







Six ways the Net Zero transition may affect shareholder value



Note: This table is indicative, not exhaustive.

	Shareholder Value Eroders (examples)	Shareholder Value Creators (examples)	Illustrations
Revenue 	Customer defection Product/service displacement	Customer acquisition/loyalty New products and services	Rio Tinto and Alcoa developed the world's first carbon-free aluminum smelting, a previously carbon intensive process largely unchanged since its 1886 invention.
Energy 	New taxes	Cost-saving eco-efficiency and clean energy measures	Xcel Energy substantially reduced its operating costs by moving from coal-powered energy production to wind and solar.
Supply Chain 	Supply chain disruption Resource cost increases	Supply chain resilience and efficiencies	Demand for cashmere is rising while a combination of climate change and overgrazing threatens supply. To tackle these issues, a global luxury clothing group is investing in regenerative farming practices to guarantee a source of sustainable, quality cashmere.
Human Capital 	Employee attrition	Energized, purpose-driven employees Attract talent	Outdoor gear company Patagonia's purpose includes 'use business to inspire and implement solutions to the environmental crisis,' helping the company inspire its workforce and achieve a low 4% rate of annual staff turnover.
Market Proposition 	Stranded assets Increasing regulation	Strategic realignment and partnerships	Global chemicals company BASF graded the sustainability of all 60,000 of its products so the company is better able to improve or replace less sustainable products and accelerate its transition to a more sustainable portfolio.
Valuation 	Multiple degradation	Multiple expansion	A European specialist facilities management company doubled their valuation in the private equity market by redefining their proposition and business model away from traditional outsourced services only to a sustainability partner, helping clients improve the biodiversity, sustainability, and carbon footprint of physical spaces.