

Government Bonds and Loans

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asn bank

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1 Selection methodology

1.1 Exclusion criteria

Countries are eligible for investments if they meet the exclusion criteria listed below. These exclusion criteria are based on the same principles that were used to define the excluded activities list detailed in the Responsible Financing and Investment process, but were specifically designed for assessing government issuers. These criteria were developed to avoid investments in bonds issued by countries where: (1) serious violations of international law[1] or human rights take place, (2) there is no active policy to act upon climate change, or (3) there is a high risk of nature loss.

Human rights

- *Crimes against humanity*
  1. Torture
     Countries that have not ratified the Convention Against Torture (CAT) are excluded.
  2. Genocide
     Countries are excluded if the risk of a genocide occurring is high. These are countries where, according to the latest report issued by Genocide Watch, there is a 'Genocide Emergency'.
  3. Slavery
     Countries are excluded if there is a very high risk of modern slavery occurring. These are countries where 7 or more out of 1.000 inhabitants live in modern slavery, according to the latest Global Slavery Report by the Walk Free Foundation.

- *Capital punishment*

Countries are excluded if they have used the death penalty for ordinary crimes in the past 10 years. These are countries that are listed as retentionist in the in Amnesty International Global Death Sentences and Executions Report.

- *War crimes*
  1. Children in the military
     Countries are excluded if they, or armed groups in these countries, recruit children in armed conflicts. These are countries that are listed in the Annual Report of the Secretary-General on Children and Armed Conflict in Annex I and II (state and non-state parties that recruit and use children).
  2. Controversial weapons
     Countries are excluded if they have not ratified all conventions listed below:
     - Treaty on the Non-Proliferation of Nuclear Weapons;
     - Comprehensive Nuclear-Test-Ban Treaty;
     - Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention);
     - Biological Weapons Convention;
     - Convention on Certain Conventional Weapons;
     - Anti-Personnel Landmines Convention;
     - Convention on Cluster Munitions;
     - Arms Trade Treaty.[2]

1 Although this also includes countries that are subject to UN sanctions, we consider the UN sanctions too broad to be used as the only criterion.

2 Although the Arms Trade Treaty (ATT) addresses conventional weapons, it is nevertheless included as one of the criteria for controversial weapons. This is because the ATT regulates arms trade in such a way that the arms trade is not in violation of the United Nations' arms embargoes and does not contribute to crimes against humanity or war crimes.

Climate

- *Climate change commitment*

Countries are excluded if they have not ratified the Paris Agreement.

- *Climate change targets and actions*

Countries are excluded if they are rated Critically Insufficient or Highly Insufficient by Climate Action Tracker.

Biodiversity

Countries are excluded if they have not ratified all biodiversity-related conventions listed below:

- Convention on Biological Diversity (CBD);
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Convention on the Conservation of Migratory Species of Wild Animals;
- The International Treaty on Plant Genetic Resources for Food and Agriculture;
- Convention on Wetlands (Ramsar Convention);
- UNESCO World Heritage Convention (WHC);
- UN Convention on the Law of the Sea.

1.2 Sustainability indicators

From the countries that meet the exclusion criteria, a ranking is created based on a set of sustainability indicators to measure countries' relative performance. Based on this ranking, the better performing countries are selected as eligible for investment. The threshold for eligibility is determined after the selection is performed.

The below indicators are used for ranking countries:

Constitutional democracy

The country is governed democratically. This is a good indicator of how a country performs in the areas of human rights, climate, and biodiversity. In addition, it can be linked to the performance and reliability of government bonds.

- *Rule of law*

Index score based on constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice and criminal justice. Source: Rule of Law Index by World Justice Project (2025) – The higher the score, the better.

- *Democracy*

Index score based on electoral pluralism, functioning government, political participation, democratic culture and civil liberties. Source: Democracy Index by Economist Intelligence Unit (2025) – The higher the score, the better.

- *Press freedom*

Index score based on quantitative data on abuses and acts of violence against journalists and a qualitative analysis of the situation in each country based on questionnaires with press freedom specialists. Source: World Press Freedom Index by Reporters Without Borders (2026) – The higher the score, the better.

- *LGBTQ+ rights*

Index score based on the legal rights of LHBT people. Source: LGBT Equality Index (Legal Index) by Equaldex (2026) – The higher the score, the better.

- *Absence of corruption*

Perceived level of public sector corruption on a scale of 0-100. Source: Corruption Perceptions Index by Transparency International (2025) – The higher the score, the better.

Human rights
The country respects, protects and promotes the Universal Declaration of Human Rights and other reputable standards, such as those of the International Labour Organization (ILO). We assess the country on the following topics with their corresponding indicators:

- *Defence expenditure*

Share of defence expenditure as a percentage of Gross Domestic Product (GDP). Source: SIPRI (2025) – 'the lower under 2%, the better.

- *Children's rights*

Index score based on five indicators: right to life, right to health, right to education, right to protection and enabling environment for children's rights. Source: KidsRights Index by KidsRights Foundation (2026) – The higher the score, the better.

- *Forced labour*

Expressed in number of people per 1,000 inhabitants that live in modern slavery. Source: Global Slavery Index by Walk Free Foundation (2023). – The lower, the better

- *Discrimination*

Combined score of two sources: Global Gender Gap Report by World Economic Forum (2025) and the indicator "group grievance" in the Fragile States Index by The Fund for Peace (2024). – Global Gender Report: the higher, the better. Group Grievance: the lower, the better. The standardised scores of both are averaged.

- *Income inequality*

Difference between the highest and lowest income groups measured using the GINI-index by the World Bank (2025). – The higher, the better.

- *Development aid*

Government aid designed to promote economic development and welfare of developing countries measured in net Official Development Assistance (ODA) as percentage of Gross National Income (GNI) by the OECD. – The higher, the better.

- *Freedom of association*

Level of associational and organisational rights in a country (E) Freedom in the World data by Freedom House (2025). – The higher, the better.

Climate
The country contributes to climate change mitigation. We assess the country on the following topics with their corresponding indicators:

- *Greenhouse gas emissions*

Emission of greenhouse gases (measured in CO_2 equivalents) in metric tonnes per capita by Emissions Database for Global Atmospheric Research (EDGAR) (2025). – The lower, the better.

- *Renewable electricity production*

Share of renewable electricity generation of total electricity generated by EMBER (2025). – The higher, the better.

- *Fossil fuel subsidies*

Government measures to lower fossil fuel prices in billions of dollars by International Monetary Fund (IMF) (2025). – The lower, the better.

Biodiversity
The country contributes to the conservation of biodiversity. We assess the country on the following topics with their corresponding indicators:

- *Use of pesticides*

Pesticide use in kilograms per hectare of cropland by UN Food and Agriculture Organization (FOA) (2023). – The lower, the better.

- *Protected areas*

Terrestrial and marine protected areas in percentage of total territorial area by World Bank (2025). – The higher, the better.

- *Waste*

Municipal waste sent to landfill in kg per capita by Eurostat (2024) and OECD. – The lower, the better.

1.3 Methodology for weighting and valuation

The calculation of final scores for a country is done in 5 steps:

- **Step 1**: Collect data based on the indicators for the countries that meet the exclusion criteria.
- **Step 2**: Assess for which countries sufficient data is available to establish at a sustainability score. Countries where insufficient data is available will not be included in the universe.
- **Step 3**: Calculate each country's score on the relevant indicator. This is achieved through rescaling, which ensures that country scores across different indicators are comparable. During rescaling, the highest and lowest scores for each indicator are identified. The definition of the best score varies per indicator (as specified alongside each indicator above). Each country's score is then measured by its proximity to the best score; the closer a country's score is to the best score, the higher it ranks on that indicator.
- **Step 4**: Calculate the score for each pillar. For each country, we calculate the rank-weighted average of the (rescaled) indicator scores within each pillar.
- **Step 5**: Calculate the sustainability score. This final score for each country represents the rank-weighted average of its (rank-weighted) pillar scores.