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# Book reviews

## Handbook of business and climate change

**By Anant K. Sundaram and Robert G. Hansen**

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The book covers critical challenges in business management resulting from climate change, including risk management. According to the World Economic Forum's 2023 Global Risk Report, six of the top ten risks that could have an impact on the world in two years and ten years are related to climate changes and environmental changes, namely: natural disasters and extreme weather events, failure to mitigate climate change, large-scale environmental damage incidents, failure of climate change adaptation, natural resource crises, biodiversity loss and ecosystem collapse.<sup>1</sup>

Business and climate change are two related topics. On one hand, there are businesses which, through greenhouse gas emissions, have a substantial impact on climate change, particularly global warming. On the other hand, there are companies that are impacted by climate change, for example needing to change their activities towards sustainable development.

This book is a collection of 23 separate chapters written by 41 people. The editors of this book are Professor Anant Sundaram and Professor Robert Hansen, both from Dartmouth College.

The chapters of the book are organised into six parts. This comprehensive structure covers a broad spectrum of relations between business and climate change.

The first part contains two chapters. The first chapter is an excellent introduction to the rest of the book, outlining the evidence on emissions (concentrating on three areas: the EU, the US and China) and developing a general model for climate economy (composed of carbon efficiency, non-

carbon energy, carbon capture and carbon price). The second chapter discusses the scenarios for the reduction of carbon dioxide emissions.

The second part contains six chapters that present the implications of climate change for companies, and their response in the following industries: banking, the electricity sector (two chapters), non-life insurance, aviation, and the oil and gas industry.

The topics discussed in the third part, which contains four chapters, concern problems that have to be resolved by companies dealing with climate risk, namely designing a corporate strategy for climate change, communicating this strategy to the stakeholders and investors, and building resilience.

The fourth part contains five chapters which present the most critical issues that can drive businesses exposed to climate change, including the impact of carbon emissions on equity value (chapter 14) and the economic theory behind carbon pricing, both external and internal pricing (chapter 17). In addition, there is a chapter which covers behavioural issues, namely shifting consumer decisions towards climate-friendly decisions, and two chapters discussing sustainable supply chains.

The fifth part, 'Climate Finance', contains four chapters, discussing public and private actions towards sustainable investments, green bonds (issuer and climate perspective), cost of capital and environmental, social and governance investments.

The last part contains a chapter that presents suggestions for the future. Overall, most of the researchers contributing to this book know the enormous amount of work that should be done, but are still moderately optimistic.

There are several benefits to the readers of this book. First, it is directed towards a broad audience, including academics, students, practitioners and policy makers. Secondly, the book covers all the crucial problems of the impact of climate change on business. Thirdly, there are many examples, and some case studies, which illustrate the presented approaches.

Future editions of this book could extend the content of some chapters, which are primarily focused on the US, to other world regions. In addition, it would be beneficial to discuss risk management issues in more detail.

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#### **Reference**

1. World Economic Forum (11th January, 2023) 'Global Risks Report 2023', available at <https://www.weforum.org/publications/global-risks-report-2023/?> (accessed 24th November, 2023).

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