



## Winning the Race to Net Zero

*Our records indicate that this is the first time you're receiving my Weekly Brief, and as BCG's global chair, I wanted to personally welcome you. I started sending this note in mid-2020 with the hope that BCG's latest knowledge and my own reflections could help you make sense of our rapidly changing reality. If you have any feedback, I'd love to hear from you. - Rich*

To BCG's network around the world,

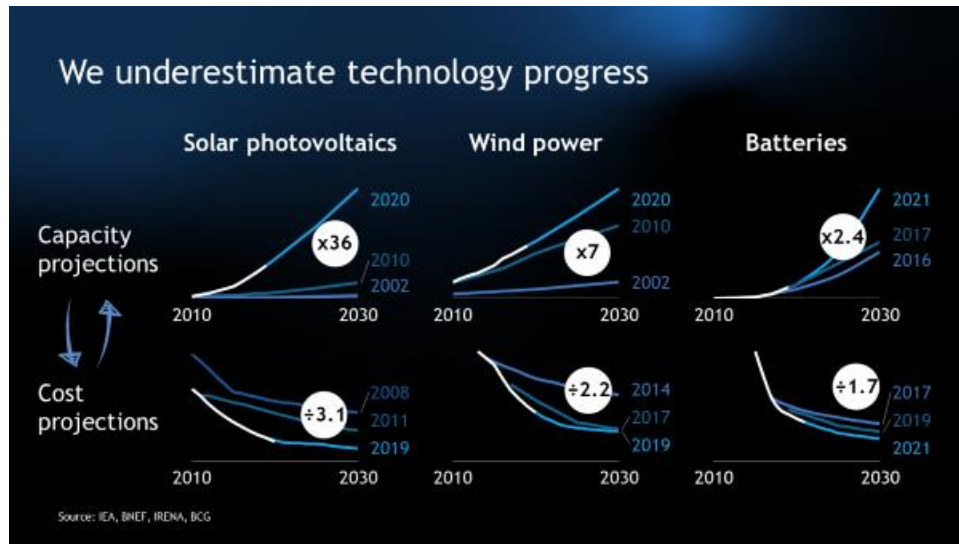
Last year, BCG's climate work with the World Economic Forum focused on the impact—and surprising affordability—of [supply chain decarbonization](#). This year, we look at how leaders and early movers in the net-zero transition can strengthen their businesses while also changing the game for their sectors and beyond.

After six months of research and interviews with dozens of CEOs, we've just released a [comprehensive report](#) on this topic. I highly encourage you to read it or to take a look at the [video](#) I recorded that walks through its main points. I won't dive into too much detail here, but I do want to share some of the key messages. These are critical points for leaders to consider when it comes to setting climate commitments and following through with corporate action.

### **The Underestimated Pace of Change**

Time and time again, both capacity and cost projections of key low-carbon technologies have proven far too conservative. For example, the forecast for installed solar photovoltaic capacity for 2030 increased by a factor of 36 between 2002 and 2020, while projected costs declined by a factor of more than three. That trend also holds true for wind power generation and batteries. As of this moment, we're probably wrong again. Reliance on such forecasts means that many companies will not be well-equipped to deal with impending disruptions as decarbonization

technologies accelerate.



In parallel, achieving net-zero emissions means that most of the fossil fuel applications we use today will need to be phased out, and in many cases this implies that the useful lifespan of these assets shortens. In a Paris-aligned world, the risk of assets not reaching their originally planned financial lifetime is substantial for many sectors and must be factored into near-term capital planning.

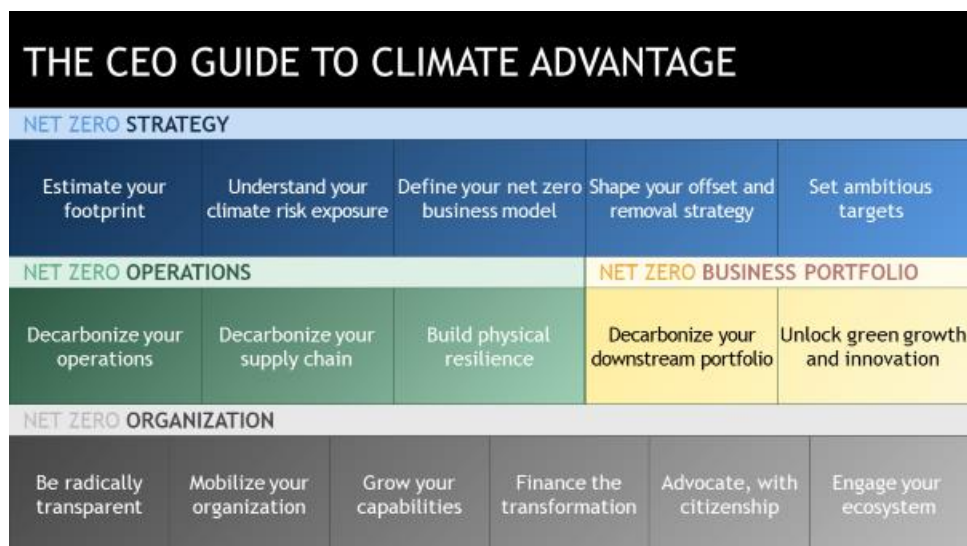
### **The Business Case to Act**

The net-zero transition will have an impact on all economic sectors. While this transformation certainly implies major strategic and operational risks to many incumbents, it offers sizable opportunities as huge investments mobilize, consumer preferences shift, and regulations progress. Leaders and early movers can gain competitive advantage in at least six areas, from attracting and retaining talent to saving costs and cutting carbon emissions, and ultimately through delivering higher shareholder returns.



## The Way Ahead

Leaders who want to keep their businesses strong, growing, and sustainable in the years ahead can leverage the report's clear, high-level net-zero transformation framework, which is based on our conversations with CEOs who are leading the way. It's a comprehensive approach that revolves around the transformation of strategy, operations, business portfolio, and the organization as a whole.



In the past, most early movers amid big global shifts recognized opportunities and managed to secure windfalls for their companies, continuing to thrive today. Many of those put off by risk or who underestimated the pace of change still have not recovered—some have not survived.

This is a time like no other for bold, ambitious leadership. There are many

dimensions to get right, but companies that fully commit have more power to shape their own destinies, build sustainable advantage, and contribute to addressing the greatest environmental challenge facing humanity.

Please see below for a link to the full report, along with other related content.

Until next time,



Rich Lesser  
Global Chair

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## Further Reading



### Winning the Race to Net Zero: The CEO Guide to Climate Advantage

As global climate action gains momentum, an accelerating net-zero transition creates opportunities for early movers. This report guides CEOs in transforming their businesses to seize significant advantage.

[READ MORE →](#)



### Solving the Puzzle of Sustainable Resource Scarcity

As more and more companies commit to adopting climate-conscious practices, the available supply of suitable resources and infrastructure is shrinking.

[READ MORE →](#)



## When a Business Ecosystem Is the Answer to Sustainability Challenges

Though often complex and difficult to manage, this type of collective action can help companies overcome six barriers that often inhibit their ability to address a sustainability challenge.

[READ MORE →](#)