



FTSE Sustainable Sovereign Risk Assessment Methodology – Proposed Methodology Update

22 February 2023

FTSE Russell is seeking market participant feedback on its proposal to enhance the environmental pillar of the FTSE Sovereign Risk Monitor (SRM). The SRM is used in the [FTSE ESG Government Bond Index Series](#).

The SRM is designed to measure the financially material risk from ESG factors for sovereign issuers with data available for 151 countries from 1999 onwards.

Following increasing market maturity, customer feedback and the World Bank Group's review of sovereign ESG models, FTSE Russell proposes the following enhancements to the environmental pillar of the SRM:

- Improved integration of forward-looking climate risks including temperature alignment and physical risk
- The inclusion of increasingly important themes such as biodiversity and food security
- An adjustment to eliminate income bias in environmental scores

Further details can be found in the following [research paper](#) and [methodology document](#).

FTSE Russell welcomes any feedback and questions on this proposal by close of business Friday 17 March 2023. Responses should be sent to info@ftserussell.com.

The FTSE Russell Index Governance Board is responsible for the approval of this proposal and any changes. Index users and other stakeholders are informed of FTSE Russell decisions on the FTSE Russell website [Index Announcements](#) | [FTSE Russell](#).

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