Alliance of CEO Climate Leaders

WORLD ECONOMIC FORUM

The Climate Economy is Delivering – Driving Returns, Resilience and Growth, Despite Headwinds

OPEN LETTER

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- The World Economic Forum's Alliance of CEO Climate Leaders shares an open letter to world leaders ahead of the UN Climate Change Conference 2025 (COP30), stressing the commercial viability of the climate economy, and urging businesses and policy-makers to scale the historic opportunity for returns, resilience and growth.
- Business leaders underscore that the gains from investing in the climate economy stand in sharp contrast to the escalating costs of inaction. Even in the best-case decarbonization scenario, some climate impacts are locked in, making resilience and adaptation investments essential alongside emissions reduction to secure growth and stability.
- The Alliance represents $4 trillion in revenues and 12 million employees in 130+ companies. Between 2019 and 2023, its members reduced aggregate emissions by 12% while delivering revenue growth of 20%.

In recent years, corporate leaders across the world have made significant investments in building low-carbon, climate resilient businesses.[1] Members of the Alliance are paving the way, proving that climate initiatives can drive long-term value for business and society.[2] However, this momentum now faces strong headwinds. The cost of the transition, combined with policy obstacles and uncertainties, fiscal pressures and geopolitical tensions, is slowing the transition. COP30 presents a pivotal moment for business and government to reignite progress towards a more resilient and environmentally sustainable economy.

Across many sectors, the business case for climate action is proven and compelling

The transition towards a resilient and low-carbon economy is a major commercial opportunity: Demand for green, low-carbon products, and electrification solutions is accelerating across sectors, with the global market for technologies like solar photovoltaic (PV), wind turbines, electric vehicles (EVs), batteries, electrolysers and heat pumps nearly quadrupling since 2015 to over $700 billion annually.[3] Renewable power has delivered meaningful and competitive returns for many years, with its rapid expansion underscoring deep investor confidence.[4]

In addition to the energy transition, low-carbon products in agriculture (e.g. regenerative agriculture) can increase farm profits compared to conventional farming,[5] and circular economy models are unlocking new sources of value by boosting resource efficiency and cutting costs in many sectors.[6] At the same time, many businesses have a clear case for investing in adaptation and resilience due to the rising costs of weather extremes.[7]

This transformation supports broader societal and economic goals: By creating alternative sources of scalable, low-cost energy, the green transition can strengthen energy security and independence, enhance reliability and drive economic growth.[8] It is also a powerful job creator, with the potential to generate a net gain of 10 million jobs globally by 2030.[9] Air quality and public health stand to benefit significantly.[10] Crucially, climate mitigation and resilience efforts help safeguard lives, and protect both nature and critical assets.[11]

Action is becoming increasingly urgent in the face of headwinds

Current global policies are setting the world towards a 3°C trajectory, with warming expected to exceed 2°C as early as 2050[12] – potentially even more across major land areas. The consequences will intensify over the next 25 years, with increased

droughts, heatwaves, wildfire and flood risks, and more severe storms. These impacts will disrupt food security, damage the financial resilience of businesses and governments, and endanger livelihoods, communities, healthcare systems and ecosystems.[13]

Despite these immediate impacts, policies remain fragmented and uncertain, with varying levels of ambition and urgency. This makes it harder for businesses to invest at the speed and scale required to slow the rate of temperature increase. Reducing emissions is only one part of the climate challenge, as many impacts are already locked in, making investment in adaptation and resilience critical.

Call to action: A wait-and-see approach is not viable. Businesses and policy-makers should act to reinforce and boost the business case in more areas.

Policy-makers can drive growth and create wealth by accelerating the transition by:

1. Maintaining a stable and predictable policy environment: Long-term policies and regulations should be ambitious, stable and aligned with typical investment time horizons. This will give businesses the confidence to commit capital in emerging sectors, and plan for sustainable growth.

2. Mitigating the financial risk of private investments and projects: Businesses need large-scale capital to invest in the transition. Risk can be reduced through a range of instruments across debt, equity, concessional finance, blended capital and guarantees or mechanisms at project level (e.g. power purchase agreements or carbon contracts for difference).[14]

3. Doubling financing and incentives for breakthrough tech: "Hard-to-abate" sectors such as those dependent on industrial heat need breakthrough technologies that require public support to scale, for example in the shape of R&D funding, investments in pilots, ambitious green public procurement policies, and transparent carbon markets and pricing mechanism to send clear demand signals.[15]

4. Transitioning away from unabated fossil fuels: Develop clear plans for a just, orderly and equitable transition, redirecting subsidies and investments towards clean energy, electrification and resilience.

5. Removing transition obstacles: Lengthy permitting processes are a major barrier to scaling renewables, grid build-out, other key low-carbon infrastructure, and commercial projects driving decarbonization in operations. Streamlining planning and approvals could cut project timelines by up to 50% for wind and 75% for solar.[16]

6. Supporting investments and policies for nature: Nature is an essential asset for economies and communities. Wetlands, forests and the ocean deliver important ecosystem services, such as carbon sequestration and sinks, soil protection and water regulation.[17]

7. Building climate-resilient economies and food systems: Submit detailed and investable National Adaptation Plans, deploy climate hazard warning systems to protect people and assets, develop financial tools to unlock private adaptation investments (e.g. loans for large infrastructure investments),[18] and enhance the resilience of food systems by supporting the rapid rollout of locally-relevant regenerative and resilient agricultural practices across diverse systems.

Governments cannot act alone: Fellow corporate leaders should partner with policy-makers to unlock more transition opportunities.

8. Target and deliver Scope 1 and 2 emissions reduction: Adopt science-based targets and report transparently on your progress. Develop a credible climate transition plan to guide your organization's decarbonization journey.

9. Drive change in your industry: Address Scope 3 emissions by working together across the value chain to drive low-emission end products and business models. Partner with coalitions, like the Alliance of CEO Climate Leaders, to share best practices and support both suppliers' and end-users' decarbonization.[19]

10. Leverage efficiency solutions to reduce energy usage, costs and emissions: Use energy audits to identify savings, upgrade heating, ventilation and air conditioning (HVAC) systems, optimize processes, and consider alternative sources of energy that often have an attractive business case.[20]

11. Strengthen innovation and digital solutions: Accelerate research and development of advanced technologies, including artificial intelligence (AI), while remaining mindful of their environmental impact.

12. Support creation of demand signals: Combine corporate goals where possible to increase demand for breakthrough technologies, for example by joining industry alliances like the First Movers Coalition, which supports hard-to-abate sectors' decarbonization.[21]

13. Invest in climate adaptation and resilience: Direct capital towards climate-proofing facilities, diversifying supply chains, and strengthening infrastructure to safeguard operations and communities against extreme-weather risks. Leverage advanced risk modelling and data tools to assess and enhance the visibility of physical impacts on key value chain assets.

Achieving this transformation will require deeper collaboration between the public and private sectors, anchored in trust, shared ambition and coordinated cross-regional action around policy, finance and innovation. This will unlock a historic commercial opportunity while supporting a fair transition, safeguarding people and planetary health. The moment is crucial, and the actions taken today will determine the speed and scale of the transformation.

This letter is endorsed by a majority of Alliance members; however, it may not reflect the views of all individual members.

Endnotes

1. Climate Policy Initiative, “Global Landscape of Climate Finance 2024: Insights for COP29”, https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2024/; Over $700 billion annually has come from the private sector alone.

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4. IRENA, “Renewable Power Generation Costs in 2023”, https://www.irena.org/Publications/2024/Sep/Renewable-Power-Generation-Costs-in-2023; The global levelized cost of electricity from solar PV was 56% less than the weighted average fossil fuel-fired alternatives in 2023.

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6. EMF, 23% of the global fashion industry forecast to be circular by 2030.

7. BCG, Global Resilience Partnership and USAID, “From Risk to Reward: The Business Imperative to Finance Climate Adaptation and Resilience”, https://www.globalresiliencepartnership.org/wp-content/uploads/2023/12/from-risk-to-reward-report.pdf. This 2023 study among leading companies showed benefits-to-costs ratio of $2-6 for every $1 invested in water resilience. Benefits include cost savings gained through increased resource efficiency and revenue loss avoided through continued operations amid climate shocks, while not considering broader social impacts or mitigation benefits.

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9. World Economic Forum, “The future of work in the green economy”, https://www.weforum.org/stories/2023/06/the-future-of-work-in-the-green-economy/. An estimated 10.3 million additional net jobs will be created by 2030 vs 2023; HSBC, A just and inclusive climate transition.

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11. World Economic Forum, “The Cost of Inaction: A CEO Guide to Navigating Climate Risk”, https://www.weforum.org/publications/the-cost-of-inaction-a-ceo-guide-to-navigating-climate-risk/.

12. UNEP, “Emissions Gap Report 2024”, https://wedocs.unep.org/bitstream/handle/20.500.11822/46445/EGR2024_KMEN.pdf. Warming is expected to exceed 2°C around mid-century, and 3 °C by 2100.

13. IPCC Sixth Assessment Report, “Climate Change 2022: Impacts, Adaptation and Vulnerability”, https://www.ipcc.ch/report/ar6/wg2/.

14. WRI, “How to De-risk Low-carbon Investments”, https://www.wri.org/insights/de-risking-low-carbon-investments.

15. World Economic Forum and BCG, “Bold Measures to Close the Climate Action Gap”, https://www.weforum.org/publications/bold-measures-to-close-the-climate-action-gap/.

16. Energy Transitions Commission, “Streamlining Planning and Permitting Can Accelerate Wind and Solar Deployment”, https://www.energy-transitions.org/wp-content/uploads/2023/01/Barriers_PlanningAndPermitting_vFinal.pdf.

17. European Investment Bank, “Investing in nature-based solutions”.

18. UNEP, “Adaptation Gap report 2024”, https://www.unep.org/resources/adaptation-gap-report-2024.

19. World Economic Forum, “Alliance of CEO Climate Leaders”, https://initiatives.weforum.org/alliance-of-ceo-climate-leaders/home.

20. Using AI to run heating, ventilation and AC systems could cut power consumption by a quarter – a solution that pays for itself within a year. Retrofitting buildings and using efficient appliances could cut energy use by another 31%. World Economic Forum, “How Davos 2024 set the agenda for accelerating the energy transition in a fair and cost-effective way”, https://www.weforum.org/stories/2024/02/how-to-accelerate-the-energy-transition-in-a-fair-and-cost-effective-way/#:~:text=cash%2C%20promotes%20energy%20security%20and,boosts%20the%20industry%E2%80%99s%20competitiveness.

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