Are Investors Taking into Account the Financial Risks of Climate Litigation?

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1 Introduction

Climate change is increasingly recognized as one of the most pressing challenges of our time, with profound impacts on society, the economy, and the environment. The rise in frequency and severity of climate-related events has led to a surge in legal actions, known as climate litigation, which seek to hold entities accountable for their contributions to climate change. Figure 1a and 1b illustrate this trend, showing a significant rise in the number of climate litigation cases globally from 2019 to 2024. As of 2024, over 2,600 climate-related lawsuits have been filed worldwide, underscoring litigation's growing role as a tool for enforcing climate accountability. These cases often address issues such as greenwashing and demand monetary damages from companies that contribute to climate change, demonstrating an increased reliance on the judiciary to promote environmental responsibility and mitigate climate impacts.

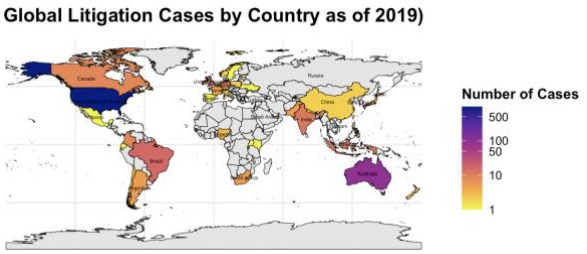


Figure 1a: Heatmap to show the number of litigation cases by country before 2019

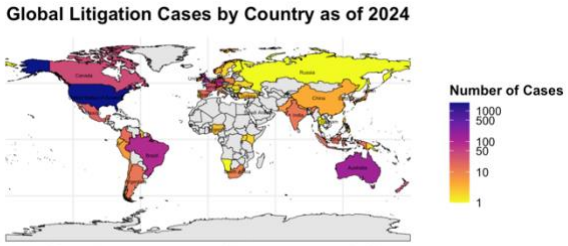


Figure 1b: Heatmap to show the number of litigation cases by country before 2024

The evolution of climate litigation mirrors the historical trajectory of tobacco litigation. In the case of tobacco, conclusive scientific evidence that smoking was harmful to health paved the way for successful lawsuits against tobacco companies. Similarly, the advancement of attribution science, a critical tool that strengthens causal links between climate change and extreme weather events, has made it increasingly feasible to hold corporations accountable for their environmental impacts. For example, studies have demonstrated links between climate change and incidents such as the 2021 Pacific Northwest heatwave and the catastrophic flooding in Germany and Belgium. This growing body of evidence is strengthening legal claims against corporations, enhancing the credibility and success rate of climate litigation by clearly demonstrating their environmental responsibility.

The robust scientific foundation provided by attribution science is progressively enhancing the effectiveness of climate litigation. As a result, the financial implications of climate-related lawsuits are likely to intensify, highlighting the need for investors to consider these risks in

their investment strategies. Just as tobacco companies faced substantial legal and financial repercussions once the health risks of smoking were unequivocally proven, companies contributing to climate change could face similar outcomes The increasing success and prevalence of climate litigation suggest that the financial costs of failing to address climate risk are growing, making it essential for investors to incorporate these risks into their decision-making frameworks.

Given the rising trend in climate litigation, this paper will examine whether investors are adequately accounting for these financial risks. It will evaluate the sufficiency of current investment frameworks in addressing climate-related liabilities and propose enhanced models for more comprehensive risk assessment. The increasing number of climate-related lawsuits serves as a clear signal: the judicial system is becoming a crucial player in promoting climate accountability, and companies, as well as investors, must adapt to this evolving landscape.

2 Literature Review

Climate litigation has become a critical issue affecting the financial stability of corporations and investors. As the number of climate-related lawsuits rises, the associated financial implications have become increasingly evident. The existing literature identifies several key financial risks related to climate litigation, including direct legal costs, reputational damage, regulatory risks, market valuation impacts, and transition risks.

2.1 Types of Risk Associated with Climate Litigation

2.1.1 Direct Legal Costs

One of the most immediate financial risks posed by climate litigation is the cost of legal proceedings. These expenses include legal representation, court fees, and potential settlements or penalties. Companies heavily dependent on fossil fuels, in particular, face significant costs when defending against climate-related lawsuits, which can severely strain their resources, especially in prolonged or complex cases (Grantham Research Institute, 2023).

2.1.2 Reputational Damage

Climate litigation can also lead to severe reputational damage, affecting a company's relationships with customers, investors, and regulators. Negative publicity from involvement in climate lawsuits can erode consumer trust and reduce brand value, leading to long-term financial repercussions (Epstein, 2021). As consumers and business partners increasingly favour environmentally responsible companies, those embroiled in climate litigation may lose competitive advantage and market share.

2.1.3 Regulatory Risks

Climate litigation often acts as a catalyst for regulatory changes, pushing companies to adopt stricter environmental standards. Compliance with these new regulations can require significant investments in technology and processes to minimize environmental impacts (Financial Times, 2023). Moreover, companies directly implicated in climate litigation may face increased regulatory scrutiny and new compliance requirements, further driving up operational costs (Grantham Research Institute, 2023).

2.1.4 Market Valuation Impacts

The market valuation of companies can be adversely affected by climate litigation. Research indicates that announcements of climate-related lawsuits often lead to negative stock price reactions, particularly in carbon-intensive industries such as oil and gas. The uncertainty surrounding legal outcomes and the potential for substantial financial liabilities increase perceived risk among investors, which can raise the cost of capital and limit access to financing (Grantham Research Institute, 2023).

2.1.5 Transition Risks

As the global economy transitions towards sustainable energy sources, companies reliant on fossil fuels face growing transition risks, which are further exacerbated by climate litigation. These risks include the potential for stranded assets and the necessity to divest from carbon-intensive operations. Climate litigation can accelerate this shift, compelling companies to reassess their business models and investment strategies. The costs associated with transitioning to low-carbon operations are often substantial, affecting profitability and financial stability (BBC News, 2023).

2.2 The Role of Attribution Science in Amplifying Financial Risks

Attribution science, which links specific extreme weather events to human-induced climate change, plays a crucial role in amplifying the financial risks associated with climate litigation. By providing robust scientific evidence that establishes a direct causal relationship between corporate emissions and climate impacts, attribution science strengthens legal claims against companies, thereby increasing the credibility of lawsuits and potential legal liabilities (Marjanac et al., 2017; Carbon Brief, 2023).

Despite the increased risks brought about by advancements in attribution science, many investors have yet to fully incorporate these implications into their financial analyses. The rapid evolution of this scientific field, coupled with the complexities of translating scientific data into financial risk assessments, contributes to this oversight (Oxford University, 2024). As a result, there is a risk that investors may be underestimating the financial consequences of climate litigation, underscoring the need for comprehensive risk management strategies that integrate findings from attribution science into investment decision-making.

2.3 Current Gaps in Investment Analysis

Despite the significant financial risks posed by climate litigation, current investment models often fail to account for these risks adequately, leading to potential asset mispricing and insufficient risk management.

An example of integrating environmental, social, and governance (ESG) criteria into financial analysis can be seen in SustainEx assessments, which influence Schroders' investment strategies. Approximately 85% of Schroders' funds have SustainEx scores exceeding their benchmarks, guiding both risk monitoring and client reporting. These assessments are evolving to adapt to increasing climate risks, emphasizing the need for flexibility in response to shifting regulatory pressures (Grantham Research Institute, 2023).

However, many asset managers still lack robust frameworks for assessing climate litigation risks. While some firms have begun integrating ESG criteria, the depth and rigor of these assessments vary widely. Interviews conducted by the University of Oxford reveal that only a minority of asset managers systematically incorporate climate litigation risks into their investment models (Oxford University, 2024). Asset managers cite pressures to deliver short-term returns and the absence of standardized data on climate litigation exposures as major obstacles. Additionally, the lack of historical data on litigation outcomes makes it challenging for investors to accurately model and predict financial impacts, as noted by Norton Rose Fulbright (2023).

3 Methodology

This study employs a combination of quantitative and qualitative analyses to assess the financial risks posed by climate litigation, particularly in the context of attribution science. The methodology is designed to capture the measurable impact of litigation events on stock prices and explore the broader implications for financial risk assessment.

3.1 Quantitative Analysis

The quantitative analysis focuses on evaluating the effects of climate litigation on stock prices using an event study methodology. This approach examines how stock prices respond around the announcement dates of climate-related lawsuits to quantify the financial impact.

Step 1: Calculate Cumulative Abnormal Return (CAR). The first step involves calculating the Cumulative Abnormal Return (CAR), which measures the difference between actual stock returns and expected returns over a defined event window. For this analysis, the event window is set to cover 10 days before and after the lawsuit filing date, providing insight into short-term market reactions.

Expected Returns Calculation: To estimate expected returns for each day, the market model will be used. This model predicts expected returns based on market movements, helping isolate the effect of the litigation event.

$$E(R_{it}) = \alpha + \beta R_{mt} + \epsilon_{it} \quad (1.1)$$

Assumption: Assume alpha (α) equals zero. This simplification is reasonable because. Alpha tends to be small and averages out over extended periods, making its impact minimal, especially in short event windows like the one you are using (-10 to +10 days). Assuming alpha is zero allows you to focus primarily on beta (β), which captures the stock's sensitivity to market movements.

Abnormal Return (AR): Abnormal Return is calculated as the difference between the actual stock return and the expected return on a specific day (t).

$$AR_{it} = R_{it} - E(R_{it}) \quad (1.2)$$

Cumulative Abnormal Return (CAR): CAR is derived by aggregating the abnormal returns over the event window, representing the total effect of the litigation event on stock prices.

$$(1.3) \quad CAR = \sum_{t=t_1}^{t_2} \epsilon_{jt}$$

Step 2: Conduct Hypothesis Testing: A one-sample t-test will be conducted on the CAR values to determine if the mean CAR differs significantly from zero. This statistical test will assess whether the litigation events have a measurable effect on stock prices, indicating market perceptions of financial risk related to climate lawsuits.

Hypotheses:
Null Hypothesis (H_0): Mean CAR = 0 (no significant effect on stock prices).
Alternative Hypothesis (H_1): Mean CAR ≠ 0 (significant effect on stock prices).

Significance Level: $\alpha = 0.05$ (5%)

Step 3: Visualization: To facilitate interpretation, a scatter plot will be generated using R to visualize the CAR for each litigation event. This plot will include a horizontal line representing the average CAR across all events, making it easier to identify general trends and outliers. This visualization will help illustrate the extent to which climate litigation impacts stock market performance, providing a clearer picture of market sensitivity to these events.

By employing this structured quantitative approach, the study aims to provide robust evidence on how climate litigation affects the financial stability of companies, highlighting the importance of integrating these risks into investment analyses.

3.2 Qualitative Analysis

The qualitative analysis aims to deepen the understanding of how asset managers perceive and manage risks associated with climate litigation. This approach will complement the quantitative analysis by providing insights into the broader implications of climate litigation on financial risk management.

A. Interviews: Semi-structured interviews will be conducted with asset managers to gather qualitative data on their perspectives regarding the financial implications of climate litigation and their risk management practices. These interviews will explore how asset managers assess and respond to climate-related legal risks, the challenges they face in integrating these risks into investment strategies, and the factors that influence their decision-making processes.

B. Case Studies: Detailed case studies of prominent climate litigation cases will be analyzed to understand the role of attribution science, the financial risks involved, and market reactions. The case study analysis will involve a comprehensive examination of court documents, scientific studies, financial data, and media coverage to provide a thorough understanding of each case's context and impacts. A specific case that will be examined is *Saúl Luciano Lliuya vs. RWE,* which serves as an illustrative example of the complexities involved in climate litigation.
Analysing the role of attribution science in establishing a causal link between corporate emissions and climate change impacts.

Role of Attribution Science: Analyzing how attribution science was utilized to establish a causal link between corporate emissions and climate change impacts. This will help illustrate

the significance of scientific evidence in supporting legal claims and its implications for corporate accountability.
Financial Risks Assessment: Evaluating the financial risks faced by the defendant corporation as a result of the litigation, including potential legal costs, reputational damage, and implications for market valuation.
Market Reactions: Assessing how the market reacted to key events in the case, such as the filing of the lawsuit, court rulings, and settlements, to gauge investor sentiment and perceptions of risk.
Broader Implications: Examining the broader implications of the case for corporate accountability, trends in climate litigation, and shifts in investor behavior. This analysis will provide insights into how landmark cases influence industry practices and regulatory developments

This mixed-methods approach aims to provide a holistic understanding of the financial risks associated with climate litigation by combining the strengths of quantitative analysis (measuring the impact on stock prices) and qualitative analysis (exploring expert perspectives and in-depth case studies).

4 Findings

Figure 3 demonstrates how stock prices of companies subject to climate litigation change over a 10-day window surrounding the announcement of the lawsuit. This visualization is crucial for identifying trends and patterns in market responses to climate litigation events.

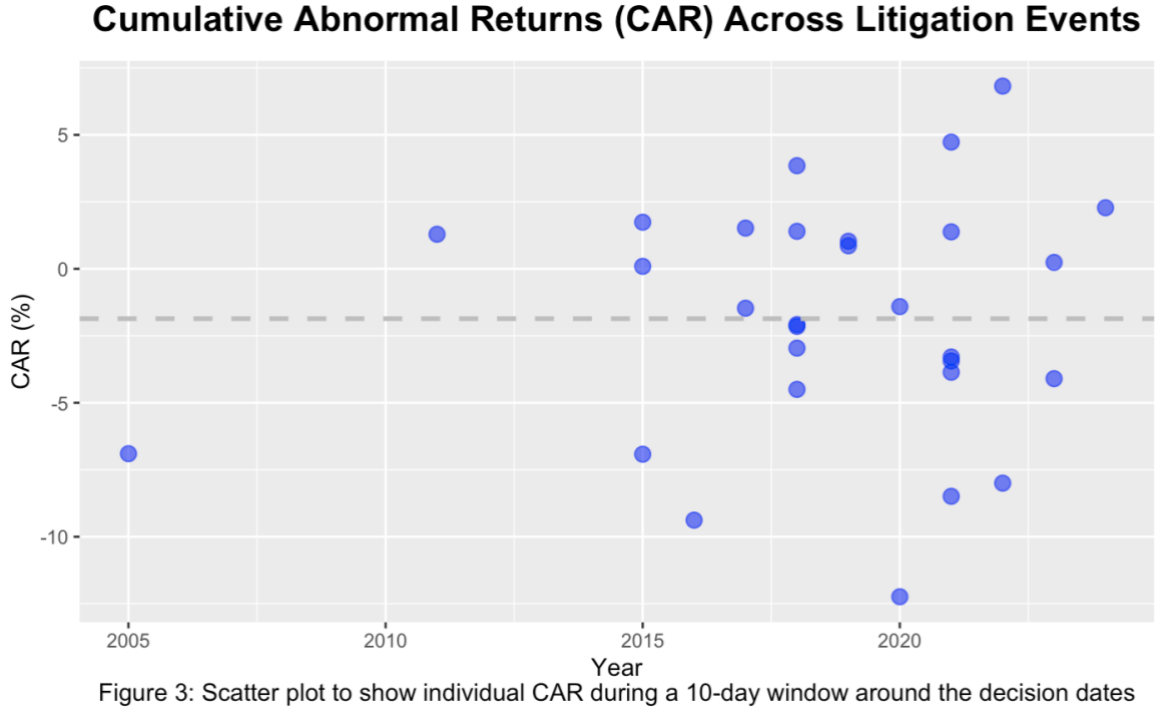


Figure 3: Scatter plot to show individual CAR during a 10-day window around the decision dates

The analysis of Cumulative Abnormal Return (CAR) around climate litigation event dates reveals a notable trend. On average, companies involved in climate litigation experience a **stock price decline of 1.86%** during the 10-day window surrounding the litigation announcement. This finding is statistically significant, with a **p-value of 0.03421** from a one-sample t-test, leading to the rejection of the null hypothesis of no impact on stock prices. Therefore, it can be concluded that the observed stock price decline is a direct consequence of

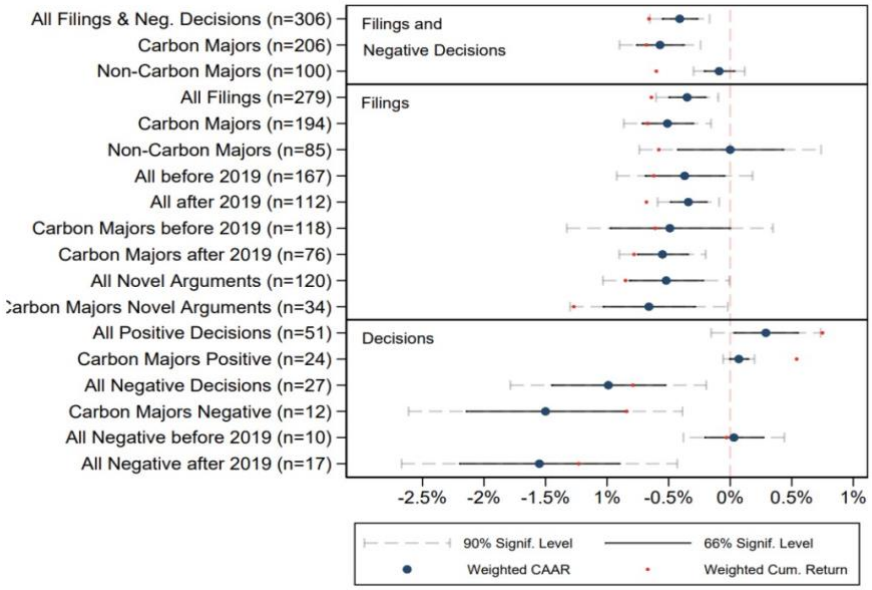
the litigation event, rather than a random market fluctuation. The **95% confidence interval** for the average CAR ranges from -3.57% to -0.15%, further supporting the observation that the impact of litigation announcements on stock prices is consistently negative.

The prevalence of negative CAR values, particularly the decline in stock prices observed in the 10-day window **before the announcement**, strongly suggests that the risks associated with climate litigation were not fully priced into the companies' stock values before the announcements. This indicates that investors likely did not anticipate these lawsuits or adequately account for their potential financial impacts. Once the news of the litigation became public, it likely triggered a reassessment of the companies' risk profiles, leading to a sell-off of shares and driving down stock prices.

This observed market behaviour aligns with existing literature, which asserts that many investors are not fully integrating climate litigation risks into their financial analyses. The negative CAR values serve as a clear indication that financial risks associated with climate litigation and related regulatory pressures were not adequately incorporated into pre-existing investment models. Consequently, the observed drop in stock prices following the announcements can be attributed to the market adjusting to the new information regarding litigation risks.

Beyond immediate market reactions, companies involved in climate lawsuits often face prolonged financial strain. This strain is evident in long-term stock performance and increased costs of capital, driven by heightened perceived risk among investors. For example, the **Grantham Research Institute** found that firms facing climate litigation had a **5-10% higher cost of capital** over a five-year period compared to their peers, further underscoring the long-term financial impact of such legal actions.

Figure 3 provides a deeper understanding of the market's response to climate litigation by comparing CAR for companies classified as "carbon majors" and "non-carbon majors." The figure distinguishes between the announcement of the litigation filing and the subsequent decision, further separating outcomes into positive and negative for the companies involved.



Negative Impact of Filings and Negative Decisions:
The figure clearly shows that both the filing of a climate lawsuit and the announcement of a negative decision have a noticeable adverse effect on stock prices. This supports the broader findings discussed earlier, indicating that investors perceive climate litigation as a significant financial risk.

Greater Impact on Carbon Majors:
The downward trend for carbon majors is steeper compared to non-carbon majors, particularly following filings and negative decisions. This suggests that companies heavily reliant on fossil fuels are more vulnerable to the financial repercussions of climate litigation. The heightened sensitivity among carbon majors can be attributed to their larger perceived contribution to climate change, leading to greater potential for legal liabilities, regulatory actions, and reputational damage.

Positive Decisions Offer Limited Relief:
In cases where the litigation outcome is favourable for the company, there is a slight upward trend in CAR, indicating that positive legal outcomes can alleviate some investor concerns and potentially lead to a partial recovery in stock prices. However, even in these cases, the overall impact on stock prices is less pronounced than the negative effects of filings and unfavourable decisions, suggesting that positive legal outcomes do not entirely mitigate the perceived risks.

Persistence of Negative Sentiment:
Even after favourable legal decisions, the CAR for both carbon and non-carbon majors does not fully return to pre-filing levels. This indicates that a favourable outcome does not entirely erase the perceived risk associated with climate litigation. The market may still be factoring in the possibility of future lawsuits, ongoing regulatory pressures, and the long-term reputational impacts of being involved in climate-related litigation.

The insights from Figure 3 align with the quantitative findings from the event study, which showed a statistically significant average decline in stock prices following litigation announcements. The steeper decline observed for carbon majors further supports the notion that investors differentiate between companies based on their perceived contribution to climate change and their vulnerability to climate-related risks.

The persistence of negative CAR values, even after positive decisions, highlights the long-term impact of climate litigation on corporate valuations. This finding reinforces the conclusion that investors are increasingly factoring in these risks, suggesting a shift in market behaviour that underscores the importance of integrating climate litigation risks into financial analyses and investment strategies.

4.1 Case Studies

To complement the quantitative and qualitative analyses, this research includes case studies of landmark climate litigation to illustrate how attribution science strengthens legal claims and to highlight the financial implications for companies and investors. These cases provide real-world examples of the evolving legal landscape surrounding climate accountability.

4.1.1 Saul Luciano Lliuya vs. RWE

One of the most notable cases in climate litigation involves **Saúl Luciano Lliuya**, a Peruvian farmer, who filed a lawsuit against **RWE**, a German energy giant. Lliuya argued that RWE's emissions contributed to climate change, thereby increasing the risk of glacial melt and potential flooding in his hometown, Huaraz. He sought financial compensation from RWE for the expenses associated with addressing these risks.

Role of Attribution Science:
Attribution science played a crucial role in this case by providing scientific evidence that established a direct link between RWE's emissions and the increased risk of flooding in Huaraz. This evidence served as a concrete basis for demonstrating causality, which is essential for the success of climate litigation cases. By strengthening the causal relationship, attribution science enabled the legal argument to move beyond general claims about climate change to specific, quantifiable impacts of emissions from a particular company.

The *Lliuya v. RWE* case underscores the potential of climate litigation to hold corporations accountable for their contributions to climate change. It has brought significant attention to the need for investors to assess the potential risks and financial implications of climate litigation. As attribution science progresses, investors in companies similar to RWE face increased risks, as this development may lead to more lawsuits and financial liabilities. While the initial court dismissed Lliuya's claims, the appeals court recognized the complaint as admissible, allowing the case to proceed to the evidentiary phase.

This decision highlighted the potential for attribution science to influence legal outcomes and investor strategies. By setting a precedent for cross-border accountability, the case suggests that companies, regardless of their location, could be held responsible for climate-related damages affecting regions far from their operations. This possibility has significant implications for global corporations, especially those in carbon-intensive industries, as it may expose them to increased litigation risks and financial liabilities. Investors are therefore urged to incorporate these risks into their decision-making frameworks

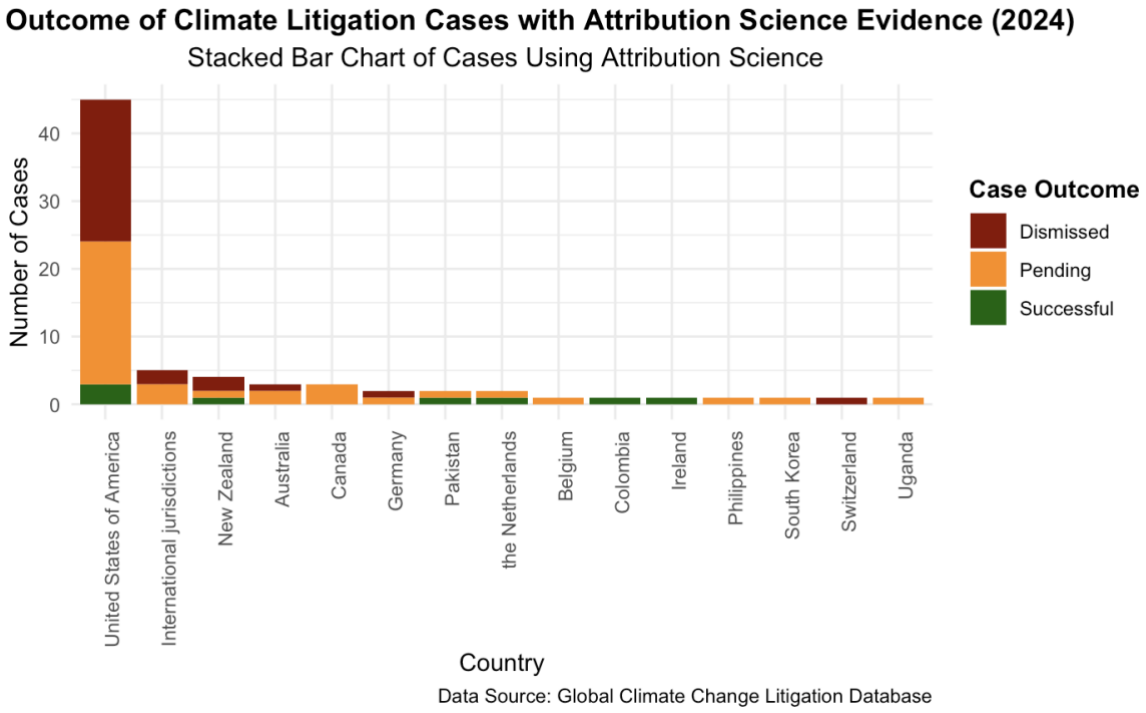
Comparison with Non-Attribution Cases

he *Lliuya v. RWE* case illustrates how attribution science can bolster the success of climate litigation. In contrast, earlier lawsuits against companies, such as oil majors, often struggled due to the absence of specific scientific evidence linking the defendants' emissions to particular climate impacts. Without the backing of attribution science, these cases failed to establish a direct causal link between emissions and climate events, which reduced their chances of success in court.

For instance, previous attempts to hold oil companies accountable for their general contributions to climate change were less effective because they could not pinpoint specific damages caused by the emissions of these firms. Courts were less likely to rule in favor of plaintiffs without clear, quantifiable evidence tying the companies' actions to particular weather events or climate outcomes. This comparison highlights the critical role of attribution science in strengthening climate litigation cases, enabling plaintiffs to demonstrate causality and improving the likelihood of legal victories (Columbia News, 2024).

The *Lliuya v. RWE* case has set a crucial precedent by showing that scientific advancements can change the dynamics of climate litigation. As the legal landscape continues to evolve, companies and investors must remain vigilant in understanding and managing the risks associated with attribution science and climate accountability. This case serves as a reminder

that the progression of scientific tools to trace and quantify climate impacts can directly affect corporate risk profiles and investor strategies.



5 Discussion

Attribution science, which provides robust scientific evidence linking specific extreme weather events to human-induced climate change, has emerged as a pivotal element in climate litigation. This advancement has significantly strengthened legal claims against corporations, thereby amplifying financial and operational risks, including increased legal liabilities, reputational damage, and regulatory scrutiny (Marjanac et al., 2017; Carbon Brief, 2023). Despite these evident risks, many investors have yet to fully integrate them into their financial strategies, a shortcoming that can be attributed to several critical factors.

The rapid evolution of attribution science, along with its growing integration into legal frameworks, often outpaces investors' ability to incorporate these developments into their risk assessments. This disconnect leaves investors vulnerable to heightened legal liabilities and potential settlements, particularly for companies in carbon-intensive industries (Grantham Research Institute, 2023). The complexity of the scientific evidence, coupled with its legal implications, further complicates the quantification of financial risks associated with climate litigation, presenting significant challenges to traditional risk management approaches (Epstein, 2021).

Additionally, investors frequently underestimate reputational risks. Involvement in climate lawsuits can generate negative publicity, eroding consumer trust and diminishing brand value. This underappreciation of reputational damage can result in incomplete assessments of a company's competitive position and future market share (Epstein, 2021). As climate litigation

becomes more prevalent, the potential for long-term financial repercussions due to reputational harm increases. However, this remains a blind spot for many investors, who may not fully grasp the enduring impact that association with climate litigation can have on a company's brand.

Regulatory risks also pose formidable challenges. The detailed scientific data from attribution studies can drive the enactment of stricter environmental regulations and prompt policy changes, necessitating significant investments in compliance measures. However, the unpredictable nature of regulatory environments makes it difficult for investors to anticipate the financial impact of such changes (Financial Times, 2023). This unpredictability can exacerbate the financial strain on companies already dealing with climate litigation, complicating investors' ability to accurately gauge the associated risks.

Market valuation impacts are another area where investors may lack full awareness. The integration of attribution science into legal proceedings can lead to declining stock prices and increased costs of capital. Nevertheless, investors might not fully account for these risks in their valuations, leading to potential mispricing of assets (Grantham Research Institute, 2023). Furthermore, the transition risks associated with the global shift towards sustainable energy sources are often overlooked. Investors may fail to recognize the strategic adjustments and costs necessary for companies to adapt to new market realities, leaving them unprepared for sudden shifts in asset values (BBC News, 2023; Oxford University, 2024).

The need for investors to integrate the implications of attribution science into their financial analyses is increasingly critical. Doing so can enable more accurate management of the complex risks associated with climate litigation and support the development of comprehensive investment strategies. By better understanding and incorporating these risks, investors can enhance their ability to anticipate and mitigate the financial impacts of climate litigation, contributing to more resilient financial markets.

The potential future implications of attribution science are profound. As the field continues to develop, with more precise data and improved modelling techniques, it is likely to strengthen climate litigation cases even further. Scientists will be able to quantify the impact of human activities on a broader range of extreme weather events, which will likely lead to an increase in successful climate litigation cases. Plaintiffs will have more robust evidence to support their claims, providing a stronger foundation for holding companies accountable for their contributions to climate change. This expanding body of attribution research will further amplify the financial risks for companies that fail to mitigate their environmental impact.

Given these insights, there is a pressing need for investors to adopt more robust risk assessment practices. Enhanced disclosure requirements, comprehensive risk assessment models, and long-term investment strategies that consider systemic risks are essential. Investors should also engage actively with companies on climate litigation risks and advocate for greater transparency and proactive risk management. By adopting these strategies, investors can better navigate the evolving landscape of climate litigation and contribute to more sustainable and resilient financial markets.

6 Conclusion

Climate litigation represents a significant and escalating financial risk for both companies and investors. The increasing number of climate-related lawsuits underscores the growing societal

and regulatory demand for corporate accountability regarding environmental impacts. These legal actions impose substantial financial burdens, including legal fees, fines, and reputational damage, all of which can adversely affect stock prices and long-term financial performance. However, current investment frameworks often fall short of adequately considering these risks, leading to potential asset mispricing and insufficient risk management strategies.

Despite the growing recognition of climate litigation as a financial risk, many investors are still not fully integrating these challenges into their strategies. Research from institutions such as the Grantham Research Institute and UNEP, along with insights from interviews with key asset managers, including those at Schroders, highlight a critical need for more comprehensive models that accurately reflect the costs and long-term impacts of climate litigation. Tools like SustainEx and methodologies from World Weather Attribution (WWA) provide valuable data and frameworks that can enhance the precision of financial risk assessments, yet their adoption is not widespread enough among investors.

To address these gaps effectively, there must be a greater integration of scientific data into financial analyses and a shift towards more comprehensive and forward-looking risk assessment models. This involves leveraging scientifically-backed data, adopting long-term investment horizons, and engaging proactively with stakeholders on environmental practices and litigation risks. By implementing these recommendations, investors and corporations can better manage the financial risks associated with climate litigation, fostering more sustainable and resilient financial markets.

Moving forward, research should focus on exploring sector-specific impacts of climate litigation to identify which industries are most vulnerable to these legal risks. Additionally, understanding the role of regulatory changes in shaping litigation risks will be crucial for investors to anticipate future trends. The development of more granular risk assessment tools that incorporate the nuances of different sectors and regions can also improve the accuracy of financial risk evaluations.

Investigating the long-term financial performance of companies post-litigation and assessing the effectiveness of various risk mitigation strategies would provide valuable insights for both investors and policymakers. Such studies can help in understanding how companies recover or continue to struggle financially after being involved in climate lawsuits, and what measures are most effective in mitigating associated risks.

Collaboration with organizations like the Centre for Greening Finance & Investment (CGFI) and World Weather Attribution (WWA) will further enhance the integration of scientific data into financial models. This partnership can lead to improved accuracy and reliability of climate risk assessments, helping investors develop more robust strategies to navigate the evolving landscape of climate litigation. Enhanced cooperation between financial experts, scientists, and policymakers will be key to ensuring that future investment frameworks can account for the complex and evolving risks associated with climate change, ultimately supporting a more environmentally responsible investment approach.

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