Scorecard

FactSet Truvalue SASB Scores DataFeed

About FactSet

COVERAGE OF COMPANIES
267,000+ companies and securities

FOCUS
Captures external stakeholder viewpoints on company behaviour over time.

LAUNCH DATE
2007

LINK:
https://www.factset.com/marketplace/catalog/ product/sasb-scores-datafeed

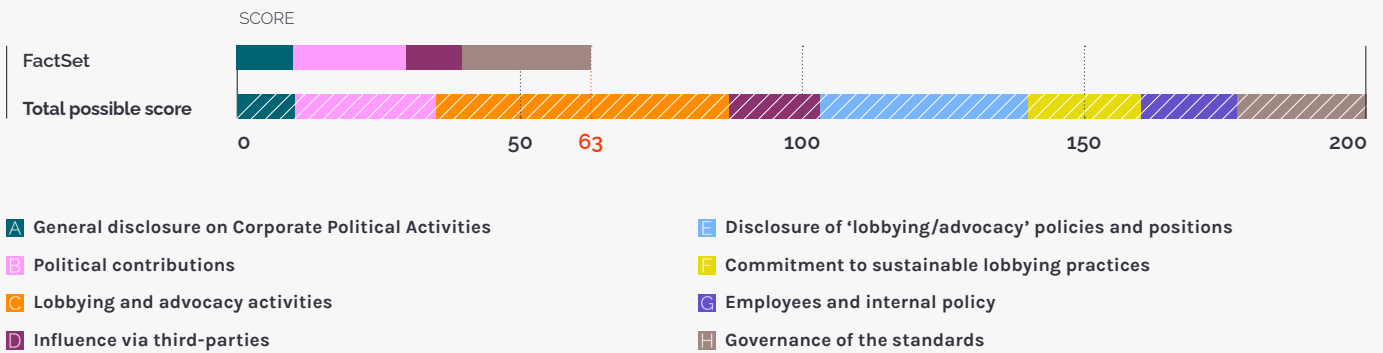# FactSet Truvalue SASB Scores DataFeed Score

63 /200
Score

Rank 15 /27
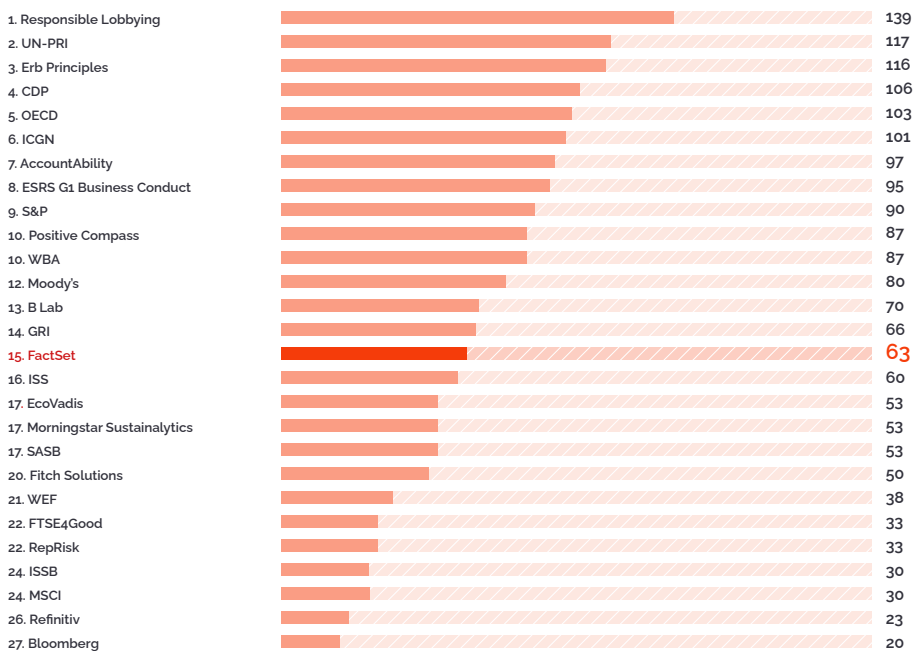
Tracker Rank and Score for FactSet

The score is out of a total of 200 and the rank describes the standards position in the 27 standards assessed by the Tracker.

Category scores of FactSet

SCORE

FactSet

Total possible score

0   50   63   100   150   200

A General disclosure on Corporate Political Activities
B Political contributions
C Lobbying and advocacy activities
D Influence via third-parties

E Disclosure of 'lobbying/advocacy' policies and positions
F Commitment to sustainable lobbying practices
G Employees and internal policy
H Governance of the standards

*Categories where the standard received no points do not appear in the colour-coded graph

Rank and scores for all standards

Standard	Score
1. Responsible Lobbying	139
2. UN-PRI	117
3. Erb Principles	116
4. CDP	106
5. OECD	103
6. ICGN	101
7. AccountAbility	97
8. ESRS G1 Business Conduct	95
9. S&P	90
10. Positive Compass	87
10. WBA	87
12. Moody's	80
13. B Lab	70
14. GRI	66
15. FactSet	63
16. ISS	60
17. EcoVadis	53
17. Morningstar Sustainalytics	53
17. SASB	53
20. Fitch Solutions	50
21. WEF	38
22. FTSE4Good	33
22. RepRisk	33
24. ISSB	30
24. MSCI	30
26. Refinitiv	23
27. Bloomberg	20

Description

FactSet's Truvalue (TVL) data is built on the SASB methodology and is designed to provide a systematic source of information for investors. Truvalue extracts, analyses, and generates scores from millions of documents each month collected from data sources in over 30 languages. Sources include local, national, and international news; reports by NGOs and market watchdogs; trade press and industry publications; and social media. Launched in 2007, the dataset has evolved and expanded over time to cover more companies, but has also referenced the SASB methodology, which guides the data collection and tagging system.

Unlike traditional ESG data sets focused on annual ratings and periodic corporate disclosure or survey, Truvalue monitors company ESG behaviour via current events. This approach is intended to enable investment professionals and other data users to more efficiently incorporate material, market-moving information into their investment process by leveraging the following score types provided in the data feed: (a) an Insight Score, which measures a company's longer-term ESG track record; (b) Pulse Score, which measures the near-term performance changes that highlight opportunities and controversies; (c) Momentum Score which measures a company's ESG behaviour and trends over time; (d) Volume Score, which measures the information flow or number of articles about a company and is represented as an aggregate value over the past 12 months; (e) Adjusted Insight, which measures company ESG performance, generating scores for lower-volume and zero-volume firms by blending company scores with industry medians; (f) Industry Percentiles, which offer context on company-adjusted Insight scores relative to peers in the same SASB Industry Classification System (SICS) industry; and (g) ESG Ranks, which break down a peer universe into the following categories: Laggard, Below Average, Average, Above Average, or Leader, directly mapping from Industry Percentiles. The extensive data sorting and assessment tools within the TruValue system should enable nuanced understandings and analysis of corporate political activities and other forms of lobbying.

FactSet's Truvalue product suite applies machine learning to uncover risks and opportunities from companies' environmental, social, and governance (ESG) behaviour, which are then aggregated and categorised into continuously updated, material ESG scores. The methodology focuses on company ESG behaviour as tracked by external sources and includes both positive and negative events that go beyond traditional sources of ESG risk data. According to the company, the TruValue data tools and methodology should be able to provide transparency to the market regarding corporate political activities and other forms of lobbying in the absence of a strict regulatory regime. The news aggregation and analysis tools should uncover company lobbying activities that make their way into traditional media, both from a positive and negative perspective.

The methodology provides scores at the SASB Standard level to clients, via a daily system search of the internet, to identify mentions and discussions of 400+ sub-topics & signals. From this wider sifting process, approximately 10,000 articles then pass through for scoring attribution based on their containing potentially material ESG information covering company conduct in the public domain.

The **SASB Leadership & Governance Dimension** covers a number of sub-topics which should capture corporate political activities and lobbying. The sub-topics, called a 'General Issue Category' in the underlying SASB methodology[1] are (a) business ethics; (b) competitive behaviour; (c) management of the legal & regulatory environment; and (d) systematic risk management. These are discussed in

detail in the Tracker SASB Scorecard. Each of the four SASB General Issue Categories provide an opportunity to assess elements of a company's corporate political engagement strategy.

Sitting underneath the Leadership & Governance Dimension, the 'management of the legal and regulatory environment' SASB General Issue Category[2] looks for the following signals within the text of articles entering the TruValue Labs data aggregation pipeline: lobbying; campaign donations; climate influence; Superfund liability (for US companies); and industry group activities. These signals try to capture news stories around general regulatory capture risk, positive and negative lobbying conduct, political finance contributions, industry group or trade association involvement, and the relative alignment of public industry group positions with a company's own stated position on material policy matters.

Truvalue takes an outside-in perspective by capturing views of analysts, advocacy groups, and government regulators, as published by independent media. With a focus on both positive ESG behaviour as well as controversies.

Score summary

The FactSet TruValue Labs methodology scored 63 in the Tracker out of a total possible score of 200. This score reflects the fact that the TruValue Labs data set is built on top of the SASB Standards but adds more data analysis and granularity than the standalone SASB Standards. The FactSet TruValue Labs methodology creates scores that roll up the 26 general issue categories in SASB and complement this with real time news and information gathering. The category in the FactSet methodology most relevant to lobbying is 'Management of the Legal and Regulatory Environment'. This coverage earns points in Tracker Category A, 'General disclosure on corporate political activities'. The TruValue Labs data gathering methodology highlights major events captured in the news regarding corporate donations/lobbying. In addition the TurValue Labs methodology identifies membership to trade associations, what linked trade bodies say on behalf of member firms, instances of in-kind support flagged in the news, and also surfaces a range of different types of lobbying activities, such as corporate contributions to and participation in public consultations, political campaigns, and sponsored research. This coverage of indirect lobbying activities earns points in Tracker Category C, 'Lobbying and advocacy activities.'

The methodology also earns points for providing public access to its methodology, in Tracker Category H on '**Governance of the standards.'** Alongside their published methodology, TruValue Labs has a client portal where questions and feedback on their methodology can be provided and actioned internally, in order to ensure that the methodology keeps pace with market expectations on lobbying and other issue areas.

Opportunities for improvement

The TruValue Labs methodology could be enhanced by more detailed data fields on corporate political activities, linking datasets to the Tracker assessment categories and enabling users to assess corporate conduct and progress over time.

The wide scope of coverage in the TrueValue dataset means that the tool could provide unique opportunities to assess corporate conduct across markets, where reporting rules on lobbying may be limited or absent. An additional area for improvement would be on internal governance of lobbying conduct, and this might be tracked using mentions of this topic in the news, to help users better understand how companies are assessing spending and priorities in their political engagement strategy. Understanding this is important as lobbying and engagement campaigns impact company returns, particularly in highly regulated sectors, or industries where government procurement is a major driver of firm profitability, such as in defence and weapons contracting[3] and healthcare.

Endnotes

1   https://sasb.ifrs.org/standards/materiality-finder/
2   Idem
3   SIPRI 'Military Expenditure Database:' https://www.sipri.org/research/armament-and-disarmament/arms-and-military-expenditure/military-expenditure

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