# Actions after Experiences: CEO Climate Change Experience and Corporate Carbon Reduction

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**Abstract**

Using hand-collected CEO birthplace data of U.S. listed firms, we show CEOs recently witnessing stronger abnormal climate change reduce more corporate carbon emission. We construct a novel measure with a benchmark for CEO climate experiences. The effect is not driven by CEO disaster experiences or firm's exposure to climate change. With county-level data, we also verify our channel by showing people in areas more exposed to climate change have stronger awareness towards climate change and are more likely to support carbon regulation. We find that CEO abnormal experience in climate change is a substitute for other factors that can promote carbon reduction, and the effect is unlikely an agency problem or greenwashing.

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We thank Yizhe Dong, Jens Hagendorff, Wenxuan Hou, Nora Pankratz, Ruoran Zhao and seminar participants at the University of Edinburgh for their invaluable comments and suggestions.

## 1. Introduction and literature

Climate change has induced many problems in the world, and people are trying to mitigate the trend by reducing carbon emission.

Does experiencing stronger climate change raise CEOs' awareness of climate change? This paper examines whether such experiences can motivate CEOs to cut greenhouse gas (GHG) emissions and improve their ESG performance. If stronger relevant experience can increase one's awareness on climate change, and stronger awareness can motivate CEOs to make greener decisions, this should be evident in corporate outcomes of firms managed by CEOs having stronger experience compared with firms managed by CEOs having less experience.

Using hand-collected data on 434 U.S. CEOs who managed 328 listed firms during the period 2003 to 2022, we find that CEOs cut carbon emissions in their firms when they witness an increase of abnormal climate change in their hometowns compared with their childhood memories. The effect is also robust to different measures of carbon emission and different measures of temperature variation[1]. We rule out several alternative explanations including the effect of disasters induced by climate change, the impact of firm headquarter climate change and CEO hometown bias. Moreover, we further explore the motivation of carbon reduction following CEOs' climate change experience. Our analysis shows that the effect is more likely to be a substitute for other factors that facilitate carbon reduction and is not likely to be driven by economic considerations. More importantly, such carbon reduction is not at the cost of firm financial performance.

A key challenge in constructing a causal inference from CEO experience to corporate outcomes is endogenous CEO-firm matching (see Fee, Hadlock and Pierce, 2013 and Custódio and Metzger, 2014). In specific, if a CEO has stronger awareness induced by experience in climate change, then the CEO might prefer to work in a firm with lower carbon emission; besides, if a firm has decided to improve its ESG performance and reduce carbon emission, it might look for a CEO with stronger awareness and

[1] There remains a debate as to how to measure corporate carbon emissions in empirical studies (see Aswani, Jitendra, Aneesh Raghunandan, and Shivaram Rajgopal, 2024, Are carbon emissions associated with stock returns?, *Review of Finance*, 28(1), pp.75-106). We use carbon intensity as our main carbon emission measure. It is defined as the total carbon emission scaled by firm total revenue. Our main results are robust when we use raw carbon emission.

more knowledge in climate change to implement its new strategy. In both cases, we are not able to conclude causality from CEO experience to corporate carbon emission.

To address this problem, we develop a novel measure of CEO's climate change experiences. This measure is constructed based on both a CEO's past experience and current experience during a CEO's tenure, which is not foreseeable for the firm when the CEO's appointment is made. Inspired by the abnormal temperature measure in Addoum, Ng and Ortiz-Bobea (2020), we measure a CEO's climate change experience by the difference between a CEO's early-life extreme days and recent extreme days in the CEO's hometown. Specifically, we obtain daily gridded historical temperature data from the fifth generation of the European Centre for Medium-Range Weather Forecasts (ECMWF) atmospheric reanalysis of the global climate (ERA5). Then we count the number of extreme days defined by Addoum, Ng and Ortiz-Bobea (2020) during a CEO's formative years and her recent years of CEO tenure, and we obtain the difference of extreme days between the two periods. Our results are robust to several different measures based on temperature variation.

This measure has three unique advantages. First, it is relatively exogenous. Even if a firm considers a CEO's early life experience or birthplace in recruitment, future abnormal climate in a CEO's hometown is not predictable, so our measure captures the exogenous variation of a CEO's climate change experience. Second, by focusing on CEO's hometown climate, the measure is net of reactions from stakeholders (e.g., other employees, shareholders, regulators). Therefore, we isolate the pure effect of CEO climate change experience on corporate carbon emission. Third, our measure has higher comparability because it is constructed based on a benchmark. Although on average, stronger experience in climate change will lead to stronger belief in climate change (Choi, Gao and Jiang, 2020; Sloggy et al., 2021), only focusing on recent period will lead to bias. For example, if a CEO exposed to extreme temperature recently has no following reduction in carbon emission, it is possibly because she comes from an area with strong climate change, and by comparison, she actually has a lower perception on climate change. Similarly, only focusing on past experience can also lead to bias, as CEOs' previous experiences are observable and this can lead to CEO-firm endogenous matching. By taking past experience as a benchmark, our measure captures experiences of CEOs and keep the exogenous variation of these experiences.

One concern is that our results might be driven by a macro trend in climate change that affects all regions. If this is true, then what observed in CEO hometown might also happens in firm HQ. In our robustness checks, we include firm headquarter (HQ) climate change and run a horse race between firm HQ climate change and CEO hometown climate change. We find that CEO hometown climate change has a larger effect than firm HQ climate change and including firm HQ climate change does not eliminate the significance of CEO hometown climate change effect. Moreover, as some CEOs may prefer to work in hometown, which confounds our measure by reactions from stakeholders, we replicate our analysis after excluding CEOs working in their home counties and still have similar findings.

Another concern is that long-term climate change is usually accompanied by growing natural disasters including floods, droughts, storms (such as cyclones and hurricanes) and wildfires (Stott, Stone and Allen, 2004; Van Aalst, 2006; Kunreuther and Michel-Kerjan, 2007; Smith and Katz, 2013; Williams et al., 2019; Tschumi and Zscheischler, 2020). Because CEOs' early-life disaster experiences also affect their managerial styles (Bernile, Bhagwat and Rau, 2017), to mitigate this concern, we control for CEO early-life disaster experience from National Oceanic and Atmospheric Administration (NOAA) storm database and find our results still hold[2]. The results are also similar when CEOs with any fatal disaster experiences are excluded.

A key and implicit argument in our study is that CEOs are aware of hometown long-term temperature variation, and stronger perception can motivate them to cut corporate carbon emission. This argument is supported by many studies (e.g., O'Connor, Bard and Fisher, 1999; Krosnick et al., 2006; Leiserowitz, 2006; Brody et al., 2008; Howe et al., 2013). Besides, even if this argument is valid, it remains a question that whether our climate change measure is really perceived by people. To validate our climate change measure, we obtain the county-level survey data from Yale Climate Change Opinion Map and match our climate change measure to each county. We find that witnessing stronger climate change will make local people more concerned with climate change, and these people are more likely to believe carbon emission should be restricted.

[2] The NOAA storm database (https://www.ncdc.noaa.gov/stormevents/) not only includes records on storms but also on all minds of disasters such as floods, droughts, tornados and hail etc.

Our study contributes to several strands of literature. First, it enriches our understanding in corporate outcomes of climate change. In terms of direct exposure to extreme weathers or disasters, Garel and Petit-Romec (2022) observe that after abnormally hot temperature around headquarters, firms tend to cut corporate carbon emissions. Huang et al., (2022) find that after disasters nearby, firms improve their ESG disclosure transparency, and firms with local institutional shareholders get more improvement. In these cases, firms are directly exposed to climate change, while we reveal an alternative indirect channel through which climate change experiences can raise CEOs' awareness on climate change and motivate them to cut carbon emissions.

Second and more importantly, we also reveal climate change experience as an increasingly important determinant of firm GHG emission and ESG performance. Gender (Homroy, 2022), institutional investors (Azar et al., 2021), environmental committees and board independence (Haque, 2017) are found to have impacts on firm ESG performance or GHG emissions. As many areas are increasingly exposed climate change, personal experience will also play an increasingly significant role in future corporate GHG emission.

Third, we contribute to CEO studies by revealing a dynamic interactive CEO effect of their past and recent experiences. Previous studies have scrutinized the impacts of many CEO characteristics and life experiences on corporate outcomes. Many papers focus on CEOs' early-life experiences such as military experiences (Benmelech and Frydman, 2015), extreme natural disasters in formative years (Bernile, Bhagwat and Rau, 2017), life distress (Dittmar and Duchin, 2016) and famines (Feng and Johansson, 2018). Some studies also look into CEOs' later experiences such as recent extreme temperature exposure (Garel and Petit-Romec, 2022), working experiences (Custódio and Metzger, 2014 ) and innovative activities (Islam and Zein, 2020). Nguyen, Hagendorff and Eshraghi (2018) look further and investigate CEOs' cultural heritage transmitted from ancestors to following generations. We enrich this strand of literature by exploring CEO experiences in multiple periods and highlight the interactive effect of these multiple periods. Our findings suggest that the interactive effect induced by the within-CEO longitudinal variation matters, and focusing on a single period of experience can be insufficient in some cases due to the heterogeneity of benchmarks for comparison.

Fourth, we also contribute to CEO studies by emphasizing their time-variant characteristics. Most previous studies focus on time-invariant characteristics, which are observable when the managers were recruited. In this way, the CEO-firm endogenous matching issue inevitably threatens the reliability of causal relationship (Custódio and Metzger, 2014). By contrast, our measure on CEOs' climate change experiences is dynamic during their tenure. As climate disasters in CEOs' hometowns are not reliably predictable, the change in CEO experiences is exogenous to firm characteristics. In this sense, we largely mitigate the CEO-firm endogeneity problem and also extend the literature of time-invariant CEO characteristics to a dynamic and time-variant view.

Fifth, our study provides a clean measure of personal climate change experiences. It is not based on limited enormous disasters but long-term temperature variation. Therefore, the variation of this measure is net of other confounded factors and depends on future climate. In previous studies Garel and Petit-Romec (2022) measure whether being exposed to abnormally hot temperatures in recent three years, Addoum, Ng and Ortiz-Bobea (2020) measure average temperature in each region over years, Giglio, et al. (2021) measure climate risk with flooding and sea level rise and Correa et al. (2020) measure the exposure to several types of natural climate disasters. We distinguish from these papers by observing a long-term trend in climate change net of most confounded factors.

Finally, this paper also relates to studies of CEO hometown bias and preference. Managers may have advantages (e.g., better information) or have private benefits in hometowns (Jiang, Qian and Yonker, 2019), so CEOs may make biased decisions in hometown business. For example, managers tend to lend more in hometowns (Lim and Nguyen, 2021); mutual fund managers tend to invest more in firms located in the states where they were raised (Pool, Stoffman and Yonker, 2012); during industry downturn, managers are more reluctant to fire workers near their hometowns (Yonker, 2017); firms are also rated better by credit analysts born in the state of firm headquarters (Cornaggia, Cornaggia and Israelsen, 2020). Our results, however, show another channel. CEOs are also affected by what is happening in their hometowns as they observe and reflect through their hometown complex (Fischer et al., 1977; Low and Altman, 1992; Mesch and Manor, 1998; Hidalgo and Hernandez, 2001; Hernández et al., 2007). In this way, we also provide additional evidence showing that CEOs' characteristics associated with their hometowns persistently play a dynamic role in their managerial styles.

## 2. Hypothesis development

### 2.1 Public awareness on climate change

Many people are increasingly aware of climate change in recent years [3]. Studies have shown how long-term climate change can modify people's perceptions on global warming (Krosnick et al., 2006; Brody et al., 2008). In a study across 89 countries, Howe et al., (2013) find people perceive the recent temperature anomaly compared with the early period 1961 to 1990, and stronger anomaly predicts stronger perceptions. Similarly, higher outdoor temperature can raise local people's belief in global warming, and stronger belief raises people's willingness to pay to mitigate it (Joireman, Truelove and Duell, 2010). Besides, substantial proportions of people detect personally observable changes in climate, including seasons (36%), weather (25%), lake levels (24%), animals and plants (20%), and snowfall (19%) and these changes can be borne out in the climate record of NOAA climatic data and can predict people's perceptions of local climate change risk (Akerlof et al., 2013). They also argue that direct experience, vicarious experience and social construction all can contribute to people's perceptions on climate change.

### 2.2 Hometown complex

While people can move across locations, they generally have some attachments towards their hometown even if they no longer live there. People have "an affective bond" with specific areas where they like to stay and where they feel comfortable (Fischer et al., 1977; Low and Altman, 1992; Hidalgo and Hernandez, 2001). Meanwhile, by interacting with certain places, people can feel a sense of belonging to a specific place (Hernández et al., 2007). Such bonds are stronger for areas where friends and family members live (Mesch and Manor, 1998) and for those native to the place (Hernández et al., 2007).

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[3] News media have noticed that many people are sensitive to significant climate change. For example, many people suffered from the record-breaking temperature in recent summers in London (Climate change: Summer 2022 smashed dozens of UK records - BBC News); people also notice that recent winters are warmer than before (Unusual winter warmth will cap the warmest year on record for parts of Europe - The Washington Post); people also miss Christmas and winters full of snow (How many White Christmases has your city had? See holiday snow history. - Washington Post) while the lack of snow prevents people from classic winters sports (D.C., Philly and New York have seen no snow this winter. What's going on? - The Washington Post).

People have more access to the information in their hometowns because of family members or old friends living there (Lim and Nguyen, 2021). Birthplaces of current political leaders are better developed (Hodler and Raschky, 2014); mutual fund managers tend to invest more in firms located in the states where they were raised (Pool, Stoffman and Yonker, 2012); during industry downturn, managers are more reluctant to fire workers near their hometowns (Yonker, 2017); firms are also rated better by credit analysts born in the state of firm headquarters (Cornaggia, Cornaggia and Israelsen, 2020). With hometown complex, people easily get informed on the climate events and damage caused in their hometowns, which can also drive their emotions. Many people also spend some time in their hometowns every year so that they can have a more direct sense of recent climate compared with their childhood memories.

### 2.3 Climate change: from experiences to actions

People react to climate change for material reasons. In financial markets, investors are concerned about climate risk and carbon risk (Krueger, Sautner and Starks, 2020; Hong, Karolyi and Scheinkman, 2020; Bolton and Kacperczyk, 2021), and both regulatory and physical impacts of climate change are considered (Giglio et al., 2021). Investors value climate risk disclosure (Ilhan et al., 2021), and risks related to climate change are also priced in the option market (Ilhan et al., 2021), bond market (Huynh and Xia,2021) and mortgage market (Giglio et al., 2021; Nguyen et al., 2022). On firm level, customers will replace their suppliers that are more exposed to extreme temperature and floods (Pankratz and Schiller, 2021).

Apart from perceived or realized physical risks, people's awareness of climate change also leads to heterogeneous reactions. Baldauf, Garlappi and Yannelis (2020) find that climate change particularly has an effect on real estate prices when sellers have a belief in climate change. Moreover, fund managers located in major disaster regions tend to underweight the stocks in disaster zones (Alok, Kumar and Wermers (2020 )). (Bernstein et al., 2022) reveal that in the US, republicans are more likely to own houses exposed to higher sea level rise.

People become more environment-friendly when their awareness of climate change increases (O'Connor, Bard and Fisher, 1999; Leiserowitz, 2006). Among those who are concerned about climate change, 43% reduce energy use at home, 39% reduce gasoline consumption and 26% engaged in other behaviours such as increasing recycling (Semenza et al., 2008). Floods also raise public concerns on climate change and people having flood experience are more confident that their actions will contribute to mitigating climate change (Spence et al., 2011).

Given above literature, we hypothesize that CEOs are closely connected with their hometowns and strong climate change in their hometowns will raise their awareness on climate change. As a result, these CEOs will pay more attention to green development and make efforts for better ESG performance and lower carbon emission.

## 3. Sample and variables

### 3.1 Sample construction and dependent variables

We start from Refinitiv database for carbon emission and ESG performance variables. Our initial sample with non-missing values in carbon emission comprises 6,955 firm-year observations from 1,065 US listed firms managed by 1,784 CEOs during 2003 to 2022. These firms are incorporated in the US and are listed in a US stock exchange. Then we extract CEO data from BoradEx and US Executive Compensation database (Execucomp). We merge the two datasets and hand collect CEO names if they are missing in databases. As our climate measure is based on CEO hometown, we follow Bernile, Bhagwat and Rau (2017) and search for CEO birthplace information from their biographical data from the official company website and US Executive Compensation database. We search on Google in the last instance.

We are able to identify the birthplace information of 669 CEOs. After excluding foreign CEOs, we end up with 434 CEOs having county-level birthplace information. They come from 221 counties all over the US. We require granular county-level birthplace information because many states are very large and the within-state climate variation can be drastic. The final sample consists of 2,363 firm-year observations from 325 listed firm managed by these 434 CEOs during 2003 to 2022. The step-by-step sample construction can be found in Table A2, and the detailed CEO distribution can be found in Figure 1. Our sample coverage on US CEO county-level birthplace in percentage is comparable with previous papers. Among the 1,784 CEOs having firm-year observations with non-missing values of variables, we identify around 24.3% of their birthplace information in our final sample while the percentage for Bernile, Bhagwat and Rau (2017) is 22.1% (1,508 out of 6,804 US CEO birthplace). Firm financial variables are obtained from Refinitiv and are complemented with Compustat. The carbon emission data (in tons) and ESG rating data are from Refinitiv.

### 3.2 Measuring climate change experience: independent variables

We follow Addoum, Ng and Ortiz-Bobea (2020) and Pankratz and Schiller (2021) and obtain the daily gridded historical temperature data from the fifth generation of the European Centre for Medium-Range Weather Forecasts (ECMWF) atmospheric reanalysis of the global climate (ERA5). It covers historical temperature data since 1940. The database includes gridded hourly surface temperature and precipitation data all over the US. The grid resolution for temperature is 0.5°×0.5°. We obtain the maximum, minimum and average temperature for each grid-day, and then calculate the three measures for each county-day using the average of all grids in each county.

To measure a CEO's climate change experience, we follow Choi, Gao and Jiang (2020) and construct a measure that captures the difference between a CEO's formative year experience and recent experience. Following Nelson (1993) and Bernile, Bhagwat and Rau (2017), we set the childhood years or formative years as the benchmark period during which a CEO was 5-15 years old. We then count the number of extreme days. Following Addoum, Ng and Ortiz-Bobea (2020) we define an extremely hot day as a day of which the highest temperature is above 30℃ and an extremely cold day as a day of which the lowest temperature is below 0℃. With the number of hot and cold days in each month, we follow Choi, Gao and Jiang (2020) and decompose the perceived abnormal extreme days in county $i$ and in month $\tau$ of the current year $T$ into three components.

$$Ab\_Day_{i,t,\tau} = Day_{i,t,\tau} - (Aver\_Day_{i,T} + Mon\_Day_{i,T,\tau})$$

where $Ab\_Day_{i,t,\tau}$ is the perceived abnormal extreme days for each CEO based on the comparison of the CEO's formative year hometown extreme days and recent hometown extreme days in month $\tau$ of year $t$. $Day_{i,t,\tau}$ is the real number of extreme days in month $\tau$ of year $t$. For a CEO born in year $T$, $Aver\_Day_{i,T}$ is the average monthly number of extreme days in a CEO's county of birth $i$ over the 120 months (10 years) during the CEO's formative years ($T + 5$ to $T + 10$). $Mon\_Day_{i,T,\tau}$ is the average deviation of month $\tau$'s value from the overall decade average. In specific, $Mon\_Temp_{i,T,\tau}$ is the average extreme days in county $i$ in the same calendar month $\tau$ over the 10-year formative period minus $Aver\_Day_{i,T}$. For a CEO in month $\tau$, $Ab\_Day_{i,t,\tau}$ is the difference between the expected hometown extreme days based on their childhood memory and current hometown extreme days. It measures the unexpected and excessive extreme days compared with CEOs' early-year benchmarks. After obtaining $Ab\_Day_{i,t,\tau}$ for each month and each county, we annualize the measure by adding its monthly abnormal extreme days $Ab\_Day_{i,t}$ for each year.

As we end up with annualized abnormal temperature, Choi, Gao and Jiang (2020)'s decomposition of abnormal temperature above can be simplified as

$$Ab\_Day_{i,t} = Day_{i,t} - Aver_{Day_{i,T}}$$

where $Ab\_Day_{i,t}$ is the annual average abnormal extreme days in year $t$, $Day_{i,t}$ is the annual average extreme days in year $t$, $Aver\_Day_{i,T}$ is the annual average extreme days of $T + 5$ to $T + 10$, and the CEO was born in year $T$. Intuitively, $Ab\_Day_{i,t}$ is simply the difference between the current hometown extreme days and the formative period hometown extreme days. We count the abnormally hot days, cold days and the sum of both types of days respectively to develop three measures for CEO climate change experiences.

For robustness checks, we obtain other measures of extreme temperature variation from The National Oceanic and Atmospheric Administration (NOAA). We draw the county-level data of monthly maximum, minimum and average temperatures, and develop three measures similar to the extreme day measures above by replacing extreme days with temperature values.

### 3.3 Baseline specification and control variables

With the measure of abnormal extreme days in CEO birthplaces, we develop our baseline regression as follows.

$$Y_{i,t} = \beta\ Ab\_Day_{i,t} + \gamma' \mathbf{X} + \theta_t + \theta_j + \theta_s$$

Where $Y_{i,t}$ is the outcome variable (e.g., carbon emission) for firm $i$ in year $t$, $\mathbf{X}$ is a set of control variables, $\theta_t$ denotes year fixed effects dummies, $\theta_j$ denotes GICS industry fixed effects dummies, and $\theta_s$ denotes CEO birthplace fixed effects. We control for CEO birth state fixed effects because many counties only provide one CEO in our sample, but the baseline results still hold with county-level fixed effects. We do not control for firm fixed effects as there is little within-firm CEO variation in our sample.

Following Azar et al., (2021), we control for a set of control variables. We include firm size (logarithm of total assets) to control for potential public pressure on environment protection and the scale of firm business activity; we include book to market ratio to control for firm growth opportunity; we also include a measure for performance, ROA (earnings before interest, taxes, depreciation and amortization to total assets); we then include PPE (tangibility, fixed assets to total assets) and leverage (the sum of long-term and short-term debt over total assets), because these variable measures credit and financial constraints of a firm. Higher leverage makes a firm more financially constrained and have less resource for environmental issues while more tangible assets can support more borrowings. As we focus on characteristics of CEOs, we follow Bernile, Bhagwat and Rau (2017) and further control for logarithm of CEO age and CEO gender (a dummy equal to one for male and zero otherwise).

### 3.4 Variables used in the channel test

In our channel test, we obtain county-level survey data on people's opinions on climate change from Yale Climate Change Map. And we obtain county-level socio-economic data including education level, unemployment rate and GDP from US Bureau of Economic Analysis, US Department of Agriculture, U.S. Department of Labor and Bureau of Labor Statistics.

### 3.5 Summary statistics

In Table 1, we present the summary statistics of climate variables, firm and CEO variables, and county-level variables in panels A, B, C, respectively. The baseline sample has 2,260 firm-year observations while there can be a few missing values for certain variables. In line with the overall trend of global warming, the numbers of abnormal extreme days and abnormal hot days are positive, and the sample abnormal temperature is also positive. By contrast, the number of abnormal cold days is negative.

Figure 2 displays the geographical distribution of the increase of the average of annual hot days with the comparison of two decades of 1945-1964 and another recent two decades of 2002-2021. Most area in the US has a remarkable growth in the number of annual hot days. In some regions of Florida, the increase can be as high as 50 days, which means there are 50 days more with extremely hot temperatures in a year during 2022-2021 than that during 1945-1964. Figure 3 displays the number of hot days in four different decades of 1945-1954, 1955-1964, 2002-2011 and 2012-2021, showing that the number of extreme days is growing in most area in the US over years.

## 4. Results

### 4.1 CEO climate change experience and carbon emission

Table 2 presents the results of our baseline regressions. The outcome variable is carbon emission intensity, which is corporate total carbon emission divided by revenue. We have three baseline independent variables, the number of abnormal extreme days, the number of abnormal hot days, and the number of abnormal cold days. Columns (1), (3) and (5) includes firm fixed effects while Columns (2), (4) and (6) includes industry fixed effects. One additional abnormal day of extreme temperature in a month (or 12 days in a year) in a CEO's hometown can lead to a reduction of 44 to 71 grams of CO2 for each dollar of revenue. The effect is not trivial as the sample mean of emission intensity is 510 grams.

We find a negative correlation between firm size and emission intensity. This may reflect the economies of scale, as large firms tend to have a lower marginal emission level for each unit increase in revenue. Interestingly, we do not find a significant effect of firm tangibility on emission intensity, as found in Iovino, Martin and Sauvagnat (2021). CEO age and gender seem not to play a role here either. The results of control variables are consistent with Azar et al. (2021).

By comparing the results of three different measures, we find that CEOs perceive both growing hot days and cold days, but the coefficients of cold days are less significant. Although current climate change is usually described as global warming, it is accompanied by both extremely hot and cold weathers. The results are reconciled with Capstick and Pidgeon (2014), where they show although some people consider extremely cold weather as a signal against climate change, most people will see it as pointing towards the reality of climate change.

## 4.2 Robustness checks

### 4.2.1 Alternative measures of climate change experiences

For robustness, we first check our results are not sensitive to how we measure climate change experience. Instead of counting the number of certain days, we apply three alternative measures of climate change experience based on maximum of temperature, average temperature and minimum of temperature. The construction of these alternative measures is similar to that of our baseline measures. We first calculate the monthly highest, monthly average and monthly lowest temperatures for each county and annualize the values, and then we obtain the difference between the decade-average value during a CEO's formative years and the value for the current year in her birth county.

Consistent with our baseline results, Table 3 shows similar indications. One unit of Celsius degree increase in annual maximum temperature can lead to 53 grams decrease for one dollar of revenue, which is over 9% of the sample mean.

### 4.2.2 Absolute measure of carbon emission

We use scaled carbon emission in our baseline results. As argued by Aswani, Raghunandan and Rajgopal (2024), in many relevant studies, the empirical results are sensitive to different forms of carbon emissions (raw values and scaled values). In this robustness check, we use the raw values of carbon emission. The unit of CO2 emission is one million tonnes. In Table 4, we show that one more abnormal extreme day in CEO experiences leads to 1.7 million tonnes reduction of carbon emission, which is around 20% of the sample mean and 7% of sample standard deviation. The results make similar economic sense to those of our baseline results.

### 4.2.3 Ruling out firm headquarter climate change: a horserace between hometown and headquarter climate change and a placebo test

One might argue that climate change is a global trend, so a firm's headquarter and its CEO's birth county may have similar climate change exposure in the same year. If so, then our measure will fail to capture the experience of CEOs net of other confounders because the reduction can be a mixed result of many stakeholders including shareholders, regulators, other managers etc. A firm may also suffer substantive loss from extreme temperatures happening in headquarters. To rule out the potential impacts of headquarter climate change, we construct a similar abnormal climate measure for each firm's headquarter. In specific, we obtain the difference between the current extreme days and average extreme days in the past decade for each firm's headquarter.

In columns (1)-(3) of Table 5, we include this headquarter climate measure in baseline regressions. The results of CEO birthplace climate variables are similar while headquarter climate change seems not to have a significant impact on corporate carbon emission. In columns (4)-(6), we conduct a placebo test which excludes CEO hometown climate change variables and only keeps firm headquarter climate change variables. If our results are driven by some unobserved common trends, we should observe similar coefficients on firm headquarter climate change variables. Unsurprisingly, the insignificance of these coefficients provides us more confidence on our conjecture.

Another concern lies in hometown is that some CEOs may work near their hometowns, so their firms and their hometowns have similar exposure to abnormal climate. This overlap may drive the results. In an unreported table, we replicate our regressions by excluding CEOs working in their home counties and the results still hold.

### 4.2.4 Ruling out disaster effects

CEO early-life disaster experiences can affect corporate outcomes such as risk (Bernile, Bhagwat and Rau, 2017) and corporate social responsibility performance (O'Sullivan, Zolotoy and Fan, 2021). One challenge to our identification is that climate change may also induce more natural disasters such as floods, wild fires and hurricanes. If so, the results may actually be attributed to CEO disaster experiences. To rule out this explanation, we include a disaster variable in our baseline regressions.

We draw climate disaster records data from NOAA's Storm Events Database. It provides all types of county-level disaster records including floods, hurricanes, hot wave, heavy snow, wildfires and volcano eruptions etc. It also provides financial and life loss in each disaster. The data period starts from 1950 so we lose a few observations in our sample as some CEOs were born before that. Following Bernile, Bhagwat and Rau (2017), we first count the number of fatal disasters in each county-year and calculate its decade-average during a CEO's formative years. We then construct a similar variable to measure a CEO's abnormal hometown disaster experiences by obtaining the difference between the numbers of fatal disasters of the current year and the decade-average in the CEO's formative years. We include CEO early-life disasters and abnormal disasters in baseline regressions respectively. The results are very similar to baseline results.

In Table 6, columns (1), (3) and (5) include CEO early-life disaster experiences and the rest columns include abnormal disaster experiences. Most of our results are qualitatively similar although the abnormal cold day measure loses its significance. In an unreported table we also show that the results hold if we only focus on CEOs who have experienced no more disasters in the current year than the average disasters in their formative years (abnormal disaster is lower than zero). If our results are driven by a disaster effect, then experiencing fewer disasters should not motivate these CEOs to cut carbon emission.

### 4.3 Verifying the Channel

Our study is based on an implicit mechanism that people can sense the long-term change in climate and hence change their mind to climate change (Krosnick et al., 2006; Brody et al., 2008). A deeper impression on the long-term trend of climate can boost a person's awareness towards climate change (Howe et al., 2013; Capstick and Pidgeon, 2014). Such awareness can further motivate a person to be more environment-friendly (Joireman, Truelove and Duell, 2010).

To verify that our climate measure can capture people's experiences, we collect survey data from Yale Climate Opinion Maps. The dataset contains county-level public opinions towards climate change in certain years. We extract the outcomes of three highly relevant survey questions: (1) do you often discuss global warming with your friends and family; (2) do you agree that global warming is affecting the weather in the United States; (3) how much do you support or oppose to regulate carbon dioxide (the primary greenhouse gas) as a pollutant. We then construct similar measures of abnormal extreme days and abnormal hot days to the CEO climate experience measures by calculating the difference between the current year and the average of a certain decade some years ago. The survey outcomes are available for 2018-2021 on question (1), 2016 and 2018-2021 for question (2), and 2014, 2016 and 2018-2021 for question (3).

We test whether our measures, county-level abnormal days of extreme temperatures and hot temperatures, can predict local people's opinions on climate change. We run the following regression.

$$Y_{i,t} = \beta\ Ab\_Temp_{i,t,d} + \gamma'\mathbf{X} + \Theta_t + \Theta_c$$

Where $Y_{i,t}$ is the percent of interviewed people that have a positive response to each survey question in county $i$ and year $t$. $Ab\_Temp_{i,t}$ is either the number of abnormal extreme days or abnormal hot days. **X** is a vector of control variables including local unemployment rate, percentage of local people having a Bachelor's degree, and log of local GDP. $\Theta_t$ and $\Theta_c$ are year and county fixed effects. The standard errors are clustered on county level.

Table 7 presents the results based on the decade that is 20 years apart from the current year. For example, for a county in 2015, we calculate its average annual extreme days during 1995-2004, and then subtract the value from its annual extreme days in 2015. In general, for a county in year $t$, we calculate its average annual extreme days during $t - 20$ to $t - 11$, and then obtain the difference between the extreme days of year $t$ and the decade-average as the abnormal extreme days of this county in year $t$.

Columns (1)-(3) use the abnormal extreme days and columns (4)-(6) use the abnormal hot days. The variable Bachelor's degree is omitted in columns (2) and (5) because the county-level education data is not updated every year and there is no variation for this variable during 2018-2021. The results show that our measures can predict people's awareness on climate change. People exposed to more abnormal extreme days and hot days discuss climate change more with others, believe that the trend is affecting the weather, and believe CO2 emission should be regulated as a pollutant.

In Figures 4 and 5, we plot the coefficients and their confidence intervals of different opinion variables and different time spans of abnormal climate measures. The values on the horizontal axis denote how many years the selected decade is apart from the current year. We display the results year by year. For a county in year $t$, we calculate the decade average in $(\mathrm{t}-10, \mathrm{t}-1)$, $(\mathrm{t}-11, \mathrm{t}-2)$, $(\mathrm{t}-12, \mathrm{t}-3)$, $(\mathrm{t}-13, \mathrm{t}-4)\ldots$ $(\mathrm{t}-61, \mathrm{t}-50)$, and then construct an abnormal climate change variable for each combination of a climate measure and a time span. Apart from a few exceptions, almost all the coefficients of different time spans are significant and positive.

### 4.4 Further analysis: motivation of the experience-induced carbon emission reduction

In this section, we will explore the relationship between the reduction induced by CEO abnormal experience and corporate governance. We observe significant carbon emission when a CEO's hometown experienced stronger abnormal climate change. However, this reduction might be de facto an agency problem (e.g., Bénabou and Tirole, 2010; Krüger, 2015; Masulis and Reza, 2015) or, alternatively, it can be beneficial (e.g., Dhaliwal et al., 2011; Deng, Kang and Low, 2013). We explore this question by studying the heterogeneity of firms of different characteristics.

#### 4.4.1 Information environment: analyst following and inclusion of MSCI climate index

Previous studies show that analyst following are associated with firm ESG performance. Analyst coverage improves information environment and mitigates agency problems in corporate ESG, which reduces greenwashing (Adhikari, 2016) while pressure from analysts also drive corporate myopia in ESG (Qian, Lu and Yu, 2019). We first explore the heterogenous roles of CEO climate change experience in carbon reduction among firms with different levels of analyst coverage.

We count the number of analysts covering a firm in each year, and then split our sample into high-analyst group and low-analyst group based on the median number of analysts. The cut-off point is 20 analysts. We replicate our baseline regressions in the two sub-groups, respectively. The results are in Table 8. We find that, the carbon reduction effect of CEO's abnormal climate change experience only exists when a firm is less exposed to analyst coverage.

We then conduct a similar sub-sample test for the inclusion of MSCI global climate change index. Following Azar et al. (2021), we classify each firm-year observation according to whether it is included in the MSCI index. Instead of the MSCI World Index, we use the more specialised MSCI Global Climate Change Index, which is specific for firms that are more exposed to climate change. The intuition is that, firms included in the index attract more public attention (Boone and White, 2015), so that they also receive more pressure on carbon emission.  Table 9 presents the results. We find that, the effect of CEO abnormal climate change experience only exists when the firm is not included by the MSCI climate change index. If the firm is included in the MSCI climate change index, then CEO experience does not play a role in corporate carbon reduction.

Overall, the results in Table 8 and Table 9 indicate that CEO climate experience only decreases carbon emission in firms lack of external attention. The results have two alternative explanations. First, if analyst following and MSCI inclusion inhibit firms' long-term carbon reduction campaigns and drive firms to focus on some superficial progress, consistent with Qian, Lu and Yu (2019), the lack of external attention motivates CEOs to further reduce carbon emission as there is less pressure for short-term performance. Second, in line with Adhikari (2016), if more external attention can improve information environment and discourage firms from greenwashing and spend more on substantive carbon reduction, then CEO climate change experience can be a substitute for external attention in carbon reduction when such attention is absent. We will further explore which explanation is more dominant together with other evidence in following sections.

**4.4.2 Environmental committee**

An environmental committee increases corporate GHG disclosure (Liao, Luo and Tang, 2015), thus impulses pressure on firm carbon emission performance. We classify firms by the presence of environmental committee. In the sub-sample tests in Table 10, we find that when a firm has no environmental committee, the effect of CEO climate experience on carbon reduction becomes stronger, and when a firm has an environmental committee, the effect remains but becomes insignificant.

The results in Table 10 are actually consistent with the second explanation for our results in Table 8 and Table 9. It is unlikely, however, that the presence of environmental committee will inhibit a CEO's initiatives to reduce carbon emission. By contrast, it is more likely that CEO climate experience is a beneficial substitute for other factors that can reduce firm carbon emission.

### 4.4.3 CEO power

Above we provide some indirect and suggestive evidence showing that CEO climate experience is a substitute for other factors that promote carbon reduction. In this section, we will provide more evidence from the aspect of CEO power. If the effect on carbon reduction stems from a CEO's own willingness, then we should observe a stronger effect when a CEO is more powerful. Moreover, exploring the effect of CEO power can also help to rule out some other unobserved factors and provide more confidence on our conjecture. For example, if both CEO climate experience and corporate carbon reduction are driven by an omitted variable, so that climate change promotes carbon reduction through other channels rather than CEOs, we should observe similar effects in powerful CEOs and less powerful CEOs. By contrast, if climate change promotes carbon reduction through influencing CEOs, more powerful CEOs should be able to have stronger reactions.

We classify our sample into two sub-groups based on CEO power measured in different ways. The first classification criterion is CEO duality. Dual CEOs who are also chairpersons are considered to be more powerful as they also dominant in the board (Finkelstein and D'aveni, 1994; Brickley, Coles and Jarrell, 1997; Goergen, Limbach and Scholz-Daneshgari, 2020); the second criterion is whether a CEO is around her retiring age of 64-66 defined by Jenter and Lewellen (2015). Retiring CEOs are considered to be less powerful and are lee willing to utilize her influence in corporate decisions; for the third criterion, we follow Kale, Reis and Venkateswaran (2009) and Song and Wan (2019) and measure a CEO's relative compensation scale compared with other managers. If a CEO earns much more than other executives in the firm, the CEO is considered to be more powerful. In terms of compensation scale, we calculate the total compensation of each manager and calculate the difference between CEO total compensation and the median of other non-CEO executives. We then divide the gap using the median of other non-CEO executives to construct the CEO relative compensation scale. A CEO is considered to be powerful if her relative compensation scale is above the sample median and less powerful otherwise. We lose a few observations due the missing information on executives' compensation.

For each of the three measures of CEO power, we split our sample into two sub-samples for high CEO power and low CEO power and then replicate our baseline regression. Tables 11-13 present the results. We find highly consistent results that the effect of CEO climate change is only significant and strong when the CEO is more powerful. More powerful CEOs are better at implementing carbon reduction, which provides us more confidence that the carbon reduction is CEO-specific.

#### 4.4.4 Interpretation of the results and tests that rule out other possibilities

The results of information environment, environmental committee, and CEO power can be interpreted by three possible explanations. First, the effect following CEO experience might actually motivate a corporate agency issue. On the one hand, CEOs may cut carbon emission for better reputation and their own interests. On the other hand, CEOs do this not for their own interest but simply for their sense of responsibility to the community while this may not be optimal for shareholders. Second, climate change reminds CEOs that firms can benefit from lower carbon emission so they conduct green washing which maximize shareholder economic benefits. Third, CEO experience is actually a substitute for other factors that can promote environmental performance at no cost of profitability. When other factors are absent, CEO experience can compensate the lack of those beneficial factors.

We provide four pieces of evidence that go against the first and second explanations. First, if the carbon reduction is beneficial for firms and shareholders, regardless of whether it is greenwashing, this phenomenon should not only exist in more powerful CEOs, because stakeholders in other firms should also be willing to do so. Second, we conduct another test on ESG rating. If firms or CEOs simply want to be superficially greener, they should focus on those aspects that are easier to observe rather than carbon emission reduction, which is certainly at a higher cost. Moreover, their greenwashing efforts should be reflected in their improvements on ESG rating. We collect corporate environment score data and ESG rating data from Refinitiv database. Environment score is an indicator varying from 0 to 100, ESG rating varies from D- to A+. We quantify it by setting these grades from 1 to 12. Due to some missing values, the sample is slightly smaller than our baseline sample. We replicate the baseline regressions but replace the outcome variable with environment score and ESG rating respectively. The results are in Table 14. We find no evidence showing a firm have higher ESG rating or environment protection scores after its CEO experiences climate change, which indicates that CEOs seem not to get involved in greenwashing.

Third, we investigate the relationship between CEO climate change experience and firm financial performance. We measure firm performance using return on assets (ROA) which is defined as earnings before interest, tax, depreciation and amortization (EBITDA) over total assets. We also measure firm performance by annual stock return using data from CRSP. Table 15 present the results. We find no impact of CEO experience on firm financial performance, regardless of using the accounting measure or market measure. Our results still hold if we lag the climate experience variable by one, two or three years. The negligible effect on firm performance indicates that CEO experience neither improves or inhibits firm performance, which means, on the one hand, the carbon reduction in unlikely at the cost of shareholder interests; on the other hand, the carbon emission is not driven by shareholder maximization.

Fourth, we obtain data of firms' ownership by funds from FactSet database. We identify green or ESG funds by interpreting their profiles. If a fund has ever mentioned some relevant keywords such as "green", "ESG", "environment", "climate change", "carbon emission", "sustainability", "sustainable", "CO2", "greenhouse", "clean energy", etc in its profile, we classify this fund as a green fund. We then measure the shares and value of shares held by green funds in each firm's ownership. We replicate the baseline regressions by replacing the outcome variable with green fund ownership. The results are in Table 16. We find, however, no increase in green fund investment after CEO's climate change experience. This finding, together with our findings in ESG rating and performance, indicating that firms cutting carbon emission following CEO climate change experience are unlikely to get engaged in green washing for more investment or better reputation, and are unlikely to erode shareholder interests.

## 5. Conclusion

In this paper, we study how CEO experiences in climate change can affect corporate carbon emission. We find that a stronger contrast between recent climate experiences and past climate experiences will motivate a CEO to reduce corporate carbon emission. The results hold for both scaled carbon measure (emission intensity) and raw carbon measure (absolute emission). By measuring climate change experience in a CEO's hometown and comparing recent climate with that of a CEO's early-life formative years, we check the robustness of our findings. We find CEO hometown climate experience has a significant effect on corporate carbon emission reduction, and exposure to abnormal climate in firm headquarter does not.

We argue that CEOs keep caring their hometowns via various sources and the more they sense the abnormal climate against their formative years' memories, the more they cut their corporate carbon emission. We test this hypothesized channel by exploiting county-level data from Yale Climate Opinion Map. We reveal that more exposure to abnormal climate can boost people's awareness towards climate change and raise their concerns on carbon emission.

Our climate experience measure is novel and clean. We construct the measure based on both recent experiences and a benchmark in early-life formative years. We thus avoid self-selection problems such as CEOs' families choose to migrate there because of certain family characteristics (Bernile, Bhagwat and Rau, 2017). By focusing on CEO hometown, we also avoid confounded factors such as reactions of different stakeholders and firm substantive loss from exposure to climate change. Furthermore, our measure, by construction, is exogenous, because we measure the abnormal climate in CEO's hometown, the prior prediction of which is hard to make. Even if a firm considers a CEO's early-life experiences and characteristics in recruitment, it is implausible that the firm predicts what will happen in a CEO's hometown. We also provide evidence showing that CEO climate experience is a substitute for other factors that can promote a firm's carbon emission reduction.

An important implication from our study is that to reduce carbon emission, raising people's awareness plays an important role, and exposure to abnormal climate is an effective way to raise it.

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## Tables

**Table 1 Summary Statistics**

This table displays the summary statistics of variables. Panel A include all the climate and disaster variables. Panel B displays firm variables including CEO characteristics. and Panel C displays county-level variables used in the channel test. All firm continuous variables are winsorized at the top and bottom 1% level. Definitions for variables are found in Table A1.

| Panel A Climate measures | Mean | P25 | Median | P75 | Std | # Obs |
|---|---|---|---|---|---|---|
| Abnormal extreme days | 0.227 | -0.600 | 0.025 | 0.908 | 1.357 | 2,260 |
| Abnormal hot days | 0.745 | -0.017 | 0.675 | 1.383 | 1.183 | 2,260 |
| Abnormal cold days | -0.518 | -1.025 | -0.408 | 0.000 | 0.840 | 2,260 |
| Abnormal maximum temperature | 1.984 | 0.952 | 2.088 | 3.139 | 1.559 | 2,260 |
| Abnormal minimum temperature | 2.225 | 1.293 | 2.335 | 3.285 | 1.406 | 2,260 |
| Abnormal mean temperature | 2.465 | 1.530 | 2.582 | 3.536 | 1.408 | 2,260 |
| Early disasters | 0.099 | 0.000 | 0.000 | 0.100 | 0.182 | 2,260 |
| Abnormal disasters | -0.019 | -0.100 | 0.000 | 0.000 | 0.355 | 2,260 |
| Abnormal extreme days HQ | 0.206 | -0.433 | 0.042 | 0.733 | 1.087 | 2,260 |
| Abnormal hot days HQ | -0.083 | -0.350 | 0.000 | 0.042 | 0.666 | 2,260 |
| Abnormal cold days HQ | 0.123 | -0.592 | 0.000 | 0.725 | 1.178 | 2,260 |
| Panel B Firm and CEO variables | | | | | | |
| CO2 emission (Millions of tons) | 8.151 | 0.171 | 1.010 | 5.085 | 21.931 | 2,260 |
| Emission intensity (Kg per dollar) | 0.468 | 0.016 | 0.044 | 0.250 | 1.255 | 2,260 |
| Firm size | 24.076 | 23.099 | 24.088 | 25.005 | 1.397 | 2,260 |
| Book to market | 0.407 | 0.191 | 0.343 | 0.539 | 0.331 | 2,260 |
| ROA | 0.128 | 0.078 | 0.122 | 0.173 | 0.074 | 2,260 |
| Stock return | 0.144 | -0.038 | 0.123 | 0.299 | 0.349 | 2,260 |
| PPE | 0.287 | 0.082 | 0.192 | 0.477 | 0.252 | 2,260 |
| Leverage | 0.668 | 0.547 | 0.667 | 0.799 | 0.188 | 2,260 |
| Environment score | 62.567 | 48.684 | 65.679 | 78.594 | 20.209 | 1,905 |
| ESG rating | 7.164 | 6.000 | 7.000 | 8.000 | 1.817 | 1,904 |
| Green fund ownership | 0.058 | 0.029 | 0.044 | 0.068 | 0.058 | 2,260 |
| Log of CEO age | 4.057 | 3.989 | 4.060 | 4.127 | 0.108 | 2,260 |
| Gender | 0.938 | 1.000 | 1.000 | 1.000 | 0.240 | 2,260 |
| Panel C County-level variables | | | | | | |
| Unemployment Rate | 5.126 | 3.600 | 4.700 | 6.200 | 2.108 | 18,340 |
| Bachelor's degree | 21.686 | 15.099 | 19.390 | 25.823 | 9.519 | 18,340 |
| Log of GDP | 13.934 | 12.811 | 13.763 | 14.825 | 1.593 | 18,340 |
| Discuss (%) | 30.852 | 27.787 | 30.047 | 33.041 | 4.483 | 15,284 |
| Affect weather (%) | 55.098 | 50.576 | 54.562 | 59.129 | 6.875 | 12,228 |
| Regulate (%) | 70.293 | 67.000 | 70.169 | 73.412 | 4.522 | 18,340 |

**Table 2 Baseline results: CEO climate change experience and carbon emission**

The table presents the baseline results. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. Columns (1), (3) and (5) control for industry, year and birth state fixed effects; columns (2), (4) and (6) control for firm, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Emission intensity | (2)<br>Emission intensity | (3)<br>Emission intensity | (4)<br>Emission intensity | (5)<br>Emission intensity | (6)<br>Emission intensity |
|---|---|---|---|---|---|---|
| Abnormal extreme days | -0.071** | -0.040** | | | | |
| | (0.031) | (0.016) | | | | |
| Abnormal hot days | | | -0.065** | -0.032** | | |
| | | | (0.033) | (0.014) | | |
| Abnormal cold days | | | | | -0.060* | -0.039** |
| | | | | | (0.033) | (0.018) |
| Firm size | -0.063** | -0.205** | -0.061** | -0.203** | -0.057** | -0.200** |
| | (0.028) | (0.081) | (0.027) | (0.081) | (0.027) | (0.080) |
| Book to market | 0.378*** | 0.184* | 0.378*** | 0.187* | 0.367*** | 0.185* |
| | (0.134) | (0.100) | (0.135) | (0.101) | (0.134) | (0.101) |
| ROA | -0.020 | -0.950*** | -0.040 | -0.955*** | -0.027 | -0.933*** |
| | (0.317) | (0.302) | (0.314) | (0.305) | (0.319) | (0.305) |
| PPE | 0.370 | -0.142 | 0.366 | -0.137 | 0.396 | -0.142 |
| | (0.320) | (0.599) | (0.322) | (0.601) | (0.320) | (0.605) |
| Leverage | 0.304* | 0.198 | 0.300* | 0.205 | 0.285* | 0.199 |
| | (0.162) | (0.185) | (0.161) | (0.188) | (0.158) | (0.187) |
| Log of CEO age | 0.232 | 0.758 | 0.215 | 0.738 | 0.223 | 0.825 |
| | (0.298) | (0.542) | (0.295) | (0.545) | (0.297) | (0.552) |
| Gender | 0.087 | 0.093 | 0.090 | 0.094 | 0.093 | 0.096 |
| | (0.115) | (0.351) | (0.115) | (0.354) | (0.116) | (0.358) |
| _cons | 0.547 | 2.242 | 0.602 | 2.300 | 0.417 | 1.824 |
| | (1.321) | (3.011) | (1.312) | (3.042) | (1.338) | (3.039) |
| *N* | 2260 | 2232 | 2260 | 2232 | 2260 | 2232 |
| $R^2$ | 0.717 | 0.932 | 0.716 | 0.932 | 0.715 | 0.932 |
| *Firm FE* | No | Yes | No | Yes | No | Yes |
| *Industry FE* | Yes | No | Yes | No | Yes | No |
| *Year FE* | Yes | Yes | Yes | Yes | Yes | Yes |
| *Birth state FE* | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 3 Alternative Measures of Climate Change Experiences**

The table presents the baseline results with alternative measure of climate change experiences. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1), (2) and are abnormal maximum temperature, abnormal minimum temperature and abnormal mean temperature, respectively. All the columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Emission intensity | (2)<br>Emission intensity | (3)<br>Emission intensity |
|---|---|---|---|
| Abnormal max temperature | -0.053** | | |
| | (0.026) | | |
| Abnormal mean temperature | | -0.068** | |
| | | (0.029) | |
| Abnormal min temperature | | | -0.064** |
| | | | (0.028) |
| Firm size | -0.054** | -0.052** | -0.052* |
| | (0.027) | (0.027) | (0.026) |
| Book to market | 0.372*** | 0.369*** | 0.366*** |
| | (0.135) | (0.134) | (0.133) |
| ROA | -0.013 | -0.021 | -0.040 |
| | (0.320) | (0.319) | (0.318) |
| PPE | 0.376 | 0.370 | 0.370 |
| | (0.323) | (0.322) | (0.320) |
| Leverage | 0.294* | 0.295* | 0.292* |
| | (0.158) | (0.158) | (0.157) |
| Log of CEO age | 0.158 | 0.178 | 0.212 |
| | (0.289) | (0.291) | (0.294) |
| Gender | 0.094 | 0.090 | 0.088 |
| | (0.118) | (0.118) | (0.117) |
| _cons | 0.730 | 0.662 | 0.517 |
| | (1.310) | (1.314) | (1.322) |
| *N* | 2260 | 2260 | 2260 |
| $R^2$ | 0.716 | 0.716 | 0.716 |
| *Industry FE* | Yes | Yes | Yes |
| *Year FE* | Yes | Yes | Yes |
| *Birth state FE* | Yes | Yes | Yes |

**Table 4 Absolute Measure of Carbon Emission**

The table presents the baseline results with absolute measure of climate change experiences. The outcome variable is CO2 emission in millions of tons. The key variables for columns (1), (2) and (3) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. All the columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>CO2 emission | (2)<br>CO2 emission | (3)<br>CO2 emission |
|---|---|---|---|
| Abnormal extreme days | -1.654*** | | |
| | (0.583) | | |
| Abnormal hot days | | -1.518*** | |
| | | (0.585) | |
| Abnormal cold days | | | -1.362** |
| | | | (0.631) |
| Firm size | 3.768*** | 3.813*** | 3.887*** |
| | (1.356) | (1.372) | (1.387) |
| Book to market | -2.050 | -2.039 | -2.293 |
| | (3.588) | (3.612) | (3.658) |
| ROA | -9.802 | -10.258 | -9.986 |
| | (10.451) | (10.590) | (10.536) |
| PPE | -29.163* | -29.256* | -28.565* |
| | (15.916) | (16.017) | (15.928) |
| Leverage | -5.573 | -5.656 | -6.019 |
| | (5.407) | (5.444) | (5.500) |
| Log of CEO age | 3.946 | 3.562 | 3.737 |
| | (4.860) | (4.870) | (4.897) |
| Gender | -2.191 | -2.131 | -2.048 |
| | (3.032) | (3.017) | (3.024) |
| _cons | -81.965** | -80.664** | -84.953** |
| | (32.683) | (32.738) | (33.782) |
| *N* | 2260 | 2260 | 2260 |
| $R^2$ | 0.624 | 0.622 | 0.619 |
| Industry FE | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes |

**Table 5 Results Including Firm Headquarter Climate Change.**

The table presents the results that rule out the effect of firm headquarter climate change in the past decade. The outcome variable is Emission intensity. The key variables for columns (1), (2) and (3) are abnormal extreme days, abnormal hot days and abnormal cold days in both CEO hometowns and firm headquarters, respectively. In columns (4), (5) and (6), we conduct a placebo test by removing CEO hometown climate change variables and only keeping firm headquarter climate change variables. All the columns control for industry and year fixed effects. Columns (1)-(3) further controls for CEO birth state fixed effects and columns (4)-(6) controls for firm headquarter state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Emission intensity | (2)<br>Emission intensity | (3)<br>Emission intensity | (4)<br>Emission intensity | (5)<br>Emission intensity | (6)<br>Emission intensity |
|---|---|---|---|---|---|---|
| Abnormal extreme days | -0.074** | | | | | |
| | (0.034) | | | | | |
| Abnormal hot days | | -0.070* | | | | |
| | | (0.036) | | | | |
| Abnormal cold days | | | -0.059* | | | |
| | | | (0.033) | | | |
| Abnormal extreme days HQ | 0.017 | | | 0.006 | | |
| | (0.024) | | | (0.022) | | |
| Abnormal hot days HQ | | 0.025 | | | 0.016 | |
| | | (0.027) | | | (0.025) | |
| Abnormal cold days HQ | | | -0.007 | | | -0.032 |
| | | | (0.022) | | | (0.032) |
| Firm size | -0.063** | -0.061** | -0.057** | -0.064** | -0.064** | -0.064** |
| | (0.028) | (0.027) | (0.027) | (0.031) | (0.030) | (0.031) |
| Book to market | 0.378*** | 0.376*** | 0.367*** | 0.401** | 0.400** | 0.400** |
| | (0.135) | (0.135) | (0.135) | (0.155) | (0.155) | (0.156) |
| ROA | -0.012 | -0.033 | -0.029 | -0.534 | -0.531 | -0.541 |
| | (0.318) | (0.315) | (0.319) | (0.392) | (0.390) | (0.390) |
| PPE | 0.368 | 0.369 | 0.397 | 0.761* | 0.763* | 0.765* |
| | (0.320) | (0.323) | (0.320) | (0.389) | (0.391) | (0.389) |
| Leverage | 0.306* | 0.303* | 0.285* | 0.198 | 0.199 | 0.200 |
| | (0.163) | (0.163) | (0.158) | (0.133) | (0.134) | (0.133) |
| Log of CEO age | 0.230 | 0.211 | 0.222 | 0.107 | 0.105 | 0.106 |
| | (0.297) | (0.294) | (0.298) | (0.349) | (0.349) | (0.351) |
| Gender | 0.084 | 0.086 | 0.094 | 0.143 | 0.142 | 0.145 |
| | (0.114) | (0.114) | (0.117) | (0.122) | (0.122) | (0.123) |
| _cons | 0.563 | 0.620 | 0.415 | 1.032 | 1.035 | 1.026 |
| | (1.313) | (1.305) | (1.337) | (1.505) | (1.506) | (1.508) |
| *N* | 2260 | 2260 | 2260 | 2266 | 2266 | 2266 |
| $R^2$ | 0.717 | 0.716 | 0.715 | 0.701 | 0.701 | 0.701 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | No | No | No |
| Headquarter FE | No | No | No | Yes | Yes | Yes |

**Table 6 Ruling out the Early-Life Disaster Effect**

The table presents the results that further control for CEO fatal disaster experiences. The outcome variable is Emission intensity. In columns (1), (3) and (5), we further control for CEO early-life fatal disaster experiences. In columns (2), (4) and (6), we further control for CEO abnormal fatal disaster experiences. All the columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Emission intensity | (2)<br>Emission intensity | (3)<br>Emission intensity | (4)<br>Emission intensity | (5)<br>Emission intensity | (6)<br>Emission intensity |
|---|---|---|---|---|---|---|
| Abnormal extreme days | -0.071** | -0.068** | | | | |
| | (0.031) | (0.031) | | | | |
| Abnormal hot days | | | -0.064* | -0.061* | | |
| | | | (0.033) | (0.032) | | |
| Abnormal cold days | | | | | -0.060* | -0.059* |
| | | | | | (0.033) | (0.033) |
| Early disasters | -0.127 | | -0.133 | | -0.140 | |
| | (0.313) | | (0.312) | | (0.313) | |
| Abnormal disasters | | 0.203* | | 0.207* | | 0.216* |
| | | (0.117) | | (0.117) | | (0.117) |
| Firm size | -0.063** | -0.064** | -0.061** | -0.062** | -0.058** | -0.059** |
| | (0.028) | (0.028) | (0.027) | (0.027) | (0.027) | (0.027) |
| Book to market | 0.377*** | 0.378*** | 0.377*** | 0.378*** | 0.366*** | 0.368*** |
| | (0.133) | (0.136) | (0.133) | (0.136) | (0.133) | (0.136) |
| ROA | -0.050 | -0.050 | -0.071 | -0.069 | -0.061 | -0.058 |
| | (0.307) | (0.327) | (0.304) | (0.324) | (0.308) | (0.328) |
| PPE | 0.352 | 0.400 | 0.348 | 0.397 | 0.376 | 0.426 |
| | (0.335) | (0.323) | (0.337) | (0.324) | (0.336) | (0.323) |
| Leverage | 0.308* | 0.308* | 0.304* | 0.304* | 0.289* | 0.290* |
| | (0.163) | (0.162) | (0.163) | (0.161) | (0.160) | (0.158) |
| Log of CEO age | 0.200 | 0.282 | 0.182 | 0.267 | 0.188 | 0.277 |
| | (0.318) | (0.307) | (0.315) | (0.304) | (0.316) | (0.307) |
| Gender | 0.085 | 0.101 | 0.088 | 0.104 | 0.091 | 0.108 |
| | (0.114) | (0.120) | (0.115) | (0.120) | (0.115) | (0.121) |
| _cons | 0.712 | 0.352 | 0.774 | 0.400 | 0.600 | 0.215 |
| | (1.441) | (1.349) | (1.432) | (1.340) | (1.453) | (1.369) |
| *N* | 2260 | 2260 | 2260 | 2260 | 2260 | 2260 |
| $R^2$ | 0.717 | 0.718 | 0.716 | 0.718 | 0.715 | 0.717 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 7 County-level climate change and local people's opinions.**

The table presents the results that test our channel. The outcome variables for columns (1) and (4), (2) and (5), (3) and (6) are "discuss", "affect" and "regulate", respectively. In columns (1)-(3) the key variable is abnormal extreme days and its benchmark period is the decade that ends 20 years ago. In columns (4)-(6) the key variable is abnormal hot days and its benchmark period is the decade that ends 20 years ago. All the columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>discuss | (2)<br>affect | (3)<br>regulate | (4)<br>discuss | (5)<br>affect | (6)<br>regulate |
|---|---|---|---|---|---|---|
| Abnormal extreme days 20 | 0.004*** | 0.013*** | 0.004*** | | | |
| | (0.001) | (0.001) | (0.001) | | | |
| Abnormal hot days 20 | | | | 0.006*** | 0.012*** | 0.002** |
| | | | | (0.001) | (0.001) | (0.001) |
| Unemployment rate | 0.143*** | 0.083*** | 0.024 | 0.144*** | 0.094*** | 0.025 |
| | (0.014) | (0.017) | (0.020) | (0.014) | (0.017) | (0.020) |
| Bachelor's degree | 0.108*** | | 0.046*** | 0.108*** | | 0.046*** |
| | (0.009) | | (0.013) | (0.009) | | (0.013) |
| Log of GDP | 0.089 | 0.585* | 0.030 | 0.070 | 0.613** | 0.038 |
| | (0.175) | (0.304) | (0.218) | (0.175) | (0.303) | (0.218) |
| _cons | 26.460*** | 46.371*** | 68.707*** | 26.675*** | 45.902*** | 68.620*** |
| | (2.438) | (4.261) | (3.054) | (2.438) | (4.241) | (3.056) |
| *N* | 15284 | 12228 | 18340 | 15284 | 12228 | 18340 |
| $R^2$ | 0.963 | 0.978 | 0.911 | 0.963 | 0.978 | 0.910 |
| County FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 8 Sub-sample regressions by analyst coverage**

The table presents the results in sub-samples classified by analyst coverage. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. Columns (1), (3) and (5) are observations with analyst coverage higher than sample median; columns (2), (4) and (6) are observations with analyst coverage lower than sample median. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1) Emission Density | (2) Emission Density | (3) Emission Density | (4) Emission Density | (5) Emission Density | (6) Emission Density |
|---|---|---|---|---|---|---|
| | Analyst < median | Analyst⩾ median | Analyst < median | Analyst⩾ median | Analyst < median | Analyst⩾ median |
| Abnormal extreme days | -0.143*** | -0.024 | | | | |
| | (0.048) | (0.025) | | | | |
| Abnormal hot days | | | -0.119** | -0.034 | | |
| | | | (0.046) | (0.032) | | |
| Abnormal cold days | | | | | -0.159** | 0.010 |
| | | | | | (0.075) | (0.019) |
| Firm size | -0.107 | -0.024 | -0.101 | -0.024 | -0.099 | -0.022 |
| | (0.069) | (0.022) | (0.068) | (0.022) | (0.070) | (0.022) |
| Book to market | 0.625*** | -0.030 | 0.634*** | -0.033 | 0.602*** | -0.032 |
| | (0.208) | (0.089) | (0.211) | (0.088) | (0.209) | (0.090) |
| ROA | -0.085 | -0.391* | -0.083 | -0.403* | 0.001 | -0.411* |
| | (0.735) | (0.228) | (0.731) | (0.227) | (0.763) | (0.228) |
| PPE | 0.122 | 0.521** | 0.099 | 0.512** | 0.142 | 0.531** |
| | (0.793) | (0.238) | (0.800) | (0.240) | (0.803) | (0.236) |
| Leverage | 0.520* | 0.074 | 0.515* | 0.078 | 0.527* | 0.059 |
| | (0.299) | (0.152) | (0.297) | (0.154) | (0.299) | (0.145) |
| Ln of CEO age | 0.783 | -0.222 | 0.756 | -0.226 | 0.788 | -0.232 |
| | (0.691) | (0.242) | (0.692) | (0.240) | (0.701) | (0.238) |
| Gender | 0.020 | -0.008 | 0.001 | -0.007 | 0.020 | -0.002 |
| | (0.187) | (0.137) | (0.191) | (0.138) | (0.188) | (0.139) |
| _cons | -0.478 | 1.658* | -0.433 | 1.679* | -0.809 | 1.643 |
| | (3.203) | (0.991) | (3.213) | (0.984) | (3.258) | (0.998) |
| *N* | 960 | 1295 | 960 | 1295 | 960 | 1295 |
| $R^2$ | 0.754 | 0.712 | 0.751 | 0.712 | 0.750 | 0.712 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 9 Sub-sample regressions by MSCI climate change index**

The table presents the results in sub-samples classified by inclusion of MSCI index. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. Columns (1), (3) and (5) are observations not included in the MSCI climate change index; columns (2), (4) and (6) are observations included in the MSCI climate change index. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1) Emission Density | (2) Emission Density | (3) Emission Density | (4) Emission Density | (5) Emission Density | (6) Emission Density |
|---|---|---|---|---|---|---|
| | Non-MSCI | MSCI | Non-MSCI | MSCI | Non-MSCI | MSCI |
| Abnormal extreme days | -0.082** | -0.005 | | | | |
| | (0.034) | (0.010) | | | | |
| Abnormal hot days | | | -0.078** | -0.001 | | |
| | | | (0.038) | (0.008) | | |
| Abnormal cold days | | | | | -0.064* | -0.016 |
| | | | | | (0.034) | (0.036) |
| Firm size | -0.074** | 0.001 | -0.072** | 0.000 | -0.068* | 0.000 |
| | (0.036) | (0.011) | (0.036) | (0.011) | (0.035) | (0.011) |
| Book to market | 0.433*** | 0.019 | 0.434*** | 0.021 | 0.419*** | 0.024 |
| | (0.148) | (0.084) | (0.148) | (0.087) | (0.148) | (0.086) |
| ROA | -0.079 | -0.467** | -0.102 | -0.466** | -0.111 | -0.449** |
| | (0.384) | (0.223) | (0.381) | (0.221) | (0.384) | (0.211) |
| PPE | 0.336 | -0.248 | 0.324 | -0.244 | 0.363 | -0.245 |
| | (0.378) | (0.165) | (0.381) | (0.162) | (0.379) | (0.165) |
| Leverage | 0.369** | -0.074 | 0.370** | -0.077 | 0.355** | -0.075 |
| | (0.181) | (0.081) | (0.182) | (0.082) | (0.178) | (0.080) |
| Ln of CEO age | 0.263 | 0.022 | 0.248 | 0.015 | 0.281 | 0.018 |
| | (0.377) | (0.114) | (0.375) | (0.108) | (0.381) | (0.115) |
| Gender | 0.133 | 0.063 | 0.137 | 0.064 | 0.140 | 0.065 |
| | (0.144) | (0.045) | (0.145) | (0.046) | (0.147) | (0.048) |
| _cons | 0.673 | 0.134 | 0.717 | 0.172 | 0.419 | 0.145 |
| | (1.709) | (0.574) | (1.700) | (0.554) | (1.731) | (0.580) |
| *N* | 1874 | 377 | 1874 | 377 | 1874 | 377 |
| $R^2$ | 0.726 | 0.755 | 0.725 | 0.755 | 0.724 | 0.755 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 10 Sub-sample regressions by environmental committee**

The table presents the results in sub-samples classified by the presence of firm environmental committee. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. Columns (1), (3) and (5) are observations not having an environmental committee; columns (2), (4) and (6) are observations having an environmental committee. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Emission Density | (2)<br>Emission Density | (3)<br>Emission Density | (4)<br>Emission Density | (5)<br>Emission Density | (6)<br>Emission Density |
|---|---|---|---|---|---|---|
| | No committee | Committee | No committee | Committee | No committee | Committee |
| Abnormal extreme days | -0.085** | -0.045 | | | | |
| | (0.039) | (0.050) | | | | |
| Abnormal hot days | | | -0.084** | -0.028 | | |
| | | | (0.041) | (0.040) | | |
| Abnormal cold days | | | | | -0.060* | -0.079 |
| | | | | | (0.034) | (0.093) |
| Firm size | -0.069** | -0.333** | -0.066** | -0.329** | -0.062** | -0.325** |
| | (0.031) | (0.134) | (0.031) | (0.133) | (0.031) | (0.135) |
| Book to market | 0.388** | 0.244 | 0.392** | 0.243 | 0.378** | 0.241 |
| | (0.159) | (0.205) | (0.160) | (0.206) | (0.159) | (0.206) |
| ROA | -0.049 | -0.810 | -0.066 | -0.863 | -0.059 | -0.729 |
| | (0.329) | (1.166) | (0.325) | (1.163) | (0.329) | (1.221) |
| PPE | 0.221 | 1.478 | 0.213 | 1.479 | 0.251 | 1.507 |
| | (0.338) | (1.182) | (0.339) | (1.189) | (0.340) | (1.168) |
| Leverage | 0.379** | -0.407 | 0.375** | -0.378 | 0.351** | -0.398 |
| | (0.156) | (0.734) | (0.156) | (0.750) | (0.150) | (0.732) |
| Ln of CEO age | -0.063 | 3.155 | -0.082 | 3.115 | -0.067 | 3.065 |
| | (0.311) | (2.184) | (0.307) | (2.178) | (0.311) | (2.200) |
| Gender | -0.004 | 0.146 | 0.000 | 0.142 | -0.003 | 0.120 |
| | (0.126) | (0.584) | (0.126) | (0.588) | (0.126) | (0.599) |
| _cons | 1.951 | -4.399 | 1.998 | -4.327 | 1.768 | -4.260 |
| | (1.423) | (6.952) | (1.414) | (6.976) | (1.452) | (7.018) |
| *N* | 1830 | 422 | 1830 | 422 | 1830 | 422 |
| $R^2$ | 0.722 | 0.845 | 0.721 | 0.845 | 0.719 | 0.845 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 11 Sub-sample regressions by CEO duality**

The table presents the results in sub-samples classified by the presence of firm environmental committee. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. Columns (1), (3) and (5) are observations whose CEO are also board chairs; columns (2), (4) and (6) are observations whose CEOs are not board chairs. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1) Emission Density | (2) Emission Density | (3) Emission Density | (4) Emission Density | (5) Emission Density | (6) Emission Density |
|---|---|---|---|---|---|---|
| | Duality | No duality | Duality | No duality | Duality | No duality |
| Abnormal extreme days | -0.086** | -0.033 | | | | |
| | (0.039) | (0.035) | | | | |
| Abnormal hot days | | | -0.075* | -0.012 | | |
| | | | (0.041) | (0.029) | | |
| Abnormal cold days | | | | | -0.079** | -0.084 |
| | | | | | (0.038) | (0.063) |
| Firm size | -0.055* | -0.048 | -0.053* | -0.042 | -0.052* | -0.044 |
| | (0.031) | (0.054) | (0.031) | (0.051) | (0.031) | (0.051) |
| Book to market | 0.373** | 0.325*** | 0.372** | 0.320*** | 0.363** | 0.311** |
| | (0.157) | (0.121) | (0.158) | (0.122) | (0.158) | (0.123) |
| ROA | 0.068 | -0.396 | 0.047 | -0.427 | 0.051 | -0.340 |
| | (0.368) | (0.501) | (0.367) | (0.507) | (0.371) | (0.496) |
| PPE | 0.305 | 0.482 | 0.300 | 0.466 | 0.344 | 0.467 |
| | (0.548) | (0.522) | (0.552) | (0.521) | (0.549) | (0.518) |
| Leverage | 0.476** | 0.013 | 0.471** | 0.000 | 0.469** | -0.008 |
| | (0.224) | (0.145) | (0.224) | (0.147) | (0.221) | (0.146) |
| Ln of CEO age | 0.514 | -0.117 | 0.493 | -0.135 | 0.506 | -0.111 |
| | (0.389) | (0.312) | (0.386) | (0.310) | (0.391) | (0.308) |
| Gender | -0.050 | 0.133 | -0.048 | 0.139 | -0.050 | 0.133 |
| | (0.123) | (0.096) | (0.123) | (0.095) | (0.123) | (0.095) |
| _cons | -0.735 | 1.702 | -0.649 | 1.643 | -0.821 | 1.539 |
| | (1.763) | (1.328) | (1.752) | (1.321) | (1.784) | (1.276) |
| *N* | 1728 | 518 | 1728 | 518 | 1728 | 518 |
| $R^2$ | 0.722 | 0.850 | 0.721 | 0.850 | 0.720 | 0.851 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 12 Sub-sample regressions by CEO retiring age**

The table presents the results in sub-samples classified by the presence of firm environmental committee. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. Columns (1), (3) and (5) are observations whose CEOs are not around retiring age; columns (2), (4) and (6) are observations whose CEOs are at retiring age (64-66). All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1) Emission Density | (2) Emission Density | (3) Emission Density | (4) Emission Density | (5) Emission Density | (6) Emission Density |
|---|---|---|---|---|---|---|
| | Not retiring | Retiring | Not retiring | Retiring | Not retiring | Retiring |
| Abnormal extreme days | -0.065** | -0.099 | | | | |
| | (0.029) | (0.138) | | | | |
| Abnormal hot days | | | -0.060* | -0.083 | | |
| | | | (0.031) | (0.173) | | |
| Abnormal cold days | | | | | -0.052 | -0.121 |
| | | | | | (0.033) | (0.111) |
| Firm size | -0.061** | 0.047 | -0.060** | 0.035 | -0.056** | 0.049 |
| | (0.027) | (0.090) | (0.027) | (0.089) | (0.027) | (0.092) |
| Book to market | 0.354*** | 0.311 | 0.355*** | 0.339 | 0.345*** | 0.309 |
| | (0.133) | (0.557) | (0.133) | (0.565) | (0.133) | (0.569) |
| ROA | -0.049 | -0.995 | -0.067 | -0.925 | -0.057 | -1.088 |
| | (0.306) | (2.139) | (0.303) | (2.239) | (0.307) | (2.270) |
| PPE | 0.441 | 1.771 | 0.436 | 1.753 | 0.470 | 1.693 |
| | (0.343) | (1.154) | (0.346) | (1.162) | (0.344) | (1.138) |
| Leverage | 0.300* | 0.471 | 0.298* | 0.491 | 0.283* | 0.413 |
| | (0.165) | (0.964) | (0.165) | (1.000) | (0.162) | (0.986) |
| Ln of CEO age | 0.268 | -15.177* | 0.256 | -15.631* | 0.252 | -15.137* |
| | (0.277) | (8.156) | (0.275) | (8.410) | (0.274) | (8.475) |
| Gender | 0.108 | -0.544 | 0.110 | -0.562 | 0.112 | -0.572 |
| | (0.106) | (0.619) | (0.106) | (0.642) | (0.106) | (0.694) |
| _cons | 0.354 | 62.356* | 0.396 | 64.577* | 0.263 | 62.151* |
| | (1.211) | (33.559) | (1.205) | (34.810) | (1.223) | (35.059) |
| *N* | 2062 | 184 | 2062 | 184 | 2062 | 184 |
| $R^2$ | 0.735 | 0.861 | 0.735 | 0.860 | 0.734 | 0.860 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 13 Sub-sample regressions by CEO compensation disparity**

The table presents the results in sub-samples classified by the presence of firm environmental committee. The outcome variable is Emission intensity, which is equal to CO2 emission scaled by revenue. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. Columns (1), (3) and (5) are observations whose CEO compensation disparity is higher than the sample median; columns (2), (4) and (6) are observations whose CEO compensation disparity is lower than the sample median. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Emission Density | (2)<br>Emission Density | (3)<br>Emission Density | (4)<br>Emission Density | (5)<br>Emission Density | (6)<br>Emission Density |
|---|---|---|---|---|---|---|
| | High disparity | Low disparity | High disparity | Low disparity | High disparity | Low disparity |
| Abnormal extreme days | $-0.144^{***}$ | -0.023 | | | | |
| | (0.047) | (0.027) | | | | |
| Abnormal hot days | | | $-0.112^{**}$ | -0.035 | | |
| | | | (0.046) | (0.031) | | |
| Abnormal cold days | | | | | $-0.144^{**}$ | 0.018 |
| | | | | | (0.058) | (0.045) |
| Firm size | -0.021 | $-0.096^{***}$ | -0.023 | $-0.096^{***}$ | -0.015 | $-0.091^{**}$ |
| | (0.044) | (0.036) | (0.044) | (0.036) | (0.044) | (0.035) |
| Book to market | $0.479^{**}$ | $0.448^{***}$ | $0.485^{**}$ | $0.449^{***}$ | $0.479^{**}$ | $0.437^{***}$ |
| | (0.214) | (0.165) | (0.219) | (0.167) | (0.216) | (0.163) |
| ROA | 0.468 | 0.241 | 0.399 | 0.240 | 0.462 | 0.220 |
| | (0.533) | (0.476) | (0.527) | (0.475) | (0.547) | (0.469) |
| PPE | 0.715 | -0.156 | 0.726 | -0.163 | 0.765 | -0.141 |
| | (0.730) | (0.370) | (0.742) | (0.372) | (0.734) | (0.363) |
| Leverage | 0.229 | $0.492^{***}$ | 0.220 | $0.494^{***}$ | 0.238 | $0.473^{**}$ |
| | (0.224) | (0.187) | (0.224) | (0.189) | (0.229) | (0.185) |
| Ln of CEO age | 0.121 | 0.415 | 0.093 | 0.408 | 0.151 | 0.401 |
| | (0.531) | (0.436) | (0.532) | (0.436) | (0.542) | (0.436) |
| Gender | 0.308 | 0.025 | 0.303 | 0.025 | 0.287 | 0.029 |
| | (0.246) | (0.103) | (0.250) | (0.102) | (0.252) | (0.103) |
| _cons | -0.334 | 0.622 | -0.096 | 0.663 | -0.678 | 0.558 |
| | (1.997) | (2.006) | (1.985) | (2.004) | (2.068) | (2.009) |
| *N* | 1080 | 1071 | 1080 | 1071 | 1080 | 1071 |
| $R^2$ | 0.742 | 0.754 | 0.739 | 0.755 | 0.738 | 0.754 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 14 The impacts of CEO climate change experience on corporate ESG performance**

The table presents the results estimating the impacts of CEO climate change experience on corporate ESG performance. The outcome variable for columns (1), (3) and (5) is environment score, and the outcome variable for columns (2), (4) and (6) is ESG rating. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Env. score | (2)<br>ESG rating | (3)<br>Env. score | (4)<br>ESG rating | (5)<br>Env. score | (6)<br>ESG rating |
|---|---|---|---|---|---|---|
| Abnormal extreme days | -0.169 | 0.001 | | | | |
| | (0.433) | (0.034) | | | | |
| Abnormal hot days | | | 0.087 | 0.037 | | |
| | | | (0.461) | (0.037) | | |
| Abnormal cold days | | | | | -0.780 | -0.099* |
| | | | | | (0.702) | (0.059) |
| Firm size | 8.981*** | 0.727*** | 9.001*** | 0.729*** | 8.983*** | 0.725*** |
| | (0.707) | (0.066) | (0.709) | (0.066) | (0.707) | (0.066) |
| Book to market | -1.008 | -0.321 | -1.042 | -0.327 | -1.042 | -0.323 |
| | (2.658) | (0.202) | (2.660) | (0.202) | (2.660) | (0.202) |
| ROA | 19.630* | 2.188** | 19.487* | 2.175** | 19.764* | 2.220** |
| | (10.415) | (1.077) | (10.430) | (1.076) | (10.424) | (1.076) |
| PPE | 12.103* | 0.619 | 12.224* | 0.637 | 12.220* | 0.623 |
| | (6.253) | (0.598) | (6.264) | (0.598) | (6.246) | (0.595) |
| Leverage | 6.581 | 0.326 | 6.507 | 0.315 | 6.502 | 0.323 |
| | (4.788) | (0.419) | (4.789) | (0.420) | (4.774) | (0.417) |
| Ln of CEO age | 14.079* | 1.087 | 14.006* | 1.081 | 14.163* | 1.104 |
| | (7.186) | (0.672) | (7.186) | (0.674) | (7.202) | (0.671) |
| Gender | -4.518 | -0.817*** | -4.489 | -0.814*** | -4.527 | -0.821*** |
| | (3.130) | (0.236) | (3.128) | (0.237) | (3.135) | (0.236) |
| _cons | -216.352*** | -14.511*** | -216.638*** | -14.573*** | -217.200*** | -14.594*** |
| | (30.803) | (2.852) | (30.895) | (2.859) | (30.875) | (2.836) |
| *N* | 1905 | 1904 | 1905 | 1904 | 1905 | 1904 |
| $R^2$ | 0.473 | 0.482 | 0.473 | 0.482 | 0.474 | 0.482 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 15 The impacts of CEO climate change experience on corporate financial performance**

The table presents the results estimating the impacts of CEO climate change experience on corporate ESG performance. The outcome variable for columns (1), (3) and (5) is ROA, and the outcome variable for columns (2), (4) and (6) is annual stock return. The key variables for columns (1)-(2), (3)-(4) and (5)-(6) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>ROA | (2)<br>Stock return | (3)<br>ROA | (4)<br>Stock return | (5)<br>ROA | (6)<br>Stock return |
|---|---|---|---|---|---|---|
| Abnormal extreme days | 0.000 | -0.007 | | | | |
| | (0.001) | (0.006) | | | | |
| Abnormal hot days | | | -0.001 | -0.000 | | |
| | | | (0.001) | (0.007) | | |
| Abnormal cold days | | | | | 0.003 | -0.022* |
| | | | | | (0.002) | (0.011) |
| Firm size | -0.002 | -0.002 | -0.002 | -0.001 | -0.002 | -0.002 |
| | (0.003) | (0.008) | (0.003) | (0.008) | (0.003) | (0.008) |
| PPE | 0.073*** | 0.042 | 0.072*** | 0.044 | 0.072*** | 0.047 |
| | (0.022) | (0.061) | (0.022) | (0.061) | (0.022) | (0.061) |
| Leverage | -0.068*** | -0.035 | -0.068*** | -0.037 | -0.068*** | -0.036 |
| | (0.022) | (0.055) | (0.022) | (0.055) | (0.023) | (0.055) |
| Ln of CEO age | 0.043 | -0.064 | 0.043 | -0.066 | 0.042 | -0.061 |
| | (0.031) | (0.083) | (0.031) | (0.084) | (0.031) | (0.084) |
| Gender | 0.014 | 0.043 | 0.014 | 0.043 | 0.014 | 0.043 |
| | (0.011) | (0.029) | (0.011) | (0.029) | (0.011) | (0.029) |
| _cons | 0.023 | 0.420 | 0.025 | 0.413 | 0.026 | 0.392 |
| | (0.151) | (0.388) | (0.152) | (0.390) | (0.151) | (0.391) |
| *N* | 2260 | 2260 | 2260 | 2260 | 2260 | 2260 |
| $R^2$ | 0.432 | 0.272 | 0.432 | 0.271 | 0.432 | 0.273 |
| Industry FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 16 The impacts of CEO climate change experience on green fund ownership**

The table presents the results estimating the impacts of CEO climate change experience on green fund ownership. The outcome variable is the percentage of shareholdings by green funds. The key variables for columns (1)-(3) are abnormal extreme days, abnormal hot days and abnormal cold days, respectively. All columns control for industry, year and birth state fixed effects. Definitions for variables are found in Table A1. ***, **, and * denote significance at the 1%, 5%, and 10% level. In parentheses, standard errors are clustered on firm level. All firm continuous variables are winsorized at the top and bottom 1% level.

| | (1)<br>Green fund ownership | (2)<br>Green fund ownership | (3)<br>Green fund ownership |
|---|---|---|---|
| Abnormal extreme days | 0.001 | | |
| | (0.001) | | |
| Abnormal hot days | | 0.000 | |
| | | (0.001) | |
| Abnormal cold days | | | 0.003 |
| | | | (0.002) |
| Firm size | -0.001 | -0.001 | -0.001 |
| | (0.002) | (0.002) | (0.002) |
| PPE | -0.007 | -0.007 | -0.007 |
| | (0.018) | (0.018) | (0.018) |
| Leverage | -0.008 | -0.008 | -0.008 |
| | (0.012) | (0.012) | (0.012) |
| Ln of CEO age | -0.038* | -0.037* | -0.038* |
| | (0.022) | (0.022) | (0.022) |
| Gender | 0.003 | 0.003 | 0.003 |
| | (0.011) | (0.011) | (0.011) |
| _cons | 0.242** | 0.243** | 0.247** |
| | (0.101) | (0.101) | (0.101) |
| *N* | 2260 | 2260 | 2260 |
| $R^2$ | 0.300 | 0.299 | 0.300 |
| Industry FE | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes |
| Birth state FE | Yes | Yes | Yes |

## Figures

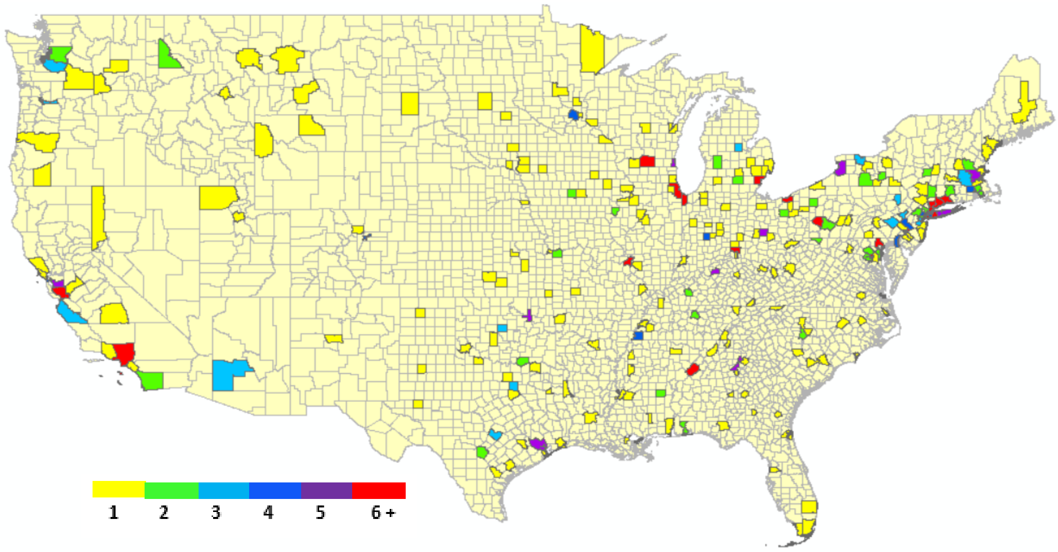


**Figure 1 County-level Distribution of Sample CEO Birthplace**

This figure displays the distribution of CEO birth counties in the sample. Most counties provide one CEO while some counties provide more. The numbers below the banner indicate how many CEOs in our sample come from each county.

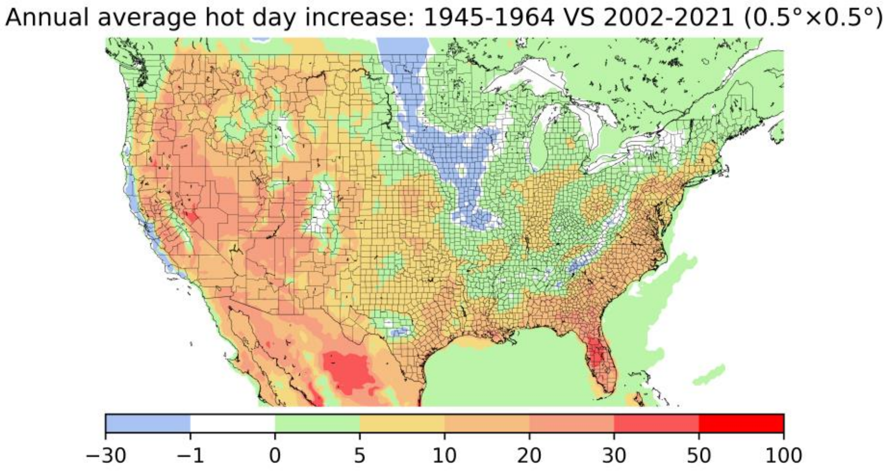


**Figure 2 Annual Average Hot Day Increase: 1945-1964 and 2002-2021 (0.5°×0.5°)**

This figure plots the difference of average annual hot days of two periods (1945-1964 and 2002-2021). For each grid, we count the total number of hot days in each year and calculate the annual average for each period, and then we obtain the difference by subtracting the value of 1945-1964 from the value of 2002-2021. The resolution of the grids is 0.5°×0.5°.

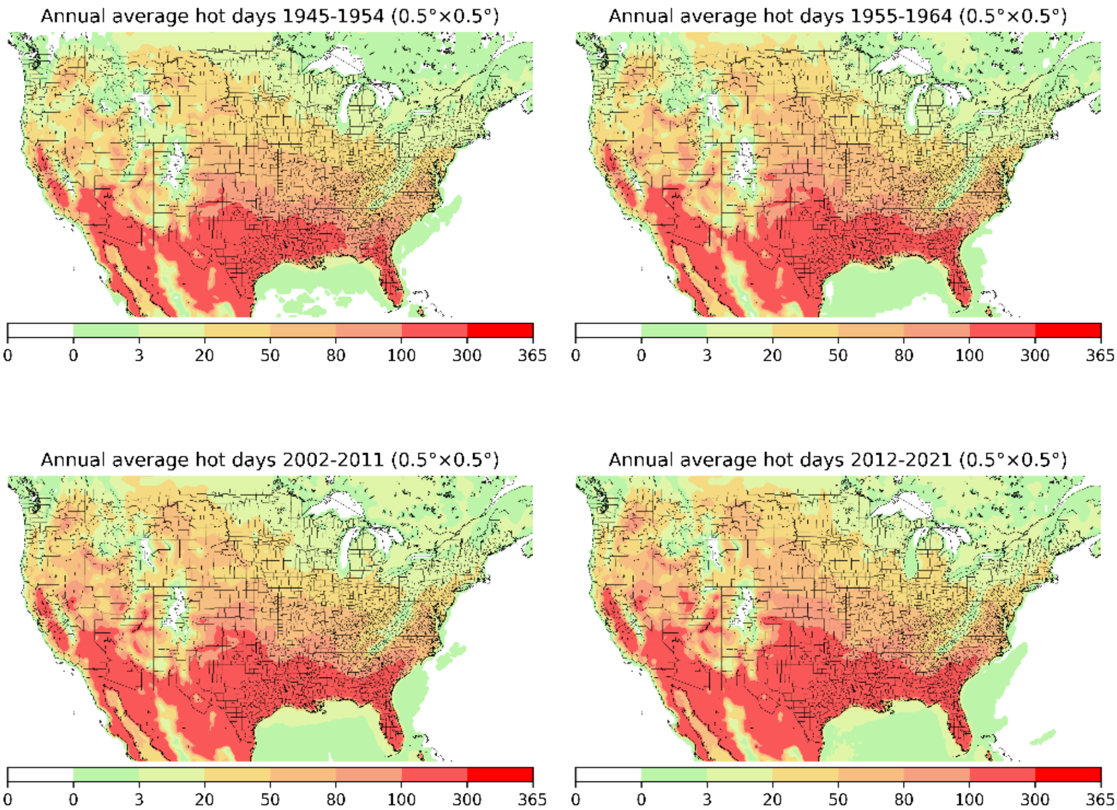


**Figure 3 Annual Average Hot Day in Four Decades of 1945-1954, 1955-1964, 2002-2011 and 2012-2021 (0.5°×0.5°)**

This figure plots average annual hot days of four different decades (1945-1954, 1955-1964, 2002-2011 and 2012-2021). For each grid, we count the total number of hot days in each year and calculate the annual average for each period. We plot the values of the four periods in four graphs. The resolution of the grids is 0.5°×0.5°.

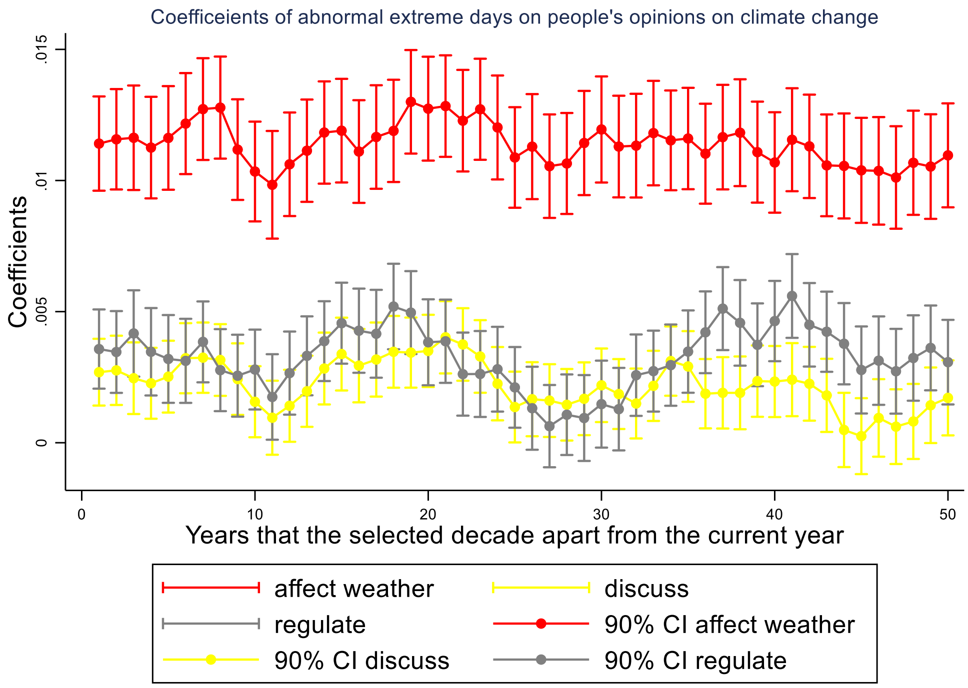


**Figure 4 Coefficients of abnormal extreme days on people's opinions on climate change.**

Figure 5 displays the coefficients and 90% confidence intervals of the same regression specification in Table 7. We use abnormal hot days measured by different time spans. The measure is the same to our main variables constructed as the difference between current year and a decade average. The values on horizontal axis denote how many years the end year of the benchmark decade is apart from the current year. The selected time span traverses every year from one to fifty.

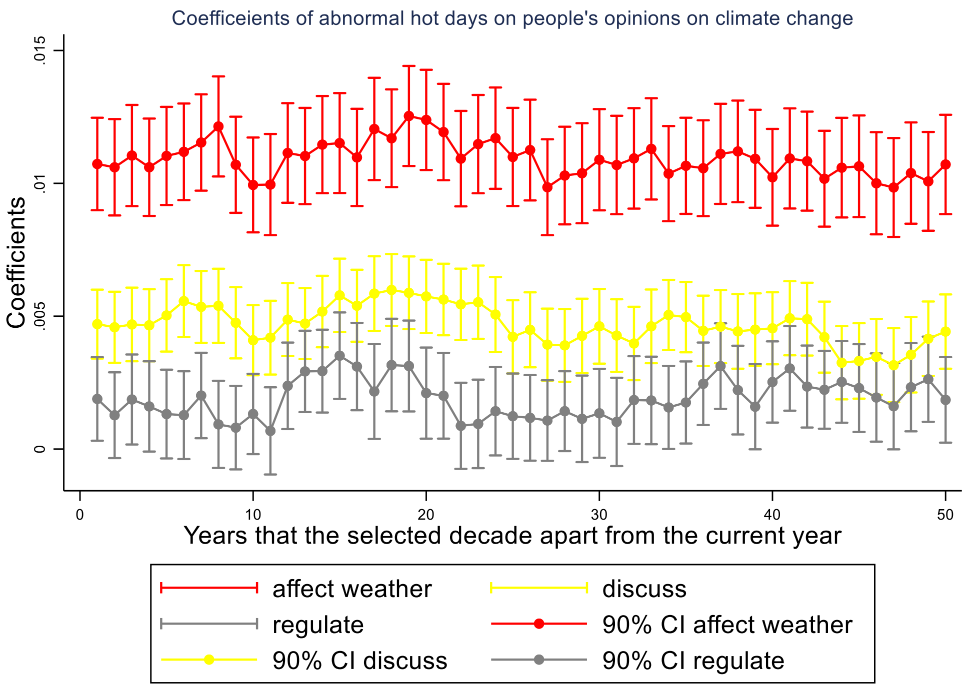


**Figure 5 Coefficients of abnormal extreme hot days on people's opinions on climate change.**
Figure 5 displays the coefficients and 90% confidence intervals of the same regression specification in Table 7. We use abnormal extreme days measured by different time spans. The measure is the same to our main variables constructed as the difference between current year and a decade average. The values on horizontal axis denote how many years the end year of the benchmark decade is apart from the current year. The selected time span traverses every year from one to fifty.

## Appendix

**Table A1 Variable Definition**

| Variables | Definitions |
|---|---|
| Panel A Climate measures | |
| Abnormal extreme days | The monthly abnormal number of extreme days of a certain year in a CEO's hometown. An extreme day is defined as a day temperature higher than 30℃ or lower than 0℃. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is a CEO's formative decade during 5-15 years old |
| Abnormal hot days | The monthly abnormal number of hot days of a certain year in a CEO's hometown. A hot day is defined as a day temperature higher than 30℃. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is a CEO's formative decade during 5-15 years old |
| Abnormal cold days | The monthly abnormal number of cold days of a certain year in a CEO's hometown. A hot day is defined as a day temperature lower than 0℃. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is a CEO's formative decade during 5-15 years old |
| Abnormal maximum temperature | The monthly abnormal maximum temperature of a certain year in a CEO's hometown. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is a CEO's formative decade during 5-15 years old |
| Abnormal minimum temperature | The monthly abnormal minimum temperature of a certain year in a CEO's hometown. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is a CEO's formative decade during 5-15 years old |
| Abnormal mean temperature | The monthly abnormal mean temperature of a certain year in a CEO's hometown. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is a CEO's formative decade during 5-15 years old |
| Early disasters | The average number of fatal disasters during a CEO's formative decade |
| Abnormal disasters | The abnormal number of fatal disasters in a current year. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is a CEO's formative decade during 5-15 years old |
| Abnormal extreme days HQ | The monthly abnormal number of extreme days of a certain year in a firm's headquarter. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is the past decade |
| Abnormal hot days HQ | The monthly abnormal number of hot days of a certain year in a firm's headquarter. The measure is constructed as the difference between a current year's value and the average of a |

| | |
|---|---|
| | benchmark period. The benchmark period for this measure is the past decade |
| Abnormal cold days HQ | The monthly abnormal number of cold days of a certain year in a firm's headquarter. The measure is constructed as the difference between a current year's value and the average of a benchmark period. The benchmark period for this measure is the past decade |
| Panel B Firm and CEO variables | |
| $CO_2$ emission (Millions of tons) | Firm absolute volume of carbon emission |
| Emission intensity (Kg per dollar) | =$CO_2$ emission / revenue |
| Firm size | Logarithm of total assets |
| Book to market | Book to market ratio |
| ROA | Return on assets=EBITDA/total assets |
| PPE | =Fixed assets / total assets |
| Leverage | =long-term debt / total assets |
| Log of CEO age | Logarithm of CEO age |
| Gender | CEO gender, =1 for male and 0 for female |
| Panel C County-level variables | |
| Unemployment Rate | Employment rate in each county |
| Bachelor's degree | The percentage of people having a Bachelor's degree in a county |
| Log of GDP | Logarithm of a county's GDP |
| Discuss (%) | The percentage of people often discussing climate change with people around |
| Affect weather (%) | The percentage of people believing that global warming is affecting US weather |
| Regulate (%) | The percentage of people supporting that $CO_2$ emission should be regulated as a pollutant |

**Table A2 Sample construction**

| | # |
|---|---|
| **All firm-year observations with non-missing values of carbon emission from Refinitiv database** | **6,955** |
| *<u>Less</u>*: | |
| CEOs without birthplace information | (4,592) |
| Observations with missing values in control variables in **Table A1**. | (9) |
| **Final sample:** | **2,354** |
| *<u>Less:</u>* Singleton observations (as a result of interacted fixed effects) | (94) |
| **Effective observations in Column 1, Table 2** | **2,260** |