PwC's Second Annual State of Decarbonization Report

Essential ingredients for achieving your climate ambition

pwc

Click on any major news site and you'll probably encounter headlines about companies scaling back — or even dropping — their sustainability initiatives. These headlines create the impression that corporate sustainability efforts are buckling under unrelenting economic, political and regulatory pressures. But look closer — you may find a different reality, one that's been quietly unfolding behind the scenes.

PwC's 2025 State of Decarbonization report shows there remains a strong commitment to sustainability as a source of business value. Companies may be talking less about their climate pledges, but many are focused on addressing rising energy demands, protecting value at risk, responding to evolving customer expectations, and designing their operations to secure long-term growth and resilience.

Of note:

- The number of companies making climate commitments continues to grow. More than 4,000 reported through CDP in 2024, up nine-fold over the last 5 years.
- 37% of companies are increasing their ambitions while only 16% are getting less aggressive.
- More small companies are making commitments as supplier engagement efforts take hold. The median revenue of companies making commitments decreased from $3.6 billion in 2020 to $1.3 billion in 2024.
- 83% of companies report R&D investment in low-carbon products and services. And it pays off: products featuring sustainability attributes can achieve a revenue increase of 6% to 25%+ over products without such emphasis.
- The commitments are durable through leadership transitions: Companies stand by their commitments even after a departing CEO's successor is hired.

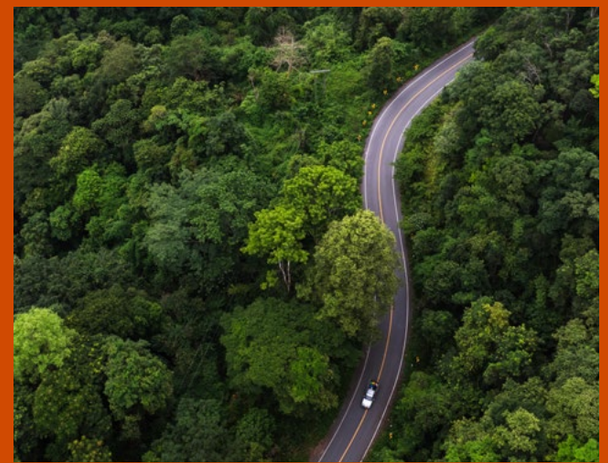
Most companies aren't just keeping commitments — they're turning sustainability into a value creation engine. Organizations anticipate that by 2030 more than a third of their revenue will be derived from the climate transition. To get there, they plan to allocate a much higher portion of capital expenditures and operating expenses over the next five years to climate mitigation and adaptation as they reimagine their product lineups to capture the evolving customer demand for more sustainably produced goods.

The companies that effectively combine climate targets, product sustainability and operational and financial commitments are positioned to realize the revenue and margin upside from addressing Scope 3 emissions that occur across a product's lifecycle.

Our findings point to a recipe for how companies can help drive the outcomes that can create industry winners and losers. Four themes separate the leaders from the laggards:

1. How an organization governs sustainability strategy,
2. How it funds these initiatives,
3. The level of engagement and collaboration with suppliers and customers,
4. The ability to reduce Scope 3 emissions through product sustainability.

Like last year's report, our 2025 report shows that many companies are struggling to execute and make progress on their commitments. While there is good progress being made on Scope 2, only 46% are on track to hit Scope 1 targets and only 54% are on track to hit Scope 3 targets. But the real story isn't one of retreat — it's one of quiet, consistent action. While progress remains challenging, we see many executives doubling down on decarbonization as a strategic imperative, driving innovation, resilience and long-term competitive advantage.



PwC's unique approach leveraging AI to reveal actionable insights

We used GenAI to analyze more than one million entries of long form free text responses along with quantitative responses from 4,163 companies. Unlike reports that measure decarbonization against scientific targets for saving the planet — goals that may not be practical for many companies — we focus on each company's own ambitions and progress.

By focusing on company-specific targets, this report surfaces insights into how well companies are executing on their unique decarbonization journeys. These tailored insights reveal specific strategy, governance and execution variables that make the difference in whether companies are on or off track to succeed.

Four key takeaways

01

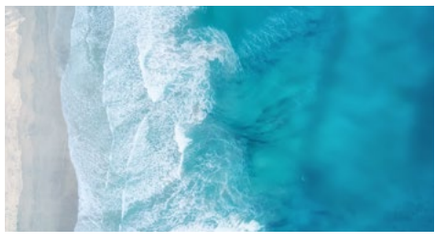
Commitments and ambitions are high

Despite persistent headlines about companies retreating from their sustainability initiatives, our research tells a different story: More companies than ever are committed to decarbonization.

02

Setting the table for shared value

The data tells an interesting story about what companies are learning as they execute against Scope 1, 2 and 3 emissions. While strides are being made, the greatest remaining opportunities are related to engaging and innovating with value chain partners to address Scope 3 emissions.



03

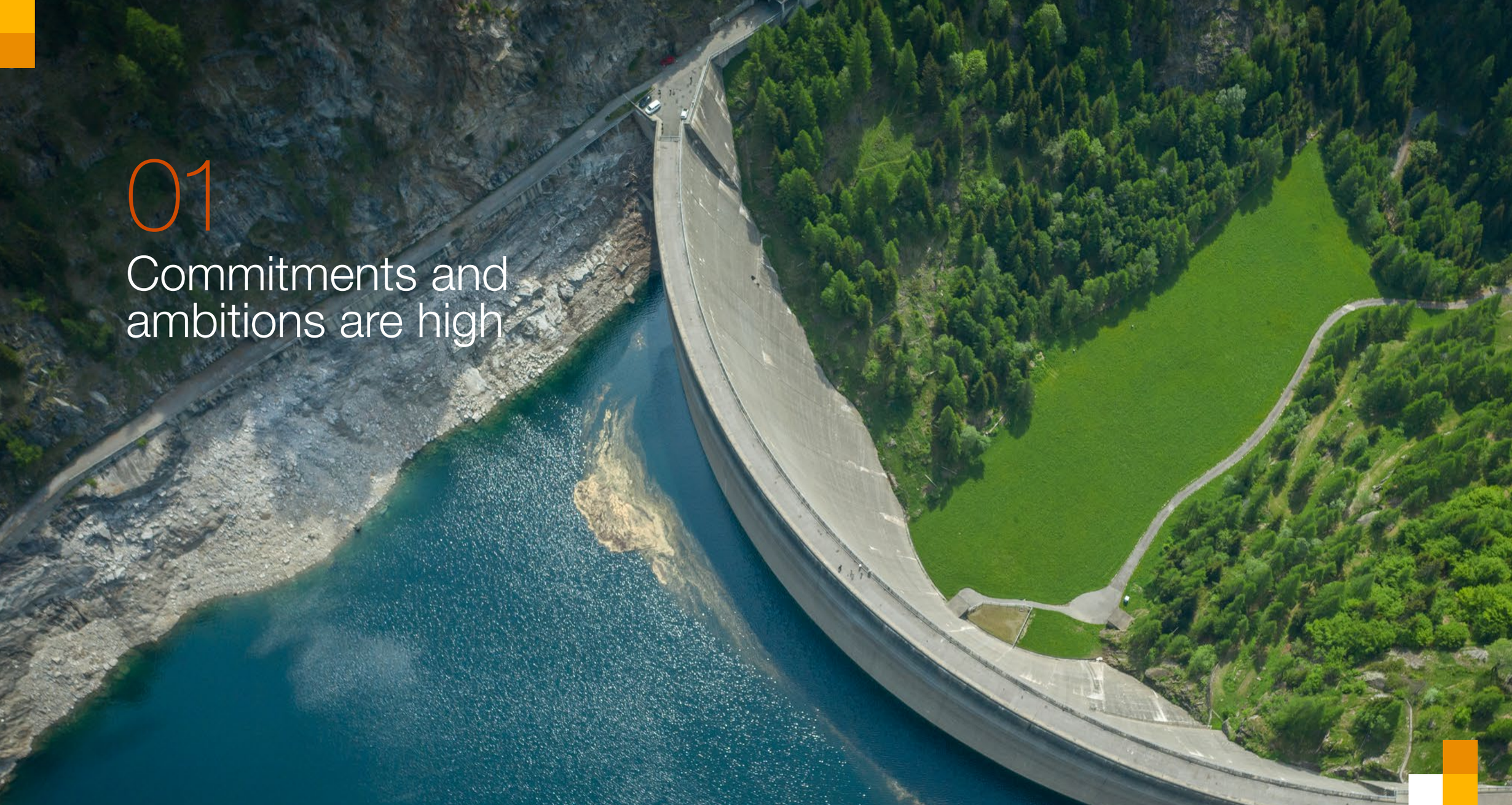
The recipe for success is becoming clearer

Successful decarbonization hinges on four differentiators: how an organization governs its approach to climate, how it funds climate initiatives, the effectiveness of its stakeholder engagement, and the ability to reduce Scope 3 emissions through product sustainability.

04

The greatest value unlock is yet to come

A key motivator for Scope 3 decarbonization is the revenue and margin growth opportunities that companies are identifying related to meeting demand for more sustainable products and services. Many companies are at the beginning of this journey, and the evolution will yield clear winners and losers.



01
Commitments and ambitions are high

Commitments and ambitions are high

A look at how climate commitments and ambitions have evolved over time

Of the 6,895 companies who responded to CDP in 2024, over 4,000 have indicated climate commitments. That's a nine-fold increase from five years ago. What stands out is that 37% of companies are increasing their ambitions while only 16% are decelerating their goals.

37% of companies are increasing their ambitions while 16% are decelerating their goals.

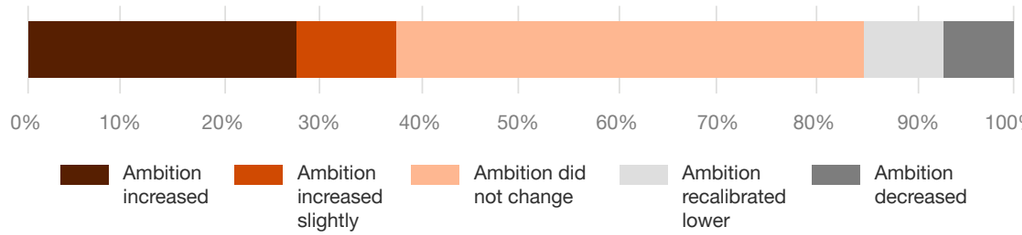
Those findings may be surprising given the headlines that amplify news of companies retreating on their climate commitments. But we are entering an era of quiet progress, where companies avoid publicizing climate pledges that can open them up to unwanted scrutiny and instead focus on making progress far from the spotlight.

A full 84% of companies we studied are standing by their climate commitments. We found a similar trend in our 2024 study, and it persists even when companies undergo a leadership change. We sampled 47 companies with Net Zero targets that experienced a CEO transition. None of those companies backed off their commitments.

Even among companies that have extended the time required to achieve their targets, there is typically a more nuanced explanation beneath the surface. A little over half are "recalibrating lower" their expectations and resetting lofty targets made in the absence of a detailed plan. Coinciding with the increase in CFO involvement which has brought greater rigor to the planning efforts, these companies are now equipped with a detailed climate transition plan and a clear-eyed view of what is achievable. For these companies, a lower ambition doesn't mean they have deprioritized climate, and in fact, these companies may be allocating substantial resources against their climate goals, as seen in these case studies from Microsoft, Crocs, and Unilever.

Year over year growth in ambitions

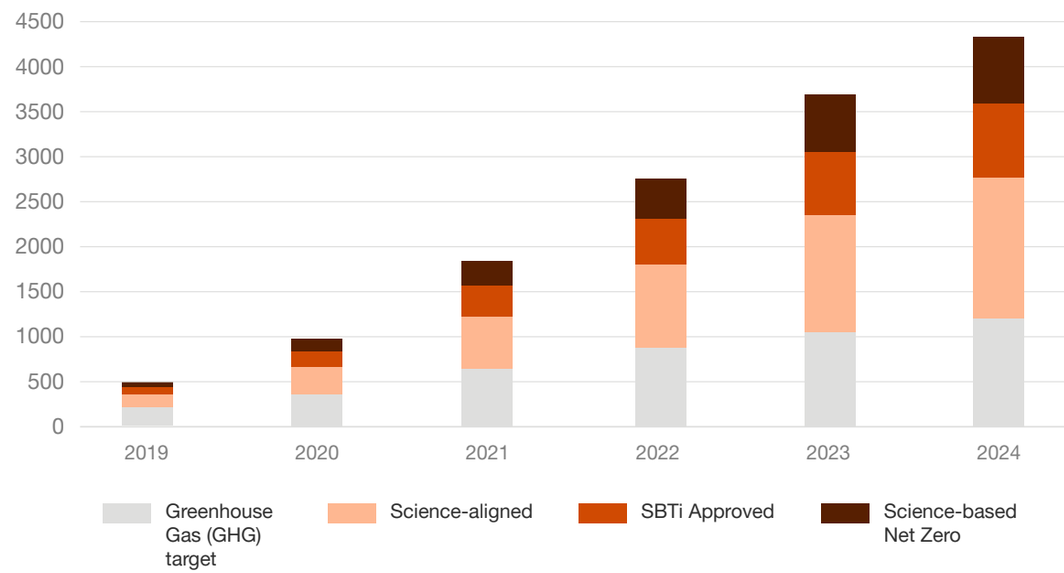
(% of companies)



Source: PwC analysis, CDP (2024)

Growth in companies with decarbonization targets

(Cumulative number of companies)



Source: PwC analysis, CDP (2024)

The ripple effect: Large companies are setting the pace for smaller suppliers to act on climate

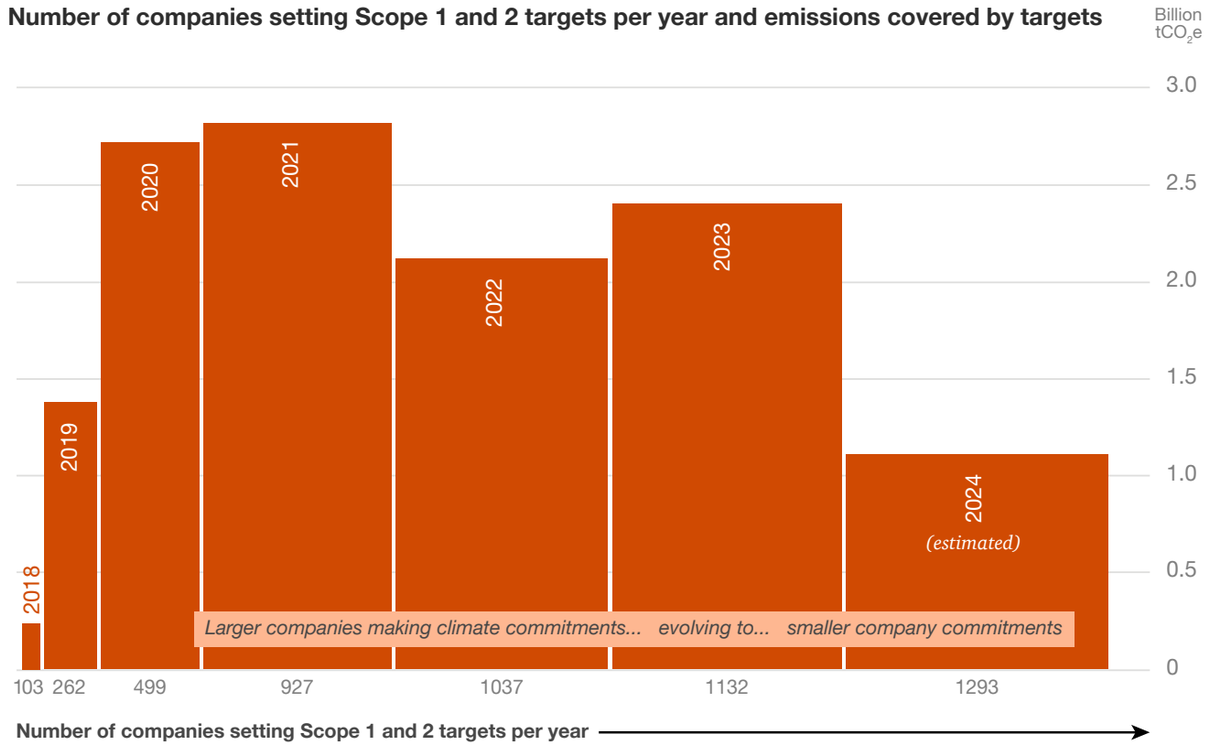
The past seven years have seen consistent growth in emissions reduction targets. Each year, the number of new targets has steadily increased, but we're starting to see a new trend emerge in the types of companies taking action.

From 2020 to 2023, our research showed that large companies were leading the charge on climate commitments, with over 2 billion metric tons covered by new targets each year.

But trends in 2024 reveal a new phase of decarbonization and a shift towards small companies making commitments. The number of companies setting new targets surged, but these commitments only accounted for around 1.1 billion metric tons of CO_2e.

What's going on? The research shows that supplier engagement efforts are on the rise, and as the large companies start to address Scope 3 emissions, they are leaning on their suppliers to set targets as well. Over time, this should cause a ripple effect as those suppliers lean on their suppliers to set targets and so on. We expect to see this trend strengthen in coming years, creating a tipping point and having a profound impact on global value chains.

Number of companies setting Scope 1 and 2 targets per year and emissions covered by targets



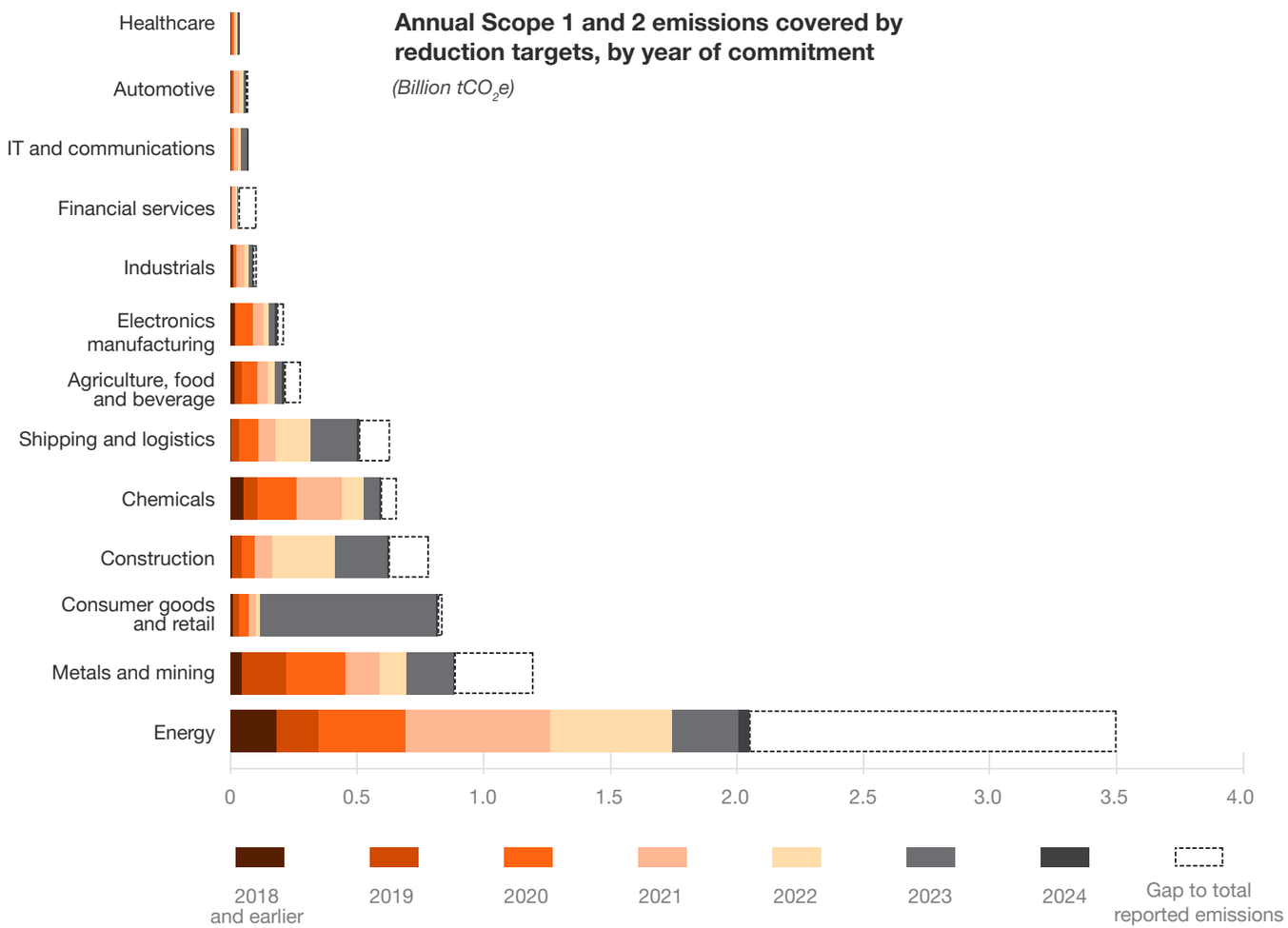
$3.8B

Median annual revenue for company setting targets in **2020**

$1.3B

Median annual revenue for company setting targets in **2024**

Source: PwC analysis, CDP (2024)



Source: PwC analysis, CDP (2024)
Note: The gap to total reported emissions represents company emissions that are not included under a reduction target. For example, a company that emits 100 tCO_2e with an 80% absolute reduction target has a gap of 20 tCO_2e.

Scope 1 and 2 emission reduction targets are reaching a saturation point

Looking first at Scope 1 and 2 emissions, we see that targets cover a majority of emissions across all sectors.

For sectors with lower operational emissions, ranging from healthcare to IT and financial services, most companies that publicly disclose their emissions have also committed to reducing them. For companies in or supplying these sectors, the pressure is on and having targets have become table stakes.

However, target adoption is less common in hard-to-abate sectors such as energy, metals and mining and construction. But the targets that have been announced still cover over 60% of annual emissions and commitments continue to grow each year.

In the coming years, we anticipate that attention will turn to improving target quality with deeper and more credible abatement commitments and strategies to deliver on those commitments.

Scope 3 targets are less common but growing

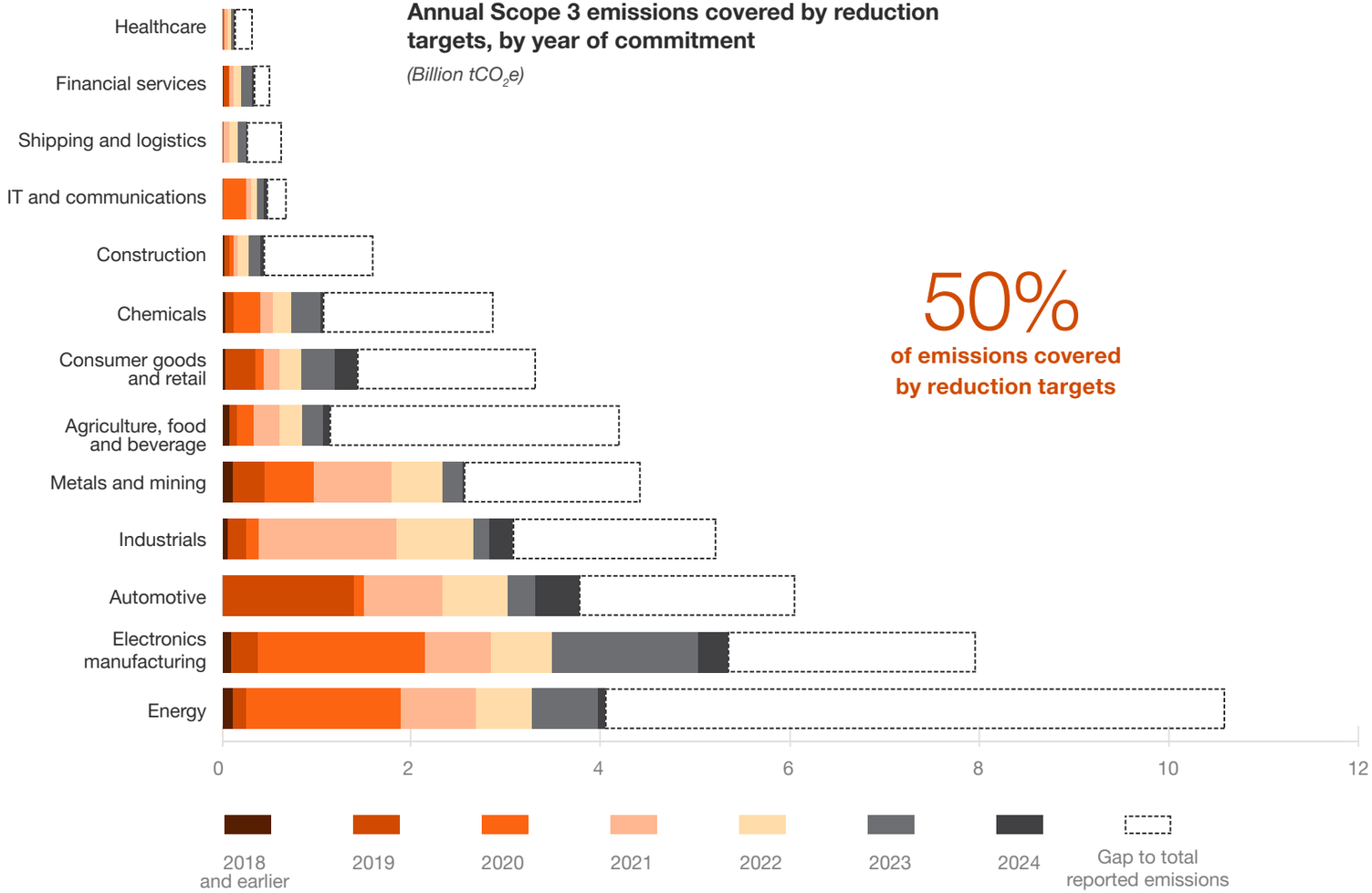
Emissions that occur in companies' upstream and downstream value chains are much harder to measure, influence and abate. So, it's no surprise that many companies have hesitated to adopt these targets.

While the relative proportion of Scope 3 target coverage is lower than that of Scope 1 and 2, Scope 3 targets are much larger and further-reaching: 24 billion metric tons of emissions are covered under Scope 3 targets, versus 6 billion metric tons of Scope 1 and 2 emissions. Scope 3 targets and action remain an important focus area with the potential to unlock a lot of value for companies and their customers. When the Scope 3 embodied carbon is lowered in a product, that often means there is also less energy and materials needed for that product which can translate to lower costs and improved margins.

Scope 3 reductions can translate to lower costs and improved margins.

Annual Scope 3 emissions covered by reduction targets, by year of commitment

(Billion tCO_2e)

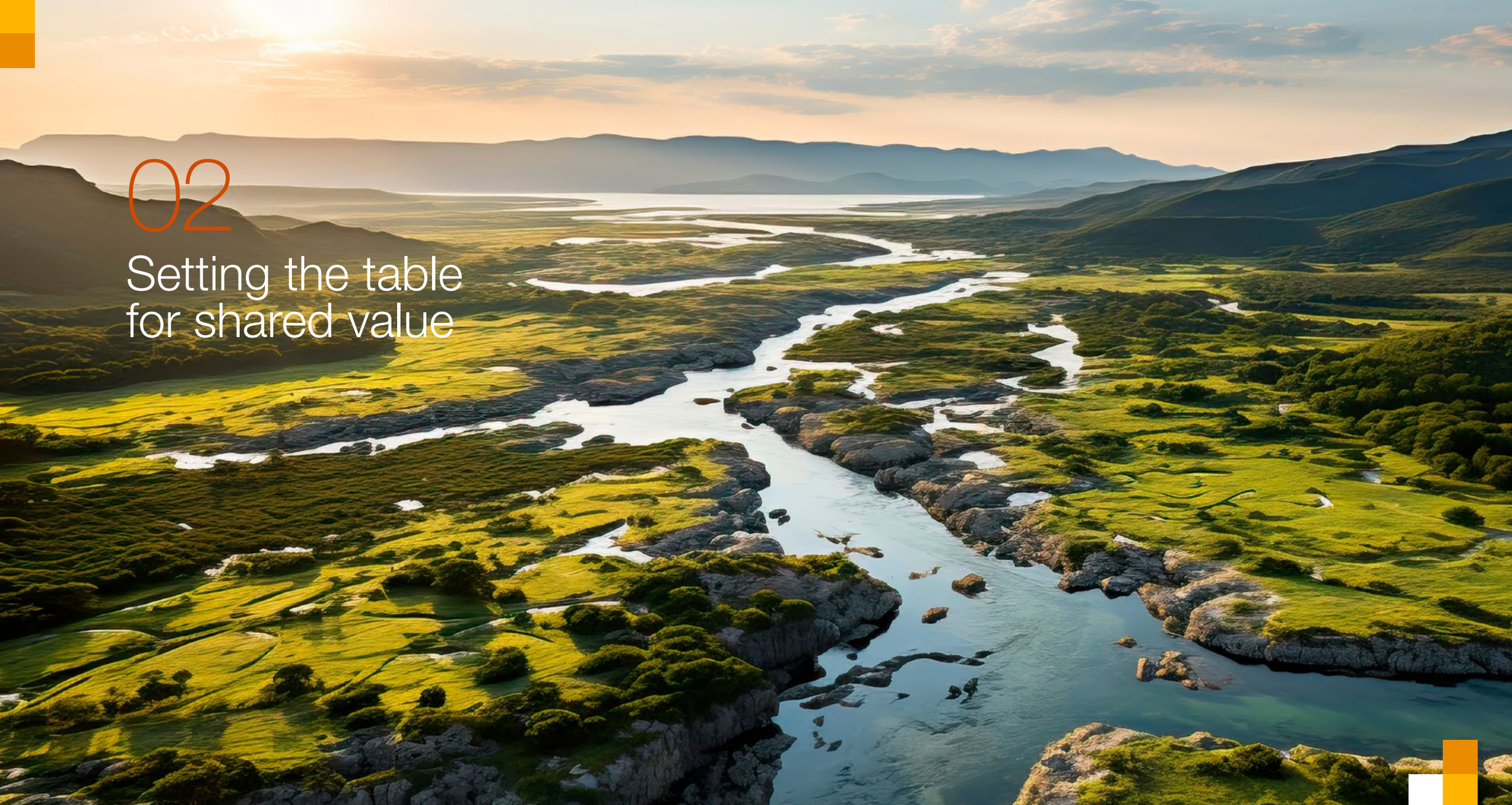


50%
of emissions covered by reduction targets

Source: PwC analysis, CDP (2024)
Note: The gap to total reported emissions represents company emissions that are not included under a reduction target. For example, a company that emits 100 tCO_2e with an 80% absolute reduction target has a gap of 20 tCO_2e.

02

Setting the table for shared value



Setting the table for shared value

Progress on scope 1 and 2

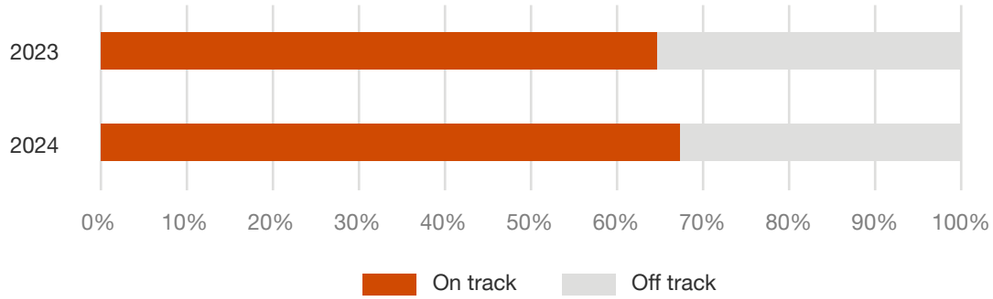
To stay on track against high ambitions, companies need to make substantial progress every year. Many companies with science-based targets are looking at 42% absolute emissions reduction by 2030 against a baseline of 2020 or later. This means they'll need to be on a path of a 6% annual reduction in absolute emissions against a 2023 baseline year, which is no easy feat, especially as they grow their business.

> 67% of companies are on pace to achieve their Scope 1 and 2 reduction targets, up from 64% in the prior year.

But even as ambitions rose, our research found that 67% of companies are on pace to achieve their Scope 1 and 2 reduction targets, up from 64% in the prior year. Among these on-track companies, 51% of all achieved reductions to date have originated from Scope 1 emissions in the energy, metals and mining, and construction sectors – a powerful reminder of the importance of these hard-to-abate industries in global decarbonization. But aside from these sectors, we find that most on-track companies achieve more of their reductions in Scope 2 emissions. That continued through 2023, with on-track companies achieving aggregate year-over-year reductions of 12% in Scope 2 but just 6% in Scope 1.

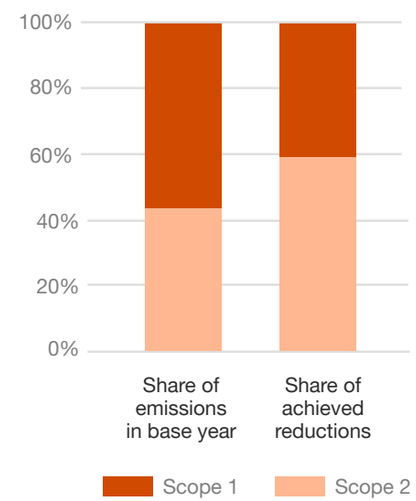
While this highlights the centrality of low-carbon electricity, such as onsite renewables and renewable energy procurement contracts, in corporate decarbonization, overreliance on this strategy could also present future challenges to maintaining momentum after all Scope 2 reductions have been realized. According to the IEA, the supply of renewable energy is projected to fall short of growing energy demand through 2050 which could increase the cost of renewable energy options. A diversified strategy across Scope 1 and 2 reductions will include both energy demand reduction efforts as well as an assessment of the credibility of the renewable energy procurement options to hedge the risks of variability in power availability and cost, as well as potential changes to the Greenhouse Gas (GHG) Protocol's accounting rules that could prevent claiming GHG reductions from certain types of renewable energy procurement options.

Year over year progress against targets (Scope 1 and 2)



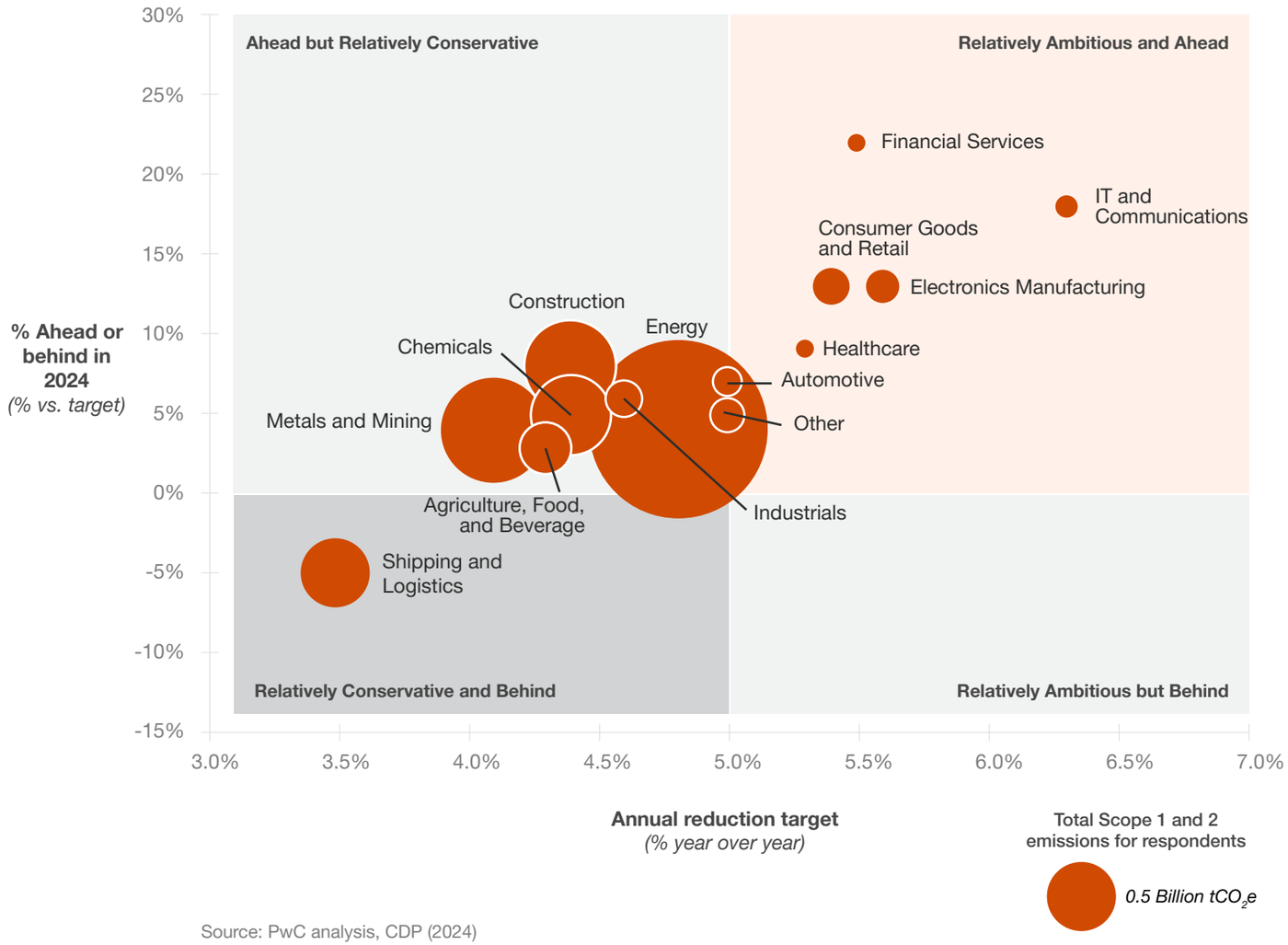
On-track companies: Share of emissions vs. share of reductions

(excl. Energy, Construction, Metals and Mining)



Source: PwC analysis, CDP (2024)

Scope 1 and 2: Relative ambition vs. progress



Source: PwC analysis, CDP (2024)

Scope 1 and 2: Progress vs. Ambition

Examining relative ambition against progress by industry sector reveals an interesting pattern. Companies with relatively more ambitious targets tend to be on track, while those that are taking a more conservative approach with targets also seem to be approaching their programs cautiously and are behind compared to their targets.

> Companies with relatively more ambitious targets tend to be on track.

The ambition and progression journeys are understandably sector specific. Service-based industries like financial services and IT and communications may have an easier path to decarbonizing Scope 1 and 2 emissions since most Scope 2 emissions can be abated by purchasing renewable energy. Compare that to industries that use a lot of fuels and have high Scope 1 emissions such as shipping and logistics or metals and mining where the path to decarbonization is more challenging. Solutions like low carbon fuels can have limited availability and may be cost prohibitive.

The path to decarbonizing scope 1 and 2

Many companies are relying heavily on renewable electricity generation or procurement to help them achieve their Scope 1 and 2 decarbonization goals.

In the next few years, companies may need to increasingly shift their focus to Scope 1 emissions, while maintaining and growing credible renewable electricity programs, even as standards are expected to get more rigorous.

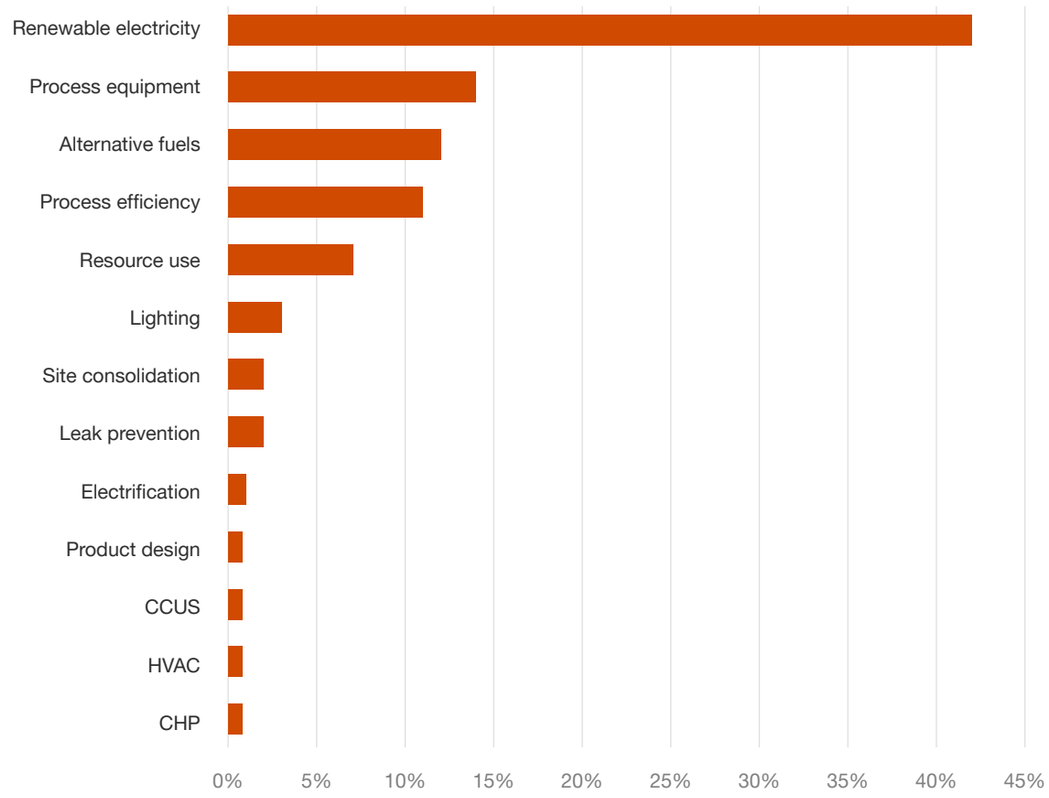
> While more than 73% of companies are on track on Scope 2 decarbonization, only 46% are keeping pace on Scope 1.

But our research shows that companies are prioritizing initiatives to shift and reduce energy consumption now as well. Electrification and upgrades are key levers for both manufacturers and facility managers. Equipment such as boilers, furnaces, cooling systems, and air compressors are being replaced with efficient, electric models at the end of useful life or ahead of schedule. Thinking about this sooner than later is critical – building and industrial equipment can have 10-30 year lifetimes, so installing new fossil fuel equipment now can lock in Scope 1 emissions for decades. Significant decarbonization is also possible from low- or no-cost process efficiencies and operational improvements. According to PwC research with the World Economic Forum, there is a short-term, cost-efficient 31% reduction of energy demand available across industries, representing a substantial opportunity to realize cost savings to help fund other decarbonization efforts.

Sectors with hard to abate Scope 1 sources are piloting next-generation fuels, such as sustainable aviation fuel (SAF) and green hydrogen, and making capital investments in strategies like methane leak prevention and carbon capture. These solutions require substantial investment but can help companies in sectors like Energy and Industrials to unlock direct emissions reductions and deliver more sustainable products and services to their customers.

Source of Scope 1 and 2 reductions

(% of emissions reduced)



Source: PwC analysis, CDP (2024)

Progress on Scope 3

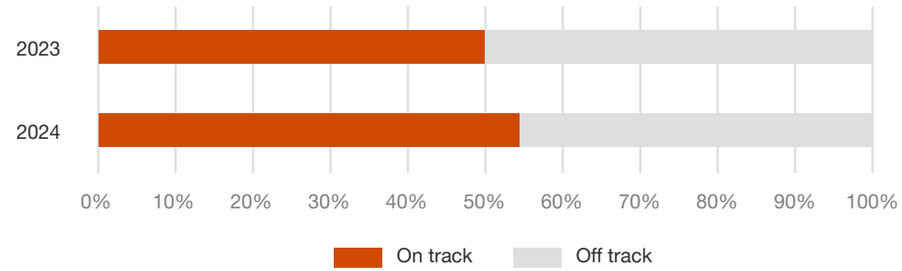
Scope 3 emissions – on average 11 times larger than Scope 1 and 2 emissions combined – are considered the most challenging emissions to measure and abate. That complexity shines through in the data: Only 54% of companies are on track to meet their Scope 3 targets. That's up from 50% last year, but there's still a lot of room to improve.

> Only 54% of companies are on track to meet their Scope 3 targets.

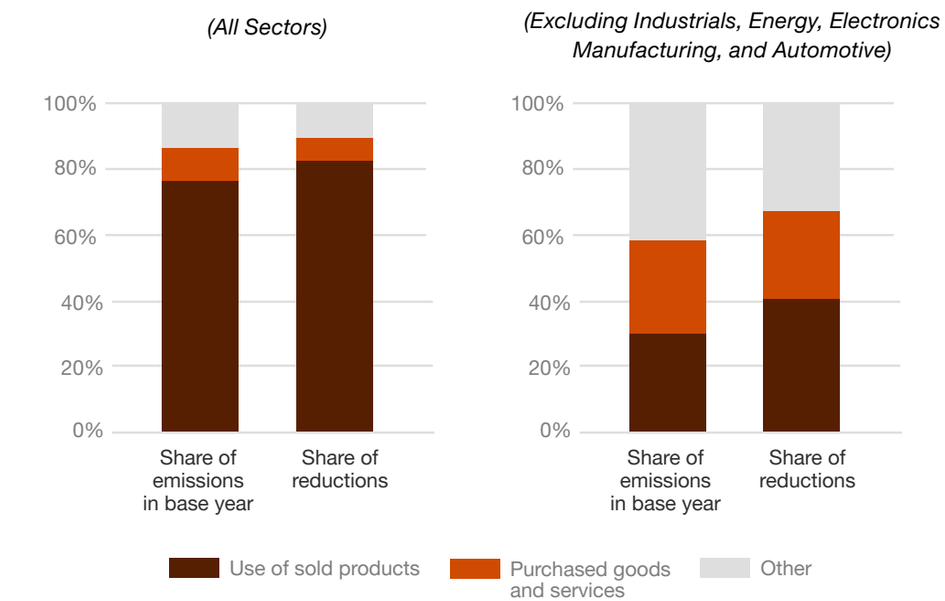
In 2024, we witnessed an uptake in reported Scope 3 emissions with the total number of reporting companies increasing from around 2000 in 2023 to over 3600 companies in 2024. As a result, the total reported Scope 3 GHG emissions more than doubled, with downstream emissions consistently accounting for more than two thirds of value chain emissions. We see this growth in reported emissions as a positive sign as it will enable those companies to make more progress over time.

Among companies on track, more than 80% of achieved reductions originated from the Use of Sold Products, highlighting the opportunity for innovative products, services, and business models to mitigate Scope 3 emissions while unlocking value for customers. However, even in sectors where upstream emissions are more substantial, reductions in Purchased Goods and Services emissions are low relative to their share of base year emissions. This signals that supplier engagement programs are still maturing will need to develop further to accelerate supply chain emissions reductions.

Year over year progress against targets (Scope 3)

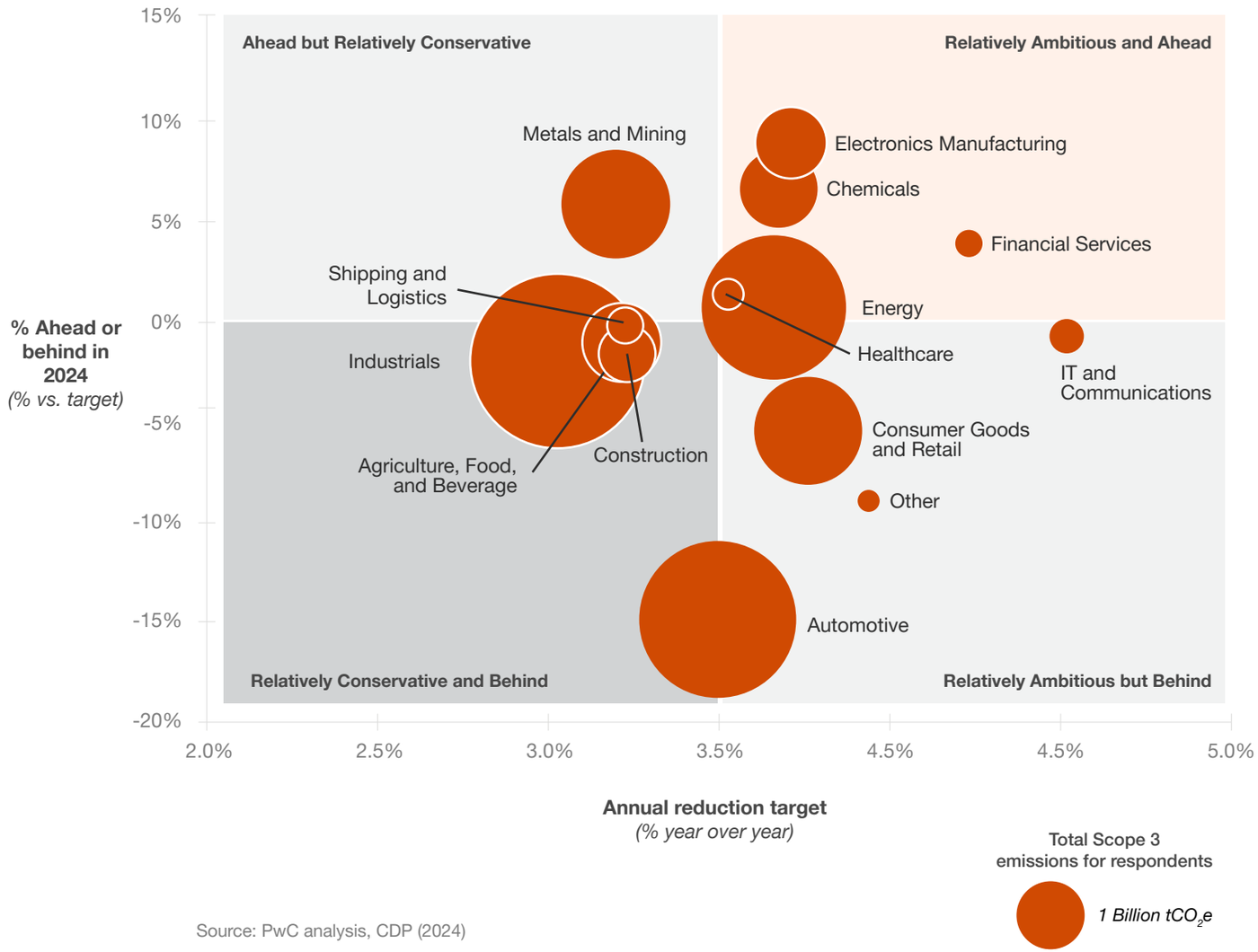


On-track companies: Share of emissions vs. share of reductions



Source: PwC analysis, CDP (2024)

Scope 3: Relative ambition vs. progress



Source: PwC analysis, CDP (2024)

Scope 3: Progress vs. Ambition

While Scope 1 and 2 emissions reduction progress is correlated with level of ambition, we aren't seeing the same trend emerging for Scope 3 — yet. Most companies are several years ahead on their Scope 1 and 2 reduction journeys compared to Scope 3. Maturity of supplier and customer engagement programs will grow as companies work to decarbonize their value chains and realize the value of sustainable innovation.

For sectors like industrials and automotive, who see 92% and 83% of Scope 3 emissions occur in the use of sold products respectively, progress on Scope 3 will largely depend on their ability to deliver more sustainable products to customers.

For example, industrials companies are finding success commercializing energy efficient products that help its customers reduce emissions by saving energy and reducing operating costs in the process. Meanwhile, recent political headwinds aside, the automotive sector continues to see double digit annual growth in electric vehicle sales but remains off track as EV adoption has trailed aggressive forecasts from a few years ago when many Scope 3 targets were initially set.

The relative lack of overall progress and lower overall ambitions compared to Scope 1 and 2 targets on an annual basis reinforces that Scope 3 remains an area of great opportunity. For those companies who pursue Scope 3 reductions aggressively, they stand to build more resilient value chains and capture greater cost savings and revenue upside. Now let's explore how to go after this value.

03

The recipe for success is becoming clearer

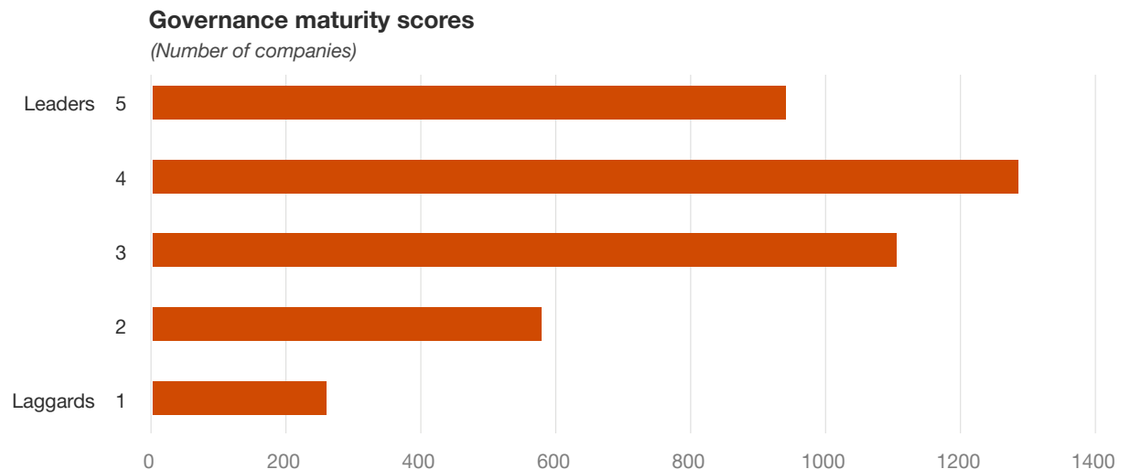
The recipe for success is becoming clearer

Importance of strong governance to drive progress

Our research explored if a company's governance of climate-related issues had an influence on the progress it was making towards achieving its targets. The governance score indicates how well a company integrates environmental considerations into board oversight, corporate strategy, executive incentives, risk management and other policies. As climate ambitions and reporting obligations have increased, so has governance with 80% of companies demonstrating governance scores of 3 or higher indicating moderate to leading levels of governance maturity.

80% of companies are demonstrating moderate to leading levels of governance maturity.

As we looked deeper, we observed that companies with moderate to leading governance are more likely to be on track to achieve their targets. This is most evident for Scope 1 and 2, where 68% of these companies are on track, compared to 54% for Scope 3. The weaker link between governance maturity and Scope 3 performance is expected as companies are typically earlier in their value chain decarbonization efforts, which are inherently complex, requiring transparency and collaboration well beyond companies' direct operations. As Scope 3 efforts mature, we expect strong governance to help companies navigate these challenges effectively.



Source: PwC analysis, CDP (2024)

Case Study

Allocating capital, tracking progress and driving accountability

A global industrial manufacturer has a 2030 carbon neutral target with aggressive plans to decarbonize 200+ facilities. Getting results requires clear prioritization and alignment across many cross-functional stakeholders with an efficient process for allocating funding, monitoring progress and driving accountability. The board approved a 10-year payback period threshold for decarbonization projects, up from a 3-year standard for other investments, and cut through red-tape processes to accelerate project approval and implementation. Roles and responsibilities for governing and driving site level decarbonization are clearly outlined at the corporate, division, and site levels, and metrics and outcomes are reviewed at a regular cadence.

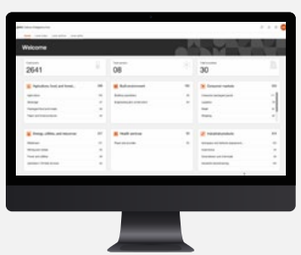
Capital allocation trends and leading practices

Companies expect to allocate a much higher portion of capital expenses (18% more) and operating expenses (21% more) to climate mitigation and adaptation by 2030. This large expected jump highlights the importance of strong governance and integration of decarbonization into the traditional budget and planning processes and managing the ongoing OpEx expenditures effectively.

Many organizations find that the typical CapEx planning process and hurdle rates are insufficient for funding decarbonization projects, because they do not account for avoided costs and avoided risks that decarbonization projects can deliver. Without considering those benefits, many decarbonization projects have too long of a payback period.

Leading companies are either implementing an internal cost of carbon to better reflect this value or they are ring-fencing a certain amount of CapEx each year allocated to decarbonization projects. Many are also utilizing marginal abatement cost curves to better understand the cost per ton of carbon abated for certain investments while layering in other benefits to help prioritize and decide the most effective use of capital investment.

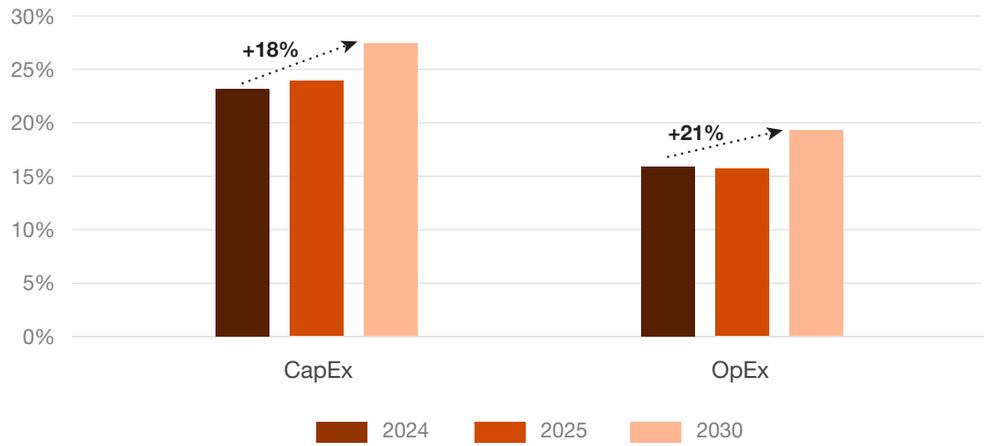
Looking at forecasted operating expenditures, we see negligible change expected in the near term because many decarbonization actions drive efficiency and cost savings. However, OpEx is expected to rise more sharply by 2030 to fund renewable energy, carbon removals, and offset projects to achieve 2030 reduction targets. The increased investment in climate transition isn't just to achieve operational decarbonization goals – it also funds product innovation. A full 83% of companies report R&D investment in low-carbon products and services.



PwC's Carbon Intelligence Hub contains over 2600 levers tailored by industry with the details needed to support capital project evaluation processes:

- 2600+ Actions or "Levers" tailored by industry
- GHG abatement estimates
- CapEx and OpEx estimates
- Tax credits and incentives
- Technology maturity
- Potential suppliers

Actual and projected OpEx and CapEx % allocated to climate transition



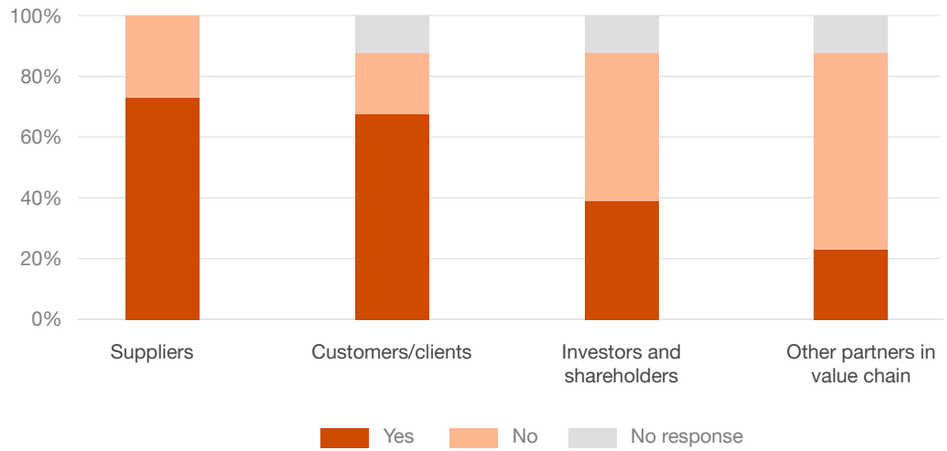
Source: PwC analysis, CDP (2024)

Case Study

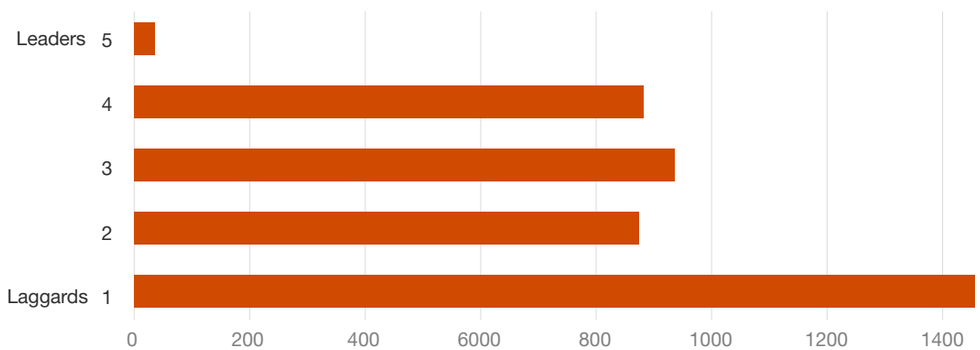
Quantifying the OpEx and CapEx needed to hit 2030 targets

The CFO and sustainability leader of a large global manufacturer with a Scope 1 and 2 net zero by 2030 target wanted to understand how much incremental CapEx and OpEx is needed to achieve its public commitments. To answer this question, the company analyzed 4 building archetypes across 4 different regions, considering energy use, energy spend, existing and planned projects, and existing equipment. The company drew upon the Carbon Intelligence Hub, developed by PwC, to identify the key actions to drive down emissions, to understand how much carbon each action may abate and the resulting impact on financials. The results were then extrapolated to similar building types within each region to quantify the amount of incremental funding needed annually between now and 2030.

Percentage of companies engaging with stakeholders
(By stakeholder type)



Supplier engagement maturity
(Number of companies)



Source: PwC analysis, CDP (2024)

Engagement on the rise

Business leaders are increasingly recognizing that progress depends on collaboration across the value chain. A full 72% of companies that responded to CDP are engaging with their suppliers while 67% are engaging with their customers/clients.

With suppliers, collaboration can help unlock innovation such as low-carbon materials that enable more sustainable products. Likewise, engagement with customers helps suppliers better understand their customers' needs which can stimulate ideas that help their customers lower their emissions. Companies who do engage with both suppliers and customers have the power to play an important role – connecting evolving customer demand with upstream supply chains to drive business growth and decarbonization across the value chain.

Opportunity to improve supplier engagement effectiveness

While engagement levels are high, our analysis shows that companies' engagement practices are still lagging, with just 22% of companies scoring a 4 or 5 on the maturity scale. This relative lack of maturity helps explain some struggles companies are experiencing with Scope 3 emissions reductions.

Leading companies are both incorporating climate commitment requirements into their contractual agreements and actively supporting their suppliers in meeting these targets. We see these companies driving change by facilitating access to renewable energy procurement, offering financing support, or providing certain volume purchase commitments over time.

Case Study

Engaging throughout the value chain to drive innovation and revenue growth

After encouragement from its most important customers, an equipment manufacturer baselined their emissions and set decarbonization goals. Scope 3 emissions were over 95% of total greenhouse gas emissions and the product use phase (category 11) was the largest portion owing to the natural gas and electricity used to power its products. To make progress on these emissions, the company established a plan to engage both with suppliers to develop and implement more efficient parts and components and with customers to raise awareness on electric product options and their associated lifetime cost and emissions implications. This engagement up and down the value chain is expected to support both their decarbonization and future revenue growth goals.

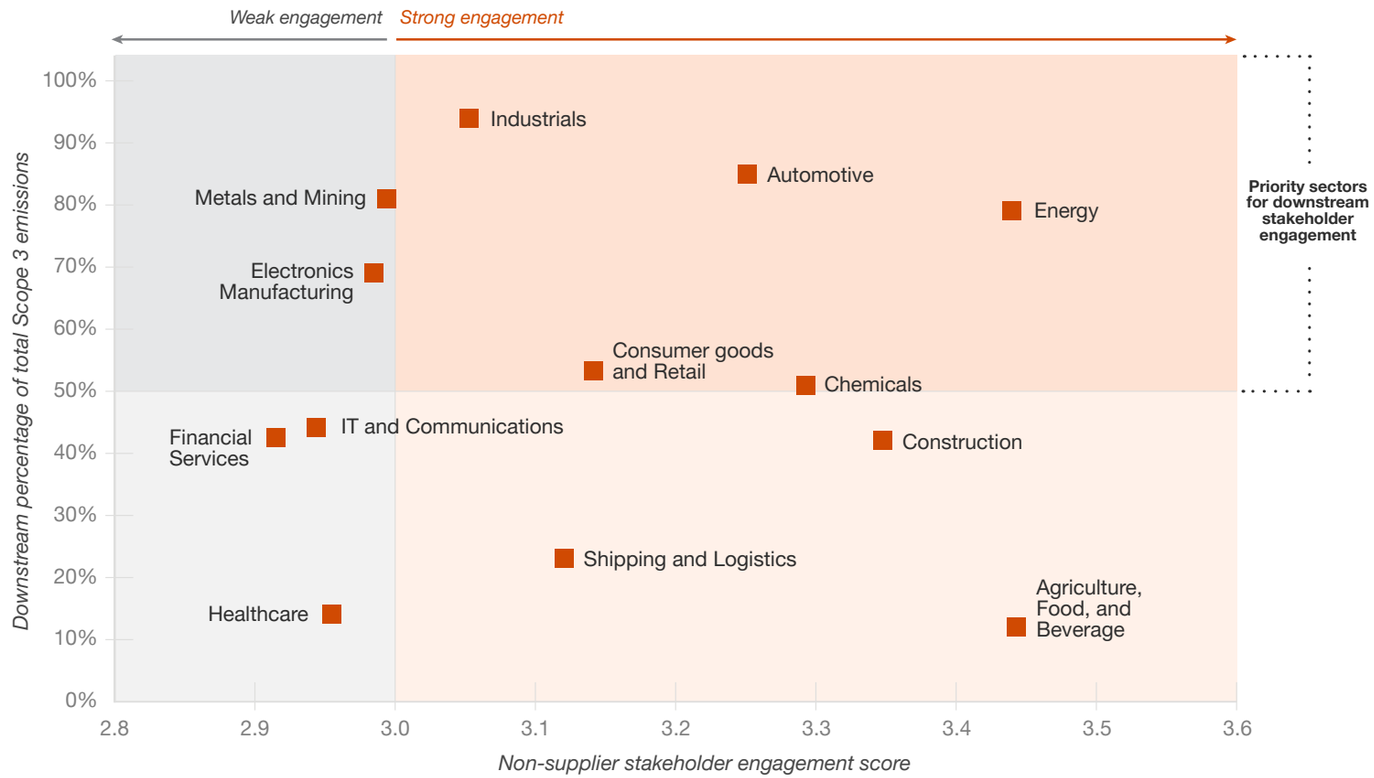
Engagement efforts look different by sector

Stakeholder engagement efforts should be tailored to the unique make up of a company's Scope 3 emissions profile. For some sectors, more emissions occur downstream than upstream, and therefore, they can realize greater value through downstream stakeholder engagement efforts than upstream supplier engagement.

Stakeholder engagement efforts should be tailored to the company's emissions profile.

Take, for example, the automotive and energy sectors. Over 80% of their Scope 3 emissions occur downstream, primarily as customers use fuel or electricity to power vehicles, buildings, and equipment. To drive decarbonization, companies in these sectors are heavily invested in engaging non-supplier stakeholders - including customers, policymakers, and investors - as customer adoption, market demand, and policy can heavily influence decarbonization outcomes and create an opportunity to realize business value.

Non-supplier stakeholder engagement and % of Scope 3 emissions occuring downstream



Source: PwC analysis, CDP (2024)

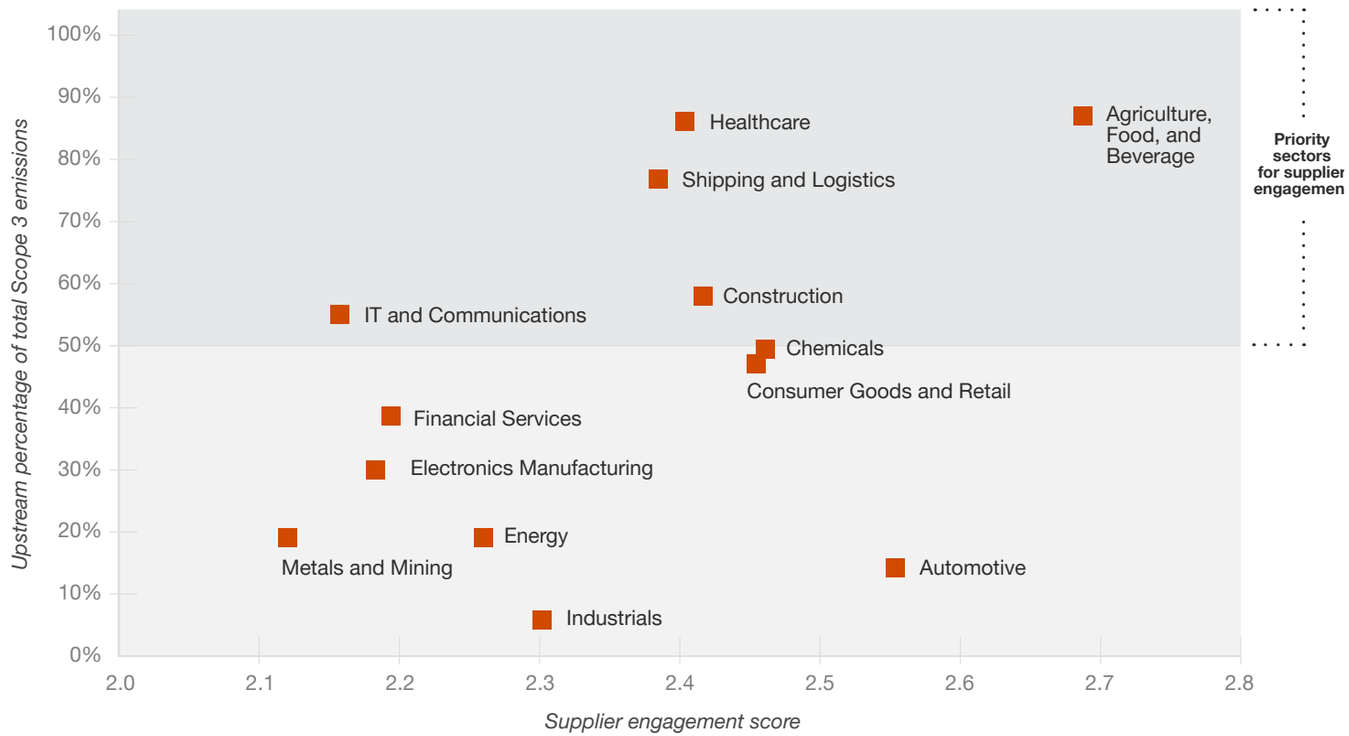
The recipe for success is becoming clearer

Sectors like metals and mining and electronics manufacturing have large downstream emissions, but they have yet to fully tap into stakeholder engagement opportunities. Companies that keep a finger on the pulse on evolving customer expectations can be ready to meet the evolving demand for more sustainable products, such as green steel or energy efficient electronics and equipment.

Strategic engagement – whether upstream or downstream – will be key to accelerating progress.

Strategic engagement – whether upstream or downstream – will be key to accelerating progress. Companies are learning to balance carrots and sticks to drive supplier action upstream, while understanding and helping customers achieve their decarbonization goals downstream and sharpening their articulation of the sustainability attributes of their products that support their customer goals. The winners may engage stakeholders in both directions and drive decarbonization and business growth across the value chain.

Supplier engagement and % of Scope 3 emissions occuring upstream by sector



Source: PwC analysis, CDP (2024)

The continued prioritization of product sustainability

Roughly 80% of a product's environmental impact is influenced by decisions made at the design stage. This presents both a challenge and an opportunity. Companies can take what they learn from customer engagement to inform their investment in product redesign and new product lines. Our research shows that innovation in product design is the top Scope 3 investment priority.

> Innovation in product design is the top action companies are taking to address Scope 3 emissions.

Sustainable product design means planning for the full life cycle of the product. In manufacturing, products can include lower carbon materials, require less energy to produce, and yield less waste overall. During use, products can be more energy and resource efficient. Sustainable products can last longer through reuse, refurbishment, or recycling. This can create win-wins for companies and customers – increased efficiency throughout the product lifecycle results in lower costs, less waste, and fewer emissions. As demand for sustainable products and service increase – both from end consumers and B2B customers – it will fuel the cycle of increased innovation, value creation, and emissions reduction.

Companies can also capture premium pricing for sustainable products, with our analysis finding a potential revenue uplift opportunity between 6% and 25%. But, to realize these opportunities, the product must be of appropriate quality and perform as expected, and any additional claims around sustainability need to be credible and justifiable. Techniques such as life cycle assessment (LCA) and product carbon footprinting (PCF) help companies quantify the impact of their products and avoid greenwashing risks. We found 60% of companies already have low-carbon products in their portfolio. However, only 45% are calculating these impacts using credible LCA methodologies, and less than a quarter are using a cradle-to-grave perspective to understanding the lifecycle impacts. These companies may be leaving opportunity on the table – the ability to enhance products to reduce cost and environmental hotspots and the ability to make credible claims around product lifecycle impacts.

Products featuring sustainability attributes can achieve a **revenue increase of 6% to 25%+** over products without such emphasis

Source: PwC (2024a), NYU Stern Center for Sustainable Business (2023), Simon-Kucher & Partners (2023), Nielsen (2023), Choi, S, et al (2023)

Case Study

Identifying revenue growth from sustainability

A distributor of new and refurbished equipment recognized increased interest in sustainability and wanted to grow revenue by quantifying the environmental benefits of their products and marketing them to the right customers. Life cycle assessments for several refurbished products quantified the emissions and waste savings achieved relative to similar models of new products. In parallel, customers were segmented based on their likelihood to pay a premium for sustainability. The analysis demonstrated an opportunity to grow revenues by 9% by marketing the sustainability attributes to the targeted customers.

04
The greatest value unlock is yet to come

The greatest value unlock is yet to come

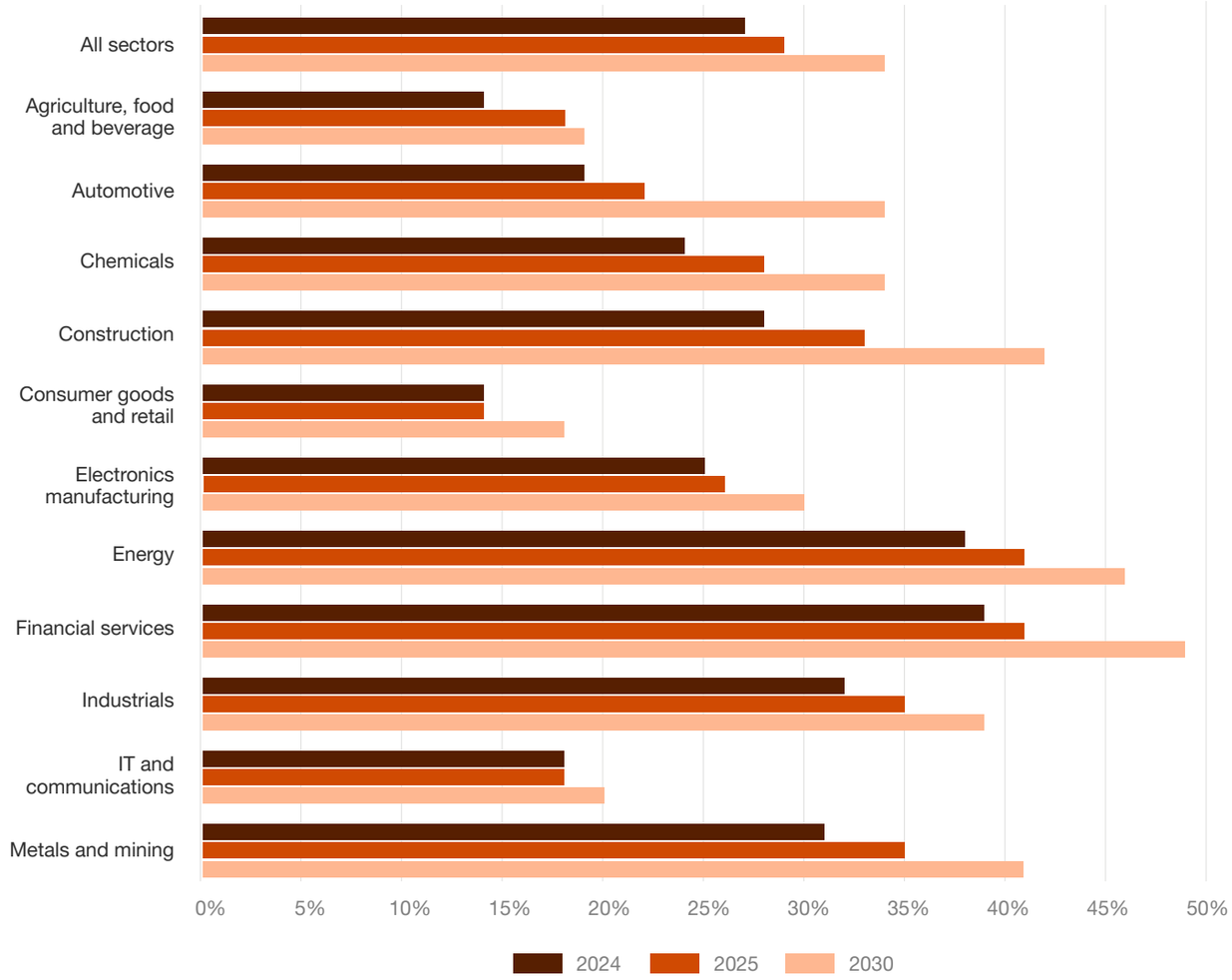
Topline growth expected along the climate transition

Companies are indicating that their climate transition efforts are increasingly aligned with long-term growth opportunities. Of the 4,163 companies in the study, roughly 700 disclosed the percentage of actual and forecasted revenue aligned with the climate transition and the methodology or framework used to make that assessment. On average, those companies forecasted over one third of their revenue to be associated with the climate transition in 2030.

While companies with more bullish outlooks and well-developed transition plans may be more inclined to disclose this information, PwC's 28th Annual Global CEO Survey suggested that climate-related investments are already paying off. One in three CEOs surveyed reported that these investments over the last five years have already resulted in increased revenue.

The consistent expectation of long-term growth in the share of climate transition-related revenue – irrespective of sector – signals widespread value creation opportunities. While the financial services and energy sectors currently lead in climate transition-aligned revenue, driven in part by investments in renewable energy, other sectors are poised for major gains. From 2024 to 2030, growth in the percentage of revenue associated with the climate transition is expected to exceed 40% in the automotive, construction, chemicals, and agriculture, food, and beverage sectors as companies plan further investments in areas like electric vehicles, low-carbon cement, green chemistry, soil carbon sequestration, plant-based protein alternatives, and reduced/reusable packaging.

Actual and projected revenue % associated with the climate transition by sector

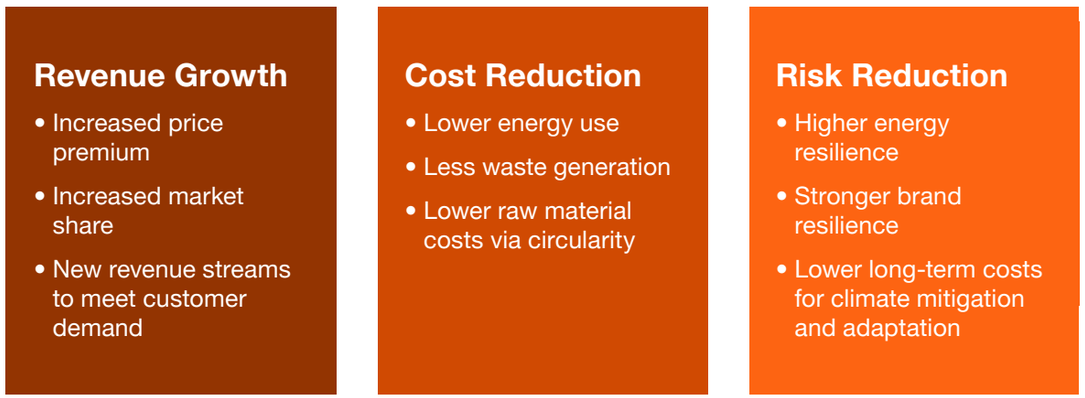


Source: PwC analysis, CDP (2024)
Note: 783 companies provided estimates for the percent of revenue for 2024 that would be associated with the climate transition, 685 provided 2025 estimates, and 679 provided 2030 estimates. Industries with less than 30 responses are excluded from the analysis (Healthcare, Shipping and Logistics, and Other).

The quiet momentum turning climate commitments into competitive advantage

PwC's 2025 State of Decarbonization report shows that corporate sustainability initiatives aren't slowing down — rather they're quietly progressing and becoming more rigorous. Despite the noise about corporate backpedaling, more companies than ever, from industry giants to small suppliers, are making climate commitments and holding firm to their goals. And for good reason — there is business value available from climate and decarbonization efforts. While our report shows progress is being made on reducing Scope 1 and 2 emissions, the real breakthrough is still ahead with Scope 3, where addressing supply chain emissions and prioritizing product and supply chain sustainability can help define a wave of business transformation.

Examples of business value available from climate and decarbonization efforts



Success in this new era won't be left to chance — it will likely turn on execution. Our findings suggest the recipe for success is coming into focus and that the coming years will separate industry winners and losers. The ingredients? Strong governance that integrates sustainability into decision-making and corporate strategy, consistent financing to turn climate commitments into climate action, extensive engagement with suppliers and customers to drive continuous improvements across the value chain, and a focus on product innovation to meet rising customer demand for more sustainable solutions. Companies that get this recipe right can reap the rewards: enhancing resilience, strengthening margins, expanding market share, and securing long-term competitive advantage. Those that embrace this approach can position themselves to not only meet their climate goals but create opportunities to redefine their industries, drive innovation, and position themselves as the market leaders of a more sustainable future.

Methodology

Overview

The State of Decarbonization assesses how corporate climate ambitions changed in 2024 compared to previous years, how companies are tracking against their climate targets, and how strategies, initiatives, and governance behaviors are evolving.

The research covered over 6,895 companies who submitted the full CDP questionnaire in the 2024 disclosure cycle, focusing on 4,163 public companies within that group. The 2024 reporting window ran from June 4th to October 30th, 2024.

In addition to the CDP responses, our research also drew upon data from S&P Capital IQ, the Science-Based Targets Initiative, and various public sources of information such as sustainability reports, 10-K filings, quarterly earnings reports, and company websites. These sources were drawn upon in January and February of 2025.

Tapping into the power of AI

The analysis leveraged artificial intelligence to analyze and compare over 1 million entries of long form free text responses along with quantitative responses to understand the company features, behaviors, and practices that correlated with climate ambition and execution against publicly committed targets.

Assessing change in company ambitions

To assess whether a company was increasing, decreasing, or maintaining its climate ambitions, we compared CDP submissions from 2023 and 2024, considering the entirety of each company's targeted reductions – and the pace of those reductions – across Scopes 1, 2, and 3. Companies found to be targeting greater reductions were assessed as increasing ambition, while those who were targeting lesser reductions were assessed as decreasing ambition.

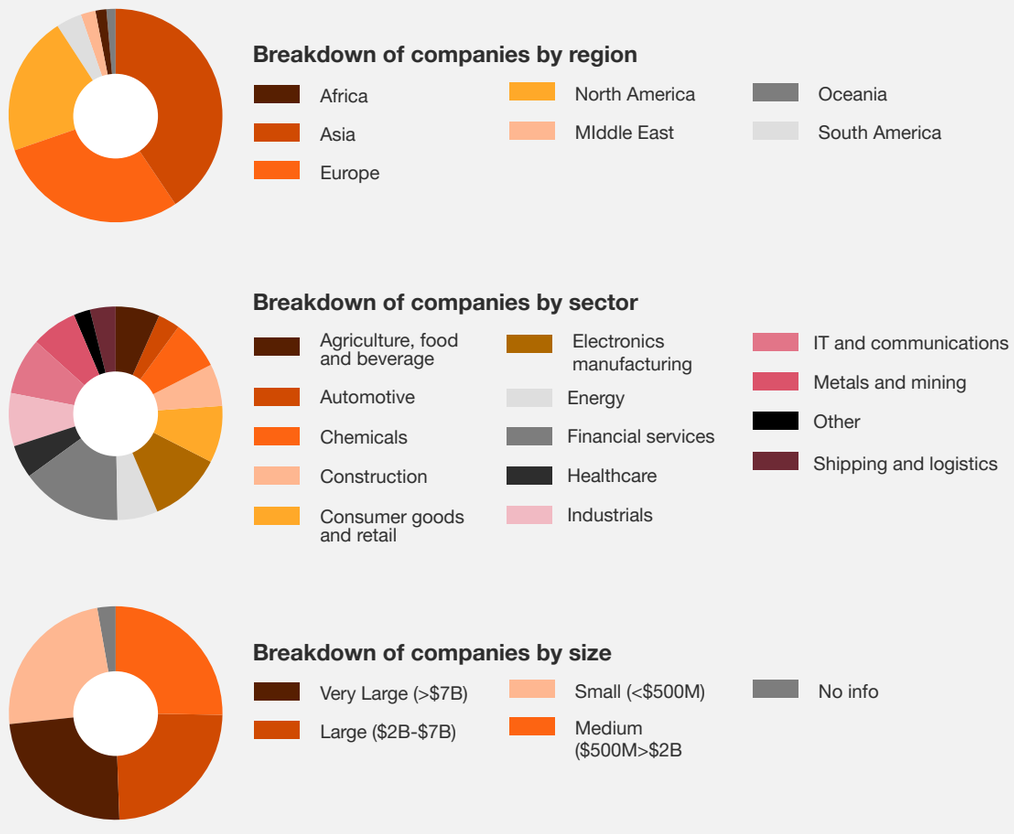
For instance, a company could have been deemed as increasing ambition if:

- Target emission reduction percentages increased with the same target timeframe of base year and target year
- Emission reduction percentages were constant, but the target year was moved to an earlier date
- Additional emission Scopes were added, increasing the total quantity of emissions targeted for reduction

Our approach controlled for any variance in targeted reductions resulting from restatement of base year emissions.

Scope of analysis

The assessment focused on 4,163 public companies that responded to 2024 CDP questionnaire.



Assessing progress against targets

Our process for evaluating whether a company was on track to meet its climate goals relied on each company's submissions to CDP of its absolute and intensity-based climate targets. For intensity targets, we first extrapolated and estimated their absolute emissions impact to allow for standardized comparison to absolute targets. For companies who had submitted multiple targets to the CDP, we then identified which targets were most critical to driving each company's near-term reduction goals, focusing on organization-wide targets over those with narrow operational coverage. We then calculated the pathway for each company toward its target year, assuming a linear annual reduction rate.

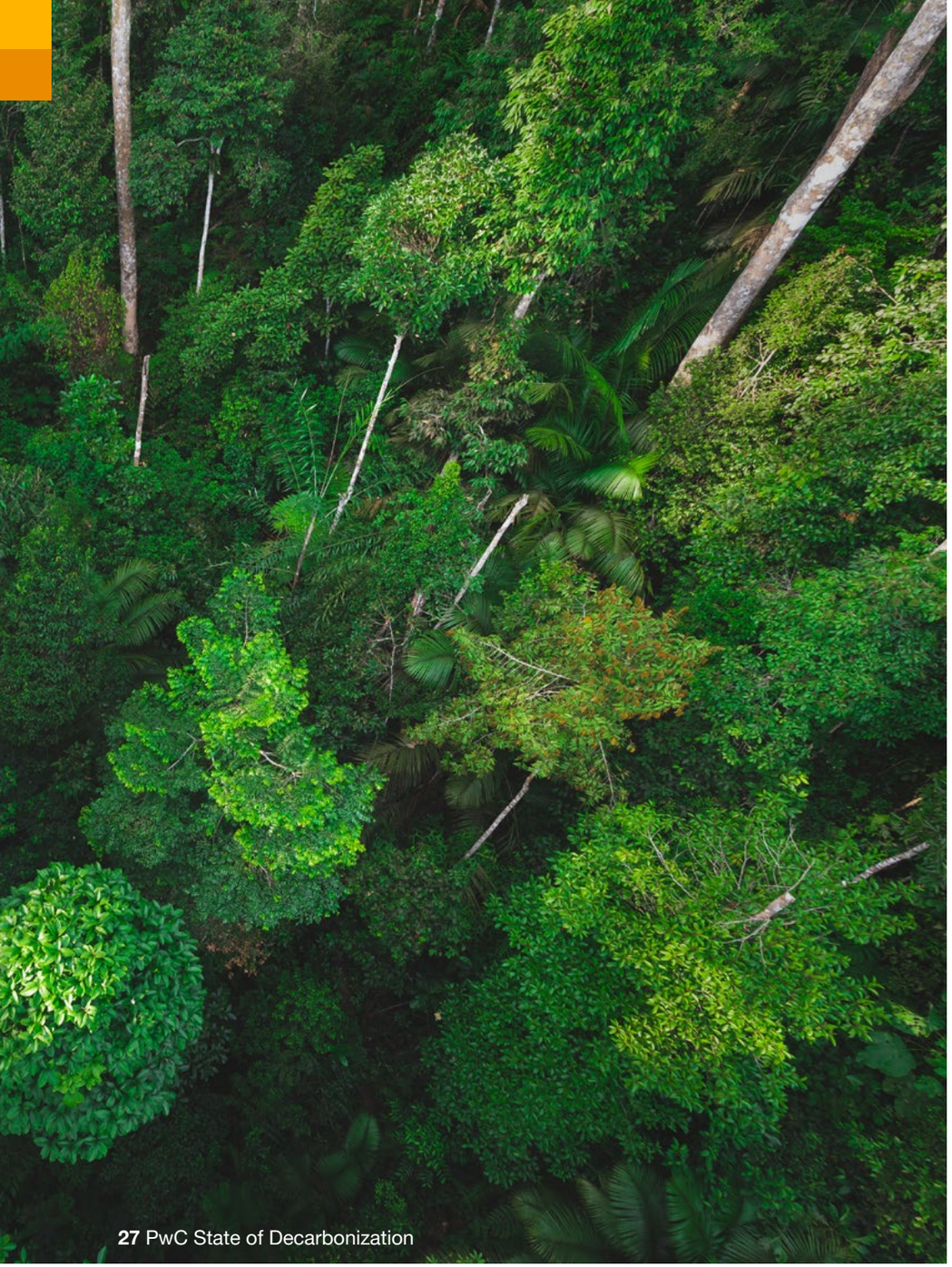
For our overall assessment of each company's progress in the current CDP reporting year, we compared the calculated targeted pathway value against the actual reported value, with companies deemed on-track if they were at or below their pathway and off-track if they were above it.

Assessing governance and sustainability programs

The research applied a combination of Generative AI-supported and statistical methods to investigate how companies are executing on their climate ambitions.

Our assessment of companies' governance and supplier engagement programs leveraged a series of tailored prompts to evaluate companies based on their free-text responses to a series of CDP questions. For example, higher scores for supplier engagement maturity were assigned to companies implementing a variety of advanced supplier initiatives such as conducting climate surveys, integrating climate requirements in supplier contracts, mandating climate targets for suppliers or assisting them in reducing GHG emissions through financing.

We then examined the relationship between the GenAI-driven qualitative scores and our ambition and progress assessments, as well as correlations across quantitative CDP data points, such as those describing initiative impact and capital allocation.



Sources

CDP (2024). 2024 Climate Change Corporate Response Dataset

Choi, S., Duhan, D.F., & Dass, M. (2023). The influence of corporate social responsibility appeals (CSRAs) on product sales: Which appeal types perform better?

Ellen MacArthur Foundation (2022). An Introduction to Circular Design

Footwear News (2023). Crocs Delays Net Zero Commitment by 10 Years

International Energy Agency (2023). World Energy Outlook 2023

Microsoft (2025). Microsoft On the Issues – Progress on the Road to 2030

Nielsen Consumer (2023). Consumers care about sustainability—and back it up with their wallets

NYU Stern Center for Sustainable Business (2023). Sustainable Market Share Index™

PwC (2024a). PwC's Voice of Consumer Survey 2024

PwC (2024b). WEF IBC Report on Transforming Energy Demand

PwC (2024c). PwC's 2024 State of Decarbonization

PwC (2025a). PwC's 28th Annual Global CEO Survey: Reinvention on the edge of tomorrow

PwC (2025b). What you really need to know about Scope 3 emissions and your business

PwC (2025c). What's Important to the CFO in 2025?

S&P Capital IQ (2025). Financials Dataset

Science Based Targets Initiative (2025). Companies Taking Action

Simon-Kucher & Partners (2023). Sustainability in B2B: Driving purpose and commercial value

Strategy& (2024). Electric Vehicle Sales Review Q4-2024

Trellis (2024). Inside Unilever's R&D efforts to reduce plastics use

Powered by CDP