

# ESG Sovereign Rating

## Introduction

Inrate's ESG Country Rating is based on an in-depth analysis of how a state is required to perform to contribute to a sustainable development nationally as well as internationally. Inrate therefore evaluates the main functions of a state and its ability to meet its duties and obligations to its citizens and to the overarching goal of contributing to a sustainable development worldwide.

It is believed that a state first needs to ensure a strong institutional framework in place in order to guarantee its adequate preparation to deal with the challenges of sustainable development and, secondly, its preparedness and performance with respect to how it governs its people and the environment need to be evaluated to reach a robust sustainability assessment.

### Key Benefits

- An analysis of **195 sovereigns worldwide**
- A robust **sustainability assessment** on an absolute scale of A+ to D-
- An **ESG ranking** of all countries based on their performance
- An overall **ESG score** from 0-100
- Extensive **comparison tools** and options
- Numerous **flexible exclusion** criteria

### Methodology

The Inrate Sovereign Rating approach aims to collect a diverse range of indicators, which together provide a comprehensive view of a state performance with respect to the environment, the society and its governance practices.

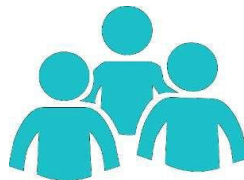
- The environmental pillar has a weight of 25%, is comprised of 18 indicators and covers 7 topics;
- The social pillar has a weight of 25%, is comprised of 28 indicators and covers 8 topics;
- The governance pillar has a weight of 50%, is comprised of 18 indicators and covers 6 topics.

### Environment



- Air pollution
- Biodiversity and resources
- Water and sanitation
- Waste
- Energy
- Climate
- Multilateral environmental agreements

### Social



- Standard of living
- Health
- Security
- Education
- Equal opportunities
- Intergenerational justice
- Business climate
- Labor

### Governance

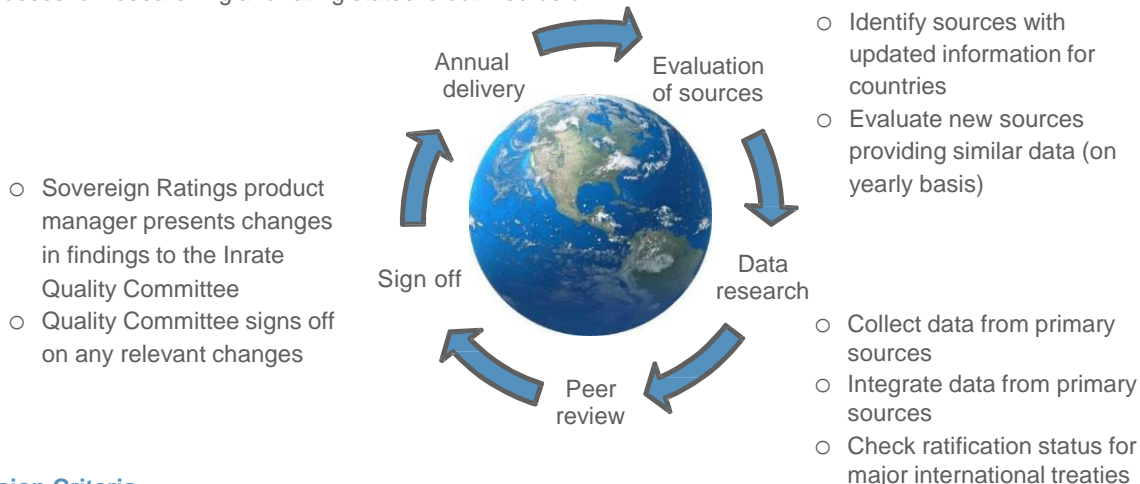


- Human rights
- Democracy
- Governance and rule of law
- Corruption
- Stability
- International cooperation

## Research Process

Inrate's Sovereign Rating is updated and delivered on an annual basis. In the past decade, due to global efforts including the Sustainable Development Goals, there has been an exponential increase in the amount of data available which can be used in an environmental, social and governance assessment of states. Due to this trend, Inrate strives to continuously evaluate new data points that could add value and increase the robustness of the sustainability assessments of sovereign bond issuers.

The process for researching and rating states is outlined below:



## Exclusion Criteria

A comprehensive set of exclusion criteria has been developed that can be applied or not depending on the clients' needs. Exclusions can be based on any combination of normative criteria such as:

- Death Penalty
- UN Sanctions
- EU Embargoes
- Regime Type
- Electoral Democracy
- Press Freedom
- State Fragility
- Corruption
- Nuclear Weapon State
- Ratification of global weapons treaties
- Ratification of human rights treaties
- Ratification of labor rights treaties
- Ratification of environmental and climate change treaties

## About Inrate

Inrate is an independent Swiss sustainability rating agency. Since 1991, Inrate links its in-depth sustainability analysis with innovative data and services for the financial industry. Inrate's ratings and data are a measure of the impact companies have with their activities on society and the environment as well as their actions to effectively tackle the global sustainability challenges. Inrate's research methodology has been developed and enhanced over the past 20 years.

### Your contact

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