

**DEPARTMENT OF LEGAL STUDIES AND BUSINESS ETHICS
THE WHARTON SCHOOL, UNIVERSITY OF PENNSYLVANIA**

**LGST 6130
Business, Social Responsibility, and the Environment**

Fall 2022 Q1, Q2

I. INSTRUCTOR

Sarah E. Light

Associate Professor of Legal Studies & Business Ethics
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II. CLASS MEETINGS AND OFFICE HOURS

Tuesdays and Thursdays, 10:15-11:45am
Location: JMHH F45
Student Drop-In/Office Hours: TBD and by appointment via Calendly ([link on Canvas](#))

III. COURSE SUMMARY & OBJECTIVES

Climate change and environmental degradation pose some of the most complex challenges of our time. This half-credit (.5 cu) course focuses on the social and environmental responsibilities of business firms and individuals. We will examine questions about the responsibility of business toward the environment and the climate through the lens of both law and ethics. We begin with overarching questions including to whom a business firm owes duties, how to balance duties owed to different stakeholders, and how to consider the distributional implications of business decisions. We then consider a set of case studies, including whether financial firms should continue to invest in fossil fuels, whether ESG is “real,” and what are the legal and ethical limits on green marketing claims. Students will also learn the basic structure of the U.S. legal system and certain core concepts such as fraud and environmental criminal liability. Finally, students will prepare and present in groups to the class on issues of business responsibility to the environment. This course fulfills the MBA Core requirement in Legal Studies and Business Ethics.

IV. CLASS SCHEDULE AND READINGS

This class will consist of twelve 90-minute class sessions. These class sessions will feature a mix of lecture, discussions, and small-group activities. All readings will be posted to Canvas, or links will be provided in Canvas.

Class & Topic	Readings & Questions
<p>Class 1: Introduction: Business and Social Responsibility General Frameworks, Introduction to Climate Change</p> <p>(Q1: Aug 30, Q2: Oct. 25)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 1:</i> <ul style="list-style-type: none"> ○ Before class, please watch: Marissa Drew, W'92, Keynote Address: <i>Climate Change and the Transition to a Carbon-Free Economy: Managing Risks and Harnessing Opportunities</i>, available here: https://youtu.be/QfEQfMulKyk (approximately 45 minutes) <ul style="list-style-type: none"> ▪ Note that COP26 (referenced in the video) stands for the 2021 Conference of the Parties under the United Nations Framework Convention on Climate Change held in Glasgow ▪ Optional reading: https://ukcop26.org/cop26-negotiations-explained/ ▪ <i>Note all readings with links in the Syllabus (those that are not in the Coursepack) are also available in Canvas under the "Course Materials @ Penn Libraries" tab</i> • In class: <i>Win as Much Water as You Can!</i> • <i>Discussion Question:</i> Why should business firms care about climate change?
<p>Class 2: Introduction to Ethical Frameworks</p> <p>(Sept. 1, Oct. 27)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 2:</i> <ul style="list-style-type: none"> ○ Professional Quandaries: please read the cases of Lisa Jordan, Carlos Garcia, and Dexter Simmons (Coursepack #1) • In class: Discuss cases, ethical frameworks • <i>Discussion Questions:</i> What should Lisa Jordan, Carlos Garcia, and Dexter Simmons do?
<p>Class 3: Introduction to Legal Frameworks: What is the Purpose of a Corporation under law?</p> <p>(Sept. 6, Nov. 1)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 3:</i> <ul style="list-style-type: none"> ○ <i>Sblensky v. Wrigley</i> (Coursepack #2) ○ Milton Friedman, <i>The Social Responsibility of Business is to Increase Profits</i>, 1970 ○ The Business Roundtable, <i>Statement on the Purpose of the Corporation</i>, 2019, ○ Larry Fink, <i>CEO Letter (2022)</i> • <i>Discussion Questions:</i> What is the purpose of a corporation? Must directors and officers always maximize short-term profits for shareholders? • Short Paper #1 due by 11:59pm the day of Class 3 (Sept. 6/Nov.1)
<p>Class 4: Financial Considerations: Investment, Lending, Portfolio Ownership</p> <p>(Sept. 8, Nov. 3)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 4:</i> <ul style="list-style-type: none"> ○ Sarah E. Light & Christina P. Skinner, <i>Banks and Climate Governance</i> (Columbia Law Review, 2021) ○ Insurers Invested \$536B in Fossil Fuel Interests—Analysis ClimateWire (2022) (follow this link for free access through Penn: https://www-eenews-net.proxy.library.upenn.edu/) ○ Additional reading to be posted • In class: <ul style="list-style-type: none"> ○ Q1 Guest Speaker: Elizabeth Lewis, Managing Director and Deputy Head of ESG, Blackstone ○ Q2 Guest Speaker: Mark Tercek, Senior Advisor, Centerview Partners, former CEO of The Nature Conservancy

	<ul style="list-style-type: none"> • <i>Discussion Questions:</i> Should financial firms continue to invest in fossil fuels? Does this undermine their efforts to “green” the financial system or get to Net Zero? • Explain <i>Siting an Asphalt Plant</i> simulation rules for next class (instructions to be provided after class today) • <i>Students will be assigned to project groups by today.</i>
<p>Class 5: Responsibility to Whom? Environmental Justice (Sept. 13, Nov. 8)</p>	<ul style="list-style-type: none"> • Assignment for Class 5: <ul style="list-style-type: none"> ○ Read: General Instructions and Confidential Role Instructions for <i>Siting an Asphalt Plant in Madrona</i> negotiation <ul style="list-style-type: none"> ▪ You are permitted to caucus privately with any other members of your negotiation group before class ○ ‘We Want to Live. They Want to Burn Trash’: Chester Residents Raise Environmental Racism Concerns Over Incinerator with Covanta, WHYY.org (2021) ○ Huge Plastics Plant Faces Calls for Environmental Justice, Stiff Headwinds, Washington Post (2021) ○ Optional: Watch: Justice in Chester (26 minutes, PBS) <p>In class: <i>Siting an Asphalt Plant</i> negotiation (55 minutes to negotiate; remainder of class to debrief)</p> <ul style="list-style-type: none"> • <i>Discussion Questions:</i> What is environmental justice? What obligations do business firms have to promote environmental justice?
<p>Class 6: Is ESG real? Greenwashing, Introduction to the US Legal System (Sept. 15, Nov. 10)</p>	<ul style="list-style-type: none"> • Assignment for Class 6: <ul style="list-style-type: none"> ○ Climate Pledges From Top Companies Crumble Under Scrutiny, Nature (2022) <ul style="list-style-type: none"> ▪ Optional Reading: New Climate Institute, Corporate Climate Responsibility Monitor (Feb. 2022) (Section A) ○ Deutsche Bank’s DWS and Allegations of “Greenwashing.” Reuters (2022) ○ Chevron Accused of Greenwashing in Complaint Lodged with FTC, Financial Times (2021) (follow this link to get free access through Penn) ○ How Fashion Giants Recast Plastic as Good for the Planet, NY Times (2022) ○ A. Shanor & S.E. Light, <i>Greenwashing and the First Amendment</i> (draft), Introduction, Parts I & II • <i>Discussion Question:</i> Is corporate climate action real? Against what standards should environmental actions and claims be measured? What are the limits on green claims and pledges by firms? Should there be greater limits? • Short Paper #2 due by 11:59pm the day of Class 6 (Sept. 15/Nov.10) • <i>Project Groups must submit topic proposal via Canvas by 11:59pm on the day of Class 6 for approval.</i>

<p>Class 7: Environmental Disclosures (Sept. 20, Nov. 15)</p>	<ul style="list-style-type: none"> • Assignment for Class 7: <ul style="list-style-type: none"> ○ SEC (Proposed) Climate Disclosure Rule Fact Sheet (2022) ○ Explaining the EU Sustainable Finance Disclosure Regulation (EU SFDR), J.P. Morgan (2021) ○ Task Force on Climate-related Financial Disclosures (Oct. 2021), pp. 3-22 ○ Guidant Case (Coursepack #3) <p><i>Discussion Questions:</i> When does a firm have a duty to disclose information? Why didn't Guidant notify doctors about the short-term risks of its defibrillators? Was this the right choice? Does the SEC's Proposed Climate Disclosure Rule go far enough? Too far? Is voluntary climate disclosure sufficient?</p>
<p>Class 8: From Greenwash to Environmental Crimes (Sept. 22, Nov. 17)</p>	<ul style="list-style-type: none"> • Assignment for Class 8: <ul style="list-style-type: none"> ○ US v. Weitzenhoff case (Coursepack #4) ○ VW Emissions Cheating Scandal reading (Coursepack #5) • <i>Discussion Questions:</i> What does "knowing" mean in the context of criminal environmental liability? Why did VW's engineers program vehicle software with "defeat devices"? Why was this a criminal (as opposed to a civil) case?
<p>Class 9: Environmental Crimes (Sept. 27, Nov. 29)</p>	<ul style="list-style-type: none"> • Assignment for Class 9: <ul style="list-style-type: none"> ○ Readings on Carnival Cruise case (Coursepack #6) • In class: <ul style="list-style-type: none"> ○ Q1 and Q2: <i>Guest Speaker:</i> Pete Anderson, Chief Ethics & Compliance Officer, Carnival Corporation • <i>All Student Group Presentations (Slides & bibliography) must be submitted by 11:59pm on the day of Class 9 (Sept. 27/Nov. 29)</i>
<p>Class 10: Student Presentations (Sept. 29, Dec. 1)</p>	<ul style="list-style-type: none"> • Student Presentations
<p>Class 11: Student Presentations (Oct. 4, Dec. 6)</p>	<ul style="list-style-type: none"> • Student Presentations
<p>Class 12: Student Presentations and Course Conclusion (Oct. 11, Dec. 8)</p>	<ul style="list-style-type: none"> • Student presentations • Course conclusion

V. COURSE REQUIREMENTS AND GRADING

Overall Grade Distribution:

Participation & Attendance (30%):

- Attendance 12 points
- Participation 18 points

Short Papers Assignments (40%):

- Two Short Papers 40 points (20 points per paper)
(Due the day of **Class 3** and **Class 6** by **11:59pm**)

Group Presentation (30%)

30 points

- 25 points for Presentation; 5 points for timely submission of proposed topic
- Proposed topic due **on the day of Class 6 by 11:59pm**
- **Final Presentations (Slides & Bibliography) due on the day of Class 9 by 11:59pm**
- Presentations (**12 minutes/12 slides/plus Q&A**) will take place during **Classes 10, 11, and 12**

Detailed Information/Policies:

Attendance:

- Class will start and end promptly, and I will take attendance.
- I expect you to attend every class unless there is an excused reason for your absence, with the following additional information:
 - **Excused absences** include: illness, family or personal medical emergencies, and religious holidays. Job interviews and extracurricular activities are *not* excused absences. If you are absent because of a Red Pass, please email me a screenshot of the Red Pass. A Red Pass for non-compliance with testing requirements is not a basis for an excused absence.
 - **One “Freebie” Policy – Each student is allowed to have one unexcused absence for any reason (job interview, travel, other workload issues) if you email me in advance of class. I strongly discourage you from using this freebie during Class 5 as we are doing a six-party negotiation that day and absences will affect your classmates.**
 - Missing 10 or more minutes at the start or end of a class (showing up late, leaving early) qualifies as an absence and will be marked as either your Freebie, excused, or unexcused.
 - Unexcused absences will negatively affect your grade, in addition to lost attendance and participation points.
 - **If you have three or more unexcused absences, you will be required to withdraw from the class.**

Participation:

- I expect all students to treat your classmates and the instructor with respect and adhere to all appropriate ethical standards throughout the entire course.
- **Laptops, phones, and other electronic devices are not permitted in these sessions. This allows us to focus on our discussions without distraction, which is a key aspect of creating**

an effective learning community. Handwritten notes are allowed, which can be photographed and stored digitally after class sessions.

Short Papers:

- There will be two Short Paper assignments focusing on individual ethical decisionmaking and responsibility. They must be submitted on the dates reflected in the syllabus.
- Each Short Paper must be no more than 750 words (approximately three pages, double-spaced), submitted in word format, double-spaced with one-inch margins.
- **ALL PAPERS WILL BE GRADED ANONYMOUSLY, so please do not include your name on your paper.**
- **All papers must be submitted in word (not .pdf) format**
- All papers will be run through a plagiarism-check software, so please make sure that you are properly citing sources. You may use footnotes to cite sources.
- **Short Paper #1: Individual Ethical Decisionmaking**
 - You have read and we have discussed the cases of Lisa Jordan, Carlos Garcia, and Dexter Simmons that present a conflict for individual ethical decisionmaking. For Short Paper #1, you must now write your own short case, following the model of these examples (approximately 1 page), and then analyze the case you have described (approximately 2 pages). You must choose a situation that prompts an *environmental* conflict for an individual to navigate. Your case can be based on your personal experience (please make all firm names anonymous); it can be based on a case that has been in the news; or it can be invented based on a situation that you are concerned that you might confront in your future work. Use the Jordan, Garcia, and Simmons cases as examples of how much detail to provide and length of the factual description of the case, which should be no more than one page. The remainder of your assignment should be your analysis of the case—What is the conflict? What considerations must you take into account in resolving it and deciding how to proceed? How would you decide to handle the situation? Why is your approach better than the (an) alternative way of handling the situation?
- **Short Paper #2: Individual Ethical Decisionmaking**
 - I will select approximately 3-5 cases submitted as Short Paper #1 and provide these anonymously to the class (I will provide only the one-page case description, not the student's assessment of their own case). Choose one of these cases. For Short Paper #2, you must now provide an assessment of the situation described in your chosen case. What is the environmental conflict? What considerations must you take into account in resolving it and deciding how to proceed? How would you decide to handle the situation in the end? Why is your approach better than the (an) alternative way of handling the situation?
 - If I have selected your case as one of the assigned cases, you must (of course) choose another case to write about.

Final Group Project: Firm Responsibility to the Environment

- The Group Project will focus on the responsibility of business firms (rather than individuals) toward the environment. The deliverable will be an in-class presentation of **no more than 12 minutes using no more than 12 slides (excluding the bibliography), with time for Q&A.**
- I will assign you to a Project Group by the end of **Class 4**. Your group should choose a business firm that faces an environmental conflict that implicates ethics. Your presentation should identify the environmental conflict, how the firm has responded to it, and whether you agree with the approach that the firm took. You should conclude with a proposal to handle the conflict more effectively.
- You must submit a short (no more than 1-2 paragraph) description/outline of the Project proposal via Canvas for approval by **11:59pm on the day of Class 6 (though I encourage you to submit your proposal earlier).**
- All groups must submit their final slides and bibliography via Canvas by **11:59pm on the day of Class 9.**
- Each group will present its analysis in class during the final weeks of class (Classes 10, 11, 12).
- Presentations will be graded based on quality of organization, original research, use of course readings/concepts, and thoughtfulness/originality/appropriateness of your chosen examples.

VIII. INSTRUCTOR BIO

Sarah E. Light is an Associate Professor of Legal Studies and Business Ethics at the Wharton School of Business at the University of Pennsylvania. Light earned her A.B. in Social Studies from Harvard College, where she graduated *magna cum laude*, and Phi Beta Kappa. Professor Light subsequently earned an M. Phil in Politics from Oxford University where she was a Rhodes Scholar. She received her J.D. from Yale Law School. Prior to joining the Wharton faculty, she served for ten years as an Assistant United States Attorney for the Southern District of New York, Civil Division, and for four of those years as the Chief of the Office's Environmental Protection Unit. Professor Light has repeatedly been awarded the Excellence in Teaching Award at Wharton. Professor Light is a graduate of the National Outdoor Leadership School (NOLS), having completed the Outdoor Educator program.