



Sustainable Finance: Beyond Ratings Announces the Creation of the First Financial Rating Agency in Line with the Paris Agreement

Paris, March 6th, 2018 - Beyond Ratings, an independent financial services provider specialised in macro-financial assessment of sovereign and country risk, announces the creation of the **first financial rating agency to systematically integrate ESG factors (Environmental, Social and Governance) into its analysis. As such, the rating methodology developed takes into account physical and transition climate risks.** It is therefore in line with the Paris Agreement¹ and responds to the recommendations of the HLEG report recently submitted to the European Commission.

The creation of the agency is supported by major institutional players, such as **l'Agence Française de Développement (AFD), Caisse des Dépôts Group and le Fonds Français pour l'Environnement Mondial (FFEM).** In addition, the agency is supported by several leading global organizations dealing with sustainable development issues: **Climate-KIC, Ethos Foundation, Global Footprint Network.**

Together these partners will participate in the definition of **rating standards adapted to the challenges of the 21st century.**

The ratings given by the agency will cover public issuers (sovereigns, sub-sovereigns and supranational agencies, a.k.a. as SPF asset class) and Beyond Ratings will issue its first rating before the end of 2018, after obtaining ESMA accreditation.

For Rodolphe Bocquet, Co-Founder and CEO of Beyond Ratings, "It is in a favourable environment that Beyond Ratings has developed an agency that meets the new expectations of a financial system that wants to more fully assume its role in the deployment of the Paris Agreement. We have been working on this ambitious project since 2016 and we are pleased to see it materialise as institutions agree on the need for a consensual alternative measure to the traditional ratings market".

Commenting on the creation of the agency, Mr. Nicolas Blanc, Director of Strategy at the AFD, says: "We are strongly involved in this project because financial ratings incorporating ESG factors is a critical instrument to guide our investment decisions in emerging countries, in line with our mission to promote sustainable economic trajectories."

Mr. François-Xavier Duporge, Secretary General of the FFEM mentions that: "The methodological innovation of Beyond Ratings is proving crucial to inform the decisions of investors regarding the stakes that the preservation of the natural capital and the fight against the climate change represent for emerging and developed economies."

¹ 1. [Paris Agreement](#), p24/40: This Agreement (./.) aims to strengthen the global response to the threat of climate change, in the context of sustainable development and the fight against poverty, including (./.), **making financial flows compatible with an evolutionary profile towards development with low greenhouse gas emissions and resilience to climate change.**

Beyond Ratings

Sovereign Risk Matters



Mr. Philippe Zaouati, President of Finance for Tomorrow, emphasizes that "The agency created by Beyond Ratings and its partners provides an ambitious response to the HLEG recommendations regarding rating agencies. It illustrates the vitality of Paris as a financial centre in terms of innovations for sustainable finance "

An Augmented Ratings Approach

As a result of the R&D work Beyond Ratings has developed, this new financial ratings agency will systematically integrate ESG factors affecting credit risk in a robust and transparent manner, particularly ecological debt and climate change.

This will make it possible to:

- Provide investors with an enhanced credit quality assessment, taking into account financial performance as well as the Sustainable Development Goals (SDGs) analysis framework in an integrated and coherent manner.
- Encourage bond issuers to accelerate their transition to more sustainable economies (sovereigns, sub-sovereigns and supranational agencies).
- Discover investment opportunities in low- and middle-income countries, combining sustainable growth with seeking higher return.

An Open Governance

In line with its objectives, Beyond Ratings is working to define a way of agency governance that ensures the contribution of diverse stakeholders and capitalizes on this diversity. According to the legislative developments under discussion, the agency could opt for the new status of a *Société à Objet Social Etendu* (Company with Social Purpose), integrating the societal dimension of its mission.

To define an innovative credit risk rating methodology based on collective intelligence, Beyond Ratings is developing an international network of experts composed of academics, research centres, foundations, and think tanks.

About Beyond Ratings

Co-founded in 2014, Beyond Ratings is an independent financial services provider specialised in macro-financial assessment of sovereign and country risk, member of the group "*Finance for Tomorrow*" » initiated by Paris Europlace. Our mission is to accelerate the role of finance in the transition to sustainable development trajectories. Our team relies on proprietary risk methodologies and leading indicators to increase the macroeconomic and financial analysis of environmental, social and governance factors. Our clients use our services in their risk management, investment strategies, financial engineering, and for reporting requirements. Our clients include pension funds, insurers, asset managers, infrastructure funds, development banks, and investment banks.

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