

# Business Commitments to Climate and Racial Justice in Michigan

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## **In 2020, Michigan Governor Gretchen Whitmer set a goal of decarbonizing the state by 2050 and announced the launch of the MI Climate Healthy Plan.<sup>1</sup>**

In February 2021, a panel of climate and environmental justice experts, called the “Climate Justice Brain Trust,<sup>1</sup>” was named. The group is charged with developing a justice- and equity-focused implementation framework to guide Michigan’s transition to carbon neutrality. Whitmer’s approach reflects the increasing recognition and acknowledgement that justice and equity are integral to achieving true sustainability. To better understand how companies may contribute to Michigan’s just transition to carbon neutrality, this report synthesizes the public climate commitments (including carbon neutrality and greenhouse gas emissions reduction) and diversity, equity and inclusion (DEI) commitments of the 10 largest companies headquartered in Michigan. These commitments represent a range of ambition, are set against varying baselines, and use numerous standards and frameworks, making them difficult to compare.

Much of these companies’ operational and/or manufacturing footprints lie outside of Michigan, so not all their targets affect Michigan directly. For example, a company that reduces its greenhouse gas emissions elsewhere may not directly contribute to Michigan’s progress toward carbon neutrality. But, because these companies are the largest in the state, their public leadership and actions matter, because they can serve as examples for other Michigan-based companies. Their commitments may challenge other companies to consider how their actions contribute to—or hinder—the state’s efforts to address the climate justice crisis.

## **The Intersection of Climate and Justice**

As reflected in the creation of Michigan’s Climate Justice Brain Trust, the relationship between climate change and racial justice in the U.S. has become increasingly clear. Due in part to decades of discriminatory housing and lending policies, Black people are more likely to live in areas with greater exposure to environmental hazards. Studies going back to the 1980s have demonstrated that race is one of the strongest determinants of where commercial hazardous waste sites are located.<sup>2</sup> And while Black communities and other people of color bear the greatest health costs of industrial activity and climate hazards, they also are responsible for fewer greenhouse gas (GHG) emissions per capita than white Americans.<sup>3</sup> Corporate leaders can no longer ignore the impacts their business operations have on surrounding communities, particularly communities of color.

Further, a renewed focus on racial justice and civil rights, spurred by a series of events in 2020, ranging from police brutality to highly publicized individual instances of racist behavior, has pushed some corporations to take more concrete steps to explicitly combat racism and inequality in their companies and communities. CEOs across multiple industries have shared impassioned messages with their companies and the world, underscoring their commitments to equity and vowing to do better. Stakeholder calls for public goal-setting and reporting may help determine whether these statements are viewed as simply reactions to a major cultural moment or the catalyst for genuine change in the ways corporations treat racial justice issues.

<sup>1</sup> [www.michigan.gov/som/0,4669,7-192-47796-551060--,00.html](http://www.michigan.gov/som/0,4669,7-192-47796-551060--,00.html)

<sup>2</sup> [www.climateaction.org/news/racial-justice-and-climate-change-exposure](http://www.climateaction.org/news/racial-justice-and-climate-change-exposure)

<sup>3</sup> <http://427mt.com/2020/07/08/racial-justice-and-climate-change>

## Current Climate and Justice Standards and Frameworks

Broadly speaking, business has adopted the phrase “environmental, social and governance (ESG) criteria” as a catchall term that encompasses an organization’s standards for operation that investors can use to evaluate a company’s social and/or environmental progress. Companies and financial institutions may independently define and measure these criteria; they may also choose to use established reporting frameworks or disclosure networks to report on their ESG performance. Some of the more widely used standards and reporting systems include:

**CDP:** Formerly known as the Carbon Disclosure Project, CDP is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

**GRI:** The GRI standards can be applied to any organization, private or public. These standards enable consistent, credible reporting surrounding emissions data, enhancing global comparability and enabling organizational transparency.

**Science Based Targets Initiative:** The Science Based Targets Initiative (SBTi) partners with companies in the private sector to develop emissions reduction targets in line with the Paris Climate Agreement, limiting global warming to under 2 degrees Celsius.

**Sustainability Accounting Standards Board (SASB):** This organization has oversight from an independent standards board. It focuses on financially material information on a range of industry-specific sustainability areas, including environmental and social topics and their governance in corporate settings.

**Task Force on Climate-related Financial Disclosures:** The Taskforce on Climate-related Financial Disclosures (TCFD) provides recommendations for more effective climate-related disclosures to inform investors about a company’s climate-related risks and opportunities.

**World Benchmarking Alliance:** The World Benchmarking Alliance evaluates companies worldwide in their progress toward achieving the UN’s Sustainable Development Goals (SDGs). The alliance evaluates seven categories of progress: financial, decarbonization and energy, food and agriculture, digital, circular, social and urban.

Many companies rely on multiple standards and reporting systems to guide their sustainability agendas and reporting. Some systems, such as GRI and SASB, include disclosure statements related to DEI measures (such as annually disclosing percentages of management and other employees by gender and, where relevant, racial, ethnic and other underrepresented status, and gender-based pay disparity information). But how sufficiently these measures will satisfy investors and other stakeholders following 2020’s call for more meaningful action toward combating racial justice<sup>4</sup> remains to be seen.

<sup>4</sup> <https://corpgov.law.harvard.edu/2020/06/17/using-esg-tools-to-help-combat-systemic-racism-and-injustice>

## Michigan Businesses' Contributions to Climate and Racial Justice

This report takes a closer look at Michigan's 10 largest companies by revenue generated in 2019 (Table 1). This ranking was created using the Fortune 500 2020 list<sup>5</sup>, which includes only publicly traded companies, and the Forbes Largest Private Company list for 2020.<sup>6</sup> Just two of these companies, Meijer and Gordon Food Service, are privately owned; the remaining eight are publicly traded.

TABLE 1  
Michigan's 10 largest companies (by 2019 revenue)

Rank (revenue)	Company	2019 Revenue (\$M)	Private or Public
1	Ford	\$ 155,900	Public
2	General Motors	\$ 137,237	Public
3	Dow Chemical	\$ 42,951	Public
4	Penske Automotive Group	\$ 23,179	Public
5	Whirlpool	\$ 20,419	Public
6	Lear	\$ 19,810	Public
7	Meijer	\$ 18,100	Private
8	Gordon Food Service	\$ 15,500	Private
9	Stryker	\$ 14,844	Public
10	Kellogg	\$ 13,578	Public

These companies were reviewed using publicly available information to identify their **climate** and **racial justice** goals and reporting systems. Most information was gathered from the company's most recent annual sustainability report and its CDP disclosure (if available). Additional information was gathered from other public sources, including corporate websites, third-party evaluators, press releases and reporting standards' websites or dashboards. This report is intended to offer a high-level overview of the companies' explicitly stated goals related to climate and racial justice; it does not provide a deep analysis of each organization's sustainability reporting or DEI-related activities or disclosure statements.

In addition to publishing a public annual sustainability report, eight of the 10 companies use at least one sustainability reporting platform. Two—Penske and Gordon Food Service—do not appear to use any of the larger or more widely known reporting frameworks.

TABLE 2  
Sustainability reporting platforms for Michigan's 10 largest companies

Company	Most recent public annual sustainability report	Reporting standards include:
<b>Ford</b>	<a href="#">2021</a>	CDP, GRI, TCFD, SBTi, SASB
<b>General Motors</b>	<a href="#">2019</a>	CDP, SBTi, GRI
<b>Dow Chemical</b>	<a href="#">2019</a>	CDP, GRI
<b>Penske Automotive Group</b>	<a href="#">2019</a>	N/A
<b>Whirlpool</b>	<a href="#">2020</a>	CDP*, SBTi, GRI, SASB, TCFD
<b>Lear</b>	<a href="#">2019</a>	CDP*
<b>Meijer</b>	<a href="#">2018</a>	CDP*
<b>Gordon Food Service</b>	<a href="#">2019</a>	N/A
<b>Stryker</b>	<a href="#">2020</a>	CDP*
<b>Kellogg</b>	<a href="#">2019/2020</a>	CDP, SBTi, GRI, TCFD

\*CDP statements for these companies are not publicly available.

5 Top 15 Michigan companies by revenue (in million \$): <https://fortune.com/fortune500/2020/search/?hqstate=MI>

6 Forbes America's Largest Private Companies 2020 list: [www.forbes.com/largest-private-companies/list/2/#tab:rank](http://www.forbes.com/largest-private-companies/list/2/#tab:rank)

## Corporate Climate Commitments

The current climate crisis is directly attributed to the emissions of greenhouse gases, which include carbon dioxide, methane, nitrous oxide and fluorinated gases, of which carbon dioxide accounts for over 80%.<sup>7</sup> Michigan ranks tenth in the nation for total carbon emissions, with **152 million metric tons of carbon dioxide emitted annually** across all sectors (residential, commercial, industrial, transportation and electricity generation).<sup>8</sup>

Four of the largest companies—**Ford, General Motors, Dow** and **Lear**—have committed to achieving carbon neutrality (Table 3). Also, **Whirlpool** and **Kellogg** have publicly stated quantifiable GHG emissions reduction goals. The remaining four (Penske, Meijer, Gordon Food Service and Stryker) offer minimal, if any, detail on their efforts to reduce GHG emissions.

TABLE 3  
**Publicly shared climate neutrality and GHG reduction goals of Michigan’s 10 largest companies**

Company	Carbon neutrality goal	GHG emissions reduction targets <sup>9</sup>
<b>Ford</b>	Carbon neutral by <a href="#">2050</a>	Base year: 2017 By 2023: 16.2% reduction in scopes 1 & 2 By 2035: 75% reduction in scopes 1 & 2
<b>General Motors</b>	Carbon neutral by <a href="#">2040</a>	Base year: 2010 By 2030: 31% reduction in scopes 1 & 2 By 2021: 4% reduction in scope 3
<b>Dow Chemical</b>	Carbon neutral by <a href="#">2050</a>	Base year: 2006 Until 2025: maintain below 2006 emissions By 2030: 15% reduction in scopes 1 & 2
<b>Penske Automotive Group</b>	<a href="#">N/A</a>	N/A
<b>Whirlpool</b>	<a href="#">N/A</a>	Base year: 2016 By 2030: 50% emission reduction from plants By 2030: 20% emission reduction from products in use More <a href="#">here</a>
<b>Lear</b>	Carbon neutral by <a href="#">2050</a>	By 2030: — 50% reduction in scopes 1 & 2 — 100% renewable energy in plants More <a href="#">here</a>
<b>Meijer</b>	N/A	N/A
<b>Gordon Food Service</b>	N/A	N/A
<b>Stryker</b>	N/A	N/A; plan to release targets in 2021
<b>Kellogg</b>	<a href="#">N/A</a>	By 2030: — 45% absolute reduction in scopes 1 & 2 — 15% reduction in scope 3 By 2050: — 100% renewable energy — 65% reduction in scopes 1 & 2 — 50% reduction in reduce scope 3 More <a href="#">here</a>

7 [www.epa.gov/ghgemissions/overview-greenhouse-gases](http://www.epa.gov/ghgemissions/overview-greenhouse-gases)

8 [www.eia.gov/state/rankings/?sid=MI#series/226](http://www.eia.gov/state/rankings/?sid=MI#series/226)

9 Emissions targets were pulled from 2020 CDP disclosure reports, when available. Whirlpool, Lear and Meijer CDP statements are not publicly available; these data were pulled from other sources.

## Corporate Racial Justice Reporting & Commitments

In recent years, many companies have included DEI-related information in their annual sustainability reports; this is true for most of the 10 largest companies in Michigan (Table 4). This DEI reporting covers common metrics, including information on gender and racial representation at various levels of the organization, supplier diversity, board member identities, and philanthropic commitments, with some reports including more extensive metrics (such as [Whirlpool](#)) than others (such as [Penske](#)). Those that do not include DEI metrics in their sustainability reports provide various public statements or disclosures on their websites. Dow’s approach to reporting DEI measures is unique: It includes a dedicated annual inclusion report, with key performance indicators.<sup>10</sup>

TABLE 4

### DEI reporting platforms for Michigan’s 10 largest companies

Company	Most recent public annual sustainability report	Does sustainability report include DEI commitments or statements?
Ford	<a href="#">2021</a>	Yes
General Motors	<a href="#">2019</a>	Yes
Dow Chemical	<a href="#">2019</a>	No; more <a href="#">here</a>
Penske Automotive Group	<a href="#">2019</a>	Yes
Whirlpool	<a href="#">2020</a>	Yes
Lear	<a href="#">2019</a>	Yes
Meijer	<a href="#">2018</a>	No; more <a href="#">here</a>
Gordon Food Service	<a href="#">2019</a>	Yes
Stryker	<a href="#">2020</a>	Yes
Kellogg	<a href="#">2019/2020</a>	Yes; more <a href="#">here</a>

<sup>10</sup> <https://corporate.dow.com/en-us/about/company/beliefs-and-culture/diversity.html>

## Racial Justice Actions Spurred by Events in 2020

Amid the calls for racial justice action in 2020, many companies responded with public statements affirming their commitment to justice and equity and condemning systemic racism. Without any standard or widely adopted racial justice metrics or reporting frameworks, some stakeholders took it upon themselves to more closely examine the sincerity and level of commitment of some larger corporations' statements and actions. For example, one organization, [As You Sow](#), released a "Racial Justice Scorecard" in 2020 that examined the racial justice statements, alongside the DEI policies and procedures, of each company in the S&P 500.<sup>11</sup> This analysis includes [scorecards](#) for five of Michigan's 10 largest corporations: Ford, Dow, GM, Whirlpool and Kellogg.

For this report, we gathered the publicly available responses from Michigan's 10 largest companies to the racial unrest in the spring and summer of 2020 (Table 5).<sup>12</sup> We also sought to identify any publicly announced actions or initiatives that they launched in response. This review is primarily focused on action and goal setting; as such, it does not include philanthropic gifts or other donations.

TABLE 5  
**Michigan's largest companies' responses to 2020 racial unrest**

Company	Company issued response to 2020's racial unrest?	New racial justice actions or initiatives announced in 2020 include:
Ford	<a href="#">Yes</a>	Employee meetings/dialogue
GM	<a href="#">Yes</a>	Created Inclusion Advisory Board
Dow	<a href="#">Yes</a>	Launched anti-racism <a href="#">strategic framework</a>
Penske Automotive Group	N/A	N/A
Whirlpool	<a href="#">Yes</a>	Launched <a href="#">Pledge to Equality and Fairness</a>
Lear	<a href="#">Yes</a>	Formed internal Global Diversity Roundtable Set employee and supplier diversity benchmarks
Meijer	N/A	<a href="#">Hosted its first virtual Supplier Diversity Summit</a>
Gordon Food Service	N/A	N/A
Stryker	N/A	N/A
Kellogg	<a href="#">Yes</a>	Hosted employee discussions & town hall

Six companies made statements acknowledging the killing of George Floyd and other injustices against unarmed Black people in the summer of 2020. Most of these statements were open letters that the CEO and/or president of the organization posted, often directed to the company's employees. We were not able to find public responses from four of the 10 (Penske, Meijer, Gordon Food Service and Stryker). While most of Michigan's largest companies responded to the racial unrest of 2020 with public statements affirming their commitment to justice and equity, only some directly coupled their statements with new measures or efforts to address race-related issues in their organizations and surrounding communities. Whirlpool's response was particularly noteworthy in that it included a comprehensive set of both actions and metrics (Figure 1). Dow responded with a discrete set of racial-justice-oriented internal and external commitments, as well as dedicated funding to support these measures (Figure 2).

<sup>11</sup> [www.asyousow.org/our-work/social-justice/racial-justice](http://www.asyousow.org/our-work/social-justice/racial-justice)

<sup>12</sup> This report does not examine the actions of the companies' formal philanthropic arms or foundations.

FIGURE 1

## Whirlpool's 2020 Racial Justice Commitments

Whirlpool stands out because it took 2020 as a chance to genuinely evaluate and publicly share its plans to improve racial equity. This company's statement was the only one in the summer of 2020 that included both broad measures and metrics. Included in Whirlpool's goals and commitments are:

- **Make employee training mandatory.**
- **Review pay practices.**
- **Increase Black employees at all levels of the organization by 50%.**
- **Partner with historically Black colleges and universities (HBCUs) for recruiting.**
- **Establish internal membership and apprenticeship programs for Black employees.**
- **Provide micro-grants for Black-owned start-ups.**
- **Support affordable housing near company headquarters in Benton Harbor.**

FIGURE 2

## Dow's 2020 Racial Justice Commitments<sup>13</sup>

Dow responded to the racial unrest of 2020 with a strategic framework to address racism and racial inequality. This includes:

- **Establishing a Social Justice Council**
- **Engaging on policy at the state and federal levels**
- **Providing paid time off to vote**
- **Reviewing procurement practices**
- **Focusing on retention and development of Black employees**
- **Requiring racial equity and inclusion training for leaders**

<sup>13</sup> <https://corporate.dow.com/en-us/seek-together/our-commitment-to-change.html>



## CONCLUSION

**As the State of Michigan develops its carbon neutrality strategy, the private sector has the opportunity to position itself as a leader in advancing a more just and sustainable economy.** Setting public goals is not a complete solution to addressing corporate climate and racial justice issues. But it can send a clear message to stakeholders—including investors, consumers and other businesses—about a company’s intent to take these matters seriously. Many of Michigan’s top revenue-generating companies have already made significant strides toward reducing their carbon emissions, and several have set aspirational goals. Also, some indicators (for example, Whirlpool’s metrics-based commitments) suggest these companies may be beginning to respond to calls for meaningful action to address systemic racial injustice. These companies have a unique opportunity to influence both climate and racial justice in Michigan by continuing to set and publicly report on benchmarks in these arenas. The scale and scope of Michigan’s largest companies means these businesses have the potential for great impact. But perhaps more important, their status as leaders in the state and in their respective industries means that their commitments and values might influence policy and push businesses in all sectors to strive toward similar goals.