



NEWS RELEASE

Verisk Maplecroft Launches Sovereign ESG Ratings

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Reveals human rights and energy transition risks now highly material for bond pricing

LONDON, Feb. 17, 2022 (GLOBE NEWSWIRE) -- Verisk Maplecroft, a global risk analytics business of Verisk (Nasdaq:**VRSK**), has launched new Sovereign ESG Ratings to provide investors with the most comprehensive picture available of ESG risks and opportunities across the entire current and potential sovereign issuer universe.

The Ratings, which extend Verisk Maplecroft's growing presence as a geospatial ESG data provider, have been developed to offer a powerful set of signals for tracking the sustainability factors that matter most for sovereign debt markets – from both ethical and material perspectives. Crucially, research into the data's relationship with bond spreads shows that human rights are, in reality, highly material, and that risks relating to the energy transition have now become a key factor affecting countries' borrowing costs.

Setting a new global standard for sovereign ESG (Environmental, Social and Governance) analysis, the Ratings will enable more widespread incorporation of ESG in government debt markets, helping investors to price in sustainability factors more effectively and create portfolios that tightly align with their values.

The Sovereign ESG Ratings, which feature six years of quarterly historical data, draw on approximately 350 of Verisk Maplecroft's 1200+ indicators across 37 separate issues and nine ESG dimensions. Their novel methodology, based on cluster analysis, captures the non-linear complexity of the sovereign ESG world more effectively than traditional weighted averages.

Verisk Maplecroft's research into the data shows ESG issues are highly material on multiple levels:

- Contrary to common belief, better human rights and labour rights performance – measured using Verisk

Maplecroft's unique subnational data – is strongly associated with lower borrowing costs for sovereigns, even when controlling for other relevant factors

- E issues, and particularly transition risk, have become key factors for debt pricing in recent years as investors respond to the climate emergency
- Statistical analysis shows that when countries cross ESG tipping points (the thresholds encoded in the analytics underpinning the Ratings), it matters for market pricing
- Sovereign bond markets are still highly inefficient at pricing in ESG issues, sometimes taking up to a year to reflect significant shifts in a country's risk environment.
- In this context, changes in E and G factors within Verisk Maplecroft's Ratings have become leading indicators of movements in market sentiment on sovereign bond issuers.

“With access to Verisk Maplecroft's Sovereign ESG Ratings, investors of all types will be better positioned to anticipate how changes in a sovereign's ESG risk profile can impact debt pricing,” says James Lockhart Smith, Head of Markets at Verisk Maplecroft. “Users can track how a country's sustainability performance is evolving and watch for approaching ESG tipping points to help minimise downside risks and identify emerging investment opportunities.”

The Sovereign ESG Ratings build upon Verisk's growing suite of sustainability and resilience exposure analytics, which include extreme event models and global geospatial datasets covering the full spectrum of ESG, political and energy transition risks. For Verisk Maplecroft, their development is a natural progression that expands its reputation as a leading provider of proprietary, factor-level risk data to sovereign and emerging market fund managers. The data within the Ratings is drawn from the company's vast array of unstructured, geospatial, expert-derived and structured sources that go far beyond the lagging datasets that have historically been used to track ESG issues. This means both the underlying data and the Ratings themselves are current, relevant and fully independent of government influence.

“Governments are, or should be, the guarantors of last resort when it comes to human rights, prosperity and the protection of natural capital and the climate,” adds Verisk Maplecroft Principal Markets Analyst David Wille, who led the development of the Ratings. “The surge in interest in sovereign ESG investing points to how a trusted standard that robustly assesses government bond issuers is needed more than ever – this is where we aim to make the difference.”

For more information on Verisk Maplecroft's Sovereign ESG Ratings, [download the whitepaper](#).

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About Verisk Maplecroft

Verisk Maplecroft, a Verisk business (NASDAQ:[VRSK](https://www.nasdaq.com/stocks/vrsk)), is a leading geospatial risk analytics company specialising in global ESG and political risk intelligence for institutional investors and multinational corporations. The company combines the world's most comprehensive portfolio of global risk data with expert analysis to deliver an integrated approach to risk, which enables clients to enhance the sustainability and resilience of their investments and operations. Among investment fund managers and asset owners, the company is a trusted, independent source of data, intelligence and advice for incorporating ESG, climate change, natural capital, human rights and political risk factors across multiple asset classes, notably sovereign debt. For more information visit: www.maplecroft.com

About Verisk

Verisk (Nasdaq:VRSK) provides predictive analytics and decision-support solutions to customers in the insurance, energy and specialized markets, and financial services industries. More than 70 percent of the FORTUNE 100 relies on the company's advanced technologies to manage risks, make better decisions and improve operating efficiency. The company's analytic solutions address insurance underwriting and claims, fraud, regulatory compliance, natural resources, catastrophes, economic forecasting, geopolitical risks, as well as environmental, social, and governance (ESG) matters. Celebrating its 50th anniversary, the company continues to make the world better, safer and stronger, and fosters an inclusive and diverse **culture** where *all* team members feel they belong. With more than 100 offices in nearly 35 countries, Verisk consistently earns certification by **Great Place to Work**. For more: Verisk.com, [LinkedIn](#), [Twitter](#), [Facebook](#), and [YouTube](#).

Attachment

- [**Verisk Maplecroft's Sovereign ESG Ratings - Framework and issues**](#)

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