



9 Climate and Environment

PolicyLink

FSG REIMAGINING SOCIAL CHANGE

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This is a living document intended to facilitate public feedback on draft business standards (the “draft standards”) developed by the Corporate Racial Equity Alliance (the “Alliance”), an initiative by PolicyLink, FSG, and JUST Capital. The primary goals of the draft standards are to promote and support the improved sustainability performance of U.S. businesses related to social issues, including advancing equity and inclusion, eliminating bias and discrimination, and ensuring equal opportunities for all, regardless of race, gender, ethnicity, socioeconomic status, or any other social category or characteristic protected by applicable law. The draft standards do not call for and should not be read as recommending or requiring businesses to make employment or other decisions based on any protected characteristic in violation of applicable law. Any such application constitutes a misuse of the draft standards.

The draft standards are the product of a multi-year process informed by, and incorporating, broad stakeholder feedback through multiple consultations. The draft standards are not final and remain subject to further review and revision. The draft standards were created based on a snapshot in time. Laws relating to these draft standards may evolve overtime. The Alliance makes no representations or warranties concerning any changes in laws or legal precedent as it relates to these draft standards and is not providing any legal advice. Although all information in the draft standards was obtained from sources believed to be reliable, no representations or warranties, express or implied, are made as to their accuracy or completeness. The Alliance shall not be liable for any claims or lawsuits from any third parties arising from the use or distribution of the draft standards. The draft standards are for distribution only under such circumstances as may be permitted by applicable law.

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Learn more about the Alliance and the draft standards in our latest report, *Introducing the Business Standards for 21st Century Leadership: Public Consultation Report and Draft Standards* available at <https://corporateraciaequityalliance.org/corporate-standards>.

Reviewing and Submitting Feedback

How to Navigate This Standard

Each draft standard begins with an overview, including:

- The outcome that the standard supports achieving
- The basic requirement of the standard
- A list of the currently proposed performance targets for the standard
- The value proposition of adopting the standard
- The most closely associated equity outcomes, showing how achievement of the standard contributes to positive societal impact
- A non-exhaustive list of related sustainability standards and frameworks

Following the overview is a glossary of key terms. Then, each performance target is presented with specific requirements, metrics, implementation guidelines, and resources. To support companies in getting started, suggested interim targets and metrics are included as well.

Navigation links are provided at the bottom of each page, beginning on page 5.

Submitting Feedback

This is a living document and your participation in strengthening this work is important to us. Alongside our ongoing research and testing with companies, we look forward to feedback on these questions:

- Is the standard clear and compelling?
- Do you agree that the performance targets for this standard cover critical ways for companies to address discrimination and exclusion, and advance socially responsible business practices within the given topic? If not, why not?
- Are there additional or alternative performance targets you recommend for this standard?
- What additional guidance, if any, would be helpful for a company to get started and/or make steady progress toward achieving this standard?

Submit your feedback by completing [this survey](#) (letter submissions will also be accepted) or attending one of our virtual roundtables. [Find more information here on providing your feedback.](#)

9

The company fosters a healthy climate, clean environment, and resource-rich planet.




Requirement

■ Proactively integrate principles of equity in sustainability strategies, including mitigating negative impacts on, protecting, and repairing harm to communities most impacted by climate change, industrial pollution, and natural resource loss.

Performance Targets

- P9.1** Just transition principles are integrated within sustainability strategies.
- P9.2** Business operations generate zero untreated environmental waste and other hazardous materials in communities of color and low-income communities.
- P9.3** Planetary boundaries are steadily integrated into business models and long-term strategic plans.
- P9.4** Concrete action is taken to restore nature and support the transition to a circular economy.

Associated Equity Outcomes

-  Reckoning and Repair
-  Health and Well-Being
-  Climate, Environmental, and Spatial Justice

Key Connections

- SDGs 1, 6, 7, 8, 11, 12, 13, 14, and 15
- ESRS 2, E1, E2, E3, E4, E5, and S3
- IFRS S2
- UNGPs 11, 13, and 22

Business and Societal Value Proposition

A healthy climate, a clean environment, and the preservation of our natural resources are fundamental to life, a stable operating environment, and the health of our economy and society.

The global effort to address the climate emergency and restore nature means that businesses, like all other institutions, must consider the impact of their own practices to ensure they are playing a positive role in addressing these challenges. That will necessitate attention to the disproportionate impacts of [climate change](#), [industrial pollution](#), and [natural resource loss](#) on communities of color and low-income communities—all of these impacts are well documented and historically poorly addressed.

Meaningful sustainability strategies should therefore integrate principles of equity, including prioritizing addressing adverse impacts on such communities and protecting the natural resources they rely on. Success in doing so will contribute to workforce and community well-being; strengthen brand reputation; and support our economic, social, and political stability. Overlooking this area of business impact on people and our planet will increase reputational risk, [draw heightened scrutiny](#), and may contribute to broader social instability.

The performance targets for this Standard therefore focus on integrating principles of equity in sustainability strategies, mitigating negative environmental impacts on disproportionately impacted communities, respecting [planetary boundaries](#), and contributing to efforts to [restore nature](#).

This Standard promotes, and is an essential complement to, science-based climate, nature, and environmental standards that aim to adhere to our planetary boundaries. This includes initiatives such as the [Science Based Targets Network](#), the [United Nations Research Institute for Social Development's Sustainable Development Performance Indicators](#), and others.

Glossary

Allocation

Assignment to institutions or organizations (or other groups) of fair and proportionate shares of the responsibility for producing or maintaining a resource at or above the level set by social or ecological thresholds.

Business model

The strategy adopted by a company to fulfill its purpose and create value, including the products and/or services offered to customers, the value proposition to customers, the target market(s), practices across the value chain, and revenue model(s).

Circular economy

As defined by the [Ellen MacArthur Foundation](#), “a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting. The circular economy tackles climate change and other global challenges, like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources.” See also the [Circular Economy Glossary](#).

Demographics or demographic groups

Characteristics of a specific human population, such as geographic location, socioeconomic status, race, ethnicity, gender, sexual orientation, disability, and age.

Disparity

A statistically significant difference in access, opportunity, use, or outcomes for one or more **demographic groups** that has no valid justification (i.e., cannot be explained by legitimate,

nondiscriminatory business reasons). Disparities are indicative of unequal treatment and/or opportunities. In the context of the Standards, disparities can be addressed by adopting new systems, policies, and practices that promote fairness for all people regardless of their background.

Ecological thresholds

As defined in the [European Sustainability Reporting Standards](#) (ESRS), “[t]he point at which a relatively small change in external conditions causes a rapid change in an ecosystem. When an ecological threshold has been passed, the ecosystem may no longer be able to return to its state by means of its inherent resilience.”

Equity

Just and fair **inclusion** into a society in which all can participate, prosper, and reach their full potential. When everyone is treated fairly according to their needs and no group of people is given special treatment.

Gap analysis

A comparative analysis of the current state of a set of quantitative or qualitative factors against a given Performance Target, including the Guidelines. Conducting such an analysis is step one across every Performance Target.

Harm

Loss of, or damage to, a person’s rights, property, or physical or mental health and well-being.

Harmful

Causing or likely to cause loss of, or damage to, a person’s rights, property, or physical or mental health and well-being.

Hazardous materials

Effluents, emissions, chemicals, waste, and other materials that are recognized to be toxic, dangerous, or otherwise harmful to human health or plant or animal life.

Human rights

The range of rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. These rights are listed in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights) and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. These rights are elaborated further in international human rights instruments focusing on the rights of indigenous peoples; women; national or ethnic, religious, and linguistic minorities; children; people with disabilities; and migrant workers and their families. The role of business respecting these rights is set out in the UN Guiding Principles on Business and Human Rights (UNGPR) and the Ten Principles of the UN Global Compact.

Impact

The effect the company has or could have on its **stakeholders** over the short, medium, or long term through its activities, including its operations, products, services, and business relationships, whether positive or negative, intended or unintended. This term is intended to be equivalent to the defined term “impacts” in the ESRS.

Inclusion

The values, practices, and policies that ensure all people, across all social demographics, feel respected, safe, and valued, including and accommodating people who have

historically been excluded such as due to their race, ethnicity, gender, sexual orientation, or disability. Inclusion values and leverages **diversity**, recognizing it as a source of strength for organizations.

Just transition principles

A set of principles, processes, and practices articulated by climate and environmental justice experts, including the [Climate Justice Alliance](#), that build economic and political power across communities and that aim to create a sustainable and regenerative global economy.

Leaders or leadership

Senior leaders, as defined below, plus:

- Middle management, including people managers who have oversight of, but are not directly managing, non-managerial workers; and
- Any other internal leaders with decision-making power over non-managerial workers.

Low-income communities

Communities where many residents are economically insecure. In the U.S., economic insecurity means living on income at or below 200% of the federal poverty level, which is equivalent to \$30,120 annually for a single individual household or \$62,400 annually for a family of four in 2024. [See the 2024 poverty thresholds here.](#)

Material decision

A decision made by the company that has or could have a significant **impact** on profitability/shareholder value and/or one or more of its stakeholder groups, including direct workers, contingent workers, indirect workers, customers, end users, communities, and society at large. This includes, among other things, the health and safety of the company's and its suppliers' workplaces; the health, safety, accessibility, and pricing of products and services; the environmental impacts of the company's and its suppliers' operations; and any practices

that could result in excluding marginalized or underinvested groups from fair opportunities.

People of color and communities of color

The term **people of color** includes all people who are of a race/ethnicity other than non-Hispanic white. This includes people who are Black, Indigenous (or Native American), Asian American and Pacific Islander, Latinx, Arab-Middle Eastern American, multiracial, and immigrants of color. The term **communities of color** refers to groups of people of color within neighborhoods, cities, or regions.

Planetary boundaries

As defined in the [ESRS](#), the estimated "safe operating space for humanity with respect to the functioning of the Earth. The boundary level for each key Earth System process that should not be transgressed if we are to avoid unacceptable global environmental change, is quantified." [Learn more here.](#)

Science-based targets

Targets for the emissions of, and natural resources used by, businesses, based on what is required to stay within natural limits, or **ecological thresholds** and **planetary boundaries**, including those related to biosphere integrity, climate change, land-system change, ocean acidification, and freshwater change.

Senior leaders or senior leadership

- Officers as defined in the company's bylaws;
- Named executive officers as defined under U.S. Securities and Exchange Commission reporting rules;
- C-Suite or equivalent senior leaders; and
- Leaders with overall ownership and responsibility for department or divisional budgets.

Stakeholders

Individuals and groups who have an interest in the policies and practices of companies not only because they are affected by them, but also because they have rights to be respected and protected by companies, e.g., workers' rights to fair wages, consumers' rights to safe products, suppliers' rights to transparency, investors' rights to be informed of material facts, communities' rights to clean and safe neighborhoods, and society's rights to a healthy environment, among others.

Stakeholder-informed decision-making

The action or process of making decisions, especially **material decisions**, informed by the needs, expectations, and rights of the company's stakeholders—including **direct, contingent, and indirect workers**; customers; end users; suppliers; shareholders; communities; and society at large. Stakeholder-informed decision-making recognizes that each of the company's stakeholders is essential to its success and honors the company's fundamental commitment to deliver value to all of its stakeholders. This is the foundation of socially responsible business.

Sustainability

As defined by the [1987 United Nations Brundtland Commission](#), "meeting the needs of the present without compromising the ability of future generations to meet their own needs." In the business context, it means [a company's delivery of long-term value in financial, social, environmental and ethical terms](#). This includes recognizing and adhering to social thresholds, such as paying living wages across the workforce, in recognition of the essential role living wages play in cultivating and maintaining a healthy labor force and a stable society. It also includes ecological thresholds, such as limiting emissions and natural resource use, in recognition of the natural limits of our planet to support all life.

Value chain

The range of activities and processes carried out by (i) suppliers of products or services used in the development of the company's products and services; (ii) business partners, such as resellers, distributors, systems integrators, and marketers of the company's products and services; and (iii) vendors and any other individuals, entities, or groups the company uses and relies on to operate the company and execute its **business model**, from conception to delivery, consumption, and end-of-life of the company's products and services. This encompasses the full range of activities and processes upstream and downstream of the company and at any stage of its business model execution.

PERFORMANCE TARGET 9.1

Just transition principles are integrated within sustainability strategies.

Requirement

Codify and integrate [just transition principles](#) within [sustainability](#) strategies, including proactive community engagement, addressing past [harm](#), and championing job quality in connection with sustainability investments.

Metrics

Policy metric: One or more formal written policies consistent with the guidelines.

Practice metrics: Number of concrete actions taken informed by community engagement and other just transition principles.

Share Progress & Achievement

Disclosure available to the public of the company's sustainability strategies, including adoption of just transition principles and how they are operationalized, either on the company's website or in an annual report (or other publicly available filing). Update disclosure in the event of material changes..

Rationale, Tips, and Guidelines**RATIONALE:**

If sustainability efforts are to mean anything, they should not harm any people or groups and they should not overlook any [stakeholder](#) interests. Meaningful sustainability strategies will, therefore, prioritize principles of equity, inclusion, and social responsibility. These strategies include listening to and following the lead of stakeholder groups who advocate for and represent those who face the disproportionate impacts of climate change, industrial pollution, and natural resource loss.

One such group is the [Climate Justice Alliance](#) (CJA), a growing member alliance of local, tribal, and regional racial and economic justice organizations of Indigenous Peoples, Black, Latinx, Asian Pacific Islander, and low-income white communities who share legacies of racial and economic oppression and social justice organizing. Together, they are working to advance climate justice. The [CJA Just Transition Principles](#) consolidate many articulations of just transition principles from CJA members, with the intent of establishing shared principles to strengthen collective work.

This Target focuses on integrating just transition principles into the company's sustainability strategies based on the principles articulated by CJA and other leading organizations with the lived experience and direct expertise of the harms of climate change and natural resource loss.

IMPLEMENTATION TIPS:

1. For companies that are new to the just transition concept, invest more time in learning about it, its leaders, and the breadth of what they advocate for before beginning implementation of this Target. See the Resources for a starting list.
2. Applying just transition principles in the business context will require sustained effort over time and should be done in close consultation with the

company's internal and external stakeholders. Adopting Standards 2, 4, 6, and 10 on internal infrastructure, workplace culture, job quality, and community engagement will support success here.

3. Given that the sustainability field is continually evolving, it is important to stay apprised of updates to just transition principles alongside the evolution of the sustainability field.
4. Note that just transition principles are also incorporated in other Standards, namely Standards 6 (job quality), 10 (community engagement), 13 (civic and political engagement), and 14 (investments).
5. A sample policy consistent with the guidelines below will be included with this Target upon the launch of the final Standards.

GUIDELINES:

1. Proactively integrate just transition principles within sustainability strategies by taking the concrete steps outlined below and formalizing the company's practices in a written policy.
2. The policy may be combined with the policy referenced in Target 9.3 and should be formally approved by the most senior leader(s) with oversight of sustainability strategies, as reflected by their signature(s) on the policy.
3. The policy should contain the company's commitment to the following:
 - a. Promoting job quality for historically underrepresented and marginalized groups within the company's sustainability investments and related strategies (see Standard 6).
 - b. Proactively engaging communities within the company's operational footprint to solicit feedback on its sustainability efforts (see

Standard 10).

- c. [Distributing resources and opportunities over time](#), including access to data and information, so that no single group or set of individuals receives disproportionate benefits or burdens (see Targets 9.3 and 9.4).
 - d. Supporting democratic governance and self-determination among communities affected by the company's environmental impacts and sustainability strategies by involving them in decision-making and the co-creation of solutions (see Standard 10).
 - e. Building and implementing sustainability strategies that redistribute capital and resources to those most impacted by the climate emergency, pollution, and natural resource loss (see Target 9.3, Target 9.4, and Standard 11).
 - f. Integrating regenerative approaches into sustainability strategies, including advancing ecological resilience, reducing resource consumption, restoring biodiversity, and restoring traditional ways of life (see Targets 9.3 and 9.4).
4. On an annual basis, take the following concrete actions:
 - a. Take and document at least one action to operationalize the company's commitments in the policy, which may be informed by community engagement or engagement with internal stakeholders. Note the cross-referenced Standards and Targets in Guideline 3 above provide starting points to operationalize the policy.
 - b. Review the policy and how adherence is

operationalized. Make adjustments as necessary to promote adoption.

- c. Share the policy across the workforce, including how it is operationalized, how to raise issues related to it, and how to access learning opportunities.
5. On a periodic basis (the cadence to be determined by the company), take the following concrete actions:
 - a. Solicit feedback from engaged communities (or community groups) on whether the company's sustainability strategies meet its stated commitments. Adjust the company's practices on the basis of the feedback received.
 - b. Share learnings from community engagement with senior leaders, the workforce, employee resource groups, and the Board, as appropriate, including how the learnings may inform new strategies and company goals.

Example Interim Targets

Note: these examples are not intended to be exhaustive. At launch, guidance on setting interim targets will be available.

- [Gap analysis](#) conducted of current sustainability strategies.
- New or updated policy drafted and presented to applicable [senior leader\(s\)](#) for approval.
- One or more actions taken to operationalize the policy consistent with the guidelines.

Example Interim Metrics

Note: some metrics may apply to more than one Example Interim Target; not necessarily one-to-one alignment.

- Record of gap analysis results shared with senior leadership.
- Final draft of new or updated policy.
- Number of actions taken to operationalize the policy.

Relevance to Other Frameworks

Coming with the launch of the final standards: mapping to other standards and frameworks that address similar issues.

Resources

[Just Transition Principles](#) (Climate Justice Alliance, accessed September 2024)

[Indigenous Principles of Just Transition](#) (Indigenous Environmental Network, accessed September 2024)

[Adversity to Advancement](#) (Jacqui Patterson, The Chisholm Legacy Project, 2023)

[What Is Just Transition? And Why Is It Important?](#) (Climate Promise, United Nations Development Programme, November 2022)

[Key Definitions: Shared Prosperity & Indigenous Leadership](#) (Business & Human Rights Resource Centre, September 2023)

[Chapter 1. Overview: Understanding Risks, Impacts, and Responses](#) (Alexa K. Jay, In: Fifth National Climate Assessment, Allison R. Crimmins et al., Eds., U.S. Global Change Research Program, November 2023)

[The Nature Gap](#) (Jenny Rowland-Shea, et al., Center for American Progress, July 2020)

[Impacts of Climate Change on Black Populations in the United States](#) (McKinsey Institute for Black Economic Mobility, November 2023)

[A Just World on a Safe Planet: A Lancet Planetary Health–Earth Commission Report on Earth-System Boundaries, Translations, and Transformations](#) (Joyeeta Gupta, et al., The Lancet Planetary Health, September 2024)

[How Communities of Color Are Hurt Most by Climate Change](#) (Kelly Anne Smith and Korrena Bailie, Forbes Advisor, June 2021)

[Climate Displacement and Resilience Database](#) (Othering & Belonging Institute at UC Berkeley, November 2023)

[Climate & Economic Justice Screening Tool](#) (Council on Environmental Quality, Office of the President of the United States, accessed September 2024)

[Fifth National Climate Assessment Report-in-Brief](#) (A.R. Crimmins, et al., Eds., U.S. Global Change Research Program, November 2023)

[Environmental Justice](#) (U.S. Environmental Protection Agency, accessed September 2024)

[Climate Equity](#) (U.S. Environmental Protection Agency, accessed September 2024)

[Unjust Transition on Trial: Communities and Workers Litigate To Shape Corporate Practice](#) (Briefing, Business & Human Rights Resource Centre, July 2024)

PERFORMANCE TARGET 9.2

Business operations generate zero untreated environmental waste and other hazardous materials in communities of color and low-income communities.

Requirement

If the company's direct operations involve creating or emitting environmental waste and other [hazardous materials](#), proactively ensure the company mitigates the risk of, and immediately addresses, any untreated waste or other hazardous materials in [communities of color](#) and [low-income communities](#).

Metrics

Annual amount of [harmful](#) or hazardous materials created or emitted impacting communities of color and low-income communities.

Annual amount of untreated environmental waste or other hazards in communities of color and low-income communities.

Share Progress & Achievement

Disclosure available to the public of the company's sustainability strategies, including the company's adherence to this Target and how the company is addressing (or has addressed) any incidents of environmental waste or other hazards, if applicable, either on the company's website or in an annual report (or other publicly available filing). Update disclosure in the event of material changes.

Rationale, Tips, and Guidelines

RATIONALE:

Given the importance of our climate and environment to the health and well-being of individuals and communities (as well as the stability of our society), companies must work to mitigate and remediate the climate and environmental injustices faced by communities of color and low-income communities, [cases of which are well documented](#).

Studies show that greater exposure to pollution increases the likelihood of health issues such as lung and heart problems. Studies also show that, on average, people of color breathe more particulate air pollution [across income levels and regions](#), and racial and ethnic disparities exist across almost all major emission categories—all of which have serious public health implications.

Conversely, [affluent, predominantly white communities are often shielded from such hazardous living conditions](#) because of the political capital such communities can wield to secure zoning protections that prioritize safety and health and prevent property values from declining. Accordingly, this Target focuses on communities of color and low-income communities and the importance of mitigating and addressing any harmful environmental impacts on such communities from the company's direct operations.

The environmental impact of the company's entire [value chain](#) (including from suppliers, business partners, and vendors) are covered by Standard 8 and Targets 9.3 and 9.4.

IMPLEMENTATION TIPS:

1. This Target does not call for and should not be read as recommending or requiring businesses to move the creation or emission of untreated environmental waste and other hazardous materials from one community to another. Companies should always strive to maintain zero untreated environmental waste and other hazardous materials across all communities in which they operate.
2. This Target recognizes that perfection is not always possible. The key is for companies to ensure that any environmental waste and hazardous materials are treated immediately and appropriately.
3. Adopting Standards 2 (human rights assessments), 8 (value chain), and 10 (community engagement) will support success here by ensuring the company is regularly assessing the impacts of its operations and engaging with partners who are aligned with the company's values.
4. See Standard 8 (value chain) for the role companies can play in ensuring its suppliers, business partners, and vendors adhere to this Target and others under these Standards.
5. For companies that are not directly involved in manufacturing and other industries that may involve the creation of emissions and hazardous materials, this Target may not be relevant.

GUIDELINES:

1. To meet this Target, the company must demonstrate one of the following:
 - a. It has zero untreated environmental waste or

other hazards in communities of color and low-income communities.

- b. On an annual basis, it is steadily reducing harmful and hazardous materials impacting relevant census tracts with the ultimate goal of reaching zero within a reasonable and documented time-based plan.
2. In monitoring the company's compliance, consider hazardous materials including, but not limited to the following:
 - a. Emissions: [188 air pollutants](#) defined by the US Environmental Protection Agency (EPA)
 - b. Chemicals and waste: waste subject to the U.S. Resource Conservation and Recovery Act (RCRA), [Subtitle C \(RCRA §§3001-3023\)](#)
 3. Detail the amount of each hazardous material produced in all relevant census tracts that have:
 - a. A poverty rate of at least 20%; and/or
 - b. A median family income 80% or less than the area it is benchmarked against (metropolitan area for metropolitan tracts, state for rural tracts).
 4. The company may measure and disclose on a facility-by-facility basis.
 5. If the company engages vendors to handle the treatment of its environmental waste and other hazardous materials, it remains the company's duty to ensure adherence to this Target by such vendors (the chain of responsibility does not sever the company's obligations to manage its impacts).

Example Interim Targets

Note: these examples are not intended to be exhaustive. At launch, guidance on setting interim targets will be available.

- [Gap analysis](#) conducted of current practices related to managing and mitigating environmental waste and hazards.
- Over 50% reduction in harmful and hazardous materials adversely impacting communities of color and low-income communities.
- Over 75% reduction in harmful and hazardous materials adversely impacting communities of color and low-income communities.

Example Interim Metrics

Note: some metrics may apply to more than one Example Interim Target; not necessarily one-to-one alignment.

- Record of gap analysis results shared with [senior leadership](#).
- Percentage reduction in harmful and hazardous materials adversely impacting communities of color and low-income communities.

Relevance to Other Frameworks

Coming with the launch of the final standards: mapping to other standards and frameworks that address similar issues.

Resources

[Study Finds Exposure to Air Pollution Higher for People of Color Regardless of Region or Income](#) (U.S. Environmental Protection Agency, September 2021)

[Toxic Waste and Race in Twenty-First Century America](#) (Michael Mascarenhas, Ryken Grattet, and Kathleen Mege, Environment and Society, September 2021)

[Initial List of Hazardous Air Pollutants with Modifications](#) (U.S. Environmental Protection Agency, accessed September 2024)

[Resource Conservation and Recovery Act \(RCRA\) and Federal Facilities](#) (U.S. Environmental Protection Agency, accessed September 2024)

[Companies Making Racial Equity Commitments Must Consider Their Environmental Impact on Marginalized Communities](#) (Laura Thornton and Zsofia Duarte, JUST Capital, September 2020)

[Chapter 1. Overview: Understanding Risks, Impacts, and Responses](#) (Alexa K. Jay, In: Fifth National Climate Assessment, Allison R. Crimmins et al., Eds., U.S. Global Change Research Program, November 2023)

[Fifth National Climate Assessment Report-in-Brief](#) (A.R. Crimmins, et al., Eds., U.S. Global Change Research Program, November 2023)

[Climate & Economic Justice Screening Tool](#) (Council on Environmental Quality, Office of the President of the United States, accessed September 2024)

PERFORMANCE TARGET 9.3

Planetary boundaries are steadily integrated into business models and long-term strategic plans.

Requirement

Take multiple concrete steps to adapt [business model\(s\)](#) and long-term strategic plans to [planetary boundaries](#) and [ecological thresholds](#), including achieving net zero greenhouse gas (GHG) emissions and adopting other relevant [science-based targets](#).

Metrics

Policy metric: One or more formal written policies codifying the company's commitment to adhere to planetary boundaries and ecological thresholds consistent with the guidelines.

Practice metrics: Documentation of (i) science-based targets adopted by the company; (ii) annual progress made toward achievement of targets; and (iii) benchmarking data demonstrating the company's sustainability leadership within its industry, in each case, consistent with the guidelines.

Share Progress & Achievement

Disclosure available to the public of the company's [sustainability](#) strategies, including its commitment to planetary boundaries and ecological thresholds, the science-based targets it has adopted, and its progress toward achievement (and/or the number of science-based targets achieved), either on the company's website or in an annual report (or other publicly available filing). Update disclosure annually.

Rationale, Tips, and Guidelines

RATIONALE:

Our planet has natural limits on the amount of emissions and use of natural resources that can be sustained without reaching tipping points of disastrous and irreversible consequences. These limits exist across many areas including climate change, ozone layer depletion, biodiversity loss, and freshwater withdrawals. Yet, since as early as the 1970's, human demand for our planet's natural resources has [annually exceeded](#) Earth's capacity to regenerate the resources we rely on to live. Across sectors and the scientific community, there is broad consensus that the scale of the resulting natural resource degradation and harm is [not sustainable and has reached dangerous levels](#) that may be irreversible without proactive and aggressive action from all institutions in our society, including and especially businesses.

To protect the livelihoods of all people and long-term value creation, as well as to ensure future generations are able to meet their needs for survival, all companies must act now to bring emissions and natural resource usage within our planet's natural limits. Insufficient action on climate change could cost the U.S. economy [14.5 trillion over the next 50 years](#)—and transformation could yield a \$3 trillion gain to the economy over the same period.

Accordingly, this Target requires companies to adopt sustainability strategies that are ambitious, grounded in respect for our planetary boundaries, and at the forefront of industry.

Though complex, companies need to understand the absolute limits of their emissions and natural resource usage and stay within those limits to contribute to a sustainable and equitable future for all. Whereas Performance Target 9.2 requires companies to assess the impact of environmental waste and other hazards specifically on communities of color and low-income communities, this Target recognizes that emissions and natural resource use have global consequences, and [that communities of color and low-income communities bear the heaviest burden of this global impact](#)—they are less likely to have access to heat-coping tools (such as air conditioning), more likely to live in low-lying areas prone to flooding and hurricanes, and less likely to have the political and financial capital needed to be protected.

IMPLEMENTATION TIPS:

1. While shifting operations to stay within planetary boundaries will require sustained effort and investment, many resources are available to support companies, including [small and medium-size enterprises](#). See the Resources for a starting list.
2. Adopting Standard 13 (civic and political engagement) will support success here by helping to ensure the company's direct and indirect political activities (if any) remain consistent with and support its sustainability goals.
3. To support the company's long-term success, work in collaboration with other leading companies across industry and geography to advance research and understanding on science-based targets, and to share best practices and learnings.
4. A sample policy consistent with the guidelines below

will be included with this Target upon the launch of the final Standards.

GUIDELINES:

1. To meet this Target, take the following concrete steps consistent with the guidelines below:
 - a. Formally codify a commitment to adhere to planetary boundaries.
 - b. Adopt third party-validated science-based targets relevant to the business.
 - c. Demonstrate validated and verified annual progress toward achievement of the targets.
 - d. Take further action to adapt business model(s) and long-term strategic plans to align with the latest understanding of planetary boundaries.
 - e. Demonstrate the company's sustainability leadership within its industry.
2. **To codify the company's commitment**, take the following concrete steps:
 - a. Adopt a written policy stating the company's enterprise-wide commitment to proactively and steadily adhere to planetary boundaries as expeditiously as possible and include executive-level accountability for compliance.
 - b. The policy may be combined with the policy referenced in Target 9.1 and should be formally approved by the most senior leader(s) with oversight of sustainability strategies, as reflected by their signature(s) on the policy.
3. **To adopt science-based targets**, take the following concrete steps:
 - a. Develop and validate the company's science-based targets in compliance with one

or more globally recognized frameworks or standards that strive to adhere to ecological thresholds, [allocations](#), and planetary boundaries. Examples include the [Science Based Targets Network](#), [Science Based Targets Initiative](#), [United Nations Research Institute for Social Development's Sustainable Development Performance Indicators](#), and the [Accountability Framework Initiative](#). *(Note to reviewers: this list may grow or shift as the field evolves.)*

- b. Ensure the company's targets meet the following conditions:
 - i. The targets must reflect [these EPA best practices](#) and a third party-validated assessment of the company's actual and potential climate, nature, and environmental impacts across the [value chain](#) (Scope 1, 2, and 3).
 - ii. The targets include achieving net zero GHG emissions focused on absolute emissions reductions, with zero or very limited use of offsets (see permitted conditions in Guideline 3.c.).
 - iii. The targets include the latest science-based nature targets, including: [freshwater targets](#), [land targets](#), and [ocean targets](#) (as applicable).
 - iv. Other targets should encompass the company's top [five] impacts and top [five] natural resources used in the business, if not already included above (top impacts and natural resources categories may overlap).
- c. If it is not technically possible for the company to achieve net zero GHG emissions without

using a small portion of offsets, such offsets must meet the following conditions: *(note to reviewers: this guideline, in particular, is undergoing further research and may shift and/or incorporate other more trusted and effective models)*

- i. The offsets are limited to no more than [10]% of base year emissions.
- ii. There is broad consensus that the offsets are high-quality, including being [permanent, additional, verifiable, enforced, and real](#). See also the [White House Joint Policy Statement and Principles](#) on voluntary carbon markets. This assurance is critical as it is well recognized that [there are significant flaws in offset markets](#).
- iii. The offsets contribute to carbon removals, including nature-based solutions (see Target 9.4)
- iv. The offsets are registered and validated by qualified third parties that follow globally recognized standards.
- v. The rights and sovereignty of Indigenous Peoples and other affected local communities are respected and protected, including ensuring [Free, Prior and Informed Consent](#) and prioritizing their role as the primary beneficiaries of the financial and non-financial benefits of the carbon removal projects.
- vi. Where possible, the offsets are based on projects the company directly invests in or develops, and/or the company can directly monitor (versus purchasing offsets on a carbon market or

exchange). If this is not possible, the company can obtain an overage in offsets compared to their emissions (e.g. 150% or 200%).

- vii. Where possible, the offsets are generated in the jurisdictions affected by the company's operations, including along the value chain.

4. **To demonstrate progress toward achievement of the targets**, take the following concrete steps:

- a. Publicly share the company's progress consistent with the "Share Progress and Achievement" field.
- b. If year-over-year progress is not possible, explain how the company remains (or plans to remain) on track to achieve its medium-term and long-term science-based targets.

5. **To further adapt business model(s) and long-term strategic plans to the latest understanding of planetary boundaries**, take the following concrete steps:

- a. Annually conduct desk research and expert consultation, including with affected communities (see Target 10.1), on the latest developments in understanding around planetary boundaries and the sustainability opportunities and challenges in the company's operations and industry.
- b. On the basis of such research and consultation, determine one or more actions the company can take to further future-proof its business model(s) and/or strengthen its long-term strategic plans consistent with a just transition. This may include phasing out products that cannot be developed sustainably or developing

new products based on renewable resources (see Target 9.4).

6. **To demonstrate the company's sustainability leadership within its industry**, take the following concrete steps:

- a. Formally or informally benchmark the company's performance within its industry via a reputable third-party benchmarking organization or tool.
- b. If the company is not in the top quartile of sustainability performance within its industry, determine one or more actions the company will take to achieve such leadership within a reasonable, defined period.

Example Interim Targets

Note: these examples are not intended to be exhaustive. At launch, guidance on setting interim targets will be available.

- **Gap analysis** conducted of current sustainability strategies.
- New or updated policy drafted and presented to applicable **senior leader(s)** for approval.
- Assessment of the company's top impacts completed and science-based targets developed and validated consistent with the guidelines.
- Over 50% achievement toward one or more medium- or long-term science-based targets adopted by the company, validated and verified.

Example Interim Metrics

Note: some metrics may apply to more than one Example Interim Target; not necessarily one-to-one alignment.

- Record of gap analysis results shared with senior leadership.
- Final draft of new or updated policy.
- Percentage progress toward science-based targets adopted by the company.

Relevance to Other Frameworks

Coming with the launch of the final standards: mapping to other standards and frameworks that address similar issues.

Resources

[Safe and Just Earth System Boundaries](#) (Global Commons Alliance, accessed September 2024)

[Corporate Manual for Setting Science-Based Targets for Nature](#) (Oscar Sabag, et al., Science Based Targets Network, Global Commons Alliance, 2024)

[Science-Based Targets for Nature: Initial Guidance for Business](#) (Christopher Weber and Samantha McCraine, Eds., Science Based Targets Network, Global Commons Alliance, September 2020)

[Living Planet Report 2022: Building a Nature-Positive Society](#) (Rosamunde Almond, et al., Eds., World Wildlife Fund, 2022)

[Stakeholder Engagement Guidance v0.1](#) (Daisy Purdy, Varsha Vijay, and Adrienne Hollis, Science Based Targets Network, Global Commons Alliance, May 2023)

[Authentic Sustainability Assessment: A User Manual for the Sustainable Development Performance Indicators](#) (Ilcheong Yi, et al., United Nations Research Institute for Social Development, 2022)

[Accountability Framework](#) (Accountability Framework initiative, February 2024)

[The Corporate Net-Zero Standard](#) (Science Based Targets Initiative, accessed September 2024)

[Carbon Removal Corporate Action Tracker](#) (Institute for Responsible Carbon Removal, May 2020)

[Exploring the Case for Corporate Context-Based Water Targets](#) (Pacific Institute, CDP, The Nature Conservancy, World Resources Institute, and WWF International, April 2017)

[Aligning Corporate Value Chains to Global Climate Goals. SBTi Research: Scope 3 Discussion Paper](#) (Alberto Carrillo Pineda, et al., Science Based Targets Initiative, 2024)

[Scope 3 Upstream: Big Challenges, Simple Remedies](#) (Sherry Madera, et al., CDP and BCG, June 2024)

[Chapter 1. Overview: Understanding Risks, Impacts, and Responses](#) (Alexa K. Jay, In: Fifth National Climate Assessment, Allison R. Crimmins et al, Eds., U.S. Global Change Research Program, November 2023)

[Fifth National Climate Assessment Report-in-Brief](#) (A.R. Crimmins, et al., Eds., U.S. Global Change Research Program, November 2023)

[Voluntary Carbon Markets Joint Policy Statement and Principles](#) (The White House, May 2024)

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[What Does “Net-Zero Emissions” Mean? 8 Common Questions, Answered](#) (Kelly Levin, et al., World Resources Institute, March 2023)

[The Turning Point: A New Economic Climate in the United States](#) (Deloitte, January 2022)

[Blueprint 5: The Transformation Journey \(A Step-By-Step Approach to Organizational Thriveability and System Value Creation\)](#) (Ralph Thurm, Bill Baue, and Cornis van der Lugt, reporting 3.0, June 2018)

[About Doughnut Economics](#) (Doughnut Economics Action Lab, accessed September 2024)

[The Drawdown-Aligned Business Framework](#) (Project Drawdown, 2023)

[Race to Zero - Climate Champions](#) (United Nations Framework Convention on Climate Change, 2022)

[A Just World on A Safe Planet: A Lancet Planetary Health–Earth Commission Report on Earth-System Boundaries, Translations, and Transformations](#) (Joyeeta Gupta, et al., The Lancet Planetary Health, September 2024)

[Stakeholder Capitalism Still Makes Business Sense](#) (Paul Polman and Andrew Winston, Harvard Business Review, August 2024)

[Fact Sheet: Biden-Harris Administration Releases National Strategy to Put Nature on the Nation’s Balance Sheet](#) (Press Release, U.S. Department of Commerce, January 2023)

[Free Prior and Informed Consent – An Indigenous Peoples’ Right and a Good Practice for Local Communities](#) (Department of Economic and Social Affairs, United Nations, accessed September 2024)

[Revealed: Top Carbon Offset Projects May Not Cut Planet-Heating Emissions](#) (Nina Lakhani, The Guardian, September 2023)

[Nature Benchmark: 2022-2024](#) (World Benchmarking Alliance, August 2024)

[Water Watch: CDP Water Impact Index](#) (website, CDP, accessed September 2024)

[Performance Standard 3: Resource Efficiency and Pollution Prevention](#) (International Finance Corporation, World Bank Group, January 2012)

[Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources](#) (International Finance Corporation, World Bank Group, January 2012)

[Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets](#) (Mauricio Athie, et al., International Finance Corporation, World Bank Group, August 2013)

[Blueprint for Implementing a Leading Climate Transition Action Plan](#) (Laura Draucker and Tyler McCullough, Ceres, June 2024)

[How Close Are the Planet’s Climate Tipping Points?](#) (The New York Times, accessed September 2024)

PERFORMANCE TARGET 9.4

Concrete action is taken to restore nature and support the transition to a circular economy.

Requirement

Proactively contribute to restoring nature and supporting the transition to a [circular economy](#) through multiple concrete steps related to (i) eliminating waste and pollution, (ii) circulating products and materials at their highest value; and (iii) regenerating nature.

Metrics

Policy metric: Documentation of long-term strategy consistent with the guidelines.

Practice metrics: Number of concrete actions taken annually consistent with the guidelines.

Share Progress & Achievement

Disclosure available to the public of the company's sustainability strategies, including how the company contributes to restoring nature and promoting circularity, either on the company's website or in an annual report (or other publicly available filing). Update disclosure annually.

Rationale, Tips, and Guidelines**RATIONALE:**

[While over 90% of the global economy](#) is taking some level of action toward reaching net-zero greenhouse gas emissions, that is only part of the equation. A proactive stance toward repair and transformation is also urgent to address the climate emergency, stay within our [planetary boundaries](#), and protect communities most impacted by climate change, industrial pollution, and natural resource loss. Many business leaders recognize the urgency of these issues, with growing numbers supporting [restoring nature](#) and [shifting from a linear economy to a circular economy](#)—a model based on eliminating waste and regenerating nature (versus our current “[take, make, waste](#)” economic model). Yet, today, [only 8.6% of the global economy is circular](#).

To embody the best of socially responsible business and fully bring the just transition principles in Target 9.1 to life, it is vital for businesses to take meaningful long-term action toward restoring nature and promoting a circular economy. Accordingly, this Target focuses on integrating repair and transformation approaches into the company's sustainability strategies through the [three key principles of a circular economy](#): (1) eliminating waste and pollution, (2) circulating products and materials at their highest value; and (3) regenerating nature.

Together with the mitigation and adaptation approaches in Targets 9.2 and 9.3, restoring nature and embracing circularity are [key to our survival and well-being](#). While governments also need to act to fully bring about a circular economy, every business can take meaningful steps today to play a positive role.

IMPLEMENTATION TIPS:

1. If any [leaders](#) exhibit resistance to this Target, share the Resources to help build greater understanding and invest more time in building buy-in.

2. Depending on the company's context, there may be some areas of overlap between its actions under Target 9.3 (respecting planetary boundaries) and this Target. As much as possible, strive for the actions taken under this Target to be additive to the company's efforts under Target 9.3.
3. Adopting Target 9.1 (just transition principles) and Standard 10 (community engagement) will support success here by ensuring the company has strong and equitable relationships with community stakeholders.
4. Adopting Standard 13 (civic and political activity) will also support success here by ensuring there is coherence with, and appropriate guardrails around, lobbying activities.
5. To support the company's long-term success, work in collaboration with other leading companies across industry and geography to advance research and understanding on circularity, and to share best practices and learnings.

GUIDELINES:

1. To meet this Target, take the following concrete steps consistent with the guidelines below:
 - a. Develop a long-term strategy for the company to contribute to restoring nature and transitioning to a circular economy incorporating the three key principles of circularity: (i) eliminating waste and pollution; (ii) circulating products and materials (at their highest value); and (iii) regenerating nature.
 - b. Take at least one concrete action annually to operationalize the long-term strategy, beyond existing legal and regulatory requirements.

2. In developing a long-term strategy, incorporate the following:
 - a. Assessing the life cycle of existing products and services, including opportunities to increase the circularity of material inflows and outflows. To start, prioritize assessing core products and services.
 - b. Integrating circularity principles into the design and development lifecycle of new products and services (see Target 7.1).
 - c. Integrating meaningful action across the [value chain](#) over time.
 - d. Following the principles of equity in Target 7.1 (equitable products and services) in any phase-out of products that cannot be developed in line with the circularity principles.
 - e. Prioritizing addressing the circularity of natural resources that are most at risk of loss and the materials that are causing the most harm to people and planet, including:
 - i. Prioritizing addressing water usage. Among the actions taken here, integrate investments in maximizing non-potable water use and reuse.
 - ii. Prioritizing addressing plastics usage. Among the actions taken here, phase out single-use plastics.
 - f. Regular engagement with affected communities in line with Target 10.1 to determine the actions and outcomes that are most beneficial to them.
 - g. Investing in third-party validated projects to restore or regenerate nature.
 - h. Investing in advancements in technologies that

promote circularity, such as reduced water use, plastics alternatives, and circularity infrastructure.

- i. Respecting and protecting the rights and sovereignty of Indigenous Peoples and other affected local communities, including ensuring [Free, Prior and Informed Consent](#) and prioritizing their role as the primary beneficiaries of financial and non-financial benefits of nature and ecosystem restoration projects.
 - j. Implementing appropriate controls to monitor the efficacy of the company's investments and alignment with overall efforts to advance equity, inclusion, and social responsibility.
3. To operationalize the long-term strategy annually, take the following concrete steps:
 - a. Conduct desk research and expert consultation on the opportunities and challenges in the company's operations and industry relating to circularity.
 - b. Based on such research and consultation, determine one or more actions the company can take in line with the circularity principles and the company's overall long-term strategy.
 4. If the company's efforts to achieve net zero greenhouse gas emissions includes using offsets (see the limited permitted conditions in Target 9.3), then any further carbon removal investments or projects under this Target must be in addition to such efforts.

Example Interim Targets

Note: these examples are not intended to be exhaustive. At launch, guidance on setting interim targets will be available.

- [Gap analysis](#) conducted of current [sustainability](#) strategies.
- New or updated long-term strategy developed and presented to applicable [senior leader\(s\)](#) and the Board for approval.
- One or more actions taken annually to operationalize the long-term strategy consistent with the guidelines.

Example Interim Metrics

Note: some metrics may apply to more than one Example Interim Target; not necessarily one-to-one alignment.

- Record of gap analysis results shared with senior leadership and the Board.
- Final draft of new or updated long-term strategy.
- Number of actions taken annually to operationalize the long-term strategy.

Relevance to Other Frameworks

Coming with the launch of the final standards: mapping to other standards and frameworks that address similar issues.

Resources

[Biodiversity and the Circular Economy](#) (Ellen MacArthur Foundation, 2021)

[Circular Transition Indicators V4.0](#) (World Business Council for Sustainable Development, 2022)

[The Nature Imperative: How the Circular Economy Tackles Biodiversity Loss](#) (Ellen MacArthur Foundation, 2021)

[Reimagining the Role of Business in Protecting Biodiversity](#) (Rajat Panwar, et al., Stanford Social Innovation Review, February 2024)

[Blueprints for Private Investment in Ecosystem Restoration: Lessons from Case Studies](#) (World Bank Group, March 2024)

[Navigating the Circular Economy: How Reusing Materials Saves Costs and Lowers Embodied Carbon](#) (Marcus Hopper, Gensler, November 2021)

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[ISO 14040:2006\(en\): Environmental Management — Life Cycle Assessment — Principles And Framework](#) (Online Browsing Platform, ISO, accessed September 2024)

[Data Footprint Network](#) (website, accessed September 2024)

[Living Planet Index](#) (Zoological Society of London and WWF, 2023)

[Nature Benchmark: 2022-2024](#) (World Benchmarking Alliance, August 2024)

[Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources](#) (International Finance Corporation, World Bank Group, January 2012)

[Guidance for Using the IUCN Global Standard for Nature-Based Solutions: A User-Friendly Framework for the Verification, Design and Scaling Up of Nature-Based Solutions](#) (International Union For Conservation of Nature, 2020)

[Kunming-Montreal Global Biodiversity Framework: 2050 Goals](#) (Convention on Biological Diversity, United Nations Environment Programme, November 2023)

[Chapter 1. Overview: Understanding Risks, Impacts, and Responses](#) (Alexa K. Jay, In: Fifth National Climate Assessment, Allison R. Crimmins et al., Eds., U.S. Global Change Research Program, November 2023)

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CORPORATE RACIAL EQUITY ALLIANCE

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