

# EDM Webinar

## ESG Data Mgt race into Mainstream Investing

*A conversation with*



**Ben Webster**  
CEO and Founder  
OWL ESG



**Joseph Mezrich**  
Founder  
Metafoura



# Moderated by **Mike Meriton** Co-Founder, EDM Council

- Joined EDM Council full-time in 2015 to lead Industry Engagement
- EDM Council Co-Founder & First Chairman (2005-2007)
- EDM Council Finance Board Chair (2007-2015)
- Former CEO GoldenSource (2002-2015)
- Former Executive for D&B Software and Oracle
- FinTech Innovation Lab – Executive Mentor (2011 – Present)
- EDM Council COO (2020-2023)



Moderator



**Mike Meriton**

Co-Founder  
EDM Council



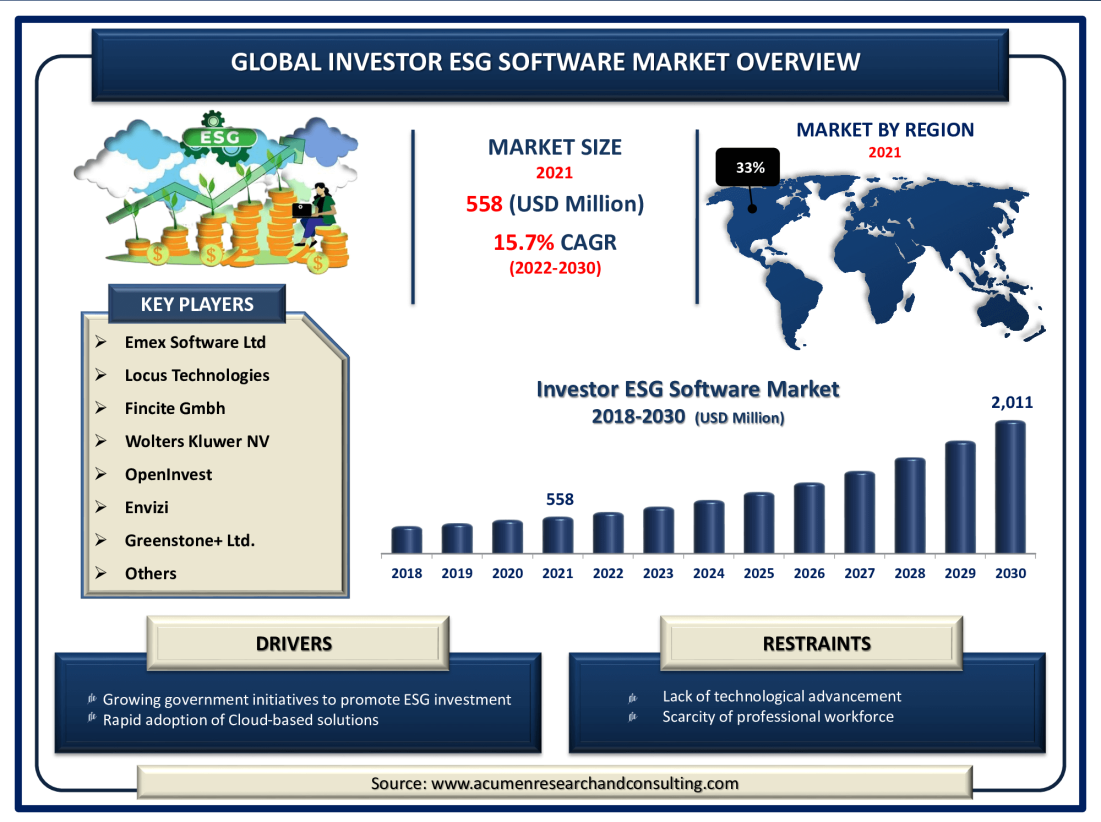
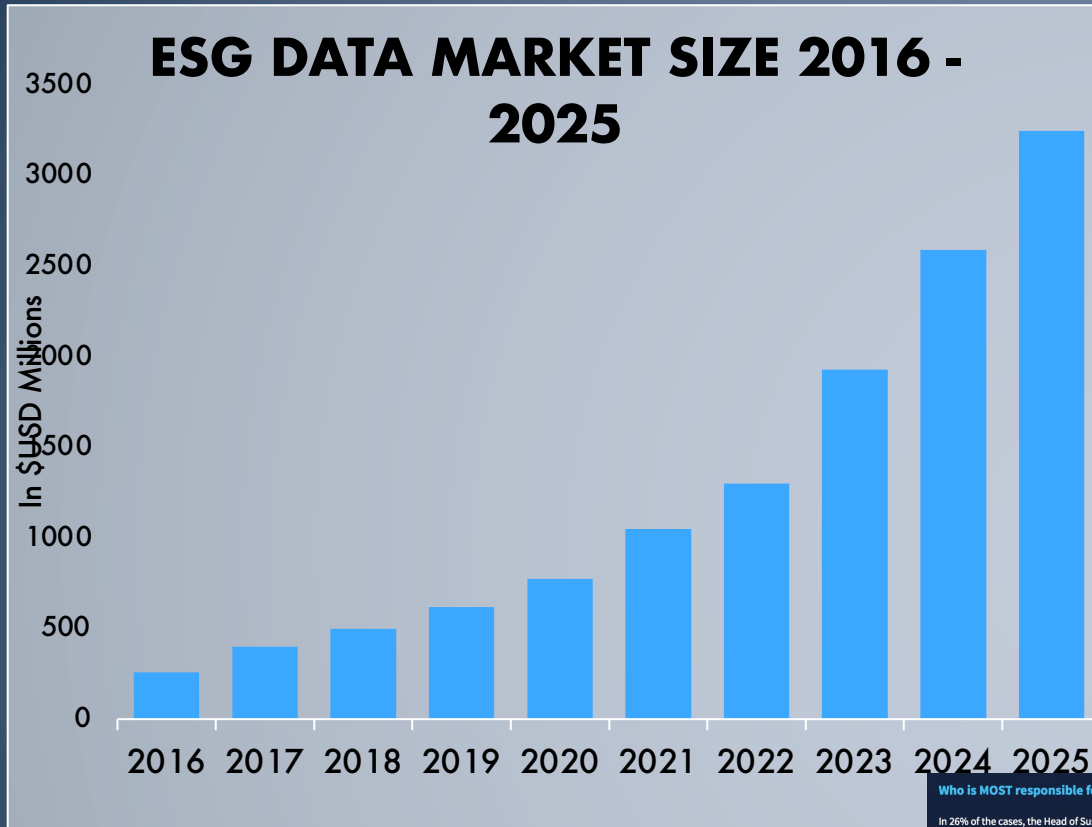
**Ben Webster**

CEO  
OWL ESG



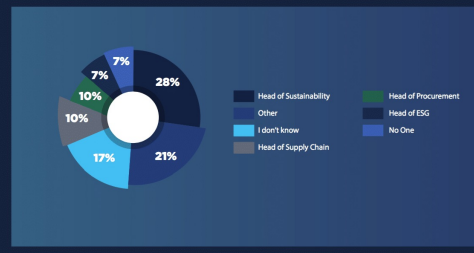
**Joseph Mezrich**

Founder  
Metafoura



### Who is MOST responsible for implementing ESG?

In 26% of the cases, the Head of Sustainability is responsible for implementing ESG. In 21% of the companies, a variety of personnel took on that role, including founders, managing directors, and sustainability managers.



91% of business leaders say they believe their company has a responsibility to act on ESG issues. (PWC)



# Poll #1

In what way have you encountered ESG recently?

- Through products
- Investments
- Strategic decisions
- Other

## Divergence in ESG Ratings Between Providers

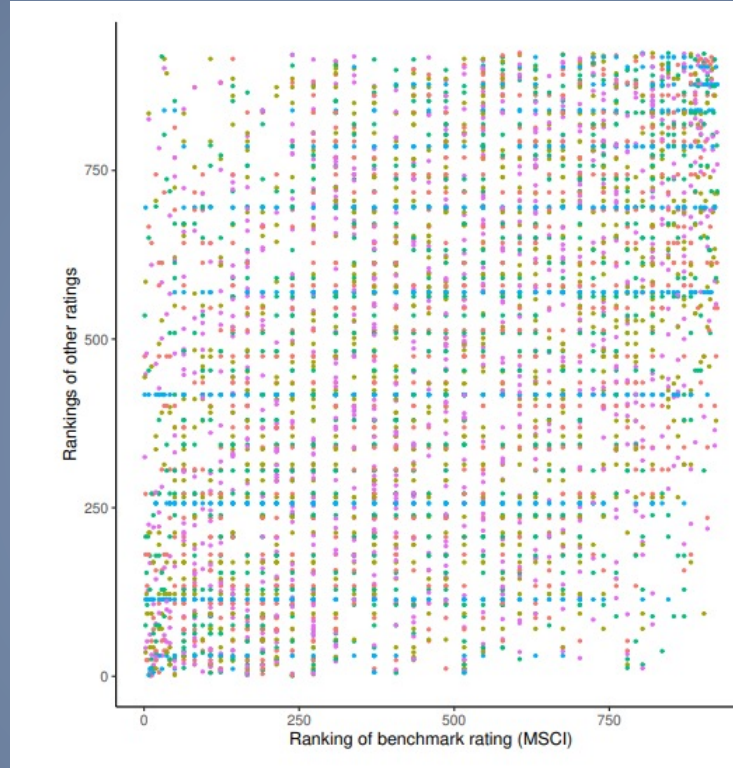
Harvard and MIT Studies

- 56%**

**MEASUREMENT DIVERGENCE**
  
- 38%**

**SCOPE DIVERGENCE**
  
- 6%**

**WEIGHTING DIVERGENCE**



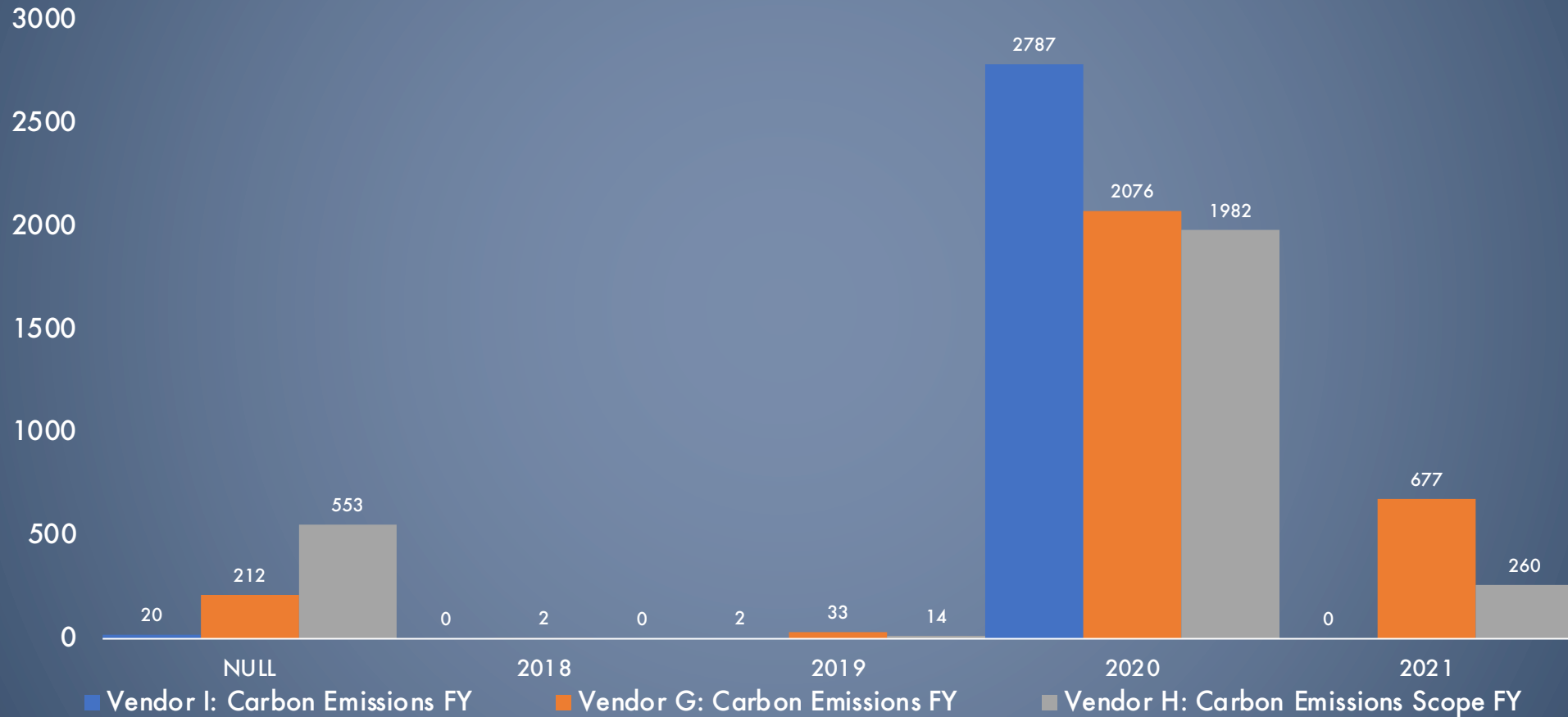
**OVERALL ESG SCORE:**  
~50%  
**RATING CORRELATION**

|   |      |
|---|------|
| Access & Affordability                      |      |
| Air Quality                                 |      |
| Business Ethics                             |      |
| Competitive Behavior                        | 0.54 |
| Critical Incident Risk Mgmt.                | 0.27 |
| Customer Privacy                            | 0.28 |
| Customer Welfare                            | 0.30 |
| Customer Welfare                            | 0.21 |
| Ecological Impacts                          | 0.42 |
| Employee Engagement, Diversity & Inclusion  | 0.20 |
| Employee Health & Safety                    | 0.50 |
| Energy Mgmt.                                | 0.43 |
| GHG Emissions                               | 0.30 |
| Human Rights & Community Relations          | 0.38 |
| Labor Practices                             | 0.00 |
| Mgmt. of the Legal & Regulatory Environment | 0.45 |
| Materials Sourcing & Efficiency             | 0.54 |
| Physical Impacts of Climate Change          | 0.36 |
| Product Design & Lifecycle Mgmt.            | 0.14 |
| Product Quality & Safety                    | 0.08 |
| Selling Practices & Product Labeling        | 0.45 |
| Supply Chain Mgmt.                          | 0.38 |
| Systemic Risk Mgmt.                         | 0.33 |
| Waste & Hazardous Materials Mgmt.           | 0.36 |
| Water & Wastewater Mgmt.                    |      |

**COMMON ESG THEMES:**  
~33%  
**RATING CORRELATION**

*"...the more information a company discloses about its ESG practices, the more rating agencies disagree on how well that company is performing along these dimensions" – Harvard Business School*

Time Stamps of Most Recent CO2e Data  
Available on 9/20/22 for 2,809 MSCI Constituents  
(vendors anonymized)



*“ESG is an unholy mess that needs to be ruthlessly streamlined. ESG has a measurement problem; the various scoring systems have gaping inconsistencies and are easily gamed.” – The Economist*



**Starbucks 2021 Global Environmental & Social Impact Report**

**Water**  
50% of water withdrawals will be conserved or replenished across Starbucks direct operations, stores, packaging and agricultural supply chain, prioritizing action in high-risk water basins while supporting watershed health, ecosystem resilience and water equity.

**Planet 2030**  
2030 Planet Goals  
Carbon  
100% absolute reduction in Scope 1 and 2 greenhouse gas (GHG) emissions from all Starbucks operations and value chain by 2030.

**SASB Report**  
Energy Management  
Water Management  
Packaging Waste  
Safety

Total volume of water consumption is not monitored as we do not typically have discharge meters in our stores and do not track how much water goes into beverages. Therefore, we are disclosing on water withdrawn from regions with high or extremely baseline water stress.

Researchers at Columbia University and London School of Economics compared the ESG record of U.S. companies in 147 ESG fund portfolios and that of U.S. companies in 2,428 non-ESG portfolios. They found that the companies in the ESG portfolios had worse compliance record for both labor and environmental rules.



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### Press Release

## SEC Charges Goldman Sachs Asset Management for Failing to Follow its Policies and Procedures Involving ESG Investments

**FOR IMMEDIATE RELEASE**  
**2022-209**

Washington D.C., Nov. 22, 2022 — The Securities and Exchange Commission today charged Goldman Sachs Asset Management, L.P. (GSAM) for policies and procedures failures involving two mutual funds and one separately managed account strategy marketed as Environmental, Social, and Governance (ESG) investments. To settle the charges, GSAM agreed to pay a \$4 million penalty.

REUTERS

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Environment

2 minute read · November 18, 2022 9:24 AM PST · Last Updated 22 days ago

## What's in a name? EU watchdog cracks down on ESG investment funds

By Huw Jones

PERSO

FINSUM

## Regulatory Actions on ESG Greenwashing to Continue

December 07, 2022 — 03:07 am EST

Written by [dkorth@finsum.com](mailto:dkorth@finsum.com) (FINSUM) for FINSUM →

Markets

## ESG Fund Chaos Angers Investors as Greenwashing Concerns Mount

- EU retail investor group due to meet regulators to complain
- Downgrades follow similar moves by Amundi, BlackRock, Pimco

By [Natasha White](#), [Greg Ritchie](#), and [Steven Arons](#)

December 1, 2022, 9:00 AM PST Updated on December 2, 2022, 6:37 AM PST

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NEWS DW RAIDED AMID GREENWASHING ALLEGATIONS

Pause 0:08 / 2:53

LIVE ON BLOOMBERG TV Bloomberg Daybreak Europe

## Deutsche Bank's DWS Unit Raided Amid Greenwashing Allegations

May 31st, 2022, 3:00 AM PDT

The Frankfurt offices of Deutsche Bank AG and its DWS Group asset management unit were raided by police Tuesday, in a search reportedly related to accusations of greenwashing against the asset manager. Bloomberg's Nick Comfort has more on "Bloomberg Surveillance Early Edition." (Source: Bloomberg)

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For You

NOW PLAYING Deutsche Bank's DWS Unit Raided Amid Greenwashing Allegations

01:57 Deutsche Bank Favors Europe Stocks Vs. US in Longer Term

03:01 Deutsche Bank's Goal on Emerging Markets

02:31 'Bloomberg Surveillance Simulcast' Full Show 11/30/2022

03:59 Starting to See Cracks in Tesla's Armor: Wedbush's Ives

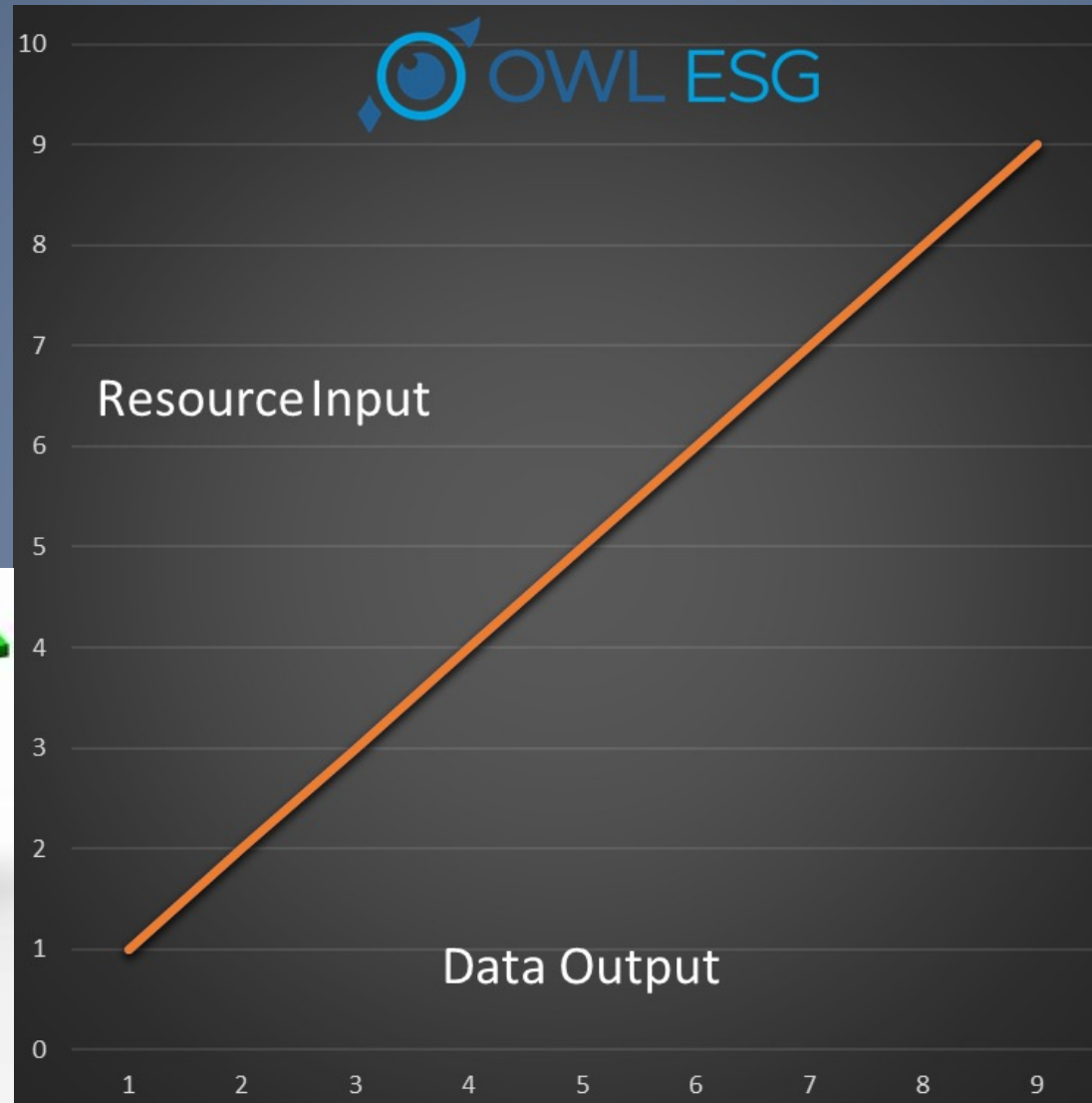
01:59 'A New Bull Market Has Begun', Says Leuthold's

*"To prevent dishonest climate accounting and other actions designed to circumvent the need for deep decarbonization, we emphasize that non-state actors must report publicly on their progress with verified information that can be compared with peers." -Catherine McKenna, U.N. Chair, High-level Expert Group on the Net Zero Emissions Commitments of Non-State Entities*

## Poll #2

**How confident are you that your investments and portfolios are aligned with the ESG goals they claim to accomplish?**

- **Not at all confident**
- **Somewhat confident**
- **Moderately confident**
- **Highly confident**



*83% of consumers think companies should be actively shaping ESG best practices and 86% of employees prefer to support or work for companies that care about the same issues they do.*

# AI Is Revolutionizing ESG Data



- AI language comprehension models are able to extract data far more accurately and quickly than humans
- AI can be applied at scale, allowing everyone from institutional investors to corporate consultants freedom from the tethers of today's constraints
- AI can be customized to create content and generate analysis and insights that fit the user's needs.

*"I am telling you, the world's first trillionaires are going to come from somebody who masters AI and all its derivatives and applies it in ways we never thought of." – Mark Cuban*





## Dividend Yield Net of Emissions

- Examine the ProShares S&P 500 Dividend Aristocrats ETF (NOBL) first to compute the Net Zero Cost of the ETF
- NOBL ETF selects companies with a 25+ consecutive years of paying dividends
- We illustrate the concept of net zero cost of emissions with some of NOBL largest sector emitters



**ExxonMobil**

|                                     |              |              |              |
|-------------------------------------|--------------|--------------|--------------|
| Dividend <sup>1</sup>               | 2.48%        | 2.52%        | 3.42%        |
| Scope 1&2 <sup>2</sup>              | 15.2M        | 46.6M        | 117M         |
| Net Zero Yield Expense <sup>3</sup> | 0.88%        | 0.71%        | 0.61%        |
| <b>Net Zero Yield<sup>4</sup></b>   | <b>1.61%</b> | <b>1.81%</b> | <b>2.81%</b> |

Notes:

1.) As of 6/13/2013

2.) Scope 1&2 GHGs for 2022 from Companies

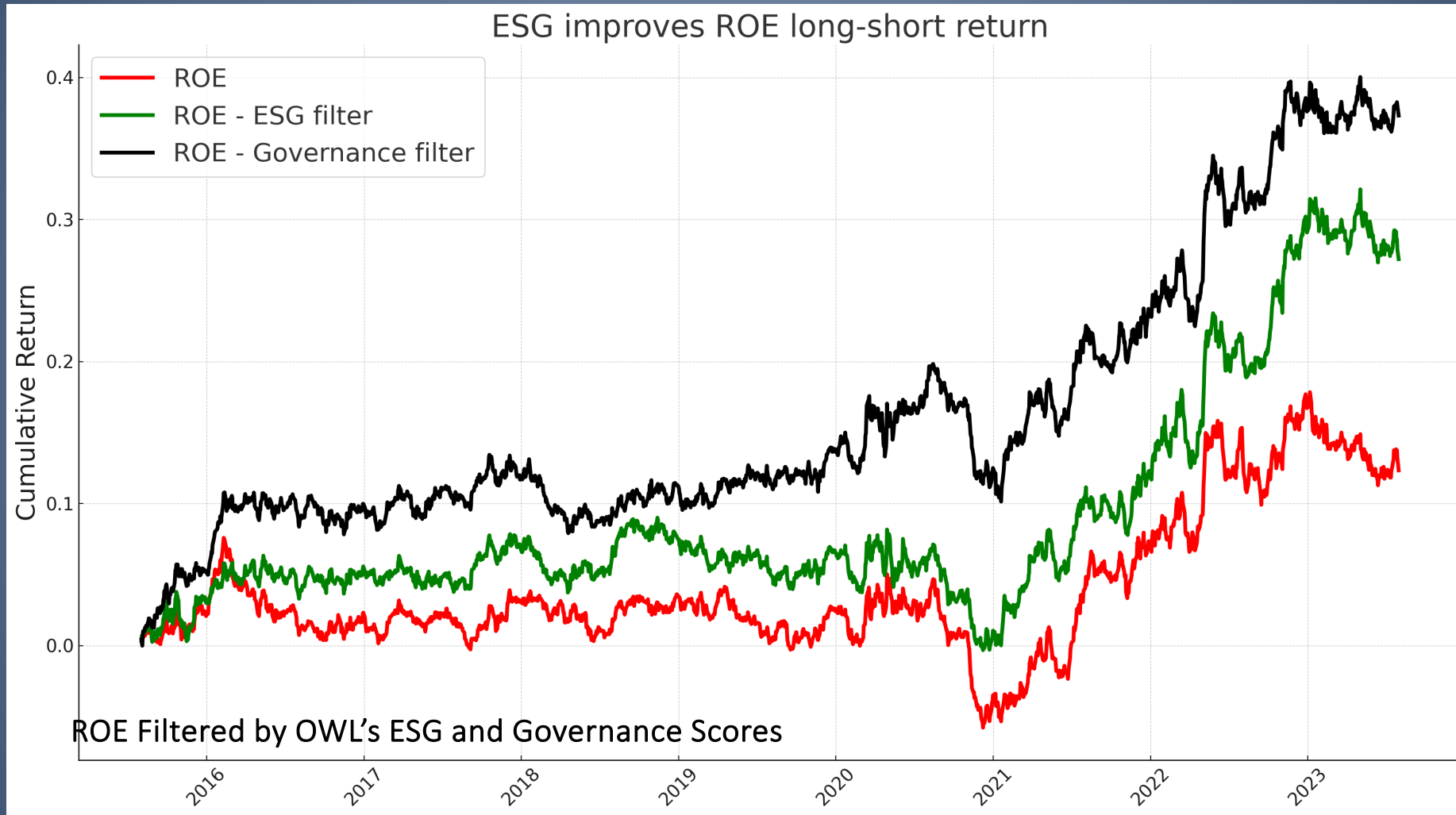
3.) Assumes average carbon price of \$23 per m/ton of GHG over market cap

4.) Current Yield - Net Zero Expense = Net Zero Yield



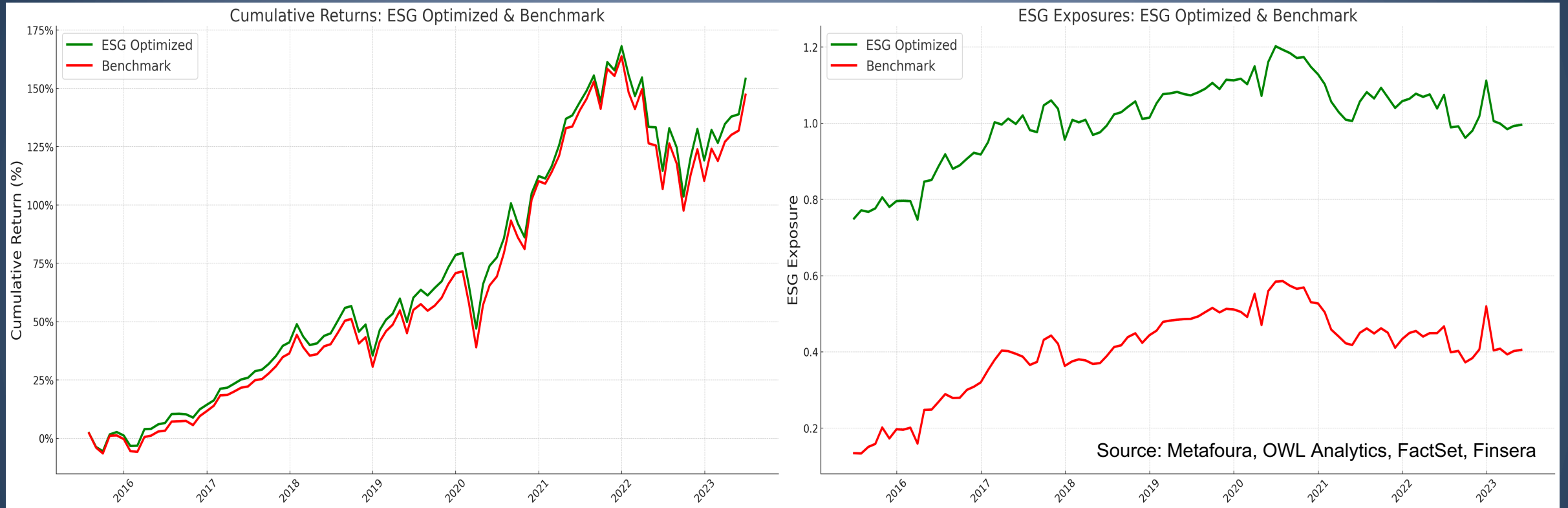
*“ESG has become perhaps the most powerful driver of growth in asset and wealth management.”*  
 - Olwyn Alexander, PwC Global Asset & Wealth Management Leader

# Sustainability is Long-Term Strategy



*“Other than earnings and sales, ROE is among the most important criteria for investors to look at before investing in growth stocks.” –Investor’s Business Daily*

## Passive Investing Can Be ESG Optimized



*“In fact, ESG index funds may help investors manage downside risk better than traditional index funds.” –World Resources Institute*

## Main Takeaways

ESG Signals have produced alpha this year in U.S. Large Caps

~ 1500 bps of Alpha in 2023

- Identified Banks and other shorts at the beginning of the year
- Focused on Media in 2Q23

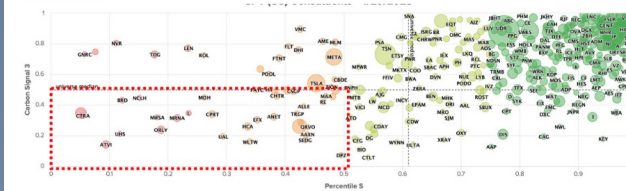
New Signal for 3Q23 shows a diverse mix of companies to watch for downside Risk:

- We review the Signals and some past publications from 2023

## Select 3Q23 Shorts



## Short Signal Indicator - U.S. Large Caps



A snapshot of U.S. Large Cap universe with our Carbon Signal 3 vs Social Rank, which is the genesis of the Short Model portfolio.

We highlight in red the companies that would make up our short model portfolio.



## Short Model Portfolio Outperforming



An equally weighted portfolio of companies that rank at the bottom half of the intersection of our Carbon Signal 3 and Social Rank (blue line). This portfolio has underperformed, both since inception, and particularly, YTD.

Short Model up 0.93% vs benchmark (Russell 1000 ETF) up 16.59% YTD.



“...shorting may be a great way to hedge risks, including those of an ESG nature.” -

AQR



# Questions?



**EDM** Webinar 

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If you have ever...

- **Been provided with inaccurate or stale data**
- **Wasted valuable time checking reports for accuracy**
- **Spent too much money on data sets or data collection**
- **Had resources dedicated solely to reviewing new filings**
- **Watched talent bogged down in rote data tasks**

If you have ever struggled with your data...

# Introducing OWL's Deep Research Application



...We can help

The world's first AI-powered ESG research platform.

It's this simple.



We are giving you the gift of your time back.

The image displays three screenshots of the OWL ESG application interface. The top-left screenshot shows a 'Company Details' table with columns for OWL ID, Company Name, Year, Industry Name, Country, User Name, Status, and Action. The table lists several companies including Apple Inc, Bio-Rad Laboratories Inc, Entegris Inc, Bruker Corp, Advanced Micro Devices Inc, and Alteryx Inc. The top-right screenshot shows a 'My Progress' dashboard with a donut chart and a 'My Priorities' section. The bottom-right screenshot shows a 'Progress' dashboard with a horizontal bar chart comparing performance across different users and time periods (Today, Yesterday, LastWeek, LastMonth). The chart lists users such as Apoorv Chaudhary, Evangeline Chueng, Kshiti Bhuyar, Manish Swami, Nakshatra Gaikwad, Nancy Sharma, Nandkumar Sawant, Neelam Sharma, Prathamesh Kulkarni, Ritika Ghosh, Saransh Jain, Seema Naik, and Shivani Trivedi.

| Company Name               | Year | Industry Name                                      | Status        |
|----------------------------|------|--|---------------|
| Apple Inc                  | 2022 | Communications Equipment Manufacturing             | pending       |
| Bio-Rad Laboratories Inc   | 2022 | Pharmaceutical and Medicine Manufacturing          | R1 Inprogress |
| Entegris Inc               | 2022 | Plastics Product Manufacturing                     | R1 Inprogress |
| Bruker Corp                | 2022 | Navigational, Measuring, Electromedical, and Co... | pending       |
| Advanced Micro Devices Inc | 2022 | Semiconductor and Other Electronic Compon...       |               |
| Alteryx Inc                | 2022 | Computer Systems Design and Related Services       |               |

| User                | Today | Yesterday | LastWeek | LastMonth |
|---------------------|-------|-----------|----------|-----------|
| Apoorv Chaudhary    | 1     | 0         | 0        | 0         |
| Evangeline Chueng   | 0     | 0         | 0        | 0         |
| Kshiti Bhuyar       | 4     | 0         | 0        | 31        |
| Manish Swami        | 6     | 0         | 0        | 0         |
| Nakshatra Gaikwad   | 1     | 0         | 0        | 26        |
| Nancy Sharma        | 7     | 0         | 0        | 0         |
| Nandkumar Sawant    | 7     | 0         | 0        | 26        |
| Neelam Sharma       | 2     | 0         | 0        | 24        |
| Prathamesh Kulkarni | 3     | 0         | 0        | 29        |
| Ritika Ghosh        | 1     | 0         | 0        | 28        |
| Saransh Jain        | 0     | 0         | 0        | 18        |
| Seema Naik          | 11    | 0         | 0        | 23        |
| Shivani Trivedi     | 11    | 0         | 0        | 11        |

## SaaS

### INSTITUTIONAL INVESTOR PORTAL

**All the analytics for your portfolio construction and reporting, at your fingertips, using the most accurate, freshest data**

### DEEP RESEARCH APPLICATION

**Leverage the power of AI for primary ESG research, turning an analyst into a team and a team into an army**

### PEER ANALYTICS

**Compare and contrast companies against their peers across numerous and custom peer baskets to quickly gain insight and actionability**



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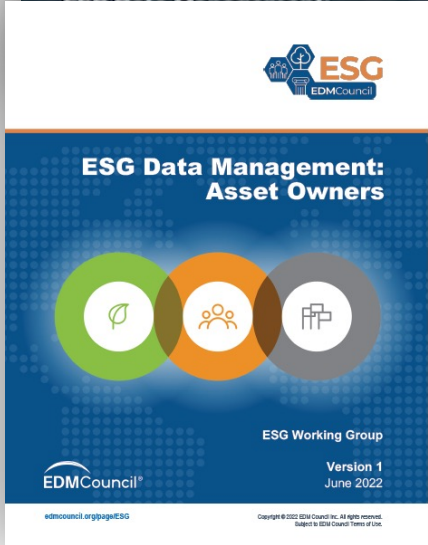
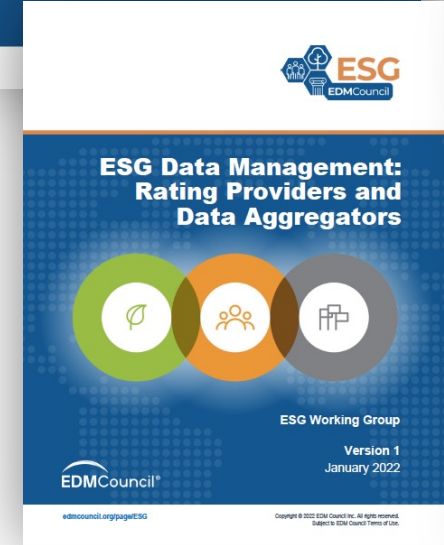
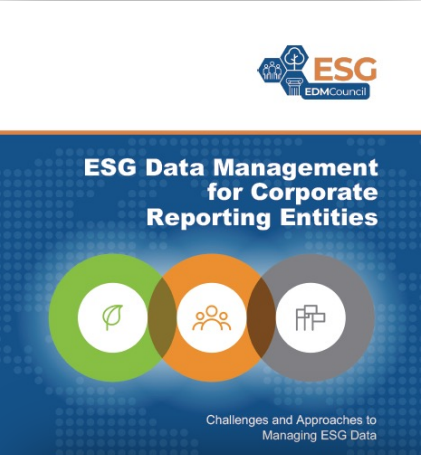
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# EDM Council – ESG Data Workgroup Reports



*Download ESG Data Management guidelines for:*

**Corporate Reporting Entities**

**Investment Product Creators**

**Ratings Providers and Data Aggregators**

**Asset Owners**

Free license – download at:  
[www.edmcouncil.org](http://www.edmcouncil.org)  
Go to Engage > Groups > ESG Data





# Join EDM Council and our membership community of companies...



The screenshot shows the EDM Council website homepage. At the top, there is a navigation bar with links for Membership, Frameworks, Training, Engage, Innovation, About, Sign in, and Join now. The main heading reads "Global Advocates for Data & Analytics Management". Below this, a sub-heading states "The leading global trade association providing best practices, standards and education to data and business professionals in our data-driven world." A "What we do" button is visible. On the right side, there is a "TODAY'S HIGHLIGHTS" section with three news items: "Bank of Valletta becomes the newest member to join the EDM Council", "EDM Council welcomes Webber Wentzel as its newest member", and "Lion Group joins EDM Council as its newest member". At the bottom of the screenshot, there is a banner with the text "Join a vibrant community of 25,000+ business leaders, CDOs, and data and analytics professionals across all industries." and a row of logos for member organizations: Bank of England, NOVARTIS, HSBC, AWS, Schneider Electric, Microsoft, Google, and AEGON. Two buttons are present: "Explore membership" and "See all 350+ member organizations".



**350+ Member Firms**

Cross-industry,  
including Regulators



**25,000+**

Professionals



**Worldwide**

Americas, Europe,  
Africa, Asia, Australia

[edmcouncil.org](https://edmcouncil.org)



**EDM Webinar** 

**Thank you!**

**FOR MORE INFORMATION:**

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