BCG | BCG X | CO2 AI

How Companies Are Tackling the Climate Challenge—and Creating Value

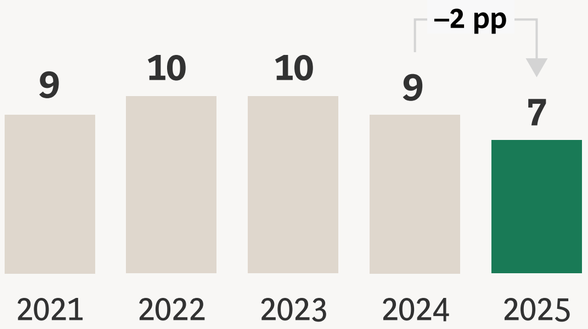
CLIMATE SURVEY 2025

Corporate climate reporting appears to be stalling

7%

of companies comprehensively report all carbon emissions

RESPONDENTS (%)

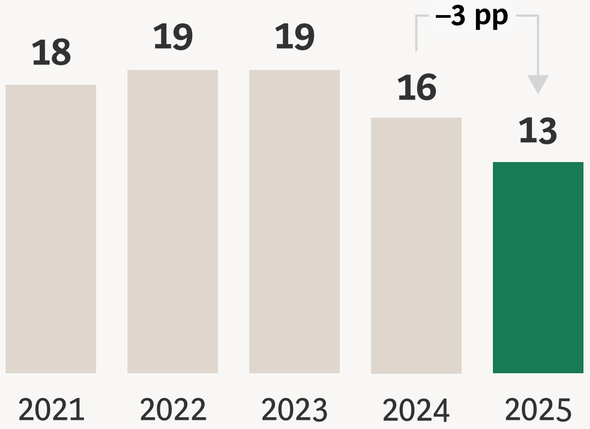


Includes only companies measuring emissions comprehensively across all material greenhouse gas categories for the organization

13%

of companies have set emission reduction targets[1]

RESPONDENTS (%)

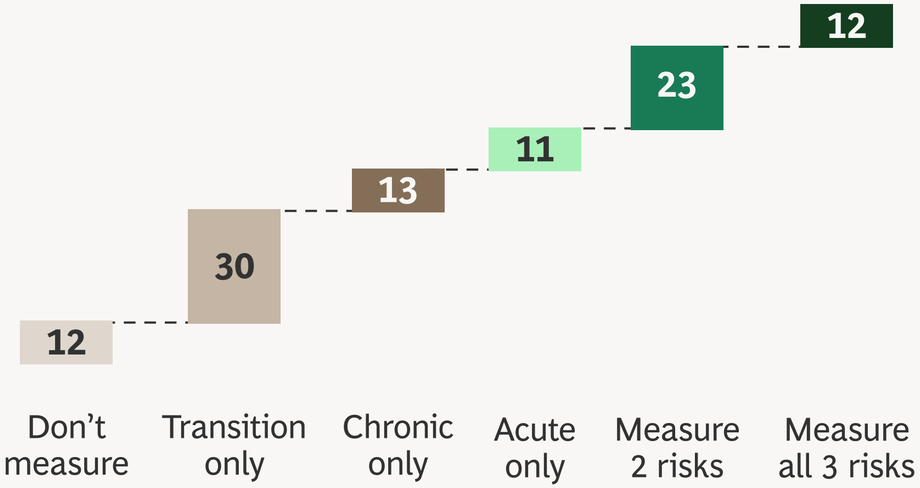


Includes only companies that have set targets across Scopes 1, 2, and 3; inclusive of science-based and non-science-based targets

12%

of companies fully identify and measure climate risks[2]

RESPONDENTS (%)



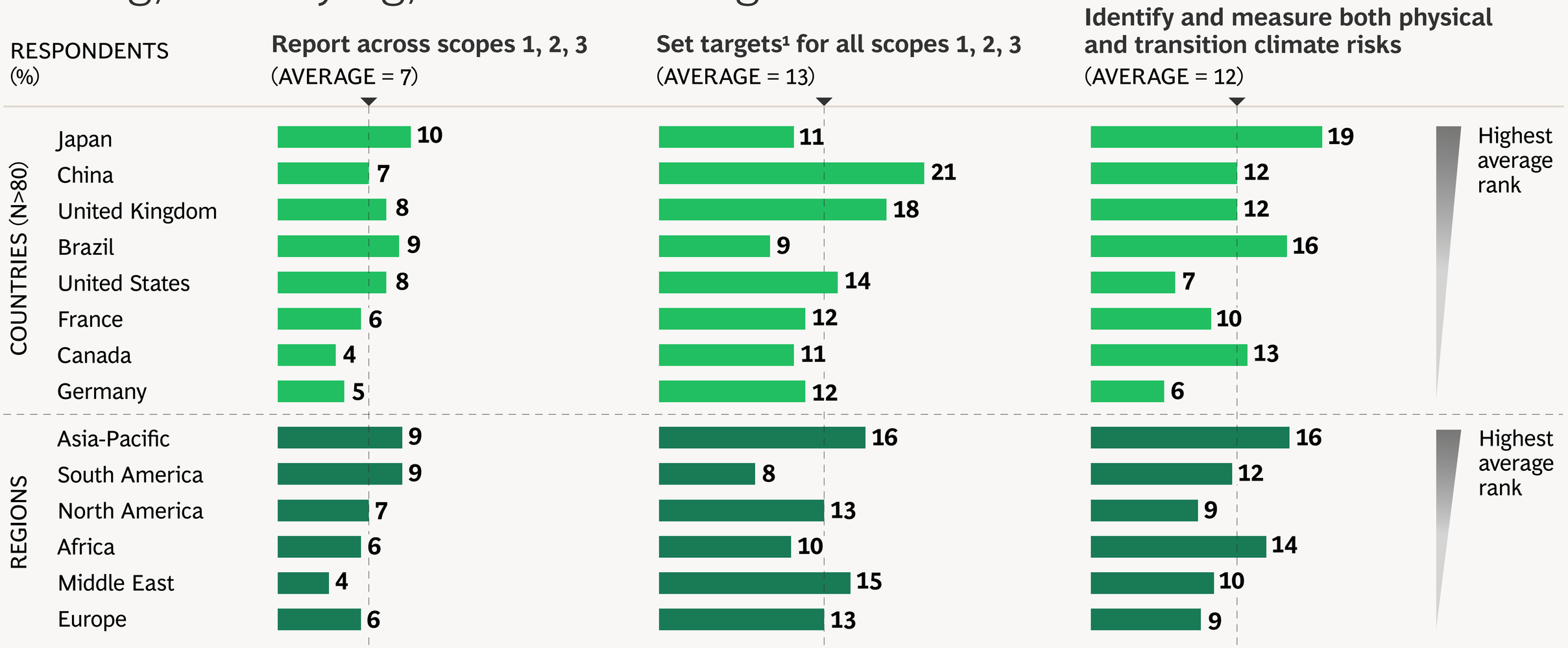
Includes only companies that measure across transition risk, chronic physical risk, and acute physical risk simultaneously

Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.

[1]Inclusive of Science Based Targets initiative (SBTi) and non-SBTi targets.

[2]Full measurement refers to companies that assess all three climate risk types: acute physical risks, chronic physical risks, and transition risks. Partial measurement refers to companies that assess any one or two risk types.

Japan, China, and UK companies surveyed lead on reporting, target-setting, identifying, and measuring climate risk



Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.
Note: Rankings are based on average across reporting, target-setting, and identifying and measuring climate risks.
[1]Inclusive of Science Based Targets initiative (SBTi) and non-SBTi targets.

However, companies continue to invest, and investment levels in mitigation and adaptation are expected to continue rising

16%

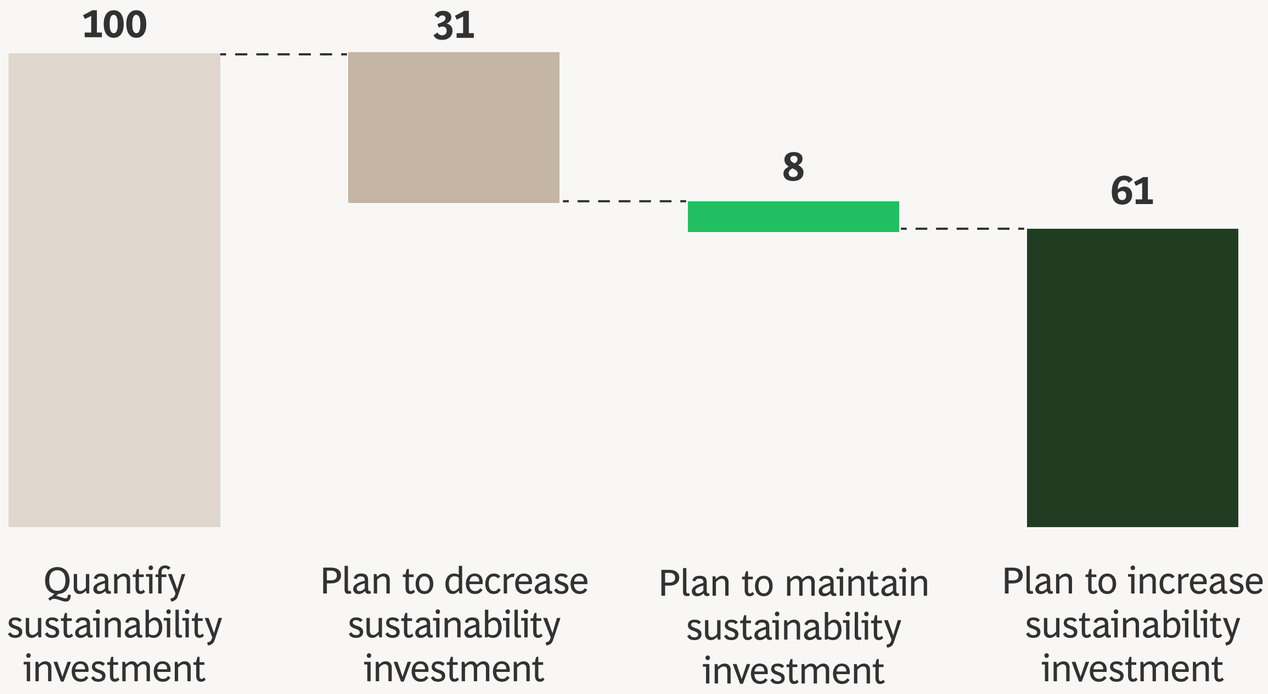
average increase per company

Companies expect to increase overall investment in mitigation and adaptation by 16% over the next five years, an average of $69M per company

Expected investment in sustainability (% of current capital investment budget)

Approximately 70% of respondents plan to either maintain or increase investment levels

RESPONDENTS (%)



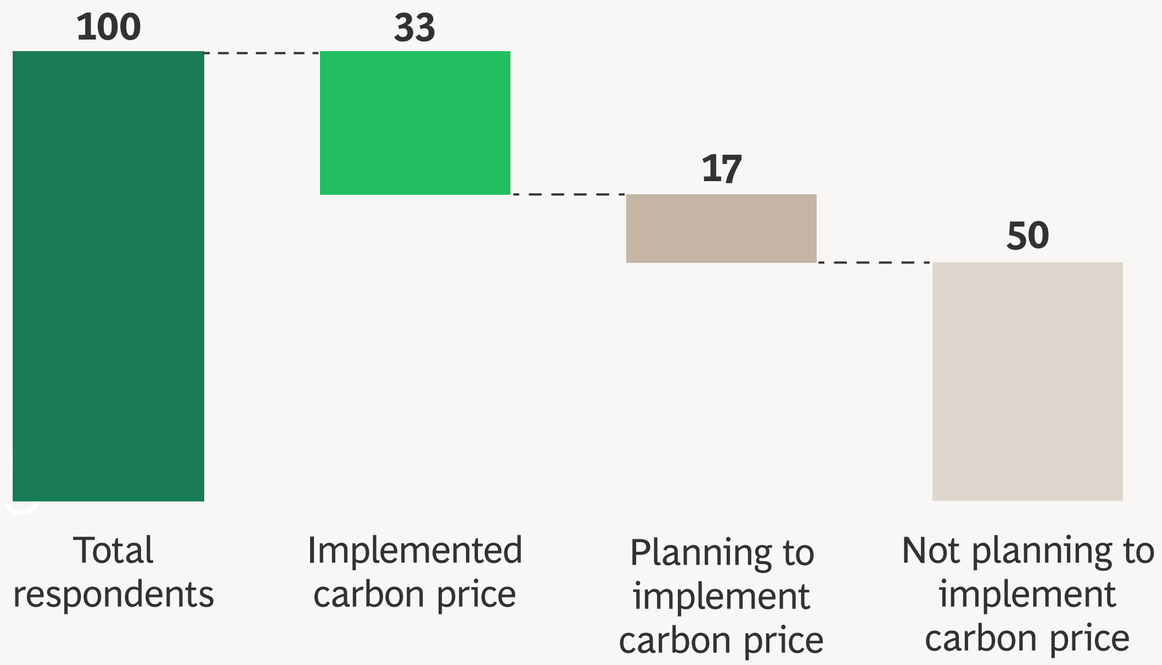
Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.

Companies are increasing their use of internal carbon pricing and climate transition plans

33%

of companies have implemented an internal carbon price

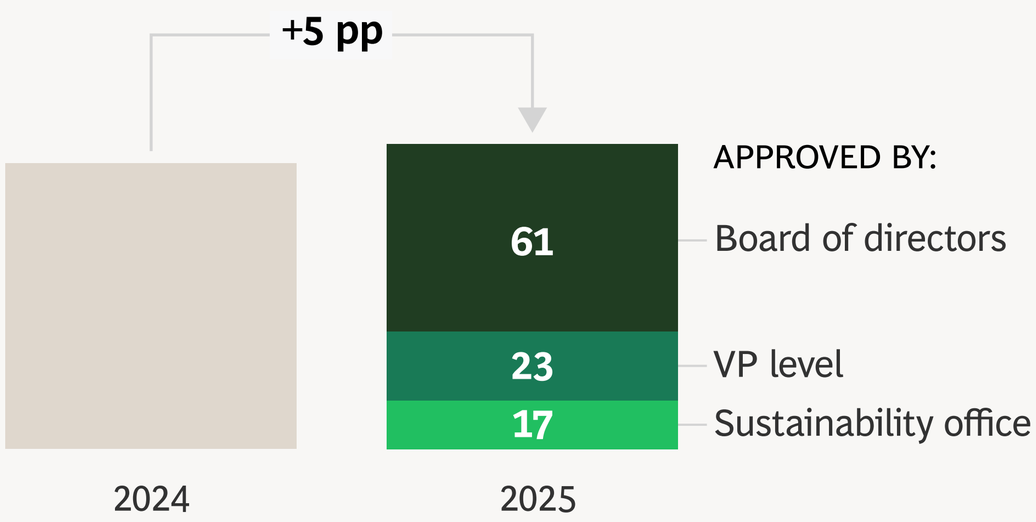
RESPONDENTS (%)



5%

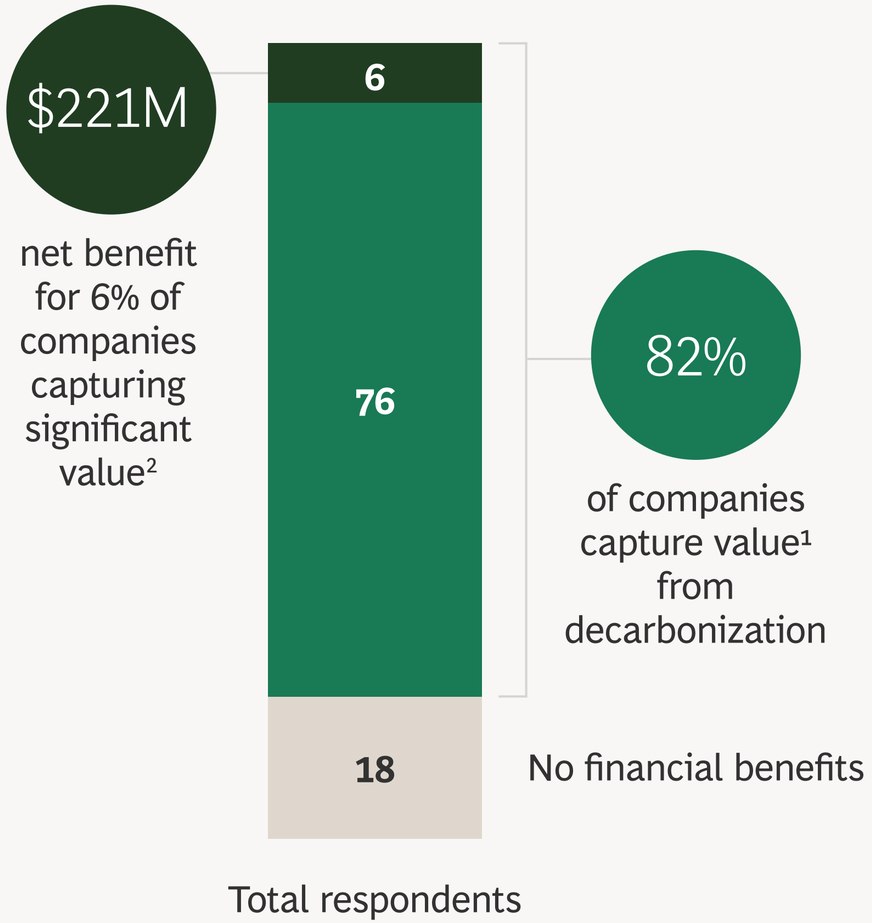
more companies are adopting a climate transition plan

RESPONDENTS (%)



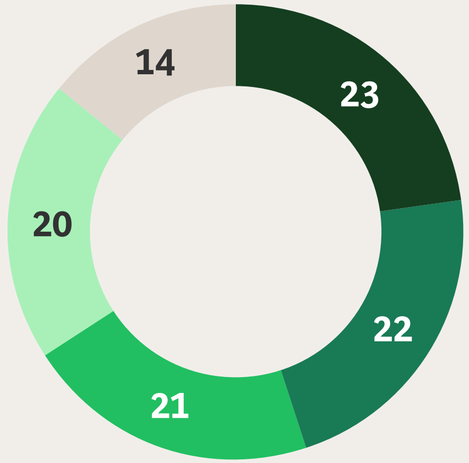
Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.

The push for decarbonization is driven by the value at stake



Value from decarbonization primarily comes from volume-driven revenue growth and operating expenditure savings

RESPONDENTS (%)



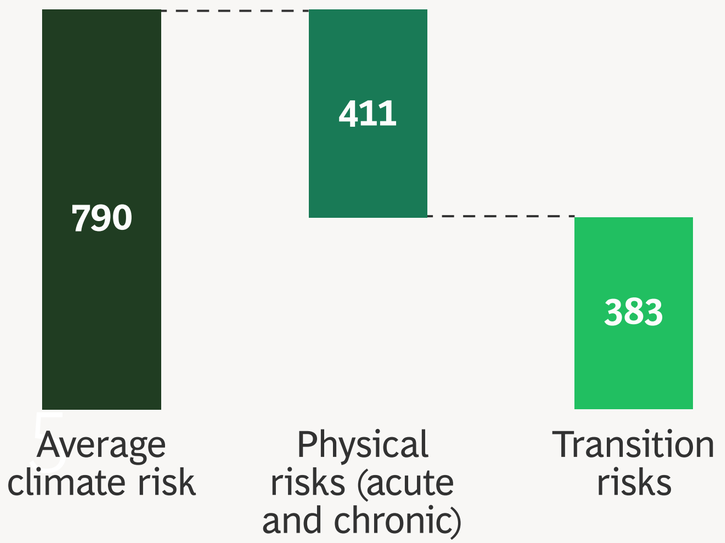
- Revenue growth through increased volume (e.g., customers purchasing sustainable products)
- Operating expenditure savings (e.g., lower electricity bills from efficiency programs)
- Capital expenditure savings and reallocation (e.g., installing smart meters to defer HVAC upgrades)
- Revenue growth through price increases (e.g., securing higher prices for low-carbon products)
- Carbon tax avoided (e.g., carbon tax avoided from programs that keep emissions below the threshold)

Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.
[1]Defined as financial value gained from decarbonization initiatives, captured as a % of sales.
[2]Value equivalent to more than 10% of revenue annually.

Companies face high amount of risk from climate change and can reap benefits through smart investments in adaptation and resilience

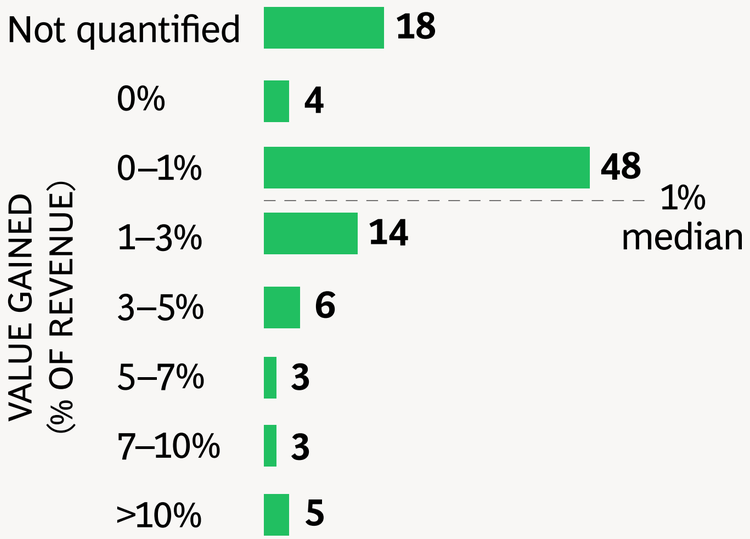
$790M

average climate risk in 2030[1]



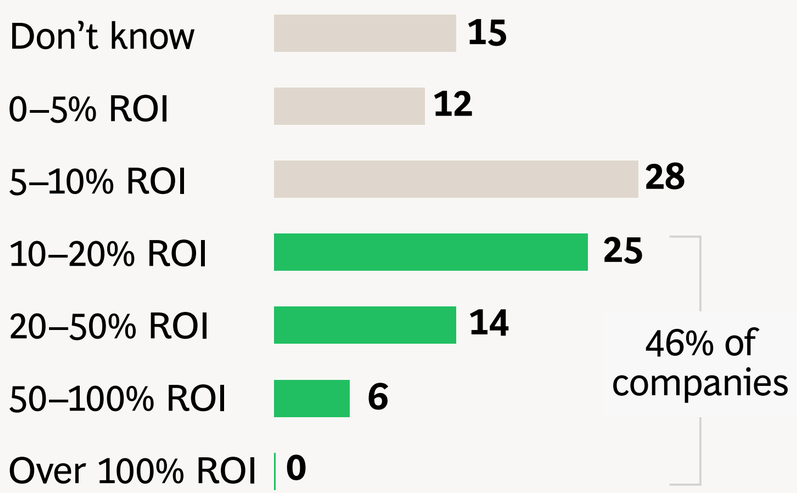
~1%

of revenue in value from adaptation efforts



>10%

ROI from climate risk projects expected by ~50% of respondents

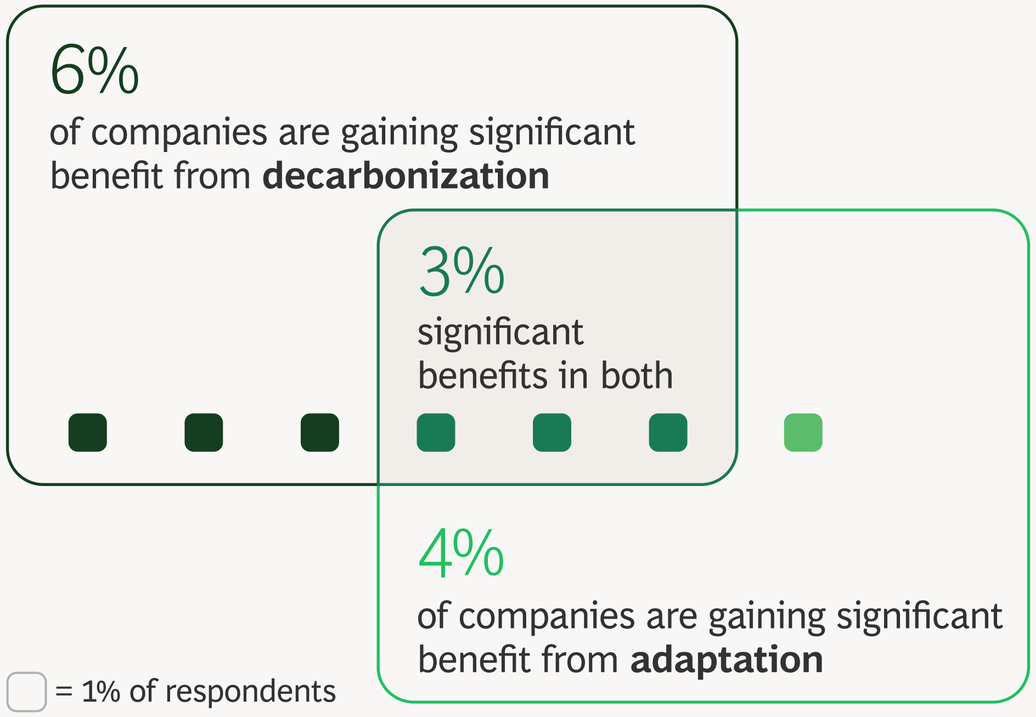


Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.

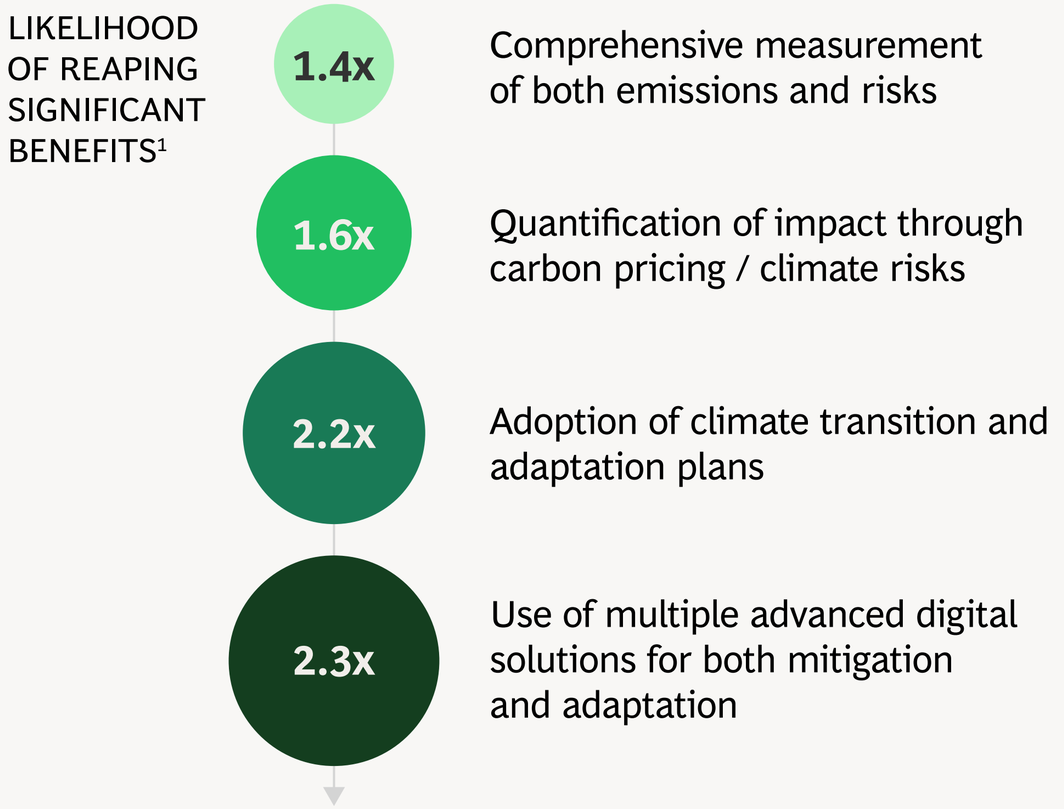
[1]Average per company among respondents that measure all climate risks. Climate risk assessment determines possible damage to company assets given various climate change scenarios and likelihood of a natural disaster.

A group of leaders have already captured significant value from mitigation and adaptation, primarily enabled by digital

Only 7% companies are extracting significant value[1] from either decarbonization or adaptation; 3% capture significant value from both



Digital maturity is the strongest differentiator



Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.
[1]Comparing companies that see significant financial value (equivalent to a value of >10% of revenue) versus those that do not see that same level of benefit.

Leading companies are expanding their digital capabilities beyond AI to support climate initiatives

TECHNOLOGY	DESCRIPTION	EXAMPLE	
Predictive AI	Uses statistical techniques to forecast future events by analyzing patterns in historical data	Crop yield forecasts, energy demand, deforestation alerts	Artificial intelligence
Generative AI	Creates new content (e.g., text, images, audio) by learning from existing datasets	Green material design, net-zero plans, low-carbon concepts	
AI agents	Autonomous systems that learn from data in context, make decisions, and act toward defined objectives	Smart buildings, carbon tracking bots	
Internet of Things (IoT)	Interconnected devices that collect, share, and analyze data to monitor and manage systems	Smart meters, soil sensors, cold chain tracking	
Drones	Unmanned aerial vehicles equipped with sensors for large-area monitoring and data collection	Solar panel scans, tree count drones, methane leak flyby	Primarily for adaptation and resilience
Earth observation	Remote sensing (e.g., satellites) and ground-based systems to monitor environmental changes	Carbon map satellites, glacier melt watch, land use trackers	
Augmented reality/ virtual reality (AR/VR)	Immersive technologies that enhance or simulate real-world environments for analysis and training	Heat loss viewers, virtual audit tours	
Advanced computing (e.g., quantum computing)	High-performance computing that accelerates complex simulations and optimizations	Solar cell sim, CO_2 reaction models, power grid optimizers	

Source: World Economic Forum and BCG report: “Innovation and Adaptation in the Climate Crisis.”

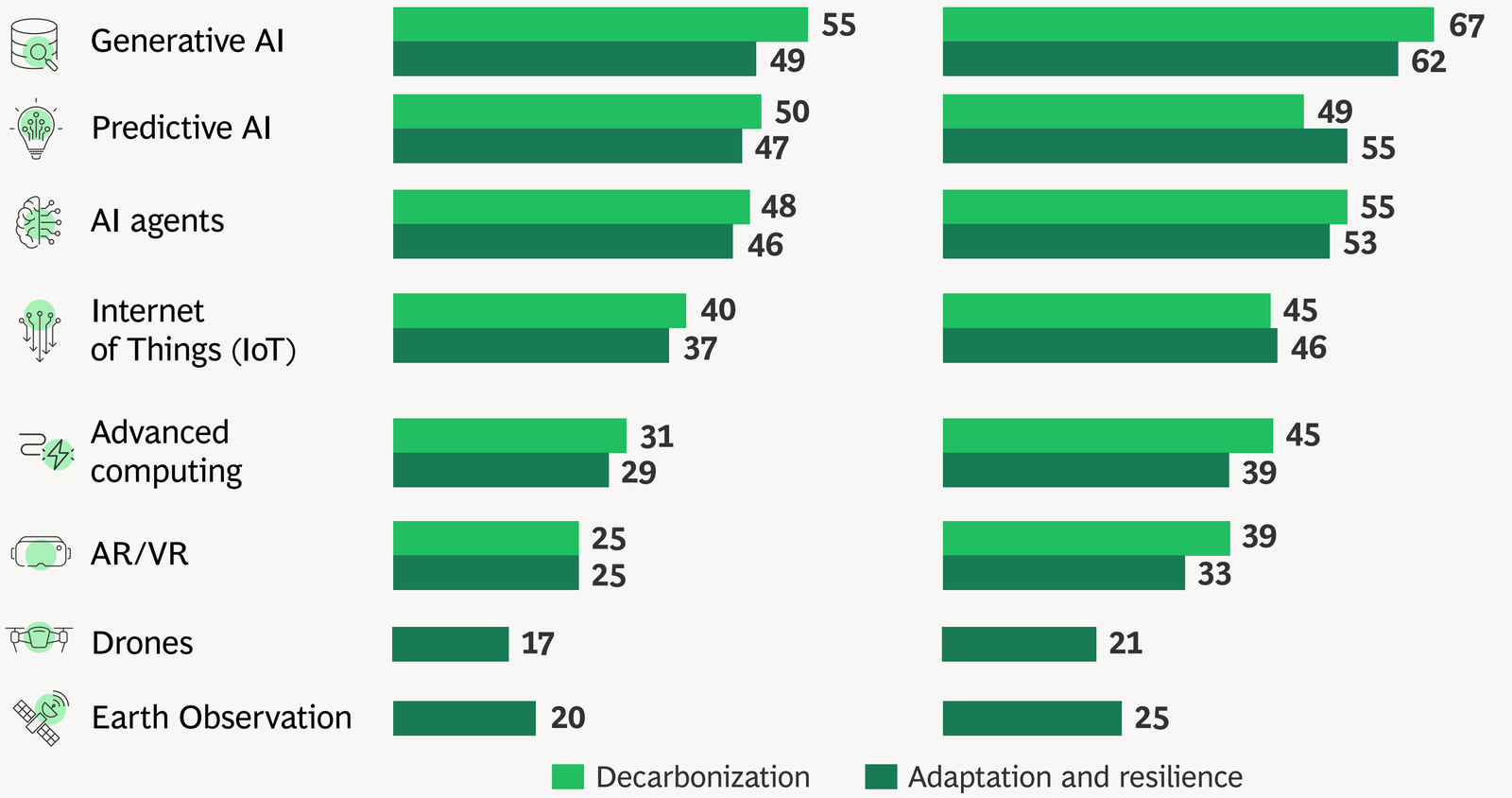
Leading companies are using AI and other advanced digital solutions more frequently than their peers

AI-driven solutions are the most popular

TOTAL RESPONDENTS THAT USE TECHNOLOGY IN SUSTAINABILITY (%)

Leaders[1] observe higher usage across almost all digital solutions

LEADERS THAT USE TECHNOLOGY IN SUSTAINABILITY (%)



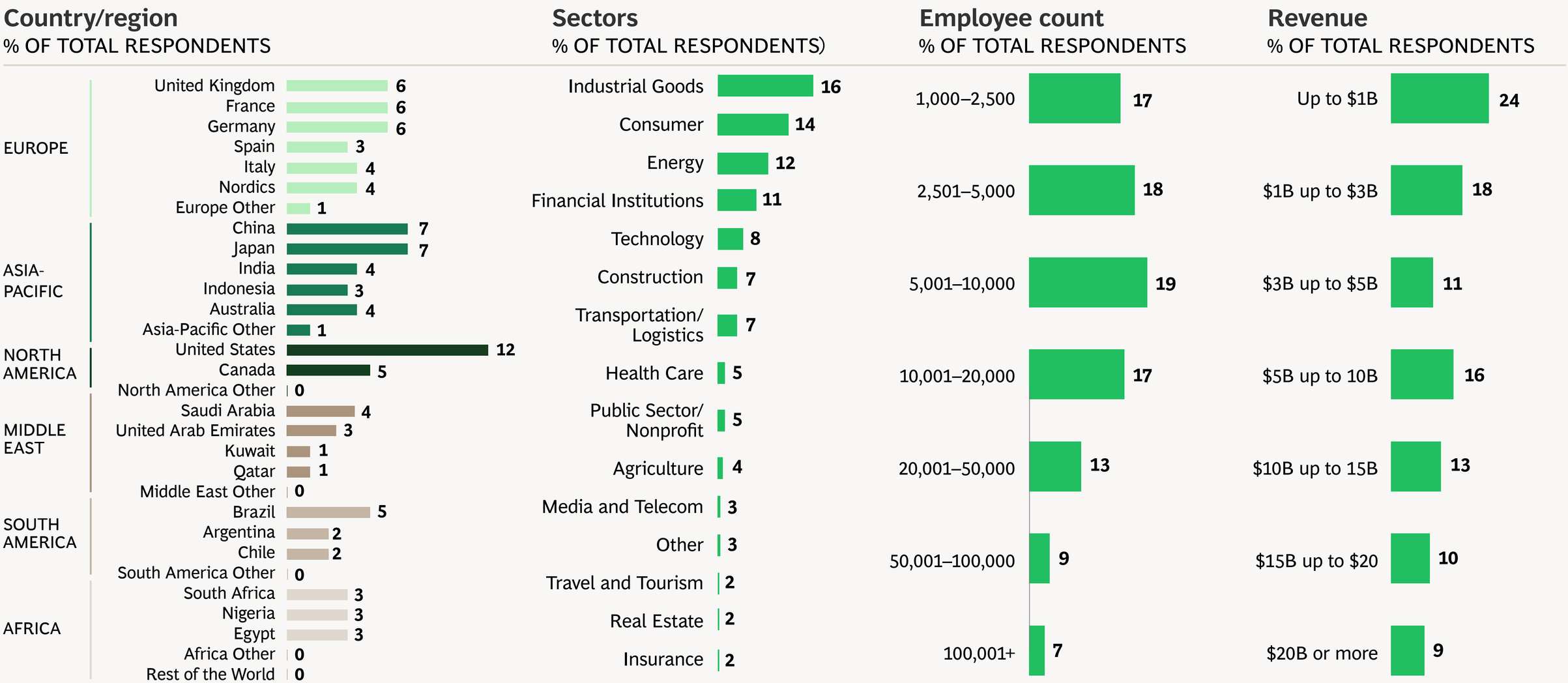
Which digital priorities should companies focus on to advance sustainability and unlock value?

- Lean into advanced digital solutions, such as AI, IoT, etc.— leaders use these tools 10% more often than the average company
- Especially invest in AI—most common use cases for top companies include carbon accounting and climate risk modeling
- Selectively explore other solutions where the use case exists for that sector, e.g.,
  - Advanced computing for grid optimization
  - Drones for heavy asset monitoring
  - AR/VR for designing products for sustainability and value

Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.
[1]Comparing companies that see significant financial value (equivalent to >10% of revenue) from decarbonization and adaptation.

SURVEY METHODOLOGY

We surveyed 1,924 executives across multiple countries and sectors



Sources: BCG and CO2 AI Climate Survey 2025 (n = 1924); BCG analysis.
Note: Bar charts may not add up to 100% due to rounding.