

Assessing Sovereign Climate-related Opportunities and Risks (ASCOR)

Progress Note

July 2025



ASCOR



Grantham
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Introduction to ASCOR

Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) is an investor-led initiative launched to provide comprehensive and comparable assessments on how sovereigns are managing the low-carbon transition as well as the physical risks stemming from climate change. ASCOR aims to inform, support and facilitate investment decision-making, especially by sovereign bondholders, and enable a more explicit consideration of climate change at the national level.

In 2023, following a public consultation, the Transition Pathway Initiative Centre (TPI Centre) at the London School of Economics (LSE), launched the [ASCOR tool](#) including the first assessments of 25 pilot countries. In 2024, a larger universe of 70 countries was assessed. This progress note announces the list of 85 countries that will be assessed in 2025, provides a description of the project’s timeline and explains recent amendments to the ASCOR methodology and dataset.

I. Expansion of country coverage

The 85 countries that will be assessed in 2025 are shown in Figure 1 and Table 1. In 2023, the initial 25 countries were selected to represent a range of regions, income groups, climate risk levels and policymaking systems with the aim of testing the ASCOR framework for wide applicability. The expansions to 70 countries in 2024 and to 85 in 2025 are based on country weights in the main sovereign bond indices (see Table 2). The expanded universe now covers 90% of global greenhouse gas emissions, 92% of global GDP (in current international US\$, adjusted for purchasing power parity) and 100% of four key global government bond indices.

Figure 1. Map of countries added to the ASCOR tool in 2023, 2024 and 2025

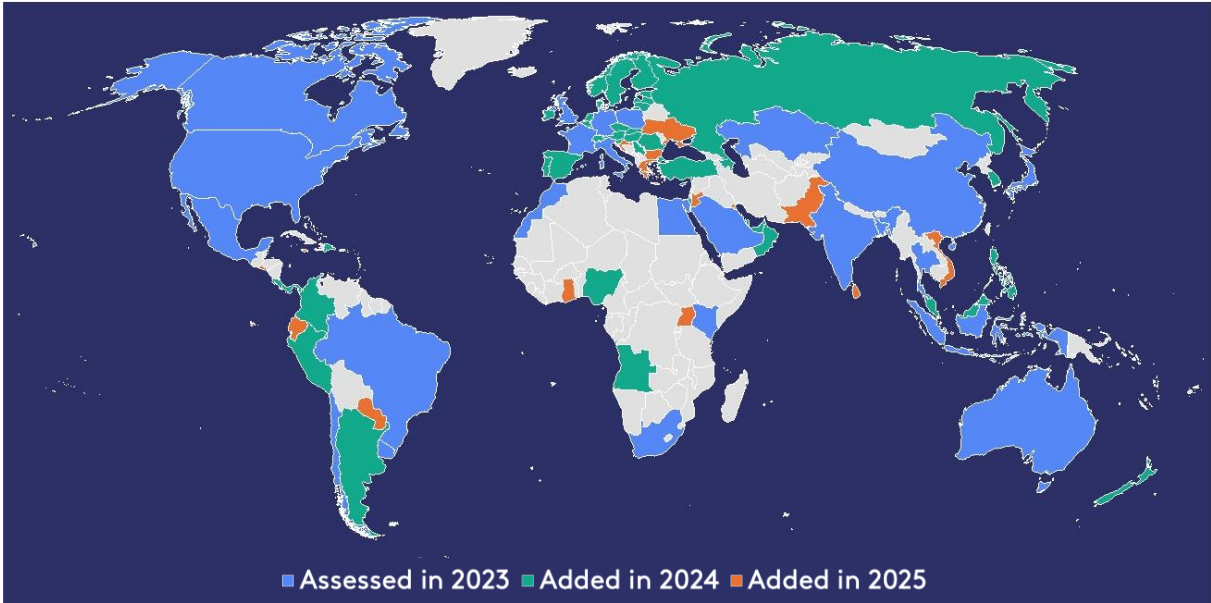


Table 1. List of countries assessed in 2023 (blue), added in 2024 (green) and added in 2025 (orange)

Australia	Chile	India	Kenya	South Africa
Bangladesh	China	Indonesia	Mexico	Thailand
Barbados	Egypt	Italy	Morocco	United Kingdom
Brazil	France	Japan	Poland	United States
Canada	Germany	Kazakhstan	Saudi Arabia	Uruguay
Angola	Czechia	Latvia	Oman	Singapore
Argentina	Denmark	Lithuania	Panama	Slovak Republic
Austria	Dominican Republic	Luxembourg	Peru	Slovenia
Azerbaijan	Estonia	Malaysia	Philippines	Republic of Korea
Bahrain	Finland	Malta	Portugal	Spain
Belgium	Hong Kong	Netherlands	Qatar	Sweden
Colombia	Hungary	New Zealand	Romania	Switzerland
Costa Rica	Ireland	Nigeria	Russian Federation	Türkiye
Cyprus	Israel	Norway	Serbia	United Arab Emirates
Bulgaria	El Salvador	Jamaica	Pakistan	Uganda
Croatia	Ghana	Jordan	Paraguay	Ukraine
Ecuador	Greece	Kuwait	Sri Lanka	Vietnam

Table 2. Sovereign index coverage of the ASCOR country universe

Sovereign index coverage ¹	2023: 25 countries	2024: 70 countries	2025: 85 countries
FTSE World Government Bond Index (WGBI)	90%	100%	100%
Bloomberg Global Treasury Index	85%	100%	100%
JP Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified	65%	100%	100%
FTSE Frontier Emerging Markets Government Bond Index	45%	70%	100%
JP Morgan Emerging Markets Bond Index (EMBI)	40%	85%	93%

¹ Estimated based on country weights in February 2025.

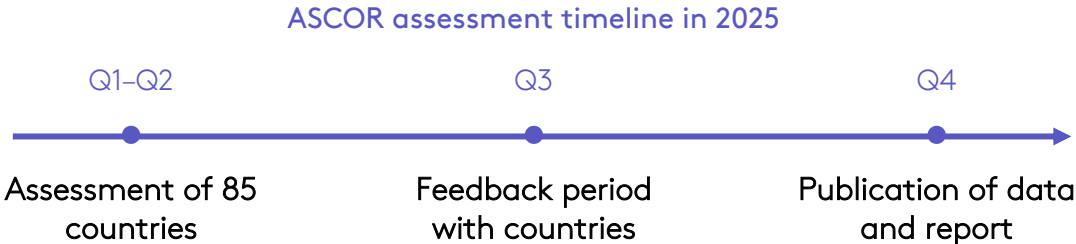
II. Timeline of 2025 activities

A range of outreach activities were held this year to raise awareness about the ASCOR tool, gain insights for potential evolutions of the ASCOR framework and support sovereign engagement efforts by investors. A public [webinar](#) was held to launch the latest dataset and the [State of Transition in Sovereigns 2024](#) report. Building on key findings from the report, the TPI Centre also hosted an LSE public lecture [event](#) on making national climate action investable, featuring investor, government and credit rating agency perspectives.

New ASCOR tool kits were released in early 2025:

- The [ASCOR Explainer Video Series](#) provides an overview of how sovereign climate-related risks and opportunities are assessed in the ASCOR framework. The series consists of 14 videos and accompanying slides.
- [ASCOR in practice: Use cases and insights](#) outlines the applications of the ASCOR tool and is organised by two user types: investors and sovereign bond issuers.

The larger universe of 85 countries is currently in its assessment cycle and a feedback period is being held to invite government representatives to comment on the accuracy of the results. Assessment data will be published on the [ASCOR tool](#) in Q4 2025 accompanied by the second *State of Transition in Sovereigns* report, which will outline key insights.



III. Methodology enhancements

The ASCOR methodology note Version 1.2 will be published along with the assessment results in Q4 2025. It is an update on the second [ASCOR methodology note Version 1.1](#). The TPI Centre updates the methodology annually based on policy progress, findings during the assessment research process and feedback received from government representatives. Table 3 provides an overview of the ASCOR framework and pillars.

Table 3. Overview of the ASCOR framework

Pillar 1: Emissions Pathways (EP)	Pillar 2: Climate Policies (CP)	Pillar 3: Climate Finance (CF)
EP 1. Emissions trends	CP 1. Climate legislation	CF 1. International climate finance
EP 2. 2030 targets	CP 2. Carbon pricing	CF 2. Transparency of climate costing
EP 3. 2035 targets	CP 3. Fossil fuels	CF 3. Transparency of climate spending
EP 4. Net zero targets	CP 4. Sectoral transitions	CF 4. Renewable energy opportunities
	CP 5. Adaptation	
	CP 6. Just transition	

A preliminary summary of the changes in the forthcoming methodology note Version 1.2 is provided below. Note that the final version of the note may include further adjustments.

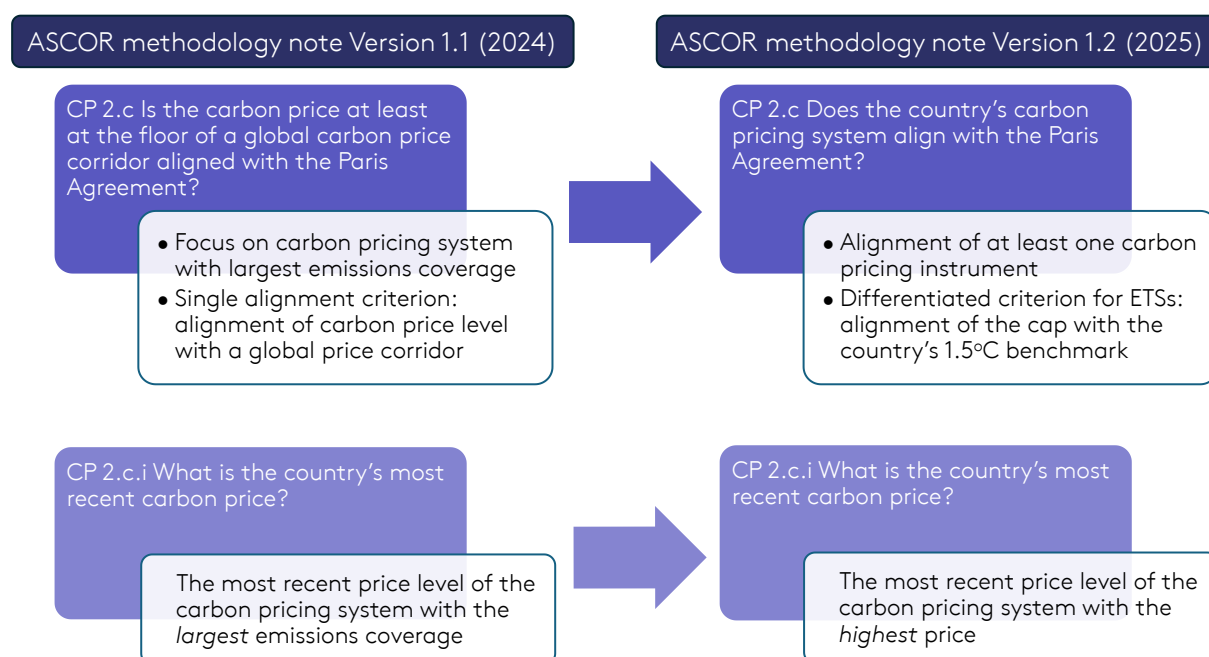
Pillar 1. Emissions Pathways (EP)

- In area EP 1 on emissions trends, rather than using compound annual growth rates, we now calculate trends using a generalised least squares (GLS) regression with a logarithmic-like transformation to yield a percentage change value. This approach is more robust to volatility in the underlying emissions data than the alternative approach used previously and provides more meaningful trends for small negative emissions levels from land use, land use change and forestry (LULUCF).
- Two metrics have been added to area EP 1 to measure how far the 2030 benchmarks are from a 2030 value estimated based on extrapolated emissions trends (EP 1.b.i and EP 2.c.i).
- The areas within Pillar 1 on EP have been renumbered to accommodate the assessments of new 2035 targets stated in countries' Nationally Determined Contributions 3.0 submissions. EP 3 now refers to 2035 targets and EP 4 now refers to net zero targets.
- Reflecting the ambition demonstrated by many middle-income countries, this group is no longer exempt from indicator EP 4.b, which assesses whether the country's net zero target is set for 2050 or earlier.

Pillar 2. Climate Policies (CP)

- In area CP 2 on carbon pricing, we have developed a novel way of assessing the Paris alignment of emissions trading systems (ETSs) for indicator CP 2.c. We assess this alignment by comparing the reduction rate of the system's emissions cap with the reduction rate required by the country's 1.5°C benchmark. Previously, we used average annual emissions permit prices and assessed these prices against a Paris-aligned carbon price corridor. However, the alignment of ETSs is better assessed using emissions quantities than prices, in part because prices can be volatile. We continue to use a carbon price corridor to assess carbon tax rates.
- In addition, this indicator now assesses whether *at least one* carbon pricing system in a country is aligned according to the approach described above. In previous assessment cycles, this indicator focused only on the carbon pricing system with the *largest emissions coverage*.
- In parallel to the change above, metric CP 2.c.i now presents the most recent price level of the carbon pricing system *with the highest price*. Previously, it presented the price level of the carbon pricing mechanism *with the largest emissions coverage*.

Figure 2. Summary of methodology enhancements in area CP 2



- In area CP 5 on adaptation, indicator CP 5.b, which assesses the publication of a national climate risk assessment, is no longer contingent on indicator CP 5.a, which assesses the publication of a National Adaptation Plan.

Pillar 3. Climate Finance (CF)

- In area CF 1 on international climate finance, private finance is now included in our assessment because disclosure of mobilised private finance has now improved to a degree that it can adequately be included in our calculations. In line with the decision adopted at the Conference of the Parties in 2024, we have also integrated the [New Collective Quantified Goal](#) of US\$300 billion per year for national climate finance targets beyond 2025.
- In area CF 4 on renewable energy opportunities, we have modified the normalisation of new renewable capacity pipelines. Instead of normalising by GDP, we now normalise capacity pipelines by the country's current capacity of fossil-fuel-based electricity generation. This creates a ratio that is more meaningful to interpret where, for example, a number larger than 1 indicates that a country's new renewable energy pipeline outweighs its existing fossil-fuel-based electricity capacity.

IV. Assessment data amendments

Due to new evidence collected during the most recent assessment analysis, some data points in the ASCOR dataset have been amended. All of these changes have been noted in the 'Research Notes' section at the bottom of each country's assessment webpage on the [ASCOR tool](#). Amendments to the 2023 and 2024 datasets were minimal, affecting less than 1% and around 3% of the relevant data points, respectively. A summary of these changes is provided below, focusing on the 2024 dataset.

- Source documents published before the cut-off date of the 2024 research cycle (23 August 2024) that were not previously captured in the 2024 assessments have been

integrated. Overall, 24 results have been changed for this reason from 'No' to 'Yes' and one from 'No' to 'Not applicable'. Three metric results were also improved due to newly identified sources. Note that new sources published *after* the cut-off date of the 2024 research cycle have been integrated into the current research cycle assessments and will be reflected in the dataset that will be published in Q4 2025.

- In a small number of cases, previously identified evidence has been reconsidered as insufficient to qualify for the relevant indicator criteria. Four assessments were revised for this reason from 'Yes' to 'No'.
- A modification to the fair share calculation has led to an increase in the 2030 fair share benchmarks for all countries, leading to improvements in the alignment indicator EP 1.c for six countries and the alignment indicator EP 2.d for nine countries. Metric EP 2.d.i has been adjusted for all countries, but the relative ranking across countries is largely unchanged.
- Methodological amendments to specific calculations resulted in positive changes in four metric results and negative changes in three metric results.
- Due to amendments in the indicator results described above, 18 results were changed at the area-level from 'Partial' to either 'Yes' or 'No' or vice versa.

V. Next steps

The TPI Centre will continue to plan outreach activities to improve understanding by market participants of the ASCOR methodology and assessment results. These activities will also aim to inform and nurture ongoing sovereign-investor dialogue on climate change. ASCOR provides a one-stop-shop on national climate performance to inform, support and facilitate investors' decision-making on sovereign bonds while also enabling sovereigns to showcase their progress and to conduct peer-group comparisons. In addition, ASCOR provides useful insights for corporate investors by highlighting the policy landscape and the state of transition in countries where companies are listed.

The ASCOR tool will broaden to over 100 issuers in its next iterations after 2025, subject to funding, aiming to cover all countries in the emerging market bond indices. Country assessments will continue to be updated annually.

Stay updated on the ASCOR project:

www.ascor.org

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ASCOR supporters

The Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) project is co-chaired by Claudia Gollmeier at Colchester Global Investors, Esther Law at Amundi Asset Management and Adam Matthews at the Church of England Pensions Board.

ASCOR is supported by the Asia Investor Group on Climate Change (AIGCC), Ceres, the Investor Group on Climate Change (IGCC), the Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI) as well as the following investors: Aktia Bank, Allspring Global Investments, Amundi Asset Management, the Church of England Pensions Board, Colchester Global Investors, Franklin Templeton, Insight Investment, MFS Investment Management and Ninety One.

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Academic research expert: LSE Transition Pathway Initiative Centre

The Transition Pathway Initiative Centre (TPI Centre) is an independent, authoritative source of research and data on the progress of corporate and sovereign entities in transitioning to a low-carbon economy. The TPI Centre is part of the Grantham Research Institute on Climate Change and the Environment based at the London School of Economics and Political Science (LSE). The TPI Centre is the academic partner of the Transition Pathway Initiative (TPI), a global initiative led by asset owners and supported by asset managers.

www.transitionpathwayinitiative.org

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