

## Moody's Modern Slavery Act Statement 2018<sup>1</sup>

Moody's recognises that modern slavery and human trafficking is a global problem, and this statement sets out the steps taken in seeking to prevent it taking place in any part of our business or supply chains.

### Our Business

Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets. The Moody's group operates globally through two main operating divisions: Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and Moody's Analytics, which offers leading-edge software, and advisory services and research for credit and economic analysis and financial risk management. These divisions are supported by Moody's Shared Services, which provides corporate services across the group.

For more than a century, Moody's employees have proudly upheld the company's worldwide reputation for high standards of business conduct. An essential aspect of Moody's success is our collective commitment to operating in an ethical and lawful manner to maintain the integrity of our business.

Our first Modern Slavery and Human Trafficking Statement was published in June 2017 and can be viewed [here](#). In the year since our initial statement, we have continued to consider and develop our approach to modern slavery issues.

### Core Business Efforts

#### Corporate Social Responsibility at Moody's

Corporate social responsibility has been part of Moody's approach to doing business for many years. In 2017, we took a deep look at how we could better focus Moody's CSR activities and investments to reflect the issues our employees care most about and the challenges we believe we can uniquely solve. This intentional approach allows us to make a more lasting impact on specific environmental, social and economic challenges that align with our expertise and resources.

We believe two of our focus areas may help mitigate the likelihood of individuals finding themselves in situations of modern slavery and human trafficking. Our primary focus is on empowering people with financial knowledge, through our signature financial empowerment initiative, Reshape Tomorrow™. This is designed to help promote greater financial inclusion by bringing more small-business owners — many of them women and members of untapped groups in developing markets — the knowledge and resources needed to obtain credit and build stronger businesses. We know that small businesses are the backbone of local communities, filling essential needs and fuelling economic growth. Yet many promising entrepreneurs around the world struggle to gain basic financial management skills or to qualify for loans that could help their businesses grow. Helping small businesses grow leads to job creation, increases the number of individuals in the formal financial system, and brings greater economic security.

Our other focus is on helping young people reach their full potential. Many students and young adults face challenges that hold them back: some are up against economic or cultural barriers, others lack role models to show them how to navigate in professional spheres. Engaging with talented young people helps them build a brighter future for themselves. We aspire to provide pathways to successful careers for young people, helping to ensure they avoid jobs which are more prone to modern slavery and human trafficking.

Read more about our CSR programs and the progress we've made over the years by visiting <https://www.moody.com/csr>

<sup>1</sup> This statement is made on behalf of Moody's Group (Holdings) Unlimited, Moody's International (UK) Limited, Moody's Group UK Limited, Moody's Holdings Limited, Moody's Shared Services UK Limited, Moody's Analytics UK Limited, Moody's Analytics Knowledge Services (UK) Limited and Moody's Investors Service Limited, all of which fall within the scope of section 54(2) of the Modern Slavery Act 2015.

## Moody's Code of Business Conduct

Moody's has in place a number of codes, policies and procedures to run the business in a fair, ethical and lawful manner and in compliance with applicable laws and regulations. The Moody's Corporation [Code of Business Conduct](#) (the "Code") is a statement of the fundamental principles and certain key policies that govern the conduct of our business and can be found on the Moody's website. The Code confirms that an essential aspect of Moody's success is our collective commitment to operating in an ethical and lawful manner to maintain the integrity of our business. The Code, which has been approved by the Moody's Corporation Board of Directors, sets forth the guiding principles we expect each employee and corporate director to follow. Every Moody's employee receives training on the Code and is periodically required to certify that he or she has reviewed this Code, understands it, and agrees to be bound by its terms. One of the key areas covered by the Code is "How we Act with Integrity in the Global Community".

## Workforce Profile

We have a number of entities that employ people in the UK, and some foreign branches. The majority of the employees of these companies are employed on full-time contracts. A proportion of our employees are part-time, and their terms and conditions are otherwise the same as for full-time staff. We believe our own employees are at low risk of suffering from modern slavery and human trafficking.

We offer competitive pay, benefits, employment conditions and policies which are periodically benchmarked, and we have flexible working arrangements available to all employees, such as part-time and telecommuting arrangements. We do not operate zero hours contracts. All our employees are subject to the standards in our Code, as set out above.

## Supply Chain Efforts

### Outsourcing and Supply Chain Relationships

Moody's has rigorous policies and procedures in relation to the engagement of suppliers that assist Moody's in carrying on its business. Moody's has a Procurement & Sourcing Group which is responsible for the management of our global, enterprise-wide spend on products and services. Moody's also has a Vendor Selection and Contracting Policy which sets out the parameters which apply to our selection and retention of certain new and existing suppliers and the execution of contracts.

We have provided training in relation to modern slavery and human trafficking issues to the Procurement & Sourcing Group, as well as our Corporate Development Group (which is responsible for merger and acquisition activity within the Moody's group of companies). The Corporate Development Group has a specific question on modern slavery and human trafficking in its standard due diligence request list for acquisitions.

Our supply chain mostly consists of reputable financial services firms, sophisticated independent consulting firms, and other service providers, in the areas of finance and technology (including the procurement of software, data and other technology-related goods and services). Moody's utilises agency workers and, in doing so, works in compliance with the UK's Agency Worker Regulations and reputable agencies with their own established governance and policies, including their own published modern slavery statements. From time-to-time, we also engage specialist contractor resources for specific projects.

Given the nature of our business and the typical goods and services we procure, we consider the risk of slavery and human trafficking in our supply chain to be low. Moody's exercises skill and care when selecting third party service providers, including a determination as to whether they have the ability and capacity to perform the contracted function(s) reliably and professionally. When selecting new suppliers, we consider the suitability of the particular product or service for Moody's needs, as well as other selection criteria, including organization and management, reputation, and their ability to meet Moody's applicable regulatory or legal requirements.

Our arrangements with material suppliers are documented by a written agreement specifying the respective rights and obligations of Moody's and the supplier. Moody's requires its service providers: (i) to comply with all applicable national, local, and international laws (including employment-related laws); (ii) to adhere to the rules and requirements arising in connection with its personnel; and (iii) not to participate in any illegal, deceptive, misleading or unethical practices. Our standard UK contract templates for Master Professional Services, General Consulting Services, Client Training Services and Master Temporary Staffing Services include a specific provision that requires the supplier to: comply with all applicable anti-slavery and human trafficking laws (including the Modern Slavery Act); implement due diligence procedures for their own supply chains; confirm that there is no slavery or human trafficking in its supply chains; and, notify Moody's of any breach. Additionally, our non-UK standard templates for Master Professional Services and General Consulting Services also refer to the UK Modern Slavery Act.

We will not support any supplier relationship where we are aware, or have reasonable grounds to believe, that slavery and human trafficking is taking place, and Moody's will take appropriate action if it appears that the supplier is not carrying out its functions as per the contractual arrangements and/or in compliance with the applicable laws and regulatory requirements.

## Feedback and Future Activities

### Training and Capacity Building

In 2018 we are rolling out a further programme of online-based training on Modern Slavery and Human Trafficking to the Real Estate team and all UK employees.

### Open Door Communication and Whistleblowing

Moody's objective is to maintain an environment in which all employees feel comfortable to raise issues that they believe are important. Moody's therefore supports open door communication and encourages employees to raise concerns with their immediate supervisors or other senior managers. We also operate an Integrity Hotline for employees to raise issues or report concerns. In accordance with applicable law, no employee will be subject to retaliation because of a good faith report of suspected misconduct.

### Feedback

If you have any comments on this statement or would like to report any matter regarding it, please email [csr@moodys.com](mailto:csr@moodys.com).



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