New tools confirmed to assist Nest’s responsible investing

Diandra Soobiah: “These tools will help us scrutinise the companies we invest in and keep our finger on the pulse”

Nest can today announce it will be working with RepRisk and Sustainalytics to build upon its ability to invest responsibly and further integrate Environmental, Societal and Governance (ESG) factors into its investment strategy.

The new providers will make available to Nest live databases of high quality, timely ESG data, allowing the pension scheme to spot any risks that may be emerging and screen out certain assets. This data will also automatically monitor news so that anything affecting a company’s reputation is quickly brought to light and informs engagement and voting decisions.

The databases will be fully integrated into Nest’s investment decision process. This will allow the pension scheme to consider the investment risks and opportunities associated with ESG factors to provide a more holistic view of companies, alongside the more traditional investment risk factors.
Evidence shows companies with strong ESG performance are more likely to achieve good economic returns for shareholders over the long term.

Diandra Soobiah, Nest’s head of responsible investment, said:
“Nest is growing and evolving fast. Soon we’ll be looking after more than £15 billion and tens of thousands of shares on our members’ behalf. It’s important we’re constantly reviewing how we scrutinise the companies we invest in for new ways to keep our finger on the pulse.

“These new databases will present the latest available information about our investments, helping us make more informed decisions as to whether they meet our expectations.

“Supporting ESG is fundamental to the Nest psyche and should be a vital part of every scheme’s investment strategy. Our members want us to invest responsibility and the evidence is clear - considering ESG helps make better investment decisions.”

Dr. Philipp Aeby, CEO of RepRisk, said:
“We are very proud to have been selected as the provider of ESG data by Nest. By providing daily-updated analytics and metrics that are curated through a unique combination of artificial and human intelligence, we enable our clients to take more-informed decisions for their investments.”

Simon MacMahon, Sustainalytics’ Executive Vice President of ESG research, said:
“Sustainalytics is delighted to support Nest as it continues to strengthen and expand the scope of its responsible investment activities. By leveraging our in-
depth Global Compact and Product Involvement research, Nest can ensure its portfolio companies are in compliance with international norms and principles, and screen for companies involved in a range of products, services and business activities that may or may not align to its investment strategy.

“We are honoured that Nest will integrate our compliance and screening offerings into its investment decision process to fulfil its fiduciary obligations to its members.”

These new databases will help Nest fulfil its responsibilities as signatories to the Financial Reporting Council (FRC) stewardship code by monitoring and challenging our fund managers to act upon these issues.

The new databases are particularly important for Nest as it moves into new asset classes - commodities and private credit - which will require greater scrutiny. The new tools will play a key role in aligning Nest’s investments with sustainable capitalism and therefore procuring them is in the best interests of members.