LSEG's ESG data improves portfolio assessments

The Customer

This medium-sized European asset management firm services retail and institutional investors.

The firm offers its clients a range of ESG (Environmental, Social and Governance) funds that are invested in equity and fixed income assets.

Socially responsible investing is part of the customer's DNA; the company has integrated ESG into its investment policy and asset management decisions for more than 15 years. The firm combines ESG criteria and a dialogue with the issuers; during this dialogue, areas of improvement for the company are discussed.

The ESG team is skilled in fundamental analysis and ESG. It follows stocks in the investment universe and manages the non-financial analysis of prospective firms while reviewing ESG scores.

The Challenge

Because the firm assesses securities from varying angles and selects stocks or bonds from a very wide universe, the team required a solution that provides accurate depth and breadth of data, on both financial and non-financial data.

Previously, the firm gathered information from many providers, creating a proprietary ESG repository that compared the ESG criteria of their investment universe. It would select a stock or bond based on a combination of ESG criteria, rating and financial information.

Due to the number of vendors and a lack of information standardisation, analysts faced a variety of products and data sets. In a costly process, they had to rework the data set to harmonise and standardise the information from providers. A large proportion of analysts' time was dedicated to data mining and classification at the expense of researching, data analysis and understanding.

As a result, the analysts engaged in a deep content analysis process to review the strengths and weaknesses of the providers' data coverage and depth of information. They looked at how to improve

LSEG DATA & ANALYTICS

their data analysis process by finding new ways of working and sought to determine whether a data vendor would provide a standardised database that could establish a common basis of comparison between issuers.

The Solution

LSEG worked with the asset manager to evaluate ESG and fundamental data requirements and how to best utilise LSEG's content.

LSEG helped the client assess its database, specifically the information used in the issuer evaluation process, and determine how to replace this information with data coming from Eikon.

The firm was particularly interested in LSEG's ability to provide standardised data points that assess all companies on the same criteria, without having to create an ad hoc evaluation system.

Customer Benefits

By partnering with LSEG, this asset management firm was able to harmonise its ESG database, while optimising data management processes and saving on costs by reducing the number of data providers.

The analyst team now benefits from extra time analysing companies, time which was previously spent on data management, data cleansing and data comparison. Analysts have broadened their analysis universe, improved their stock portfolio assessment and widened the checks performed on companies.

LSEG DATA & ANALYTICS