

Moody's Corporation - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Moody's is a global integrated risk assessment firm that empowers organizations to make better decisions. Our data, analytical solutions and insights help decision-makers identify opportunities and manage the risks of doing business with others. Moody's Corporation (NYSE: [MCO](#)) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and Moody's Analytics, which offers leading-edge software, advisory services and research for credit and economic analysis and financial risk management. The corporation, which reported revenue of \$5.4 billion in 2020, employs approximately 11,500 people worldwide and maintains a presence in more than 40 countries. Further information is available at www.moodys.com.

Moody's Investors Service (MIS), a subsidiary of Moody's Corporation, publishes credit ratings and provides assessment services on a wide range of debt obligations, programs and facilities, and the entities that issue such obligations in markets worldwide, including various corporate, financial institution and governmental obligations, and structured finance securities. MIS provides credit ratings in more than 140 countries. As of December 31, 2020, MIS had credit rating relationships with more than 5,000 non-financial corporate issuers, 3,600 financial institution issuers, 16,000 public finance issuers (including sovereign, sub sovereign and supranational issuers), 9,100 structured finance transactions and 1,000 infrastructure and project finance issuers.

Moody's Analytics (MA), a global provider of data and analytic solutions, helps companies make better and faster decisions. MA's analytic models, industry insights, software tools and proprietary data assets allow companies to inform and perform many critical business activities with trust and confidence. MA customers operate worldwide in over 155 countries and include approximately 1,500 asset managers, 3,100 corporations, 675 insurance companies, 300 real estate entities, 2,900 commercial banks, 225 securities dealers & investment banks, and 4,000 government and other entities. During 2020, Moody's research website was accessed by over

337,000 individuals, including 31,000 customers.

Moody's formed Moody's ESG Solutions (MESG) in 2020 to serve the growing global demand for ESG insights. The group leverages Moody's data and expertise across ESG, climate risk and sustainable finance, and aligns with MIS and MA to deliver a comprehensive, integrated suite of ESG customer solutions. Moody's ESG Solutions covers five business areas, including SME Solutions, ESG Measures, Sustainable Finance, Index Solutions and Moody's Climate Solutions.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	Yes	2 years

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Argentina
Australia
Austria
Belgium
Brazil
Canada
Chile
China
China, Hong Kong Special Administrative Region
Costa Rica
Cyprus
Czechia
Denmark
France
Germany
India
Israel

Italy
Japan
Lithuania
Mexico
Morocco
Nepal
Netherlands
Panama
Peru
Poland
Portugal
Republic of Korea
Russian Federation
Saudi Arabia
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Sweden
Switzerland
Thailand
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Moody's Board of Directors is responsible for the Company's effective management and strategy for ESG-related risks and opportunities. The Board reviews its long-term strategic plan at least annually to assess the Company's approach, including for climate-related concerns. The Board is responsible for setting, maintaining and regularly reviewing policies and processes to manage Moody's exposure to risk, including climate-related risk. The Board is assisted by two committees that inform Moody's approach to ESG issues, the Governance & Nominating Committee and the Audit Committee. The Audit Committee reviews the Company's risk factors, including the risk of business continuity disruption due to climate-related incidents, and exposure to reputational and credibility concerns attributed to ESG, including climate-related matters. The Audit Committee oversees disclosures, including financial and risk, in Moody's annual and quarterly reports related to sustainability, and supports the Board in its duties relating to risk assessment and management. An example of a climate-related decision made by the Committee is proposing the Company expand its voluntary sustainability disclosures, for example, in the 10-K and 10-Q, and disclose the core set of "Stakeholder Capitalism Metrics", published by the World Economic Forum. The 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

Position of individual(s)

Please explain

stockholders, and makes recommendations to the Board regarding these issues. For example, the Committee reviewed Moody's 2020 Decarbonization Plan.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and	<Not Applicable>	This is done through direct interaction by the Audit Committee and the Governance & Nominating Committee with management, including periodic reporting. As part of its risk oversight, the Audit Committee reviews key risk factors, such as those disclosed in the Annual Report, including the risk of business continuity disruption due to climate-related incidents. Risk factors also include exposure to reputational and credibility concerns attributed to climate-related matters. For example, MIS's reputation could be affected with respect to its practices relating to the incorporation of climate-related risks into its methodologies and credit ratings. The Governance & Nominating Committee is responsible for overseeing sustainability matters, including significant corporate social and environmental responsibility issues, reviewing matters and making recommendations to the Board.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
	targets for addressing climate-related issues		

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Financial Officer (CFO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Risks Officer (CRO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Chief Procurement Officer (CPO)	<Not Applicable>	Managing climate-related risks and opportunities	<Not Applicable>	As important matters arise

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Moody's is advancing its Sustainability efforts with support from its most senior leaders and with input from employees at all levels. The Company has created a governance structure around Moody's corporate sustainability strategy and its implementation that aims to closely align with Moody's business strategy and to create opportunities for innovative collaboration across the company. Because climate-related issues are integrated into Moody's business strategy, responsibilities related to climate were assigned at the most senior level of the organization.

The CEO, who also serves on the Board, is responsible for ensuring that material risks and opportunities, including those related to climate, are appropriately assessed and mitigated. Under the oversight of the Board and its committees, the CEO has established an Enterprise-Wide Risk Committee, composed of the CEO and his direct reports, which include the Chief Risk Officer. The Enterprise-Wide Risk Committee reviews the work of the Enterprise Risk Management (ERM) function that is managed by the Chief Risk Officer. Among other things, the ERM function is responsible for identifying and monitoring existing and emerging risks that may impede the achievement of Moody's strategic and operational objectives.

The Chief Risk Officer reports to the President and CEO and provides oversight and monitoring of material risks that can potentially hinder Moody's operations and talent, including climate-related risks. The Chief Risk Officer of Moody's Corporation serves as the Company's representative on the Task Force on Climate-related Financial Disclosures (TCFD) along with MIS's Chief Credit Officer. He also oversees the TCFD report; the most recent Moody's TCFD Report was released in 2021.

The CRO is responsible for the full ERM function. Risks associated with climate change are actively managed through ERM and mitigated through the Crisis Management and Business Continuity Plans and teams. Should any material climate-related risks and mitigating actions be identified by the ERM function, they would be presented to the Audit Committee and to the Board.

The CFO provides leadership in innovation, implementation and influence to facilitate long-term sustainable growth. In doing so, the CFO aims to embed sustainability and ESG into business-as-usual financial processes and company-wide operations, products and solutions. The CFO is also the head of Moody's Stakeholder Sustainability Group (SSG), with managerial oversight for Moody's Stakeholder Sustainability activities and Moody's ESG Solutions Group, and reports directly to the President and CEO. Climate and environmental risk is managed primarily within Finance because it enables the incorporation of climate outlook into financial risk considerations, providing a straight integration into the corporate strategy. For example, in 2020, climate targets were announced together with the roadmaps to achieve them. In addition, Moody's climate-

related financial disclosures were expanded under the CFO's leadership; in the 2020 TCFD report, Moody's is leveraging a climate-related scenario analysis, including a physical risk assessment from Moody's Climate Solutions and a transition risk assessment, to understand the financial and risk-related implications of climate change on Moody's business model and operations. The CFO's incentive compensation is tied to sustainability performance.

The Stakeholder Sustainability team evaluates the Company's progress on sustainability issues and generates recommendations to enhance Moody's approach to sustainability. The head of Stakeholder Sustainability oversees the design and implementation of Moody's corporate sustainability strategy, including climate-related risks. Moody's ESG Solutions Group identifies opportunities in Moody's business that align with the Company's sustainability mission.

The Chief Procurement Officer oversees Moody's Supply Chain in line with the Supplier Code of Conduct. Starting in 2020, the CPO is also developing and overseeing the execution of strategies to engage suppliers on climate action as set forth in the Company's science-based targets.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Provide incentives for the management of climate-related issues		Comment
Row 1	Yes	N/A

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	The individual performance goals evaluated for determining the CEO's 2020 annual incentive award payout included ESG and climate business coordination and strategic development.

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Financial Officer (CFO)	Monetary reward	Emissions reduction target	In 2020, CFO incentive funding was dependent on advancement of the Company's ESG and climate goals and metrics, and support of its sustainability programs.
Chief Procurement Officer (CPO)	Monetary reward	Supply chain engagement	Incentives are provided to Moody's CPO to engage with key suppliers that do not have science-based targets in place as part of an effort to achieve the target to have 60% of our top suppliers by spend set science-based targets by 2025.
Buyers/purchasers	Monetary reward	Supply chain engagement	To engage in our journey to achieve 60% of our top suppliers by spend set science-based targets by 2025, key purchasers within Procurement were also assigned monetary incentives to actively communicate and invite suppliers to participate in activities that Moody's is hosting with the goal to educate them on CDP climate disclosure and target setting.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	N/A

	From (years)	To (years)	Comment
Medium-term	5	10	N/A
Long-term	10	20	N/A

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Substantive financial impact is defined as a risk that poses a change of over 10% of Moody's earnings before interest and tax (EBIT), or if there is a significant impact on business financial sustainability; this also includes the evaluation of uncertainties and untapped opportunities in effective utilization of financial resources.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

The process we apply to determine which risks and opportunities could have a substantive financial or strategic impact is integrated across several tiers of our business units and positions. Business units are responsible for undertaking due diligence and reporting any risks and opportunities associated with their activities to the Enterprise Risk Management (ERM) function. ERM, managed by Moody's Chief Risk Officer, is responsible for establishing and maintaining a firm-wide risk management culture and framework embedded within the business for the timely identification, management and reporting of our business-wide risks, including climate-related risks. ERM is designed to establish a common, organization-wide understanding of risk management and define roles and responsibilities based on the 2017 COSO framework, Enterprise Risk Management-Integrating with Strategy and Performance. ERM maintains a register of all existing risks which is continually monitored and reviewed. ERM identifies potential untracked risks by conducting regular exploratory exercises to assess our performance and strategy against the external business environment, emerging research and trends. Risks are assessed in terms of likelihood of occurrence, potential impact on business operations and financial importance, and risk trend. The ERM function and the Stakeholder Sustainability Group track and evaluate climate risks across current and emerging regulations, technology, legal, reputational as well as acute and chronic physical risk. We run annual site surveys across our entire real estate portfolio to evaluate both existing and emerging risks, with a dedicated categorization for climate-related risks. Our climate-related physical and transition risks and opportunities are assessed across the business using quantitative and qualitative scenario analysis. Climate-related risks are then reviewed by the Stakeholder Sustainability Group, who develop recommendations and plans to be implemented. The CEO, who also serves on the Board, provides an additional tier of risk identification and submits any newly identified risks or opportunities to ERM. Under the oversight of the Board and its committees, the CEO has established an Enterprise-Wide Risk Committee, composed of the CEO and his direct reports, including the Chief Risk Officer. The Enterprise-Wide Risk Committee reviews the work of ERM and undertakes regular independent reviews of currently tracked risks with the aim to identify potential new risks and opportunities for further exploration. The Chief Risk Officer reports to the CEO and provides oversight and monitoring of material risks that can potentially hinder our operations and talent, including climate-related risks. Physical climate risks are actively managed through ERM and mitigated through the Crisis Management and Business Continuity Plan and teams. Any material climate-related risks and mitigating actions identified by ERM are also presented to the Audit Committee. An example of how this process is applied to the identification of physical risks can be illustrated through the physical risk scenario analysis, which is updated annually applying Moody's Climate Solutions proprietary models. In 2020, we enhanced our climate scenario analysis to consider an increased number of physical climate impacts such as wildfires, and expanded the analysis to include our 3rd party data centers. The scenario analysis process served to identify and evaluate climate-risks against a possible future emissions pathway. Our global building locations and data centers were assessed against their risk exposure to various climate-related physical risk elements (water stress, heat stress, sea level rise, flooding, wildfires, hurricane and typhoons) against the high emissions scenario RCP 8.5. The output provided hazard risk scores and risk thresholds for each facility globally. Risk thresholds indicate whether an asset's risk is at no risk, low, medium, high or red flag (highest risk), based on its score. High-risk sites and data centers are logged on our ERM

registry for ongoing monitoring, with key metrics also monitored by our Real Estate team to give an early indication of rising consumption or costs. Acute physical risks are largely managed by ensuring we have a robust Business Continuity Plan in place. Collating this through site-level detail of physical risk exposure serves to inform real estate planning, investment for both adaptation and mitigation as well as key input for our business continuity planning. For example, previous results showed the Beijing Office (Kerry Centre) to be at red flag risk for floods, hurricanes and typhoons. As a result, business continuity plans were put in place to minimize disruption in the event of a flood, hurricane or typhoon. In addition, while unrelated to climate risk, our Business Continuity Plan was put to a test in 2020 when our global offices shut down due to the Covid-19 pandemic and subsequent lockdowns. There were no business interruptions given a successful and timely remote work adaptation. The same plan is referenced for any climate-related interruption. An example of how this risk identification process is applied to transition risks can also be illustrated through our undertaking of scenario analysis. Transitional risks were assessed against two low-emissions scenarios described by the Network for Greening the Financial System (NGFS) – Orderly and Disorderly – with a key quantitative focus on the impact of carbon pricing. Financial modeling was used to evaluate the impact of potential mandatory price on carbon applied across our Scope 1, Scope 2 (market-based) and all reported Scope 3 categories. Under both transition scenarios modeled, we found that the possible financial impacts varied over time frames; however, the annual risk never exceeded our materiality threshold. The transition analysis results reinforced the importance of early, ambitious action on reducing our value chain emissions and continue to guide our climate action strategy. The impact of identified transition risks such as carbon pricing is monitored by the Stakeholder Sustainability Group. As a result, we have increased our internal pricing of emissions, and committed to procure 100% renewable electricity across our operations to reduce our emissions and mitigate transition risk. In early 2021, we introduced a shadow price on carbon to evaluate new facility leases on their emissions performance. We have also enhanced many of our tools and research so that they are resilient to the considerations of transition risk into risk assessments. For example, MA now has data and analytics tools that leverage Moody's MIS credit risk models and quantifies climate impacts in financial terms.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Although not a substantive risk as defined in C2.1b, current climate regulation is always relevant to ensure we avoid damage to reputation and / or financial loss arising from the failure to comply with applicable climate-related laws and regulations. The risk of non-compliance with current regulation is managed internally by a

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	<p>wide range of experts in our corporate governance model (including Legal, Internal Audit, Compliance, Government and Public Affairs, Stakeholder Sustainability Group, Finance and Regional Businesses). These functions work together as appropriate to discuss business implications of current regulation to maintain ongoing compliance with said regulation. For example, the UK Streamlined Energy and Carbon Reporting regulation (UK SECR) is being monitored for compliance by Accounting with support from the Stakeholder Sustainability Group. The first effective reporting cycle for the Company is calendar year 2020, and we are currently preparing to comply with the regulation's requirements in the applicable UK businesses. These reporting efforts are also aligned with corporate sustainability to provide consistency in the carbon accounting methodology wherever possible.</p> <p>The Government and Public Affairs (GPA) department is responsible for monitoring emerging laws and regulations and for engaging with policymakers and regulators as required. It is important that we track relevant emerging regulation to stay abreast of external regulatory developments that may have an impact on our business or operations, and we engage with external stakeholders to provide input where appropriate on such emerging regulation. For example, in 2020, we responded to the European Commission public consultation on the review of the Corporate Sustainability Reporting Directive (CSRD) and will participate in the policy related discussions at European Union level going forward. Should the legislation as reviewed apply to Moody's, we may have to adapt our greenhouse gas (GHG) emissions reporting to comply with the specific regulatory requirements included in the legislation. In addition, the Stakeholder Sustainability Group is responsible for conducting climate scenario analysis and assessing emerging regulatory risk that the scenarios pose. The annual undertaking of transition scenario analysis assists us to understand the implications of potential carbon tax policy advancements in our operations. For example, according to transition risk analysis in our 2020 TCFD report, the incorporation of a carbon tax, while relevant to us due to our climate strategy and commitments, is deemed to be of low significance since it would have an impact of under 1% of our net operating income in 2020.</p>
Technology	Relevant, always included	<p>Technology risks are relevant to our direct operations particularly relating to the energy and fuels consumed to serve the buildings in our operational control and employees. Technology risks were explored and evaluated in the transition risk component of our 2020 scenario analysis against technology-driven, low emissions scenarios (NGFS orderly and disorderly scenarios, which feature a</p>

**Relevance
& inclusion**

Please explain

substantial increase in the role of renewables in the energy mix). As energy markets and regulations change, we see the potential for a near-term increase in operating costs, including costs to transition to lower-emission technology. For example, climate change regulation may result in energy price increases. Considering the nearest past typical consumption year of 2019, gas, electricity, water and sewer expenses represented about USD5 million or 0.2% of our operating expenses. A hypothetical 10% rise in utility and energy prices across the board could raise electricity spend by approximately USD500,000 annually. While this would have a minimal effect on our financial results, failure to adapt to technological advances such as upgrading to low-carbon and energy efficient technology could increase our operational costs. Therefore, it is part of our business strategy to manage this potential exposure. We work with relevant internal partners to assist in calculating our global footprint and devise recommendations to reduce emissions and energy consumption and implement technological enhancements in our offices and buildings. These efforts include ensuring appropriate terms and conditions are in place to plan for potential disruptions and build in redundancy where needed. Our voluntary commitment to 100% renewable electricity across our operations reduces our exposure to costs related to the transition to lower-emission technology. In addition, our internal pricing of emissions and ambitious science-based targets help to keep energy and fuel switching costs and transition to lower-emission technology costs within budget and plan.

Together with monitoring the risk of current and emerging regulation, our legal department is responsible for evaluating the risk of climate-related litigation. Legal risks that are material to the Company are disclosed in the Form 10-K. Although our exposure to litigation risks is limited since our direct operations are not a large contributor to GHG emissions, an example of a current risk includes but is not limited to reporting requirements from the UK Streamlined Energy and Carbon Reporting regulation (UK SECR) and crescent risk of reporting requirements from the EU Corporate Sustainability Reporting Directive (CSRD). As such, we are further enhancing and increasing the rigor of our climate reporting processes, including our ongoing commitment to full accounting and disclosure of our GHG inventory, attainment of third-party assurance, as well as new internal systems and controls to track climate data through a recently implemented Environmental Management System. An additional example of legal risk is potential exposure to litigation from customers or third parties in connection with their use of our data, products and/or solutions. To

Legal

Relevant,
always
included

	Relevance & inclusion	Please explain
Market	Relevant, always included	<p>mitigate and manage this risk, we take care that our products and solutions are based on the best available information. Possible data coverage gaps or data quality issues are addressed via a suite of solutions, including proxy comparisons on climate data and continued updates of our methodologies using the best available science and research. Our ongoing focus on the quality of our data, combined with our dedication to remediating any gaps and continually improving our data quality, mitigates litigation exposure risk relating to our data. We also understand the importance of providing comprehensive credit assessments that fully encompass all risks. Our revised product offerings and climate-related analytical initiatives incorporate legal considerations relating to transition risks.</p> <p>We are not a large contributor to GHG emissions; however, we constantly monitor current and emerging market dynamics so that we can work to provide products and solutions that meet our customers' changing demands for low carbon services. For example, a potential market risk may arise from the failure to embed climate considerations and emerging market trends across our products and solutions and could reduce the attraction and retention of customers, as well as market share. Therefore, as a company of credit and enterprise risk, we recognize the importance of remaining attuned to changing customer behavior with regards to climate impact. Our new ESG product offerings and ESG integration into our existing products and solutions are intended to address the business risks and opportunities associated with market risk.</p>
Reputation	Relevant, always included	<p>Reputational aspects are a constantly relevant risk which we consider and monitor. We are highly visible within the capital markets and attract many diverse stakeholders, including individuals, organizations and indirect stakeholders concerned with corporate behavior and action. This visibility heightens the potential impact of climate-related risks on our operations and product offerings. Potential risks to our reputation are managed through efforts to embed our climate strategy throughout our operations and working to provide transparency on our progress. The results of our most recently conducted materiality assessment confirmed that the threat of climate change is held as relevant and important by our stakeholders; therefore, our action on climate, or lack thereof, could create reputational risk. If we are not transparent in our environmental impact and strategy or do not adequately explain our actions to stakeholders, they could conclude that we are not environmentally responsible. An additional example of potential risk may arise from the failure to effectively incorporate climate-related risks into MIS credit methodologies and ratings which could</p>

**Relevance
& inclusion**

Please explain

potentially impact rating performance and business reputation. Though any one incident is unlikely to weaken our reputation, a cumulative lack of support and transparency for sustainability goals could detract from our brand value. As part of our risk management approach to minimize reputational risks and avoid incremental costs associated with negative brand perception, we have committed to advancing climate and sustainability efforts and improving disclosure to meet growing investor and stakeholder expectations. Our stockholders voted on our 2020 Decarbonization Plan at our 2021 Annual Meeting, which demonstrates our ongoing effort to consider and implement input from our investors. We are also publishing a full GHG emissions inventory, committed to (i) science-based targets and achieving net-zero emissions by 2050 from a 2019 base year, (ii) offsetting our emissions annually and since September 2000, when the company became public, and (iii) procuring 100% renewable electricity annually beginning 2020. Our ambitious sustainability strategy and commitment to ongoing voluntary disclosure of our impact positions us well with respect to reputational concerns. These risks are tracked and monitored on an ongoing basis, ensuring stakeholder expectations are continually met.

Acute
physical

Relevant,
always
included

Acute physical risk is continually relevant and included in our risk analysis due to potential disruption to operations from climate-related incidents. Overall, physical risks for our global portfolio are low for acute climate events of floods, hurricanes and typhoons with less than 5% of sites and data centers at very high risk of exposure to flooding, and less than 6% of our sites and data centers at high risk of hurricanes and typhoons. Sites and data centers at higher risk are evaluated and tracked for resilience investment and potential relocation. Additionally, our exposure to wildfire was first assessed in the 2020 TCFD report. Due to the large portion of sites at a high level of exposure to impact from wildfire, wildfire risk has been rated as medium for our business. Nearly one-quarter of the sites are situated in areas considered as high risk. Therefore, air quality and downtime due to wildfire will be monitored at high exposure sites. Due to the possibility of acute climate events, we have a robust Business Continuity Plan in place. We also provide laptops with remote connectivity and collaboration tools to enable employees to work from home in case of a disruption to normal business operations. For example, our Business Continuity Plan was tested in 2020 because all our offices globally shut down due to the Covid-19 pandemic and subsequent lockdowns. No business interruption took place given a successful and timely remote work adaptation. The same Plan is referenced for any climate-related interruption. Our

	Relevance & inclusion	Please explain
Chronic physical	Relevant, always included	<p>physical risk assessment conducted during scenario analysis provided site-level scores of the risk exposure to acute physical risks across our global operations and data centers. These results inform our ongoing management and mitigation of acute physical risks, with material risks logged in our ERM registry. The acute climate-related risks to our wider supply chain (in particular our data service providers) form part of our supplier screening, selection and due diligence processes. Redundancy in these services safeguards our ongoing operations, should a severe weather event affect our operations.</p>
		<p>Chronic climate-related risks arising from the long-term alteration of climate and weather patterns were thoroughly identified and evaluated during our completion of scenario analysis against a high emissions pathway. Moody's Climate Solutions proprietary models were applied to assign risk exposure scores relating to heat stress, water stress, sea-level rise and flooding for each of our global real estate sites. To evaluate the chronic risk implications of other key contributors in our supply chain, we expanded our scenario analysis in the 2020 TCFD Report to include 3rd party data centers. The results show a significant proportion (44%) of our sites and data centers are expected to experience a high level of heat stress due to climate change, although only 4% are exposed to very high heat stress. We expect increased operating costs to provide comfort cooling, and will monitor such sites so that we can continue to source 100% renewable electricity. In 9% of our sites and data centers, operations are expected to experience very high levels of water stress due to climate change, with an additional 34% of sites exposed to a high-level risk. Each site identified at risk of water stress is evaluated for resilience investments and monitored, along with its water levels. The exposure of our sites and data centers to a very high level of sea-level rise is 3.5%. Impacted sites and data centers are monitored in terms of contingency planning and adaptation measures installed at the citywide level. High risk sites are logged on our ERM registry for ongoing monitoring, with key metrics also monitored by our Real Estate team to give an early indication of rising consumption or costs.</p>

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

No

C2.3b

(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?

	Primary reason	Please explain
Row 1	Risks exist, but none with potential to have a substantive financial or strategic impact on business	<p>Based on input from Moody's ERM function, consultants, risk assessments and our scenario analysis results, climate-related risks we face do not present substantive financial or strategic impact on our operations. These results were reviewed by ERM, which prioritizes, tracks and monitors company-wide risks. Our operations are exposed to climate-related physical risks, including heat and water stress, sea-level rise, flooding, extreme weather events and wildfires. We have assessed the impact of physical risks by evaluating several factors, including hazard exposure category, timing onset, lease lengths and contract terms, utility costs and consumption, and insurance estimates. This process established that physical risks have a non-substantive financial impact for Moody's, although the results still serve to inform our real-estate adaptation and mitigation capital allocation planning. We quantitatively evaluated the transition risk of potential mandatory carbon pricing via financial modeling of our residual emissions against two low-emissions scenarios described by NGFS – Orderly and Disorderly. We applied the scenario carbon prices to determine the annual cost of our direct (Scope 1) and indirect (Scope 2 and 3) emissions considering the expected trajectory of our publicized reduction targets. The results showed that since the annual cost never exceeded our materiality threshold, the transition risk relating to increased GHG pricing does not present a substantive financial impact. Our transition assessment also evaluated risks relating to additional policy-related elements, technology, market, reputation and legal issues. Our analysis explored the possible financial impacts of risks, including enhanced emissions reporting obligations, shifting consumer demand or preferences, and costs to transition to low carbon energy sources. Scenario analysis results confirmed these risks do not pose a substantive financial impact for Moody's. For example, as energy regulations change, we see the potential for a near-term increase in utility prices due to climate-related</p>

Primary reason**Please explain**

issues. Considering the nearest representative consumption year of 2019, gas, electricity, water and sewer expenses represented about \$5 million or 0.2% of operating expenses. A hypothetical 10% rise in utility and energy prices across the board could raise electricity spend by approximately \$500,000 annually.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

Recently, we have made a series of ESG-related investments – through acquisitions, joint ventures and organic investments – including expanding interest in ESG-related companies Vigeo Eiris (V.E) and Four Twenty Seven, and forming Moody's ESG Solutions Group. These investments reflect our recognition that ESG considerations are increasingly relevant to issuers, investors, counterparties and other market participants who seek to understand and measure these factors, both with respect to potential financial risk as well as self-standing assessment criteria. V.E, part of Moody's ESG Solutions, is a global provider of ESG research, data and assessments. With products and capabilities based on ESG assessments and an extensive ESG database, V.E offers specialized research and decision-making tools for sustainable and ethical investments. These include carbon footprint data and assessments covering physical risk management, climate change governance and energy transition. The addition of V.E strengthens our ability to provide positive screenings that identify companies developing climate change solutions and support our partners in the development of the EU's Paris-aligned Benchmarks. Four Twenty Seven was the foundation to form Moody's Climate Solutions, using data, intelligence and analysis capabilities related to physical climate risks. Moody's Climate Solutions aggregates location-based exposures to provide climate risk assessments at the company, REIT, sub-sovereign and sovereign levels. The addition of Four Twenty Seven and subsequent formation of Moody's Climate Solutions enhances our growing portfolio of risk assessment capabilities and underscores our work to advance global standards for assessing environmental and climate risk factors.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

17000000

Potential financial impact figure – maximum (currency)

30000000

Explanation of financial impact figure

New ESG, including climate, product offerings and analytical initiatives revenue represented \$17 million in 2020. In our fourth quarter and full year 2020 earnings call on February 12, 2021, we reported our expectation to grow that revenue by 25% in 2021 for discrete sales or through discrete sales to external clients. In addition to that, we reported our expectation as of the February 12, 2021 earnings call that another \$5 million to \$10 million of revenue will be indirectly earned through MA and MIS ESG-focused product enhancements.

Cost to realize opportunity

35000000

Strategy to realize opportunity and explanation of cost calculation

We have an opportunity to not only provide new ESG products and solutions that are associated with our prior acquisitions, but also maximize organic growth and growth through integration with MA products and solutions and MIS credit ratings and analytical processes. To this end, in 2020, we formed Moody's ESG Solutions Group, which has continued to further integrate ESG considerations into Moody's products and solutions and to expand our climate solutions suite increasing access to new markets. This team is tasked with identifying, developing and deploying synergic opportunities to incorporate ESG, including climate, considerations into the analysis performed by MIS and MA models, as well as developing new ESG offerings within both the new acquisitions and MA. The team also conducts outreach and engagement activities with relevant ESG stakeholders (think tanks, NGOs, academia, and other influential bodies in this space). For example, Moody's CreditView is one of our flagship solutions that incorporates credit ratings, research and data from MIS and MA to deliver the essential information, analytical tools and services our customers need to comprehensively evaluate credit risk. Customers provided feedback regarding their interest in additional sustainability information and analysis being incorporated into CreditView (and other products), given its increasing importance. As such, in October 2020, we enhanced CreditView with a wide range of ESG, including climate-related, analysis, and resources from Moody's Climate Solutions and our affiliate V.E. Featured V.E content includes corporate and sovereign sustainability reports as well as ESG scores and sector reports. Users can also access Moody's Climate Solutions' physical climate risk scores for corporates and US municipalities. As a result, users have access to holistic performance measurements and insights that help advance strategic resilience, responsible capital allocation decisions, and the greening of the economy. The \$35 million cost to realize the opportunity represents the approximate dollar amount of the organic investment for calendar year 2020. This includes the aggregated operating cost of Moody's ESG Solutions Group, which includes the acquisitions.

Comment

N/A

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

As a result of growing demand to integrate climate-related considerations in financial analysis, we identified an opportunity to leverage our well-known capabilities developing research reports and white papers on finance, and further integrate detailed considerations related to climate change in our products and solutions. R&D is an integral part of our product development process, and together with thought leadership it is a strategic means to transform the capital markets through the development of sustainable finance. An example of how our R&D activities drive product development is our research on sovereign climate risk exposure. In 2020, Moody's Climate Solutions released a research report analyzing the future exposure of the global population, the economy, and agriculture to a range of climate hazards. Leveraging new analytics developed by Moody's Climate Solutions, the report assessed exposure to floods, heat stress, hurricanes and typhoons, rising sea levels, wildfires, and water stress. The findings show that 41% of the global population and 57% of the economy could be exposed to flooding by 2040 and over a third of today's agricultural land will be under high water stress. The analysis is based on the only known global dataset matching physical climate risk exposure to population location, GDP Purchasing Power Parity (PPP), and agricultural areas within countries. The analytics and the novel dataset are now available in our database and power our Sovereign Climate Risk Scores, which were recently selected by Goldman Sachs Asset Management for use in its ESG evaluation of sovereign risk. Our research findings in sovereign climate risk directly influence our product development as well as consumer demand in recognizing the need to price climate risk and help direct finance flows towards adaption and resilience where they're most needed.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

9000000

Potential financial impact figure – maximum (currency)

10000000

Explanation of financial impact figure

Revenue from ESG-related research represented \$9 million in 2020. Moody's ESG Solutions Group is projected to contribute approximately \$9 million to \$10 million through research activities in 2021, which includes revenue related to sales of data and assessment of companies/sectors on their ESG performance. The estimate is included in the full revenue projected for calendar year 2021 from new ESG product offerings and climate-related analytical initiatives. Business developed by MA and MIS and supported by Moody's ESG Solutions Group was not included in the financial impact figure because of difficulty in accurately attributing this figure.

Cost to realize opportunity

10000000

Strategy to realize opportunity and explanation of cost calculation

Having identified the opportunity to leverage our well-known capabilities developing reports and white papers for finance and to further integrate our products with climate-related implications, there was a need to coordinate between our ESG research, product development and other activities within Moody's ESG Solutions Group. To lead this effort, we have formed the ESG Outreach and Research (O&R) team to manage the origination and publication of market-leading thematic research focused on a broad range of ESG multi-stakeholder performance, climate risk and sustainable finance topics. O&R's goal is to position Moody's ESG Solutions Group to best meet evolving market needs, promote the market shift towards stakeholder capitalism and dual materiality, and support the harmonization of sustainability standards through targeted editorials, events, consultations, and the promotion of Moody's ESG Solutions Group research activities and thought leadership. The group hosts quarterly MESH Content Councils and convenes targeted working groups on specific priority areas to define an engagement and research strategy, ensure coordination and alignment across business lines, and build new alliances with experts in the ESG field. As a result, our ESG research and analytics have been critical in building internal knowledge and capacity on thematic ESG issues. Our research has received public recognition, with frequent citations in leading industry news outlets. We offer insights and research papers on climate risk, sustainable finance, and other strategic ESG topics on a dedicated Insights & Analysis page on Moody's ESG hub. Our coordinated ESG research and thought leadership support our product strategy and development, and directly contribute to the growth in demand for Moody's ESG products and solutions by educating the market about the importance of incorporating ESG, including climate, considerations into capital allocation decisions. For example, in 2020 Moody's ESG Solutions Group issued 70% more sustainability ratings compared to the previous year. The \$10 million represents the approximate dollar amount of direct compensation cost to conduct ESG research activities in 2020, which includes costs related to sales of data and assessments of companies/sectors on their ESG performance. These activities are leveraged not only for research publications from our Moody's ESG Solutions Group business, but also as resources available to all Moody's employees.

Comment

N/A

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Other, please specify (Memberships and climate change commitments)

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

Although we are not major emitters, we play a central role in the capital markets. We conduct outreach and engagement with a multitude of ESG bodies and pursue membership across industry associations and supranational organizations. Through our actions, commitments and memberships with trade associations, we have an opportunity to inspire good corporate practices that drive systemic change and advance dialogue on sustainable finance and climate implications. Participation in these memberships allow us to attain market insights that facilitate the ongoing development of our ESG and climate risk products and solutions, which provides us with access to new and emerging markets. Additional benefits include opportunities to solidify our brand reputation as a leader in corporate climate action and sustainable business practices, and to advance sustainability within our Company, which includes progressing on our environmental goals. In 2020, we became the first S&P 500 company to join the “Say on Climate” campaign, which seeks to implement sustainable business plans and advocates for corporate climate action. Our stockholders supported the advisory resolution approving our plan for reducing GHG emissions (2020 Decarbonization Plan) at our 2021 Annual Meeting of Stockholders. We were one of the first financial service companies to endorse and report our progress on mitigating climate-related financial risk in line with the Task Force on Climate-related Financial Disclosures (TCFD). Having initiated our own physical climate risk assessment in 2019, we were featured as a case study in TCFD’s 2020 Status Report, and since have released an enhanced TCFD disclosure. We have joined the Prince of Wales’ Accounting for Sustainability (A4S) and its CFO Leadership Network. Our CFO signed the A4S CFO Net Zero Statement of Support and committed the Company to setting and validating science based targets through the Science Based Targets initiative, which was completed in 2020. We were also named as a founding participant of the UNGC CFO Taskforce for the Sustainable Development Goals (SDGs) and joined the UNGC Reporting on the SDGs Action Platform. In 2021, we joined the Action Platform on “Climate Ambition” to further bolster our exposure as an early mover in advancing responsible business operations.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

17000000

Potential financial impact figure – maximum (currency)

30000000

Explanation of financial impact figure

Because the opportunity that comes from memberships has a non-financial aspect to the business (enablers of change at scale) and a financial aspect (reputational benefits and market sense to develop new products), this opportunity is perceived as an “enabler” for the ESG business to take place. Therefore, potential financial impact figure of \$17 million to \$30 million represents the revenue projected for 2021 from new product offerings and climate-related analytical initiatives, including revenue from MA and MIS ESG-focused product enhancements, as reported in the February 12, 2021 earnings call.

Cost to realize opportunity

385000

Strategy to realize opportunity and explanation of cost calculation

A case study of how our strong relationships with influential sustainability-oriented bodies enables us to advance our corporate sustainability efforts is our partnership with Accounting for Sustainability (A4S). A4S was established by the Prince of Wales in 2004 and works with the finance and accounting community to adopt sustainable and resilient business models. In December 2019, Moody’s CFO signed the A4S CFO Net Zero Statement of Support, committing the Company to setting and validating science-based targets through the Science Based Targets initiative, which was completed in 2020. We further identified the need for education opportunities on sustainability topics for our Finance leadership team. As part of our membership at A4S, we committed in 2020 to sharing sustainability materials and knowledge with the Finance senior leadership team and business partners. We leveraged this commitment and our strong relationship with A4S by inviting their representative to speak at one of our Finance senior leadership meetings to share best practices, experience and tangible evidence of the benefits of embedding sustainability into business as usual financial processes and decision

making. As a result, A4S activities attracted strong interest from our Finance leadership members and some nominated their reports to the A4S Academy – a program for senior finance professionals. In turn, Moody's Finance teams implemented projects that further improved our GHG accounting efforts. For instance, a tool to track emissions from MA events was initiated with the guidance and resources from the A4S Academy. The initiative is set to be completed in 2021. In addition, Moody's collaborated with A4S on several other opportunities in 2020. These included assessing the degree of integration of sustainability considerations in the Company, furthering the inclusion of sustainability into Finance, and participating in speaking engagements on sustainable finance, among others. For example, Moody's CFO spoke at the A4S webinar on the topic of sustainable finance in the fixed income market. The reported \$385,000 cost is the estimated dollar amount spent on memberships in 2020. The figure has significantly increased from last year as efforts to materialize this opportunity increased.

Comment

N/A

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

Is your low-carbon transition plan a scheduled resolution item at AGMs?		Comment
Row 1	Yes	We were the first S&P 500 company to join the “Say on Climate” campaign, which seeks to implement sustainable business plans and advocates corporate climate action. Our stockholders voted to support the advisory resolution approving the Company’s plan for reducing our GHG emissions (2020 Decarbonization Plan) at the 2021 Annual Meeting of Stockholders.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 8.5	Scenario selection, inputs and analytical methods: We have internal capabilities in physical risk assessments through Moody's Climate Solutions, where our models rely on IPCC's climate scenarios. This is the main reason for choosing IPCC's RCP 8.5. It assumes that there will be few policy changes, resulting in high levels of GHG emissions by the end of the century and significant physical impact, allowing us to assess our exposure under a pathway indicating failure of our globally agreed climate goals. Our physical risk assessment conducted by Moody’s Climate Solutions leverages peer-reviewed climate models and environmental datasets from the IPCC, NASA and NOAA, among others, and is supplemented by commercially available data sources. Facility and data center locations were input into the model. The risk hazard of each site and data center for heat and water stress, sea-level

Climate-related scenarios and models applied

Details

rise, flooding, and exposure to wildfires, hurricanes and typhoons was assessed. The model allocated hazard risk scores for each facility and data center based on science-driven indicators capturing dimensions of relative and absolute business risk. Risk thresholds were then applied to indicate the risk level for each site. Time horizon and relevance: Physical risk was assessed up to 2040. Moody's Climate Solutions' physical risk analysis relies on IPCC's climate models, which capture trends that emerge on the mid- to late-century time scale, making them more accurate in the relatively long-term. Understanding climate risk exposure in the next several decades provides an indication of the direction and degree of change over time for climate risk exposure, helping to inform preparedness efforts that can be implemented in the near-term to effectively build resilience for changing conditions ahead of time. Coverage: The scenario analysis covered our sites and 3rd party data centers. Results: Risks for our global portfolio were low for acute climate events of floods, and hurricanes and typhoons, with 5% and 6% of our sites at risk respectively. Medium impact was concluded for wildfire, with nearly one-quarter of the sites situated in areas considered as high risk. The impact of chronic climate events was low for sea level rise (3.5% of sites) and in the medium risk category for heat and water stress. However, the impact on Moody's is expected to be minimal. 44% of our sites are expected to experience a high level of heat stress. We expect costs of comfort cooling at these sites to increase and will monitor them to ensure we can continue to source 100% renewable electricity. 34% of our sites are expected to experience water stress. The site-level assessment informed which sites would require resiliency investment and which are suitable for long-term relocation. How our results inform our business strategy: Our scenario analysis results enable us to assess the resiliency of our business strategy, prioritize investment into our ESG capabilities, inform planning and respond to investor disclosure requests. The site-specific physical risk results serve as key inputs to enable planning for adaptation measures and mitigation investment. Case study: Extreme weather events have always been considered in our business continuity plans. However, a thorough quantitative analysis was needed to provide more detail about the likelihood of the actions that would need to take place in the long-term horizon. The scenario analysis for physical risk provided this level of information, influencing our business objectives and strategy. Our 2020 physical risk scenario analysis was expanded to cover third-party owned data centers and wildfire risk. The results of the analysis were used to strengthen strategies to monitor risk and track adaptation and mitigation expenditure, and in our business continuity planning to enhance site-specific procedures for high risk

Climate-related scenarios and models applied

Details

Other, please specify (Network for Greening the Financial System (NGFS))

climate impacts. Physical risk assessments now form part of our due diligence in the lease selection process.

Scenario selection, inputs and analytic methods: Based on a benchmark study of publicly available scenarios, we selected two (below 2°C) NGFS climate scenarios for our analysis. A key criterion was the ability to assess a range of evolutions considering both the magnitude and timing of action to meet global climate goals. The scenarios selected allowed us to explore the implications of delayed global mitigation (Disorderly) against well planned and timely action (Orderly). In addition to the parameters described within NGFS, analysis inputs included our full GHG inventory (Scopes 1, 2 & 3) and 0% discount rate. Carbon prices applied varied across timeframes, reaching 2040 rates per mtCO₂e of \$359.69 (Disorderly) and \$179.80 (Orderly). Our quantitative carbon price model allowed us to explore the annual expected cost impact of our residual emissions. We also applied qualitative analyses to assess transition risks outside of GHG pricing, drawing on expertise from internal and external specialists to evaluate potential impacts for our business. Time horizon and relevance: We conducted our analysis across three timeframes: short-term (to 2025), medium-term (to 2030), and long-term (to 2040). These timeframes are relevant as they match our investment planning and other internal strategy horizons. Coverage: Quantitative carbon price modeling covered our full emissions inventory across all scopes. Our qualitative assessment covered our operations and business strategy. Results and how they inform business strategy: Our transition analysis results allowed us to assess the long-term resilience of our business strategy, and strengthen the risk identification processes and investment planning. Overall, climate-related risks for transition scenarios pose a low-level impact to Moody's, with the carbon price impact found to be below our materiality threshold across all timeframes explored. These results affirmed our approach to ambitious action on climate and long-term need to allocate investment to achieve our goals. Key action to minimize transition risk include sourcing 100% renewable electricity for our operations; and setting science-based targets to achieve (i) 50% reduction in absolute scope 1 and 2 emissions by 2030, 2019 base year; (ii) 15% reduction in absolute scope 3 emissions from fuel and energy-related activities, business travel and employee commuting by 2025, 2019 base year; (iii) 60% of suppliers by spend covering purchased good and services and capital goods to set science-based targets by 2025. Case study: Our transition analysis results affirmed our ambitious action on climate and the need for a full integration of climate issues in our business strategy and objectives; including continued comprehensive measurement and disclosure of our emissions. In 2020, we digitized the data collection process and began implementing an environmental data

Climate-related scenarios and models applied

Details

governance program to continuously improve the completeness and accuracy of our emissions inventory. We continued to strengthen our transition risk management efforts by enhancing our TCFD disclosure and attaining progress towards our science-based targets. To secure capital for procurement of renewable electricity and reduce our exposure to transition-related costs, we increased our internal carbon fee to \$50/mtCO₂e. To reduce our exposure to carbon pricing on our purchased goods and services, we launched a supplier engagement program, encouraging annual CDP responses and eventually the setting of science-based targets. As a result of these initiatives and programs, we are on track to significantly reduce our GHG emissions and achieve net-zero by 2050, mitigating the impact of transition risks on our business.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

Have climate-related risks and opportunities influenced your strategy in this area?

Description of influence

Products and services Yes

Changing customer behavior was identified as an opportunity when analyzing market risk in the transition risk scenario analysis. We are unlikely to experience reduced demand for goods and services due to increased input prices, but the opportunities from the growth of our ESG-related products and solutions have influenced our long-term strategy with regards to our product offerings. To materialize these market opportunities as part of our long-term time horizon strategy that transforms our business, investments were needed. Moody's has recently made a series of ESG-related investments, including expanding ownership in ESG-related companies Four Twenty Seven and V.E as part of Moody's ESG Solutions. These investments reflect our recognition that ESG considerations are increasingly relevant to issuers, investors, counterparties and other market participants who seek to understand and measure

Have climate-related risks and opportunities influenced your strategy in this area?

Description of influence

these factors, both with respect to potential financial risk as well as self-standing assessment criteria. A case study of how ESG integration in our products and services drives value is one of our flagship solutions CreditView. Moody's CreditView incorporates credit ratings, research and data from MIS and MA to deliver the essential information, analytical tools and services our customers need to comprehensively evaluate credit risk. Customers provided feedback regarding their interest in additional sustainability information and analysis being incorporated into CreditView (and other products), given its increasing importance. As such, in October 2020, we enhanced CreditView with a wide range of ESG, including climate-related, analysis, and resources from Moody's Climate Solutions and our affiliate V.E. Featured V.E content includes corporate and sovereign sustainability reports as well as ESG scores and sector reports. Users can also access Moody's Climate Solutions' physical climate risk scores for corporates and US municipalities. As a result, users have access to holistic performance measurements and insights that help advance strategic resilience, responsible capital allocation decisions, and the greening of the economy.

Overall, climate-related risks pose a low-level impact to Moody's given that our direct operations are not emission-intensive. However, approximately 70% of our 2019 GHG emissions and 95% of our 2020 GHG emissions were generated from purchased goods and services and capital goods. Since our suppliers are responsible for a significant portion of our emissions, we established a science-based target which requires having 60% of our suppliers by spend to set science-based targets by 2025, covering our mid-term time horizon strategy. To achieve this goal, we needed to engage directly with our suppliers. Moody's joined CDP's supply chain program and organized webinars to encourage them to respond to the 2020 CDP questionnaire and eventually set science-based targets. Further, Moody's now provides monetary incentives to the CPO to achieve these milestones, as well as additional incentives to key purchasers with responsibilities for supplier engagement.

Supply chain
and/or value chain Yes

Have climate-related risks and opportunities influenced your strategy in this area?

Description of influence

In addition, our updated Supplier Code of Conduct encourages suppliers to disclose their GHG inventory and set their own science-based targets. As a result of these initiatives, the number of suppliers with SBTs increased to 26% in 2020. 52% of the 299 engaged suppliers submitted a response to the CDP questionnaire in the 2020 cycle. Having vendors respond to the CDP questionnaire allows us to provide a more accurate measurement of our Scope 3 emissions and we are able to engage our vendors on the journey to reduce them in the coming years.

Our commitment to investment in R&D is integral to our operations across all time horizons. The observed changes in customer requirements have influenced our long-term R&D business strategy through the decision to further integrate climate considerations into financial analysis. The decision was supported by MA findings that warming above a 2°C threshold could inflict \$69T in damage on the global economy by 2100. As a result of this landscape, we identified an opportunity to leverage our well-known capabilities developing research reports and white papers on finance, and to further integrate climate change considerations in our products and solutions. R&D is an integral part of our product development process and together with thought leadership it is a strategic means to transform the capital markets through the development of sustainable finance. There was a need to coordinate between our ESG research, product development and other activities within Moody's ESG Solutions Group (MESG). To lead this effort, we formed the ESG Outreach and Research (O&R) team to lead the production of market-leading research focused on ESG trends and issues. O&R's goal is to position MESG to best meet evolving market needs and promote the market shift towards stakeholder capitalism through targeted editorials, events, consultations, and the promotion of research activities and thought leadership. It hosts quarterly MESG Content Councils and convenes targeted working groups on specific priority areas to define engagement and research strategies and ensure coordination across business lines.

Investment in R&D Yes

Have climate-related risks and opportunities influenced your strategy in this area?

Description of influence

As a result, our ESG research and analytics have been critical in building internal knowledge and capacity on ESG issues. We responded to 223 speaking invitations, held 27 ESG events, and submitted 25 consultations in 2020. We offer insights and research papers on climate risk, sustainable finance, and other strategic ESG topics on a dedicated Insights & Analysis page on Moody's ESG hub. Our coordinated ESG research and thought leadership supports our product development and directly contributes to the growth in demand for Moody's ESG products and solutions by educating the market about the importance of incorporating ESG, including climate, considerations into capital allocation decisions. For example, in 2020 M ESG issued 70% more sustainability ratings compared to the previous year.

Changes and extreme variability in weather patterns could potentially cause a reduction in revenue from decreased delivery of goods and services and/or increased costs associated with operations over a long-term time horizon. For example, our Asia-Pacific operations are vulnerable to increased severity, duration and frequency of tropical storms. Physical risks in the US include increased frequency and severity of storms with related flooding, particularly in the eastern coastal states, and extreme heat events contributing to drought conditions and wildfires across the western states. This could lead to temporary or, in the event of severe damage, permanent closure of offices. One such instance occurred in 2012, when our headquarters at 7 World Trade Center in New York City was temporarily closed due to storm surge flooding that resulted in a loss of power in Lower Manhattan. As part of our risk management approach, we work to understand risk drivers and manage operating expenses accordingly. Our most substantial strategic decision is to integrate the risk of operational disruption due to climate related risk into our business continuity and disaster recovery strategic planning, an integral part of our risk culture. When evaluating physical impacts, we determined strategies such as telecommuting and the transfer of work to other locations are feasible and can be implemented with

Operations Yes

Have climate-related risks and opportunities influenced your strategy in this area?

Description of influence

modest productivity disruptions. To mitigate against increases in operating costs due to heightened exposure to heat stress, our real estate strategy includes the continued prioritization of energy efficiency and reduction initiatives. This strategic response to risk mitigation is a long-term goal, although progress and action towards its achievement will be undertaken across all time horizons. As a result of emissions mitigation, we set ambitious reduction targets aligned with restricting warming at 1.5°C or below. This commitment addresses potential operating cost increases and transition risks such as mandatory GHG pricing and reputational concerns. Our science-based targets cover our global operations and include a 50% reduction of Scope 1 and 2 emissions by 2025 (2019 base year) and additional Scope 3 targets. This drives a multitude of decisions across our operations relating to energy, fuel sources, consumption, equipment and sourcing.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

Financial planning elements that have been influenced

Description of influence

Row
1 Capital allocation

We made the decision to apply an internal carbon price on business travel, with the first transaction taking place in 2020 (based on 2019 emissions). This decision was based on our goal of reducing Scope 3 emissions from business travel, fuel and energy-related activities, and employee commuting by 15% by 2025 with a 2019 baseline. The internal carbon price is designed to (i) secure capital for mitigation funding across the long-term time horizon to achieve our climate-related goals, and (ii) reduce emissions from business travel. We conducted a benchmark study and set the price at the industry average, \$15/mtCO₂e for 2019 emissions, but have since increased

**Financial
planning elements
that have been
influenced**

Description of influence

the price to \$50/mtCO₂e for 2020 emissions. As a direct result of the internal carbon price, we were able to allocate these funds towards procuring 100% renewable electricity for our global operations, which we achieved for the first time in 2020. Building on carbon neutrality for Scope 1, Scope 2 (market-based), and Scope 3 business travel and employee commuting achieved in 2019, we continue to offset our residual emissions on an annual basis, and in 2020 we retroactively offset our emissions to when the company became public in the year 2000.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2019

Covered emissions in base year (metric tons CO₂e)

12083

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

50

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

6041.5

Covered emissions in reporting year (metric tons CO₂e)

1667

% of target achieved [auto-calculated]

172.40751469006

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

1.5°C aligned

Please explain (including target coverage)

We formally committed to reduce absolute Scope 1 and Scope 2 GHG emissions 50% by 2030 from a 2019 base year. The coverage of this target extends fully across the global operations of our organization. Our strategy to achieve this target is based on the commitment to procure 100% of our electricity from renewable sources and on our ongoing energy efficiency initiatives. This target has been set at a level with the goal of aligning our direct operations with an emissions trajectory of 1.5 degrees Celsius and achieving net-zero emissions no later than 2050. The targets were validated and announced in early 2020, in line with our commitment to the UN's Business Ambition for 1.5C. Base year Scope 1 and Scope 2 GHG emissions were updated from previously published values due to improvement in data quality during the digitization efforts of our inventory. The number was updated from 12,130 to 12,083 metric tons CO₂e, which represents a non-material change of less than 0.5%. In 2020, we achieved and exceeded our target to reduce Scope 1 and 2 (market-based) emissions by 50% through our commitment to procure 100% renewable electricity for our global operations through energy attribute certificates. We are also conscious that a portion of this progress is attributed to reduced emissive activities due to the COVID-19 pandemic and subsequent office closures. We will work to maintain these emissions reductions by the target year in the post-Covid world.

Target reference number

Abs 2

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Other, please specify (Scope 3 Fuel and energy related activities (not already included in Scope 1 and 2); Scope 3 Business Travel; and Scope 3 Employee commuting)

Base year

2019

Covered emissions in base year (metric tons CO₂e)

27850

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2025

Targeted reduction from base year (%)

15

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

23672.5

Covered emissions in reporting year (metric tons CO₂e)

4481

% of target achieved [auto-calculated]

559.401555954518

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

1.5°C aligned

Please explain (including target coverage)

We formally committed to reduce absolute scope 3 GHG emissions from fuel- and energy-related activities, business travel and employee commuting 15% by 2025 from a 2019 base year. The coverage of this target extends globally across our operations and addresses 100% of the emissions reported under these categories. Our strategy to achieve this target is via our ongoing sourcing of renewable electricity, reducing the carbon intensity of the fuels we use, switching to alternative technologies that enable low-carbon fuels, and via an enhanced travel policy favoring teleconferencing, lower carbon modes of travel and a flexible working policy. The targets were finalized in early 2020, in line with our commitment to the UN's Business Ambition for 1.5C. Base year Scope 3 GHG emissions were updated from previously published values due to improvement in data quality and calculations. The value was updated from 29,874 to 27,850 metric tons CO₂e. In 2020, we achieved and exceeded our target to reduce Scope 3 emissions. We are conscious that a portion of this progress is attributed to reduced emissive activities due to the COVID-19 pandemic and subsequent office closures, which significantly reduced business travel and employee commuting. We will work to maintain these emissions reductions by the target year in the post-Covid world.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

<Not Applicable>

Base year

2019

Figure or percentage in base year

11

Target year

2020

Figure or percentage in target year

100

Figure or percentage in reporting year

100

% of target achieved [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

The achieving of this renewable electricity target ties into achieving our Scope 1 and Scope 2 (market-based) absolute target, which was formally validated as a science-based target aligned with 1.5C scenario by the Science Based Target initiative.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

The renewable electricity target covers 100% of our global electricity purchases which we aim to secure on an annual basis. Where possible, we aim to select utility contracts that originate from a renewable source. Given that our offices are multi-tenant office space, we rely on unbundled renewable energy certificates for all cases where utility contracts are not feasible. The establishment of targets was initiated in 2019, as part of our commitment to the UN's Business Ambition for 1.5C, and finalized in early 2020.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2019

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Engagement with suppliers Percentage of suppliers with a science-based target

Target denominator (intensity targets only)

<Not Applicable>

Base year

2019

Figure or percentage in base year

18

Target year

2025

Figure or percentage in target year

60

Figure or percentage in reporting year

26

% of target achieved [auto-calculated]

19.047619047619

Target status in reporting year

Underway

Is this target part of an emissions target?

Emissions from our purchased goods and services and capital goods is a major contributor to our overall emissions footprint, therefore, as part of our commitment to set science-based targets, we have set a target for these Scope 3 categories. The target was formally validated as a science-based target by the Science Based Targets initiative.

Is this target part of an overarching initiative?

Science Based Targets initiative

Please explain (including target coverage)

Emissions from purchased goods and services (category 1) and capital goods (category 2) made up 96% of scope 3 emissions in 2020, and 77% in 2019. Our engagement target covers our key supplier spend data and will require 60% of our suppliers by spend to set science-based targets by 2025. Our strategy to achieve this target is via implementing targeted outreach to our top suppliers and requesting that they participate in the annual CDP disclosure. The establishment of targets was initiated in 2019, as part of our commitment to the UN's Business Ambition for 1.5C, and finalized in early 2020.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Abs2

Target year for achieving net zero

2050

Is this a science-based target?

Yes, and we have committed to seek validation of this target by the Science Based Targets initiative in the next 2 years

Please explain (including target coverage)

We intend to achieve net-zero emissions by 2050, consistent with our commitment to the United Nations Global Compact (UNGC) Business Ambition for 1.5C. This will be achieved through our Scope 1, Scope 2 (market-based) and Scope 3 emissions reduction targets, and supplier engagement target, which were validated as science-based targets aligned with the 1.5C level of ambition. Our short-term abatement initiatives include procuring 100% renewable electricity for our global operations through energy attribute certificates. We strive for success in the medium and long term by increasing contracts with utility suppliers whose electricity originates from a renewable source where possible, implementing new employee programs dedicated to electricity usage reduction, and reducing under-utilized office space as we shift towards a more digital workplace. We are monitoring the release of the Science Based Target Initiative’s Corporate Net-Zero Framework for November this year. We intend to ensure our current net-zero goal will be aligned with best practice science and methodology to demonstrate not only achievement of net-zero emissions, but also interim progress.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
To be implemented*	0	0
Implementation commenced*	1	68
Implemented*	2	6743
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption Low-carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)

6743

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

35512

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

Investment is for the procurement of renewable electricity for our global operations through energy attribute certificates (EAC), where renewable electricity is not purchased for buildings in which our offices operate. This allows us to achieve our goal of 100% renewable electricity across our operations.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Internal price on carbon	We made the decision to apply an internal carbon price on business travel, with the first transaction taking place in 2020 (based on 2019 emissions). This decision was based on our goal of reducing Scope 3 emissions from business travel, fuel and energy, and employee commuting by 15% by 2025 with a 2019 baseline. The internal carbon price is designed to (i) secure capital for mitigation funding across the long-term time horizon to achieve our climate-related goals, and (ii) reduce emissions from business travel. We conducted a benchmark study and set the price at the industry average, \$15/mtCO ₂ e for 2019 emissions, but have since increased the price to \$50/mtCO ₂ e for 2020 emissions.
Internal price on carbon	We introduced a budget tool to account for the shadow price on carbon in real estate and business travel decisions. The shadow price remains a theoretical construct to build the cost impact of emissions from energy consumption into our lease procurement and business travel decisions.
Internal incentives/recognition programs	Our top executives have their monetary rewards tied to the Company's sustainability objectives, including emissions reductions that are aligned with our corporate goals and science-based targets.
Employee engagement	We implemented engagement programs with employees aimed at energy use reduction. This included employee participation in the Daylight Hour campaign, which encouraged offices to turn off their lights for one hour. This year, some of our offices encouraged employees to participate in the campaign from home. Our Impact

Method**Comment**

Leaders program educates and supports employees in implementing various carbon-reducing initiatives in their local offices, such as recycling programs and plastic reduction.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Moody's specialized ESG offerings include Second Party Opinion (SPO), climate risk analysis and sector-specific research on carbon transition risks. As of 2020, Moody's ESG Solutions have rated a total of 300+ green, social and sustainability-linked bonds and loans. Second Party Opinions represent a forward-looking, transaction-oriented assessment of the relative effectiveness of the issuer's approach to managing, administering, allocating proceeds to and reporting on environmental projects financed with green / sustainability bond proceeds.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

The EU Taxonomy for environmentally sustainable economic activities

% revenue from low carbon product(s) in the reporting year

0.34

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

The percent revenue represents the aggregate of all low carbon products collectively, as described in all rows that respond to this question.

Level of aggregation

Group of products

Description of product/Group of products

V.E, part of Moody's ESG Solutions, that provides ESG assessments, Sustainability Ratings and Sustainable Finance assessments, conducts green share assessments. The assessments evaluate green involvement based on the share of revenues derived from the sale of green products and services. Individual products are grouped into themes, which allows investors to identify which SDG-associated area companies are contributing to. The assessment enables investors to identify companies involved in goods and services that contribute to climate change mitigation or adaptation.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year

0.34

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

The percent revenue represents the aggregate of all low carbon products collectively, as described in all rows that respond to this question.

Level of aggregation

Group of products

Description of product/Group of products

V.E, part of Moody's ESG Solutions, assesses entities' carbon footprint: Scope 1, Scope 2, and Scope 3 emissions data is collected. When emissions data is not publicly disclosed, Scope 1 and Scope 2 emissions are estimated using V.E proprietary models.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Estimating and Reporting the Comparative Emissions Impacts of Products (WRI)

% revenue from low carbon product(s) in the reporting year

0.34

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

The percent revenue represents the aggregate of all low carbon products collectively, as described in all rows that respond to this question.

Level of aggregation

Group of products

Description of product/Group of products

V.E, part of Moody's ESG Solutions, provides a variety of additional green products that include: - Energy Transition Assessment: a comprehensive and forward-looking analysis of where a company is placed in relation to the mitigation of risks associated with the transition to a low-carbon economy and how to take advantage of the opportunities presented. Companies are assessed on a 0 – 100 scoring scale evaluating their performance against 6 underlying sustainability criteria linked to energy consumption, emission reduction, and the development of low-carbon products. - Physical Risks Management Assessment: assessment of the extent to which companies anticipate, prevent and manage the physical risks of climate change. Companies are assessed on a 0 – 100 scoring scale evaluating their managerial approach. - TCFD Climate Strategy Assessment: assessment of the degree to which climate change has been incorporated into corporate strategy and governance in line with the TCFD recommendations. - Climate Controversies Assessment: Our controversies database allows access to real time information on climate-related allegations against companies and it provides an opinion on companies' controversies risk mitigation. - Brown Share Assessment: Provides investors with visibility on corporate exposure to fossil fuels in terms of revenue, proven, probable or possible reserves of crude oil, natural gas and coal, as well as potential emissions and power generation. These can be used to facilitate portfolio screenings or assess stranded asset risk.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Variety of methodologies as described in the 'Description of group of products' section.)

% revenue from low carbon product(s) in the reporting year

0.34

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

The percent revenue represents the aggregate of all low carbon products collectively, as described in all rows that respond to this question.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

1560

Comment

Baseline emissions were readjusted from previously published values to reflect improvement in data quality during the digitization efforts of our inventory. The change is not material and represents less than 0.5%.

Scope 2 (location-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO₂e)

11171

Comment

Baseline emissions were readjusted from previously published values to reflect improvement in data quality during the digitization efforts of our inventory. The change is not material and represents less than 0.5%.

Scope 2 (market-based)**Base year start**

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO₂e)

10523

Comment

Baseline emissions were readjusted from previously published values to reflect improvement in data quality during the digitization efforts of our inventory. The change is not material and represents less than 0.5%.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance
Other, please specify (The GHG Protocol: Corporate Value Chain (Scope 3) Standard)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Scope 3 emissions were calculated consistent with the GHG Protocol's Corporate Value Chain (Scope 3) standard. All categories listed in the standard were evaluated for relevance and, when relevant, calculated.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

684

Start date

January 1 2020

End date

December 31 2020

Comment

N/A

Past year 1**Gross global Scope 1 emissions (metric tons CO2e)**

1560

Start date

January 1 2019

End date

December 31 2019

Comment

Emissions were updated from previously published values to reflect improvement in data quality during the digitization efforts of our inventory. The change is not material and represents less than 0.5%.

Past year 2**Gross global Scope 1 emissions (metric tons CO2e)**

2480

Start date

January 1 2018

End date

December 31 2018

Comment

N/A

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

N/A

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year**Scope 2, location-based**

7142

Scope 2, market-based (if applicable)

983

Start date

January 1 2020

End date

December 31 2020

Comment

N/A

Past year 1

Scope 2, location-based

11171

Scope 2, market-based (if applicable)

10523

Start date

January 1 2019

End date

December 31 2019

Comment

Emissions were updated from previously published values to reflect improvement in data quality during the digitization efforts of our inventory. The change is not material and represents less than 0.5%.

Past year 2**Scope 2, location-based**

16114

Scope 2, market-based (if applicable)

15690

Start date

January 1 2018

End date

December 31 2018

Comment

N/A

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

101600

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Spend on top 100 suppliers was obtained from Finance and organized by category. Emissions were calculated based on reported data from suppliers that respond to the CDP and spend-based emissions factors from the GHG Protocol Scope 3 Evaluator tool for the other suppliers. Results were then extrapolated to Moody's total spend on purchased goods and services.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

N/A

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

9800

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Spend on top 100 suppliers was obtained from Finance and organized by category. Emissions were calculated based on reported data from suppliers that respond to the CDP and spend-based emissions factors from the GHG Protocol Scope 3 Evaluator tool for the other suppliers. Results were then extrapolated to Moody's total spend on capital goods.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

N/A

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

181

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Activity data were taken from Scope 1 and Scope 2. Emissions were calculated using the well-to-tank (WTT) conversion factors from UK Government (Defra) 2020 Conversion Factors for Company Reporting of GHG Emissions. Market-based approach was used to account for renewable energy purchases.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

N/A

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Data for this category is already included in Scope 3, category 1 (purchased goods and services).

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

61

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Facility managers provided waste data for all treatment

categories for 6 offices only, representing 35% of Moody's total number of employees. Emissions were calculated for these 6 offices on an FTE basis, then extrapolated to all employees. Emissions factors used come from UK Government (Defra) 2020 Conversion Factors for Company Reporting of GHG Emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

In 2020, we implemented a new Environmental Data Management system to continuously improve the quality of waste data at the global level.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2100

Emissions calculation methodology

The methodology used is WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This category includes: air travel, rail travel, car rentals, UK & US black cars and hotel stays. Emissions were calculated based on mileage and cabin class for business trips by air, mileage for business trips by rail, total spend for car rentals and black cars, and number of nights per region for hotel stays. Emissions factors used come from UK Government (Defra) 2020 Conversion Factors for Company Reporting of GHG Emissions. Emissions factors for air travel are without Radiative Forcing.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

N/A

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2200

Emissions calculation methodology

The methodology used is the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. An online survey was conducted and 29% of employees provided valid responses. Emissions were calculated based on mileage and mode of transport, then extrapolated to Moody's total number of employees. Emissions factors used come from UK Government (Defra) 2020 Conversion Factors for Company Reporting of GHG Emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners**Please explain**

N/A

Upstream leased assets**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

All leases have already been included in Scope 1 and Scope 2.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't distribute any products that need transportation.

Processing of sold products**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't produce any goods.

Use of sold products**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't produce any goods.

End of life treatment of sold products**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant to our business because Moody's is a professional services company and doesn't produce any goods.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant because Moody's doesn't own any facilities that are operated by an outside entity.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant because Moody's doesn't have any franchises.

Investments**Evaluation status**

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is not relevant because Moody's is not a Financial Institution. Moody's doesn't have any significant investments in operations whose emissions aren't already included in Scope 1 and Scope 2.

Other (upstream)**Evaluation status**

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Please select

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

3.104e-7

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

1667

Metric denominator

unit total revenue

Metric denominator: Unit total

5371000000

Scope 2 figure used

Market-based

% change from previous year

88

Direction of change

Decreased

Reason for change

Scope 1 and Scope 2 market-based emissions intensity per unit total revenue decreased 88%. Our Scope 1 and 2 emissions decreased 86% due to procurement of 100% renewable electricity for our global operations through energy attribute certificates, temporary office closures due to Covid-19, and permanent reduction in office space. Total revenue increased 11%. The net result is a decrease in emissions per unit revenue.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	111.564
India	2.496
Canada	73.919
United Kingdom of Great Britain and Northern Ireland	51.717
Belgium	121.018
Germany	20.467
China	0.001
France	0.955
Italy	0.003
Mexico	0.001
Republic of Korea	45.382
Netherlands	8.069
Spain	8.263
Australia	0.072
Sri Lanka	0.075
Switzerland	0.14
Russian Federation	23.554
United Arab Emirates	0.277
Slovakia	3.166
Japan	0.002
Brazil	211.9
Morocco	0.493

Country/Region	Scope 1 emissions (metric tons CO2e)
Israel	0.586
Nepal	0.098
South Africa	0.001

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary combustion	332
Mobile combustion	55
Fugitive emissions	297

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Argentina	26	0	81.87	81.87
Australia	105	0	147.44	147.44
Austria	1	0	6.27	6.27

Country/Region	Scope 2, location- based (metric tons CO2e)	Scope 2, market- based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Belgium	97	0	481.43	481.43
Bolivia (Plurinational State of)	2	0	4.78	4.78
Brazil	5	0	49.16	49.16
Canada	15	1	680.33	674
China	1479	855	4785.79	1011.46
Costa Rica	1	0	98.62	98.62
Cyprus	50	0	77.76	77.76
Czechia	12	0	25.78	24.25
Denmark	3	0	17.8	17.8
France	54	33	521.34	376.44
Germany	135	42	475.65	230.73
India	821	0	1091.85	1091.85
Israel	20	0	41.18	41.18
Italy	24	0	79.21	79.21
Japan	77	0	152.68	152.68
Lithuania	3	0	76.17	76.17
Mauritius	0	0	0.13	0.13
Mexico	21	0	46.61	46.61
Morocco	6	0	10.9	9.1
Nepal	0	0	3.15	3.15
Netherlands	15	0	37	37
Panama	4	0	20.22	20.22
Peru	7	0	36.34	36.34
Poland	0	0	0.21	0.21
Portugal	1	0	4.18	4.18
Russian Federation	23	0	63.4	63.4
Saudi Arabia	0	0	0.13	0.13
Singapore	163	39	489.86	319.54
Slovakia	6	2	32.44	25.09
South Africa	0	0	0.52	0.52
Republic of Korea	442	0	826.9	826.9
Spain	20	0	77.1	77.1

Country/Region	Scope 2, location- based (metric tons CO2e)	Scope 2, market- based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Sri Lanka	3	0	5.22	5.22
Sweden	0	0	22.3	22.3
Switzerland	1	0	19.44	19.44
United Arab Emirates	32	0	61.77	61.77
United Kingdom of Great Britain and Northern Ireland	649	0	2828.09	2828.09
United States of America	2818	11	9692.99	9631.01
Chile	1	0	3.16	3.16

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Purchased electricity	6158.16	0
Purchased steam	52.99	53
Chilled water	930.43	930

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	6743	Decreased	56	In 2020, we achieved 100% renewable electricity across our entire property portfolio. We procured renewable energy attribute certificates and increased contracts with utility suppliers whose electricity originates from a renewable source. The emissions corresponding to the renewable electricity use of our entire portfolio 6,743 mtCO2e divided by our 2019 gross global emissions (Scope 1 and Scope 2 market-based) of 12,083 represent a 56% reduction $(6,743/12,083)*100=56\%$.
Other emissions reduction activities	68	Decreased	0.6	In 2020, we permanently closed or reduced our real estate spaces in response to a successful shift to remote work and in anticipation of our “Workplace of the Future” planning. Initiated in 2020, the project is enhancing our technology and IT infrastructure and implementing a hybrid model of in-office and remote work that will allow us to reduce office space, employee commuting and

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
				business travel over the long-term. The reduction in emissions associated with permanent closures or downsizing office space in 2020 is estimated at 68 mtCO2e, which divided by our 2019 gross global emissions (Scope 1 and 2 market-based) of 12,083 mtCO2e, represents a 0.6% reduction $(68/12,083)*100=0.6\%$.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	4905	Decreased	41	Scope 1 and 2 emissions variations are partially explained by temporary office closures due to Covid-19. The reduction in emissions associated with closures is estimated at 4,905 mtCO2e, which divided by our 2019 gross global emissions (Scope 1 and 2 market-based) of 12,083 mtCO2e, represents a 41% reduction $(4,905/12,083)*100=41\%$.
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

Indicate whether your organization undertook this energy-related activity in the reporting year	
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	2026	2026
Consumption of purchased or acquired electricity	<Not Applicable>	18731	0	18731
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	32	307	339
Consumption of purchased or acquired cooling	<Not Applicable>	0	4105	4105
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	18763	6438	25201

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes

**Indicate whether your organization undertakes
this fuel application**

Consumption of fuel for the generation of steam No

Consumption of fuel for the generation of cooling No

Consumption of fuel for co-generation or tri-generation No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

15.79

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

9.62307

Unit

kg CO₂e per gallon

Emissions factor source

UK Government (Defra) 2020 Conversion Factors for Company Reporting of GHG Emissions

Comment

N/A

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

88.38

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.21909

Unit

kg CO₂e per KWh

Emissions factor source

UK Government (Defra) 2020 Conversion Factors for Company Reporting of GHG Emissions

Comment

N/A

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1702.49

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

53.1145

Unit

kg CO2e per million Btu

Emissions factor source

Federal Register (2009) EPA; 40 CFR Parts 86, 87, 89 et al; Mandatory Reporting of Greenhouse Gases; Final Rule, 30Oct09, 261 pp. Tables C-1 and C-2 at FR pp. 56409-56410.

Comment

N/A

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

219.37

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.24278

Unit

kg CO₂e per kWh

Emissions factor source

UK Government (Defra) 2020 Conversion Factors for Company Reporting of GHG Emissions

Comment

Emission factor kgCO₂e/km is used to convert km travelled to CO₂e emissions value, using an emission factor from Defra. Assuming vehicle fuel is diesel, emissions are then divided by Diesel kgCO₂e/kWh (Gross CV) emission factor from Defra to arrive at a kWh value.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United States of America

MWh consumed accounted for at a zero emission factor

9631

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

India

MWh consumed accounted for at a zero emission factor

1100

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

1440

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

China

MWh consumed accounted for at a zero emission factor

1838

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Singapore

MWh consumed accounted for at a zero emission factor

320

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, other - please specify (Large-scale generation certificates (LGCs))

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Australia

MWh consumed accounted for at a zero emission factor

147

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Japan

MWh consumed accounted for at a zero emission factor

150

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Panama

MWh consumed accounted for at a zero emission factor

20

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

South Africa

MWh consumed accounted for at a zero emission factor

1

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Arab Emirates

MWh consumed accounted for at a zero emission factor

62

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Morocco

MWh consumed accounted for at a zero emission factor

9

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Costa Rica

MWh consumed accounted for at a zero emission factor

99

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Brazil

MWh consumed accounted for at a zero emission factor

139

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Israel

MWh consumed accounted for at a zero emission factor

41

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Peru

MWh consumed accounted for at a zero emission factor

36

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Mexico

MWh consumed accounted for at a zero emission factor

47

Comment

N/A

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Canada

MWh consumed accounted for at a zero emission factor

674

Comment

N/A

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Lithuania

MWh consumed accounted for at a zero emission factor

76

Comment

N/A

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Germany

MWh consumed accounted for at a zero emission factor

201

Comment

N/A

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

9

Comment

N/A

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

142

Comment

N/A

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

Netherlands

MWh consumed accounted for at a zero emission factor

37

Comment

N/A

Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type

Low-carbon energy mix

Country/area of consumption of low-carbon electricity, heat, steam or cooling

United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor

2538

Comment

N/A

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

18.7

Metric numerator

Millions of KWH

Metric denominator (intensity metric only)

N/A

% change from previous year

33

Direction of change

Decreased

Please explain

Energy use variations are partially explained by temporary office closures due to Covid-19, energy efficiency initiatives and a permanent reduction in office space.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/ section reference

See page 2, "Verification Opinion" paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/ section reference

See page 2, “Verification Opinion” paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/ section reference

See page 2, “Verification Opinion” paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/section reference

See page 2, “Verification Opinion” paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Capital goods

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/section reference

See page 2, “Verification Opinion” paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/section reference

See page 2, "Verification Opinion" paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/section reference

See page 2, "Verification Opinion" paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/section reference

See page 2, "Verification Opinion" paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

[Moody's 2020 GHG Verification.pdf](#)

Page/section reference

See page 2, "Verification Opinion" paragraph

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	ISO14064-3	Total electricity use in megawatt hours is verified as part of our sustainability reporting. Moody's 2020 GHG Verification.pdf
C8. Energy	Renewable energy products	ISO14064-3	Percentage of renewable electricity was verified for the first time, which correspond to our target to achieve 100% renewable electricity use across our global property locations. Moody's 2020 GHG Verification.pdf
C5. Emissions performance	Progress against emissions reduction target	ISO14064-3	GHG emissions offsets retired for 2000 through 2020 were verified for the first time, which correspond to our target to achieve carbon neutrality for Scope 1, Scope 2 (market-based), Scope 3 Business Travel, and Scope 3 Employee Commuting emissions. Historical emissions in these categories were offset from year 2000, and we will continue to offset these emissions in the future. Moody's 2020 GHG Verification.pdf
C4. Targets and performance	Progress against emissions reduction target	ISO14064-3	Supplier spend with science-based targets (%) was verified for the first time as a measure of progress towards our science-based supplier engagement target to achieve 60% of our suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025. Moody's 2020 GHG Verification.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Wind project in India

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

3000

Number of credits (metric tonnes CO2e): Risk adjusted volume

3000

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Wind project in Costa Rica

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

1600

Number of credits (metric tonnes CO2e): Risk adjusted volume

1600

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

REDD+ project in Canada

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO₂e)

467

Number of credits (metric tonnes CO₂e): Risk adjusted volume

467

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Energy efficiency: households

Project identification

Clean cookstoves project in Kenya

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO₂e)

900

Number of credits (metric tonnes CO₂e): Risk adjusted volume

900

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Stakeholder expectations
Change internal behavior
Other, please specify (Fund Sustainability initiatives within the organization)

GHG Scope

Scope 3

Application

We apply an internal carbon price to emissions from business travel

Actual price(s) used (Currency /metric ton)

50

Variance of price(s) used

Uniform pricing – the same price is applied throughout the company, for all businesses and all geographies.

Type of internal carbon price

Shadow price
Internal fee

Impact & implication

We made the decision to apply an internal carbon price on business travel, with the first transaction taking place in 2020 (based on 2019 emissions). This decision was based on our goal of reducing Scope 3 emissions from business travel, fuel and energy, and employee commuting by 15% by 2025 with a 2019 baseline. The internal carbon price is designed to (i) secure capital for mitigation funding across the long-term time horizon to achieve our climate-related goals, and (ii) reduce emissions from business travel. We conducted a benchmark study and set the price at the industry average, \$15/mtCO₂e for 2019 emissions, but have since increased the price to \$50/mtCO₂e for 2020 emissions. Due to Covid-19 and subsequent travel restrictions, we were unable to observe the behavioral effects of the carbon pricing program. As a direct result of the program, however, we were able to allocate these funds towards procuring 100% renewable electricity for our global operations, which we achieved for the first time in 2020. Building on carbon neutrality for Scope 1, Scope 2 (market-based), and Scope 3 business travel and employee commuting achieved in 2019, we continue to offset our residual emissions on an annual basis, and in 2020 we retroactively offset our emissions to when the company became public in the year 2000. In the future, we plan to rollout awareness and educational campaigns that encourage employees to select lower emissions options when travelling for business, such as booking trains over planes or economy rather than business class. For instance, we recently developed a budget tool to account for the shadow price on carbon in real estate and business

travel decisions. The shadow price remains a theoretical construct to build the cost impact of emissions from energy consumption into our lease procurement and business travel decisions.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

8

% total procurement spend (direct and indirect)

77

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

Emissions from purchased goods and services (category 1) and capital goods (category 2) made up 70% of our 2019 GHG emissions and 95% of our 2020 GHG emissions. Our engagement target requires 60% of our suppliers by spend to set science-based targets by 2025. To achieve this goal, we focused our engagement program in 2020 on our top 299 suppliers by spend (corresponds to 8% of suppliers by number and 77% by spend) to set science-based targets via an education campaign. These vendors were selected based on their previous experience with GHG reporting and the level of their previous disclosures. We engaged more than the target because suppliers in the top 60% could change significantly by our target year 2025 and therefore a higher coverage for our campaigns is needed. In 2021, we are expanding our engagement to our top 500 suppliers by spend, and conducting targeted outreach to diverse suppliers.

Impact of engagement, including measures of success

We set our supplier target for the first time in 2020, from a 2019 baseline, and needed to engage directly with our suppliers to achieve this goal. We joined CDP's supply chain program and organized webinars for our top 299 suppliers to encourage them to respond to the 2020 CDP questionnaire and set science-based targets. Our first seminar was conducted in May 2020, and recordings of the session were made available. The ultimate goal is to engage with suppliers to set science-based targets. Therefore, success is measured as the percentage of suppliers with such targets. In 2020, that number grew to 26%. The success of the engagement program is also measured by the percentage of suppliers that respond to the CDP questionnaire – in the 2020 cycle, 52% of our suppliers submitted a response. Having vendors respond to the CDP questionnaire allows us to provide a more accurate measurement of our Scope 3 emissions and we are able to engage our vendors on the journey to reduce them in the coming years. In addition, during the first year of engagement, success is measured by supplier participation in the webinars. We observed high participation with 44 suppliers joining the first webinar in May 2020. Several vendors who did not previously report emissions followed up to learn more about preparing their first inventory.

Comment

N/A

Type of engagement

Compliance & onboarding

Details of engagement

Other, please specify (Updated Supplier Code of Conduct featuring environmental and sustainability expectations)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We hold all our suppliers to our same corporate sustainability standards as set forth in our Supplier Code of Conduct, which was updated in 2020 to include environmental and sustainability expectations applicable to all vendors. These expectations include: Environmental & Sustainability Stewardship: Moody's believes in activating an environmentally sustainable future, reducing adverse impact on the planet, and doing our part to protect and care for the environments in which our employees live and work. Moody's positions, policies and disclosures can be found on our Sustainability website. Moody's current and prospective suppliers should adhere to similar environmental and sustainability effort. Risk and Impact Identification and Management: Moody's strives to do business with suppliers that identify, inventory and characterize all emissions, releases, wastes and natural resource use occurring during operations performed for or on behalf of Moody's, and that have processes in place to identify, assess, mitigate and manage potentially significant contingent risks and impacts to human health and the environment. Resource conservation and waste reduction: Suppliers' efforts to optimize the use of water and energy and reduce and/or eliminate (where possible) waste (through reuse, recovery and recycling), are valued by Moody's and these efforts are an important aspect of environmental management that we promote within our supply chain. Energy consumption and Greenhouse Gas Emissions: Moody's takes an active role to minimize our GHG emissions and we engage with our suppliers to promote similar goals. Moody's current and prospective suppliers should: (i) track and document energy consumption and GHG emissions at the corporate and/or facility level; (ii) make GHG emissions totals publicly available or readily available upon request on an annual basis; and (iii) set science-based targets.

Impact of engagement, including measures of success

By including language to address climate change in the Supplier Code of Conduct, we aim to extend our corporate values to our supply chain and hold all our suppliers to our same corporate sustainability standards. In 2021, we are implementing a process to monitor sustainability risks, including ESG aspects, in expected 100% of key suppliers with Orbis, MA database on private companies. Monitoring our vendors for environmental risk will be part of our due diligence process for confirming that supplier behavior is in line with the outlined Supplier Code of Conduct.

Comment

N/A

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

0

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

As a financial intelligence and analytical tools provider, we engage with customers on climate risk analysis across many business lines including Moody's ESG Solutions Group to serve the growing global demand for ESG insights. The ESG Outreach and Research function (O&R) within Moody's ESG Solutions Group brings together leaders from across the firm who engage with our customers via thought leadership, exchange of technical expertise and collaborative marketing outreach, and engagement on strategic ESG topics. These engagements include holding seminars, briefings and one-on-one meetings on ESG topics with a broad array of capital market participants. In selecting which engagements to pursue, we have developed a sponsorship scorecard which allows us to determine priority as evaluated against our key objectives – visibility, exposure in target market segments, alignment with strategic ESG themes and expertise, and market influence. We also engage with market participants through our publicly available ESG research and events. We offer insights and analysis on Moody's ESG hub, which includes research papers on climate risk, sustainable finance, and other strategic ESG topics. In addition, we have developed our "Sustainability In Focus" channel – a dedicated events program for ESG, climate and sustainable finance considerations, with publicly available webinars, on

demand replays, and interactive Q&As with our experts. We share thought leadership content with all our customers, consistent with our value stream priorities and strategy to step up sustainable finance activity globally.

Impact of engagement, including measures of success

Multiple measures are taken into consideration when we evaluate success of these initiatives. We measure growth in research produced, number of seminars on climate risk held, number of people attending those seminars, and growth in the number of customer engagements. For example, in 2020, we responded to 223 speaking invitations, held 27 ESG events and sponsored 26 others, and submitted 25 consultations. The ultimate impact of our engagement is to increase customer demand for ESG products and solutions. A measure of success in this regard is the annual growth rate of our Moody's ESG Solutions business. For instance, in 2020 we issued 70% more sustainability ratings than in 2019. For more indicators visit Moody's ESG hub. In addition, we closely track key metrics that inform the quality of our events and guide improvements. These include the number of registrants and attendees, retention rate and a satisfaction score, as well regional reach and participation. For example, on 24 September, we held Moody's ESG Digital Summit. Our event on Climate Scenarios captured 1,955 external registrants and 762 attendants to the live session, resulting in an overall retention rate of 39%. While this session was timed for the Americas/EMEA regions, the strength of the program attracted a true global audience. APAC participants represented 11%. The event received an average satisfaction score of 83% from 54 respondents. 29 questions were submitted, showing strong participation.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Our employees also serve as partners in our value chain, acting as decision makers when it comes to commuting and business travel. In 2020, we announced our science-based targets to reduce emissions from employee commuting, business travel, and fuel and energy-related activities by 15% by 2025, from a 2019 base year. As such, engagement strategies to achieve these reductions were in need to be defined.

Initiated in 2020, our "Workplace of the Future" project focuses on enhancing our technology and IT infrastructure and implementing a hybrid model of in-office and remote work that will allow us to reduce office space, employee commuting and business travel over the long-term. In addition to the internal carbon price on business travel, we have developed a budget tool that includes a shadow carbon price on business travel and encourages our financial planning teams

to prioritize low-emission transportation. We are also looking into key routes to consider lower emission methods of travel, like rail travel over air travel, or economy class over business class when air travel is needed.

Our employee commuting emissions are measured through employee surveys that show the number of commuting days and the transportation method. We determine success based on the amount of emissions reduced through telecommuting and shifts in commuting method trends. Our business travel is calculated on an annual basis and progress is evaluated based on the amount of reductions achieved for the chosen key routes. We had an 86% reduction in business travel emissions and a 75% reduction in employee commuting emissions in 2020. Due to the Covid-19 pandemic and subsequent lockdowns, the direct effects of these programs are difficult to measure. We will continue to track emissions reductions in these categories over the long-term to inform our strategy and programs.

In addition, we implemented engagement programs with employees aimed at energy use reduction. This included employee participation in the Daylight Hour campaign, which encouraged offices to turn off their lights for one hour. This year, some of our offices encouraged employees to participate in the campaign from home. Our Impact Leaders program educates and supports employees in implementing various carbon-reducing initiatives in their local offices, such as recycling programs and plastic reduction.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Funding research organizations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Non-Financial Reporting)	Support	Moody's responded to the International Financial Reporting Standards (IFRS) Foundation consultation paper on sustainability reporting.	We support efforts to harmonize and align different frameworks and to facilitate a movement towards more robust, consistent and comprehensible data for end users. We believe that the IFRS Foundation can play an effective leadership role in setting standards.
Climate finance	Support	Moody's ESG Solutions provided comments on the "Taking action on climate risk: improving governance and reporting by occupational pension schemes" consultation by the UK Department for Work & Pensions.	We support pension schemes reporting under TCFD and believe that it is important to consider the risks of climate change as part of pension schemes' overall approach to risk management.
Adaptation or resilience	Please select	Moody's ESG Solutions provided comments on the European Central Bank's draft "Guide on climate-related and environmental risks".	We welcome the publication of the guide and agree that it will provide a tool for banks to identify and address climate data and modeling gaps, and develop cutting-edge risk management approaches.
Climate finance	Support	Moody's ESG Solutions responded to the European Commission's targeted consultation on the establishment of an EU Green Bond Standard.	We support the core components proposed by the EU GBS consultation as they represent key elements that promote the integrity, transparency and credibility of the Green Bond market. In particular, the eligibility of projects and reporting (impact and allocation) promote the increased investment in activities that contribute to the transition to a sustainable economy. Following this consultation, we expect the European Commission to publish a draft legislation in June-July of 2021.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

No

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We help to indirectly advance policy through our broad range of sustainability commitments and active participation in trade associations. We are currently members of the Principles for Responsible Investment (PRI), the United Nations Global Compact (UNGC) Climate Action Platform, and participants in the Accounting for Sustainability (A4S), where our CFO serves as a member. Our Chief Credit Officer serves as a member of the Task Force on Climate-related Financial Disclosures (TCFD) and has provided the Task Force with insight as to what might constitute “decision useful” disclosures for investors. Through sharing of our own experience developing TCFD disclosures, we have modelled good practice and identified areas where further guidance might be needed. In 2020, we became the first S&P 500 company to join the “Say on Climate” campaign, which seeks to implement sustainable business plans and advocates corporate climate action. Our stockholders supported the advisory resolution approving our plan for reducing GHG emissions (2020 Decarbonization Plan) at our 2021 Annual Meeting of Stockholders.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Consistency on ESG, including climate, corporate strategy and product development, thought leadership and public policy positioning is ensured at regular Executive Leadership Team meetings, which bring together senior leaders from across the firm covering ESG, Sustainable Finance and Climate Risk aspects concerning the Company and its products and solutions.

In addition, Moody's recently established the ESG Outreach and Research (O&R) function. It convenes quarterly MESH Content Councils and, together with regular working groups on priority areas, coordinates strategic ESG partnerships with membership organisations and bodies, and speaking and policy engagements on ESG topics. The team thereby ensures that public statements and presentations, research collaborations, and opportunities to influence developing ESG standards and policy are aligned across the corporation, and with Moody's corporate climate change strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

[Moody's 2021 Proxy Statement.pdf](#)

Page/Section reference

Pages 5-6 under "Sustainability" Pages 72-73, Item 4 on "Say-On-Climate Plan" Resolution
Moody's Decarbonization Plan in Appendix A Greenhouse Gas Emissions in Appendix B

Content elements

Governance
Strategy
Emissions figures
Emission targets

Comment

N/A

Publication

In voluntary communications

Status

Complete

Attach the document

[Moody's-TCFD-2020.pdf](#)

Page/Section reference

Entire TCFD report

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

The TCFD report was published in 2021; however, the entire analysis was based on 2020 data.

Publication

In voluntary sustainability report

Status

Complete

Attach the document

[2020 Stakeholder Sustainability Report.pdf](#)

Page/Section reference

Pages 5-7 on Strategy & Governance Pages 8-9 on Climate, including emissions figures and targets

Content elements

Governance
Strategy
Emissions figures
Emission targets

Comment

N/A

Publication

In mainstream reports

Status

Complete

Attach the document

[Moody's Annual Report 2020.pdf](#)

Page/Section reference

Page 15 under “Sustainability”

Content elements

Governance
Strategy
Emission targets

Comment

While climate risk is considered non-material and therefore not discussed in detail in Moody's 2020 Annual Report, a high-level overview of key sustainability achievements, strategy and governance is available in the “Sustainability” section.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

Job title	Corresponding job category
Row 1 Chief Financial Officer, Moody's Corporation	Chief Financial Officer (CFO)