

# ESG Viewpoint: BlackRock

## RepRisk interviews James Smallwood Global Head of Content & Client Success for eFront Insight

# BlackRock®



### 1. RepRisk: Please provide some details about your specific role at BlackRock and the work that you and your team do.

**James Smallwood:** I am the Global Head of Client Success and Content for eFront® [Insight](#), overseeing and managing both our Client Success and Content & Delivery teams—which support over 100 Limited Partner (LP) clients and over 2,500 General Partner (GP) relationships.

eFront® Insight is BlackRock's private market data and analytics platform which enables GPs and LPs to streamline communication and have access to high-quality, verified, and granular private market data to generate portfolio insights.

eFront® Insight is also an integral part of BlackRock's whole portfolio view capabilities across the Aladdin® technology platform. Together, they enable multi-asset managers to manage investments across public and private markets through a single platform (and with scale), providing investment professionals with best-in-class—public and private—enterprise-level data and analytics.

Every day, we collaborate with clients—and the complete private markets ecosystem—to innovate and meet the demands and needs of the private market investment community. This function helps drive product vision and strategy to deliver against market trends and client needs—to maximize their engagement with the platform.

### 2. RR: With the addition of RepRisk data, BlackRock's eFront® Insight platform offers robust ESG risk data on private companies to clients. How do you see eFront® Insight users leveraging ESG data?

**JS:** The combination of RepRisk and eFront® Insight empowers our clients to quickly identify ESG risks, understand how externally reported ESG incidents impact performance, gain transparency into ESG exposure and view weighted, aggregated ratings for each fund—allowing for peer group comparison.

Clients need to be able to quickly identify risk events within their portfolios.

Imagine a limited partner with over 5,000 companies in their Investment Book of Record (IBOR)—automatic notification of any risk incidents would allow them to receive actionable intelligence and directly react to such incidents.

The ability to incorporate ESG credentials, as an attribution towards performance, is fundamental to recognizing the value of sustainability within the investment decision-making process.

Transparency is also critical during typical risk management. Investment professionals need to understand the value associated with different types of risk—of which ESG risk is now an essential component. Together, RepRisk and eFront® Insight allow clients to make informed decisions about reallocations into different sectors or geographies.

The ability to compare a manager's or fund's ESG credentials with their peer group's will potentially be a major factor in forward-looking allocations within private markets.

### **3. RR: What do you believe to be some of the major challenges when it comes to alternative investment data and how does eFront® Insight, with the inclusion of RepRisk data, address them?**

**JS:** ESG disclosure within private markets remains in its infancy and in many cases getting access to quantifiable ESG data is not possible. Where fund managers do provide ESG reporting, there is great variance in the nature of the data due to the varied frameworks in place, the metrics that are provided, the levels of aggregation, and the coverage of assets. This lack of consistency across the industry causes significant difficulties in establishing a holistic view of ESG risks across a large portfolio of assets.

RepRisk's externally-identified ESG risk information provides a solution to sourcing and digitizing ESG data across large portfolios without the need for requesting data from asset managers of portfolio companies. eFront® Insight then combines performance and financial disclosures with RepRisk's ESG risk-related data in a single platform.

### **4. RR: Do you believe there is value in adopting a proactive risk lens to inform decision-making and alternative investment strategies, and if so, why?**

**JS:** We believe a proactive risk lens is absolutely key to informed decision-making.

ESG characteristics are front and center in many conversations that our clients are having with their managers. From a performance perspective, the requirements for ESG data and minimizing risk towards ESG are now as essential as the financial performance or track record of a general partner.

eFront® Insight's partnership with RepRisk makes ESG a consideration throughout the entire lifecycle of the investment and beyond. Our platform clients can use eFront® Insight's performance data with RepRisk's ESG data to make pre-investment decisions, monitor portfolios, and inform decisions around future allocations.

Also important are a manager's historical performance and our eFront® Insight solution's ability to track a range of financial metrics. We believe that an "outside-in" approach—or an external view of the company—is an essential pillar within the alternative investor's decision-making process.

### **5. RR: Demand for alternative data, including ESG data, grew significantly in 2020 as buy-side financial firms sought to understand market volatility from more dimensions. What's your outlook on ESG and other alternative data and how do you see the use of these datasets continuing to evolve?**

**JS:** Sourcing and making sense of alternative datasets is critical for the future development of private markets. There is still a huge gap and, therefore, a space for significant progress to be made in sourcing data directly from portfolio companies.

At BlackRock, and across our tech platforms like Aladdin® and eFront® Insight, a big focus for us is to provide technology and expertise that will help fill in that data void with "self-reported" metrics provided directly by a portfolio company. For this reason, we have recently launched our ESG Outreach platform, developed in partnership with our eFront® limited partner community. This initiative helps remove the high costs of technology and specialist knowledge associated with ESG monitoring in private markets and provides a unified framework to streamline the aggregation and consolidation of quantifiable ESG data.

Combining the "inside-out" data that ESG Outreach will provide with RepRisk's "outside-in" ESG data can enable bi-directional, holistic monitoring of a company's ESG credentials and timely signaling of not only potential risks—but opportunities—within private companies.

## Conclusion

BlackRock's eFront® Insight platform, with the addition of RepRisk data, offers robust ESG risk data on private companies to clients looking to track a range of financial metrics using a proactive risk lens. ESG characteristics are front and center, and from a performance perspective, the requirements for ESG data and minimizing risk towards ESG are now essential. eFront® Insight's partnership with RepRisk helps make ESG a consideration throughout the entire lifecycle of the investment and beyond, and clients can use eFront® Insight's performance data with RepRisk's ESG data to make pre-investment decisions, monitor portfolios, and inform decisions around future allocations.

## Bio – James Smallwood

James is the Global Head of Content & Client Success for eFront Insight. Insight is a private markets data and analytics platform. In his global role, James is responsible for driving the product vision and strategy to deliver against client needs and maximize their engagement with the platform. Prior to his current role James oversaw the data services business within eFront, evolving the solution through its various revisions and spearheaded the launch of Insight in its current form.

Previously, James spent 7 years in the Middle East where he was responsible for Alts Technology at Abu Dhabi Investment Authority overseeing the technology strategy for their Real Estate, Infrastructure and Private Equity department, a role he gained after having successfully delivered ADIA's eFront solution as the Technical Lead in 2011 after his initial role at eFront.

Prior to his time in the Middle East, James had multiple roles in Fintech with specific focus on data governance and integration in Real Estate & Fixed Income.

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