

Climate Risks and Opportunities: Business Implications of Climate Change

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I. Introduction

More than 100 miles southeast of New Orleans, the “Mars” platform, one of the largest structures in the Gulf of Mexico, produces approximately 140,000 barrels of oil each day.¹ Royal Dutch Shell (“Shell”), a publicly traded company,² is the majority owner of the Mars platform.³ Twin pipelines connect the Mars platform to a network of pipes that carry oil to the southern coast of the United States,⁴ which absorbed 80-foot waves and wind gusts exceeding 200 miles per hour for up to 4 hours on August 28, 2005.⁵ The platform was cut off from the twin pipelines that day, during Hurricane Katrina, when the pipelines were crushed after “a drilling rig broke free from its moorings . . . dragging along a 12-ton anchor that plowed the sea floor.”⁶

Repairing the Mars platform involved a workforce of 500 people and represented more than one million man-hours at an estimated cost of between \$250 million and \$300 million.⁷ These figures pale in comparison to the revenue lost when the Mars platform was out of service for approximately nine months until May 22, 2006.⁸ Similarly, as a result of the property damage and lost production due to Hurricane

Katrina and Rita, Chevron, a public company that is traded on the New York Stock Exchange,⁹ reported losses of \$1.4 billion.¹⁰ These losses translated to a reduction in profit of twenty-seven cents per share from estimates in the third quarter of 2005,¹¹ and a decline of thirty-one cents per share in the following quarter.¹² Although it is well documented that the intensity of hurricanes increases with warming global temperatures,¹³ investors in neither Shell nor Chevron were made aware prior to Hurricanes Katrina and Rita that their companies’ assets located off the Gulf Coast were exposed to risks posed by climate change.

Throughout the remainder of the decade, the status quo remained virtually the same as few companies disclosed such climate risks to investors.¹⁴ When research on this Perspective Piece commenced in early fall of 2009, the initial purpose was to analyze a specific proposal from the U.S. Securities and Exchange Commission (“SEC”) requiring the disclosure of climate risks by publicly traded companies. At the time, Elisse Walter, one of five commissioners at the SEC, asserted that, “it is time for us to consider issuing interpretive guid-

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1. *U.S. Offshore Oil Rigs Being Fixed*, MAREXNEWSLETTER, http://www.newsletterscience.com/marex/readmore.cgi?issue_id=143&article_id=1249&l=%3C (last visited Jan. 30, 2011).
2. Shell is traded on the Euronext Amsterdam, London Stock Exchange, and New York Stock Exchange. Share Price Summary, SHELL GLOBAL, http://www.shell.com/home/content/investor/share_price_information/share_price_summary/ (last visited Feb. 22, 2011).
3. *U.S. Offshore Oil Rigs Being Fixed*, *supra* note 1.
4. *Id.*
5. Press Release, Royal Dutch Shell, Shell Exploration & Production Company Provides Mars TLP Production Update (June 9, 2006), *available at* http://www.shell.us/home/content/usa/aboutshell/media_center/news_and_press_releases/archive/2006/mars_update_090606.html.
6. *U.S. Offshore Oil Rigs Being Fixed*, *supra* note 1.
7. *Id.*; Royal Dutch Shell Press Release, *supra* note 5.
8. See Jad Mouawad, *Shell to Reopen Platform in Gulf*, N.Y. TIMES, Apr. 21, 2006, http://www.nytimes.com/2006/04/21/business/21shell.html?_r=1&scp=2&csq=shell+mars+platform&st=ny.

9. *Investor Q&A*, CHEVRON, <http://www.chevron.com/investors/stockholderservices/investorqa/> (last visited Feb. 22, 2011).
10. *U.S. Offshore Oil Rigs Being Fixed*, *supra* note 1. Hurricane Rita struck the Gulf Coast just three weeks after Hurricane Katrina.
11. Michael Liedtke, *Chevron's 3Q Profit Hurt by Storm Damage*, ASSOCIATED PRESS, Oct. 28, 2005.
12. Michael Liedtke, *Chevron 4Q Profit Up 20 Percent to \$4.14B*, ASSOCIATED PRESS, January 27, 2006, *available at* <http://www.firstcoastnews.com/news/news-article.aspx?storyid=50534>.
13. Jeffrey Kluger, *Is Global Warming Fueling Katrina?*, TIME, Aug. 29, 2005, *available at* <http://www.time.com/time/nation/article/0,8599,1099102,00.html>.
14. For purposes of this Perspective Piece, “climate risk” is a catch-all term for the potential business implications of climate change, including: (i) physical damage or destruction to assets; (ii) the costs of complying with promulgated or expected government regulation of greenhouse gas emissions; (iii) shifting judicial policy regarding climate-related nuisance, negligence, disclosure or other lawsuits; and (iv) the reputational component—how a company’s response to climate change impacts its brand value, consumer confidence, employee loyalty and timely regulatory approval of projects. See *infra* Part II. Also, the term “greenhouse gas” refers to the six greenhouse gases covered under the Kyoto Protocol—carbon dioxide (“CO₂”), methane (“CH₄”), nitrous oxide (“N₂O”), hydrofluorocarbons (“HFCs”), perfluorocarbons (“PFCs”), and sulfur hexafluoride (“SF₆”). See Kyoto Protocol to the United Nations Framework Convention on Climate Change, Annex A, Dec. 11, 1997, 2303 U.N.T.S. 148.

ance regarding disclosure in this area.”¹⁵ Several months later, on January 27, 2010, the SEC voted 3-to-2 to issue an Interpretive Release on disclosure requirements related to climate change. The decision, which “revealed some sharp divisions among the commissioners on whether the SEC’s action was appropriate or necessary . . . took climate change, which was a much-debated topic on the sidelines of required disclosure, into the mainstream of disclosure issues.”¹⁶

Since then, a number of policy announcements made by various agencies within the Obama Administration, particularly the U.S. Environmental Protection Agency (“EPA”), underscore how swiftly U.S. climate policy is changing and, with it, the obligations of companies doing business in the United States. Therefore, the focus of this piece has changed to analyze the implications of climate change as businesses shift their corporate strategies in an attempt to keep pace in an increasingly carbon-constrained global economy. This Perspective Piece discusses how climate change is increasingly being treated not only as an environmental issue, but also as a business issue. Specifically, the following discussion shows how climate change can potentially affect the continuity of business operations, access to capital and insurance, and considerations in mergers, acquisitions, and divestitures.

II. Climate Change as a Business Issue

Climate change is defined as “a change in the state of the climate that . . . persists for an extended period, typically decades or longer. It refers to any change in the climate over time, whether due to natural variability or as a result of human activity.”¹⁷ Despite objections that climate change is not real, or that the science provides only a theory that cannot actually be proven,¹⁸ the Intergovernmental Panel on Climate Change (“IPCC”)¹⁹ concluded that climate change “is

unequivocal, as is now evident from observations of increases in global average air and ocean temperatures, widespread melting of snow and ice, and rising global average sea level.”²⁰ As it is “very likely” that this warming is caused by human activity,²¹ sound business judgment now requires a bifurcated response to climate change—companies must consider not only how climate change impacts their business; they must also take into account how their own business practices contribute to climate change.²²

A. Continuity of Business Operations

When business operations are interrupted temporarily or disrupted permanently, losses will inevitably result. As illustrated by the destruction of Shell’s Mars oil platform during Hurricane Katrina, climate change increases the risk of physical damage to corporate assets from severe weather events and rising sea levels.²³ Further, climate change has already led to modifications to property, plants, and equipment, and the relocation of facilities.²⁴ Major U.S. cities—Miami, New York City, and New Orleans—lead the list of the top ten cities in the world that are exposed to climate risks.²⁵ Tampa and Virginia Beach are on that list as well.²⁶ This underscores the importance for businesses located in the United States to manage their climate risks.

In addition to the risk of property damage to corporate assets, climate change can impact business operations in other ways. For example, a company’s approach to addressing climate change can directly impact its ability to attract talent.²⁷ This trend has increased significantly over the past decade.²⁸ While only forty-eight percent of Americans considered a company’s commitment to social issues when deciding where to work in 2001, that figure recently increased to seventy-seven percent.²⁹

15. Elisse B. Walter, Comm’r, U.S. Secs. & Exch. Comm’n, Speech at the 48th Annual Corporate Counsel Institute Northwestern University School of Law: SEC Rulemaking — ‘Advancing The Law’ To Protect Investors (Oct. 2, 2009) (transcript available at <http://www.sec.gov/news/speech/2009/spch100209ebw.htm>).

16. Jeffrey A. Smith, Matthew Morreale, & Kimberley Drexler, *The SEC’s Interpretive Release on Climate Change Disclosure*, 4 CARBON & CLIMATE L. REV. 147, 147 (2010). This article by Smith et al. provides an in-depth discussion of the Interpretive Release.

17. INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE, CLIMATE CHANGE 2007: SYNTHESIS REPORT 30 (2007), available at http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf [hereinafter IPCC 2007 REPORT]. This Essay refers to climate change using the IPCC definition. The U.S. Environmental Protection Agency also defines climate change as “any significant change in measures of climate (such as temperature, precipitation, or wind) lasting for an extended period (decades or longer)” that results from natural factors or human activities. *Glossary of Climate Change Terms*, U.S. ENVTL. PROT. AGENCY, <http://www.epa.gov/climatechange/glossary.html> (last visited Mar. 25, 2011). However, the United Nations Framework Convention on Climate Change (“UNFCCC”) defines climate change more narrowly. According to the UNFCCC, climate change is “a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.” U.N. Framework Convention on Climate Change, art. 1(2), May 9, 1992, 1771 U.N.T.S. 108, available at <http://unfccc.int/resource/docs/convkp/conveng.pdf>.

18. See, e.g., DENNIS T. AVERY & S. FRED SINGER, UNSTOPPABLE GLOBAL WARMING: EVERY 1,500 YEARS (2007).

19. “The [IPCC] is the leading body for the assessment of climate change, established by the United Nations Environment Program (UNEP) and the World

Meteorological Organization (WMO) to provide the international community with a clear scientific view on the current state of knowledge in climate change and its potential environmental and socio-economic consequences.” *Organization*, INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE, <http://www.ipcc.ch/organization/organization.htm> (last visited Feb. 5, 2011).

20. IPCC 2007 REPORT, *supra* note 17, at 30.

21. See Dr. R. K. Pachauri, Chairman, Intergovernmental Panel on Climate Change, Statement at the U.N. Summit on Climate Change (Sept. 22, 2009), available at <http://www.ipcc.ch/pdf/presentations/rkp-statement-uncs-09.pdf>.

22. See JULIE DESJARDINS & ALAN WILLIS, CLIMATE CHANGE BRIEFING: QUESTIONS FOR DIRECTORS TO ASK 3 (2009), available at <http://www.imgb.ca/abstracts-directors-series/item28951.pdf>.

23. See Julie Fox Gorte, *Climate Change and Investment*, BOARDROOM BRIEFING, Winter 2006, at 26, available at <http://www.directorsandboards.com/DB-EBRIEFING/December2006/Winter06BB.pdf>.

24. *Id.* at 5.

25. Other cities include the Northern European port cities of Amsterdam and Rotterdam, and Japan’s Osaka-Kobe, Tokyo, and Nagoya. R.J. NICHOLLS ET AL., ORG. FOR ECON. COOPERATION & DEV., RANKING PORT CITIES WITH HIGH EXPOSURE AND VULNERABILITY TO CLIMATE EXTREMES 3 (2008), available at <http://www.oecd.org/officialdocumentssearch/> (search term “Ranking Port Cities”).

26. *Id.*

27. See CONE LLC, 2007 CAUSE EVOLUTION AND ENVIRONMENTAL SURVEY 10 (2007), available at <http://www.coneinc.com/files/2007ConeSurveyReport.pdf>.

28. *Id.*

29. *Id.*

The preferences of American consumers are also shifting.³⁰ In 2009, thirty-five percent of Americans reported that they had a higher interest in the environment than they did just one year earlier.³¹ Meanwhile, seventy percent indicated that they pay attention to what companies are doing with regard to the environment.³² In response to this change in consumer environmental awareness, companies such as Walmart Stores, Inc. (“Walmart”) are enhancing their business practices.³³ In July 2009, Walmart announced plans to develop the Sustainable Product Index—a single source of data for evaluating the sustainability of products.³⁴ One of the motivations for establishing this index was that customers increasingly “want information about the entire lifecycle of a product so they can feel good about buying it. They want to know that the materials in the product are safe, that it was made well, and that it was produced in a responsible way.”³⁵ With over 100,000 global suppliers, Walmart’s effort to create a Sustainable Product Index has the potential to impact many businesses and to create a “more transparent supply chain.”³⁶

B. Access to Capital

Exposure to climate risks may also jeopardize a company’s access to capital. In fact, “institutional investors, rating agencies, and lenders are increasingly interested in the financial consequences” of these risks.³⁷ For example, the Free Enterprise Action Fund, a publicly traded mutual fund, petitioned the SEC in October 2007 to require public companies “to disclose to shareholders the business risks of laws and regulations intended to address global warming concerns.”³⁸ Perhaps this is why companies are increasingly participating with organizations such as the Carbon Disclosure Project and Ceres, which aim to raise awareness of climate risks within the financial industry.

C. Access to Insurance

Climate risks increasingly affect the affordability and availability of insurance.³⁹ As insurers develop new climate-related insurance products and introduce climate change exclusions into their policies, customers are encouraged to evaluate cli-

mate risks.⁴⁰ This trend has increased recently because catastrophic weather-related insurance losses in the United States have grown significantly faster than premiums, population, or economic growth.⁴¹ For example, Hurricanes Katrina and Rita caused \$39 billion in damage to insured buildings in Louisiana and Mississippi alone, which exceeded the \$34 billion in premium payments that insurance companies had collected over the previous twenty-three years in those two states.⁴²

In response to climate change, insurance companies such as the Zurich Financial Services Group take the view that, “as is always the case in managing risk, we do not have to wait for absolute certainty before we act.”⁴³ While global warming may not necessarily be at fault, the recent increase in losses has led to higher premiums and deductibles, lower limits, and broader coverage restrictions.⁴⁴ Predictions of continued severe hurricanes have caused property insurers to raise premiums in coastal areas and to pull back from some markets.⁴⁵ After Hurricanes Katrina and Rita, Allstate Corporation “canceled 30,000 policies in coastal counties of New York and 120,000 in Florida.”⁴⁶ The company is also “limiting new business in several coastal areas.”⁴⁷ In a second example, “Nationwide Mutual Insurance Co[mpany] . . . stopped writing new homeowner policies in eastern parts of Long Island, N.Y., . . . put tight controls on new policies in coastal areas, . . . [and] canceled 35,000 policies in Florida.”⁴⁸

In addition to concerns over losses from property damage, insurers are predicting that “greenhouse gas [“GHG”] emissions will become financial liabilities on many companies’ balance sheets.”⁴⁹ Specifically, the insurance industry is apprehensive that companies facing potential GHG limits imposed by the government will file claims against years-old insurance policies to pay for compliance costs.⁵⁰ In such claims, the companies might argue that their liability stems

30. Press Release, Cone LLC, Consumer Interest in Environmental Purchasing Not Eclipsed by Poor Economy (Feb. 18, 2009), available at http://www.coneinc.com/stuff/contentmgr/files/0/56cf70324c53123abf75a14084bc0b5e/files/2009_cone_consumer_environmental_survey_release_and_fact_sheet.pdf.

31. *Id.*

32. *Id.*

33. Press Release, Walmart, Walmart Announces Sustainable Product Index (July 16, 2009), available at <http://walmartstores.com/FactsNews/NewsRoom/9277.aspx>.

34. *Id.*

35. *Id.*

36. WALMART, SUSTAINABLE PRODUCT INDEX: FACT SHEET (2009), available at www.walmartstores.com/download/3879.pdf.

37. DESJARDINS & WILLIS, *supra* note 22, at 5.

38. Letter from Steven J. Milloy and Thomas J. Borelli, Managing Partners of Free Enterprise Action Fund, to Ms. Nancy Morris, Secretary, U.S. Secs. & Exch. Comm’n (Oct. 22, 2007).

39. DESJARDINS & WILLIS, *supra* note 22, at 5.

40. *Id.*

41. See Evan Mills, Richard J. Roth, Jr. & Eugene Lecomte, AVAILABILITY AND AFFORDABILITY OF INSURANCE UNDER CLIMATE CHANGE A GROWING CHALLENGE FOR THE U.S. 2 (2005), available at <http://www.pewclimate.org/docUploads/Ceres%20-%20Insurance%20&%20Climate%20Change%202005.pdf>.

42. Katherine Reynolds Lewis, *Global Warming Has Far-Reaching Economic Implications*, NEWHOUSE NEWS SERVICE, July 7, 2006, <http://www.climateark.org/shared/reader/welcome.aspx?linkid=58069&keybold=global%20warming%20economics> (archived in the Climate Ark News Archive because original source no longer available).

43. ZURICH FIN. SERVS. GRP., THE CLIMATE RISK CHALLENGE: THE ROLE OF INSURANCE IN CLIMATE-RELATED RISKS 10 (2009), available at <http://www.zurich.com/NR/rdonlyres/E2B5B53E-11DB-47AF-91E4-01ED6A2BDCA3/0/ClimateRiskChallenge.pdf>.

44. See Tricia Holly Davis, *Climate-Change Damage May Double Cost of Insurance*, TIMES (London), Mar. 22, 2009, available at http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article5949991.ece.

45. *See id.*

46. Lewis, *supra* note 42.

47. *Id.*

48. *Id.*

49. Bradley Cosman, Comment, *Green Derivatives: Extorting Reductions in Greenhouse Gas Emissions via Shareholder Derivative Suits*, 40 ARIZ. ST. L.J. 743, 745 n.7 (2008).

50. *Insurers Fear Claims on Years-Old Policies for Climate Compliance*, CARBON CONTROL NEWS (July 13, 2009), <http://cleanenergyreport.com/20090713101124/Carbon-Control-Daily-News/News/insurers-fear-claims-on-years-old-policies-for-climate-compliance/menu-id-202.html>.

from GHG emissions that “occurred during the coverage term, before policies excluded pollution coverage.”⁵¹ As these climate compliance costs are projected to be in the “hundreds of billions, or even trillions of dollars, policyholders are going to seek third parties such as insurers” to pay those “enormous” costs.⁵²

Companies may also be subject to civil liability for emitting GHGs and thus contributing to climate change. On September 21, 2009, the Court of Appeals for the Second Circuit held, in *Connecticut v. American Electric Power Co.* (“AEP”),⁵³ that emitters of GHGs may be liable at federal common law for contributing to climate change.⁵⁴ Specifically, the plaintiffs in this case relied on the common law public nuisance doctrine, which provides a cause of action for “an unreasonable interference with a right common to the general public.”⁵⁵ The United States Supreme Court granted a petition for review on December 6, 2010.⁵⁶ Also, on October 16, 2009, the Court of Appeals for the Fifth Circuit held, in *Comer v. Murphy Oil USA*,⁵⁷ that plaintiffs whose properties were damaged by Hurricane Katrina had standing to sue for compensatory and punitive damages on the theory that the defendants’ GHG emissions exacerbated the strength of the storm.⁵⁸ The *Comer* plaintiffs were subsequently denied relief on procedural grounds. The Fifth Circuit granted the defendants’ motion to reconsider the decision en banc in February 2010, but then lost a quorum because of the recusal of an additional judge. The appeal was dismissed in May 2010.⁵⁹ The plaintiffs sought an order from the United States Supreme Court requiring the Fifth Circuit to address the merits of the case, but that request was denied.⁶⁰

These cases are significant for two reasons. First, a federal court ruling has not previously potentially exposed companies to the risk of litigation for contributing to climate change. Second, in *Massachusetts v. EPA*,⁶¹ the United States Supreme Court concluded that states could have standing in litigation concerning climate change because of their sovereign interests, but left open the issue of whether private parties can have standing in such cases.⁶² As *AEP* and *Comer* represent the first rulings by Courts of Appeals that private parties have standing to sue in climate change cases, the decisions might prompt additional common law suits by public and private parties against a variety of GHG emitters.

If the United States Supreme Court decides in favor of the claimants, plaintiffs in future lawsuits might have the right to conduct a discovery review of the defendant’s documents. If evidence is found that reveals an effort to suppress the link between the defendant’s GHG emissions and climate change, the damages awarded in such suits would likely be comparable to the multi-billion dollar settlements with tobacco and asbestos companies in previous decades.⁶³ In fact, Swiss Re, a major insurance company, issued a report in 2009 that predicted that “climate change-related liability will develop more quickly than asbestos-related claims”⁶⁴ However, Congress has the authority to pass a law barring such suits.

D. Considerations in Mergers, Acquisitions, and Divestitures

Climate change also impacts considerations for new capital expenditures because “climate change risk . . . introduce[s] another layer of complexity to mergers, acquisitions and divestitures and may in certain situations be an impetus for them.”⁶⁵ A 2006 report by Ceres predicted, “[s]hareholders and financial analysts will increasingly assign value to companies that prepare for and capitalize on business opportunities posed by climate change”⁶⁶ While some capital expenditures may become more attractive as a result of climate change, i.e., vacation properties in parts of the country where cold weather was traditionally experienced for longer periods, others will become less desirable. For example, when the private equity firm Kohlberg Kravis Roberts & Co. (“KKR”) led a group of investors in purchasing TXU Corp., a large Texas utility, it incorporated environmental considerations into its decision to suspend the air permit applications for eight of TXU’s planned coal-fueled generation plants.⁶⁷ KKR also developed a plan to decrease emissions in the remaining three plants.⁶⁸ These environmental concerns are now among the considerations made in investment decisions, along with traditional matters such as labor and corporate governance.⁶⁹

III. Conclusion

Because climate change and business decisions are inextricably linked, companies must concern themselves with devel-

51. *Id.*

52. *Id.*

53. *Connecticut v. Am. Elec. Power Co.*, 582 F.3d 309 (2d Cir. 2009), *cert. granted*, 178 L. Ed. 2d 530 (U.S. Dec. 6, 2010) (No. 10-174).

54. *See id.* at 392–93.

55. *Id.* at 314, 326 n.6 (quoting RESTATEMENT (SECOND) OF TORTS § 821B(1) (1979)).

56. *Id.*

57. *Comer v. Murphy Oil USA*, 585 F.3d 855 (5th Cir. 2009), *vacated and reb’g en banc granted*, 598 F.2d 208 (5th Cir. 2010), *and appeal dismissed*, 607 F.3d 1049 (5th Cir. 2010).

58. *Id.* at 867, 879–80 (finding that plaintiffs had standing for public and private nuisance, trespass, and negligence claims, but not unjust enrichment, civil conspiracy, and fraudulent misrepresentation claims).

59. *Comer v. Murphy Oil USA*, 607 F.3d 1049, 1053–55 (5th Cir. 2010).

60. *In re Comer*, 131 S. Ct. 902 (Jan. 10, 2011) (No. 10-294).

61. *Massachusetts v. EPA*, 549 U.S. 497 (2007).

62. *Id.* at 526.

63. Theresa Hajost, *Climate Change Litigation Moves to the Supreme Court*, DRI TOXIC TORTS (Feb. 23, 2011), available at <http://clients.criticalimpact.com/newsletter/newslettercontentshow1.cfm?contentid=2520&cid=405>.

64. URS LEIMBACHER, RICHARD MURRAY, DAVID BASSI & ANDREAS SPIEGEL, *THE GLOBALIZATION OF COLLECTIVE REDRESS: CONSEQUENCES FOR THE INSURANCE INDUSTRY 3* (2009), available at http://media.swissre.com/documents/Globalisation_of_Collective_Redress_en.pdf.

65. DESJARDINS & WILLIS, *supra* note 22, at 5.

66. DOUGLAS G. COGAN, *INVESTOR RESPONSIBILITY RESEARCH CTR., CORPORATE GOVERNANCE AND CLIMATE CHANGE: MAKING THE CONNECTION 1* (2006).

67. Press Release, Kohlberg Kravis Roberts & Co., TXU Corp. Announces Completion of Acquisition by Investors Led by KKR and TPG (Oct. 10, 2007), available at http://www.kkr.com/releasedetail.cfm?ReleaseID=332996&KeepThis=true&TB_iframe=true&height=461&width=592.

68. Telephone Interview with Kenneth Mehlman, Managing Director and Head of Global Public Affairs, Kohlberg Kravis Roberts & Co., in Washington, D.C. (Oct. 17, 2009).

69. *Id.*

oping robust environmental management programs. These can be powerful tools for evaluating climate risks and identifying the “low-hanging fruit” within the company, such as more efficient lighting systems and heating and ventilation equipment, which tend to offer opportunities for companies to quickly reduce costs and energy consumption.

As the business community responds to emerging trends such as climate change, the economic engine will continue to serve as the most effective way to influence consumer habits and practices. Considering the unique and wide-reaching influence of corporations within society, environmental management programs aimed at reducing GHG emissions have the potential to create a ripple effect throughout the communities, regions, and countries where these corporations are located, and among their suppliers, customers, and employees.