



# Climate and ESG risks in sovereign markets

A Beyond Ratings and LSEG Yield Book collaboration

The global sovereign debt market is one of the largest asset classes in the world, yet fixed income markets have typically lagged other asset classes in relation to ESG integration. Furthermore, sovereign debt investors are exposed to a range of climate change risks that are typically not well understood or incorporated in the investment process.



## Our solution

The combination of Beyond Rating's market leading climate and ESG data with LSEG Yield Book's trusted fixed income analytics provide clients with a flexible and authoritative source for climate solutions in sovereign markets. The Beyond Ratings' dataset comprises 330+ keywords within the Yield Book Add-In and API to facilitate incorporation of sustainability into investment decision-making, including projected gap to 2° degree scenario based on the proprietary Climate Liabilities Assessment Integrated Methodology (CLAIM) model, and credit risk scores that systematically incorporate ESG factors alongside standard financial considerations.

## Integrate climate and ESG risk analysis into your investment process

- Easily measure carbon footprint of your sovereign portfolios, current temperature trajectories and gap to 2° degree scenarios
- Conduct ESG-adjusted portfolio analytics on-demand through the Yield Book Add-In, with transparency into underlying Environment, Social and Governance drivers
- Automate customized reports for snapshotting climate and ESG performance and for fulfilment of numerous international disclosure standards such as TCFD and PRI

## Analyse your portfolios' climate footprint and ESG performance

Leverage climate and ESG portfolio-level analytics to understand the driving underlying factors behind your position and enhance asset allocation in line with ESG principles directly alongside Yield Book's 2,800 keywords such as yield, effective duration, and weighted average life (WAL).

# 330+

Access to over 330 ESG and climate factors and KPIs across 3 products

# ~170

Sovereign coverage, across 90,000 securities

# 20y

Up to 20 years of historical data available dependent on model

Yield Book analytics		Sovereign risk model metrics		ESG factor-in metrics		Carbon KPIs	
Issues	29	BR Implied Credit Risk	AA-	Sustainable-adjusted GDP	40,824	Temperature <sup>1</sup>	3.7°C
Mkt Val (M)	112,487	BR Credit Risk Score	67	Sustainable-adjusted GDP (% to Actual)	9.2%	Gap between 2015 and 2030 emissions for 2° scenario <sup>1</sup>	16%
Price	107.56	Economic & Financial Profile	63.3	ESG score	75.3	Carbon exposure at national level	585 tCO <sub>2</sub> e /€ m
Coupon	3.36	Sustainability Profile	69.7	Environmental Sustainable-adjusted GDP	39,834	Territorial GHG / GDP	92 tCO <sub>2</sub> e /€ m
Yield	1.30	Environmental Performance	59.2	Env Sustainable-adjusted GDP (% to Actual)	6.5%	Low-carbon share of energy	17%
Eff Duration	6.37	Social Performance	71.3	Social Sustainable-adjusted GDP	40,391	Index Implied Credit Risk	50.5
Eff Convexity	0.570	Governance Performance	76.5	Soc Sustainable-adjusted GDP (% to Actual)	8.0%		
WAL	7.95			Governmental Sustainable-adjusted GDP	42,247		
				Gov Sustainable-adjusted GDP (% to Actual)	13.0%		

<sup>1</sup> Implied by Beyond Ratings CLAIM model.

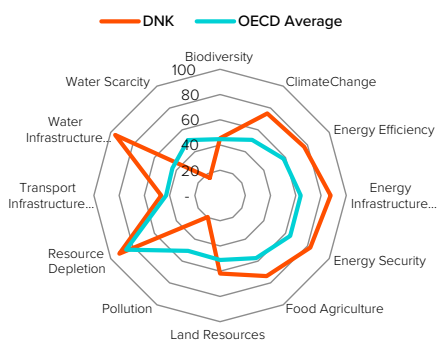
Source: Yield Book. For illustrative purposes only.

## Country level metrics

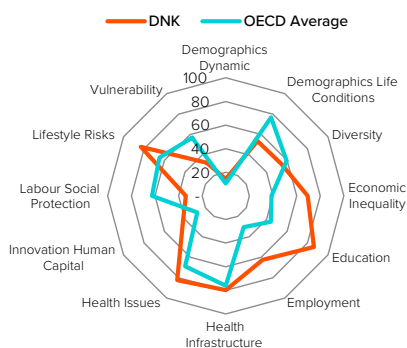
Access your ESG performance across your sovereign portfolio, with ability to investigate the underlying driving factors beneath each Environment, Social, and Governance sub-pillars and make asset allocation and optimization decisions.

Identifier	Market Value	Coupon	Yield	Effective Duration	Effective Convexity	WAL	BR Implied Credit Risk	BR Credit Risk Score	Sustainability Profile	Environmental Performance	Social Performance	Governance Performance	Economic & Financial Profile
Austria	213,786	7.25	12.14	6.91	0.61	9.70	AAA	79.0	81.4	65.2	79.8	94.8	76.6
Australia	1,053,045	2.75	0.75	7.77	0.69	8.79	AAA	74.9	81.9	67.4	77.0	96.4	67.9
Korea	82,544	2.00	220.20	0.10	0.00	0.10	AA-	66.6	69.6	41.9	78.8	83.4	63.6
Denmark	147,110	1.50	10.30	3.63	0.17	3.78	AAA	79.9	83.6	71.0	78.0	97.2	76.3
Sri Lanka	246,280	8.00	-3.64	1.72	0.04	1.90	CCC	36.9	42.7	53.6	29.5	44.4	31.1
Mexico	786,303	10.00	13.61	3.84	0.17	4.83	BB+	46.8	48.5	57.9	53.7	37.6	45.2
Nigeria	210,258	7.63	11.12	11.33	2.11	27.81	C	28.5	27.1	43.4	24.4	16.9	30.0
Germany	290,487	2.25	7.90	0.57	0.01	0.58	AAA	81.5	82.5	64.9	83.8	94.8	80.5

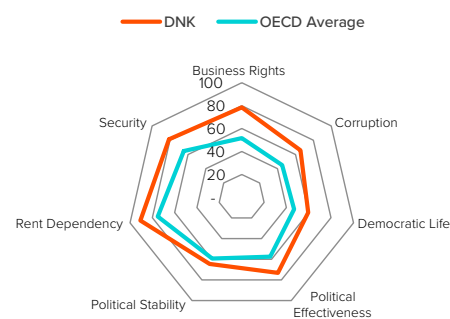
### Environmental sub-pillars



### Social sub-pillars



### Governance sub-pillars



Source: Yield Book. For illustrative purposes only.

## Contact us

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**LSEG DATA & ANALYTICS**