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# In-House Counsel Panel

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# Introduction to ESG

- ESG = “Environmental, Social and Governance”
- ESG can be described as a set of practices (they can be policies, procedures, metrics, etc.) that organizations implement to measure and control their impact on the environment, society, and governance bodies
- The purpose of ESG has been described as, “to capture all the non-financial risks and opportunities inherent to a company's day to day activities.”

# When do ESG requirements apply/not apply?

- Are you publicly traded?
- Are you subject to investor obligations?
- If not, do you have existing agreements that perhaps are not initially apparent?
- Stakeholders include customers, suppliers, and employees

# What is the best approach to be ESG compliant?

It depends ... what is your company's position?

- Design organizational structure. Will you have a team that tracks ESG efforts? How can you comply in an efficient way?
- Determine which metrics to track and disclose.
- Collect and verify data to measure metrics.
- Are there areas for improvement?

# Why should my company care about ESG?

- Legal and regulatory compliance
- Risk management
- Alignment with company mission and values
- Positive impact on company culture and business reputation
- Attract investors, employees, suppliers, customers, etc.
- Excellence and innovation
- Improve financial performance

# Example: UPMC

## UPMC's Mission:

To serve our communities by providing outstanding patient care and shape tomorrow's health system through clinical and technological innovation, research, and education.

## UPMC's Values:

1. **Quality and safety.** We create a safe environment where quality is our guiding principle.
2. **Dignity and respect.** We treat all individuals with dignity and respect.
3. **Caring and listening.** We listen to and care for our patients, our health plan members, our fellow employees, our physicians, and our community.
4. **Responsibility and integrity.** We perform our work with the highest levels of responsibility and integrity.
5. **Excellence and innovation.** We think creatively and build excellence into everything that we do.

# How can in-house counsel champion ESG efforts?

- Enhanced terms and conditions in supply chain contracts
- Board training on ethics and compliance risk topics, with age and term limits
- Promote green initiatives
- Stay up-to-date on changing regulations and provide legal counsel to stay compliant
- Engage with other business, associations, regulators, and stakeholders to build collaborations and progress towards greater impact and shaping better ESG policies
- Promote and hire diverse outside counsel
- Advocate for diversity spending requirements

# Minority Participation in Contracts - Company Policy

Many contracts for public works/publicly funded programs require a level of inclusivity:

- Companies are including in their compliance programs policies and procedures for encouraging and measuring minority participation;
- Proactivity encourages exceeding contract requirements
- Establish long term relationships with MBE/WBEs

# Local Enforcement

Allegheny County - Department of Equity and Inclusion

- Minority, Women and Disadvantaged Enterprise Requirements
- Good faith guidance
- Reporting and Compliance
- Auditing

Allegheny County suggested Diversity Policy and Participation Statements

# Other Jurisdictions

## Washington, DC

- In addition to minority participation, policies require “in District” hiring
- First Source Program
- Department of Employment Services
- Strategy to reduce unemployment
- Under DC law, 51% of NEW HIRES must be DC residents

# It's Your Turn!

- In-house counsel are uniquely positioned to oversee a number of business and legal transactions and have the opportunity to ensure ESG compliance in a way that might not be available in other positions
- These are just a few ideas to get you started, but please expand beyond this presentation and feel free to get creative
  - Remember: What works at one organization/company might not be feasible at another

**Questions?**