



## **Audit Committee Charter**

**MOODY'S CORPORATION**

**AUDIT COMMITTEE CHARTER**

### **Purpose**

The Audit Committee's primary purpose is to represent and assist the Board of Directors in fulfilling its oversight responsibilities relating to: (a) the integrity of the Company's financial statements and the financial information provided to the Company's shareholders and others; (b) the Company's compliance with legal and regulatory requirements; (c) the Company's internal controls; and (d) the audit process, including the qualifications and independence of the Company's principal external auditors (the "Independent Auditors") and the performance of the Company's internal audit function and the Independent Auditors. The Committee also oversees the preparation of the report required by the Securities and Exchange Commission's rules to be included in the Company's annual proxy statement.

### **Membership and Meetings**

The Committee shall be comprised of at least three directors, as appointed by the Board upon the recommendation of the Governance and Compensation Committee, including one chairman. Each member of the Committee shall meet the independence requirements of the New York Stock Exchange, Inc. for directors and audit committee members, and shall be financially literate, both as determined by the Board. At least one member of the Committee shall be an "audit committee financial expert", as determined by the Board in accordance with the rules and regulations of the Securities and Exchange Commission.

Meetings shall be held at least quarterly and additional meetings shall be held as needed. The Committee shall report to the Board on its activities on a regular basis. The Committee shall meet separately with representatives of the Independent Auditors and the Head of Internal Audit at least once a quarter and periodically with members of management as the Committee determines appropriate.

### **Duties and Responsibilities**

In furtherance of its duties and responsibilities, the Committee shall have the authority to undertake the following:

#### **Financial Reporting**

1. The Committee shall review with the Independent Auditors and internal auditors, the adequacy of the Company's financial reporting processes, both internal and external.
2. The Committee shall review: (a) the planned scope and results of audit examinations by the Independent Auditors, including any problems or difficulties the Independent Auditors encountered in the course of their audit work, any restrictions on the scope of the Independent Auditors' activities or on access to requested information, and any significant disagreements with management, and in each case management's response to such matter; and (b) the scope and results of the internal audit program.
3. The Committee shall review significant changes in accounting principles, and any significant disagreements between management and the Independent Auditors and other significant matters in connection with the preparation of the Company's financial statements.
4. The Committee shall: (a) meet to review with management and the Independent Auditors the Company's audited financial statements, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (b) discuss with the Independent Auditors the matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Interim Auditing Standard AU Section 380 (Statement of Auditing Standards ("SAS") Nos. 61 and 90); and (c) determine whether to recommend to the Board that the Company's audited financial statements be included in the Company's Annual Reports on Form 10-K.

5. The Committee shall meet to review with management and the Independent Auditors the Company's Quarterly Reports on Form 10-Q, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and discuss with the Independent Auditors the matters required to be discussed by PCAOB Interim Auditing Standard AU Section 722 (SAS No. 100).
6. The Committee shall discuss with the Independent Auditors (i) all material critical accounting policies and practices identified by management and whether the accounting policies, practices and disclosures of management are reasonable and in accordance with GAAP and (ii) any other required reports or material written communications with management, such as a management letter or schedule of unadjusted accounting differences.
7. The Committee shall review and discuss earnings press releases, other press releases related to financial information and disclosures regarding earnings guidance and non-GAAP financial measures, as appropriate.

### **Independent Auditors**

8. The Committee shall be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the work of the Independent Auditors. In this regard, the Committee shall select and retain (subject to shareholder ratification), evaluate, determine funding for, and where appropriate, replace the Independent Auditors.
9. The Committee shall receive and review, at least annually, a report by the Independent Auditors describing: (a) the Independent Auditors' internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Independent Auditors, and any steps taken to deal with any such issues.
10. The Committee shall oversee the qualifications, performance and independence of the Independent Auditors by:
  - at least annually, receiving from the Independent Auditors a formal written statement delineating all relationships between the Independent Auditors or their affiliates, and the Company or persons in financial reporting oversight roles at the Company, that may reasonably be thought to bear on independence, as required by PCAOB rules;
  - at least annually, reviewing, and discussing with the Independent Auditors any disclosed relationships or services that may reasonably be thought to bear on the independence of the Independent Auditors and considering the independence of the Independent Auditors; and
  - approving in advance all audit and permissible non-audit services to be provided by the Independent Auditors and establishing policies and procedures for the pre-approval of audit and permissible non-audit services to be provided by the Independent Auditors.
11. The Committee shall establish policies for the hiring of employees and former employees of the Independent Auditors.

### **Compliance**

12. The Committee shall receive reports regarding, and review with the Independent Auditors, internal auditors and management, the adequacy and effectiveness of: (a) the Company's internal controls, including any significant deficiencies in internal controls and significant changes in internal controls reported to the Committee by the Independent Auditors or management; and (b) the Company's disclosure controls and procedures.
13. The Committee shall oversee the Company's compliance program by reviewing: (a) legal and regulatory compliance matters; and (b) the Company's policies and procedures designed to promote compliance with laws, regulations and internal policies and procedures, including the Company's code of conduct. This will be facilitated through the receipt of reports from management and, as determined appropriate by the Committee, legal counsel and third parties.
14. The Committee shall review: (a) the Company's policies with respect to risk assessment and risk management, and contingent liabilities and risks that may be material to the Company; and (b) major legislative and regulatory developments which could materially impact the Company. This will be facilitated through the receipt of reports from management and, as determined appropriate by the Committee, legal counsel and third parties.
15. The Committee shall establish and oversee procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.
16. On an annual basis, the Committee shall review and discuss with management: (a) the Company's policies and

procedures regarding officers' expenses and perquisites; and (b) a summary of officers' expenses and use of corporate assets.

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### **Evaluation Charter**

17. The Committee shall evaluate its performance annually and review and reassess the adequacy of this Charter annually.

### **Outside Advisors**

The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain such outside counsel, accountants, or other advisors as it determines appropriate to assist it in the performance of its functions, and shall receive appropriate funding from the Company, as determined by the Committee, for payment of compensation to any such advisors.