

Use of EPA Data by the Financial Sector

"Processing the Data"

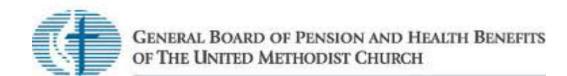
Mark Bateman
Director of Research, IW Financial

- ... 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?

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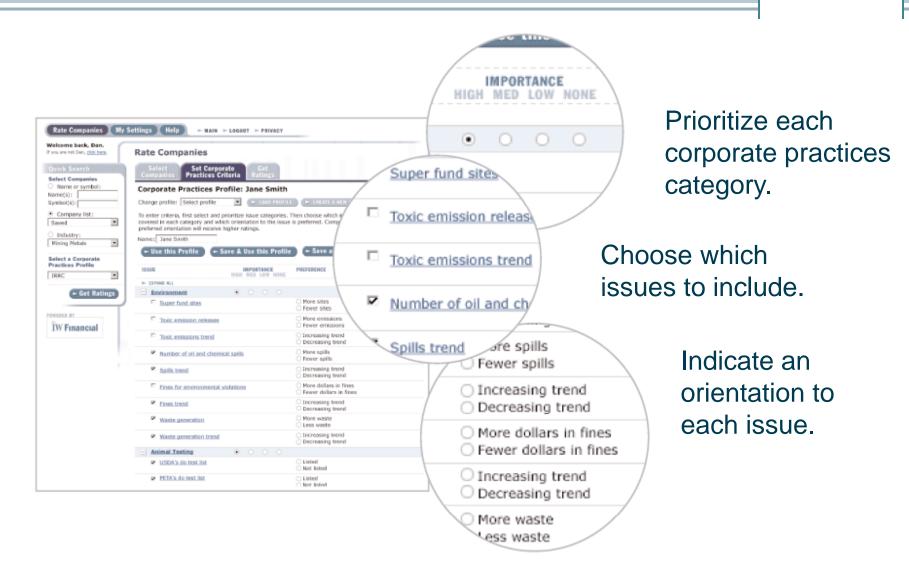






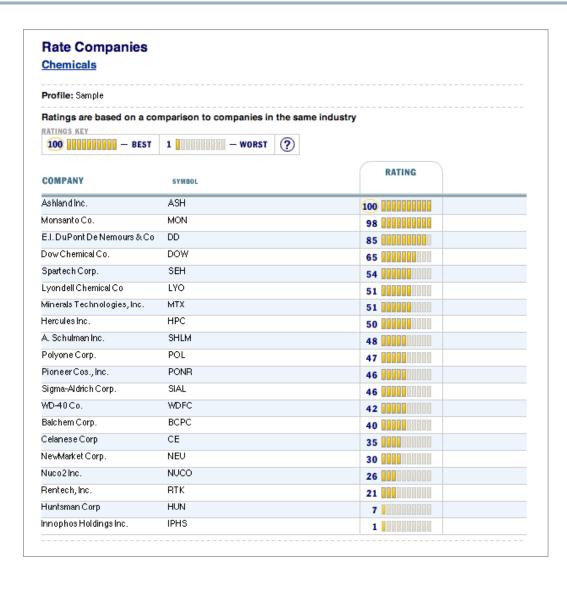
IWF--User Defined Criteria





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.

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

IW Financial TRI Processing...



- 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

Research Challenges with EPA (and other) Datasets

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- 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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