

CORPORATE RESPONSIBILITY:

It's Essential

2014 Environmental, Social & Governance Report



About This Report

WELCOME TO MCGRAW HILL FINANCIAL'S 2014 CORPORATE RESPONSIBILITY REPORT.

Published exclusively online, the report provides an overview of Corporate Responsibility [CR] programs, practice and strategy across our business, and covers our products and services as well as our operations. All information in the report relates to calendar year 2014 and refers to our global operations unless otherwise noted.

This is our second year reporting as McGraw Hill Financial [MHFI], following the separation of The McGraw-Hill Companies into two separate businesses. The report provides operational data for 2013 and 2014 only, with 2013 as our baseline for reporting.

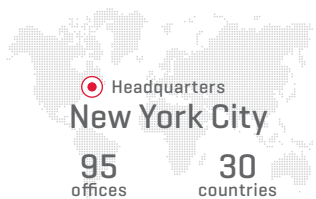
Transparency is a core value at McGraw Hill Financial, informing our business operations and our reporting. This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. We have prepared this report using GRI G4 guidelines as a reference.

[Click here to go directly to our 2014 GRI Index.](#)

We hope you find this report accessible and informative. Developing our CR strategy, programs and reporting is a continual process, and we very much welcome comments and feedback at cr@mhfi.com.

MHFI SNAPSHOT

We are a leading ratings, benchmarks and analytics provider serving the global capital, commodities and commercial markets.



Close to
17,000*
employees worldwide



Core Values
**Fairness, Integrity
and Transparency**



*In September 2015 MHFI acquired SNL Financial, adding approximately 3,000 employees to our workforce, now totaling about 20,000.

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Letter from the CEO

CORPORATE RESPONSIBILITY AT MHFI: IT'S ESSENTIAL

At McGraw Hill Financial, we seek to create economic opportunity and promote thriving communities everywhere we operate. Our Corporate Responsibility [CR] initiatives advance this goal.

We provide a unique and growing portfolio of products and services that serve the sustainability marketplace, including environmental, social and governance [ESG] indices and forward-looking research on critical challenges such as climate change. Our CR strategy, focused on Financial Essentials and Community Essentials, complements our business offerings by enabling access to finance and expanding financial knowledge and tools globally.

During 2014, we reinforced our commitment to meeting the highest ethical standards by strengthening our Code of Business Ethics and related communications for employees. Rooted in our values of fairness, integrity and transparency, this commitment informs everything we do and underpins our bond of trust with customers, investors, employees and other stakeholders.

We view our CR strategy, launched in early 2014, as a driving force for sustaining the Company. By leveraging our four primary assets — thought leadership, philanthropy, products and services, and our employees — it enables us to support all our stakeholders, from the customers we serve to the communities we inhabit.

This comprehensive report describes our CR record during the past year, covering governance, employees, suppliers, sustainable products and services, environmental management, philanthropy and community engagement.

As we continue to explore new and better ways to create economic opportunity and enhance thriving communities, I welcome your feedback at cr@mhfi.com.



“Our CR strategy, focused on Financial Essentials and Community Essentials, complements our business offerings by enabling access to finance and expanding financial knowledge and tools globally.”

A handwritten signature in black ink that reads "Douglas L. Peterson". The signature is written in a cursive, flowing style.

Douglas L. Peterson
President and Chief Executive Officer,
McGraw Hill Financial

Q&A

with Louise Raymond, Vice President of Corporate Responsibility

WHAT KIND OF IMPACT HAS THE CR STRATEGY MADE IN ITS FIRST YEAR, WITHIN AND BEYOND MHFI?

The impact has been substantial. We're integrating business capabilities, such as thought leadership, much more fully into how we approach our wider role in society. Led by our CEO, we've couched the CR strategy in terms of "we all can make an impact"—and employees have responded. A majority of those who took our first CR survey, in 2014, were eager to get more personally involved.

During the year we launched our marquee volunteer initiative. Community Impact Month is designed to more deeply connect employees to our communities. More than 4,600 employees took part, using skills including mentoring to support local nonprofits and people in need across 31 cities in 17 countries where we operate.

We also engaged with multiple stakeholders to hone our focus on women-owned businesses, and began establishing MHFI's role in addressing the barriers to access to finance. Greater financial inclusion is linked to economic opportunity and the development of stronger capital markets all over the world.

WHICH PROGRAMS AND AREAS OF PROGRESS MAKE YOU MOST PROUD?

I am proud of the strides we are making to reach financially underserved people around the world. For example, our data gathering and analysis partnership with the Microfinance Information Exchange (MIX) identified gaps in microfinance delivery in the Philippines, enabling lenders to support communities most in need. In Mexico, we funded research by Women's World Banking that improves understanding of how to access an untapped nationwide market of more than 2 million microentrepreneurs currently unserved by individual lending.

We also delivered a strong track record of environmental thought leadership during the past year and continued to expand our portfolio of [Environmental, Social & Governance \(ESG\) products](#). Aimed at investors, these products bring greater insight and transparency to the relationship between ESG management and companies' financial performance.

WHAT CHALLENGES HAVE YOU ENCOUNTERED IN ROLLING OUT THE STRATEGY?

Getting the message out that our CR efforts go beyond philanthropy requires proactive effort. To be effective and impactful, CR must be synergistic with our business and fully engage our employees and many partners around the world. We also continue to explore the best opportunities to leverage our four main assets — employees, products and services, thought leadership and philanthropy — to maximize our CR impact. Our new, high-level [Financial Essentials Working Group](#) made up of business unit leaders from around the globe provides strategic and tactical guidance on this.

WHAT KEY PARTNERSHIPS WOULD YOU HIGHLIGHT OVER THE LAST YEAR?

Partnerships are absolutely critical to implementing our strategy and scaling our impact, as the examples throughout this report illustrate. Highlights include our engagement with the Global Banking Alliance for Women (GBA). We are offering guidance to GBA's data consortium on how to best assess what women customers want and need in a bank, in terms of tailored products and services.

I am particularly proud of our wide-ranging support for U.S. veterans and their families, partnering both with our own employees and outside organizations. Members of our [VALOR Employee Support Group](#) provide mentoring in job readiness to returning servicemen and women.





Our Approach

CORPORATE RESPONSIBILITY AT MCGRAW HILL FINANCIAL: IT'S ESSENTIAL

Corporate Responsibility [CR] defines our Company and is essential to our business success. As the world's leading provider of ratings, benchmarks and analytics for global markets, the insights we generate act as a catalyst for sustainable economic growth. Our unshakable commitment to fairness, integrity and transparency in the way we work underpins our ability to operate and helps to drive business growth.

5 Corporate Responsibility at McGraw Hill Financial: It's Essential

Our CR Vision

We see a world where there are thriving communities as a result of greater economic opportunities.

Our CR Mission

Our mission is to leverage our diverse resources to promote inclusive, sustainable communities and financial markets.



[WATCH VIDEO ▶](#)

Our CR vision, mission and strategy align closely with our business objective to promote sustainable financial growth. Our products, programs, partnerships and research in this area help us grow our business globally and inform our ability to provide essential market intelligence. We believe everyone benefits from our responsible approach to doing business — our brands, shareholders, employees, suppliers, communities and wider society.

OUR BUSINESSES



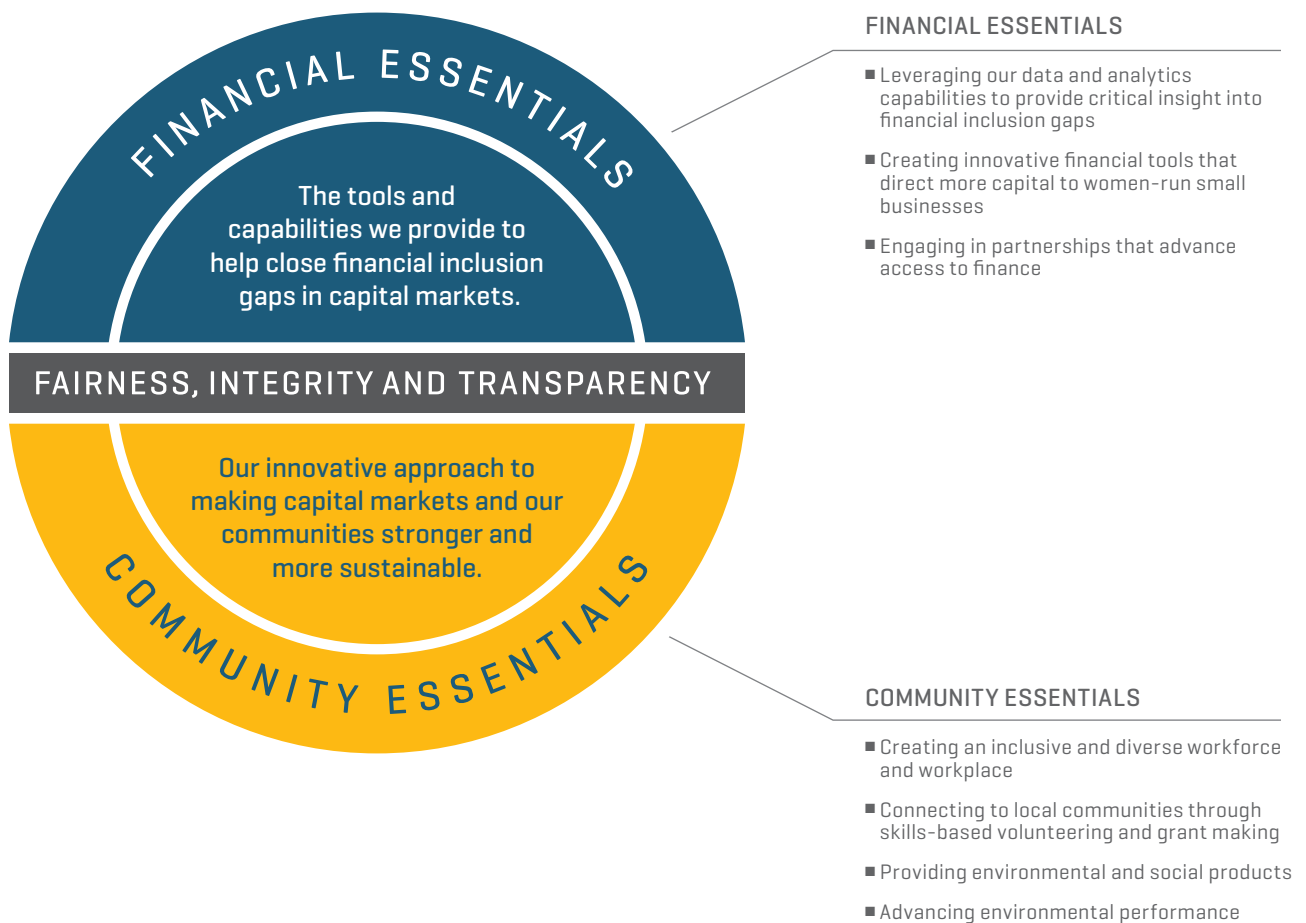
Our Approach: Creating Opportunity, Building Community

In November 2014, we launched our CR strategy, designed to harness the expertise of our iconic businesses to maximize societal and business impact. The strategy leverages our four main assets — thought leadership, philanthropy, products and services, and our talented and committed employees — and focuses on issues most material to our business. The goal is to maximize our impact for good by delivering innovative and unique CR programs, practices and thought leadership under the following two pillars:

FINANCIAL ESSENTIALS — the tools and capabilities we provide to help close financial inclusion gaps in capital markets.

COMMUNITY ESSENTIALS — our innovative approach to making capital markets and our communities stronger and more sustainable.

The strategy draws on insights and feedback from executives and employee focus groups Company-wide, as well as external stakeholders [see [Identifying Material Issues](#) on page 7]. Working with employees, academia, NGO partners and other stakeholders, we are targeting our efforts on the following focus areas:



Launching Our CR Strategy

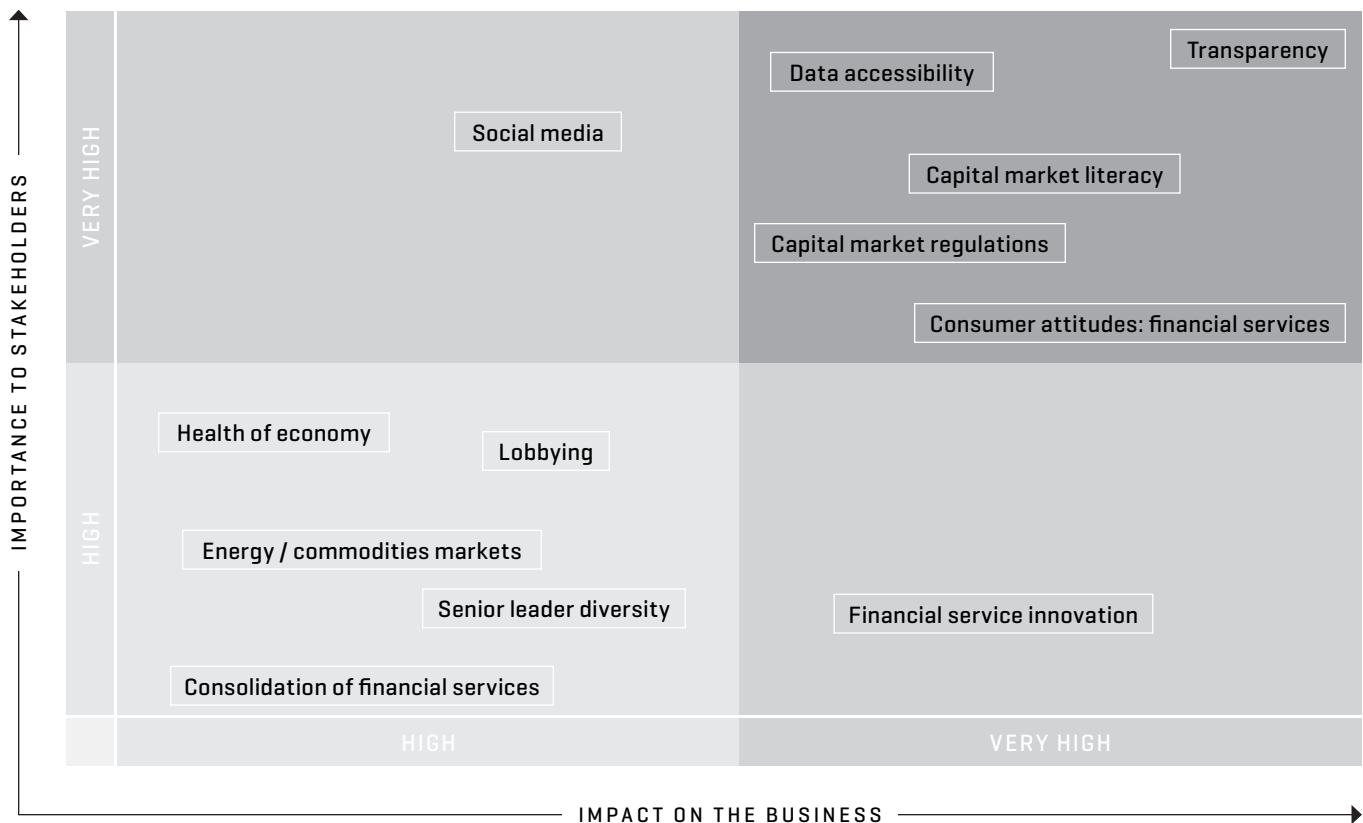
Our President and CEO, Doug Peterson, unveiled our CR strategy in November 2014. To gain buy-in from employees, we also launched a [video](#), incorporated highlights of the new strategy into our annual Global Town Hall meeting and held road shows in regional MHFI offices. To reach external stakeholders, we produced a CR brochure outlining our vision and approach, and launched a Virtual Lunch and Learn series. It focused on new partnerships and topical issues, such as the relationship between ESG management and financial performance.

Identifying Material Issues

Corporate Responsibility has a key role to play in supporting our business strategy and enhancing MHFI's reputation. To maximize this opportunity, and to inform development and deployment of our new CR strategy, we conducted a comprehensive materiality assessment in late 2013. This process helped us identify priority issues, based on opportunities and challenges facing our business and relevance to our stakeholders. It included analysis of external trends as well as extensive engagement with MHFI employees and senior leaders and with external stakeholders including Accion's Center for Financial Inclusion, the Microfinance Information Exchange and Women's World Banking.

The graphic below shows the high priority issues identified. As we further refine our strategy, the materiality assessment will continue to guide our thinking and how we target resources. For more on MHFI's material issues, see our [GRI Index](#).

PRIORITY ISSUES FOR OUR BUSINESS AND STAKEHOLDERS



Learning from Stakeholders

Ongoing engagement with stakeholders such as policy makers, nongovernmental organizations (NGOs), academics and other opinion formers helps us gain a better understanding of important current and emerging issues and how these relate to our business. We increasingly work with expert NGOs on our CR programs and initiatives, and we conducted our second annual stakeholder session with key NGO partners in 2014 [see below]. We also work with relevant global organizations and peer companies to achieve common goals and inform our approach to responsibility issues.

In 2014, we engaged with the following prominent stakeholder organizations, among others:

- Aspen Network for Development Entrepreneurs
- Asian Women in Business
- Better Business Bureau’s Military Line
- Boston College Center for Corporate Citizenship
- Business Roundtable’s S.E.E. (Society, Environment, Economy) Change Initiative
- Climate Bonds Initiative
- Council of Urban Professionals
- Council on Environmental Quality
- Global Banking Alliance for Women
- Human Rights Campaign
- National Organization on Disability
- Oxford University Stranded Assets Programme
- United Nations Environment Programme
- United Nations Global Compact
- *Working Mother* magazine
- Women’s World Banking
- World Economic Forum Global Agenda Council

NGO Stakeholder Summit

In April 2015, recognizing how important NGO knowledge and expertise is to furthering our Financial Essentials agenda, we brought together a dozen leading organizations in the delivery of financial inclusion programs.

At a half-day meeting in Washington, D.C., we shared MHFI’s emerging CR strategy and gained valuable input and feedback. Participants included representatives of Oxfam, the Calvert Foundation and Women’s World Banking, as well as the International Finance Corporation and the Inter-American Development Bank. In particular, we gained useful guidance on how to improve our understanding of women-owned micro and small enterprises, and how we can best support the sector. Participants provided insights on the challenges women face in growing microenterprises, the data gaps in understanding the sector and areas worthy of investment to improve business training for female entrepreneurs.

Employee feedback

Employee buy-in is critical to our ability to pursue our responsibility agenda. In October 2014, we asked employees around the world to tell us what they think of our corporate citizenship approach and activities. We got an impressive response, with more than 7,500 people across the Company taking the time to complete the survey [43% of our employees]. Of these, 89% agreed that the Company is committed to CR, and 88% rated Ethics, from a comprehensive list, as the CR element that most resonates.

EMPLOYEE SURVEY RESPONSES

89%

agreed that MHFI is committed to Corporate Responsibility.

88%

rated Ethics, from a comprehensive list, as the CR element that most resonates.

74%

agreed that "MHFI's CR efforts make me feel very proud as an employee."

CR@MHFI: WHAT OUR PEOPLE SAY

"In a world where citizens increasingly feel they can 'trust no one,' being a beacon of trust is a valuable position in the marketplace."

Employees expressed a strong interest in learning more about our CR strategy and programs, and 56% of survey participants showed an interest in getting more personally involved. We are using these encouraging responses to inform communications around our CR activities, and aim to harness employee enthusiasm in practical ways moving forward.

MHFI's first Company-wide survey, Voice of the Employee, conducted in February 2015, also gave high marks to our CR efforts. Three out of four employees worldwide [76%] took the survey; of these 74% agreed that "MHFI's Corporate Responsibility efforts make me feel very proud as an employee."

Corporate Responsibility Leadership

Oversight of our Corporate Responsibility and environmental sustainability policies, programs and initiatives, including on climate change, lies with the Nominating and Corporate Governance Committee of our Board of Directors. The annually appointed Committee held seven meetings in 2014. Our Executive Vice President of Public Affairs provides the full Board with monthly updates on CR activities and an annual update on our CR performance to the Nominating and Corporate Governance Committee.

Across the Company, implementation of CR activities is led by our Corporate Responsibility team with support from senior managers and representatives of corporate functions who manage CR policies and programs in our day-to-day operations.

In 2015, we will reconstitute our executive level Corporate Responsibility Council, our leading governance body tasked with aligning our new CR objectives and approach. In the meantime, several committees oversee the Company's sustainability progress and provide direction. Included are our:

- Diversity and Inclusion Committee, which drives diversity objectives, programs and initiatives
- [Financial Essentials Working Group](#), which develops and oversees Financial Essentials strategy and activities
- Environmental Action Committee, which sets environmental performance targets and drives cost efficiencies across the business.

2014 AWARDS AND RANKINGS

We are proud to be recognized for our Corporate Responsibility leadership, including by the following organizations:

- CDP [formerly Carbon Disclosure Project] S&P 500 Climate Report — 94 of 100 score
- Dow Jones Sustainability Indices [DJSI] — 96th percentile
- Top 25, *CR* magazine Best Corporate Citizens list
- Top 10, *Newsweek* World Green Rankings, Financial Services industry
- 100 Best Companies, *Working Mother* magazine
- Human Rights Campaign Corporate Equality Index — 90 of 100 score





Financial Essentials

ENABLING ECONOMIC OPPORTUNITY

MHFI is dedicated to unlocking the door to capital and economic opportunity for more underserved markets. Around the world, we support initiatives that expand access to finance and capital, particularly for women-owned small businesses.

Within our CR strategy, Financial Essentials are the tools and capabilities we provide to help close financial inclusion gaps in capital markets. We do this by:

- Engaging in partnerships that advance access to finance
- Leveraging our data and analytics capabilities to provide critical insight into financial inclusion gaps
- Creating innovative financial tools that direct more capital to women-run small businesses.

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Financial Essentials Leadership

In 2014, we established a cross-Company Financial Essentials Working Group (FEWG) to direct our work in this area. Cochaired by a business executive and our Vice President of Corporate Responsibility, the group meets quarterly to identify ways to align our products, services and thought leadership with our partnership objectives. It also assesses potential philanthropic programs through the lens of our business capabilities.

During 2014, the working group helped launch the CR Strategy, advised on related metrics and targets and led efforts to socialize the strategy with employees and external stakeholders. Activities included regional road shows at MHFI offices and our [nongovernmental organization \(NGO\) stakeholder roundtable](#), which brought together leaders and key organizations from across the financial inclusion sector. The FEWG also began developing sectoral business-based solutions to support women-owned small businesses.

Supporting Women, Benefiting Economies

Our efforts to expand financial inclusion focus increasingly on female entrepreneurs. When more women can access and use financial services, their participation makes local and national economies stronger. Closing these gaps is also increasingly important to our clients and stakeholders, with more governments, central banks and international financial institutions setting gender-based targets.

WOMEN'S GROWING FINANCIAL IMPACT: BY THE NUMBERS

\$18 trillion

Female income for 2014 is approximately \$18 trillion, higher than the GDP of China and India combined.

\$20 trillion

Globally, women control more than \$20 trillion in consumer spending.

90%

Women reinvest up to 90% of their income in their family's education, health and nutrition compared with 40% reinvestment by men.

40%

Women make up 40% of the world's workforce and female-owned firms make up 37% of all small and medium-sized businesses (SMEs) in emerging markets.

50%

By 2018, more than 50% of new jobs in the U.S. SME sector will be created by women entrepreneurs.

Women in business have the potential to make a huge, positive impact on the global economy. This is particularly true in emerging markets, where women's income is growing faster than men's. Yet 70% of women-owned small businesses in the developing world lack access to financing — a credit gap estimated at \$285 billion. And more than 1.1 billion women worldwide still remain outside the formal financial system, with 9% fewer women than men holding bank accounts.

McGraw Hill Financial seeks to bridge this gap and to help create jobs and economic opportunity for women worldwide. We do this through CR partnerships that provide the women-owned micro and small enterprise (MSE) sector with financial tools that enable them to access capital and grow their business. We work with organizations that seek financing solutions, and leverage our own business capabilities — from data and analytics to platforms and market insight — to promote the flow of capital to enterprises run by women.

ENGAGING IN PARTNERSHIPS THAT ADVANCE ACCESS TO CAPITAL FOR UNDERSERVED MARKETS

Our partners and industry stakeholders are critical to our work to make capital markets more accessible and sustainable. Below we highlight key areas for investment and a few of the grants and sponsorships that make up our broad portfolio of partners and projects.

Supporting Microfinance

Microfinance can help to alleviate poverty by giving people the opportunity to start or grow their businesses, however small scale. And as the microfinance sector grows, so do the prospects for bringing financial services and capital services to millions more around the world.

We provide support for microfinance initiatives such as [KIVA](#), a lending platform that enables individuals to lend as little as \$25 to empower micro-entrepreneurs and change lives around the world. Our partnership with KIVA rests on the MHFI Kiva Lending platform that enables MHFI employees to direct corporate-driven support to microentrepreneurs.

We also support and lend our expertise to initiatives that increase transparency in this important and growing finance sector. For more than a decade, we have supported the [Microfinance Information Exchange \[MIX\]](#), which provides standardized data services, analysis and business information on more than 3,000 microfinance institutions [MFIs] worldwide. Foundations and multilateral banks use this information to decide which MFIs to fund and to track the results of their investments.

Measuring banking needs

Standard & Poor's Ratings Services currently supports MIX efforts to measure financial inclusion indicators in developing countries. For example, we financed a project mapping available basic banking services in population centers on every island in the Philippines. This innovative tool highlighted gaps in the supply of ATMs, mobile banking units, cooperatives, microfinance institutions, bank branches and other basic financial amenities. The data will support policy makers and lenders in targeting new banking services where need is greatest.

Reaching female entrepreneurs

In 2014, we financed [research](#) by the international nonprofit [Women's World Banking \[WWB\]](#) on the challenges and opportunities for microenterprise lending in Mexico. The researchers analyzed publicly available data and interviewed financial inclusion experts and key representatives from government agencies, financial services providers and industry organizations. They also conducted focus groups with microentrepreneurs in Mexico City and the state of Zacatecas. Most existing microfinance borrowers in Mexico are group lenders, and 80% are women. WWB's findings estimated an untapped market of 2–2.5 million Mexican microentrepreneurs unserved by individual lending.

To tap this primarily female market successfully, the report concluded that financial institutions must:

- Tailor loans to borrowers' business cash flow and household economics
- Provide and clearly communicate transparent loan benefits and terms
- Embed financial education in all marketing and communication strategies
- Invest in staff training to ensure proper loan analysis.

Our partners include:



Strengthening Economies through Financial Empowerment

Many governments are making financial literacy a priority. But efforts to reach underserved groups including women, youth, low-income households and immigrants are hampered by significant data gaps. To bridge them, MHFI is working with Gallup® on groundbreaking global research that provides valuable, actionable insights into financial literacy levels and needs worldwide.

The Standard & Poor's Ratings Services [Global FinLit Survey](#) documents financial literacy worldwide — across gender, age, education, geographic region and national income levels. Through questions added to the 2014 Gallup World Poll, the survey gauged understanding of core financial concepts among 150,000 adults in more than 140 countries. Two experts provided technical guidance: Dr. Annamaria Lusardi, Academic Director of the Global Financial Literacy Excellence Center (GFLEC) at The George Washington University, and Dr. Leora Klapper, Lead Economist at the World Bank Development Research Group.

The survey's findings, published in fall 2015, will guide policy development and service delivery around the world.

“Financial literacy is essential for people anywhere in the world to participate in today's society. S&P Ratings Services...is a real thought leader in this area. This project will enable us, for the first time, to compare financial literacy across the world. Policy makers, NGOs and financial services companies will be able to use the results to target efforts to improve access to finance.”

DR. ANNAMARIA LUSARDI

Academic Director,
Global Financial Literacy Excellence Center,
The George Washington University

Financially empowering rural women

In India, the CRISIL Foundation, the corporate social responsibility arm of a global analytics company majority owned by Standard & Poor's, leverages the Company's expertise to empower rural women. The Pragati program offers game-based and interactive financial literacy workshops for members of self-help groups. Women benefit from individual financial goal setting and counseling, and after completing the workshop are connected with financial service providers through community events. To date, Pragati has equipped 1,000 participants with financial skills in six districts of Assam, and the goal is to reach 100,000 women. Trained community workers, dedicated exclusively to the project, deliver the program in women's homes through NGO Rashtriya Gramin Vikas Nidhi, a CRISIL Foundation partner.

A feedback survey for participants and an independent third-party impact assessment exercise will measure the program's success.

FEATURE

Helping Women-Owned Enterprises in Emerging Markets

In emerging markets, 70% of women-owned small and medium-sized enterprises (SME) experience a credit divide. In total, this gap is estimated to be as large as \$287 billion. With an understanding of the power of data in this scenario, S&P Capital IQ launched an [SME Scorecard](#) in fall 2015. The scorecard is a lending framework for financial institutions that provides consistent and transparent credit evaluation that removes biases, including gender, helping to level the playing field for women-owned businesses. The credit process is grounded in an S&P Capital IQ developmental data set that includes over 10,000 SMEs.

“The advantages to closing the lending gap for small women-owned businesses in emerging markets are pretty clear. It fuels economic growth, boosts labor force participation, drives up per capita income and strengthens GDP growth.”

BOB DURANTE
Senior Director, S&P Capital IQ

LEVERAGING MHFI’S DATA AND ANALYTICS CAPABILITIES

We are world leaders in financial data and analytics. Through our CR programs, we put this expertise to good use beyond our business activities, providing critical insights that help understand and address critical gaps in access to capital.

For example, McGraw Hill Financial is a sponsor of the [Global Banking Alliance for Women \(GBA\)](#), which provides member financial institutions with the tools to understand the women’s market and how to serve it. In September 2014, the GBA produced a groundbreaking report [How Banks Can Profit from the Multi-Trillion Dollar Female Economy](#). Informed by interviews with more than 30 banking executives, the report revealed how banks can better serve this fast growing market and overcome barriers to taking on female customers, such as lack of credit history.

Through market insight and expertise offered by J.D. Power, we are now exploring working with GBA on research that addresses the lack of demand-side data on women’s needs, wants, attitudes and behaviors as consumers of financial services. The aim is to help financial institutions better attract and serve the women’s market, thereby helping that market to grow.

Business Products That Expand Access to Banking Services

Our business products also promote financial inclusion and microfinance expansion by using analytics to highlight gaps in access to basic banking services.

Measuring banking services across India

One innovative model is CRISIL Inclusix, a pro bono initiative that measures financial inclusion within India down to the district level. About four in 10 Indians cannot access mainstream banking, due in part to a lack of credible district-level information, which has hindered efforts by policy makers, bankers and regulators to target new financial services where needed.

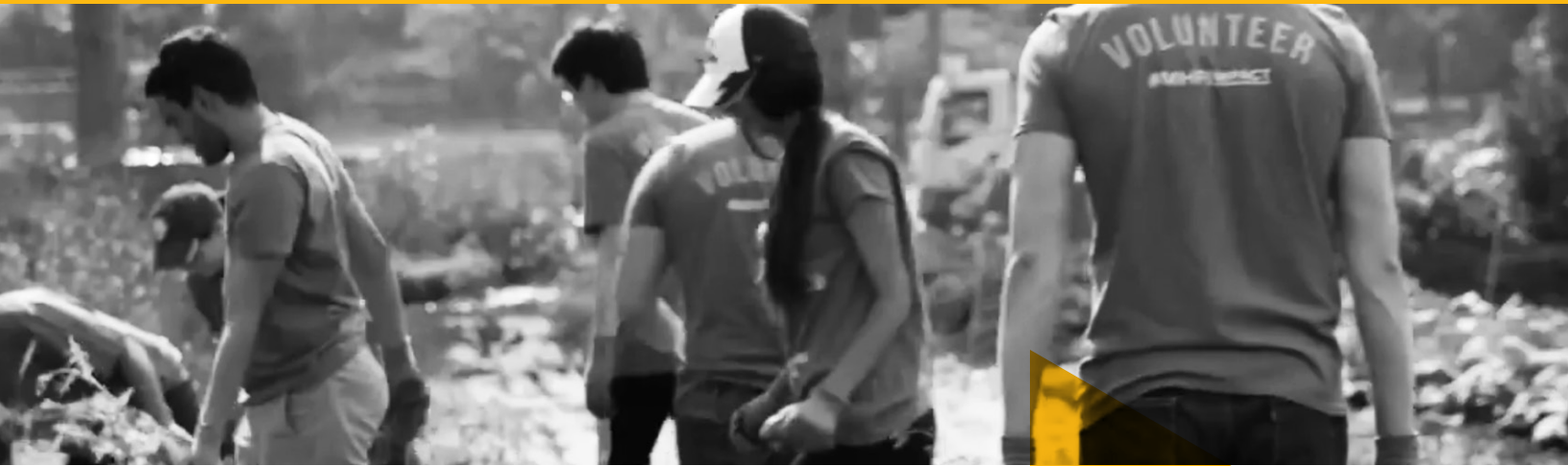
CRISIL used its in-house expertise to overcome this data challenge, using 1,500 donated staff hours of research, development and analysis to produce CRISIL Inclusix. The comprehensive index measures financial inclusion across India's 652 districts and 35 states based on three parameters — branch, credit and deposit penetration. The model's 2015 update measured continued progress in banking services. By including for the first time the contribution of microfinance institutions (MFIs) from fiscal 2013, the model captured a clear upward trend in financial inclusion nationwide. The addition of MFIs also helped address wide geographical disparities in the penetration of financial services within India, with 11% of all bank branches found in the country's six largest cities.

CREATING INNOVATIVE FINANCIAL TOOLS THAT DIRECT CAPITAL TO WOMEN-RUN SMALL BUSINESSES

Strong progress is being made on bringing more people into the financial mainstream. Worldwide, according to the World Bank, 62% of adults held bank accounts in 2014, up from 51% in 2011. Yet women still lag behind, with 9% fewer women than men holding bank accounts in 2014, the same percentage gap as in 2011.

Bridging this gender gap is a growing priority for our customers and partners. In April 2015, we held stakeholder engagement meetings at which our financial institution partners highlighted the need for action on this issue. Specifically, they called for development of creative risk assessment tools that can better serve banks and other financial institutions assessing and lending to female entrepreneurs.

Such an approach could include taking existing products, like credit score cards and small loan programs, and adapting them to address common barriers facing female entrepreneurs seeking capital and credit. These barriers include, for example, laws prohibiting women from owning property or taking a loan, lack of traditionally accepted collateral and an absence of financial services and products tailored to women's needs.



Community Essentials

SUPPORTING THRIVING COMMUNITIES

McGraw Hill Financial supports a world with thriving, inclusive and sustainable communities and financial markets. To this end, we work to strengthen and build connections between our workforce, marketplace, communities and natural environment. To make the greatest impact in the many communities where we operate, we partner with our employees and local nonprofit organizations, leverage our environmental, social and governance (ESG) business products and strive to reduce our environmental footprint.

We see our role in creating thriving communities as the following four focus areas:

- Creating an inclusive and diverse workforce and workplace
- Connecting to local communities through skills-based volunteering and grant making
- Providing environmental and social products
- Advancing environmental performance.

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- 29 Advancing Environmental Performance

89%

of employees agreed or strongly agreed that MHFI is committed to CR.

CREATING AN INCLUSIVE AND DIVERSE WORKFORCE AND WORKPLACE

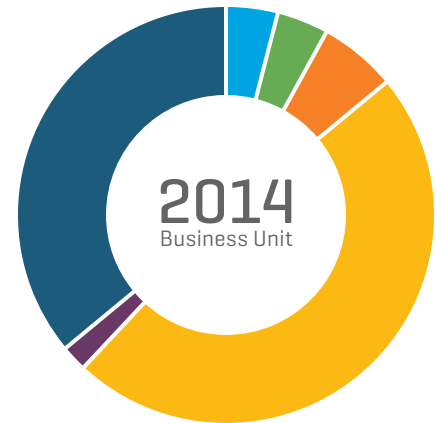
Our Workforce

Our business depends on knowledge, excellence and forward thinking. Knowing this, we cultivate a world-class workforce with diverse experiences and perspectives that enables us to better understand our clients' needs in a competitive global market. We continually invest in developing our employees' skills and capabilities so that they, in turn, can continue to provide customers with leading-edge data, analytics and information.

EMPLOYEES BY REGION AND BUSINESS UNIT



*In September 2015 MHFI acquired SNL Financial, adding approximately 3,000 employees to our workforce that now totals about 20,000.



- Corporate = 4%
- J.D. Power = 4%
- Platts = 6%
- Standard & Poor's Capital IQ = 48%
- Standard & Poor's Dow Jones Indices = 2%
- Standard & Poor's Ratings Services = 36%

McGraw Hill Financial employs nearly 17,000 men and women in 30 countries, including analysts, data specialists, economists, researchers, editors and software engineers. In 2014, 99% of our employees were full-time and 1% were part-time. Together, they provide the essential intelligence our customers rely on. Our five businesses have 95 offices around the world, concentrated mainly in Asia Pacific, North America and Europe.

Engaging our employees

We want to be an employer of choice so we can attract and retain the talent we need. To find out how we are doing, we ask for feedback through regular internal communications and our inaugural Company-wide Voice of the Employee survey. The online survey was sent to 16,964 employees in early 2015, and we received a 76% response rate. The results showed a high level of pride in our Company. Some key findings are highlighted in the table to the right. Voice of the Employee champions were identified by senior management to help develop and enact feedback in the survey.

In 2014, we also surveyed employees to understand their perception of Corporate Responsibility (CR) at McGraw Hill Financial and their CR engagement. The survey was sent to every employee, and we received a 43% response rate. Highlights included: 89% of employees agreed or strongly agreed that MHFI is committed to CR, and 56% of respondents indicated an interest in becoming more involved in CR.

VOICE OF THE EMPLOYEE SURVEY

2014 Snapshot:

86%

I believe MHFI can achieve outstanding levels of financial performance and growth.

84%

I am proud to work for MHFI.

78%

I agree that managers operate with integrity, respect differences and that we have an overall culture of openness.

75%

I am inspired by manager leadership to meet higher performance standards and encouraged to come up with better ways of doing things.

Creating an Inclusive Workplace

Our Diversity and Inclusion office outlines the MHFI Diversity & Inclusion strategy based on Executive Committee input and alignment with MHFI business goals. Our Diversity Council, composed of employees across businesses, geographies, levels and functions, delivers on the strategy. We use a Diversity & Inclusion Scorecard to track progress and maintain best practices across our businesses. In 2014, based on the scorecard’s findings, we launched several initiatives to make our corporate culture more inclusive and improve diverse recruitment. These measures included support strategies for our hiring managers that focus on diversity, and processes and outreach to strengthen our U.S. college recruitment of women and minorities.

In the United States, where 30% of our people work, the proportion of women in top management is 24% and for middle and junior management it is 32%. Remuneration of U.S. female employees is higher than average, with a wage ratio of 93% at executive level and management level and 92% at nonmanagement level.

Advancing diversity together

More than 5,000 employees worldwide have taken part in our long-standing mentoring programs to promote cross-cultural collaboration since 2004. These efforts include mutual mentoring, where senior leaders and junior colleagues share knowledge across generations on topics such as technology, language and culture. The goal is to encourage networking and advance collaborative thinking.

Our goal to create a diverse and inclusive workplace is also reflected in our Employee Resource Groups (ERGs). The eight ERGs [see page 20] support, engage and inspire our employees by connecting people with shared interests, experiences and perspectives. Their mission is to attract and retain diverse talent, promote professional development, support communities where we operate, spark innovation and expand business opportunities. More than 5,000 employees are ERG members, of whom 1,000 joined in 2014. Numerous ERGs have seen dynamic growth with new chapters forming, particularly in Asia Pacific, where a working parents group is launching in 2015.

During the year, our ERGs sponsored more than 100 talent development workshops, Lunch and Learns, book clubs, cultural initiatives and community outreach activities. We also launched a new ERG to support veterans and appointed a designated veteran leader for each business unit. VALOR [Veterans and Allies Leading for Organizational Results] has seen great success through its member workshops that feature esteemed military and strategic leaders from the United States Military Academy at West Point.

We also work with external organizations to help us develop diverse employees, recruit external talent and demonstrate thought leadership on workplace diversity.

MHFI EMPLOYEE DIVERSITY IN THE UNITED STATES, 2014

| | WOMEN | MINORITIES |
|-------------------------|-------|------------|
| Overall representation | 42% | 34% |
| Executives and managers | 32% | 24% |
| Professionals | 42% | 37% |
| Sales workers | 33% | 12% |
| Office and clerical | 94% | 50% |

FEATURE

Our Employee Resource Groups

APEX
Asian Professionals
for Excellence



HHN
Hispanic Heritage Network



BEAM
Black Employees at
McGraw Hill Financial



WINS
Women's Initiative for
Networking and Success



EASE
Enable Achieve
Succeed Empower



LEAD
Learning, Empowering
and Accelerating Digital



SPECTRUM
Gay, Lesbian, Bisexual and
Transgender (LGBT) & Friends



VALOR
Veterans and Allies Leading
for Organizational Results



2014 diversity highlights

- MHFI helped organize a Military Financial Capabilities Roundtable Symposium in Washington, D.C., hosted by the White House's Joining Forces Initiative. VALOR's cochair provided insights and ideas on how Joining Forces could integrate financial readiness into its wellness agenda for veterans and military families.
- Spectrum partnered with the CBS television network and Empire State Pride Agenda on a luncheon celebration highlighting 2014 progress on gay marriage and LGBT civil rights. In recent years, MHFI has actively supported marriage equality, repeal of the Defense of Marriage Act and a New York State petition for transgender rights.
- APEX and WINS partnered with the nonprofit Asian Women in Business to host a panel on overcoming challenges for women in finance with four financial companies including MHFI.

For more on our diversity programs, see our [Diversity & Inclusion 2014 Annual Report](#).

FEATURE

An Inclusive Supply Chain

Our efforts to promote diversity go beyond our own walls to include our procurement activities. Through our Supplier Diversity Program, we seek to provide opportunities for diverse supplier groups, including minority- and women-owned businesses, to develop into preferred suppliers that offer quality products and services at competitive prices.

For more than 20 years, we have been a corporate member of the U.S. National Minority Supplier Development Council, which seeks to promote business opportunities for minority business enterprises and connect them with corporate members. We also sponsor its New York and New Jersey affiliate, the NY/NJ Minority Purchasing Council.

For information on purchasing opportunities, please see our [supplier diversity web page](#).



Career Development for All

Our people work hard to help us succeed, and we reward them through competitive salaries and compensation packages that include performance-based bonuses, annual incentive plans and comprehensive benefits.

We also aim to develop the talent, knowledge, skills and leadership capabilities of all our employees. We believe this is the key to achieving our ambitious goals for global growth and market leadership. In 2014, we invested more than \$5.9 million in learning and development.

Annual performance discussions with managers and 360-degree feedback enable our employees to keep track of their progress, discuss career goals and identify opportunities for development. We launched a new online talent management system in 2014, PeopleFluent, which links employee compensation and performance. Employees can highlight career interests and accomplishments through PeopleFluent, providing information that helps managers find good matches for available positions across the business. In 2014, 37% of open positions were filled by internal candidates.

E-learning courses, instructional videos, reference materials and instructor-led classes are available through our online Learning Center portal, covering topics from business essentials and productivity to communications and digital innovation.

Our Tuition Refund Program provides eligible employees in the United States and the United Kingdom up to \$5,000 per person a year in financial assistance for further education. In 2014, we provided \$443,441 in tuition reimbursement to 176 employees. In 2014, employees completed more than 48,000 instances of online and classroom-based learning, representing an average of 2.8 training sessions per employee.

INVESTING IN CAREERS

2014 by the Numbers:

\$5.9 million

Learning and development resources spend

At least 25 hours

Training for financial services analysts

Up to \$5,000 per person in tuition fees

Refunds provided to 176 employees

\$443,441

Total tuition refunds provided

Training new leaders

Development planning is critical to employee performance and career growth, and it enhances commitment to our values. In 2014, we provided courses for employees globally to develop their skills and to ensure a strong pipeline of leaders for our business. More than 6,400 employees participated in our courses. Examples included:

- The Leadership Essentials workshop, which focuses on characteristics and practices that cultivate leadership and accountability.
- The Manager Development program, a new, three-month curriculum to help first-time managers develop essential skills like coaching, goal setting and delegation.
- The Effective Interviewing Skills workshop, which trains hiring managers and recruiters on impartial practices and behavioral interview skills.

Promoting Wellness

Good health and well-being enable our employees to perform at their best. We offer a wide range of programs designed to promote wellness, support work-life balance and embed a culture of safety.

Launched in 2014 for U.S. employees, the new McGraw Hill Financial Wellness Program provides a [Wellness website](#) that empowers employees to make more informed health decisions, participate in activities and earn incentives. In 2015, we opened the program to spouses and domestic partners.

We also offer a wide range of local, on-site and online wellness programs for employees and their families. Programs include free confidential counseling, biometric screenings, discounts on fitness memberships and weight loss programs, flu shots and preventive care such as mammograms and smoking cessation. In the United States, we cover 100% of preventive care costs, including for spouses and domestic partners. Starting in the United States in 2016, our medical plan will also cover gender reassignment surgery for eligible members.

Stress affects people’s well-being and work performance, and we are committed to help employees balance their work and home obligations. Flexible work arrangements, including job shares and telecommuting, are in place in the United States, the United Kingdom and throughout Latin America. New parents can take three weeks of paid parental leave for the birth or adoption of a child, and we offer discounted child care and dependent backup care. Employees can also designate pretax dollars for child and elder care expenses.

Health and safety management

To protect our employees’ safety, each MHFI site must comply with local regulatory requirements and meet our annual occupational health and safety objectives. We monitor performance through both internal and external audits. Ergonomic issues are our biggest safety risk, since our workforce is mainly office-based. These are assessed regularly and we offer solutions to suit individual employees. We also audit the indoor air quality of our buildings annually.

2014 U.S. SAFETY RECORD

| NUMBER | RATE PER EMPLOYEES |
|---|-----------------------|
| U.S. employee count | 5,027 |
| Fatalities | 0 0.000 |
| Major injuries and work-related illnesses | 0 0.000 |
| All other injuries and work-related illnesses | 9 0.002 |

CASE STUDY

20 Years of Mentoring Bronx Students

Since 1984, the Company has partnered with the Morris Campus High School in the Bronx, New York, to give students an opportunity at real-world professional development. Every summer, a select group of Morris Campus High School students participate in a six-week paid internship program with MHFI. In 2014, 13 students worked in our Manhattan office and learned fundamental computer and communication skills, money management and business etiquette in preparation for college and a career. Some internship graduates have gone on to work for MHFI, and others are connected through an alumni network.

“The internship gave us an amazing support system. The skills we have learned go a long way...in the business world, college and just life in general.”

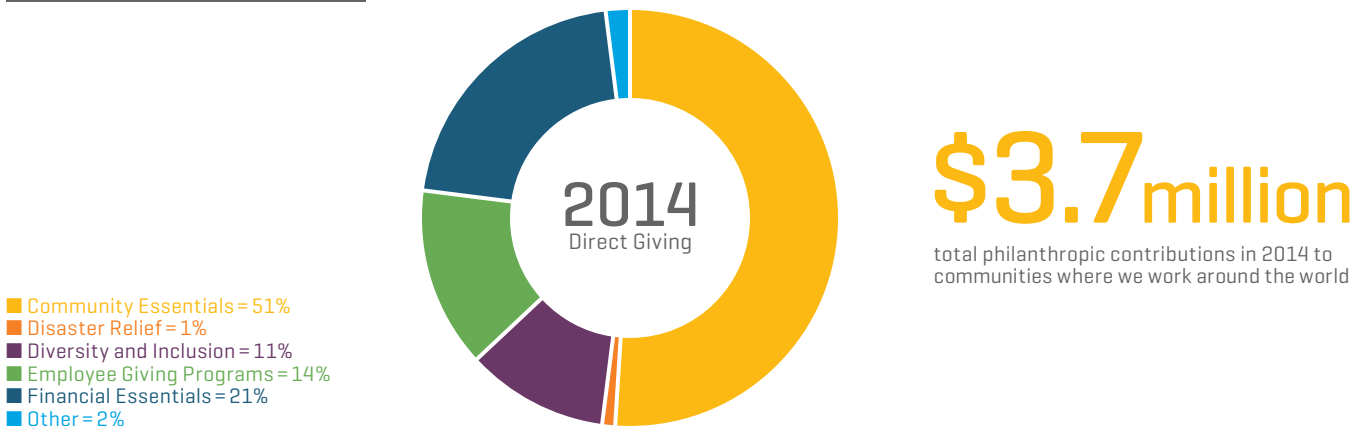
VICTOR VELEZ
Morris Campus summer intern, 2014

CONNECTING TO LOCAL COMMUNITIES THROUGH SKILLS-BASED VOLUNTEERING AND GRANT MAKING

We are committed to connecting to the communities where we live and work both through our broader CR strategy and our charitable giving and employee volunteering. This enables us to tie our philanthropic programs to our business expertise and provide opportunities for employees to give back to, and enrich, our local communities.

In 2014, our philanthropic contributions to communities where we work around the world totaled \$3.7 million. This included cash contributions, employee volunteering during paid working hours and in-kind giving. We focus our support on areas that align with our CR objectives [see below]. They include supporting diversity and inclusion and the capabilities, data and insights needed to expand access to finance and credit.

DIRECT GIVING BY CATEGORY



Key Partnerships and Programs

Some of our key philanthropic initiatives and partnerships serve to further greater understanding of the barriers to capital and credit and provide greater access, including the Global Financial Literacy Survey and Microfinance Information Exchange (MIX). They are showcased in [Financial Essentials](#) (page 11).

Other key partnerships support efforts to build and instill financial competency and confidence, promote workplace diversity and inclusion and connect our employees to the communities we serve. Important nonprofit partners and initiatives in 2014 included:

- Career Ready UK
- East London Business Alliance
- Kiva and MHFI employee lending platform
- Lead India 2020
- National Organization on Disability
- New York Cares
- The NY Lesbian, Gay, Bisexual, and Transgender Community Center
- The SIFMA Foundation’s InvestWrite competition
- Upwardly Global (See case study on page 25)
- WellChild

2014 MATCHING GIFT PROGRAM

\$314,000

in donations made to support important causes around the world

400

nonprofits benefited from donations through our Matching Gift Program

\$40,000

relief provided to stricken communities in the Philippines following Typhoon Haiyan

Matching Gift Program

Our 2014 CR survey revealed how much our employees value giving back to their communities. Our Matching Gift Program is especially popular — the second-most-recognized employee CR program according to the survey.

In 2014, we responded to employee enthusiasm by launching a new, global Matching Gift Program. It matches donations made to charitable organizations of between \$25 and \$3,000 (or the equivalent in local currency) per employee per year.

The expanded program also extends the list of eligible local and national organizations so that people can choose to support the causes that mean most to them — whether it’s breast cancer research, disaster relief or a local school or food bank. Together with employees, we donated more than \$314,000 to about 400 nonprofits during the year. One of the biggest donations was \$40,000 to nonprofits providing relief to stricken communities in the Philippines following Typhoon Haiyan.

Employee Volunteering

Many of our people are actively involved in their communities, giving us the opportunity to support neighbors in need in more than 90 cities and towns worldwide. Employee volunteering is also beneficial to the business, building staff morale and teamwork and providing professional development and skills-building opportunities.

In 2014, 5,640 employees volunteered a total of 34,570 hours. Social and environmental activities ranged from working in schools, parks and hospitals and food kitchens to providing financial education. Increasingly, we are encouraging employees to volunteer with organizations that make use of their skills and also advance our CR goals, such as expanding financial know-how and job readiness [see Upwardly Global case study].

“I know it says on the back of our volunteer T-shirts that ‘Giving Back Is Essential.’ Well, what I received back yesterday from those children was priceless.”

JANE HARASYMIAK
Volunteer at a school in the Bronx

CASE STUDY

Upwardly Global

Upwardly Global is a nonprofit integrating skilled immigrants and refugees into the U.S. workforce by helping them overcome employment barriers. MHFI is one of Upwardly Global’s Employer Network Partners, providing them access to our diversity councils, employee resource groups and volunteering programs. We also work together on networking and training events where MHFI employees engage Upwardly Global job seekers. During 2014, 18 of our employees used their skills to mentor job seekers on writing resumes, preparing for interviews and understanding U.S. workplace expectations and culture.



Community Impact Month

In May 2014, we launched our first annual Community Impact Month. Nearly 4,500 employees donated close to 26,000 hours of their time to local nonprofits that make a difference in our neighbors’ lives. We provided a \$2,000 grant for each of the 170 projects supported by our people in 13 countries. Activities included:

- **India:** 145 employees provided lessons in basic business and financial concepts for more than 800 youth and adults in Hyderabad to improve their employability.
- **Mexico:** 55 volunteers repaired roofs, painted walls and organized children’s activities for *Aqui Nadie se Rinde*, an organization that cares for children in need of bone marrow transplants in Mexico City.
- **United States:** Our New York City-based employees prepared nearly 3,000 meals for St. Francis Food Pantries and Shelters.



FEATURE

Celebrating Earth Day

Spearheaded by our Green Teams, employees around the world participated in Earth Day activities and events.

- In Buenos Aires, Argentina, employees converted a large concrete deck at a MHFI site to a garden filled with vegetable plants and pollinator flowers.
- In London, UK, employees took on the challenge of speed-sorting waste into recyclables, compost and trash at an eco-fair.
- In Colorado, United States, employees planted saplings provided by the Arbor Day Foundation.



PROVIDING ENVIRONMENTAL AND SOCIAL PRODUCTS

Global demand is growing for financial intelligence and investments that promote sustainable economies and societies. The market for sustainable investments is growing rapidly — rising by 76% to \$6.6 trillion in the United States from 2012 to 2014 and by 33% to €9.9 trillion in Europe. According to the International Energy Agency, an additional \$44 trillion must be invested in clean energy and other technologies by 2050 to prevent increasingly dangerous effects of climate change.

Our continued growth as a Company is closely linked to our CR offerings. We provide a unique portfolio of products and services that serve the sustainability marketplace, including environmental, social and governance (ESG) indices and forward-looking research on climate change. These products and services support more sustainable markets and pave the way for policy makers and businesses to adopt effective mitigation strategies.

Driving Market Intelligence toward Sustainability

Standards & Poor's Rating Services showcases how environmental, social and governance performance can affect companies' and countries' credit-worthiness, and highlights financial risks from trends such as climate change. It also supports the growing green bonds market through the nonprofit [Climate Bonds Initiative](#).

S&P Dow Jones Indices including the **S&P Dow Jones Sustainability Index (DJSI)**, the **S&P U.S. Carbon Efficient Index**, the **S&P Global Water Index** and the **S&P Global Eco Index** measure leading companies' sustainability performance. The DJSI covers the top 10% of companies per industry sector, based purely on ESG performance as assessed by analysts at RobecoSAM.

Platts provides global information on energy, petrochemicals, metals and agriculture as well as specialized products on carbon, biofuel and renewable energy markets.

J.D. Power captures the opinions and perceptions of millions of consumers annually. Its data and insights are used by companies worldwide to improve quality, satisfaction and business performance, and its ratings aid consumers in making more informed purchase decisions. This information can be used to improve products and services and to drive development of sustainability-related products.



The S&P U.S. Carbon Efficient Index is 45% more carbon efficient than the S&P 500, which means that the CO₂e avoided by investing \$100 million in the S&P U.S. Carbon Efficient Index would be equal to roughly 2,500 average cars traveling around the world.

2014 Highlights

S&P/Toronto Stock Exchange 60 Environment, Social and Governance Index [S&P/TSX 60 ESG]

The influential and widely used DJSI Diversified index, launched in 2013, aimed to meet the needs of mainstream investors for a sustainability overlay on financial performance. The new [S&P/TSX 60 ESG index](#) takes this analysis a step further, using weighting rather than best-in-class selection to provide Canadian investors an objective benchmark for managing sustainability investment portfolios.

S&P Green Bond Indices

To support the rapidly growing market for green bonds, S&P Dow Jones Indices launched two new indices in 2014 — the [S&P Green Bond Index](#) and the [S&P Green Project Bond Index](#). We also continued to work with the nonprofit [Climate Bonds Initiative](#), which advances investments in assets and projects in the \$100 trillion bond market that are fundamental to a climate-resilient and low-carbon economy. Green bonds are designed to help countries and companies raise finance for initiatives that will reduce environmental impacts. Our indices provide high standards of transparency and accountability to ensure that the funds are used for this stated purpose.

Market research reports

Standard & Poor's Rating Services shared its analysis of the green bonds market trend and the financial implications of climate change in two S&P CreditWeek Special Reports published in May and September.

SUSTAINABLE PRODUCT OFFERINGS

ESG Indices

- S&P TSX 60
- S&P EGX
- S&P Hawkamah ESG Pan Arab Index

Clean Industry Indices

- S&P Global Water Index
- S&P Global Clean Energy Index
- S&P Global Alternative Energy Index
- S&P Global Eco Index

S&P Carbon Efficient Indices

- S&P 500 Carbon Efficient
- S&P/IFCI Carbon Efficient
- S&P/TOPIX 150 Carbon Efficient
- S&P/BSE 100 Carbonex Index

S&P Green Bond Index and Green Project Bond Index

Sovereign Bond ESG Indices [under development]

Fossil Fuel Free Index [under development]

FEATURE

Investing in Resilience

Less than 1% of the \$83 trillion in assets held by institutional investors is invested in climate-resilient infrastructure, yet the coming impacts of climate change require a massive investment in such infrastructure to protect the world's cities. In 2014, MHFI signed the [United Nation's 1-in-100 Initiative](#), which aims to stimulate and reward climate-resilient investments. The initiative brings together public and private sector organizations to integrate natural disaster and climate risk into global financial regulation. To evaluate risks, the initiative looks at the greatest probable financial loss expected for a business, city or region, or property once in a hundred years [1-in-100] due to a natural or climate-related disaster.



1-in-100 initiative

Promoting Thought Leadership

To support both our business and CR missions, we also engage in thought leadership to inform the development of sustainable financial systems and economies. Many of these efforts involve partnerships with international agencies and with leading academic institutions. Key initiatives and partnerships include:

- MHFI's [Global Institute](#), which equips global leaders with insights to promote sustainable economic growth. The Institute leverages MHFI's extensive data and analytics to guide and inform debate. For more, see [Financial Essentials](#).
- The United Nations-supported Principles for Responsible Investment (PRI) Initiative, which helps investors understand the implications of sustainability and incorporate ESG issues into investment decisions. MHFI has been a member since 2012, and in 2014 we sponsored the annual PRI conference, presenting our research on carbon constraints on the coal-mining industry.
- The United Nations Environment Programme's (UNEP) high-level Inquiry into a Sustainable Financial System, which explores financial market policy and regulatory innovations that promote the transition to a global green economy. Standard & Poor's Ratings Services is an active participant and also supports the associated Cities Climate Finance Leadership Alliance, launched in 2014.
- The UNEP Finance Initiative's "E-RISC" project, which integrates ecological factors into credit risk models for sovereign bonds. S&P Ratings is a member.
- The Stranded Assets Programme at Oxford University's Smith School, which shares research on how environmental risks may increasingly result in "stranded assets"—such as coal mines unable to recover their value due to carbon regulatory policies. Standard & Poor's serves on the Advisory Council.



CASE STUDY

Educating Investors on Climate Risk

In partnership with the CDP, we hosted an investor education series shedding light on developing trends in environmental and climate-related risk and sustainable investment. Seventy mainstream investors, chief investment officers and representatives from the financial services sector joined the first of two events in New York City and also learned about trends and opportunities in environmental, social and governance (ESG) investing.

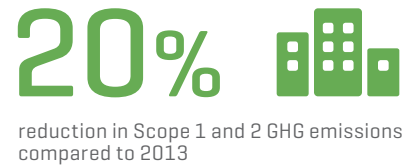


ADVANCING ENVIRONMENTAL PERFORMANCE

Our efforts to promote sustainability apply equally to our operations. We strive to reduce the environmental impact of our facilities and offices, reduce operational environmental risks and engage employees in green behavior.

Environmental Goals

Our most significant environmental impacts are greenhouse gases from energy use in our facilities, water use and waste. Following the separation of the McGraw-Hill Companies into two companies in 2012, we adopted four new environmental targets and a 2013 baseline specific to McGraw Hill Financial. The table below illustrates our progress against these targets. In 2014, we met two targets early – a 15% reduction in Scope 1 and 2 GHG emissions and a 15% reduction in paper use. This impressive result is a testament to our environmental management systems and employee engagement.



| GREENHOUSE GAS EMISSIONS REDUCTION, 2014 | | | |
|--|---------------|-----------|---------------|
| [TONS OF CO ₂ e] | 2013 BASELINE | 2018 GOAL | ACHIEVED |
| Scope 1 & 2 emissions* | 64,221 | -15% | 51,459 [-20%] |
| Scope 3 emissions | 10,930 | no goal | 10,914 |
| Total GHG emissions (Scopes 1-3) | 75,150 | | 62,374 |

*Emissions from purchased energy and on-site fuels are estimated. Thirty-two locations out of 100 had data to report for electricity and six had natural gas.

Environmental Management

To address the environmental impact of our facilities, we have four policies that set our global environmental standards across the business:

- **Corporate Environmental Policy** – outlines mandatory environmental protection policies and procedures and addresses aspects of our operations that can impact the environment
- **Paper Procurement Policy** – outlines standards for the purchase of paper used by our businesses
- **Corporate Real Estate Policy** – outlines an environmental real estate program with policies on recycling, controlled materials, internal air quality and energy management
- **Supplier Code of Conduct** – details our principles, guidelines and expectations for suppliers to conduct business responsibly.

We use site-based environmental management systems [EMS] to assess environmental impacts, establish targets and monitor and report environmental data. Our UK facilities meet the recognized international standards, ISO 14001 and ISO 50001, and have also been certified by the nonprofit Carbon Trust. Our offices in Paris and Hong Kong are pursuing ISO 14001 certification, which we anticipate will be completed in late 2015.

Employee support is essential to shrinking our environmental footprint. We encourage engagement by offering recycling programs, shared transportation options and office energy-saving initiatives. Twelve employee-led Green Teams support our environmental targets and initiatives in the United States, United Kingdom, Mexico, India, Canada and Argentina and more teams are in development.

CASE STUDY

Sustainable Workplace: Canary Wharf, London

Nearly 1,200 employees work in our Canary Wharf site in London, where they benefit from and contribute to a sustainable workplace. The site is certified to stringent environmental management standards that help us use energy and resources efficiently and maximize health and safety. They include ISO14001 and 50001, OHSAS 18001 and the UK Carbon Trust’s standard. Employees have access to e-learning environmental training, an energy bike that when pedaled can power everyday appliances and an eco-driving simulator that teaches techniques to drive more fuel efficiently.

Shrinking Our Climate Footprint

McGraw Hill Financial considers climate change an urgent global challenge for business and society. Among the risks to our business are potential increases in the cost of travel, operations and production resulting from climate change, and rising energy prices elsewhere in our value chain. We have successfully taken steps to reduce the energy use and carbon footprint of our facilities worldwide.

REDUCING ENERGY USE AND COSTS, 2014

| | 2013 | 2014 | |
|-----------------------------------|--------------|---------------|--|
| Scope 1 and 2 Energy Use [MWh] | 182,729 | 117,209 |  36% decline in Scope 1 and 2 energy use compared to 2013 |
| Scope 1 and 2 Energy Costs [US\$] | \$15 million | \$9.6 million | |

In 2014, we cut our Scope 1 and 2 greenhouse gas emissions by 20% to 51,459 tons of CO₂-equivalent by improving building efficiency and reducing energy use, and our Scope 1 and 2 energy use declined 36% compared to 2013 to 117,209 megawatt hours [MWh]. To inform their activities, site managers used green engineering and construction standards and best practice guidelines such as LEED® (Leadership in Energy and Environmental Design) building design, the U.S. Environmental Protection Agency’s ENERGY STAR® building certification and the Building and Construction Authority Green Mark Scheme. For example, we installed ENERGY STAR®-compliant multifunctional printers/copiers throughout our U.S. offices, reducing energy consumption, paper and toner use and costs.

Fourteen major MHI facilities are energy-efficient certified, including nine LEED® certified buildings. They include our 200,000-plus-square-foot CRISIL headquarters in Mumbai, India, a LEED® Platinum-certified building. It features generous use of natural light, zoning systems to reduce power consumption, water recycling mechanisms and indoor gardens.


Scope 3 emissions


Scope 3 emissions come from our business air travel, product transportation, and business rental cars. In 2014, our Scope 3 emissions accounted for 10,914 metric tons of CO₂e. Business air travel accounts for 17% of our total Scope 1, 2 and 3 GHG emissions. On-site fuel use and purchased energy in our Scope 1 and 2 emissions is the focus of our GHG emissions-management strategy. We encourage employees to minimize air travel whenever possible and provide video conferencing alternatives.

Reducing Water Use and Waste

In 2014, we consumed 44.6 million gallons of water, mainly for sanitation purposes. All water used at our facilities is sourced from municipal water supplies. We monitor water use for opportunities to implement efficiency measures and install water-saving fixtures wherever feasible.

To divert waste from landfill, we promote recycling of office and food waste. In 2014, we diverted 60% of the waste we generated, surpassing our 50% goal four years ahead of schedule. We aim to continue tracking and improving rates of recycling across our facilities. We also aim to reduce paper use by 15% by 2018 and maintain at least 40% recycled content in paper purchased.

10% 
reduction in water use compared to 2013

60% 
of our waste was diverted in 2014, surpassing our 50% goal four years ahead of schedule

REDUCING WASTE AND WATER USE, 2014

| | 2013 BASELINE | 2018 GOAL | ACHIEVED |
|-----------------|--------------------|-----------------|--------------------|
| Waste diversion | 46% | 50% | 60% |
| Paper use | 148 tons | -15% [126 tons] | -18% [121 tons] |
| Water use | 49,739,549 gallons | no goal | 44,594,960 gallons |

Toward a Sustainable Supply Chain

We seek to partner with responsible suppliers, requiring them to meet our [Supplier Code of Conduct](#) before we agree to work with them. At least annually, we assess tier-1 suppliers' performance, using our Corporate Responsibility and Sustainability Scorecard. Where appropriate, we engage with firms on areas of improvement to reduce the environmental impacts of the goods and services we purchase and economic and social risks. Suppliers are surveyed on these topics:

- Diversity and inclusion
- Environmental impact
- Ethics and business conduct
- Health and safety
- Human rights
- Overall alignment with our Corporate Responsibility scorecard
- Sustainable growth.

FEATURE

Leading on Best Practices

Supply Chain World magazine featured our approach to supply chain management as a best practice in the summer 2014 edition. The feature highlighted our Collaborate Resource Partnership (CRP) that records supplier's performance on an ongoing basis to help us assess their long-term viability. Suppliers are rated in several categories including financial health and performance and growth and investment projections.

Governance and Ethics

Our strong commitment to ethical conduct and transparency helps us earn the trust of our customers and society. We promote a culture where our people put MHFI's core values of fairness, integrity and transparency into practice every day, in every aspect of our business.



Our Leadership

Senior leaders set the tone for ethical and transparent behavior throughout the business. We have strong ethical codes specifically for our Directors, CEO and Senior Financial Officers that reinforce ethical conduct related to potential conflicts of interest and legal compliance.

Our Board of Directors steers our strategy and oversees our executive leadership. All serve one-year terms prior to reelection at our Annual Meeting of Shareholders. In 2014 through April 2015, 11 of our 13 directors were independent. On April 29, Chairman of the Board Harold McGraw III retired from the position, leaving the Board with 12 directors of whom 11 are independent. Mr. Charles E. Haldeman, Jr., a nonexecutive independent director, replaced Mr. McGraw as Chairman.

The Board has three standing committees with charters — Audit, Compensation and Leadership Development, and Nominating and Corporate Governance — as well as an Executive Committee and a Financial Policy Committee. Our Board committee memberships and charters are publicly available on our [website](#).

MHFI acknowledges that a diverse Board can contribute to our bottom line, promotes a solid business reputation and increases our customer base. The Board takes diversity into consideration when nominating new members. As of April 2015, its ranks included two female directors and one minority director.

Learn more about our Board's makeup and activities in our latest [Proxy Statement](#).

Rewarding Executives

Our leadership is critical to MHFI's success and we reward our executives accordingly. In 2014, the three key elements of our pay program for top executives continued to be base salary, annual cash bonus and long-term incentive awards linked to our common stock.

Effective January 1, 2015, the Board Compensation and Leadership Development Committee also strengthened the Company's Pay Recovery Policy and expanded its reach to cover more executives. The amended Policy applies to incentive plan participants at Managing Director/Vice President levels across the Company. It provides a clawback opportunity in the event of financial restatements and other circumstances where an executive's behavior has damaged the Company's reputation.

For more on Board member and senior executive compensation, see our [annual Proxy Statement](#).

MHFI CORE VALUES

Fairness

We are committed to the highest standards of fairness and impartiality with our customers, partners and colleagues

Integrity

We are committed to the highest standards of integrity and honesty in all our dealings

Transparency

We are committed to transparency in our products and services and to bringing transparency to the capital and commodity markets

Managing Risk

MHFI is deeply committed to risk management and compliance. Our independent credit ratings, indices, analytics, price assessments and research provide clients with the essential intelligence to manage risk and identify opportunities to grow. We have approximately 230 risk and compliance professionals in 14 countries.

Within our own operations, we use robust risk tools and active stakeholder engagement to identify and manage financial, operating, market and reputational risks at corporate level and within each business unit. The Board's Audit Committee meets frequently to oversee risk management Company-wide, working closely with our Enterprise Risk Management team.

MHFI is taking steps to proactively mitigate risks through stricter processes and governance structures. In 2014, we implemented a risk and compliance global framework, and in early 2015 we established a new enterprise-wide risk management function. Chief Risk Officers for each business unit report to the Head of Enterprise Risk Management, and a Risk Policy Committee, chaired by the CEO, executes the Risk Management Framework, including policies and risk tolerances. We also established a Chief Compliance Officer position reporting to our General Counsel.

During 2014, we also reinforced our commitment to operating with integrity, independence and a robust control and compliance environment by enhancing related employee training and communications. Actions included an email from the CEO to all employees mandating a 25-minute data security training course to be completed by mid-March 2015. It taught employees how to protect business, customer and colleague information against loss and theft.

For more on risk analysis and mitigation, see our [Form 10-K](#).

Embedding Ethical Behavior

Our relationships with customers and stakeholders are founded on trust and integrity, and ethical conduct is central to everything we do. A 2014 survey showed that our employees overwhelmingly support this approach, with 88% identifying ethics as the most important aspect of CR.

88%

of employees identify ethics as the most important aspect of CR.

Code of Business Ethics

Making the right decisions every day in every business transaction and relationship is not easy. To guide employees, we require everyone who works for us globally to follow our Code of Business Ethics (COBE). It sets clear guidelines on issues such as workplace rights, conflicts of interest, improper payments, handling of confidential information and objective reporting and evaluation.

In all countries where permitted by law, MHFI employees must certify that they have read and will abide by the Code as a condition of employment. Every year they receive online training to refresh their understanding of its provisions. Failure to comply with the Code may result in disciplinary action, up to and including termination of employment.

In March 2015, we appointed a Chief Corporate Policy Officer to update the Code's provisions, strengthen employee commitment to our core values of fairness, integrity and transparency and create related employee training programs.

Anti-bribery and corruption

McGraw Hill Financial has zero tolerance for bribery and corruption. Our COBE provides clear guidance to employees on conflicts of interest and accepting or giving gifts or other benefits. More detailed guidance is provided in our corporate Anti-Bribery and Corruption Policy and employees can also contact our Legal Department, Compliance Department or Employee Hotline for advice.

These policies apply to all employees and suppliers worldwide. People in relevant roles must also abide by our strict policy prohibiting insider trading.

Reporting concerns

Our employees want to do the right thing, including raising their hand when they witness troubling behavior. We provide an open working environment where individuals feel confident that they can report ethical issues without fear of retaliation. Employees are encouraged to raise concerns directly with their line managers, the Compliance Department for their business unit or our corporate Human Resources and Financial Legal Departments.

Both employees and stakeholders outside the Company can report concerns anonymously using our global Employee Hotline, available at MHFI.EthicsPoint.com. All reported concerns are appropriately investigated through a process managed by MHFI's Internal Audit Department.

We prohibit retaliation against employees for filing a complaint in good faith or assisting our investigation of a complaint. Anyone retaliating in these circumstances will face disciplinary action.

CR@MHFI: WHAT OUR PEOPLE SAY

“One of the things I love about working for this Company is the fact that it not only has a reputation of being a good corporate citizen, but MHFI lives up to that reputation.”

Reaching U.S. legal settlements

In February 2015, McGraw Hill Financial, Inc. and its subsidiary Standard & Poor’s Financial Services LLC entered into a settlement with the U.S. Department of Justice (DOJ). This fully resolved the DOJ’s 2013 lawsuit regarding ratings issued and surveilled by Standard & Poor’s Ratings Services in the 2004–2007 time frame relating to certain U.S. residential mortgage-backed securities and U.S. collateralized debt obligations. The settlement also resolved the lawsuits filed by the Attorneys General of 19 States and the District of Columbia following the DOJ lawsuit.

The settlement contains no findings of violations of law by McGraw Hill Financial Inc., Standard & Poor’s Financial Services LLC or Standard & Poor’s Ratings Services. Under its terms, we agreed to pay \$687.5 million to the DOJ and \$687.5 million to the 19 States and District of Columbia.

The settlement agreement states that all parties settled this matter “to avoid the delay, uncertainty, inconvenience and expense of further litigation.” After careful consideration, we determined that entering into the settlement agreement was in the best interests of our Company and our shareholders.

In addition, we reached a separate settlement with the California Public Employees’ Retirement System (CalPERS) to resolve its claims regarding ratings on three structured investment vehicles. Under this settlement, we agreed to pay CalPERS \$125 million.

We are pleased that all these matters have been resolved. We take compliance with policies, procedures and regulatory obligations very seriously, and we will continue to invest in people and technology to strengthen our controls across the Company.

Respecting Human Rights

We recognize our responsibility as a business to respect human rights. Everywhere we operate, we are committed to treating people with dignity and respect — whether they work for us or our suppliers, or live in our communities.

In 2014, McGraw Hill Financial reinforced its commitment to human rights by signing the [United Nations Global Compact](#). As a signatory, we must demonstrate alignment with 10 universally accepted principles on human rights, labor, the environment and anti-corruption, and report our progress annually.

Our [Human Rights Policy](#), established in 2014, reinforces our commitment to respect and support human rights as articulated in the United Nations Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

Employees

We provide clear guidance on human rights issues such as health and safety, nondiscrimination and respect for employees in our Code of Business Ethics, described above.

In 2014, McGraw Hill Financial retained its score of 90 in the Human Rights Campaign’s annual Corporate Equality Index, the national benchmarking tool on corporate policies and practices pertinent to lesbian, gay, bisexual and transgender (LGBT) employees in the United States.

We appropriately and promptly investigate all complaints of discrimination. Employees who engage in any form of harassment, unlawful discrimination, or retaliation against a person bringing a claim are subject to disciplinary action, up to and including termination.



United Nations
Global Compact

Suppliers

Our Supplier Code of Conduct sets out our expectations for suppliers. We require our business partners to adopt high standards of ethical conduct and to respect human rights. The code covers areas including the right to a minimum wage and a discrimination-free workplace, and the prohibition of forced and child labor.

At least annually we use a CR and sustainability scorecard to evaluate our key suppliers and those fulfilling a critical need on their human rights, ethics, health and safety and environmental record.

Protecting Customer Privacy

Our customers trust us with their personal information, and we take our obligation to safeguard their privacy very seriously. The McGraw Hill Financial [Customer Privacy Policy](#) sets clear guidelines on how we collect, store and use personal information.

We update the policy as needed in line with new technologies, business practices and our customers' changing needs. We also adapt our privacy policy and processes to keep pace with emerging privacy risks related to regulations. Our information security procedures provide further protection against loss of customer data.

We conduct an annual global review of privacy practices and compliance, led by our Privacy & Information Security Committee, which oversees the implementation of and compliance with our policy. Each MHFI business unit has a dedicated privacy official and trains employees on our privacy and security standards.

2014 progress

During 2014, we completed the global rollout of a standardized Privacy and Cookie Notice. This template makes it easier for existing and prospective customers to understand our practices for information collection and sharing, and to make informed choices about receiving marketing information.

We also strengthened our Customer Privacy Policy online training modules during the year, requiring training for new employees working in these functions and for those who had not taken training in 2013. Our goal is to ensure that employees remain updated and knowledgeable about their privacy responsibilities.

With data security a growing concern, we also participated in the National Cyber Security Alliance's Data Privacy Day and National Cyber Security Awareness Month in 2014. MHFI's Corporate Security and Communications teams helped post numerous expert tips and articles to raise awareness among our employees of topical privacy and security issues.

We welcome customer queries and feedback on privacy via email at privacy@mhfi.com.

Participating in Public Policy

We engage with policy makers and regulators on issues that impact our business. Our aim is to support the development of a consistent regulatory environment that promotes financial stability and enhances access to capital. We also encourage transparency on how financial systems and the laws and policies that regulate them work.

Public policy issues relevant to our business include: advertising, copyright, digital, financial services, government information policy, human resources, Internet and e-commerce, postal, privacy, tax and trade.

Our Global Governance and Public Policy Department leads our engagement activities, which include staging events around the world on key issues for our businesses and stakeholders, often featuring our CEO, Doug Peterson, and other key executives.

Examples in 2014 and 2015 included:

- Providing a platform for the creation of a Credit Agency Working Group by the Institute of International Finance
- Hosting the well-attended second annual U.S. Infrastructure Summit at the Bipartisan Policy Center with representatives from S&P Ratings, S&P Capital IQ and the MHFI Global Institute
- Creating the *Energy Exchange* series of roundtable discussions on Capitol Hill featuring experts from Platts and cohosted with the American Council for Capital Formation
- Cohosting a high-profile millennials event in Washington, D.C., with the U.S. Chamber of Commerce, Rock the Vote and LinkedIn featuring Beth Ann Bovino, Senior Economist at Standard & Poor's Ratings Services, Congressman Will Hurd [R-TX] and Congressman Patrick Murphy [D-FL].

We also work with relevant industry trade associations, including the U.S. Chamber of Commerce, to help meet our business, legislative and regulatory objectives.

Political contributions

Through the McGraw Hill Political Action Committee (MHPAC), we back U.S. federal candidates for office who support our business and regulatory objectives. All information related to the MHPAC is publicly available through the Federal Election Commission.

In 2014, MHFI spent \$2,640,000 on federal lobbying-related expenses, as defined by federal law. In addition, the MHFI PAC contributed \$259,000 to authorized federal campaigns.

GRI Index

GENERAL STANDARD DISCLOSURES

| GENERAL STANDARD DISCLOSURES | LOCATION IN REPORT <small>[EXCEPT WHERE NOTED OTHERWISE]</small> |
|------------------------------|--|
|------------------------------|--|

Strategy and Analysis

| | | |
|------|--|---|
| G4-1 | Statement from most senior decision maker. | Letter from the CEO , p. 2. |
|------|--|---|

Organizational Profile

| | | |
|-------|--|--|
| G4-3 | Name of the organization. | About This Report , p. 1. |
| G4-4 | Primary brands, products and services. | Community Essentials , pp. 26–27, 2014 Form 10-K , pp. 7–9. |
| G4-5 | Location of the organization’s headquarters. | About This Report , p. 1. |
| G4-6 | Number of countries where the organization operates, and names of countries either where the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report. | About This Report , p. 1, Community Essentials , p. 18. |
| G4-7 | Nature of ownership and legal form. | McGraw Hill Financial 2014 Annual Report , p. 72. |
| G4-8 | Markets served [including geographic breakdown, sectors served and types of customers and beneficiaries]. | 2014 Form 10-K , pp. 5–8, 81–82. |
| G4-9 | Scale of organization. | Community Essentials , p. 18, McGraw Hill Financial 2014 Annual Report , pp. 12–15. |
| G4-10 | Total workforce by employment contract and gender. | Community Essentials , pp. 18–19. |
| G4-11 | Percentage of total employees covered by collective bargaining agreements. | The Freedom of Association principle is applied to all employees, but due to the nature and makeup of McGraw Hill Financials’ business, the presence of labor and trade unions is slight. |
| G4-12 | Describe the organization’s supply chain. | The MHFI supply chain is composed of professional and technical service providers, information technology software, and network and communications and hardware providers or licensors. Our suppliers include marketing, human resources, financial and other consultants, brokers, maintenance, repair and operations, facilities management and landlords, information technology and business process outsourcing providers. Suppliers that are specific to our industry are market data and research providers. The MHFI supply chain also includes travel providers such as travel agencies, commercial airlines and hotel chains. For additional information, please refer to Community Essentials , pp. 21, 31. |

GENERAL STANDARD DISCLOSURES

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Organizational Profile [continued]

| | | |
|-------|---|---|
| G4-13 | Significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain. | About This Report , p. 1, 2014 Form 10-K , p. 6. |
| G4-14 | Whether and how the precautionary approach or principle is addressed by the organization. | While MHFI does not formally follow the precautionary principle, we have risk assessment and management processes intended to provide long-term benefits to our customers and the communities we serve. For detailed information, please refer to our 2014 Form 10-K , pp. 9–12, 45–46. |
| G4-15 | Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses. | 2014 CR Report, Community Essentials , p. 28, Governance and Ethics , p. 35. |
| G4-16 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> ■ Has positions in governance bodies; ■ Participates in projects or committees; ■ Provides substantive funding beyond routine membership dues; or ■ Views membership as strategic. | Our Approach , p. 8. |

Identified Material Aspects And Boundaries

| | | |
|-------|--|---|
| G4-17 | All entities included in the organization’s consolidated financial statements or equivalent documents and whether any of these entities is not covered by the report. | 2014 Form 10-K , p. 6. |
| G4-18 | Explain the process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content. | Our Approach , pp. 5–8. |
| G4-19 | All the material Aspects identified in the process for defining report content. | Our Approach , pp. 5–8. |
| G4-20 | The Aspect Boundary within the organization for each material Aspect. | Please refer to Material Aspects in the Specific Standard Disclosures . |
| G4-21 | The Aspect Boundary outside the organization for each material Aspect. | Please refer to Material Aspects in the Specific Standard Disclosures . |
| G4-22 | The effect of any restatements of information provided in previous reports and the reasons for such restatements. | 2014 Form 10-K , pp. 6–7. |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries. | There are no significant changes to report. |

GENERAL STANDARD DISCLOSURES

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Stakeholder Engagement

| | | |
|-------|---|---|
| G4-24 | A list of stakeholder groups engaged by the organization. | Our Approach , pp. 8–9. |
| G4-25 | The basis for identification and selection of stakeholders with whom to engage. | The MHFI Corporate Responsibility (CR) team identifies external stakeholders based on their expertise in specific issues like financial inclusion and women-owned businesses. To identify stakeholders within the organization, the MHFI CR team works with senior Human Resource leads to engage employee representatives on CR issues and programs. All MHFI employees are also engaged through our annual Voice of the Employee and CR survey. For additional information, please refer to Our Approach , pp. 8–9. |
| G4-26 | The organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | Ongoing engagement with stakeholders such as policy makers, NGOs, academics and other opinion leaders helps us gain a better understanding of important current and emerging issues, and how these relate to our business. For example, in April 2015, recognizing how important an external perspective is to furthering our Financial Essentials goals, we brought together a dozen leading organizations that specialize in the delivery of financial inclusion and education programs to discuss tools that can direct capital to women-run small businesses. MHFI also regularly reaches out to stakeholders to share information on issues specific to our business and engages stakeholders and influential decision makers in two-way dialogues on topical issues. Our public affairs team also shares information about MHFI activities with relevant external stakeholders. For internal stakeholders, MHFI conducts annual employee focus groups and engages employees globally through surveys. For additional information, please refer to Our Approach , pp. 7–9. |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. The stakeholder groups that raised each of the key topics and concerns. | Our Approach , pp. 7–9. |

Report Profile

| | | |
|-------|---|---|
| G4-28 | Reporting period for information provided. | About This Report , p. 1. |
| G4-29 | Date of most recent previous report (if any). | About This Report , p. 1. |
| G4-30 | Reporting cycle. | About This Report , p. 1. |
| G4-31 | The contact point for questions regarding the report or its contents. | About This Report , p. 1. |
| G4-32 | Report the “in accordance” option the organization has chosen; the GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured. | About This Report , p. 1. |
| G4-33 | The organization’s policy and current practice with regard to seeking external assurance for the report. | In 2014, our Scope 1, 2 and 3 GHG emissions received third-party assurance from Deloitte, a global assurance firm. The evaluation assessed the accuracy of the processes and systems we used to collect the data for our 2015 CDP submission. |

GENERAL STANDARD DISCLOSURES

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Governance

| | | |
|-------|---|--|
| G4-34 | The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision making on economic, environmental and social impacts. | Governance and Ethics , pp. 32–34. |
|-------|---|--|

Ethics and Integrity

| | | |
|-------|--|--|
| G4-56 | The organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics. | Governance and Ethics , pp. 32–34. |
|-------|--|--|

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Environmental

ENERGY

| | | |
|--------|---|---|
| DMA-EN | Disclosure on Management Approach — Energy | Our materiality assessment identified climate change as a material issue. The energy used in our facilities and offices is the largest contribution to greenhouse gas emissions. We manage energy consumption through four global corporate policies that set environmental standards and site-based environmental management systems. For additional information, please refer to Our Approach , p. 7, and Community Essentials , p. 29. |
| | Aspect boundary within MHFI. | The Aspect boundaries within MHFI are Facilities Management and Corporate Responsibility. |
| G4-EN3 | Energy consumption within the organization. | Community Essentials , pp. 29–30. |
| G4-EN6 | Reduction of energy consumption. | Community Essentials , pp. 29–30. |

WATER

| | | |
|--------|---|---|
| DMA-EN | Disclosure on Management Approach — Water | Our materiality assessment identified water scarcity as a material issue. Part of the impact of our facilities and offices on the environment is water use. We manage our water use through four global corporate policies that set environmental standards and site-based environmental management systems. For additional information, please refer to Our Approach , p. 7, and Community Essentials , p. 31. |
| | Aspect boundary within MHFI. | The Aspect boundaries within MHFI are Facilities Management and Corporate Responsibility. |
| G4-EN8 | Total water withdrawal by source. | Community Essentials , p. 31. |

MATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Environmental (continued)

EMISSIONS

| | | |
|---------|---|--|
| DMA-EN | Disclosure on Management Approach — Emissions | Our materiality assessment identified climate change as a material issue. The energy used in our facilities is the largest contribution to greenhouse gas emissions. We manage greenhouse gas emissions by adopting emissions-reductions targets, implementing four global corporate policies that set environmental standards, site-based environmental management systems and by pursuing building energy efficiency certifications such as LEED. For additional information, please refer to Our Approach , p. 7, and Community Essentials , pp. 29–30. |
| | Aspect boundary within MHFI. | The Aspect boundaries within MHFI are Facilities Management and Corporate Responsibility. |
| G4-EN15 | Direct greenhouse gas (GHG) emissions [Scope 1]. | Community Essentials , p. 29. |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions [Scope 2]. | Community Essentials , p. 29. |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions [Scope 3]. | Community Essentials , p. 29. |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions. | Community Essentials , p. 29. |

Social

LABOR PRACTICES AND DECENT WORK

Occupational Health and Safety

| | | |
|--------|---|---|
| DMA-LA | Disclosure on Management Approach LA — Occupational Health and Safety | Our materiality assessment identified employee well-being as a material issue. Good health and well-being enables our employees to perform at their best. We manage employee well-being through a range of programs that support well-ness, work-life balance and a culture of safety. Our Business Code of Ethics is the global corporate policy that covers well-being. For additional information, please refer to Our Approach , p. 7, Community Essentials , p. 22, and Governance and Ethics , p. 35. |
| | Aspect boundary within MHFI. | The Aspect boundary within MHFI is Human Resources. |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and by gender. | Community Essentials , p. 22. |

MATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Social (continued)

LABOR PRACTICES AND DECENT WORK (continued)

Training and Education

| | |
|---|--|
| <p>DMA-LA Disclosure on Management Approach LA – Training and Education</p> | <p>Our materiality assessment identified higher skills and education as a material issue. Training and education reinforces our commitment to operating with integrity, helps reward our employees for helping us succeed and develops new leadership. We manage training and education through compensation packages, a tuition refund program, our online Learning Academy and leadership development courses. For additional information, please refer to Our Approach, p. 7, Community Essentials, pp. 21–22, and Governance and Ethics, pp. 33, 36.</p> |
| <p>Aspect boundary within MHFI.</p> | <p>The Aspect boundary within MHFI is Human Resources.</p> |
| <p>Aspect boundary outside of MHFI.</p> | <p>The Aspect boundary outside of MHFI is community.</p> |
| <p>G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</p> | <p>Community Essentials, pp. 21–22.</p> |

Diversity and Equal Opportunity

| | |
|--|--|
| <p>DMA-LA Disclosure on Management Approach LA – Diversity and Equal Opportunity</p> | <p>Our materiality assessment identified senior leader and employee diversity as a material issue. Knowledge, excellence and forward thinking are keys to our business. Cultivating a diverse and inclusive workforce enables us to better understand our customers’ needs in a global market. We manage senior leader and employee diversity foremost through our Human Rights Policy, Code of Business Ethics and Diversity and Inclusion Committee. A Diversity & Inclusion scorecard tracks progress and maintains best practices across our business. Our eight Employee Resource Groups connect people in our business, attract and retain talent and promote professional development. For additional information, please refer to Our Approach, p. 7, Community Essentials, pp. 17–20, and Governance and Ethics, pp. 35–36.</p> |
| <p>Aspect boundary within MHFI.</p> | <p>The Aspect boundaries within MHFI are Human Resources and Corporate Responsibility.</p> |
| <p>G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.</p> | <p>Community Essentials, pp. 18–19.</p> |

MATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Social (continued)

LABOR PRACTICES AND DECENT WORK (continued)

Equal Remuneration for Women and Men

DMA-LA Disclosure on Management Approach LA – Equal Remuneration for Women and Men

Our materiality assessment identified employee and executive compensation and employee pay differential as material issues. We aim to be a leader in diversity, respecting and valuing every individual’s contributions to our business. We manage employee and executive compensation and employee pay differential through our Board Compensation and Leadership Development Committee, our Pay Recovery Policy and our Code of Business Ethics. Employee progress is tracked through annual performance discussions and 360-degree feedback. PeopleFluent, our online talent management system, links employee compensation and performance. For additional information, please refer to [Our Approach](#), p. 7, [Community Essentials](#), p 19, and [Governance and Ethics](#), pp. 32–35.

Aspect boundary within MHFI.

The Aspect boundaries within MHFI are Corporate Governance and Human Resources.

G4-LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

[Community Essentials](#), p. 19.

HUMAN RIGHTS

Nondiscrimination

DMA-LA Disclosure on Management Approach LA – Nondiscrimination

Our materiality assessment identified human rights as a material issue. We recognize our responsibility as a business to respect human rights everywhere we operate. We manage human rights by being a signatory to the United Nations Global Compact and through our Human Rights Policy, Code of Business Ethics and Supplier Code of Conduct. For additional information, please refer to [Our Approach](#), p. 7, [Community Essentials](#), p. 19, and [Governance and Ethics](#), pp. 35–36.

Aspect boundary within MHFI.

The Aspect boundaries within MHFI are Corporate Governance and Human Resources.

G4-HR3 Total number of incidents of discrimination and corrective actions taken.

[Governance and Ethics](#), p. 35.

MATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Social [continued]

HUMAN RIGHTS [continued]

Supplier Human Rights Assessment

| | | |
|---------|---|---|
| DMA-LA | Disclosure on Management Approach LA — Supplier Human Rights Assessment | Our materiality assessment identified human rights as a material issue. We recognize our responsibility as a business to respect human rights everywhere we operate and wherever people work for us or our suppliers, or live in the communities where we operate. We manage human rights by being a signatory to the United Nations Global Compact and through our Human Rights Policy, Code of Business Ethics and Supplier Code of Conduct. For additional information, please refer to Our Approach , p. 7, Community Essentials , pp. 29, 31, and Governance and Ethics , pp. 35–36. |
| | Aspect boundary outside of MHFI. | The Aspect boundary outside of MHFI is supply chain. |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria. | Community Essentials , p. 31 and Governance and Ethics , p. 36. |

SOCIETY

Anti-corruption

| | | |
|--------|--|---|
| DMA-LA | Disclosure on Management Approach LA — Anti-corruption | Our materiality assessment identified anti-corruption and bribery as a material issue. We have a commitment to operate with integrity and have a zero tolerance for bribery and corruption. We manage corruption and bribery as a signatory of the United Nations Global Compact and through our Code of Business Ethics and Anti-Corruption Policy. For additional information, please refer to Our Approach , p. 7 and Governance and Ethics , pp. 34–35. |
| | Aspect boundary within MHFI. | The Aspect boundaries within MHFI are Corporate Governance, Human Resources, Legal Department, Compliance Department and Corporate Responsibility. |
| | Aspect boundary outside of MHFI. | The Aspect boundary outside of MHFI is government. |
| G4-S04 | Communication and training on anti-corruption policies and procedures. | Our Approach , p. 7 and Governance and Ethics , p. 34. |

Public Policy

| | | |
|--------|--|--|
| DMA-LA | Disclosure on Management Approach LA — Public Policy | Our materiality assessment identified climate change regulations and lobbying as material issues. We engage with policy makers and regulators on various issues that impact our business such as financial services and Internet and e-commerce. Our Global Governance and Public Policy departments manage our engagement. For additional information, please refer to Our Approach , p. 7 and Governance and Ethics , p. 37. |
| | Aspect boundary within MHFI. | The Aspect boundaries within MHFI are Investor Relations, Corporate Governance and the Global Institute. |

MATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Social (continued)

SOCIETY (continued)

Public Policy (continued)

Aspect boundary outside of MHFI.

The Aspect boundaries outside of MHFI are investors and government.

G4-S06 Total value of political contributions by country and recipient/beneficiary.

[Governance and Ethics](#), p. 37.

PRODUCT RESPONSIBILITY

Customer Privacy

DMA-LA Disclosure on Management Approach LA — Privacy

Our materiality assessment identified privacy and data breaches as material issues. Customers trust us with their personal information, and we take our obligation to safeguard their privacy seriously. We manage privacy and data breaches through our Customer Privacy Policy. Annually, our Private & Information Security Committee reviews our global privacy practices and compliance. Customers are also welcome to send us their privacy questions and feedback via email to privacy@mhfi.com. For additional information, please refer to [Our Approach](#), p. 7 and [Governance and Ethics](#), p. 36.

Aspect boundary within MHFI.

The Aspect boundaries within MHFI are Information Technology and Corporate Governance.

G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

[Governance and Ethics](#), p. 36.

NONMATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Economic Performance

Economic

G4-EC2 Financial implications and other risks and opportunities for the organization’s activities due to climate change.

[Community Essentials](#), pp. 29–30.

G4-EC3 Coverage of the organization’s defined benefit plan obligations.

[2014 Form 10-K](#), pp. 41, 43–44, 68.

Procurement Practices

G4-EC9 Proportion of spending on local suppliers at significant locations of operation.

MHFI’s proportion of spending on local suppliers is 3% to 4% of annual U.S. domestic leverageable spend. For additional information, please refer to [Community Essentials](#), p. 21.

NONMATERIAL ASPECTS

LOCATION IN REPORT [EXCEPT WHERE NOTED OTHERWISE]

Environmental

Effluents and Waste

G4-EN23 Total weight of waste by type and disposal method. [Community Essentials](#), p. 31.

Supplier Environmental Assessment

G4-EN32 Percentage of new suppliers that were screened using environmental criteria. [Community Essentials](#), pp. 29, 31 and [Governance and Ethics](#), p. 36.

Labor

Supplier Assessment for Labor Practices

G4-LA14 Percentage of suppliers that were screened using labor practices criteria. [Community Essentials](#), pp. 29, 31 and [Governance and Ethics](#), pp. 35-36.

Society

Local Communities

G4-S01 Percentage of operations with implemented local community engagement, impact assessments and development programs. [Financial Essentials](#), pp. 13-16, and [Community Essentials](#), pp. 23-25.

Local Communities

G4-S09 Percentage of new suppliers that were screened using criteria for impacts on society. [Community Essentials](#), p. 31 and [Governance and Ethics](#), p. 36.