

## Norm-Based Screening of Sovereign Bonds<sup>©</sup>

Norm-Based Screening of Sovereign Bonds<sup>©</sup> is a well-established analysis methodology that measures country performance across key international norms—an approach embedded in the concept of sustainable human development. In the early 1990s, rights-based approaches to development emerged as a new way of measuring human development, especially in emerging and frontier markets. The success of the United Nations Human Development Index confirmed the importance of these approaches as a means to gain a comprehensive understanding of a country’s long-term development and growth prospects that goes beyond the narrow focus of financial, political and economic factors.

Norm-Based Screening of Sovereign Bonds<sup>©</sup> can be used as a standalone product – as a tool for scoring or screening countries – or can be integrated into an overall sustainability analysis. Norm-Based Screening of Sovereign Bonds<sup>©</sup> is conducted through a structured process carried out by Ethix’s professional team of analysts organized according to research areas.

### NORM AREAS AND GUIDING PRINCIPLES

Norm-Based Screening of Sovereign Bonds<sup>©</sup> provides a particularly strong contextual background when used in combination with its Norms-Based Screening<sup>©</sup> of companies.

Norm-Based Screening of Sovereign Bonds<sup>©</sup> evaluates sovereign bonds based on governments’ commitments to key international instruments within five norm areas – human rights, international humanitarian law, labour rights, environmental impact and anti-corruption—and their actual conduct within these areas.

The following two general principles are applied:

1. Each of the five norm areas is given equal weight.
2. Conduct is twice as heavily weighed as international commitments.

### COVERAGE AND RESULT

Norm-Based Screening of Sovereign Bonds<sup>©</sup> covers countries within emerging markets. Additional coverage can be added upon request. The analysis results are categorized for each country according to the below weightings, formally updated semi-annually and ad-hoc when new information provides the basis for revision.

International Norm	Commitments % of overall score	Conduct % of overall score	Weight % of overall score
Human Rights	6.7	13.3	20
International Humanitarian Law	6.7	13.3	20
Labour Rights	6.7	13.3	20
Environmental Impact	6.7	13.3	20
Anti-corruption	6.7	13.3	20
Subscore	33.5%	66.5%	100%