



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

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

Fall 2023 Q1, Q2

I. INSTRUCTOR

Sarah E. Light

Professor of Legal Studies & Business Ethics

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II. CLASS MEETINGS AND OFFICE HOURS

Tuesdays and Thursdays, 1:45-3:15pm

Location: TBD

Student Drop-In/Office Hours: Please make an appointment via Calendly (link on the Course Canvas home page). All office hours appointments will be held via Zoom.

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, such as 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 interactive lectures, 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 29, Q2: Oct. 24)</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 ▪ Note: COP28 is scheduled to take place in the UAE in December, 2023; information is here on the program: https://www.cop28.com/en (skim for reference) ▪ <i>Readings with links in the Syllabus are 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? What do we mean by the "transition to net zero"? What is the "Paris Gap"?
<p>Class 2: Introduction to Ethical Frameworks</p> <p>(Aug. 31, Oct. 26)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 2:</i> <ul style="list-style-type: none"> ○ Professional Quandaries: before class please read the cases of Lisa Jordan, Carlos Garcia, and Dexter Simmons (Coursepack #1) • In class: Discuss cases, ethical frameworks, explain Short Paper #1 • <i>Discussion Questions:</i> What should Lisa Jordan, Carlos Garcia, and Dexter Simmons do? Why?
<p>Class 3: Introduction to the US Legal System, Legal Frameworks: What is the Purpose of a Corporation under law?</p> <p>(Sept. 5, Oct. 31)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 3:</i> • Please read: <ul style="list-style-type: none"> ○ <i>Shlensky 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> ○ Sarah E. Light, <i>The Law of the Corporation as Environmental Law</i>, Stanford Law Review (2019) • <i>Discussion Questions:</i> What is the purpose of a corporation under law? What are different ethical views of the purpose of a corporation and how do these relate? Must directors and officers always maximize short-term profits for shareholders? What are sources of environmental law in the United States? How can the law "change the payoff table" for managers? • Explain <i>Siting an Asphalt Plant</i> simulation rules for next class (instructions to be provided after class today) • Explain Group Projects/sign up process • Short Paper #1 due by 11:59pm the day of Class 3 (Sept. 5/Oct. 31)

<p>Class 4: Responsibility to Whom? Environmental Justice</p> <p>(Sept. 7, Nov. 2)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 4:</i> <ul style="list-style-type: none"> ○ Read: General Instructions and Confidential Role Instructions for <i>Siting an Asphalt Plant in Madrona</i> negotiation ○ ‘We Want to Live. They Want to Burn Trash’: Chester Residents Raise Environmental Racism Concerns Over Incinerator with Covanta, WHYY.org (2021) ○ <i>Optional:</i> Huge Plastics Plant Faces Calls for Environmental Justice, Stiff Headwinds, Washington Post (2021) ○ <i>Optional:</i> Watch: Justice in Chester (26 minutes, PBS) <p>In class: <i>Siting an Asphalt Plant</i> negotiation</p> <ul style="list-style-type: none"> • <i>Discussion Questions:</i> What is environmental justice? What obligations do business firms (as compared to governments) have to promote environmental justice? • <i>If you have not already formed groups (sign up in Canvas), students will be assigned to project groups by today.</i>
<p>Class 5: Environmental Justice cont’d; Current Issues in Climate and Environmental Law</p> <p>(Sept. 12, Nov. 7)</p>	<ul style="list-style-type: none"> • <i>Assignment for Class 5:</i> • <i>Sacket v. United States</i> (edited version to be posted to Canvas) • <i>W. Virginia v. EPA</i> (edited version to be posted to Canvas) • <i>Skim:</i> 2023 NEPA Updates in the Inflation Reduction Act: The New NEPA: A User’s Guide (blog post) • <i>Skim:</i> Dotson & Maghamfar, The Clean Air Act Amendments of 2022: Clean Air, Climate Change, and the Inflation Reduction Act (2023) • In class: <ul style="list-style-type: none"> ○ Continue and conclude discussion on <i>Siting an Asphalt Plant</i> ○ Discuss current developments in environmental and climate law including: permitting/NEPA reform, Waters of the United States, the Major Questions doctrine, the Inflation Reduction Act and recent EPA regulations for mobile and stationary sources

<p>Class 6: Is Corporate Climate and Environmental Action Real? Greenwashing</p> <p>(Sept. 14, Nov. 9)</p>	<ul style="list-style-type: none"> • Assignment for Class 6: • Please read: <ul style="list-style-type: none"> ○ A. Shanor & S.E. Light, <i>Greenwashing and the First Amendment</i>, Introduction, Parts I & II ○ <i>Berrin v. Delta Airlines</i> Complaint (Coursepack #3) ○ How Fashion Giants Recast Plastic as Good for the Planet, NY Times (2022) ○ <i>Skim: New Climate Institute, Corporate Climate Responsibility Monitor (Feb. 2022)</i> (Section A) • <i>Discussion Questions:</i> Is corporate climate action real? Against what standards should environmental actions and claims be measured? What are the limits on environmental claims and pledges by firms? Should there be greater limits? • Project Groups must submit topic proposal via Canvas by 11:59pm on the day of Class 6 for approval.
<p>Class 7: Environmental Disclosures</p> <p>(Sept. 19, Nov. 14)</p>	<ul style="list-style-type: none"> • Assignment for Class 7: • Please read: <ul style="list-style-type: none"> ○ Guidant Case (Coursepack #4) ○ SEC (Proposed) Climate Disclosure Rule (2022) (to be updated if the SEC publishes final rule, which is anticipated in fall 2023) ○ Task Force on Climate-related Financial Disclosures Overview, pp. 1-13, 16-19 ○ <i>Skim: Task Force on Nature-Based Financial Disclosures (TNFD) Executive Summary</i> (v4.0) ○ <i>Optional:</i> Comparing Disclosure Rules, https://corpgov.law.harvard.edu/2022/10/10/navigating-the-esg-landscape-comparison-of-the-big-three-disclosure-proposals/ • <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 or final) Climate Disclosure Rule go far enough? Too far? Is voluntary climate disclosure sufficient? • Short Paper #2 due by 11:59pm the day of Class 7 (Sept. 19/Nov. 14)
<p>Class 8: Special topics in Business Responsibility to the Environment</p> <p>(Sept. 21, Nov. 16)</p>	<ul style="list-style-type: none"> • Assignment for Class 8: <ul style="list-style-type: none"> ○ Readings to be posted to Canvas ○ Q1: Guest Speaker, Kalin Anev Janse, CFO, European Stability Mechanism: Understanding Sustainability in the EU ○ Q2: Guest Speaker, Lisa Conway, Interface: Building a Circular Economy

<p>Class 9: Environmental Crimes (Sept. 26, Nov. 21)</p>	<ul style="list-style-type: none"> • Assignment for Class 9: • Please read: <ul style="list-style-type: none"> ○ USDOJ Federal Crimes website: <ul style="list-style-type: none"> ▪ Historical Development of Environmental Criminal Law ▪ Press Release (2023), Organic Grain Fraud ○ US v. Weitzenhoff case (Coursepack #4) ○ Skim: VW Emissions Cheating Scandal reading (Coursepack #5) • <i>Discussion Questions:</i> What does “knowing” mean in the context of criminal environmental liability? Did the Court get it right in Weitzenhoff? Is it possible to design a compliance system to avoid the problems in the VW case? • All Student Group Presentations (Slides & bibliography) must be submitted by 11:59pm on the day of Class 9 (Sept. 26/Nov. 21)
<p>Class 10: Student Presentations (Sept. 28, Nov. 28)</p>	<ul style="list-style-type: none"> • Student Presentations
<p>Class 11: Student Presentations (Oct. 3, Nov. 30)</p>	<ul style="list-style-type: none"> • Student Presentations
<p>Class 12: Student Presentations and Course Conclusion (Oct. 5, Dec. 5)</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 7** 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 (**10 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 each day using the Wharton attendance app.
 - It is a violation of Academic Integrity Standards to check in if you are not physically present in the classroom.
- Please sit according to the Seating Chart.
- 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.
 - **BONUS: Students who attend all 12 classes in full (or all 11 if they register after Class 1 is over) will receive a 5-point bonus on their final grade. Excused absences do not count against the full attendance bonus.**
 - **MISS ALL OR PART OF ONE CLASS FOR AN UNEXCUSED REASON:** You will lose the full attendance bonus and lose attendance and participation points for that class, but no other penalty applies. Missing as much as 10 minutes at the beginning, end, or during a class counts as “part of a class.” And this includes missing all or part of Class 1 if you are registered for the course. As a courtesy to me and your fellow students, let me know in advance about any class or part of a class you need to skip so I can work around your absence (*this is especially important for Class 4, as we will be conducting a six-party negotiation*).
 - **MISS ALL OR PART OF TWO CLASSES FOR AN UNEXCUSED REASON:** Unexcused absences for all or part of two classes will lead to the automatic loss of one grade level on the final grade (i.e. from B+ to B) in addition to lost attendance and participation points.

- **MISS ALL OR PART OF THREE CLASSES FOR AN UNEXCUSED REASON:** Unexcused absences for all or part of two classes will lead to the automatic loss of a full grade on the final grade (i.e. from B+ to C+) in addition to lost attendance and participation points.
- **MISS ALL OR PART OF FOUR CLASSES FOR AN UNEXCUSED REASON:** You will be required to withdraw from the course.

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.**

Short Papers:

- There will be two Short Paper assignments focusing on individual ethical decision making and responsibility. They must be submitted on the dates reflected in the syllabus.
- Each Short Paper must be **no more than 750 words** 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. You are NOT permitted to use ChatGPT to generate drafts of your work product. Doing so will be considered a violation of the University policies on Academic Integrity.
- **All written work product is subject to my lateness penalties of minus 1 point per day or portion thereof of lateness. Any assignment not submitted within one week of the due date will not be accepted and will receive zero points.**
- **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, I have posted in the Files menu of Canvas several scenarios that raise an environmental conflict. **Please choose one of these cases.** You must now provide an assessment of the situation that embodies personal reflection, and that addresses the following questions: What is the environmental conflict that you face in this case? What *should* you do in response? What *would you actually do* in response? Why? Why is this better than an alternative course of action? In your discussion, please be sure to use the different ethical lenses that we have discussed in class to guide your narrative and refer to any readings as appropriate.

- **Short Paper #2: Ethical Decisionmaking**
 - Please see the posted assignment in Canvas.

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 10 minutes using no more than 12 slides** (excluding the title slide with your group number and participant names, and the bibliography), with time for Q&A.
- Students will be in groups of 4 (there may be a group of 3 depending upon final enrollment numbers).
- You have the first several class sessions to select group partners of your choice. If you have not joined a group before Class 4, I will assign you to a Project Group by the end of **Class 4**.
- Your group should **(1) identify a question** that implicates the environmental responsibility of business firms. Some examples include: Should business firms be permitted to use carbon offsets to meet their net zero by 2050 commitments? Which Scope 3 emissions or environmental impacts, if any, should business firms be held responsible for? Are there some natural resources (e.g., water provision/treatment systems) that should not be subject to private ownership, such as by private equity firms? How should business firms address potential conflicts between climate or environmental impacts (the “E” in ESG) versus other impacts (the “S” in ESG), or between different aspects of environmental impact (one “E” versus another “E”)? After identifying a question, your presentation should **(2) answer the question, highlighting at least one business firm that faces the conflict/question you have identified as a case study, and using the frameworks we have discussed in class to offer a thoughtful answer to the question**. Past areas of focus that students have chosen include: fast fashion, consumer products, feminine hygiene products, major retailers (Walmart), shipping emissions, tech emissions, carbon offsets, and water markets, among others. Be sure to discuss the issues in terms of relevant ethical frameworks, legal lenses, or other issues we have discussed in class. I will provide additional information in class.
- 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 for feedback)**. This submission should both **(1) identify your proposed question and (2) offer an outline of how you propose to answer the question with a proposed firm as a case study**.
- All groups must submit their final slides and bibliography via Canvas by **11:59pm on the day of Class 9**.
 - **All written work product (including the Project proposal and the final slides and bibliography) is subject to my lateness penalties of minus 1 point per day or portion thereof of lateness. Any assignment not submitted within one week of the due date will not be accepted and will receive zero points.**
- Each group will present its analysis in class during the final weeks of class (Classes 10, 11, 12). I will randomly assign groups to presentation dates and cannot accommodate specific requests. You may not read the text of a presentation, but you are permitted to use notes. There will be Q&A as well.

- Presentations will be graded based on quality of organization, original research, use of course readings/concepts, and thoughtfulness/originality/appropriateness of your chosen examples, and responses to Q&A.

VIII. INSTRUCTOR BIO

Sarah E. Light is a 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.