

Sustainability Rating

Methodology to assess the sustainability of Sovereign, Supranational and Agencies (SSA) Bonds



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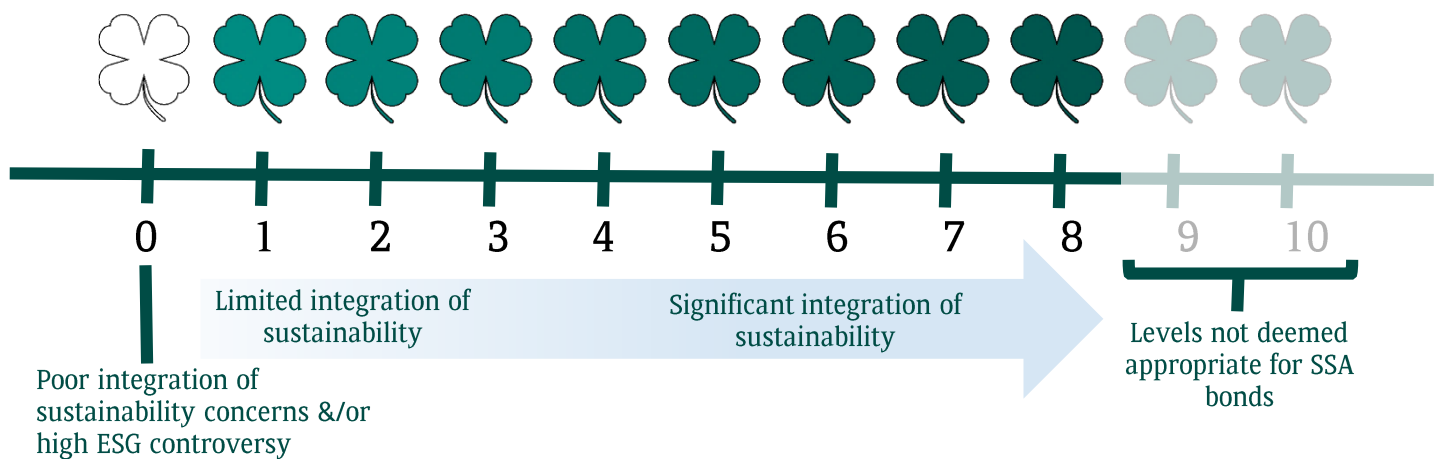
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Compare the sustainability of Sovereign, Supranational and Agencies (SSA) Bonds

A sustainability rating for recommended SSA Bonds is calculated. It analyses the ESG (Environmental, Social, Governance) practices of countries, supranational entities and government agencies (targeting development, export, etc.), allowing investors to draw well-informed conclusions about the long-term solvency and sustainable impact of government bond issuers.

The methodology of **ISS ESG**, our extra-financial data provider for SSA issuers, analyses **more than 100 ESG quantitative and qualitative indicators**. These indicators are classified into the traditional E, S and G pillars.

Sustainability Rating of SSA Bonds



A rating based on the best sources

#1

Comprehensive coverage

- **99% of global sovereign debt issued**
- **120 countries in total**, including all European Union (EU) and Organization for Economic Co-operation and Development (OECD) member countries
- **Supranational entities and government agencies**

#2

Recognized and varied sources

- The **ISS ESG rating model** is based on data from:
- Amnesty International
 - European Environment Agency
 - Eurostat
 - FAO
 - Germanwatch
 - ILO
 - OECD
 - Transparency International
 - WHO
 - World Bank
 - World Economic Forum
 - Etc.

#3

A differentiated approach

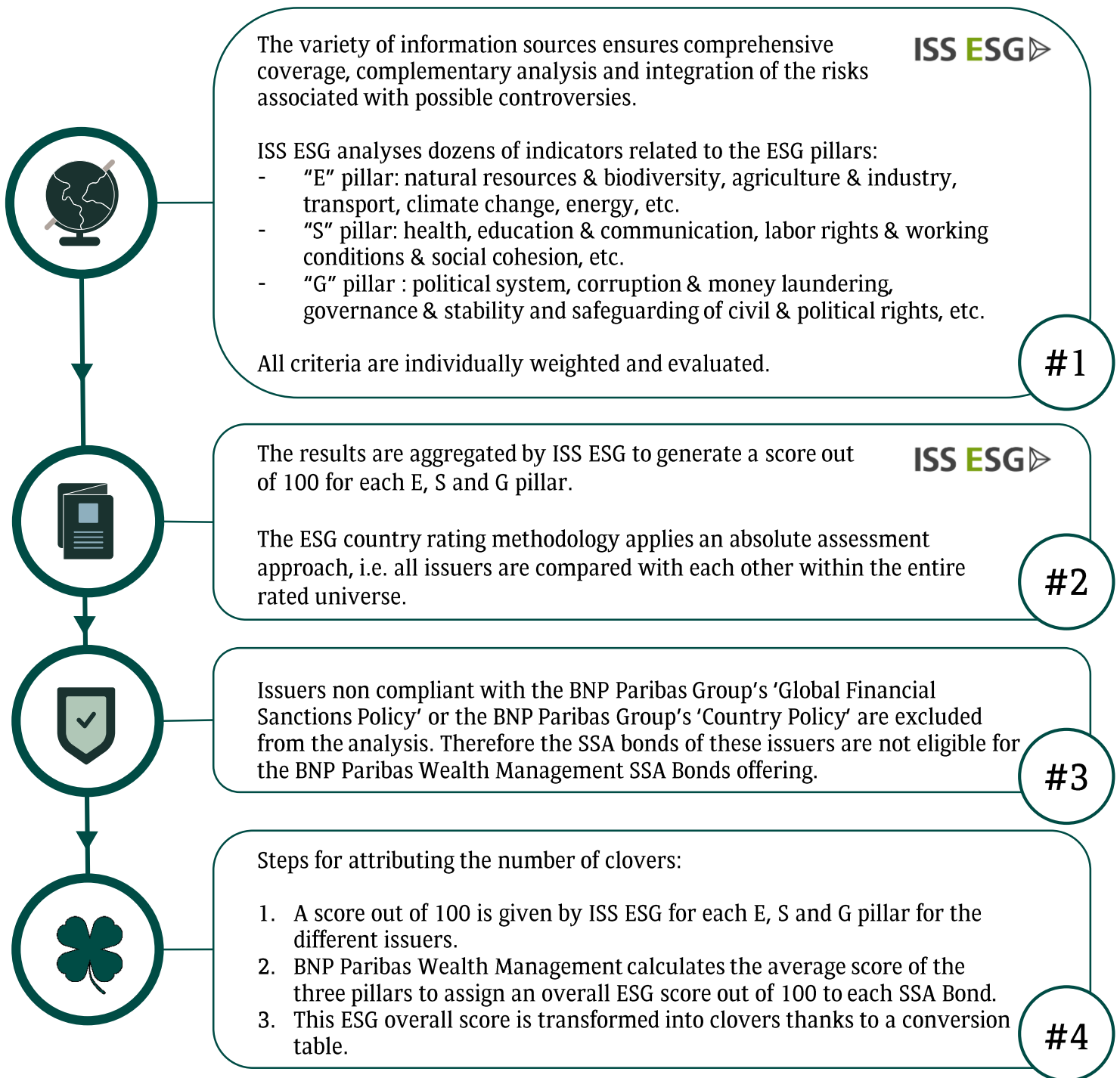
- SSA bonds are positioned on a granular scale from 0 to 8 clovers.
- The allocation of 9 and 10 clovers is **kept for instruments with a positive impact intention, associated impact reports and absence of significant harm.**
- Ratings are plotted on a curve similar to a normal distribution, with a high number of scores between 5 and 6 clovers.
- The list with the ESG ratings of SSA bonds is documented and **updated on a quarterly basis.**



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A 4-step methodology



Key points

- The sustainability rating methodology for SSA bonds analyzes the ESG practices of countries, government agencies and supranational entities.
- We draw on the best sources of information available and the research of ESG analysts at ISS ESG.
- Our rating methodology follows the same logic and a common approach across all asset classes to compare all financial instruments (funds, equities, classic bonds, etc.) in a portfolio.



GLOSSARY

ESG

In the financial community, these initials refer to the Environmental, Social and Governance (ESG) criteria, which are used to complete the traditional financial analysis of issuers. ESG criteria assess the extent to which issuers are responsible for the environment and their stakeholders (employees, customers, suppliers, subcontractors, partners, local community, etc.).

SSA (Sovereign, Supranational and Agencies) Bonds

SSA Bonds include all supranational, sovereign, sub-sovereign, government, quasi-government or agency (targeting development, export, etc.) bonds or securities, regardless of their structure, currency and rating credit.

ISS ESG

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