

Response to EPA's *Draft Information Access Strategy*

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KLD appreciates EPA's plans for improving its environmental data management and dissemination. As a firm researching the environmental performance of thousands of publicly held corporations, KLD uses EPA data regularly. Any improvement to data quality and any increase in access to the data assist our work tremendously. Accurate and timely EPA data used in our research also reflects well on the EPA.

KLD has several suggestions for improving EPA management of corporate data. We articulate them in more detail below, but they fall within three main areas.

1. List all data by parent company
2. Provide timely updates
3. Provide some verification and QA program.

Among the recommendations set out in the *Draft Information Access Strategy* were the following (paraphrased):

- Make locating data and information within EPA and other agencies easier
- Help users understand and interpret data when they find it
- Format data and information so that it is easier for users to manipulate

KLD supports these general proposals. Our comments speak to these recommendations, but we will organize them as they reflect our practical experience.

KLD aggregates corporate environmental performance data at the company level to help paint an overall picture of each company's environmental performance. These data involve both operations and product performance information. We tally quantitative totals of disaggregated data (for instance, collected at the facility or individual product level) to help support a rating or ranking of a company within a peer group.

EPA programs that we compile these data from include:

- Acid Rain Program
- ECHO
- Energy Star
- Fuel Economy Data
- Green Power Partnership
- High Production Volume (HPV) Challenge
- Performance Track
- Project XL

- Toxics Release Inventory
- Superfund

KLD has had varying degrees of success with these databases, which we discuss below. But first we would like to recommend concrete improvements to EPA corporate data management, that would benefit our particular needs. The following recommendations are detailed and prescriptive, more directly relevant to your existing data sets and databases. We also discuss the general logic of these recommendations farther below.

There are multiple steps EPA can take to facilitate queries and data extraction from its various databases.

1. All data should be labeled so that users can identify the organization to which it pertains. TRI does this but only partially. Delineation/classification can include government (federal, state, municipal agencies and offices), private (for-profit companies), or other (non-governmental organizations) etc.
2. Data points pertaining to facilities or companies classified as private should be required to list parent company name as well as facility name and a commonly used identifier. Examples of identifiers include ticker, CUSIP, etc.
3. All data sets should include a submission date, and a date reflecting the period of data relevance.
4. All databases and data lists provided by EPA should have a “last updated date” clearly identified on the main webpage of the data site.
5. Databases should allow for queries based on date, parent company name, facility name, key word (ie “dupont” would be a key word used to search for facilities owned and operated by E.I. du Pont de Nemours & Company)
6. All databases should allow for data exporting to, at a minimum, Excel-type format spreadsheets and ideally other formats as well.
7. Certain lists, such as Performance Track, would benefit from the addition of listing facilities and companies which were recently delisted from the program.

Informing these recommendations are practical KLD research needs.

1. *Quality Assurance (QA)* from EPA on its data. It would boost our confidence and our clients’ if we knew that a quality assurance program had been run recently on any database we use. Information on how the QA program works and its frequency and scope should be included.
2. *Formatting* that takes into account the kind of corporate-level aggregation KLD performs. EPA doesn’t necessarily have to do the aggregation itself, but electronic platforms allowing users to group and total corporate data would be ideal.
3. *Industry average data.* EPA could provide better context for our rating of individual company performance if it produced data plotting the various average emissions, waste site, enforcement, spill and other performance indicators for specific industries. If EPA could not provide the data directly, the agency could again create a formatting platform that would allow users to manipulate data sets to find an average. EPA could use SIC or NAICS identifiers to group industries and subsectors. KLD and other financial firms use a variety of industry classification systems (S&P, GICS, MSCI). Reconciling EPA classifications with these would be daunting, but should be considered.

International data

An additional, more aspirational, suggestion involves international environmental data. EPA could provide U.S. researchers of multinational corporations a valuable service if it offered assistance finding like data sets collected in other countries. As globalization evolves, we need access to and knowledge of other regulatory programs in foreign countries. EPA associations and partnerships in data sharing or links with their counterpart agencies in Europe, Asia and other regions could facilitate such a goal.

KLD experience with specific EPA data sets and databases.

Accessible

Energy Star, Fuel Economy Data, Green Power Partnership, Performance Track, and Project XL are among EPA's more accessible data sets that KLD uses. Some are smaller data sets that allow for company-level aggregation. With the exception of the Fuel Economy Data and Performance Track, most of the data sets still require copying and pasting into spreadsheets. The Fuel Economy and Performance Track data represent the kind of data management KLD has found most useful. Both appear to employ contract third party data managers.

Problematic

ECHO is accessible but the data are fragmented and inconsistent.

HPVC data in the HPV Information System (HPVIS) do not lend themselves to corporate aggregation; we have found these data unwieldy and difficult to apply.

Inaccessible

The three data sets below are available only through intermediaries, which EPA has stated they cannot endorse.

Toxics Release Inventory (TRI) we collect through OMB Watch's RTK-NET. The data can be manipulated but require significant time inputs and final quality is uncertain.

Superfund data are collected from the EPA CERCLIS database; from company annual 10K financial reports to the Securities and Exchange Commission; or from Environmental Defense's 'Scorecard' website. The Superfund data are fragmented and/or incomplete.

Acid Rain Program data, which report power plant CO₂, NO_x, SO₂, and Mercury emissions volumes, are obtained through biennial reports published by Ceres and the Natural Resources Defense Council.¹ Ceres employed a data consulting firm to perform the task at significant cost.

There may be alternate ways to access these data, but they are not well-publicized. EPA could do much more to prepare them for public consumption.

Thank you for the opportunity to comment on EPA's *Draft Information Access Strategy*. This concludes KLD's commentary and recommendations.

About KLD Research & Analytics, Inc.

Founded in 1988, KLD Research & Analytics, Inc. is an independent investment research firm providing institutional investors with authoritative social and sustainability investment research and compliance services, consulting services, and benchmark and strategy indexes. More than 400 clients worldwide use KLD products and services to integrate environmental, social and governance (ESG) criteria into their investment decisions. KLD's clients are institutional and retail money managers, investment consultants, compliance officers, institutional investors, professionals, academics and investor relations officers. Counted among KLD clients are 31 of the top 50 institutional money managers worldwide.

¹ *Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States*, published by Ceres with support from NRDC, PSEG, PG&E Corporation. The latest report was released in May 2008.

