

Sovereign Climate KPIs

Understand country exposure to and management of climate issues

Overview

Sovereign debt investors are exposed to a range of climate change risks that are overlooked and often not properly incorporated in the investment process. Beyond Ratings offers exclusive metrics on carbon footprint, energy transition, and physical climate risks in our Sovereign Climate data feed.

Beyond Ratings has developed several unique models to assess country-level exposure to climate risks and opportunities.

Benefits

- **Uncovers sovereign bond portfolio exposure to climate risks and opportunities:** understand underlying drivers of carbon intensity metrics, including green and brown proxies, stranded assets, and recent trends, along with exposure to physical and transition risks
- **Demonstrate alignment with international standards:** use our data to fulfil reporting obligations to align with TCFD recommendations and/or Article 173 requirements
- **Integrate advanced climate metrics to inform investment strategies:** use our advanced climate transition metrics to understand portfolio alignment with Paris Agreement targets

Features

Comprehensive coverage

170 countries covered, with historical data available for over 9 years.

Historical and forward-looking metrics

Use our advanced climate transition KPIs to assess country alignment with the goals of the Paris Agreement.

Flexible access

Access our data directly via sftp. Yield Book customers can access directly within the Yield Book Add-In and API as well as in Refinitiv Datastream to facilitate incorporation of sustainability into investment decision-making, including projected gap to 2DC degree scenario.

Sovereign Climate KPIs: model structure

The Sovereign Climate KPIs allow investors to understand country exposure to and management of climate issues across the themes of carbon footprint, energy transition and physical climate risks. We have developed over 22 proprietary climate metrics across 170 countries, including an advanced statistical model to measure country alignment with a two-degree or Paris-aligned climate target.

Carbon footprint		Energy-climate transition		Physical climate risk	
Reference indicator at the national level	<ul style="list-style-type: none"> GHG/GDP 	Historical responsibility	<ul style="list-style-type: none"> % of historical GHG vs. historical population % of historical GHG vs. historical GDP 	Consensus analysis	<ul style="list-style-type: none"> Average based on referential analysis
Indicator at the public sector level	<ul style="list-style-type: none"> GHG/government debt 	Energy mix	<ul style="list-style-type: none"> Green share (low carbon energy) 	Long-term models and scenarios	<ul style="list-style-type: none"> Impact of climate change on GDP per capita
Stranded assets	<ul style="list-style-type: none"> GHG/GDP of fossil reserves 	Performance adjusted by wealth levels	<ul style="list-style-type: none"> Gap between total actual and theoretical GHG/capita emissions (reference levels based on GDP/capital) 	Economic climate risk	<ul style="list-style-type: none"> Internal index
Carbon border tax impacts	<ul style="list-style-type: none"> Improvement of the trade balance (% of imports) 	Recent track-record and short-term trends	<ul style="list-style-type: none"> Historical GHG/GDP c.5 years GHG/GDP forecasts c.5 years 	Attenuation factors	<ul style="list-style-type: none"> Internal index
		Climate objectives	<ul style="list-style-type: none"> NDC vs. recent available data 2°C carbon budgets vs. recent available data % of contribution of INDCs to 2°C objectives 	Physical climate risk	<ul style="list-style-type: none"> Internal index

Using Sovereign Climate KPIs

Our sovereign climate KPIs can be used to integrate climate considerations in sovereign bond investments, including for climate reporting.

Understand exposure to climate risks and opportunities  <p>Use our comprehensive and advanced climate KPIs to understand portfolio exposure to climate transition and physical risks, as well as underlying drivers.</p>	Fulfil regulatory and other reporting requirements  <p>Our climate metrics can be used to support reporting requirement such as TCFD recommendations or local regulations.</p>	Custom Benchmarks  <p>Many investors want a tailored benchmark to reflect their climate strategies. Our climate KPIs can be used to support bespoke sovereign bond indexes that are optimized for exposure to climate risks.</p>
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About Beyond Ratings

Founded in 2014, Beyond Ratings, a highly regarded provider of Environmental, Social and Governance (ESG) data for fixed income, provides innovative services to assist the financial sector in the transition towards a sustainable economy. Beyond Ratings leverages in-house expertise on climate/ESG, data science, and financial risk assessment for over 175 countries and 10,000 companies.

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