

Sustainability Policy and Practices

Applicable To: Moody's Corporation

Scope: Global

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1. INTRODUCTION

This policy outlines Moody's approach to addressing the environmental and social impact associated with our operations and our value chain.

2. COMPLIANCE

Moody's complies with all applicable legal requirements and other obligations related to our sustainability performance. We uphold the highest standards of business ethics and expect all who operate on our behalf to adhere to these same standards. We conduct business in good faith, seek fair outcomes, build trust, and perform with integrity.

3. DISCLOSURES AND REPORTING

[Moody's Sustainability Page](#) supports compliance with global standards and regulations along with annual reporting of our sustainability progress, metrics, and updates.

- 3.1. **Sustainability Data Quality** Moody's is committed to data integrity. A robust data governance framework guides the collection, management, and reporting of sustainability-related information across various reporting bodies and frameworks.
- 3.2. **GHG Verification.** Moody's manages data quality through continuous internal verification and annual third-party verification of its greenhouse gas (GHG) inventory. Data is managed via an environmental management system that helps mitigate data integrity risks. Updated annually, the [Sustainability-Related Metric Summary](#), includes details of the methodologies used in the accounting process.
- 3.3. **Other Sustainability Metrics.** Other disclosed sustainability metrics and data are collected through a standardized workflow to ensure consistency and undergo a verification process. The metrics are reviewed by subject matter experts (SMEs) from various teams at Moody's, who follow established processes and controls.

4. GOVERNANCE AND OVERSIGHT

Moody's Corporate Sustainability program, initiatives, and disclosures are governed by the Board of Directors.

- 4.1. **Audit Committee.** Oversees financial, risk and other disclosures made in the Company's annual and quarterly reports related to sustainability and, at least annually, reviews report by management regarding the adequacy and effectiveness of the Company's internal controls and procedures related to such sustainability disclosures.
- 4.2. **Governance & Nominating Committee.** Oversees sustainability matters, including significant issues of corporate social and environmental responsibility, as they pertain to the Company's business and to long-term value creation for the Company and its stockholders, and makes recommendations to the Board regarding these issues.
- 4.3. **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).

5. ROLES AND RESPONSIBILITIES

Role	Responsibilities
Senior Leadership	Identify and ensure management of sustainability-related risks and opportunities.
Business Leaders	Promote Moody's sustainability priorities; support sustainability initiatives and demonstrate organizational accountability through performance goals and measurements.
Vice President, Corporate Sustainability	Facilitate the execution of Moody's sustainability program; monitor and report sustainability progress biannually to the ELT and annual updates to the Board of Directors.
ESG Controller	Monitor and lead compliance initiatives for applicable sustainability disclosure regulations; contribute to the corporate sustainability regulatory strategy; support disclosure readiness; oversee sustainability data governance processes; support mandated audits related to regulatory sustainability disclosures.
Corporate Sustainability Group	Drive Moody's sustainability practices, reporting, and disclosures, and contribute to the development and implementation of initiatives.
Employees	Participate in sustainability training; adopt environmentally friendly practices in the office, and support initiatives to reduce environmental impact.

6. CLIMATE

Moody's acts to reduce greenhouse gas (GHG) emissions and identify risks and opportunities associated with physical and transition climate impacts.

6.1 Mitigation

- 6.1.1 **Science-Based Targets.** We have established Science-Based Targets initiative (SBTi) validated near-term and long-term emissions reductions targets¹.
- 6.1.2 **Energy Efficiency.** Moody's reduces greenhouse gas emissions by investing in energy efficiency through real estate strategies and procuring renewable electricity to cover 100% of Moody's global operations.
- 6.1.3 **Carbon Offsets.** Moody's offsets carbon emissions from operations, business travel, and employee commuting not addressed via direct reduction efforts. The offsets are carefully selected to maximize impact and are third-party verified. A company-wide carbon price of \$50 per CO₂e is applied for all business travel.

6.2 Climate-Related Reporting

¹ More information on our Net Zero commitment [Moody's Sustainability-related disclosures page](#)

- 6.2.1 **Decarbonization Plan.** Moody's prepares and discloses a [decarbonization plan](#) to achieve the Company's GHG emissions reduction targets. The decarbonization plan is updated as needed to incorporate new technological advances, reflect applicable laws, policies, and incorporate emerging best practices.
- 6.2.2 **Climate-Related Risks and Opportunities Assessment.** Moody's annually conducts a climate-related risks and opportunities assessment that analyzes physical and transitional risks.

7. COMMUNITY IMPACT

Moody's community impact strategy is centered around providing access to opportunities for all people to help to build stronger communities and an environmentally sustainable path forward. We partner with organizations to empower people with financial knowledge, activate an environmentally sustainable future, and help underserved youth reach their potential.

7.1 Biodiversity

We invest in ecosystem restoration and support organizations that help protect endangered wildlife, preserve habitats, and supply relief when disaster strikes. We provide communities vulnerable to ecological degradation with resources, services, and tools to build resilience to a changing planet.

8. SUPPORTING STATEMENTS AND PRACTICES

8.1 Sustainable Procurement, Sourcing, and Supplier Engagement

Moody's takes steps to build a sustainable and responsible supply chain that supports environmental protection efforts and conforms to ethical codes of conduct.

- 8.1.1 **Supplier Selection and Expectations.** Suppliers must adhere to the highest ethical standards and operate in compliance with all applicable laws and regulations. Suppliers are expected to perform in accordance with [Moody's Supplier Code of Conduct](#) and adhere to sustainability provisions in the Master Services Agreements (MSAs). Moody's annually tracks and monitors supplier Science Based Targets (SBTs), greenhouse gas emissions, and human rights risks and expects suppliers to:
- Track, document, and share their energy consumption and greenhouse gas emissions annually.
 - Set or show willingness to set SBTs.
 - Conduct due diligence to ensure no slavery, child labor, human trafficking, or other human rights violations in their supply chain.
- 8.1.2 **Supplier Engagement.** Moody's Responsible Sourcing team engages suppliers who have not yet set SBTs and provides guidance to help them begin carbon accounting and establish emissions reduction targets.
- 8.1.3 **Supplier and Vendor Due Diligence.** Supplier and vendor onboarding involves a streamlined due diligence process that assesses potential risks across key domains including environmental, social, and governance including human rights, cybersecurity, financial stability, and compliance. The evaluation leverages Moody's own tools along with external resources to provide insights into the vendor's risk

profile. Decisions on proceeding with vendor contracts are based on alignment with Moody's risk tolerance.

- 8.1.4 **Supplier and Vendor Monitoring.** Moody's continuously monitors environmental, social, and human rights risks, cyber, country risk, outages, concentration risk, and sentiment risk for Tier 1 suppliers, using daily alerts from internal and external sources. Reports from supplier risk monitoring are reviewed weekly and presented to business risk leaders monthly.
- 8.1.5 **Biodiversity and Natural Resources.** The use of natural resource-based goods and components has been identified only in our upstream value chain, specifically in the procurement of office supplies and equipment. To mitigate negative impacts on natural resources and eco-systems, we seek to prioritize the procurement of office products that contain reputable eco-certifications. Employees responsible for office-related purchases are equipped with the responsible purchasing toolkit and a local sustainability purchasing guide.
- 8.1.6 **Information and Communications Technology (ICT).** Moody's responsibly procures eco-label certified ICT products and addresses the end-of-use of our technology assets in an environmentally conscious and socially responsible manner.

8.2 Sustainable Facilities and Operations

Recognizing the impact of our physical operations, we strive to integrate sustainability principles into our real estate strategies, activities, and office environments. Moody's Real Estate and Facilities Management Teams work closely with the Corporate Sustainability Group to identify ways to enhance the sustainability of our office spaces through the following strategies.

- 8.2.1 **Office Spaces.** Moody's aims to occupy office spaces that meet recognized green building standards, such as LEED, BREEAM, or local equivalents, when feasible. We also incorporate sustainability criteria in the RFP process to assess the site's sustainability potential, focusing on energy performance, water efficiency, physical climate risk, waste management practices, health, and wellness.
- 8.2.2 **Green Leases.** Moody's promotes sustainability through green clauses, requiring landlords, when feasible, to share utility data, adhere to green cleaning standards, manage waste and recycling responsibly, and maintain HVAC systems to ensure healthy air quality standards.
- 8.2.3 **Office Fit Out and Construction.** Moody's Sustainable Design Project Expectations Guide serves as a framework of best practices for our projects with respect to energy and water efficiency, material sustainability, responsible sourcing, indoor air quality, and waste reduction. The document outlines our preference for energy efficient (ENERGYSTAR certified or local equivalent) appliances, sustainable and eco-label furnishings, and considerations that promote health and wellness.
- 8.2.4 **Waste.** Moody's is dedicated to reducing waste by digitalizing business activities to reduce paper waste and implementing clear signage to encourage waste sorting in all offices. We aim to eliminate single-use plastics, transition to sustainable alternatives, and responsibly manage furniture and equipment during office moves or renovations to minimize landfill waste.



Further Information.

Moody's seeks to reduce adverse impacts on the environment, promote health and well-being and give back to the communities in which our employees live and work. Additional information on Moody's positions, policies and disclosures can be found on the [Sustainability Page](#).

For inquiries regarding Moody's Sustainability Policy, please contact the Moody's Sustainability team Sustainability@moodys.com.



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