

# EPIC CAPITAL

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## IMPACT

### ESG Interest Continues to Increase

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Dire forecasts of the climate crisis, among other social issues, have prompted a growing appetite in investors for environmental, social, and governance (ESG)-focused investments.

Companies, including Dow Inc. (DOW), are getting on board as well.

The chemical company announced its plans on Wednesday to build a zero emissions complex that will use an auto thermal reformer, carbon capture, alternative energy, and offsets to manufacture ethylene, a component in many plastics.

“Certainly, all the conversations that we have every quarter, the ESG component of it continues to increase,” Dow President and CFO Howard Ungerleider told Yahoo Finance Live.

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Some of Dow's largest long-term investors include Vanguard and BlackRock (BLK), which have been major proponents of ESG.

“We set the 2050 goal to be carbon neutral across the entire enterprise, and then we set the interim goal to take another 15% of our carbon emissions down by 2030,” Ungerleider said. “That builds on the first 15% reduction we've already achieved from 2005 to 2020.”

Ungerleider also stressed that the company's ESG-aligned targets to cut emissions have not been in opposition to earnings growth: “We've been able to do all of that reduction while we've also been increasing the earnings power of the company.”

'The U.S. is basically flat when it comes to ESG'

Some investors suggest that the ESG framework filters out risk while others seek to maximize value from companies while staying true to social principles.

In any case, measuring the performance of ESG assets — especially the performance directly attributable to ESG factors — is not as straightforward as it may seem.

In the U.S., an equally balanced portfolio of 1,000 of the largest stocks with the highest ESG scores (as determined by MSCI ESG overall ratings) outperformed the Russell 1000 benchmark by 40% between November 2012 and May 2021, according to research done by Investment Metrics.

But when that portfolio was adjusted for sector biases — mainly in tech — that outperformance vanished.

“Bottom line, the U.S. really doesn't show any outperformance when you adjust the portfolios to have the same sectors as the benchmarks, any perceived outperformance disappears in the U.S.,” Damian Handzy, the head of research & applied analytics at Investment Metrics, said in an interview on Yahoo Finance Live.

In Europe, however, the research found the opposite was true.

“When you do the same adjustment in Europe, it actually outperforms even more,” Handzy said. “So you've got a 10%, 12% outperformance in Europe over the last seven or eight years, and the U.S. is basically flat when it comes to ESG. So bottom line, you've made a lot of money investing in high ESG companies in Europe but that hasn't quite happened in the U.S. yet.”

For the last decade, European markets have led ESG investing, though that may change as U.S.-based sustainable funds gain momentum.

In March, the European Union imposed disclosure requirements known as the Sustainable Finance Disclosure Regulation (SFDR) that compel financial market participants to provide greater information on the sustainability of investments. The primary objective of this regulation is to combat greenwashing in financial products. And, notably, many other countries, including the U.S., are eyeing similar requirements.

For that reason, the outperformance of ESG investments in Europe over the last decade may be an indication of things to come in the U.S. And, according to Handzy, pension funds, endowments, foundations, and other investors who take a long-term view are already looking ahead to what's coming in 10 or 20 years.

“We kind of anticipate that if ESG really does take hold in the U.S. the way it has in Europe — you have to remember in Europe it has gone so far as to actually be regulatory required for disclosures of ESG — if we approach that kind of popularity in the U.S., we would anticipate ESG portfolios outperforming kind of on par with what they've done in Europe recently,” Handzy said

# World's Top Miners Pledge Net Zero Carbon Emissions by 2050

*Published by Reuters, October 5, 2021*



The world's top miners on Tuesday committed to a goal of net zero direct and indirect carbon emissions by 2050 or sooner, the International Council on Mining and Metals (ICMM) said.

"ICMM members' collective commitment to net zero scope one (direct) and two (indirect) greenhouse gas emissions by 2050 is a pivotal moment in our history," CEO Rohitesh Dhawan said in an open letter signed by the 28 chiefs of the world's largest miners.

The announcement comes before next month's U.N. climate gathering that aims to achieve more ambitious climate action from the nearly 200 countries that signed the 2015 Paris Agreement to limit global warming.

Many miners including Anglo American, Rio Tinto and BHP, under pressure from environmental activists and shareholders, have already committed to net zero by 2050 in direct and indirect emissions.

The collective commitment, however, "represents a joint ambition from companies that make up one third of the global mining and metals industry," the ICMM said.

Its 28 members, whose operations span 650 sites over 50 countries, will report annually on their progress to decarbonize annually.

Mining has a "decarbonization challenge" because the sector has to reduce emissions while producing metals, such as nickel and copper, that are vital to a lower-carbon economy, said Konrad von Szczepanski, Managing Director and Partner at Boston Consulting Group.

Direct and indirect emissions will be lowered by accelerating the use of renewable energy and reducing or eliminating the use of diesel trucks, Dhawan told Reuters.

Targets for scope three emissions, which includes those from customers processing iron ore to steel, should be set "if not by the end of 2023, as soon as possible."

## Blockchain Companies Team Up To Track ESG Data



*Published by Journal of Petroleum Technology,,  
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*Two Houston-based blockchain technology companies—Data Gumbo and Topl—are collaborating to help corporations report timely and accurate environmental, social, and governance (ESG) data, including performance and proof of progress on metrics, while protecting sensitive data.*

Houston-based blockchain technology firms Data Gumbo and Topl are partnering on private/public blockchain to help corporations track and report environmental, social, and governance (ESG) metrics. The integrated platform is expected to yield public-facing, accurate, and immutable reports for companies to showcase evidence-based progress on ESG metrics to outside audiences and broader key stakeholders, including public analysts, investors, and governments.

“Companies can now comprehensively collect ESG data and report to private entities and public audiences,” said Kim Raath, founder and CEO of Topl. “This partnership combines the power of our two complementary solutions to support a new level of transparency for companies that desire to showcase their fully verifiable progress on crucial ESG metrics.”

Tracking ESG metrics and maintaining ethical, sustainable business practices have become top priorities for investors, analysts, governments, executives, and economic development agencies. The collaboration from Data Gumbo and Topl gathers data from business operations and transactions, uses that data to inform calculations based on defined standards, and then enables the complete review and certification of ESG metrics by auditors.

“Companies today need the right tools to collect, standardize, and automate reporting while preserving security for sensitive data,” said Andrew Bruce, CEO and founder of Data Gumbo. “For the first time, this

partnership offers companies total control of their accurate ESG data, allowing them to publish and report metrics in whatever manner best suits them in satisfying investors', regulator agencies', and other stakeholders' desires."

The offering is based on GumboNet ESG, Data Gumbo's proprietary private and permissioned blockchain-backed network, and Top1's blockchain-as-a-service platform. GumboNet ESG uses a company's operational data to validate contracts with vendors and customers and captures metrics for ESG standards reporting, including emissions from Scope 1, 2, and 3. Once environmental impact is determined, a company can share data recorded on Top1's public-facing blockchain to offer proof of progress on its ESG metrics and verification that compliance measures and upcoming mandates from the US Securities and Exchange Commission have been met.

## Impact in the News



### - Vestas Wind Energy:

Energy industry's global partner on sustainable energy solutions. In order to meet their carbon reduction footprint by 5%, they build a 310 MW wind park on Lake Turkana (the windiest place on earth). Reduced carbon footprint by 15%

### - Cisco Systems:

Manufacture and sell networking hardware, software, telecommunications equipment and tech services and products. 13,946 metric tons of product returned to cisco for reuse, refurbishment, and recycling in the past year. Set 2025 goals for sustainable packaging and zero waste by reducing foam packaging by 75%, improve packaging efficiency by 50%, and pledges to use "zero waste" manufacturers for their supply chain.

### - Texas Instruments:

Designs, manufactures, tests and sells semiconductors which are key ingredients in everyday products from fridges, cars, computers, robots, drones. They have phased out the use of class 1 and class 2 ozone emissions Dedicated to ensuring all buildings are LEED certified. They Created the TI Foundation giving scholarships and opportunities to high school graduates proficient in math and science.

## E3 = Epic Time, Talent & Treasure

Epic Capital is a mission-driven firm with a genuine heart for community, both locally and around the world. We focus specifically on social outreach initiatives. We give our time, talent and treasure to organizations that support families in need, the working poor, homeless or impoverished. This is meaningful to us because we recognize the incredible blessings in our lives and the opportunities that we have been given to do work that we love. So we have taken our personal passion for empowering others and made it a part of our corporate charter. We call it **E3**.

- We give **our time** through our quarterly *Epic Outreach* program, serving where the greatest needs are through local charities.

- We give **our talent** through our *Epic-EDU* program, in addition to our partnership with [CommonWealth Charlotte](#), administering financial workshops for organizations and churches that minister to low income families, the working poor and the previously incarcerated.
- And we give **our treasure** through our *Epic Impact Grant* program to local community and global organizations that meet our social outreach criteria.

We believe that we are all called to serve. We also believe that the positive impact one can make by empowering the life of another can alter the direction of that life forever.

We are pleased to announce that we have opened up our quarterly Epic Outreach initiatives to include volunteer participation from clients of Epic Capital. Please consider joining us during one of our upcoming volunteer efforts.



## Invest Little Heroes Blood Drive

*\$25,000 Grant Secured by Edward Doughty of Epic Capital Wealth Management*

There is probably nothing that pulls at the heart-strings more than a sick child or a child in need. Imagine getting the news that your child has cancer. Its tough for any parent to even think

about that, let alone live it. Through the OneBlood organization and the Little Heroes Campaign here in Charlotte, 40 mobile unit blood drives have been set up throughout the month of September (and into early October) to allow each of us to help save a child who may be fighting the battle of his life ... or fighting for his life. Managing Director Ed Doughty and Financial Advisor Jason Dimitriou both donated their blood in honor of Liam Flynn, the young son of personal friend who is actually the one who helped to organize the month-long blood drive. Donating blood is such a simple way to “give”, but the results of your giving can literally help to save a life. We were grateful for the opportunity to give, and would encourage everyone to considering donating to the Little Heroes Blood Drive. You can simply enter your zip-code and find a listing of all the remaining blood drives near year. Go to: [Little Heroes Blood Drive](#)



If you would like to consider other volunteer opportunities, or to learn more about over 400 local non-profits in the Charlotte region, please visit a community partner of ours who we hold in very high regard: **Share Charlotte**

<https://sharecharlotte.org/>

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IMPACT

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