

## **Abstract**

Supplemental Environmental Projects (SEPs) are voluntary initiatives undertaken by firms to mitigate penalties and resolve enforcement actions for environmental violations. To a firm, SEPs provide flexibility in the selection, location, and timing of enforcement, while to a regulator, they alleviate environmental justice (EJ) concerns for minority populations or help to achieve other environmental policy goals. In this study, we examine the effectiveness of SEPs in delivering EJ benefits to populations severely impacted by pollution. We accomplish this by estimating the reduction in pollution subsequent to SEP implementation and contrasting these outcomes with those resulting from traditional enforcement tools, such as pecuniary fines. Our findings reveal that reductions in emissions associated with SEPs within minority and low-income communities are larger when compared to the reductions from cash penalties. These results highlight the potential of SEPs to address disparities in emissions reduction across communities.