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**How Climate Change Will Affect Businesses**

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[1](https://www.renewableenergymagazine.com/emily-folk/how-climate-change-will-affect-businesses-20181109#comentarios)

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**Climate change isn't just an environmental problem. The climate is inextricably linked to nearly everything we do as a society. It's already starting to have an impact on businesses around the world, and it will continue to have an even larger effect moving forward. Some of the most prominent ways in which climate change will affect businesses include the following.**



* **Increased Risk Due to Extreme Weather**

Scientists have linked climate change1 to increasing frequency and intensity of extreme weather events including storms, floods, droughts and heat waves. In the coming years, we will likely see more events that disrupt the operations of businesses and cause them extreme financial and physical damage. Severe weather is a primary reason that climate change increases risk for businesses. Because of this increased risk, insurance costs for many companies will rise as well.

* **Changes in Resource Availability and Cost**

These extreme weather events have the potential to disrupt supply chains making getting the resources and materials businesses need more challenging. Severe drought and weather pattern changes may cause a shortage of crops used for food, apparel and other products. Rising electricity and transportation expenses may also increase the cost of moving goods. Regulatory restrictions on goods linked to climate change could also increase costs. Resource scarcity could drive companies to use alternative materials and recycle more waste.

* **Changing Demand**

As the climate changes, demand will shift. As global temperatures rise, for instance, demand for heating oil will decline — as will demand for other winter goods. More consumers are also prioritizing sustainability in the products they buy, shifting demand toward more environmentally friendly goods.

* **Harsher Working Conditions**

As temperatures rise and weather patterns change, working conditions in some sectors may become harsher. Jobs that require physical labor, especially outdoors, will become more challenging, and health and safety risk in these industries will rise. This will increases costs in these sectors.

* **Changing Regulations**

Regulations aimed at mitigating and preventing pollution will also significantly impact businesses. Companies that produce high levels of emissions will have to invest substantial funding into upgrading their facilities to reduce, capture or eliminate them. Energy companies, of course, are already working to shift their power generation toward cleaner resources.

Potential cap and trade programs2could also have a substantial impact on the economy. Under these systems, companies are legally allowed a set level of emissions. Companies emitting more than their legal limit must purchase extra credits. Businesses that keep their emissions below their legal threshold can sell their excess credits to other companies. Depending on how a firm handles emissions, a cap and trade program could be either an expense or a source of extra revenue for them.

* **Increased Public Pressure**

As the public grows more accepting of climate change as fact, it becomes less accepting of businesses that don't work to reduce their environmental impact. Increasingly, consumers look for products that are sustainably produced or at least have a smaller environmental impact than other comparable products. Companies are also increasingly expected to be socially responsible and take steps to make their operations more environmentally friendly or to donate to environmental charities. This push has been part of the reason that large companies like IKEA, Swiss RE, Apple and Nestle have committed to 100 percent renewable energy3.

* **How Business Can Prepare**

So, how can businesses prepare for the impacts climate change will have on them? Many companies have already started to adapt, and all those that hope to succeed in the future will have to do the same.

The first step a business needs to take is to conduct an analysis to define how it impacts the environment, as well as the potential risks it faces due to climate change. In addition to risks, businesses should identify opportunities to improve their environmental performance. Companies should examine whether they can source alternative materials and evaluate the feasibility of sing renewable energy4 such as solar, wind and biomass. Businesses can use this information to create an environmental management system5 they use to improve their performance.

Climate change is much more than just an environmental issue. It will also have a profound impact on businesses in the years to come. To succeed in the climate of the future, companies will have to adapt.