



Moody's – Supporting our Customers for the EU AI Act

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Background

The EU Artificial Intelligence Act (the “AI Act”) is a regulation first proposed by the European Union in 2021 to promote adoption of human-centric and trustworthy AI Systems, while also developing protections against its potential harms. The AI Act establishes harmonized rules for AI System market placement, service, and use, by prohibiting certain AI practices and implementing specific governance and transparency requirements for High Risk AI Systems (“HRAIS”).

Timing

Although the AI Act entered into force on August 1, 2024, most of the AI Act’s governance obligations have a staggered rollout. From February 2, 2025, all Providers and Deployers of AI Systems are expected to develop the AI skills, knowledge, and understanding of those using or operating AI Systems on their behalf to facilitate informed deployment of the relevant AI Systems. Enforcement of Prohibited AI Practices including the prohibition of the use of AI Systems classified as having unacceptable risk also began on February 2, 2025.

General Purpose AI (“GPAI”) Model providers (generally, the providers of base LLM technology) were subject to compliance starting on August 2, 2025. The bulk of the AI Act starts to apply on August 2, 2026. This includes transparency requirements for AI Systems that interact directly with natural persons. Obligations tied to certain AI Systems across risk classifications, and for HRAIS such as those intended to be used in the areas of biometrics, critical infrastructure, education, employment, essential services, law enforcement, immigration, and administration of justice (“Annex III HRAIS”), also come into force on August 2, 2026. Any non-Annex III HRAIS that is intended to function as a safety component or is itself a product already subject to review and approval under existing EU law¹ will begin compliance the following year on August 2, 2027.

Supporting Our Customers

Moody’s continues to make strategic investments in innovative AI technologies that prioritize our customers and deliver the greatest value and impact. We recognize that empowering innovation brings new challenges, so we prioritize integrity and transparency as we protect our customers and other stakeholders. We understand that our customers may have additional questions about our AI Systems and how the AI Act may affect their use. Below is a description of some of our AI governance efforts as we address the ongoing requirements of the AI Act and similar legislation and guidance around the world.

¹ Examples include machinery, toys, marine equipment, lifts, radios, pressure equipment, PPE, medical devices, gaseous fuels, transportation, agricultural equipment, and unmanned aircraft.

Moody's AI Governance Efforts

Moody's [AI Principles](#) guide ethical and responsible AI deployment in the products we develop and our internal use of AI technologies. Moody's AI Governance Committee (a subcommittee of the MCO Enterprise Risk Committee), comprised of a key cross-section of internal stakeholders, maintains enterprise-wide governance and a holistic view of our AI Systems. Teams developing AI-powered products have integrated AI governance into their existing processes and procedures, liaising with the AI Governance Committee for centralized inventorying and organization-wide risk impact assessment.

Moody's has a dedicated AI & Digital Rights legal team to address AI legal matters including assessing the scope of obligations, if any, under developing regulations in various jurisdictions as those relevant laws take effect. A key consideration in the AI Act is the classification of AI Systems as either Unacceptable Risk, High Risk, Limited Risk, or Minimal Risk. Moody's products and services are designed for business-to-business use and are not designed to make risk assessments or decisions about consumers. Consequently, we continue to expect most of our products to be classified as Limited or Minimal Risk, and based on their narrowly tailored use, non-GPAI.² However, we review each AI System developed and used by Moody's for the appropriate classification to determine existing and potential future obligations.

Moody's risk teams have enhanced existing processes, such as Risk and Control Self-Assessments (RCSAs), by incorporating AI-specific considerations and adding new governance where necessary. In addition, our global privacy team aligned its privacy compliance framework with our AI Governance efforts.

Regarding internal usage of LLM's for ordinary course business purposes (including research and development efforts), we have implemented policies and procedures to govern employees' use of AI, such as a company-wide GenAI Use Policy. We have further undertaken AI educational efforts that meet or exceed the AI Act's AI literacy requirements. Since Spring 2023, Moody's has prioritized ongoing AI-specific education for all our employees through events, resources, and our learning management system.

These efforts, combined with our expectation that most Moody's products will be Limited or Minimal Risk and non-GPAI, puts Moody's in a strong compliance position now and as any other obligations go into effect in late 2026.

Additional Information

We encourage our customers to review the EU AI Act regulation as it may apply to their own business operations. The scope of various transparency and governance obligations are defined by their intended use case. Therefore, all organizations, including our customers, should actively review their own AI use cases to determine what level of regulatory obligation may apply.

² Separate from any risk-based obligations, certain AI Systems will still be subject to different forms of transparency obligations based on their intended use. Appendix A provides an overview of these transparency obligations.

Appendix A

Overview of Transparency Obligations³

- **Providers of AI Systems intended to interact directly with natural persons** must be designed and developed in such a way that the user is notified they are interacting with an AI, unless the AI would be obvious from the perspective of a reasonable person, taking into account the circumstances and context of the use.
- **Providers of AI Systems intended to generate synthetic content (including text)** must mark the outputs as AI-generated or manipulated in a machine-readable and detectable format.
- **Deployers of emotion recognition or biometric categorization AI Systems** must notify any natural persons exposed to the AI System of its use and any corresponding notices regarding personal data processing required under applicable data protection laws.
- **Deployers of AI Systems that generate or manipulate media content to create a deep fake** must disclose that the deep faked content was AI generated or manipulated.
- **Deployers of AI Systems that generate or manipulate text content that is published for the purpose of informing on public interest matters** must disclose that the text was AI generated or manipulated.

³ This list is intended to provide an overview of the types of AI Systems subject to additional transparency obligations under the EU AI Act. It is not an exhaustive list of all transparency obligations or all AI Systems subject to transparency obligations under the EU AI Act. Each transparency obligation is subject to additional context and various forms of exceptions.