



***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?



GENERAL BOARD OF PENSION AND HEALTH BENEFITS  
OF THE UNITED METHODIST CHURCH



Deutsche Bank

# IWF--User Defined Criteria

The screenshot shows the 'Rate Companies' interface for 'Jane Smith'. The interface includes a sidebar with search and selection options, a main panel for setting criteria, and a table of issues to be rated. Three callouts provide detailed views of specific parts of the interface:

- Callout 1 (Top):** Shows the 'IMPORTANCE' scale with radio buttons for 'HIGH', 'MED', 'LOW', and 'NONE'.
- Callout 2 (Middle):** Shows a list of issues with checkboxes. 'Number of oil and chemical spills' is checked. Other issues include 'Super fund sites', 'Toxic emission releases', and 'Toxic emissions trend'.
- Callout 3 (Bottom):** Shows the 'PREFERENCE' options for 'Spills trend', including 'More spills', 'Fewer spills', 'Increasing trend', and 'Decreasing trend'.

Prioritize each corporate practices category.

Choose which issues to include.

Indicate an orientation to each issue.

# IWF-generated Industry Ratings

## Rate Companies

### Chemicals

Profile: Sample

Ratings are based on a comparison to companies in the same industry

#### RATINGS KEY



COMPANY	SYMBOL	RATING
Ashland Inc.	ASH	100 ██████████
Monsanto Co.	MON	98 ██████████
E.I. DuPont De Nemours & Co	DD	85 ██████████
Dow Chemical Co.	DOW	65 ██████████
Spartech Corp.	SEH	54 ██████████
Lyonell Chemical Co	LYO	51 ██████████
Minerals Technologies, Inc.	MTX	51 ██████████
Hercules Inc.	HPC	50 ██████████
A. Schulman Inc.	SHLM	48 ██████████
Polyone Corp.	POL	47 ██████████
Pioneer Cos., Inc.	PONR	46 ██████████
Sigma-Aldrich Corp.	SIAL	46 ██████████
WD-40 Co.	WDFC	42 ██████████
Balchem Corp.	BCPC	40 ██████████
Celanese Corp	CE	35 ██████████
NewMarket Corp.	NEU	30 ██████████
Nuco2 Inc.	NUCO	26 ██████████
Rentech, Inc.	RTK	21 ██████████
Huntsman Corp	HUN	7 ██████████
Innophos Holdings Inc.	IPHS	1 ██████████

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

- TRI-Toxic Release Inventory
- ERNS-Emergency Response Notification System (Spills)
- CERCLA-
- Federal EPA Fines data

- 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.

### **IW Financial**

Mark Bateman

Director of Research

207.773.2333 x 8404

[markbateman@iwfinancial.com](mailto:markbateman@iwfinancial.com)