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SunGard's MarketMap Taps RepRisk for ESG Data

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SunGard will this week integrate environmental, social and corporate governance (ESG) risk data for listed companies from Swiss ESG data provider RepRisk into its MarketMap market data terminal, to enable users to make better-informed investment decisions by identifying companies and sectors with high reputational risk.

The ESG indicators are available free of charge to all MarketMap users from today, Monday, Nov. 28. By right-clicking on any listed security in the terminal, MarketMap users can access a sub-menu that provides two numerical indicators of reputational risk, according to officials.

"The first is a reputational risk indicator for the individual company based on factors such as the severity of criticism the company is receiving, the number of negative articles on the company from a broad range of stakeholders within a two-month period and the timing of the news," says Karen Reiner, sales and marketing manager at RepRisk. "The second is the sector index, which is derived from the amount and severity of news related to that sector in the last six months."

The indicators, 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—are updated throughout the day.

"Nowadays, it's not enough to know that your money is going to provide returns. It's also important that the money that you have given to invest is not going to end up in a company whose board are members of the mafia, or a company that uses child labour to build their products, or that pollutes more than it produces, and so forth," says Robert Jeanbart, executive vice president and global head of market data at SunGard.

Jeanbart says the addition was driven solely by client demand. "The MarketMap terminal was previously populated with financial risk indicators only, but clients have been requesting that we add [ESG data] because they have been asked by their own investors or clients. So we found a company that has gone about classifying this risk," he adds.

In the coming weeks, SunGard will add further functionality to MarketMap that allows users to access the underlying data that RepRisk uses to calculate its indicators, including data on more than 20,000 companies, 4,500 projects, 3,500 non-government organizations and 3,000 government bodies, as well as charts and historical data that track the indicators.

"People who are more worried about environmental issues than ethical or corporate governance ones might want to see what's driving high or low risk. If it's nothing to do with environmental considerations, they may maintain their decision to invest in that security," Jeanbart says, though he acknowledges that users will not be able to find out precisely how the indicator is derived.

RepRisk has a similar deal with Swiss data vendor Six Telekurs, which integrated RepRisk data into its Telekurs' iD display product in September last year.

"The fact that vendors are now incorporating ESG data into their products in any format indicates how valuable it has become, brings us wider exposure to our client base of asset managers, banks and pension funds and helps us to establish the RepRisk index as a standard for ESG risk exposure," Reiner adds.