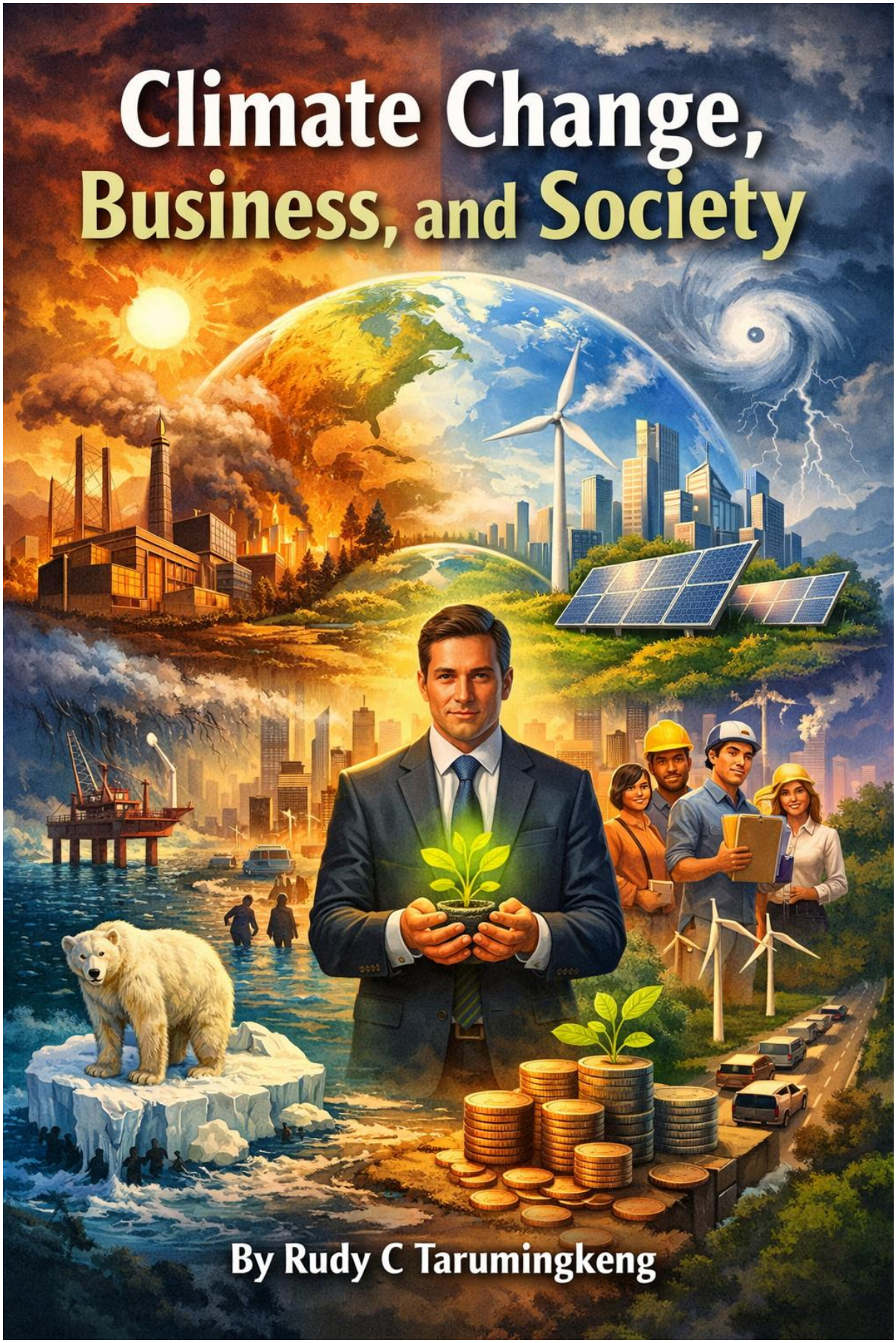
Climate Change,
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CLIMATE CHANGE, BUSINESS, AND SOCIETY

Abstract

This essay examines climate change as a systemic challenge that reshapes the relationship between business and society. It argues that climate change is no longer a narrow environmental issue, but a structural force influencing production systems, energy markets, labor conditions, public health, poverty, infrastructure, finance, and corporate legitimacy. Recent evidence shows that global warming is already generating widespread economic and social disruption, while current mitigation and adaptation efforts remain insufficient to stabilize risks at an acceptable level. In this context, businesses face physical risks from extreme weather and chronic climate stress, transition risks from regulatory and technological change, and legitimacy pressures from rising social expectations. At the same time, firms possess capital, organizational capability, and innovative capacity that make them central actors in both mitigation and adaptation. The essay further contends that climate strategy cannot be reduced to carbon accounting alone. A meaningful response must connect emissions reduction, adaptation, resilience, disclosure, climate finance, worker protection, and social justice. Particular attention is given to health impacts, poverty vulnerability, the just transition, and the uneven geography of climate finance, especially the persistent underfunding of adaptation relative to mitigation. The essay concludes that the future of climate action depends on an integrated approach in which governments, businesses, investors, workers, and communities act together. Sustainable progress will require not only technological change and financial mobilization, but also institutional responsibility, social inclusion, and a renewed

understanding of the corporation as a social actor operating within planetary limits. (World Meteorological Organization)

Keywords

Climate change; business strategy; society; sustainability; climate risk; adaptation; mitigation; climate finance; just transition; corporate disclosure; public health; climate justice.

Introduction

Climate change is no longer a distant environmental concern that can be discussed only in scientific conferences or activist circles. It has become a defining condition of the twenty-first century economy and a central force shaping politics, public health, employment, infrastructure, migration, and corporate strategy. The World Meteorological Organization reported that 2024 was the warmest year in the 175-year observational record, with global mean near-surface temperature reaching 1.55 ± 0.13°C above the 1850–1900 average. The same report stressed that record heat, ocean warming, sea-level rise, and extreme weather are producing massive economic and social upheaval. In other words, climate change is not merely "about nature"; it is about the viability of human systems and the durability of institutions. (World Meteorological Organization)

The business world can no longer treat climate change as a reputational add-on, something delegated to sustainability teams while strategy, finance, procurement, and operations continue unchanged. The physical reality of climate change is altering the conditions under which firms produce, transport, insure, hire, invest, and sell. At the same time, societies are demanding that companies reduce emissions, disclose climate risks, adapt supply chains, and contribute to a fairer transition. The UNFCCC explicitly frames climate action as a shared responsibility of

governments, cities, investors, businesses, and civil society, recognizing that implementation of the Paris Agreement depends on action far beyond national governments. (UNFCCC)

This essay argues that climate change must be understood as a systems challenge linking ecology, economy, and society. Businesses are not outside that system. They are both contributors to the problem and indispensable actors in the response. Some sectors remain deeply tied to carbon-intensive models of growth, but firms also hold technological capability, investment capital, organizational capacity, and innovative power that can accelerate mitigation and adaptation. Yet a business-centered response that ignores inequality, labor, public trust, and community resilience will fail. Climate strategy that is technically efficient but socially blind is unlikely to be politically stable or morally legitimate. The future therefore depends not only on decarbonization, but on whether climate action becomes economically intelligent and socially just.

Climate Change as a Systems Crisis

The most important starting point is conceptual clarity. Climate change is often described in narrow terms: rising temperatures, melting glaciers, stronger storms, or a transition away from fossil fuels. Those descriptions are accurate but incomplete. The IPCC's Synthesis Report states unequivocally that human activities, principally through greenhouse gas emissions, have caused global warming, and that climate change has already caused widespread impacts and related losses and damages on human systems and ecosystems worldwide. The report also emphasizes the interdependence of climate, ecosystems, biodiversity, and human societies, linking adaptation and mitigation to human well-being and sustainable development.

This systems perspective matters because it changes the nature of the conversation. If climate change were only an environmental issue, the solution could be delegated to environmental ministries, climate

scientists, and conservation groups. But when climate change affects food production, insurance costs, productivity, health infrastructure, poverty, and migration, it becomes a strategic concern for every major institution. The IPCC notes that adverse impacts are concentrated among economically and socially marginalized populations and that climate risk can impede national economic growth, particularly in developing and least developed countries. Climate change therefore behaves as a "threat multiplier": it intensifies existing vulnerabilities rather than acting as a separate, isolated disruption.

The current trajectory also makes the issue more urgent than many institutions were prepared to admit a decade ago. UNEP's Emissions Gap Report 2024 warns that the world faces stark choices: keeping the possibility of 1.5°C alive, struggling to adapt to around 2°C, or facing consequences closer to 2.6°C and beyond. UNEP says nations would need to collectively cut annual greenhouse gas emissions by 42 percent by 2030 and 57 percent by 2035, relative to the implied pathway, to keep 1.5°C within reach. OECD's 2025 climate resilience summary similarly notes that 2024 was the first year to exceed 1.5°C of warming on average and argues that minimizing overshoot is now critical to reducing the likelihood of tipping points and severe economic losses. (UNEP - UN Environment Programme)

That is why climate change is best understood not as a future scenario but as a present condition. It is already shaping weather extremes, investment patterns, corporate regulation, and public expectations. The question is no longer whether climate change will affect business and society. It already does. The real question is whether the institutions of business, finance, and governance can adapt fast enough to avoid compounding physical risk with social breakdown and political paralysis. (World Meteorological Organization)

Why Climate Change Matters to Business

For business leaders, climate change appears through at least three channels: physical risk, transition risk, and societal legitimacy. Physical risk refers to the direct effects of heat, storms, floods, droughts, sea-level rise, and water stress on assets, workers, logistics, and supply chains. A factory does not need to be destroyed by a cyclone to be affected; it can be disrupted by power outages, transport failures, heat stress among workers, or the collapse of a supplier in another region. The WMO's 2024 climate report highlights the massive economic and social upheavals linked to floods, droughts, tropical cyclones, wildfires, record ocean heat, and sea-level rise. Such events do not remain "environmental" when they interrupt production, raise insurance costs, or change commodity markets. (World Meteorological Organization)

Physical risk is especially important in a globalized economy because modern firms rarely control their entire value chain. A multinational retailer may have headquarters in one country, financing in another, raw materials from several continents, and customers distributed across many climate zones. This means a climate shock in one geography can quickly become an earnings problem somewhere else. Agriculture, food processing, shipping, apparel, tourism, utilities, and construction are particularly exposed, but even software and finance are not immune when infrastructure, energy systems, and labor markets become less reliable. Climate change is therefore not just a sectoral issue; it is an operating environment issue.

Transition risk is different. It arises from the effort to reduce emissions and adapt economies to a lower-carbon future. New regulations, carbon pricing, disclosure rules, green procurement standards, consumer preferences, and technological disruption can alter the profitability of business models. IFRS S2, issued by the ISSB in 2023 and amended in 2025 to ease certain greenhouse-gas disclosure implementation issues, formalizes expectations that firms disclose information about climate-related risks and opportunities. It builds on the TCFD framework and requires attention to governance, strategy, risk management, and

metrics and targets. This signals that climate is no longer peripheral to mainstream corporate reporting; it is moving into the core architecture of financial disclosure. (IFRS)

Transition risk is sometimes presented as a burden, but it also reveals a deeper strategic truth: every business model is built on assumptions about the future. Firms that assumed cheap fossil energy, stable weather patterns, predictable water availability, and limited disclosure obligations are discovering that those assumptions no longer hold. Companies that fail to adapt may lose market access, investor confidence, or regulatory standing. Those that adapt intelligently may improve resilience, reduce volatility, and access new opportunities in efficiency, renewable energy, circularity, climate services, resilient infrastructure, low-carbon materials, and adaptation technologies. The climate transition is therefore not only a compliance story. It is a story of strategic repositioning. (IEA)

There is also a legitimacy dimension that traditional risk frameworks sometimes understate. Businesses operate with social permission. In periods of climate anxiety, repeated disasters, and rising inequality, public expectations of firms expand. Companies are increasingly judged not only by what they sell, but by how they source, emit, disclose, lobby, adapt, and treat workers and communities during transition. A business that reports record profits while externalizing climate costs onto vulnerable populations may face reputational and political backlash. Conversely, firms that contribute credibly to mitigation, adaptation, and community resilience can strengthen trust and reduce conflict. Climate strategy, in this sense, is also a question of civic responsibility. (UN Global Compact)

Climate Change and the Transformation of Corporate Strategy

Because climate change alters the conditions of production and legitimacy, it cannot be handled only by sustainability departments. It must enter the language of strategy. Strategic management traditionally asks firms to assess industry structure, competitive positioning, cost

drivers, supply chains, and future scenarios. Climate change affects each of these. It changes resource prices, infrastructure reliability, insurance assumptions, labor productivity, and consumer demand. It also changes the time horizon of decision-making. A project with a twenty-year life can no longer be evaluated credibly without considering transition pathways, heat exposure, water risk, and disclosure requirements. That is why climate is increasingly a board issue, not just an operational issue. (IFRS)

A serious corporate response begins with measurement and governance. Firms need to know where emissions occur, where assets are exposed, which suppliers are vulnerable, and which products may become stranded or regulated. But measurement alone is insufficient. Climate governance matters because organizations often produce reports without changing decisions. Scenario analysis is valuable only if it shapes capital allocation, procurement choices, site selection, product design, and workforce planning. Otherwise, climate disclosure becomes a ritual of information rather than an instrument of transformation. IFRS S2 is important precisely because it links climate disclosure to governance, strategy, risk management, and performance, signaling that climate-related information should be decision-useful for investors and relevant to enterprise value. (IFRS)

This is where some of the most important business tensions emerge. Many executives accept the logic of climate action in principle but hesitate when action threatens short-term margins, incumbent assets, or inherited metrics of success. Yet delay also has costs. UNEP's Adaptation Gap Report 2024 argues that adaptation financing and implementation are not progressing fast enough and that much existing action remains reactive, incremental, fragmented, and short-term. That warning applies not only to governments but also to businesses. Companies that invest only after each crisis are not adapting; they are merely absorbing losses. Strategic adaptation requires anticipatory investment, resilient design,

and organizational learning before shocks arrive. (UNEP - UN Environment Programme)

Businesses also need to move beyond the simplistic idea that climate action is reducible to carbon accounting. Emissions matter enormously, but so do water systems, land use, waste, resilience of facilities, relationships with workers, emergency communication, and supplier upgrading. A firm may reduce direct emissions while remaining highly exposed to flood risk or dependent on climate-vulnerable subcontractors. Climate intelligence therefore requires a wider managerial lens: mitigation, adaptation, resilience, and justice must be considered together. This is one reason why climate change forces business education itself to evolve. Climate is not just a topic for environmental science. It is increasingly a topic for finance, operations, human resources, marketing, accounting, and organizational behavior.

Energy Transition, Investment, and the Reordering of Opportunity

One of the clearest areas where climate change is reshaping business is energy. The IEA's World Energy Outlook 2024 reports that clean energy is entering the global system at an unprecedented rate: more than 560 gigawatts of new renewable capacity were added in 2023, and investment flows to clean energy projects are approaching USD 2 trillion a year, nearly double the amount spent on new oil, gas, and coal supply. The IEA also notes that low-emissions sources, including renewables and nuclear, are set to generate more than half of the world's electricity before 2030. These are not marginal shifts. They indicate that the energy basis of modern industry is being reconfigured. (IEA)

For business, this transition creates both disruption and possibility. Firms exposed to fossil-intensive value chains face cost and regulatory risks, but firms that invest in electrification, efficiency, renewable procurement, storage, grid services, low-carbon materials, or flexible demand management may gain resilience and advantage. In many cases the climate transition is not simply about "doing good"; it is about reducing

future volatility. Heavy dependence on fossil fuels exposes economies and companies to geopolitical shocks, price spikes, and stranded-asset risk. The IEA's framing of clean energy as simultaneously a climate and energy-security issue is important because it shows why climate strategy is no longer separable from macroeconomic prudence. (IEA)

At the financing level, momentum is also becoming harder to ignore. Climate Policy Initiative's Global Landscape of Climate Finance 2025 states that global climate finance reached an all-time high of USD 1.9 trillion in 2023, with early data suggesting it exceeded USD 2 trillion in 2024. CPI also reports that private climate finance contributions surpassed USD 1 trillion for the first time in 2023, outpacing public investment. This matters because the climate transition will not be funded by public budgets alone. Private capital, corporate investment, blended finance, and institutional portfolios will shape the pace and geography of decarbonization. (CPI)

Yet the composition of that finance reveals a major imbalance. CPI says mitigation finance in 2023 was about USD 1.78 trillion, while adaptation finance was only USD 65 billion, though likely underestimated. UNEP's Adaptation Gap Report 2024 estimates that the adaptation finance gap for developing countries is around USD 187–359 billion per year and notes that even meeting the Glasgow adaptation finance goal would reduce that gap by only about 5 percent. This asymmetry tells us something profound: the world is becoming better at financing technologies that reduce future emissions than at financing protection for the communities and systems already experiencing climate harm. Business strategy must reckon with that imbalance, because profit opportunities in mitigation will not by themselves build social resilience. (CPI)

The investment challenge is therefore not just about scale; it is about allocation, inclusion, and time horizon. Emerging markets and developing economies often face high costs of capital, weaker

infrastructure, and limited access to affordable finance. CPI notes that EMDEs need more catalytic capital such as guarantees, grants, and catalytic equity to scale climate flows. The IEA likewise notes that policy uncertainty and high costs of capital are holding back clean-energy projects in many developing economies. If climate finance remains concentrated in already-advantaged regions and sectors, the transition may deepen global inequalities rather than reduce them. (CPI)

Adaptation: The Neglected Half of Climate Strategy

Public discourse often treats climate action as synonymous with mitigation, especially reducing emissions. That emphasis is understandable because unchecked warming will make all other responses harder. But adaptation is no longer optional. The WMO's reporting on extreme events, the WHO's health warnings, and UNEP's adaptation gap findings all point to the same conclusion: a significant level of climate disruption is already locked into current systems, and institutions must prepare for it. Adaptation means redesigning infrastructure, protecting workers, diversifying water sources, building early warning systems, changing agricultural practices, managing heat in cities, and strengthening social protection. It is not surrender to climate change; it is realism about present conditions. (World Meteorological Organization)

For businesses, adaptation should be understood as continuity planning under altered planetary conditions. A company that protects data but ignores flood risk is not truly resilient. A firm that hedges currencies but ignores water dependency is not truly risk-aware. A logistics network optimized for efficiency alone may become fragile under repeated climate shocks. This is why adaptation often requires rethinking business models that were designed for a relatively stable climate. It may require redundancy where managers once prized leanness, local sourcing where firms once sought only lowest cost, and employee heat protections where labor systems assumed tolerable ambient conditions. Climate

resilience often looks less glamorous than clean-tech innovation, but it may determine whether many businesses remain operable at all. (UNEP - UN Environment Programme)

The importance of early warning systems illustrates the social and business case for adaptation. WMO states that only half of countries worldwide report having adequate multi-hazard early warning systems, even though such systems are crucial for reducing losses, informing preparedness, and protecting livelihoods. Early warnings are often framed as humanitarian tools, but they are also economic infrastructure. They protect factories, farms, tourism, transport networks, and labor forces. They allow businesses and communities to act before disaster becomes catastrophe. The boundary between humanitarian resilience and business continuity is much thinner than many firms assume. (World Meteorological Organization)

The adaptation agenda also exposes a moral challenge. Wealthier firms and countries often have greater capacity to insure assets, redesign facilities, or relocate operations, while poorer communities absorb disproportionate losses. UNEP explicitly notes that climate impacts intensify and hit the world's poorest hardest. If business adaptation consists only of moving risk away from corporate balance sheets and onto weaker suppliers, informal workers, or vulnerable geographies, then adaptation becomes a transfer of harm rather than a solution. Responsible adaptation therefore requires attention to supply chains, workers, and host communities, not just owned assets. (UNEP - UN Environment Programme)

Climate Change, Health, and the Social Foundations of the Economy

Society is not a passive backdrop to the climate-business relationship. It is the field in which economic life actually occurs. The WHO states that climate change is directly contributing to humanitarian emergencies from heatwaves, floods, wildfires, tropical storms, and hurricanes, and that 3.6 billion people already live in areas highly susceptible to climate

change. It also projects approximately 250,000 additional deaths per year between 2030 and 2050 from undernutrition, malaria, diarrhea, and heat stress alone, with direct health damage costs of USD 2–4 billion per year by 2030. These are not abstract health statistics; they indicate mounting stress on the human foundations of labor, education, caregiving, and productivity. (World Health Organization)

WHO further stresses that climate change is a "threat multiplier," undermining the social determinants of health, including livelihoods, equality, access to care, clean air, water, food systems, and community cohesion. It notes that in vulnerable regions the death rate from extreme weather events in the last decade was 15 times higher than in less vulnerable ones. This inequality is central. Climate change does not strike evenly. It interacts with weak housing, poor sanitation, fragile labor rights, unsafe transport, and underfunded health systems. That means the social impacts of climate change are inseparable from broader patterns of development and exclusion. (World Health Organization)

For business, the health dimension matters in at least three ways. First, firms depend on healthy workers, healthy consumers, and functioning health systems. Second, climate-sensitive illness, heat stress, and infrastructure damage reduce labor productivity and increase absenteeism. Third, if companies contribute to pollution, unsafe labor conditions, or climate vulnerability, they become implicated in a broader erosion of social welfare. Climate strategy that ignores worker health will eventually fail, because firms are not productive in the abstract; they are productive through human bodies operating in real environments. (World Health Organization)

This point is especially important in sectors such as construction, agriculture, manufacturing, delivery services, mining, and informal urban work, where exposure to heat and extreme weather is direct. Even in white-collar sectors, health costs emerge through mental stress, disrupted infrastructure, smoke exposure, or unreliable energy and water

systems. The climate crisis is therefore also a labor and public-health crisis. A society under escalating climate stress becomes less governable, less equitable, and less economically predictable. Firms that view climate only through emissions metrics risk missing the wider social destabilization that ultimately shapes markets themselves. (World Health Organization)

Poverty, Inequality, and Climate Justice

One of the most important social dimensions of climate change is its relationship to poverty. The World Bank's updated estimates suggest that climate change could push between 32 million and 132 million people into extreme poverty by 2030 in most scenarios, with food prices and health effects playing major roles. These numbers are not simply about income. They reflect cascading pressures on nutrition, agriculture, disease burdens, household assets, and resilience. Climate change is therefore not just a scientific or technological challenge; it is a development challenge that threatens to reverse gains in poverty reduction. (World Bank)

This relationship between climate and inequality has direct implications for business and governance. Poorer households have fewer buffers against crop failure, heat exposure, displacement, rising food prices, or repeated disasters. Informal workers often lack insurance, social protection, or stable contracts. Small enterprises operate with narrow margins and can be destroyed by a single severe event. Meanwhile, larger firms may have access to capital markets, geographic diversification, hedging tools, and political influence. If climate policy is designed without attention to this asymmetry, it can unintentionally burden those least able to absorb the cost. That is why the idea of climate justice has moved from activist rhetoric into mainstream policy debate. (World Bank)

Climate justice does not mean that business should be blamed for every social failure, but it does mean that climate responses must be evaluated

by distributional outcomes, not just aggregate efficiency. A city may reduce emissions while displacing low-income residents through poorly designed redevelopment. A utility may decarbonize while making energy unaffordable for the poor. A multinational may lower its reported operational emissions while shifting high-carbon processes to suppliers in weaker jurisdictions. In each case, the climate narrative looks positive at one level while remaining unjust at another. Business ethics in the climate era therefore requires attention to who benefits, who pays, and who is protected.

This is also why adaptation, social protection, and public investment cannot be separated from climate mitigation. UNEP's adaptation findings show how far current finance falls short of actual needs. If communities lack drainage, cooling, resilient housing, clean water, or emergency communication, they will experience climate impacts not as a gradual transition but as repeated social trauma. Business cannot flourish in a society that is perpetually destabilized by disasters and inequality. Long-term profitability ultimately depends on the resilience of the wider social environment. (UNEP - UN Environment Programme)

Work, Employment, and the Just Transition

Climate change affects society through work as much as through weather. The ILO states that the world of work is on the front lines of the climate crisis: heat, floods, desertification, and displacement threaten jobs, livelihoods, and communities, especially in developing countries and among vulnerable groups such as women, persons with disabilities, indigenous peoples, migrants, informal workers, and youth. But the ILO also argues that a just transition can create major social and economic benefits, including new decent jobs, safer workplaces, stronger enterprises, and expanded social protection. It cites studies indicating that implementation of the Paris Agreement could result in a net gain of 18 million jobs by 2030. (International Labour Organization)

The phrase “just transition” is essential because it corrects a common mistake in climate discourse. It is possible to design a technically successful low-carbon transition that is socially destructive. Coal phase-outs, industrial restructuring, changes in land use, and energy-market reform can create concentrated losses for certain workers, communities, and regions even if they benefit society overall. If climate policy ignores those losses, it will face resistance that is not merely irrational or selfish; it may be rooted in legitimate fears about livelihood and dignity. A just transition therefore asks how climate action can be aligned with decent work, retraining, local development, labor rights, and meaningful participation. (International Labour Organization)

This has major implications for business leadership. Companies undergoing low-carbon transformation must think about skills, workforce dialogue, and community impact, not only equipment replacement. A mining company diversifying into new materials, an automaker shifting to electric mobility, or a utility moving from coal to renewable systems cannot treat workers as an afterthought. The ILO highlights policy areas such as social protection, active labor-market policy, occupational safety, indigenous rights, disability inclusion, and the role of social dialogue in just transition. These are not peripheral social issues; they are transition infrastructure. (International Labour Organization)

The just-transition lens is also highly relevant to small and medium-sized enterprises. Large corporations may dominate headlines, but many economies are structurally dependent on SMEs and informal enterprises. If climate regulation and transition finance benefit only large firms with sophisticated reporting systems, the result may be greener concentration rather than inclusive transformation. The ILO explicitly includes how MSMEs can contribute to and benefit from a just transition among its policy priorities. That is a useful reminder that climate progress will be incomplete if it excludes the productive base where most people actually work. (International Labour Organization)

Disclosure, Accountability, and the New Corporate Social Contract

One sign that climate change is becoming central to business is the institutionalization of disclosure. Investors, regulators, auditors, and standard setters increasingly expect companies to explain how climate-related risks and opportunities affect strategy and financial performance. IFRS S2 formalizes that expectation at a global level, integrating the TCFD architecture and requiring firms to report on governance, strategy, risk management, and metrics and targets. The 2025 amendments to greenhouse-gas emissions disclosures were designed to reduce implementation complexity without materially undermining usefulness to users of general-purpose financial reporting. (IFRS)

Disclosure matters for at least three reasons. First, it helps allocate capital by making climate-related information visible to investors and lenders. Second, it disciplines management by forcing climate questions into boardroom and reporting cycles. Third, it changes the boundary between private business judgment and public accountability. Once climate risk becomes material to enterprise value, it is harder for executives to claim that it lies outside fiduciary concern. Disclosure does not guarantee good action, but it changes the baseline: silence becomes harder to defend. (IFRS)

Still, disclosure is not a substitute for transformation. A company can disclose perfectly and still decarbonize too slowly, underinvest in adaptation, or leave vulnerable communities exposed. The danger is that climate governance becomes procedural rather than substantive. Businesses may become highly skilled at reporting exposure while remaining reluctant to change incentives, products, procurement standards, or political lobbying behavior. The next phase of climate accountability will therefore depend on whether disclosure leads to capital reallocation, operational change, and a more honest valuation of climate risk. (IFRS)

This, in turn, points to a broader idea of the corporation in society. For much of the late twentieth century, firms were often imagined primarily as profit-generating entities constrained by law. In the climate era, that image looks inadequate. Businesses influence energy systems, land use, transport patterns, labor conditions, innovation pathways, and public narratives. They do not replace government, but they are too systemically important to be treated as morally neutral. Climate change exposes the fact that firms are social institutions embedded in a shared atmosphere, a shared infrastructure base, and a shared political order. Corporate purpose, in this context, becomes not a slogan but a practical question about how firms operate inside planetary and social limits. (UNFCCC)

Society's Role: Citizens, Consumers, Communities, and the State

Although business has a major role, climate change cannot be solved by voluntary corporate action alone. The UNFCCC emphasizes that action must come from governments, businesses, investors, cities, regions, and wider society. This matters because climate change involves collective-action problems, infrastructure choices, public goods, and long time horizons that markets alone do not reliably solve. Early warning systems, grid investment, public transit, coastal protection, health preparedness, disaster governance, land-use planning, and social protection all require public capacity. A society that outsources climate resilience entirely to market actors will leave large protection gaps. (UNFCCC)

Citizens and consumers also shape outcomes, though often in more complex ways than public discourse suggests. Individual choices matter, but they are made within systems of affordability, information, and infrastructure. It is unreasonable to ask households to behave sustainably if cities are built for car dependence, cooling is unaffordable, healthy food is inaccessible, or housing is unsafe. Likewise, firms may want to decarbonize, but they need reliable grids, supportive regulation, and coherent policy signals. Climate responsibility is therefore

distributed, but not equally. Institutions with greater power bear greater responsibility for creating enabling conditions. (World Health Organization)

Communities occupy a crucial place in this architecture because climate change is experienced locally even when driven globally. Floodplains, coastlines, heat-prone urban districts, drought-affected farming zones, and informal settlements all experience climate differently. Adaptation therefore cannot be designed only from national capitals or corporate headquarters. It must involve local knowledge, community participation, and place-based risk understanding. WMO's emphasis on people-centered multi-hazard early warning systems reflects this point: resilience is not just about forecasting hazards, but about whether communities can understand warnings and act on them in time. (World Meteorological Organization)

In that sense, society is not only the recipient of climate policy but the co-producer of resilience. Businesses that collaborate with workers, suppliers, municipalities, schools, and community organizations may produce more durable outcomes than those that treat climate strategy as a purely internal corporate exercise. Social trust, local legitimacy, and inclusive participation are not "soft" extras. In periods of disruption, they become hard assets. Climate resilience depends not only on technology and capital, but on social coordination. (World Meteorological Organization)

Toward an Integrated Response

What would an integrated response to climate change, business, and society look like? First, it would accept that mitigation and adaptation are complementary, not competing, priorities. Emissions reduction remains indispensable because unmanaged warming will overwhelm adaptive capacity. But adaptation is equally necessary because climate harms are already unfolding. Companies and governments that act as if

mitigation can substitute for resilience planning are misunderstanding the timing of the crisis. (UNEP - UN Environment Programme)

Second, an integrated response would connect finance to justice. More climate finance is essential, but the allocation of that finance is just as important as its aggregate volume. CPI's data on the growth of climate finance is encouraging, yet the relative weakness of adaptation finance and the capital constraints facing emerging markets reveal deep structural imbalances. A credible climate future requires more support for resilience, public goods, and vulnerable regions, not only for commercially attractive mitigation projects. (CPI)

Third, it would redefine business excellence. In the past, firms were often praised for efficiency, scale, speed, and quarterly performance. In a climate-constrained century, excellence must also include resilience, transparency, adaptability, social legitimacy, and the capacity to operate within environmental limits. The best companies will not merely report emissions; they will redesign systems, invest in workers, strengthen supply chains, and participate constructively in public problem-solving. The climate challenge is too large for symbolic corporate virtue and too consequential for narrow short-termism. (IFRS)

Fourth, an integrated response would take human vulnerability seriously. WHO's health data, the World Bank's poverty projections, and the ILO's just-transition framework all point to the same lesson: climate change is most dangerous where institutions are weak and inequalities are high. If societies fail to protect health, livelihoods, and basic services, then climate risk will express itself not only as environmental damage but as social fragmentation. Business leaders who understand this will see public resilience not as philanthropy, but as a condition for stable markets and legitimate growth. (World Health Organization)

Conclusion

Climate change is reshaping the relationship between economy and society in ways that make older assumptions increasingly obsolete. The atmosphere is no longer a passive backdrop to industrial activity. It has become a binding constraint, a source of escalating risk, and a test of institutional intelligence. Science shows that human activity has unequivocally caused warming and that widespread losses and damages are already occurring. Recent data show that 2024 was the hottest year on record, that current policy ambition remains insufficient for 1.5°C, and that climate disruption is deepening health risks, threatening poverty reduction, and straining development pathways.

In this context, business cannot remain a bystander. Firms are both exposed to climate risk and capable of influencing outcomes through investment, innovation, governance, and labor practices. Clean energy growth, climate finance expansion, and new disclosure standards show that the transition is underway. Yet progress remains uneven, adaptation underfunded, and justice concerns unresolved. The climate transition will fail if it becomes a narrow technocratic project that protects capital while neglecting workers, communities, and poorer countries. (IEA)

The most defensible path forward is therefore an integrated one. Governments must build public infrastructure and policy coherence. Businesses must internalize climate risk, cut emissions, invest in resilience, and support a just transition. Society must insist that climate action protects human dignity as well as ecological stability. The climate crisis is not simply asking whether we can invent better technologies. It is asking whether we can build a better relationship between markets, institutions, and the common good. The answer will shape not only environmental outcomes, but the kind of civilization the twenty-first century becomes. (UNFCCC)

Glossary

Climate change
Long-term shifts in temperature and climate patterns, now unequivocally driven mainly by human activities through greenhouse gas emissions. (IPCC)

Mitigation
Actions that reduce greenhouse gas emissions or enhance carbon sinks in order to limit the magnitude of future warming. (IPCC)

Adaptation
Adjustment in natural or human systems in response to actual or expected climate effects, intended to reduce harm and improve resilience. (UNEP - UN Environment Programme)

Climate risk
The combined risk arising from physical climate impacts and from the economic, regulatory, technological, and market shifts associated with climate transition. (World Meteorological Organization)

Physical risk
Risk to assets, operations, workers, and supply chains caused by acute events such as floods and storms, or chronic stresses such as heat, drought, and sea-level rise. (World Meteorological Organization)

Transition risk
Risk linked to the shift toward a lower-carbon economy, including policy changes, disclosure rules, market shifts, technological disruption, and stranded assets. (IFRS)

Climate finance
Financial resources directed toward mitigation and adaptation activities, including public, private, domestic, and international flows. (CPI)

Adaptation finance gap
The difference between the financial resources required for adaptation

and the funds actually being provided. (UNEP - UN Environment Programme)

Just transition
A framework for moving toward environmentally sustainable economies in ways that protect workers, livelihoods, equity, labor rights, and social inclusion. (International Labour Organization)

Climate justice
An approach that emphasizes the unequal causes and unequal impacts of climate change, especially for poorer and more vulnerable communities. (IPCC)

Climate disclosure
Corporate reporting on climate-related governance, strategy, risks, metrics, and targets for investors and other users of financial reports. (IFRS)

Early warning systems
Integrated systems that detect hazardous weather or climate events and provide timely information so governments, communities, and organizations can reduce losses. (World Meteorological Organization)

Climate resilience
The capacity of systems, institutions, communities, and businesses to anticipate, absorb, recover from, and adapt to climate-related shocks and stresses. (UNEP - UN Environment Programme)

Energy transition
The structural shift from fossil-fuel-dominated energy systems toward low-emissions sources such as renewables, electrification, efficiency, and related technologies. (IEA)

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