EDS
EQUITY DATA SCIENCE

Integrating ESG

Client: Sanders Capital LLC

Client Background

SANDERS CAPITAL

An equity manager with approximately $75 billion in Assets Under Management, Sanders Capital has been a Northern Trust client since 2010, where we've provided middle office and a range of related services. As a value-driven investor focused on identifying market over-reaction (loss aversion), research and analysis are critical to the execution of Sanders' strategy, and over the years of our work together we've endeavored to optimize the ways our services deliver data, reliability, and consistency so that the investment team can focus on strategy.

The Challenge

Sanders inquired about our recently-announced equity stake in Equity Data Science (EDS), as they had been considering a research management solution. Sanders was impressed with its overall capabilities, but wanted to identify a limited "test case" to develop and prove the model.

Through interviews with stakeholders across leadership, portfolio management, analysis, trading, and operations, ESG emerged as an interesting opportunity.

Working collectively, Northern Trust, EDS, and Sanders walked through the existing ESG process, and worked with each relevant function to identify how and where things might be improved via digitalization. Ultimately, we identified four key areas of opportunity:

1. Reduce risk by automating manual practices

2. Deliver transparency across relevant stakeholder groups

3. Enhance efficiency by reducing the level manual work

4. Enable collaboration by supporting the process in a digitized environment

The Solution

With the objectives agreed, EDS and Northern Trust set about building upon the EDS technology stack to support Sanders' ESG process in particular and the nuances of ESG research in general. The resulting model included:

1. **Automated capture** of Sanders' chosen ESG data vendors, including unstructured data sets like controversy data.

2. **Seamless integration** of vended, Northern Trust, and Sanders' proprietary data elements (e.g., notes, commentary) within the system for access to all ESG-related data in a "single pane of glass".

3. **Workflow tools** that digitized analysts' processes around gathering, reviewing, and annotating ESG scoring and events (e.g., controversy data), as well as decision-points throughout the investment process.

4. **Analytics** and dashboards that allow analysts and portfolio managers to interrogate, visualize, compare, and decompose ESG scores from major vendors, for deeper insights in a given company's true ESG profile.

5. **Dashboards** that make analysis, events, and notes transparent and available to all members of the team for more fluid and efficient collaboration across the investment process.

> *Northern Trust and EDS brought real insight into how digitization could drive value. Together, we transformed one of our most cumbersome functions into a best practice model for our broader investment process.*
>
> **- Sanders Capital**

The Result

Sanders Capital now enjoys a substantially more efficient, transparent, and responsive ESG practice that better integrates with the firm's broader investment process. The digitization of data aggregation and analysis allows staff to more quickly share and evaluate information as it becomes available, while the analytics help analysts and PMs gain new insights that were either not possible or substantially more difficult using the old model.

Moreover, the new digital solution reflects, and in many ways enhances, Sanders' proprietary process – bringing new levels of efficiency and transparency, but without asking decision makers to compromise their process to accommodate the technology. Northern Trust, EDS, and Sanders are now evaluating whether and how to expand the use of EDS to optimize other elements of the investment process.

"Through a combination of data, technology, and creativity, EDS helped this active manager fully integrate ESG analysis into their investment process."

Let us know how we can help you.

+1 646-838-4107　|　**sales@equitydatascience.com**　|　**www.equitydatascience.com**