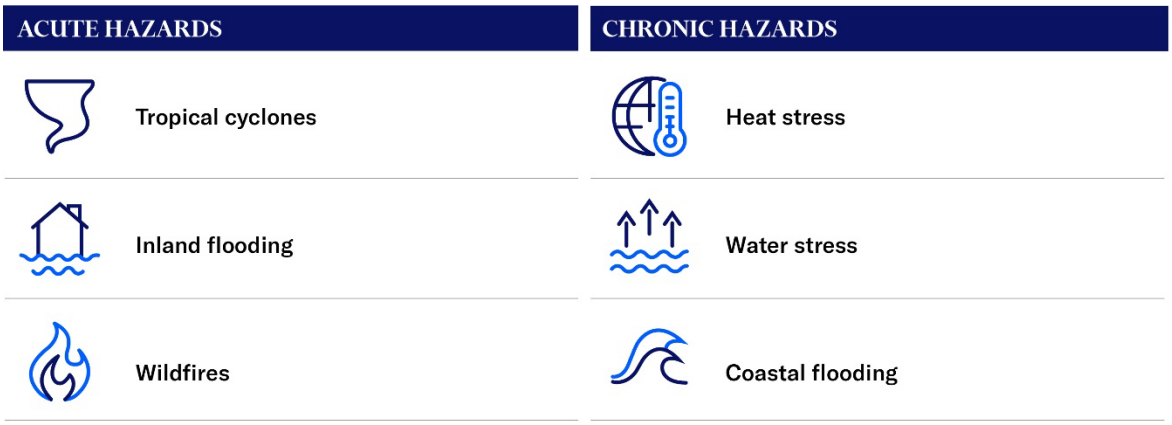
Scenario	IPCC Emission Scenario	Description	Outcome (Global Mean Surface Temperature Change relative to baseline)
Mid-range emissions scenario	IPCC Representative Concentration Pathway 4.5 (RCP 4.5)	An intermediate emissions scenario with moderate additional effort to constrain emissions.	This scenario is expected to result in global warming of 2.7°C by the end of the century, with a modeled temperature increase range of 2.4°C - 2.9°C. Physical risks are intermediate.
High emissions scenario	IPCC Representative Concentration Pathway 8.5 (RCP 8.5)	A very high GHG emissions scenario with emissions continuing to rise to the end of century.	This scenario is expected to result in global warming of 4.2°C by the end of the century, with a modeled temperature increase range of 3.7°C - 5.0°C. Physical risks are high.

Source: IPCC, https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf.

Moody's projections of the financial impacts of climate change on its business utilize the Annualized Damage Rate (ADR) metric, or the expected financial damage per unit of exposure. ADR is defined here as the financial damage potential per $1,000 value of an asset or portfolio. For example, the maximum ADR reported in Moody's physical peril analysis is 0.51 (see Forward Looking Climate Risk). This implies that if an individual asset was valued at $1 million, the Company would expect to incur, on average, $510 in damages per year to that specific asset. Similarly, if a portfolio was valued at $100 million, an ADR of 0.51 implies that, on average, the Company would expect to incur $51,000 in damages per year across all locations that constitute the portfolio. This metric enables comparisons between assets and portfolios on a normalized basis and distinguishes between locations based on vulnerability of different property types, such as an office block (commercial) versus a single-family dwelling (residential), as well as hazard level. The ADR therefore incorporates the resilience attributes of Moody's global real estate portfolio, including building attributes and the geographic dispersion of its sites.

[7] Moody's physical risk analyses utilize inputs from the Coupled Model Intercomparison Project (Phase 6), https://pcmdi.llnl.gov/CMIP6/.

Figure 3: Peril coverage of Moody's physical risk analysis[8]



The physical climate risk models produce the loss from damage and downtime to assets, incorporating tens of thousands of bottom-up weather simulations. The models use asset location, replacement costs and building attributes to calculate the severity of extreme physical events. The physical parameters of these events are then converted into projections of damage and downtime losses.

Figure 4: CoD Pro's unified risk assessment

PHYSICAL RISK ANALYSIS: PRESENT-DAY AND FORWARD-LOOKING

Present-day physical risk analysis results were determined by referencing asset data from 2024, considered in the modeling as a 2020 baseline year. Forward-looking physical risk analysis results were focused on the long-term 20-year horizon; both a high-emission and mid-case scenario were evaluated to integrate mitigation strategies into financial planning. Across all examined scenarios (present-day and forward-looking), the projected impacts of physical climate risk remained low and did not exceed Moody's financial materiality threshold (detailed in the following sections).

[8] Moody's CoD Pro application enables the Company to also model its exposure to earthquake risk, which informs the Company's operational strategy despite earthquakes not being considered a climate hazard.

MOODY'S

Present-day climate risk

To date, Moody's has not experienced any material impact from physical climate perils. Similarly, Moody's analyses of present-day climate risks to its office spaces, data centers and employee remote working locations confirm that these perils do not currently pose a material risk to the Company. The key findings of these analyses include:

- → In a present-day climate risk, the ADR of each asset type remains very low and does not exceed 0.37 or $370 in damages for every $1 million of exposure (Table 9).
- → Across the three asset types analyzed, employee remote working locations have the highest collective risk, exhibiting an ADR approximately two times that of Moody's offices and over 1.2 times that of its data centers.
- → Data centers' ADR increased from 0.22 to 0.32 over the past year due to new locations that introduce more inland flooding and coastal flooding (sea level rise).
- → Geographically, climate risk for Moody's is concentrated in the U.S., India, China and the U.K., which represent a significant majority of offices and employee remote work locations as well as a plurality of data center locations in addition to Belgium (Table 8).
- → Inland flooding presents the highest risk to each asset type – contributing to as much as 74% of total risk for Moody's data centers and 42% of total risk to its offices. Moody's employee remote work locations also experience some vulnerability to coastal flooding and cyclones as a result of their concentration along coastlines (Figure 7).
- → Office exposure to inland flooding is globally distributed (Figure 6), while exposure to other hazards is much more regionally concentrated. Moody's coastal offices in the U.S., India and eastern Asia are exposed to cyclones, while the Company's offices on the U.S.'s West Coast are most likely to be impacted by wildfires. In Europe, heat stress and inland flooding are the dominant perils.
- → As shown in Figure 5, Moody's physical risk exposure from offices is largely driven by a few locations (the office ADR metric provided is normalized based on the headcount of each office relative to Moody's total headcount). Moody's Candor Techspace office in Gurgaon, India, and its headquarters in New York collectively contribute to 44% of total office ADR, particularly due to these offices' vulnerability to inland flooding and cyclones, respectively. Together, 10 locations represent 75% of total present-day physical risk across all of the Company's offices, which serves to inform resiliency planning at these sites.

Table 8: Top five country contribution to exposure across all perils (based on number of locations)

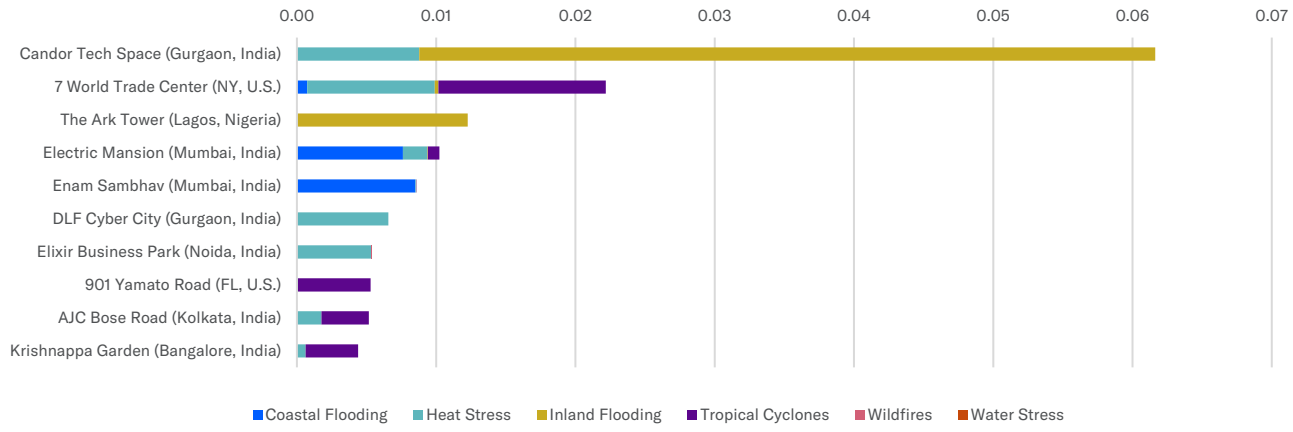
Global Offices	Global Data Centers	Global Employee Homes
U.S. (22%)	U.S. (39%)	U.S. (38%)
India (14%)	U.K. (14%)	India (18%)
China (5%)	Belgium (7%)	U.K. (14%)
U.K. (5%)	China (7%)	France (4%)
France (4%)	India (7%)	Costa Rica (4%)

MOODY'S

Table 9: Present-day physical risks by asset type and peril

	Asset ADR	Acute			Chronic		
		Inland Flooding	Wildfires	Tropical Cyclones	Heat Stress	Coastal Flooding	Water Stress
Offices	0.19	0.08	0.00	0.04	0.05	0.02	0.00
Data Centers	0.32	0.23	0.00	0.03	0.04	0.02	0.00
Employee Homes	0.37	0.11	0.03	0.09	0.03	0.11	0.00

Figure 5: Top ten Moody's offices driving present day physical risk[9]



Source: Moody's Climate Change Models, https://rms.com/models/climate-change

[9] The ADR metric provided is normalized based on the headcount of each office relative to Moody's total headcount. This provides a more relevant metric that sums to the Company's aggregate ADR and accounts for the relative importance of each office from a headcount perspective.

Figure 6: Distribution of office risk by geography and peril (today)[10]

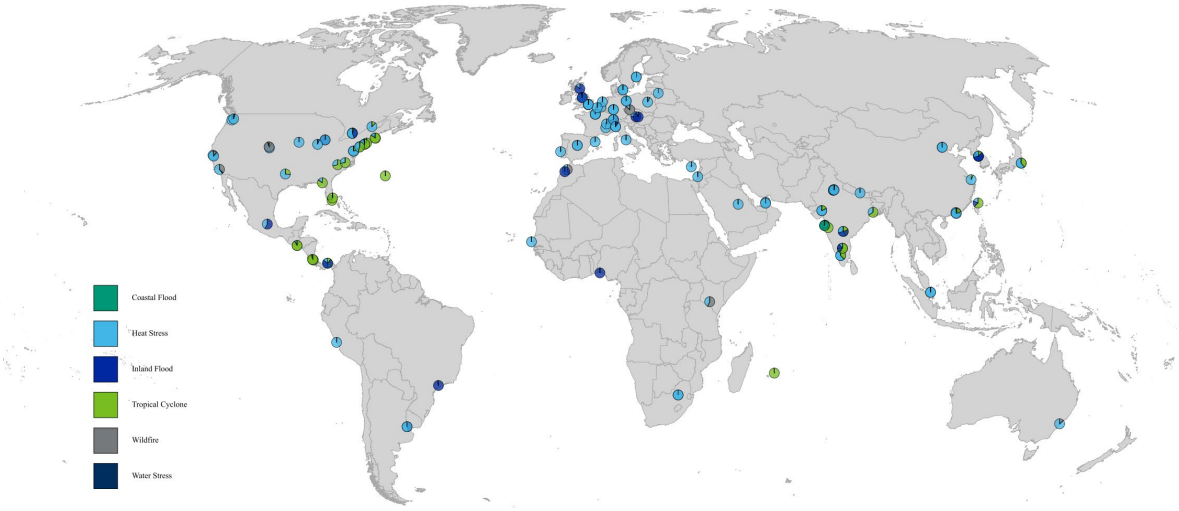
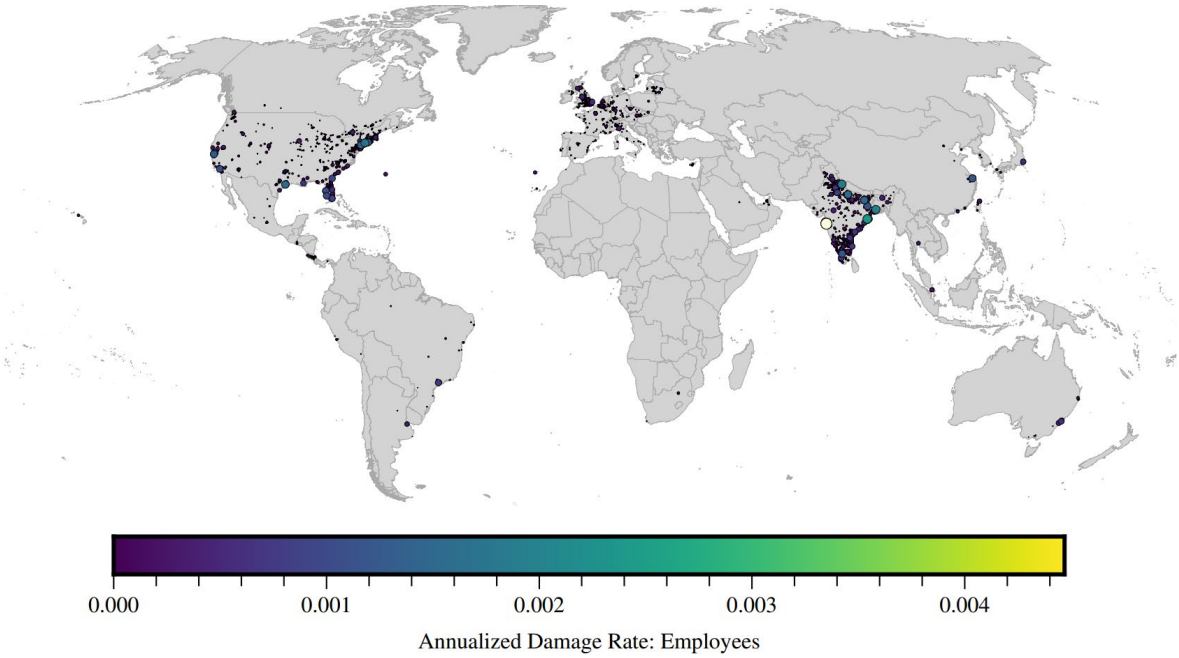


Figure 7: Distribution of risk to employee remote work locations (all perils, today)



Source: Moody's Climate Change Models, https://rms.com/models/climate-change

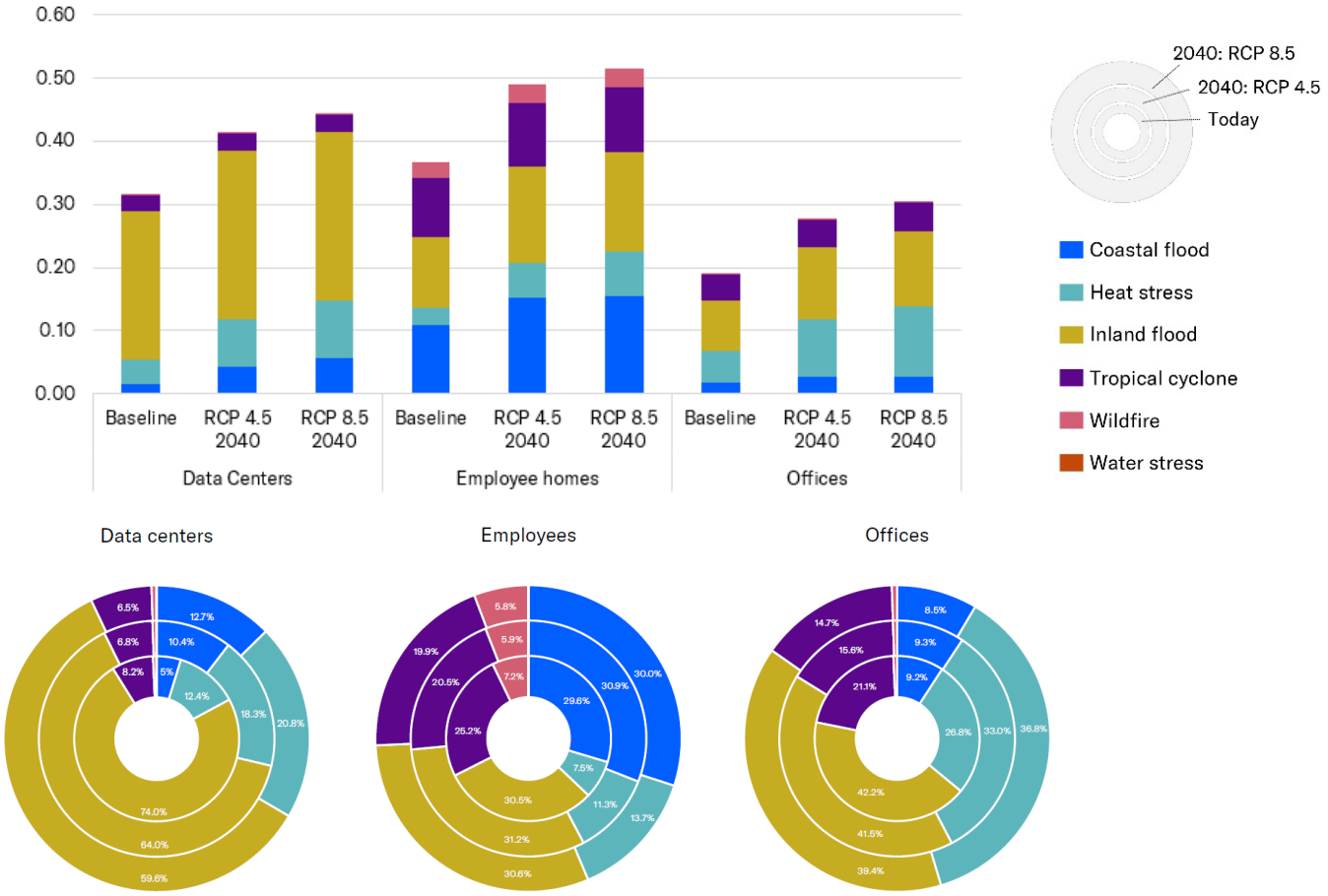
[10] The ADR metric provided is normalized based on the headcount of each office relative to Moody's total headcount. This provides a more relevant metric that sums to the Company's aggregate ADR and accounts for the relative importance of each office from a headcount perspective.

MOODY'S

Forward-looking climate risk

Moody's forward-looking analyses of the six assessed climate perils demonstrated that physical risks are expected to have an increased impact by 2040 as compared to the present day. Across both the high-emissions and mid-range emissions scenarios, each asset type exhibited an increase in ADR by 2040 ranging from 30% (for data centers under a mid-range emissions scenario) to 60% (for offices under a high emissions scenario). This is mainly driven by the projected intensification of physical climate hazards due to ongoing global warming, as well as effects of socioeconomic and environmental factors. While the impacts of climate risks on Moody's offices were projected to nearly double, the total annualized damage ratio of each asset type was still considered to be minimal regardless of the scenario applied (Figure 8). Furthermore, Moody's observed very little differentiation in ADR between the high-emissions and mid-range emissions scenarios across any of three asset types – both in each asset type's total ADR, and in the respective importance of each peril to that asset type. This suggests that Moody's exposure to physical climate risks is unlikely to be substantially influenced by the climate scenario experienced between now and 2040. These results mirrored those of Moody's climate-adjusted probability of default analysis (p. 38). Both modeling exercises resulted in similar findings, confirming that while Moody's business may be affected by climate change now and in the future, this impact is not considered material or significant.

Figure 8: Forward-looking physical climate risk by asset type, scenario and peril



Source: Moody's Climate Change Models, https://rms.com/models/climate-change

Moody's modeling of climate risk in the long-term time horizon resulted in similar conclusions to its present-day analyses. Of note:

- → The projected ADR was again highest for employee remote working locations (reaching 0.51 per $1,000 under a high-emissions scenario), which was nearly 1.2 times that of Moody's data centers and approximately 1.7 times that of its offices. The risk associated with Moody's offices increased the most from the baseline year, but offices remained Moody's lowest-risk asset type.
- → When breaking down Moody's climate risk by peril, inland flooding remained the most consequential hazard across all asset types, as it was the primary driver of projected financial damages (particularly for data centers). For employee homes, coastal flooding also yields a significant risk both in the present day and out to 2040 under both scenarios.
- → Furthermore, the projected risk was consistently higher in a high-emissions scenario than in a midrange emissions scenario. The highest projected increases in ADR stemmed from coastal flooding and heat stress for offices; heat stress for data centers; and heat stress, coastal flooding, and inland flooding for employee remote working locations.

While Moody's overall risk exposure to physical climate risks is low due to the Company's diverse global real estate locations and the robust mitigation strategies in place, it is noteworthy that acute risks were shown to contribute to a higher percentage of ADR than chronic risks through 2040. Moody's expects this trend to ultimately change later this century as the impacts of chronic risks are increasingly felt over longer time horizons. These findings will inform Moody's business continuity planning and help the Company further assess appropriate resilience measures for the management of its business.

Considering uncertainty in forward-looking projections

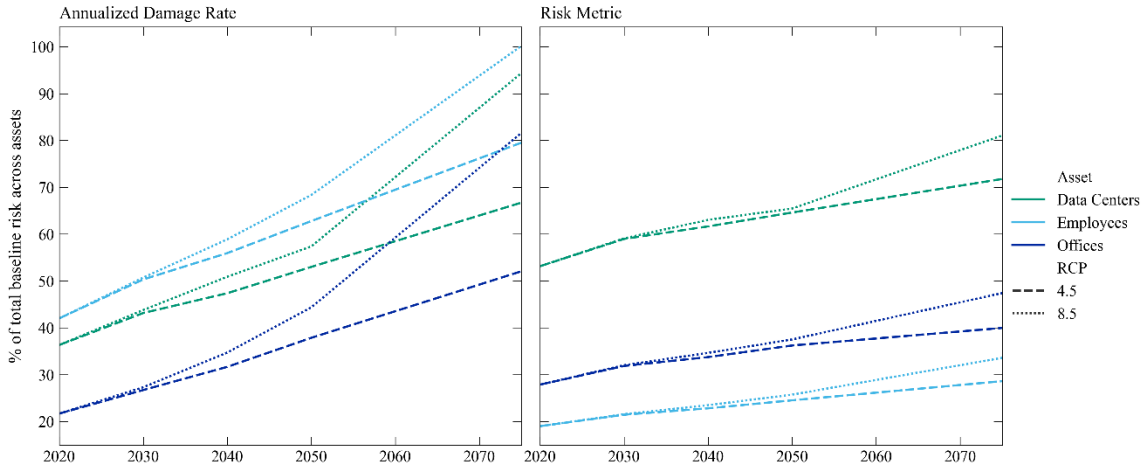
The CoD Pro product provides a comprehensive quantification of uncertainty around ADR values. The ADR is an estimate of mean annual loss, while the uncertainty is the standard deviation of the annual loss.

The standard deviation has several components, which can broadly be categorized into primary uncertainty, exposure uncertainty and secondary uncertainty. Primary uncertainty relates to uncertainty in climate conditions between the years surrounding each reported time horizon, as well as whether an event is triggered between years. Exposure uncertainty relates to the value of each location to the company as a whole. For example, if there is a high-risk location but its value to the company is unspecified, the overall company ADR is deemed more uncertain. The remaining, secondary, uncertainty is the uncertainty in the size of loss for a location if a peril event occurred. For example, a building with a high construction quality would observe lower losses than a building with a lower construction quality at a given location. Characteristics such as construction are not a user-defined input in CoD Pro but are considered in terms of uncertainty. Secondary uncertainty is also impacted by correlation between locations. For example, if a company has three locations in close proximity, they will all be impacted similarly by the same event. For low severity events, the losses would therefore be lower and for high severity events, the losses would be larger. The resulting distribution of losses is greater than if the buildings were independent of each other, resulting in an increased standard deviation value.

For present-day ADRs, Moody's assets are ranked in the following order from high to low: employees, data centers, offices (Figure 9). This order changes when considering the ADR plus the standard deviation, a measure known as the "Risk Metric," with data centers having the greatest uncertainty in risk. Unlike offices, which are valued based on the headcount per office, neither data centers nor employee homes have any form of exposure value attached, resulting in

an extra uncertainty component. Data centers also have the fewest locations and the highest concentration of exposure. The impact of a given peril event therefore has a wider range of potential outcomes. Even when accounting for ADR and uncertainty distribution of its assets, Moody's has found that its financial exposure to climate perils remains very low across all asset types.

Figure 9: Forward-looking projections of ADR and Risk Metric, which incorporates uncertainty across Moody's global portfolio (metrics normalized relative to the total baseline risk)



Source: Moody's Climate Change Models, https://rms.com/models/climate-change.

MOODY'S

Transition Risk Analysis

METHODOLOGY AND PROCESS

Moody's transition analysis explores the Company's risk exposure resulting from the global shift to a low-carbon economy (see Scenario Analysis Results Summary). To that end, Moody's applied the latest NGFS scenarios to stress test the Company's resilience against multiple potential futures (including several net-zero aligned futures), each with varying assumptions on the timing and scope of industry trends and regulatory policies to limit global temperature rise (see Table 10).

The first three selected scenarios (Net-Zero 2050, Fragmented World and Delayed Transition) represent those associated with the highest transition risks (i.e., those associated with the most ambitious or disruptive policies to limit climate change), while the Nationally Determined Contributions (NDCs) scenario represents a future with low transition risks. This selection allows Moody's to explore the potential upper and lower boundaries of its exposure to these risks and their projected financial impacts. As with Moody's physical risk analyses, transition risks were evaluated across Moody's operations and supply chain and covered short- (2030), medium- (2035) and long-term (2040) time horizons.

MOODY'S

Table 10 Transition scenarios evaluated[11]

Scenario	Description	Outcome
Net-Zero 2050	Net-Zero 2050 is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, to reach net-zero CO_2 emissions around 2050.	50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (< 0.1°C) of 1.5°C in earlier years. Transition risks are high.
Low Demand	Low Demand scenario assumes that significant behavioral changes - reducing energy demand - in addition to (shadow) carbon price and technology induced efforts, would mitigate pressure on the economy to reach global net zero CO_2 emissions around 2050.	The shadow carbon price of this scenario can be lower than that of the Net Zero 2050 scenario, despite the two sharing the same end-of-century warming limit. Transition risks are relatively low.
Delayed Transition	Delayed Transition assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2 °C. Negative emissions are limited. This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies.	67% chance of limiting global warming to below 2°C by the end of the century. Transition risks are high.
Fragmented World	The Fragmented World scenario assumes delayed and divergent climate policy ambition globally, leading to high physical and transition risks.	Countries with net zero targets achieve these only partially (80% of the target), while the other countries follow current policies. Transition risks are high.
Nationally Determined Contributions (NDCs)[12]	Nationally Determined Contributions (NDCs) include all pledged policies even if not yet implemented. This scenario assumes that the moderate and heterogeneous climate ambition reflected in the NDCs at the beginning of 2024 continues over the 21st century.	Emissions decline but lead nonetheless to about 2.3°C of warming associated with moderate to severe physical risks. Transition risks are relatively low.
Below 2 °C[12]	This scenario assumes that climate policies are introduced immediately and become gradually more stringent though not as high as in Net-Zero 2050. Net-zero CO_2 emissions are achieved after 2070.	67 % chance of limiting global warming to below 2 °C. Transition risks are relatively low.
Current Policies[12]	Current Policies assumes that only currently implemented policies are preserved. This scenario can help users consider the long-term risks to the economy and financial system if we continue on our current path to a "hot house world".	Emissions grow until 2080 leading to about 3 °C of warming and severe physical risks. Transition risks are minimal.

[11] For a more detailed description of each NGFS scenario and its underlying narrative, see the NGFS Scenario Portal.
[12] These scenarios were applied in the Climate-Adjusted Probability of Default analysis (see Figures 10-12).

MOODY'S

INTERNAL CARBON PRICING

Moody's continues to use an internal carbon price for business travel of $50 per $mtCO_2e$ to limit the Company's travel-related GHG emissions and to help fund climate-related initiatives.

CARBON PRICE MODELING

A key element of transition impact is the potential increase in carbon emissions pricing resulting from regulatory mandates. This change would increase direct operational costs, including those related to energy use, and indirectly increase costs related to the purchase of goods and services.

This analysis explores the possible costs of mandatory carbon pricing and its projected impacts on Moody's business during the transition to a low-carbon future. The Company's modeling accounts for the associated costs of continuing to procure 100% renewable electricity, which remains an ongoing commitment in Moody's pursuit of its science-based targets.

The results of this analysis are presented in Tables 11 and 12. As with previous iterations of transition risk modeling, Moody's determined that carbon pricing does not present a material risk to the Company under the assessed time horizons and climate scenarios.

Moody's direct operations are not emissions-intensive, and as such, the Company's supply chain emissions dominate its GHG inventory and are likely to be more sensitive to carbon pricing impacts. In 2024, Moody's Scope 3 emissions accounted for over 99% of the Company's total emissions. These risks are largely mitigated by Moody's Decarbonization Plan and supplier engagement program, which reduces the projected impacts of carbon pricing associated with purchased goods and services.

CARBON AND RENEWABLE ENERGY PRICING METHODOLOGY

- → Moody's applied three of the latest NGFS low-emissions scenarios, as previously described in Table 10.
- → NGFS Phase 5 modeling was applied to future carbon prices; NGFS Phase 4 modeling was applied to future renewable and non-renewable electricity prices.
- → Moody's carbon pricing risk scenario analysis is based on projections of the Company's future GHG emissions, covering Scope 1, 2 and 3 emissions and incorporating the Company's near-term and long-term science-based targets.
- → These models include the expected costs of continuing to procure 100% renewable electricity across the Company's global operations, based on Moody's price predictions.

MOODY'S

AVOIDED COSTS DUE TO MOODY'S DECARBONIZATION PLAN

Table 11 represents the avoided financial costs of carbon pricing due to Moody's emission reduction and renewable energy sourcing targets under each NGFS scenario (as reported in greater detail in Table 10). The avoided financial costs highlighted in Table 11 are relative to the costs that would be experienced under a hypothetical base case, in which Moody's future emissions remain unchanged from the base year and regular grid electricity is used at the offices. The avoided costs highlight the following findings:

- → Independent of the transition scenario, Moody's Decarbonization Plan results in avoided costs and improved financial performance in the long-term relative to a base-case scenario without climate action.
- → Independent of the transition scenario, Moody's is no longer expected to incur additional costs related to the procurement of 100% renewable electricity compared to the price of regular grid electricity. This is a result of the reduced differential in renewable and non-renewable energy prices in the short- and medium-term time horizons. It reflects the continued decrease in the costs of renewable energy sourcing.
- → Under the NGFS Net-Zero 2050 scenario, the application of Moody's Decarbonization Plan results in the greatest cost savings due to the rapid increase in carbon pricing inherent to that potential future state.

The results in Table 11 uphold Moody's understanding that maintaining the Company's commitment to procuring 100% renewable energy provides a net financial benefit, progress toward the Company's climate-related targets and the achievement of Moody's stakeholders' expectations.

Table 11: Avoided costs due to Moody's Decarbonization Plan

	Avoided Annual Costs (million USD)		
	Net-Zero 2050	Fragmented World	Delayed Transition
Short-term (2030)	$5.8	$0.2	$0.1
Medium-term (2035)	$20.3	$3.9	$7.9
Long-term (2040)	$38.8	$8.3	$17.9

Source: Calculations based on NGFS scenario.

Moody's found that under each transition scenario, while the possible financial impacts varied over time frames, the gross annual cost never exceeded Moody's financial materiality threshold. These results have reinforced the importance of taking early, ambitious action on reducing Moody's value chain emissions and maintaining long-term progress towards net-zero. These modeling outputs continue to guide the Company's climate action strategy.

Table 12: Gross costs of carbon pricing and renewable electricity procurement[13]

	Net-Zero 2050			Fragmented World			Delayed Transition		
	Carbon price	Cost	Relative impact	Carbon price	Cost	Relative impact	Carbon price	Cost	Relative impact
	USD/mtCO_2e	Gross annual cost of carbon pricing and 100% renewable electricity (million, USD)	Cost expressed as % of 2024 EBIT	USD/mtCO_2e	Gross annual cost of carbon pricing and 100% renewable electricity (million, USD)	Cost expressed as % of 2024 EBIT	USD/mtCO_2e	Gross annual cost of carbon pricing and 100% renewable electricity (million, USD)	Cost expressed as % of 2024 EBIT
Short-term (2030)	$102.0	$11.9	0.4%	$1.0	$0.8	0.03%	$0.0	$0.7	0.02%
Medium-term (2035)	$198.3	$13.0	0.5%	$37.2	$3.0	0.1%	$76.2	$5.4	0.2%
Long-term (2040)	$336.7	$16.9	0.6%	$70.3	$4.1	0.2%	$154.0	$8.2	0.3%

Source: Calculations based on NGFS scenario.

[13] Moody's carbon pricing scenario analysis is based upon a projection of its GHG emissions across Scope 1, Scope 2 (market-based) and all reported Scope 3 categories. Future emissions were modeled assuming that Moody's meets existing science-based targets, and maintains a linear reduction trend after the target year and net-zero emissions by 2040. Additionally, future emissions projection assumes continued achievement of 100% renewable electricity use across global portfolio. Simplified assumptions were made, including the assumption that the Company's electricity consumption, across all time-horizons, remains equal to the base year. The cost amounts reported include the gross cost of carbon pricing on its emissions each year, in addition to the scenario dependent cost of renewable electricity procurement for 100% of global operations. Financial impact results are presented in the form of gross annual costs without applying a discount rate to future values; this choice was made in acknowledgment of the concerns associated with underestimating the social cost of carbon.

MOODY'S

SUPPLIER ANALYSIS

Utilizing Moody's ESGView platform, Moody's top 500 suppliers by spend were assessed for sustainability-related risks. Leveraging industry-leading expertise from Moody's and MSCI, scores were developed to assess the following risks:

- → Biodiversity & Land Use
- → Carbon Emissions & Vulnerability to Climate Change
- → Atmospheric Emissions
- → Environmental Impact & Management
- → Integration of environmental factors in the supply chain

The results of the analysis are shown in Table 13. The outcomes of this assessment will be used to further inform Moody's supplier engagement strategy.

Table 13: Supplier engagement priority results

Engagement priority	% of top 500 suppliers by spend
Low	10%
Moderate	63%
High	2%
Very High	25%

MOODY'S

Climate-Adjusted Probability of Default

For the second consecutive year, Moody's evaluated its financial exposure to climate risks by assessing the Company's climate-adjusted probability of default using Moody's Probability of Default (PD) model. This analysis models Moody's probability of default arising from climate-related physical and transition risks across the Company's portfolio under different climate scenarios. These scenarios are designed by the Network for Greening the Financial System (NGFS) to provide a common and up-to-date reference point for understanding how climate change, policy and technology trends could evolve in the future[14].

Moody's climate-adjusted Annualized PD is shown in Figure 10 by time horizon (tenor) and broken down by climate scenario, with each scenario showing combined physical and transition risks. The 20-year tenor period coincides with Moody's own risk considerations in the long-term horizon as previously defined in the Strategy section. Figures 11 and 12 show the difference in the PD (the percent change in PD over time) by tenor and climate scenario for physical and transition risks, respectively.

Using Moody's PD Model

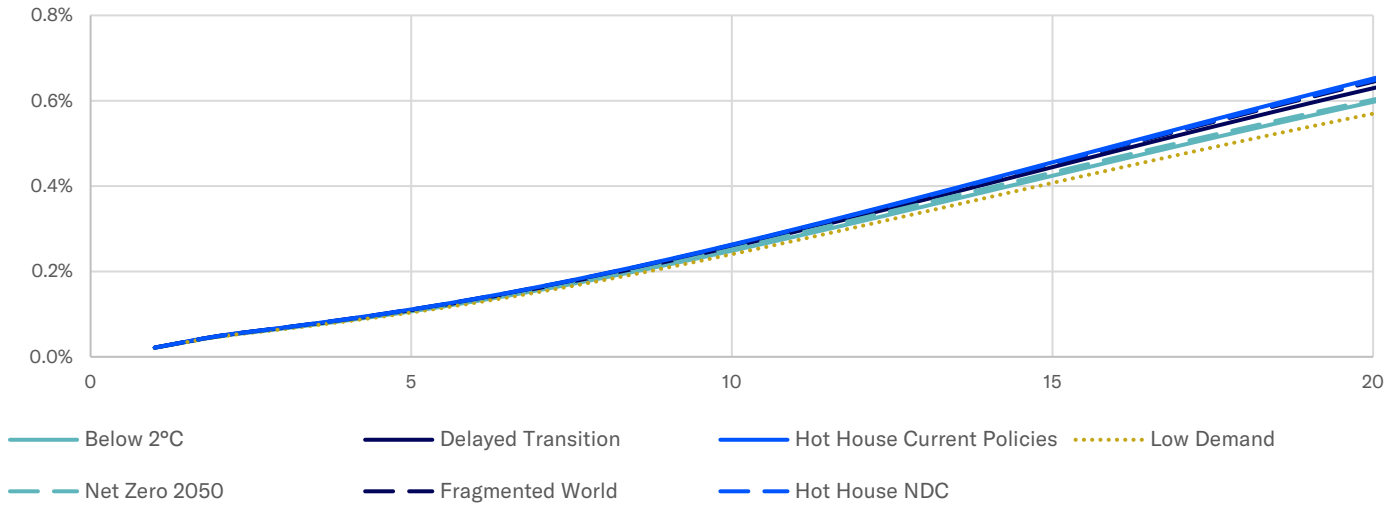
- → The model centers on the PD metric, which measures the probability that a firm will default in one year.
- → Default is defined as the failure to make scheduled principal or interest payments, or a bankruptcy filing. It is determined as the point in time where the market value of a firm's assets falls below the book value of its liabilities.
- → Climate-adjusted probability of default considers the financial impacts of physical and transition climate risks under different climate scenarios against a firm's baseline PD. Physical risks impact asset valuation and asset volatility through the increased frequency and severity of acute climate events, and transition risks can impact asset valuation, for instance, through increased taxes on carbon emissions that may be passed across the supply chain.
- → Physical risks are modeled through combined top-down and bottom-up approaches. The top-down approach leverages global damage functions in climate scenarios and the bottom-up approach uses Moody's facility-specific physical risk metrics to distribute the global damages into damages at the company level.
- → Transition risks are modeled by leveraging an Integrated Assessment Model (IAM), the Global Change Assessment Model (GCAM) and Moody's firm competition model. The IAM model is used to capture competition between sectors (inter-sectoral competition) under different climate scenarios. The firm competition model captures the relative competitive performance of firms within a sector (intra-sectoral competition), leveraging information on firms' emissions and energy usage.
- → Combined risk refers to the combined projected impacts of physical and transition risks to an asset's valuation and asset volatility under each scenario.

[14] For more information on the NGFS scenarios that Moody's has incorporated within its scenario modeling, see the Transition Risk Analysis section (p. 33), as well as the NGFS Scenario Portal

The analysis highlighted two key findings:

1. **Climate risks are not projected to have a material impact on Moody's business**: Although climate risks are observed to increase Moody's PD relative to the Company's baseline PD term structure, the company's credit risk remains very low (less than 1%) across all tenor periods and across all climate scenarios applied. This does not meet Moody's financial materiality threshold as previously defined in the Strategy section. Over the long-term, Moody's performs best under the NGFS Low Demand scenario and worst under the NGFS Current Policies scenario.

Figure 10: Moody's combined risk (PD term structure by scenario)



Source: Moody's Analytics Credit Risk, https://www.moodys.com/web/en/us/capabilities/credit-risk.html

2. **Physical climate risks marginally exceed transition risks in impacting Moody's probability of default:** While Moody's credit risk remains low across all scenarios, physical hazards were determined to have a slightly greater influence than transition risks on Moody's probability of default. Over the long-term time horizon, physical risk is projected to increase Moody's PD by 27% in a best-case scenario (represented by the NGFS Net-Zero 2050 scenario) and by 29% in a worst-case scenario (represented by the NGFS Current Policies scenario). Similarly, transition risk is projected to increase between 25% and 26% across the different climate scenarios. The impacts of physical and transition risk on Moody's credit risk are of comparable magnitude across the different climate scenarios.

Figure 11: Moody's physical risk (impact on Moody's PD by scenario)

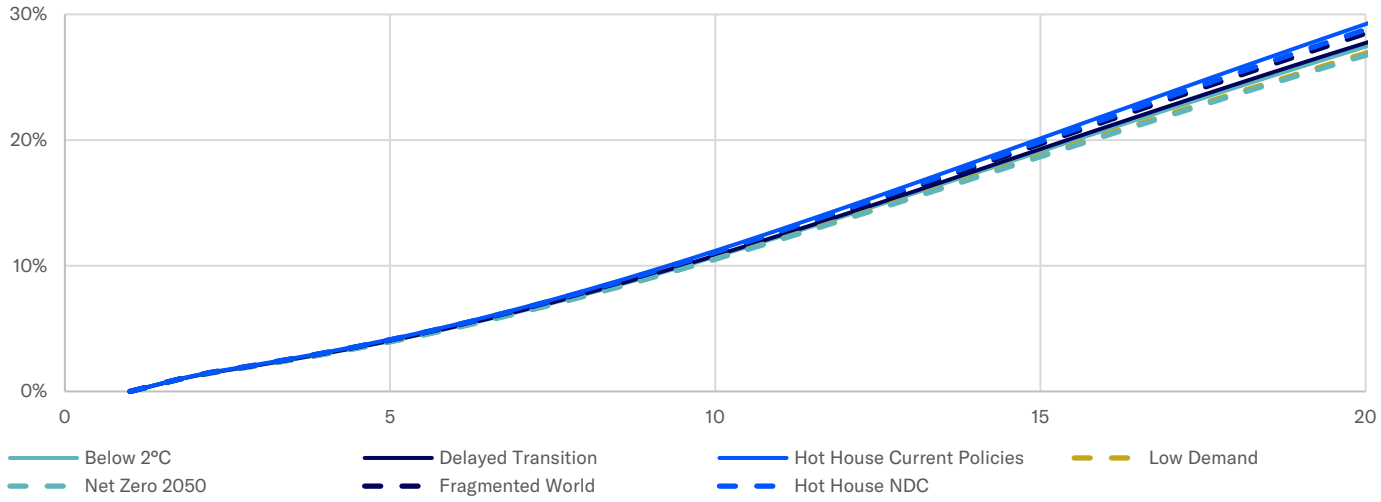
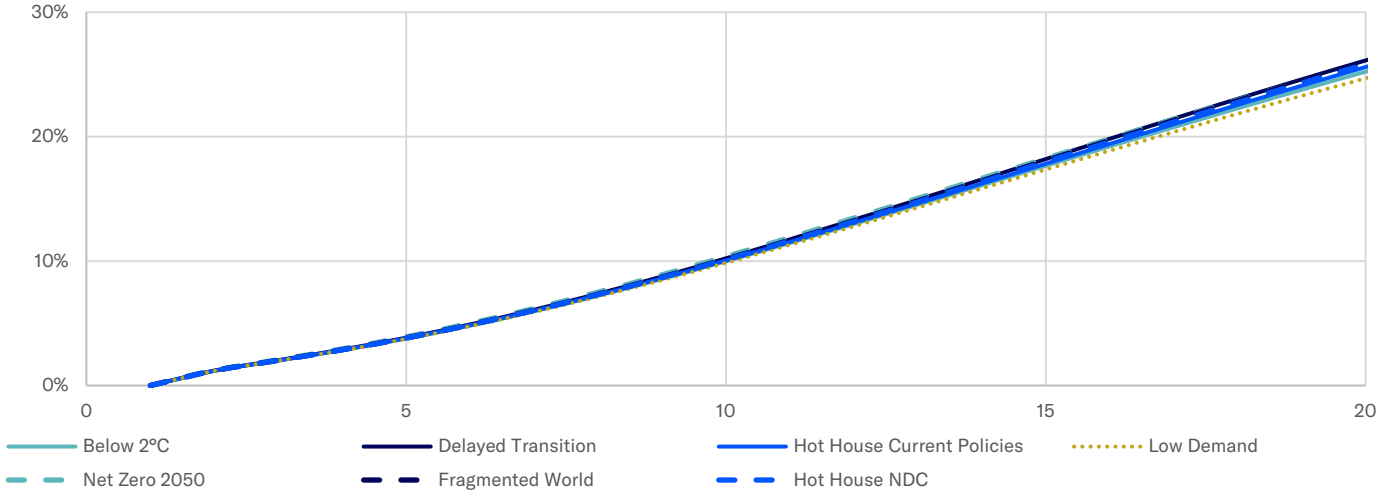


Figure 12: Moody's transition risk (impact on Moody's PD by scenario)



Source: Moody's Analytics Credit Risk, https://www.moodys.com/web/en/us/capabilities/credit-risk.html

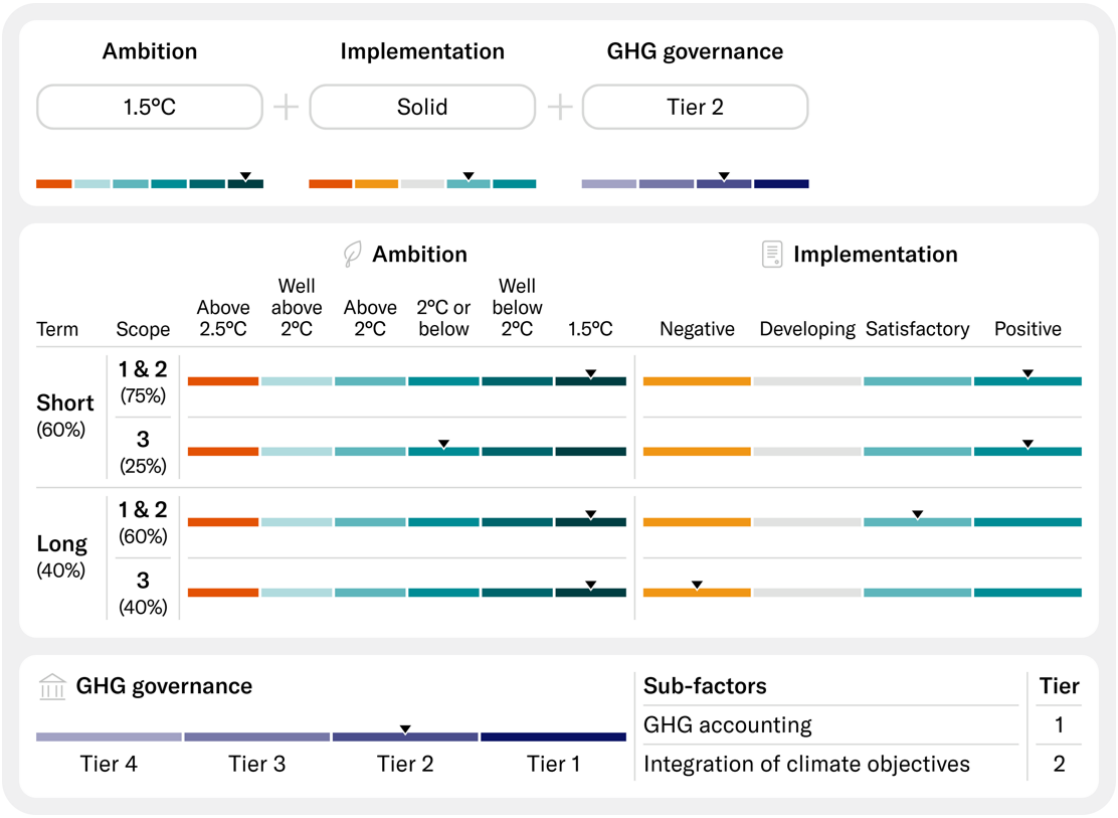
MOODY'S

Moody's Corporation Net Zero Assessment

Moody's transition plan calls for achieving net zero targets by 2040. Moody's Ratings evaluated the Company based on the Net Zero Assessment product framework, which provides a forward-looking opinion of the strength of an entity's carbon transition plan, considering both the ambition of an entity's targets and the credibility of its implementation plans. Moody's obtained an ambition score of 1.5C under the NZA framework, indicating that the emission reduction targets are consistent with the most ambitious Paris Agreement goals of limiting temperature increases to below 1.5C. Moody's 'Solid' implementation score indicates high likelihood of achieving its short and long-term targets, although some uncertainties to achieve long-term targets remain, mainly related to the difficulty in supply chain vendors to achieve deep emissions cuts.

Moody's Ratings did not assign a final score to MCO under the Net Zero Assessment (NZA) Framework given that Moody's Ratings is a subsidiary of Moody's Corporation. However, the NZA report was published, outlining the component scores, and the rationale behind them. This report, besides providing a transparent analysis of Moody's progress in achieving emission reduction goals, also provides a good illustration of how Moody's Ratings applies the NZA framework to a service sector company that is not emissions intensive.

Figure 13: Moody's Corporation Net Zero Assessment



MOODY'S

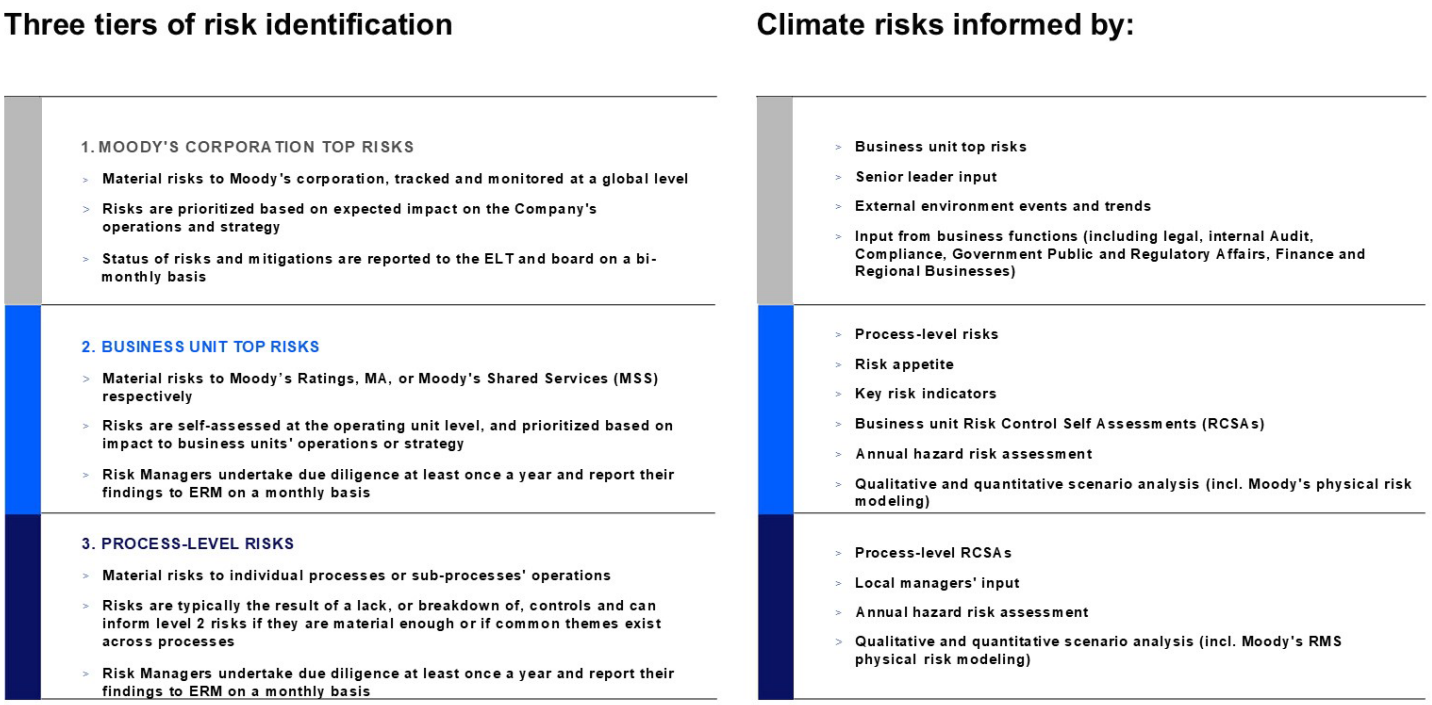
Risk Management

Integration of Climate Risks into Overall Risk Management

CLIMATE-RELATED RISK IDENTIFICATION AND ASSESSMENT

Moody's incorporates climate-risk into its company-wide risk management processes, providing a holistic view of relevant risks through the use of a multipronged approach. Managed by the Chief Risk and Resiliency Officer, the Enterprise Risk Management (ERM) function continually monitors risk issues.

Figure 14: Moody's three tiers of risk



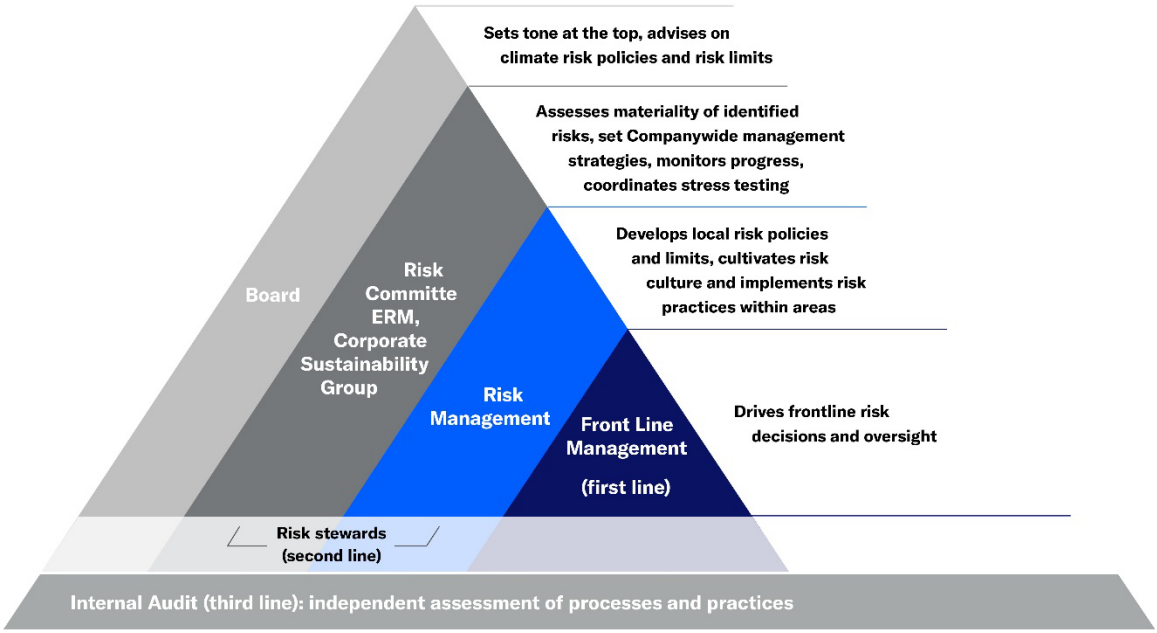
CLIMATE-RELATED RISK MANAGEMENT

Moody's ERM function, guided by the 2017 COSO framework, standardizes risk management across the Company. The Sustainability team oversees climate-related risks and formulates response plans, while physical climate risks are managed by ERM, Crisis Management, and Global Business Resiliency teams. Transition climate risks are assessed by relevant business functions and reviewed by the Sustainability team.

Moody's Enterprise-wide Risk Committee, comprised of the CEO and the Executive Leadership Team (ELT), reviews the ERM's work. The Chief Risk and Resiliency Officer oversees and monitors potential material risks, and material climate-related risks and mitigation actions are periodically presented to the ELT and the Board.

Moody's also continuously updates its risk management practices. The Company seeks to maximize the use of data and metrics to understand how risks evolve and compare to internal expectations. Moody's anticipates the integration of additional data and management tools to track risk management insights and enhance the Company's resiliency prioritization in the future.

Figure 15: Three lines of defense – climate risk management



MOODY'S

Metrics and Targets

Metrics to Assess Climate-related Risks and Opportunities

CARBON-ADJUSTED EARNINGS PER SHARE

Moody's has examined the potential impact of carbon pricing on the Company's share price. The Company calculated its 2024 carbon-adjusted diluted earnings per share (EPS) by applying the 2024 costs of carbon pricing as projected by several NGFS transition scenarios, as well as Moody's internal carbon price on business travel. These results are described in Table 14 and summarized below:

- → Mapping the theoretical global carbon prices inherent to each NGFS scenario onto Moody's 2024 emissions was found to have a very low impact on Moody's carbon-adjusted EPS (diluted weighted average shares outstanding), always remaining under 1%.
- → The Delayed Transition scenario does not apply a carbon price in 2024 and therefore has no impact on the Company's EPS.
- → The Net-Zero 2050 scenario results in an approximate 0.05% reduction in Moody's actual adjusted diluted EPS.
- → Moody's also mapped the Company's internal carbon price onto business travel, which indicated an increase from 2023, but still resulted in a negligible impact on EPS.

Table 14: Moody's adjusted EPS based on carbon price scenarios

	Net-Zero 2050	Fragmented World	Delayed Transition	Moody's internal carbon price
	Scope 1, Scope 2 (market-based) and Scope 3 emissions			Business travel emissions
Total 2024 emissions ($mtCO_2e$)	124,785	124,785	124,785	30,800
Carbon price (USD/$mtCO_2e$)	$9.96	$0.2	0	$50.00
2024 pre-tax cost of carbon (million USD)	$1.24	$0.03	0	$1.54
Carbon-adjusted net income (million USD)	$2,698	$2,699	$2,699	$2,697
Carbon-adjusted net income, net of tax (million USD)	$2,057	$2,058	$2,058	$2,057
Carbon-adjusted diluted EPS	$11.26	$11.26	$11.26	$11.26
% reduction from actual	(0.05)%	0	0	(0.06)%

Source: Calculations based on NGFS scenarios.

MOODY'S

MOODY'S UTILITY SPEND

Utility expenses decreased to nearly $4 million. However, utilities continue to represent a negligible percentage of Moody's operating costs (0.1%). A hypothetical 10% rise in utility and energy prices could raise electricity spend by approximately $400,000 annually, or 0.01% of 2024 operating costs. This analysis supports the conclusion that Moody's is not sensitive to fluctuations in utility prices.

Table 15: Moody's utility spend[15]

	2019	2021	2022	2023	2024
Utility expenditure (million USD, rounded)	$5	$2	$4	$4.5	$4
Percent of operating costs	0.2%	0.1%	0.1%	0.1%	0.1%

TRACKING CLIMATE-RELATED METRICS

Energy, waste and GHG emissions are tracked and monitored at a site level. Moody's evaluates consumption trends in order to identify, assess, manage and mitigate climate-related risks related to resource consumption and GHG emissions. A summary of Moody's utility expenditure is found in Table 15. Disruption time and financial impacts caused by major climate-related events are also tracked across Moody's entire portfolio, which informs the Company's resiliency planning.

[15] 2019 utility spend data excludes data from RMS, which was acquired in 2021.

MOODY'S

MOODY'S ENERGY CONSUMPTION

Moody's total 2024 operational energy consumption decreased by 5% compared to the previous year, primarily due to a reduction in office space as the Company continued consolidation of under-utilized office space through its hybrid work program (see Table 16). As with previous years, Moody's continued to source 100% renewable energy for its global electricity usage.

Table 16: Energy consumption metrics

Energy Consumption	2019	2021	2022	2023[16]	2024
Total energy (MWh)	48,251	27,969	29,019	23,776	22,567
Energy intensity ratio per sq ft (kWh/sq ft)[17]	19.8	11.9	11.7	9.0	9.5
Scope 1 - direct					
Natural gas (MWh)	5,211	4,299	3970	2,856	2,923
Other direct (diesel, liquefied petroleum gas) (MWh)	918	75	238	377	334
Scope 2 - indirect					
Total electricity consumption from operations (MWh)	36,477	20,619	21,406	18,052	17,428
Renewable electricity use	11%	100%	100%	100%	100%
Out of which covered by Energy Attribute Certificates purchased by Moody's directly	0	87%	87%	80%	80%
Other indirect (purchased steam and cooling) (MWh)	5,645	2,976	3,405	2,491	1,882
Electric power intensity ratios					
Electric Power intensity ratio per $ million of revenue	6,926	3,190	3,915	3,051	2,459
Electric Power intensity ratio per headcount	2,834	1,532	1,484	1,191	1,100

[16] 2023 energy consumption restated due to improved access to actual data.
[17] Energy activity data includes 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 0.3% of total GHG inventory in 2024.

MOODY'S

SCOPE 1, 2 AND 3 EMISSIONS

Moody's Scope 1, 2 and 3 emissions from 2019 to 2024 are detailed in Table 17. Emissions have been externally assured and were calculated in accordance with the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG Protocol Corporate Accounting and Reporting Standard, Science-Based Targets Initiative (SBTi) Guidance and the latest SBTi Target Validation Protocol.

Table 17: GHG inventory breakdown and intensity metrics

GHG emissions ($mtCO_2e$)	2019	2021	2022	2023[18]	2024
Scope 1	1,744	851	810	610	641
Scope 2 market-based	13,591	432	440	400	254
Scope 2 location-based	14,035	6,878	7,696	6,926	6,659
Scope 3	140,260	121,290	137,981	139,580	123,890
Purchased goods and services	78,800[19]	102,900	106,100	94,400	78,100[20]
Capital goods	3,600[19]	7,900	9,900	6,700	6,200[20]
Fuel and energy-related activities	3,100	230	200	170	150
Business travel[21]	39,100	1,480	10,300	25,900	30,800
Employee commuting	10,400	208	1,300	3,100	3,300
Waste generated in operations	460	72	81	110	140
Investments	4,800[19]	8,500	10,100	9,200	5,200[20]
Total Scope 1, Scope 2 market-based, Scope 3	155,595	122,573	139,231	140,590	124,785
Scope 3 categories evaluated by Moody's that are zero or not material					
Upstream transportation and distribution	Emissions are included in purchased goods and services category				
Upstream leased assets	Not relevant – All leases included in Scope 1 and 2				
Downstream transportation and distribution	Not relevant – Moody's does not distribute or transport products				
Use of sold goods	Not relevant – Moody's does not produce products that directly consume fuel or energy				
End-of-life treatment of sold products	Not relevant – Moody's does not produce physical products				

[18] 2023 Scope 1, Scope 2 and Fuel and energy-related activities emissions restated due to improved access to actual data.
[19] 2019 Purchased goods and services, Capital goods and Investments were restated due to the implementation of updated emission factors (US EPA EEIO).
[20] The decrease in 2024 emissions corresponds to the implementation of updated emission factors (US EPA EEIO).
[21] 2019 and 2023 Business Travel Emissions restated due to implementation of emission factors with radiative forcing.

Downstream leased assets	Not relevant – Moody's does not own any assets that are leased downstream
Franchises	Not relevant – Moody's does not operate any franchises

GHG intensity metrics	2019	2021	2022	2023	2024
GHG intensity (Scope 1 and Scope 2 $mtCO_2e$/sq ft)[22]	0.006	0.001	0.001	0.0004	0.0004
GHG intensity (Scope 1 and Scope 2 $mtCO_2e$/ $ million revenue)	3.0	0.2	0.2	0.2	0.1
GHG intensity (Scope 3 $mtCO_2e$/ headcount)[23]	15	9	10	9	8
GHG intensity (Scope 3 $mtCO_2e$/ $ million of revenue)[23]	33	19	25	24	17

CLIMATE-RELATED TARGETS

In 2024, Moody's progressed its efforts to meet net-zero emissions by 2040 and made substantial headway against the Company's Decarbonization Plan, which includes the Company's science-based targets as well as Moody's commitments to offset remaining emissions from operations, business travel and employee commuting, procuring 100% renewable electricity. The Company established a long-term, SBTi-validated net-zero target of 90% reduction of Scope 1, 2 and 3 emissions and progressed on near-term targets to reduce GHG emissions.

2024 PROGRESS AGAINST THE DECARBONIZATION PLAN

→ Clean and Efficient Operations

- Procured 100% renewable electricity for global operations for the fifth consecutive year.
- Integrated eco-friendly practices through technology usage and operations:
  - Implemented PrintReleaf, a global printing solution that prevents unnecessary printing and provides carbon offsets. Ensured all purchased equipment by Moody's is Energy Star and EPEAT certified where applicable.
  - Evaluated the carbon footprint of new tools, such as Copilot and Expo (Moody's digital workplace for all employees to connect and collaborate), by measuring emissions from hardware energy use and operation time, guiding sustainable hardware acquisition and use.

[22] 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 0.3% of total GHG inventory in 2024.
[23] 2019 and 2023 Scope 3 Emissions restated due to implementation of emission factors with radiative forcing for Scope 3 Category 6 emissions and improved access to actual data for Scope 3 - Category 3 emissions.

  - Continued consolidation of under-utilized office space and maintained low levels of employee commuting through our hybrid work program Worked on developing sustainability clauses in facility management master service agreements (MSAs).
  - Worked on developing sustainability guidelines and preferences for office fit-outs and furnishing.

→ Collaborated with property management firms to implement energy-saving measures throughout our office spaces, including retrofitting our air conditioning systems for lower global warming potential and fitting common areas with energy-efficient lighting, timers, and sensors for reduced power consumption after hours.

→ Climate Policy

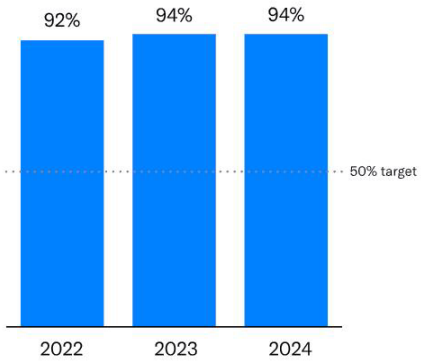
- Continued to apply an Internal Carbon Fee of $50 per metric ton (mtCO2e) on business travel emissions.
- Continued to offset the Company's remaining carbon footprint (including all emissions from operations, business travel and employee commuting) back to 2000, when Moody's became a public company. This includes retrospective offsetting to account for the Company's re-baselined emissions footprint.
- Updated our Sustainability Policy to reinforce our commitment to environmentally sustainable and socially responsible practices, providing a comprehensive framework for our operations and value chain. The policy details our priorities and actions in reporting, climate change mitigation, operations, procurement, supplier engagement, biodiversity, and waste management.

→ Supplier Engagement

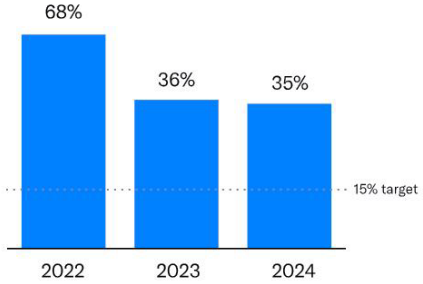
- Met target of 60% of supplier spend covered by science-based targets one year before target (2025).
- Partnered with EcoVadis to evaluate our suppliers' carbon emissions and performance, allowing us to engage with them based on their maturity to develop long-term strategies and improvements. Ranked among the Top 5 Corporate Sustainable Procurement Performers for our 2024 Navigator submission, as recognized by the Sustainable Purchasing Leadership Council (SPLC). Additionally, SPLC has honored our Responsible Sourcing program, with the Outstanding Case Study Recognition.
- Joined forces with our supplier DHL Express to utilize sustainable aviation fuel in shipping and deliveries, which can reduce emissions by up to 70-80% compared to traditional jet fuel.
- Continued efforts to update key supplier contracts with the requirement to disclose science-based targets.

MOODY'S VALIDATED SCIENCE-BASED TARGETS AND PERFORMANCE AGAINST DECARBONIZATION PLAN

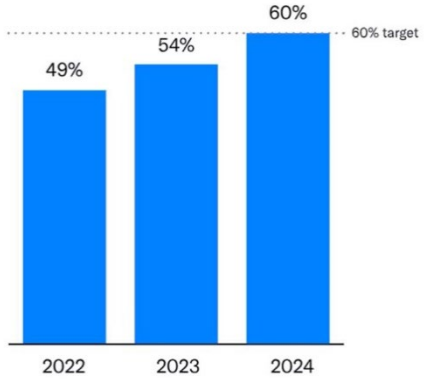
→ **50%** Reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030 from a 2019 base year.



→ **15%** Reduction in Scope 3 GHG emissions from fuel and energy-related activities, business travel and employee commuting by 2025 from a 2019 base year.



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



→ 100% of continued renewable electricity sourcing for Moody's global operations.

→ 100% carbon emissions offset from operations, employee commuting and business travel.

→ Long-term net-zero target of 90% emissions reductions in Scope 1, 2 and 3 emissions by 2040.

Moody's applies a quality framework toward offset project selection, only funding certified projects. Moody's carbon offset projects are chosen based on the geographies where it operates, alignment with SDGs and co-benefits and are listed on reputable registries that guarantee third-party verifications.

→ Verra:

- Solar project: India
- Wind project: India and Costa Rica
- Forestation: Congo

→ American carbon registry:

- Forestation: U.S.

→ Gold standard:

- Cookstoves: Ghana and Uganda

MOODY'S

Assurance Statements

2024 GHG Assurance Statement

2023 GHG Assurance Statement

2022 GHG Assurance Statement

2021 GHG Assurance Statement

2020 GHG Assurance Statement

2019 GHG Assurance Statement

MOODY'S

Disclaimers

About the information in this report

Certain statements in this report are aspirational or otherwise forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. These statements, including statements regarding the goals of Moody's Corporation and its subsidiaries (the "Company"), are not guarantees of future results or occurrences. Actual results and financial conditions may differ materially from the Company's expectations or predictions expressed in this report due to a variety of factors, including, among others, global socio-demographic, political and economic trends, technological innovations, climate-related conditions and weather events, legislative and regulatory changes and other unforeseen events or conditions, and the factors discussed in the precautionary statements included in this report and those contained in the Company's filings with the Securities and Exchange Commission. The forward-looking statements are made as of the date of this report, and the Company undertakes no obligation to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by law. In addition, while this report describes potential future events that may be significant, the significance of those potential events should not be read as equating to materiality as the concept is used in the Company's filings with the Securities and Exchange Commission.

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Certain statements contained in this document are forward-looking statements and are based on future expectations, plans and prospects for Moody's business and operations that involve a number of risks and uncertainties. The forward-looking statements in this document are made as of the date hereof, and Moody's disclaims any duty to supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Moody's is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to the impact of general economic conditions, including inflation and related monetary policy actions by governments in response to inflation, on worldwide credit markets and economic activity and its effect on the volume of debt and other securities issued in domestic and/or global capital markets; the global impacts of each of the conflict in Ukraine and the COVID-19 pandemic on volatility in world financial markets, on general economic conditions and gross domestic product (GDP) in the U.S. and worldwide, on global relations and on the Company's own operations and personnel; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, credit quality concerns, changes in interest rates, inflation and other volatility in the financial markets, as well as the number of issuances of securities without ratings or securities which are rated or evaluated by non-traditional parties; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs, tax agreements and trade barriers; the impact of MIS's withdrawal of its credit ratings on Russian entities and of Moody's no longer conducting commercial operations in Russia; concerns in the marketplace affecting Moody's credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to Moody's rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which Moody's may be subject from time to time; provisions in U.S. legislation modifying the pleading standards and EU regulations modifying the liability standards applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; uncertainty regarding the future relationship between the U.S. and China; the possible loss of key employees and the impact of the global labor environment; failures or malfunctions of Moody's operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the timing and effectiveness of Moody's restructuring programs, such as the 2022-2023 Geolocation Restructuring Program; currency and foreign exchange volatility; the outcome of any review by controlling tax authorities of Moody's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if Moody's fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which Moody's operates, including data protection and privacy laws, sanctions laws, anti-corruption laws and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions, such as Moody's acquisition of RMS, or other business combinations and the ability of Moody's to successfully integrate acquired businesses; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the

forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of Moody's annual report on Form 10-K for the year ended December 31, 2022, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it. Forward-looking and other statements in this document may also address Moody's corporate responsibility progress, plans and goals (including sustainability and environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in the Company's filings with the Securities and Exchange Commission. In addition, historical, current and forward-looking sustainability related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.