

## Climate Change Scenario: Choices and Values

You are the CEO of a U.S.-based multinational agricultural company, whose primary focus is seed, fertilizer, and pesticide development and who is the largest seed producer in the world. Your 4<sup>th</sup> Quarter 2009 profit was \$857 million. In January, 2010, your company was named company of the year by Forbes Magazine. You have thirteen locations in France, including numerous distributors of your product.

The date is December, 2010. Although your company faced some decrease in share prices, through aggressive lay-offs and terminations, you were able to continue to maintain profits in the \$800 to \$900 million range per quarter. You are a player in the European carbon market and up until this point, have managed to stay within your original carbon allowance. However, your company is considering ramping up production of a fertilizer that will produce greenhouse gas emissions that will exceed the carbon allowances you currently hold. You are faced with the following choice:

1. You can purchase the carbon allowances available on the market and maintain your standard production processes. If you choose this option, profit returns will be realized immediately; or
2. You can make your plants more efficient and reduce the amount of greenhouse gases produced in the fertilizer manufacturing process. Returns on these changes may not be seen by the company for at least three years

### Additional Facts:

1. Both options 1 and 2 are perfectly legal.
2. You will have to justify either decision to the Board and the stockholders.
3. You are fairly certain of the cost estimates, but either option may result in greater cost than originally planned.
4. Your company states in its mission statement that is committed to sustainable farming, human rights, and stewardship of the environment throughout the world.
5. Increased greenhouse gases leading to global climate change are expected to lead to the following changes in the world:
  - A. Global climate change is expected to change the configuration of jet streams and ocean currents, which in turn will alter the distribution of rainfall and will make some regions wetter, others drier. Weather disturbances, such as hurricanes, might become more violent.
  - B. Global climate change will also change how vegetation and farming/food production occurs. "The capability of grain crops and trees to "migrate" from hot to cooler zones is uncertain." Moreover, food producing areas, such as the American Midwest, could become deserts.
  - C. Food crops also may be damaged by insects, fungus, and microorganisms that find new homes in a warmer climate.

D. Due to the melting of ice caps and glaciers, sea level is expected to rise and glaciers expected to cause flooding. As a result, the refugee crisis in the world will increase as people living in low, coastal areas lose homes. France, as a member of the industrialized nations, likely will be expected to take in its share of refugees.

6. Your competitors have opted for option 1.

### **Your Task**

Based on the ethical theory chosen, choose one of the options and defend using the principles of that ethical theory. You will need to present your decision to the class, who will play the role of stockholders/Board of Directors. In your presentation, make sure you set forth the basic principles of the theory; who you are taking into consideration (moral considerability); and what your choice indicates about what you think the company should value. You may rely upon and include outside materials. Be prepared to defend yourself against questions raised by the shareholders/Board.