

Climate and ESG risks in sovereign markets

**An LSEG Sovereign Sustainability Solutions 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 LSEG's market leading sovereign 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 Sovereign Sustainability Solutions datasets 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 customised 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 ¹	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 ¹	16%
Price	107.56	Economic & Financial Profile	63.3	ESG score	75.3	Carbon exposure at national level	585 tCO ₂ e /€ m
Coupon	3.36	Sustainability Profile	69.7	Environmental Sustainable-adjusted GDP	39,834	Territorial GHG / GDP	92 tCO ₂ 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%		

¹ Implied by LSEG CLAIM model.

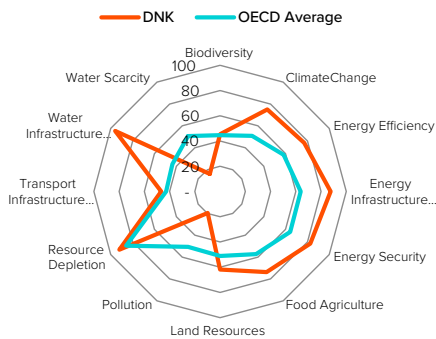
Source: Yield Book. For illustrative purposes only.

Country level metrics

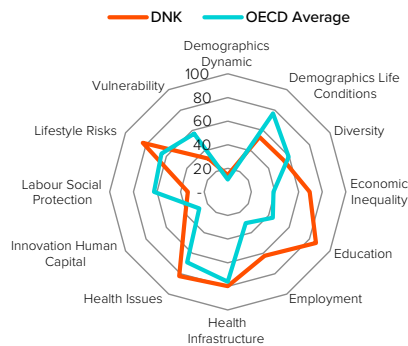
Access your ESG performance across your sovereign portfolio, with ability to investigate the underlying driving factors beneath each Environment, Social, and Governance sub-pillars and make asset allocation and optimisation decisions.

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

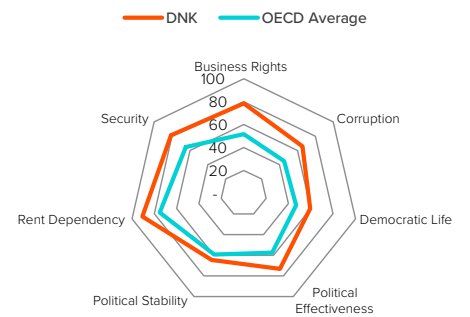
Environmental sub-pillars



Social sub-pillars



Governance sub-pillars



Source: Yield Book. For illustrative purposes only.

Contact us

To learn more, contact us at sales@yieldbook.com or visit our website: solutions.yieldbook.com

Americas +1 646 989 2200

Asia-Pacific

EMEA +44 20 7334 8963

Tokyo +81 3 6441 1015

APAC +886 2 8729 5130

© 2024 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). All rights reserved.

"The Yield Book®" is a trademark and/or service mark owned or licensed by The Yield Book Inc., and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors. Microsoft and Excel are trademarks of the Microsoft group of companies.

All information is provided for information purposes only. All information and data contained in this publication is obtained by the LSE Group, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of the Yield Book products, including but not limited to data and analytics or the fitness or suitability of the Yield Book products for any particular purpose to which they might be put. Any representation of historical data accessible through Yield Book products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of the LSE Group is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing contained herein or accessible through Yield Book products, including statistical data and industry reports, should be taken as constituting financial or investment advice or a financial promotion. Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from Yield Book and/or their respective licensors.



LSEG DATA & ANALYTICS