



ABOUT NN INVESTMENT PARTNERS

With \$318.5 billion USD as of December 31, 2019, NN Investment Partners (IP) is a large-cap asset manager and leader in responsible investing. Headquartered in The Hague, Netherlands, NN IP is the asset management unit of NN Group, a leading Dutch insurance and financial services company with operations in 18 countries.



THE CHALLENGE

- Lack of objective, forward-looking ESG data and scoring to complement traditional data resources



THE SOLUTION

- Ownership of an AI-powered solution, without the investment of internal time and resources



THE RESULTS

- Greater ESG precision, real-time analytics, and composite scoring across holdings and portfolios
- Ability to develop a proprietary ESG composite score

NN Investment Partners Expands Real-Time ESG Insight with Truvalue Labs' Data and Analytics

NN Investment Partners harnesses the power of Truvalue Labs' data and analytics to expand its ESG precision and develop firm-wide composite scoring.

THE CHALLENGE

NN Investment Partners (NN IP) is the asset management arm of NN Group, the Netherlands-based insurer, and spun off from ING Group in 2014. Prior to the spin-off, NN IP started integrating environmental, social, and governance (ESG) factors into its investment processes and signed the UN-supported Principles of Responsible Investment as early as 2008. In 2017, the firm formed a dedicated responsible investing (RI) team to make ESG integration and responsible investment practices an integral part of its investment decision-making process.

The firm believes strongly that the way companies look at issues beyond just shareholder value is indicative of good management. NN IP seeks to invest in high-quality businesses that are likely to endure and views ESG measures as strong indicators, not only of management quality, but also of franchise quality.

As the firm's RI practice developed, the team realized they could not rely solely on standard, self-reported ESG data for meaningful material factors. While NN IP

finds value in traditional ESG data providers, the firm needed more real-time, forward-looking information from unstructured data—information that is less about company policies and procedures and more about how companies are actually behaving. They needed a data provider that could structure data according to material ESG factors, both current and historical.

THE SOLUTION

For this large-scale implementation, NN IP partnered with Truvalue Labs, a FactSet company. Truvalue Labs leverages artificial intelligence (AI) and natural language processing (NLP) to scour more than 100,000 sources and surface meaningful, material ESG data on thousands of companies in real time. The company also created the first ESG analytics solution to leverage the materiality framework developed by the Sustainability Accounting Standards Board™ (SASB).

Truvalue Labs calculates a dynamic Pulse score, enabling real-time monitoring of companies, an Insight score, measuring a company's longer-term ESG track record, and a Momentum score, showing the company's ESG performance trajectory, whether positive or negative. It further enables analysts to drill down into the data sources—for example, news media articles, regulatory filings, or non-governmental organization (NGO) reporting—that are the basis for the score.

NN IP compared Truvalue Labs' data to other datasets and found it easier to tailor Truvalue Labs' information and data fields to the firm's investment criteria. "What I find really useful is that we can easily find the news sources that underpin the score, and we can also drill in or narrow down the scope in terms of the number of categories we are looking at," says Jeff Meys, Portfolio Manager, Automated Intelligence Investing, NN Investment Partners. "We can get more information beyond the material topics by turning the SASB materiality filter off."

Truvalue Labs' ESG data and analytics products augment conventional ESG ratings derived from periodic company reports, providing an "outside-in" perspective for a more comprehensive view of company behavior. It goes beyond self-reported policy information and is updated continuously in near real time, unlike the annual or quarterly statements from companies themselves. Policy information from the traditional data providers is very

helpful and a good starting point," Meys points out. "But what we really would like to know is, in which sectors or businesses might controversies arise? And how would they relate to material issues? That's precisely the sweet spot that Truvalue Labs is addressing."

THE RESULTS

Truvalue Labs data is now one of the key inputs to the firm's proprietary ESG assessment tool. "We have a systematic process, where we combine datasets that contain price-moving information, like P/E, growth, or balance sheet factors," explains Meys. "Up until we started using Truvalue Labs data, it was challenging for my team to include any ESG indicators from a quantitative perspective, because we couldn't find any alpha source in any of the data from traditional data suppliers. But alpha alone isn't enough—the data needs to be uncorrelated with other factors. After testing Truvalue Labs data, we chose two key indicators to use in our process. We use those scores across every industry, and it's a significant percentage of our overall score. We've been positively surprised by the impact."

Truvalue Labs data has also enabled NN IP to develop a proprietary ESG composite score, a single number generated with input from multiple data sources. The composite score is designed to incorporate the factors the teams deem most material relative to specific industry groups. Truvalue Labs contributes an indication of how stakeholder issues and potential controversies may affect a company based on real-time information.

"What sets Truvalue Labs apart is the dynamic, forward-looking information they provide," says Meys. "We integrate Truvalue Labs' ESG data in both our quantitative investment process and as part of a composite score that is accessible firm wide. Truvalue Labs gives us information that is material in terms of the issues we are looking at, both from a risk and opportunity angle."

Using Truvalue Labs enables NN IP to arrive at an AI-powered solution without the investment of time and resources needed to build one from scratch. The firm looked at trying to augment its traditional resources on its own, but decided not to reinvent the wheel, relying instead on the expertise and deep history that Truvalue Labs data brings immediately upon implementation.

DISCOVER SOLUTIONS

FactSet creates data and technology solutions for investment professionals around the world, providing instant access to financial data and analytics that investors use to make crucial decisions.

Truvalue Labs SASB Scores DataFeed

Monitor both positive and negative ESG events daily.

[Get Started](#)

Truvalue Labs SASB Spotlight DataFeed

Review story summaries and scores for ESG controversies and opportunities.

[Get Started](#)