

Regulatory Information For the purposes of Regulation (EU) 2024/3005 on the transparency and integrity of ESG rating activities, Refinitiv France SAS is the ESG Rating Provider responsible for the issuance of the relevant ESG ratings within the European Union. This document describes the methodology used for the production of ESG ratings and related products distributed globally under the LSEG brand. References to LSEG products, methodologies, governance frameworks and related disclosures reflect the global operating framework supporting those products and services. This methodology document forms part of the disclosure framework established to support compliance with the Regulation (EU) 2024/3005 and should be read together with the publicly available disclosure documents at: <https://www.lseg.com/en/data-analytics/sustainable-finance/regulatory-disclosures>. The use of the LSEG brand in this document is for branding purposes only and does not affect, modify or supersede the identification of the ESG Rating Provider for the purposes of Regulation (EU) 2024/3005.

Ref	Annex.	Article.	Requirement	Relevant / Disclosure	Methodology Reference (Section / Title & Page)
ESMA Reference:					
RTS on Article 23					
Rating Product Disclosures	Annex III 1.f	Article 3(1)	Information on the ESG rating's clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality.	The SDG Factor-In model aims at measuring the countries' progress toward the SDGs and can be used for portfolio reporting, portfolio allocation, or exclusion, as well as index tilting to create ETFs or benchmarks. Furthermore, the model can provide SDG Wealth Performance, assessing how countries perform with respect to their level of wealth.	Executive Summary, Page 3
			(a) A description of the risks covered, where the ESG rating is assessing risks.	Risks are reflected through the inclusion of additional internal indicators, which capture country-specific vulnerabilities, resilience factors, and conditions that may affect future economic and sustainability performance, thereby introducing a financial materiality dimension to the assessment.	Sub-section 1.1, Raw data, Page 4
			(b) A description of the impacts covered, where the ESG rating is assessing impacts.	Impacts are incorporated through the 17 Sustainable Development Goals, which capture countries' contributions to environmental, social, and economic sustainability outcomes and therefore provide an inherently impact-oriented perspective.	Sub-section 1.1, Raw data, Page 4
			(c) Information on how the risk and impact materiality are taken into account according to the double materiality principle, where applicable.	From a materiality standpoint, the impact component is included in the present assessment due to the nature of the 17 Sustainable Development Goals, which are inherently impact-oriented and represent the main source of data for this assessment. However, the assessment also incorporates additional internal indicators that are not exclusively impact-focused. As a result, while the model maintains a strong impact orientation, it cannot be stated with complete certainty that it is strictly impact-oriented. Given that the assessment is performed at the country level and includes indicators reflecting both countries' impacts on sustainable development outcomes and factors that may influence countries' economic and social resilience, the results can be viewed through a double materiality perspective, encompassing both impact and financial materiality considerations.	Sub-section 1.1, Raw data, Page 4
			(d) Where the ESG rating is based on other materiality dimensions, a description of those dimensions.	SDG Factor-In is not based on other materiality dimensions.	N/A
	Annex III 1.g	Article 3(2)	The ESG rating's scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks.		
			(a) A description of what is covered under the E, S or G factors and which factors are aggregated, where applicable.	For each of the 17 SDGs, the same average and normalisation process is again applied to the underlying target scores to obtain the final SDG scores. Each SDG is interpreted from a materiality standpoint as the absolute impact a country has on the desired outcomes for people, environment and institutions. Each SDG can be mapped to an E, S or G equivalent, but there should not be a classification made in this sense. By normalising the scores, the model converts absolute progress made by a country towards one of the SDGs to how well the country performs in relation to the others.	Sub-section 1.4, SDG Score, Page 4
			(b) A description of the specific issues that the ESG rating covers.	A recent analysis by the World Bank highlighted a high correlation between sovereign ESG scores and national income. This ingrained income bias can lead to unintended outcomes in the use of ESG scores. For instance, ESG investing would drive capital away from low-income countries. Since many of the indicators used in the SDG methodology are similar to those found in ESG assessments, this income bias can be expected to be present in our SDG scores. Unsurprisingly, in Figure 3, the top 10 are high-income countries and the bottom 10 are low-income countries.	Sub-section 1.5, SDG Wealth Performance, Page 7
	Annex III 1.h	N/A	In the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category.	The Overall SDG score corresponds to the normalised equally weighted average of all 17 SDG scores.	Sub-section 1.4, SDG Score, Page 4
	Annex III 1. i	N/A	Within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU.	The data sources are not mapped against sustainability statements under the Corporate Sustainability Reporting Directive ('CSRD') or from information disclosed under the Sustainable Finance Disclosure Regulation ('SFDR'), or EU Taxonomy.	Section 2, Data Collection Process, Page 11
	Annex III 1. j		Information on whether the rating is expressed in absolute or relative value.	For each of the 17 SDGs, the same average and normalisation process is again applied to the underlying target scores to obtain the final SDG scores. Each SDG is interpreted from a materiality standpoint as the absolute impact a country has on the desired outcomes for people, environment and institutions. Each SDG can be mapped to an E, S or G equivalent, but there should not be a classification made in this sense. By normalising the scores, the model converts absolute progress made by a country towards one of the SDGs to how well the country performs in relation to the others.	Sub-section 1.4, SDG Score, Page 4
	Annex III 1.o, Annex III 1.p	Article 3(3)	If an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements.		
			(a) Include an indication of whether the rating takes into account the targets and objectives of the Paris Agreement and which other international agreements are taken into account, with reference to basic identifying information on these agreements together with an explanation of their relevance to the rating;	These datasets do not include any indication towards any commitment to the Paris Agreement, nor do they contain any benchmark against those commitments.	Section 2, Data Collection Process, Page 11
			(b) Specify whether the rating is benchmarking commitments against the objectives of those agreements.	These datasets do not include any indication towards any commitment to the Paris Agreement, nor do they contain any benchmark against those commitments.	Section 2, Data Collection Process, Page 11
		An overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered.			
		(a) the title of the rating methodology used;	The model leverages about 230 KPIs (or indicators), 80% of which are sourced from the official UN SDG database5 (i.e., around 185 KPIs). We selectively enhance these metrics through additional KPIs from other high-quality sources, including the World Bank, the International Roads Federation, Enerdata, EMDAT, LSEG KPIs. The covered period runs from 2000 to present. From a materiality standpoint, the impact component is included in the present assessment due to the nature of the 17 Sustainable Development Goals being impact-oriented and them being the main source of data for this assessment.	Sub-section 1.1, Raw data, Page 4	
		(b) a description of the types of rated items in relation to which the methodology referred to in point (a) applies			
		(c) the time horizon over which the ESG rating is considered valid, where applicable	The underlying input data is updated annually, before the refresh. Once the model output is produced, the inputs and outputs become read-only so that we ensure traceability and transparency of the scores whenever they might be requested. The scores are considered valid until a certain time after the latest refresh.	Section 2, Data Collection Process, Page 11	

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Basic Methodological Disclosures	Annex III.1.a	Article 4(1)	(d) a list and overview of the relevant supporting models and key rating assumptions, where applicable; information on measures and procedures to ensure the quality and reliability of data used;	The methodology is subject to limitations related to data availability, statistical processing and model assumptions. Data coverage varies across countries, indicators and time, with gaps addressed through rule-based imputation (forward/backward filling and linear interpolation), which may introduce estimation bias; this is mitigated through transparent, standardised rules and validation checks. The normalisation of indicators to a 1–100 scale ensures comparability but may reduce sensitivity to absolute differences and compress distributions. The income-bias adjustment relies on LOWESS smoothing to estimate expected scores conditional on GDP per capita, implying assumptions regarding local structure, stability and peer comparability that may not fully capture structural breaks or non-linearities. These modelling choices are mitigated through consistent parameterisation, peer-based benchmarking and periodic review. Despite these controls, residual limitations remain, including potential bias from non-random missingness, smoothing artefacts and imperfect income adjustments, which are monitored through ongoing data validation, outlier checks and governance processes.	Sub-section 1.6, Limitations, assumptions and mitigation steps, Page 9
			(e) a description of the defined ranking system of rating categories used, with reference to:	For each of the 17 SDGs, the same average and normalisation process is again applied to the underlying target scores to obtain the final SDG scores. Each SDG is interpreted from a materiality standpoint as the absolute impact a country has on the desired outcomes for people, environment and institutions. Each SDG can be mapped to an E, S or G equivalent, but there should not be a classification made in this sense. By normalising the scores, the model converts absolute progress made by a country towards one of the SDGs to how well the country performs in relation to the others.	Sub-section 1.4, SDG Score, Page 4
			i. the meaning of each rating category for absolute and relative values and how the ranking system should be interpreted;		
			ii. in the case of relative values, an explanation as to whether they are relative to a specific industry, geographical area, peer groups or other comparative references and their respective description		
	(f) the dates of the most recent update of the methodology and a description of the changes introduced to the previous version.	Effective Date 1st July 2026; Version 1.0	Model Change Log - Version Control Table, page 2		
	Annex III.1.b	Article 4(2)	The industry classification used. (a) The name of the issuing body for the industry classification used. (b) The name and version of the industry classification used. (c) Any publicly available link to the official documentation of the industry classification system, if available.	Industry classification not used.	N/A
	Annex III.1.c	Article 4(3)	An overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088 and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates.	The UN SDG Database was launched in 2018 and is updated quarterly. It provides over 650 metrics, but not all of them are relevant to this model. For example, some metrics cannot be used as is (metrics in local currencies, metrics to be converted to % of population or % of GDP, etc.). Other metrics are redundant, have poor geographical coverage or are incomparable across countries. Ultimately, around 185 KPIs from the UN SDG Database passed our selection process. We then enriched them with some 45 other KPIs from well-established, respected sources including: World Bank (+30 KPIs in areas like agriculture, industry, education, social inequalities, governance, etc.) - Public International Roads Federation (two KPIs, roads quality) - Private Enerdata (three KPIs, energy and electricity consumption, electric grid quality) - Private EMDAT (two KPIs, human casualties due to natural disasters) - Private LSEG KPIs (six KPIs, GHG and climate) - Internal	Section 2, Data Collection Process, Page 11
A description of the engagement process with rated items or issuers of these items, including how the input from such engagement is considered.			Refer to ESG Data Management Policy Statement available via LSEG's Regulatory Disclosures Website.	Refer to ESG Ratings Data Management Policy Statement document.	
Annex III.1.e	Article 4(4)	Information on whether and how the rating methodologies are based on scientific evidence Where applicable, describe the process for identifying relevant scientific evidence.	No AI was used in the data collection or rating process and the rating methodology is not based on scientific evidence	Section 2, Data Collection Process, Page 11	
Annex III.1.k	N/A	Where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence.	No AI was used in the data collection or rating process and the rating methodology is not based on scientific evidence	Section 2, Data Collection Process, Page 11	
Limitations in data sources, methodologies and information	Annex III 1.m, Annex III 1.q	Article 5	Any limitation in data sources and methodologies used for the construction of ESG ratings. Any limitation on the information available to ESG rating providers.		
			(a) the availability or consistency of data used in the rating process;	The methodology is subject to limitations related to data availability, statistical processing and model assumptions. Data coverage varies across countries, indicators and time, with gaps addressed through rule-based imputation (forward/backward filling and linear interpolation), which may introduce estimation bias; this is mitigated through transparent, standardised rules and validation checks. The normalisation of indicators to a 1–100 scale ensures comparability but may reduce sensitivity to absolute differences and compress distributions. The income-bias adjustment relies on LOWESS smoothing to estimate expected scores conditional on GDP per capita, implying assumptions regarding local structure, stability and peer comparability that may not fully capture structural breaks or non-linearities. These modelling choices are mitigated through consistent parameterisation, peer-based benchmarking and periodic review. Despite these controls, residual limitations remain, including potential bias from non-random missingness, smoothing artefacts and imperfect income adjustments, which are monitored through ongoing data validation, outlier checks and governance processes.	Sub-section 1.6, Limitations, assumptions and mitigation steps, Page 9
			(b) the completeness, timeliness and accuracy of information;		Sub-section 1.6, Limitations, assumptions and mitigation steps, Page 9
(c) the use of assumptions, proxy reference points and data estimation.	Sub-section 1.6, Limitations, assumptions and mitigation steps, Page 9				

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Organisational	Annex III.1.d	Article 6(1)	The ownership structure of the ESG rating provider.	Refer to ESG Ratings Organisational Structure Statement available via LSEG's Regulatory Disclosures Website.	Refer to ESG Ratings Organisational Structure Statement document.
	Annex III.1.l	Article 6(2)	General information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model.	Refer to ESG Ratings Pricing Framework available via LSEG's Regulatory Disclosures Website.	Refer to ESG Ratings Pricing Framework document.
	Annex III.1.n	Article 6(3)	The main risks of conflicts of interest and the steps taken to mitigate them.	Refer to Conflicts of Interest Policy Statement available via LSEG's Regulatory Disclosures Website.	Refer to Conflicts of Interest Policy Statement document.

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