There are several reasons to applaud the achievements of the 2021 United Nations Climate Change Conference (COP26). For example:

1. More than 100 countries committed to 30 per cent reductions in methane emissions by 2030.
2. Over 140 countries pledged to end deforestation by 2030. Healthy forests can act as natural carbon sinks.
3. Countries that collectively account for 90 per cent of world GDP have affirmed their commitment to achieving net-zero emissions.

These commitments are big steps in the right direction, but there are important caveats. For instance, the top three emitters (China, Russia, and India) did not sign the methane reduction commitment. And while early versions of the Glasgow Climate Pact called for phasing out coal power, that was weakened to a phase-down on unabated coal in the final version of the document.

COP26 may have over-delivered on expectations given political headwinds, but it under-delivered based on the scientific consensus on the scope of the challenge. Even with the 2030 pledges, Climate Action Tracker still predicts 2.4°C of warming by the year 2100.

Businesses step up

Some of the biggest wins at COP26 came from private sector participants. Hundreds of financial institutions with $130 trillion in assets under management formed the Glasgow Financial Alliance for Net Zero and announced their intention to fund initiatives that would accelerate the transition to net-zero emissions.

These institutions are part of a larger movement of thousands of businesses, universities, and cities that joined together in the Race to Zero campaign ahead of COP26 to turbocharge the shift to a zero-carbon future.

As the exclusive consultancy partner to COP26, BCG was proud to showcase our commitment to net-zero by joining the First Movers Coalition and Breakthrough Energy Catalyst initiatives that aim to advance and scale green tech solutions.

From pledges to action

Current pledges may be insufficient to prevent climate change, but this remains the right time for all public and private actors to prove their commitment to sustainability goals by taking action.
The good news is that we have solutions that can reduce emissions by 45 per cent in this decade. Even better, many of these solutions (such as improving energy efficiency or switching to renewable energy sources) can generate cost savings while reducing emissions.

For companies unsure where to begin, we offer these three suggestions:

1. **Make bold moves** both in decarbonising your own operations and exploring new sustainable business opportunities.
2. **Accelerate change** through collaboration within your ecosystem.
3. **Embed** the climate transition in the way your organisation operates, makes decisions and drives growth.

BCG is looking ahead to COP27, scheduled to be held November 2022 in Sharm El-Sheikh, Egypt. As the world comes to terms with the consequences of climate change, we expect to see COP27 focus heavily on themes of adaptation and resilience, as well as loss and damage.

*Stay informed with our latest thinking on climate and sustainability*

**What next for insurers on climate after COP26?**

COP26 in Glasgow was the first that the private sector has attended en masse in recognition of the need for issues to be addressed in a joined-up way across the public and private sectors. While the COP has confirmed that (re)insurers around the world can expect a further raft of climate-related regulatory and reporting obligations to emerge, to focus only on climate ‘sticks’ is to miss the point. Fundamentally, addressing climate change by reducing greenhouse gas emissions is a big opportunity for the insurance industry from several perspectives.

A Willis Towers Watson article outlines six areas of priority action and investigation/investment over the next year that should help insurers adapt to their changing climate responsibilities and to capitalise on climate-related opportunities.

*Read more*