

## LGIM Sovereign Risk ESG scoring framework overview

The LGIM Sovereign Risk ESG scoring framework has been developed based on metrics that LGIM currently consider to be comprehensive and appropriate in assessing sovereigns' ESG credentials. As we have seen - thanks to over five years of practical experience developing and managing the LGIM Corporate ESG framework - sustainability-related themes and topics evolve and as such it is critical that the underlying scoring framework must remain dynamic with the ability to adapt and evolve to such changes. Accordingly, LGIM will carefully assess and evaluate whether emerging themes and topics are sufficiently captured within our framework and where there are gaps, we will look to implement improvements to ensure that our framework remains both transparent and appropriate.

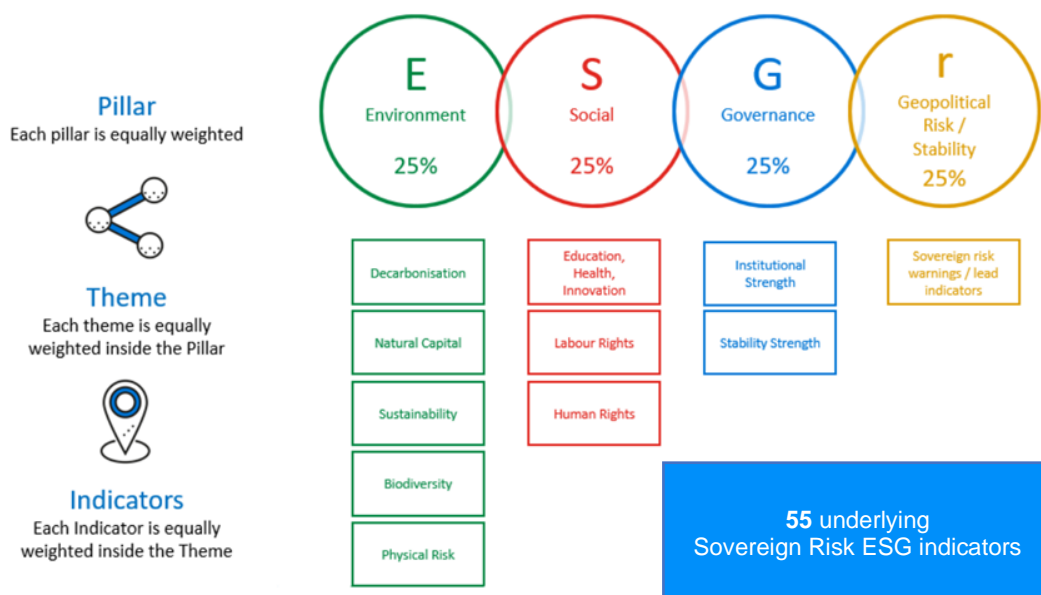
The LGIM Sovereign Risk ESG scores are currently produced for ~200 countries, spanning all markets. LGIM Sovereign Risk ESG scores are refreshed on a quarterly cycle. The framework currently consists of 55 underlying sovereign ESG metrics (see figure 1 below for an illustration of the current LGIM Sovereign Risk ESG data structure), which roll up to 11 ESG themes, spread across four equally weighted pillars (E, S, G & r). All data is sourced from third-party ESG providers.

Notably, in addition to the traditional Environment, Social and Governance pillars, the LGIM Sovereign Risk ESG framework incorporates a fourth pillar which we refer to as "Geopolitical Stability / Risk". We believe this pillar is important when assessing sovereign ESG risk as it adds a structural risk mitigating element into the sovereign risk scoring framework – something which we believe is often overlooked within the sovereign ESG sphere.

Figure 1:

### LGIM Sovereign Risk ESG Scoring framework

Equally weighted at each level



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**Key risks**

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