The Business Case for Environmental Justice

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ELI, Summer School Series

July 20, 2023
Why Businesses Should Care?

- Corporate Citizenry
- Climate Change Impacts Businesses too
- Financial Benefit
- Corporate Stakeholders
- Brand/Reputational Management
- Litigation Risks
How Do We Know if Our Business Will Impact an EJ Community?

- EJ Screen
- Climate and Economic Justice Screening Tool
Title VI of the Civil Rights Act of 1964

Prohibits recipients of federal financial assistance (states, grantees, etc.) from discriminating based on race, color, or national origin in any program or activity.

E.O. 12898 directs federal agencies to identify and address, as appropriate, disproportionately high adverse human health and environmental effects of their programs, policies, and activities on minority populations and low-income populations.

EPA's Office of Civil Rights is responsible for the Agency's administration of Title VI, including investigating administrative complaints.
Intersection between ESG & Environmental Justice
What Is ESG?

ESG represents a range of nonfinancial factors that exhibit how a company acts toward its employees, vendors, and customers.

Environmental
- Carbon emissions
- Number of water-intensive operations in locations of high baseline water stress
- Percentage of reduction in energy used in facilities
- Percentage of products sustainably sourced/manufactured
- Amount of management pay tied to climate response targets
- Sensitivity of earnings to price on carbon aligned with the Paris Agreement
- Management of toxic waste

Social
- Types of employee wellness initiatives
- Percentage of employees digitally upskilled
- Median hourly gender pay gap
- Percentage of employee retention
- Percentage of employees retained after automation impact on their positions
- Percentage of gender and racial/ethnic group representation for management and all other employees
- Number of suppliers identified with high-risk labor conditions and actions taken

Governance
- Number of female directors
- Board oversight of climate issues
- Number of minority directors
- Executive compensation
- Shareholder engagement
- Risk mitigation
**GHG Emissions: Scope 3 Emissions**

**Scope 3 emissions**

**Upstream activities in which Scope 3 emissions might occur include:**
- A company’s purchased goods and services;
- A company’s capital goods;
- A company’s fuel and energy related activities not included in Scope 1 or Scope 2 emissions;
- Transportation and distribution of purchased goods, raw materials, and other inputs;
- Waste generated in a company’s operations;
- Business travel by a company’s employees;
- Commutes by a company’s employees; and
- A company’s leased assets related principally to purchased or acquired goods or services.

**Downstream activities in which Scope 3 emissions might occur include:**
- Transportation and distribution of a company’s sold products, goods, or other outputs;
- Processing by a third party of a company’s sold products;
- Use by a third party of a company’s sold products;
- End-of-life treatment by a third party of a company’s sold products;
- A company’s leased assets related principally to the sale or disposition of goods or services;
- A company’s franchises; and
- Investments by a company.
ESG and Sustainability Projects

- Zero waste projects focused on source reduction and recycling
- Water quality, conservation and efficiency projects
- Sustainable transportation using electric, hydrogen, and hybrid vehicles
- Smart metering, smart grid technologies, and LED lighting
- Renewable energy including microgrids and storage systems
Environmental Justice as Part of ESG

- Companies need to proactively assess and prioritize EJ as part of enterprise-wide management.
Potential Hurdles?
Best Practices and Recommendations

✓ Focus early on local community engagement
✓ Start with community campaigns стратегичных партнерств
✓ Think strategically about philanthropy
✓ Engage with local politicians
✓ Understand what is going on at the local zoning board
✓ Equip local business managers to be community ambassadors
✓ Rely on trade associations to help with best practices
✓ Develop an internal/external EJ Council
✓ Prepare plan to “cut through noise” and determine what true community wants/needs are
Questions?

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