Use of EPA Data by the Financial Sector

“Processing the Data”

Mark Bateman
Director of Research, IW Financial
• ... is an environmental, social, and governance (ESG) research and services firm
• ... supports all level of Investors and others interested in ESG company data and evaluations
• ... is “Values Neutral”—no agenda, no opinion on who’s good and who’s bad
• ... facilitates comparative evaluations and threshold screening
• ... walks clients through a “Social Conversation”
Who uses this type of data?

PAX
Pax World Mutual Funds

General Board of Pension and Health Benefits
Of The United Methodist Church

CR's
100 Best
2011

NYCERS

State of Connecticut
Treasurer's Office

Deutsche Bank

Calvert Investments

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Prioritize each corporate practices category.

Choose which issues to include.

Indicate an orientation to each issue.
IWF-generated Industry Ratings

Evaluation of the chemical industry based on sample “social profile” that includes environmental, human rights, labor relations, diversity, sexual orientation, and governance issues.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>SYMBOL</th>
<th>RATING</th>
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<tbody>
<tr>
<td>Ashland Inc.</td>
<td>ASH</td>
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<td>Monsanto Co.</td>
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<td>E.I. DuPont De Nemours &amp; Co</td>
<td>DD</td>
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<td>Dow Chemical Co.</td>
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<tr>
<td>Stericycle Corp</td>
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<td>LyondellBasell Industries</td>
<td>LYB</td>
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<td>Minerals Technology, Inc.</td>
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<td>Hercules Inc.</td>
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<td>A. Schulman Inc.</td>
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<td>Amsler Corp.</td>
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<td>Infinia Holdings Inc.</td>
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Government-based Environmental Data

- TRI-Toxic Release Inventory
- ERNS-Emergency Response Notification System (Spills)
- CERCLA-
- Federal EPA Fines data
Why is EPA Data Important?

- Consistent data across a large company universe
- Performance data instead of policy data
- Trend analysis is possible
- Criteria defined by a third-party, not by companies themselves
• Attribution of facilities to Ultimate Corporate Parent
• Calculation of Two Basic Data Elements (manipulation of Form R into meaningful elements)
  • Total Emissions
  • Total Waste Generation
• Calculation of Derivative Data for both Basic Elements
  • Normalized to sales revenue
  • Trends over time
  • [Industry Averages also possible]
• Reattribution of facilities
  • Based on corporate actions: mergers, acquisitions, spin-offs

• Pro forma recalculation of data elements
  • Conducted for IWF’s entire data set
    • Russell 3000 and S&P 1500
    • TRI data back to 2001
• Timeliness
  • IWF does not need analysis, we need the data
  • It takes IWF a couple of months to do our processing once EPA releases TRI data. By the time it makes it to our clients, it’s more than 18 months old.

• Identification and linkages of records from one year to the next in a given dataset
• Identification and linkages of facility records between and among EPA datasets
• Third party perspective on most damaging company practices and how they are reflected in the data
• Context of the data. This can help create appropriate normalizing factors for use with the primary data.
Contact Information

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