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IMPACT CUBED LAUNCHES SOVEREIGN ESG IMPACT DATA

Data and Portfolio Impact Report designed to uncover countries that are making faster progress on SDGs

London: [Impact Cubed](#) a leading provider of ESG data and analytics, has announced the launch of its sovereign fixed income impact data and multi-asset portfolio reporting tool, designed to enable investors to understand how sovereign debt issuing countries are leading or lagging on progress in achieving the UN Sustainable Development Goals (SDGs).

The analysis disrupts the conventional approach of measuring country ESG risk by creating empirical progress pathways for each SDG. Impact Cubed's pathway approach removes the bias toward wealthy nations embedded in traditional ESG risk scores and helps investors see the level of SDG performance weighed against each country's rate of progress. This means portfolio managers and index providers can consider the ESG impact of sovereign debt, while investment managers, central bankers, economists, and researchers now have new ways to look around corners to spot important trends based on differentiated ESG data. Asset managers with funds classified as Article 8 or 9 under the European Union's Sustainable Finance Disclosure Regulation (SFDR) can also use the new tool for reporting on impact.

"Impact Cubed is filling a significant ESG data gap on impact in an innovative way," said Larry Abele, Chief Investment Officer at Impact Cubed. "Current ESG scoring approaches tie the hands of fixed income portfolio managers by penalizing higher yield securities issued by countries whose level of achievement on the SDGs may be below average but whose progress is well above average. Our goal was to develop a simple intuitive framework for evaluating progress towards the SDGs."

The new sovereign impact model and portfolio report were developed in consultation with leading institutional investors in the US and Europe, and build on Impact Cubed's

well-established corporate equity and debt impact models. Impact Cubed sovereign impact dataset curates 29 ESG factors from globally recognized sources, including the World Bank and United Nations, spanning all 17 SDGs with a 20-year timeseries for over 190 countries covering over 99% of sovereign debt. By providing quantitative factor data rather than subjective ESG scores, investors can use the information to inform their fundamental economic and investment research on sovereign debt issuers. The company's unique approach to measuring portfolio impact in basis points of tracking error helps speed up the integration of ESG considerations into the investment process and allows investors to report on impact and SDG performance – both positive and negative – for balanced or multi-asset portfolios.

Despite its large size (\$63T) and importance in financing the infrastructure required to meet the SDGs and a zero-carbon economy, the UN PRI reports that the sovereign debt market has had less systematic ESG considerations than other asset classes. The World Bank's recent research *Demystifying Sovereign ESG* cites the wealth bias in current ESG scoring approaches, which creates challenges for investors that want more measurable sustainable investment opportunities. One of the keys to wider SDG financing will be better transparency for fixed income investors on ESG factors.

For more information, visit: www.impact-cubed.com

About Impact Cubed: Impact Cubed provides analytics and investment solutions for building more sustainable portfolios with greater impact. It combines an award-winning approach to integrating impact into risk and return with technology-enhanced portfolio design and management. The outcome is a seamless approach to customized sustainable investing.