Interactive Data Adds ESG Data to PrimeTerminal

Interactive Data’s Managed Solutions (IDMS) division has added environmental, social and corporate governance risk data for listed companies from Swiss ESG data provider RepRisk to its PrimeTerminal data workstation, to allow investors, financial advisors and wealth managers to monitor elements of ethical risk associated with the companies they invest in.

RepRisk’s risk scores are based on factors such as the severity of criticism a company receives from sources including global, regional and local media, government agencies, community groups, academics, think-tanks and social media.

In addition to the indicators for companies and sectors, which range from zero to 100—where zero to 24 represents low risk, 25 to 49 represents medium risk, 50 to 74 represents high risk, and 75 or more represents very high risk—users will be able to compare the scores of companies against others in their peer group and access reputational risk news dating back three months, according to Michael Diefenthäler, director of product management at IDMS, who says the indicators are merely the entry point to more in-depth information.

“RepRisk will send information about the reputational risk and related ESG news on a daily basis, and we will then import it automatically into PrimeTerminal. The data is elementized, which means it can be linked to every instrument in that universe,” Diefenthäler says, adding that IMDS is targeting institutions wanting to invest in “clean” companies on behalf of clients.

In addition to the basic ESG data, the vendors have created a link from each security in PrimeTerminal to full company reports in PDF format, which users can obtain from RepRisk for an
additional fee, says RepRisk chief executive Philipp Aeby. These reports compile all information about a company in RepRisk’s database, including the risk scores, important news, summaries dating back up to five years, exposures and an overview of what organizations are being criticized for—such as corruption, environmental destruction or child labor, Aeby says.

“There has been increased interest in ESG data since the financial crisis, which itself was triggered by behavior perceived to be unethical. Compliance and regulation have become much more important, as have ethical considerations—investors and wealth managers need to be aware of any corresponding exposures,” Aeby says.

RepRisk’s data is primarily used by pension funds and asset managers, but with this implementation, Aeby sees potential to reach clients among financial advisors and private banking professionals who typically cannot afford ESG data.