

## Sovereign Rating

---

ISS STOXX's Sovereign Rating assess the extent to which a sovereign issuer is positioned to successfully manage salient risks related to sustainability themes, thus providing investors with forward-looking information on sustainability risks, adverse impacts, and opportunities of investments.

The rating comprises three dimensions – Environment, Social, and Governance – and a maximum of 107 indicators per rated country that assess the legislative as well as factual situation in a country. The main topics in the Environment dimension are: Land use, biodiversity, water, climate change, energy, agriculture, industry, transport, and private consumption. The Social dimension consists of the following six topics: Health, education and communication, basic labor rights and working conditions, employment, as well as social cohesion and inequality. The Governance dimension comprises topics such as political system, political stability, corruption and money laundering, safeguarding of civil and political rights, discrimination, and gender equality.

ISS STOXX also offers a complementary Country Controversy Assessment, in which a comprehensive analysis of relevant controversies with respect to 19 different topics is undertaken. These topics include – but are not limited to – climate protection, human and labor rights, child labor, corruption and money laundering, as well as military budget and nuclear weapons.

## Outputs

Sovereign Rating provides a qualitative assessment of sovereign issuers' readiness to manage sustainability risks and comprises a range of complementary outputs. The rating applies a twelve-point grading system from A+/4.00 (excellent performance) to D-/1.00 (poor performance). All indicators are individually assessed based on clearly defined absolute performance expectations. Based on individual scores and weightings at the indicator level, results are aggregated to yield data on the topic level as well as an overall score (rating). Prime status is attributed to those countries that achieve or exceed the Prime threshold of B-/2.50, which means they meet ambitious absolute performance requirements and are thus well positioned to adequately manage sustainability risks.

In addition to the overall rating, a decile rank indicates performance relative to all rated entities allowing for comparisons between rated states and sovereign bond issuers. A decile rank of 1 indicates high relative performance, while a 10 indicates a low relative performance. The ESG Performance Score is the numerical representation of the alphabetic ratings (A+ to D-) on a scale of 0 to 100 with 50 representing the Prime threshold.

Further, clients can access qualitative analyst opinions. These are compiled by ISS STOXX analysts, summarizing the main rating results, and providing a qualitative sustainability outlook for each rated entity.

## Research Process

All ratings are reviewed on an annual basis and updated regularly when new data becomes available or relevant incidents occur. The ISS STOXX Sovereign Rating research process can be broken down as follows:

- **Data collection:** Data is primarily sourced from publicly available information, such as governmental and international institutions, reputable news sources, as well as recognized international or local non-governmental organizations. The Sovereign Rating uses both quantitative and qualitative data. Quantitative data points make up around 75 percent of the rating indicators, while the remaining 25 percent are based on qualitative data. Strict cross-checking and verification processes are designed to ensure that sources are credible, comparable across the universe of rated entities, consistent over time, and also that they provide sufficient coverage of a minimum share of the universe of rated countries.
- **Research:** Proprietary ratings and scoring models are applied to generate a rating.
- **Quality assurance:** In an annual quality assurance process the accuracy and correctness of the Sovereign Ratings research is tested.
- **Final report:** A final report is published on ISS STOXX customer platforms.

## Use of Estimated Data

ISS STOXX's Sovereign Rating does not incorporate any estimated data. All data points are captured as published by the primary source.

All rating indicators are sourced from publicly available information, such as governmental and international institutions, reputable news sources, as well as recognized international or local non-governmental organizations.

*Last Updated/Reviewed: March 2026*

*Version 2.2*



[sales@iss-stoxx.com](mailto:sales@iss-stoxx.com)

[iss-stoxx.com](http://iss-stoxx.com)

ISS STOXX delivers world-class research, data, and technology solutions that empower capital market participants to pursue their visions with confidence. Our expertise spans indices, corporate governance, sustainability, cyber risk, and fund intelligence, giving clients the tools they need to uncover opportunities, manage risks, and navigate evolving regulations. We are made up of 4,000 professionals operating across 20 countries and serving approximately 5,000 clients, including many of the world's leading institutional investors. Our scale and reach give us deep market knowledge, while our innovative methodologies allow us to offer our clients tailored insights that drive impact and success.

ISS STOXX Sustainability enables investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions. It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, our Sustainability solutions cover corporate and country research and ratings enabling its clients to identify material social and environmental risks and opportunities. Sustainability solutions are provided by Institutional Shareholder Services Inc., an investment adviser registered under the U.S. Investment Advisers Act of 1940.

This report and all of the information contained in it, including without limitation all text, data, graphs and charts, is the property of ISS STOXX GmbH ("ISS STOXX") and/or its licensors and is provided for informational purposes only. The information may not be modified, reverse-engineered, reproduced or disseminated, in whole or in part, without prior written permission from ISS STOXX.

The user of this report assumes all risks of any use that it may make or permit to be made of the information. While ISS STOXX exercised due care in compiling this report, ISS STOXX makes no express or implied warranties or representations with respect to the information in, or any results to be obtained by the use of, the report.

The Information has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. None of the Information is intended to constitute an offer, solicitation or advice to buy or sell securities nor is it intended to solicit votes or proxies.

ISS STOXX Sustainability solutions are provided by Institutional Shareholder Services Inc., a U.S. registered investment adviser.

©2026 ISS STOXX and/or its subsidiaries. All rights reserved.