



# The Road to Net Zero Starts with Your Core Business

Leading corporations can create positive environmental and financial impact by linking decarbonisation to financial value.

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## Executive summary

UK companies are facing significant pressure to decarbonise, not least to align with the UK's net zero carbon target for 2050. Regulators, investors, consumers, and UK society at large are all expecting more climate action from corporations. As a result, UK companies must rapidly take steps to decarbonise, minimise exposure to climate-related risks, and capture the financial benefits of decarbonisation.

This decade is crucial on the road to decarbonisation. Many UK companies are at the very beginning of fully understanding their emissions, especially across their value chains. Just 26% of companies disclosing through CDP in 2022 have set targets for lowering emissions. Some of those who have set targets struggle to deliver: many UK companies have already failed to meet targets with a deadline in or before 2021. And yet, delivering against emissions targets may get more difficult as companies address harder-to-abate emissions.

CDP and Bain partnered on this report to investigate the decarbonisation journeys of UK-headquartered companies disclosing through CDP in 2022.

Throughout this report, we considered emissions across Scopes 1, 2, and 3:

- Scope 1 emissions: Direct emissions from assets owned or operated by the company (e.g., emissions from petrol/diesel in company vehicles or other process emissions)
- Scope 2 emissions: Indirect emissions from the generation of purchased energy (e.g., electricity and purchased heat/steam)
- Scope 3 emissions: Indirect emissions from all other value chain activities (e.g., “upstream” emissions from suppliers and their value chains; “downstream” emissions from customers using your product/service and its end of life)

We defined effective decarbonisers as companies that have been delivering annual reductions in emissions in line with a 1.5°C pathway: those that are reducing absolute Scope 1 and 2 emissions by 4.2% or more per annum (p.a.). Laggards are defined as those reducing absolute Scope 1 and 2 emissions at a slower rate than 4.2% p.a. We wanted to identify how the most effective decarbonisers are looking to achieve their ambitions, and what benefits they are getting from decarbonisation.

The report has five key findings:

- 1. Measurement and disclosure of emissions:** Many large UK companies already disclose on Scope 1 and 2 emissions, but others are still beginning the journey of measurement and disclosure, especially for Scope 3.
  - 91% of the FTSE 100 disclosed through CDP in 2022, suggesting climate disclosure is already very common among large UK companies.

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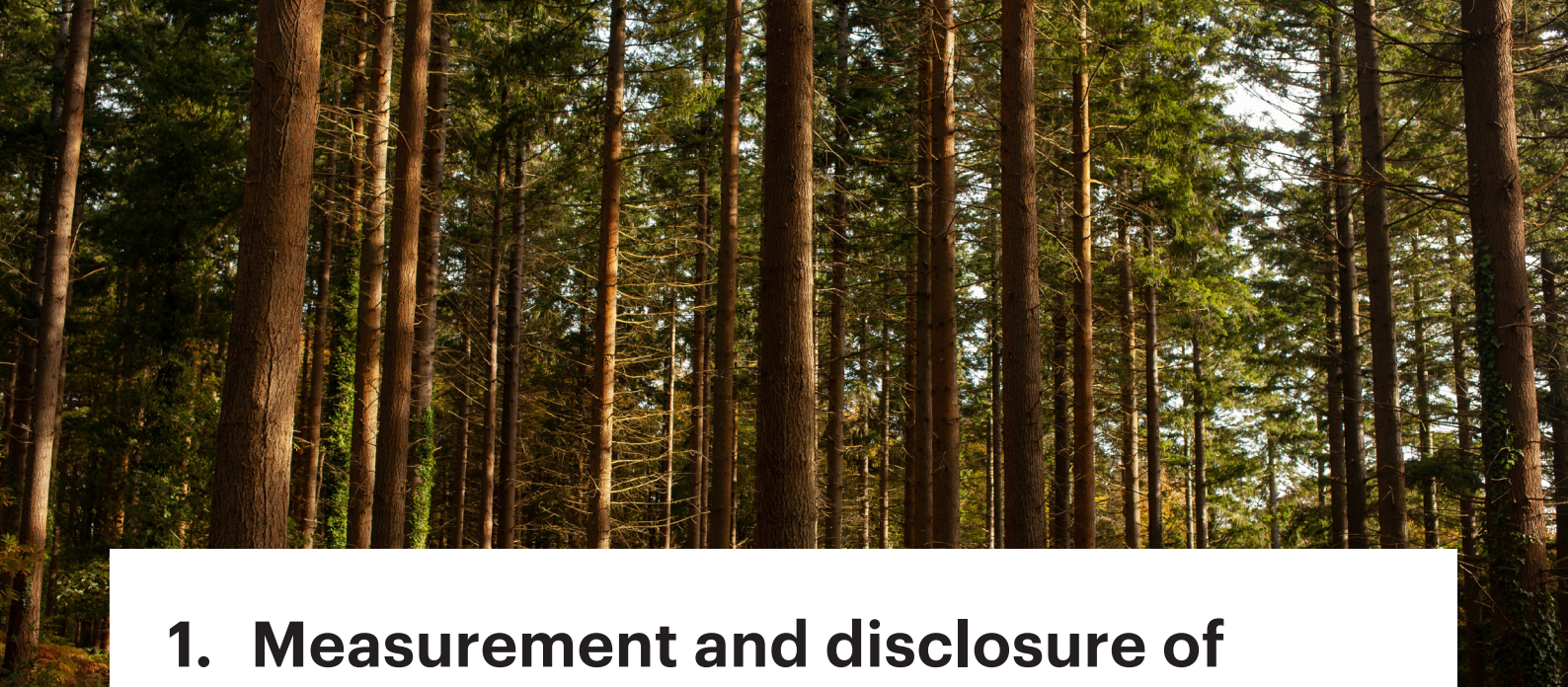
- However, of all UK companies who disclose through CDP, only 72% are disclosing their Scope 1 and 2 emissions, falling to 52% for Scope 3 emissions.
  - The pressure is increasing for companies to measure and disclose overall and on Scope 3 in particular, as customers are increasingly focused on Scope 3 emissions.
- 2. Target-setting:** Though target-setting is accelerating, and targets are ambitious, they still only cover a fraction of all companies and emissions.
- Targets set by UK companies disclosing through CDP imply an average decarbonisation of 6.5% p.a. for Scopes 1 and 2 in the near term (before 2030), and 3.9% p.a. for Scope 3 in the near term.
  - These targets are ambitious—on average, they exceed the 4.2% p.a. reduction in Scope 1 and 2 emissions required by the Science Based Targets initiative (SBTi) for a 1.5°C pathway.
  - However, only about 26% of UK companies disclosing through CDP have active Scope 1 and 2 targets, which falls to 15% for Scope 3, covering just 31%–36% of reported base-year emissions.
- 3. Progress on target delivery:** Most UK companies are on-track for achieving Scope 1 and 2 targets, but delivery is still challenging for many, especially for Scope 3 emissions reduction targets.
- Of UK companies that disclosed through CDP and that have targets, approximately 25% missed targets set for 2021, and around 20% are off-track for pre-2030 Scope 1 and 2 targets, rising to approximately 30% for Scope 3 targets.
  - The true number of companies off-track in relation to the UK’s net zero plan is likely far higher once we account for all businesses who are not disclosing and/or not setting targets.
- 4. Enablers for delivery:** Though there is no silver bullet to decarbonise, those that are effectively decarbonising are embedding it into their core business and linking it to value creation. Below are some enablers for delivery common to effective decarbonisers:
- A. Transition plan:** 96% of effective decarbonisers have a transition plan or strategies influenced by climate-related risks and opportunities (vs. 89% of carbon laggards).
  - B. Management incentives:** 83% of effective decarbonisers use monetary and/or non-monetary management incentives (vs. 73% of carbon laggards), such as internal carbon prices.
  - C. Link to core value proposition and value creation:** 67% of effective decarbonisers identify opportunities for revenue growth from decarbonisation (vs. 52% of carbon laggards).

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**5. Value creation benefits:** Companies that embed decarbonisation into their business and link it to value are likely to capture financial benefits from their efforts.

- Effective decarbonisers identify 1.3 times more opportunities on average than carbon laggards.
- Effective decarbonisers identify more valuable opportunities from decarbonisation, with a projected lifetime financial impact 1.6 times higher for each opportunity, on average.

In short, UK corporations need to better understand their emissions, set bold targets, and focus on delivery. The most effective way to deliver on targets is to truly embed decarbonisation into core business and link it to value creation opportunities. Those who do this well can expect to see climate and financial rewards for their efforts.



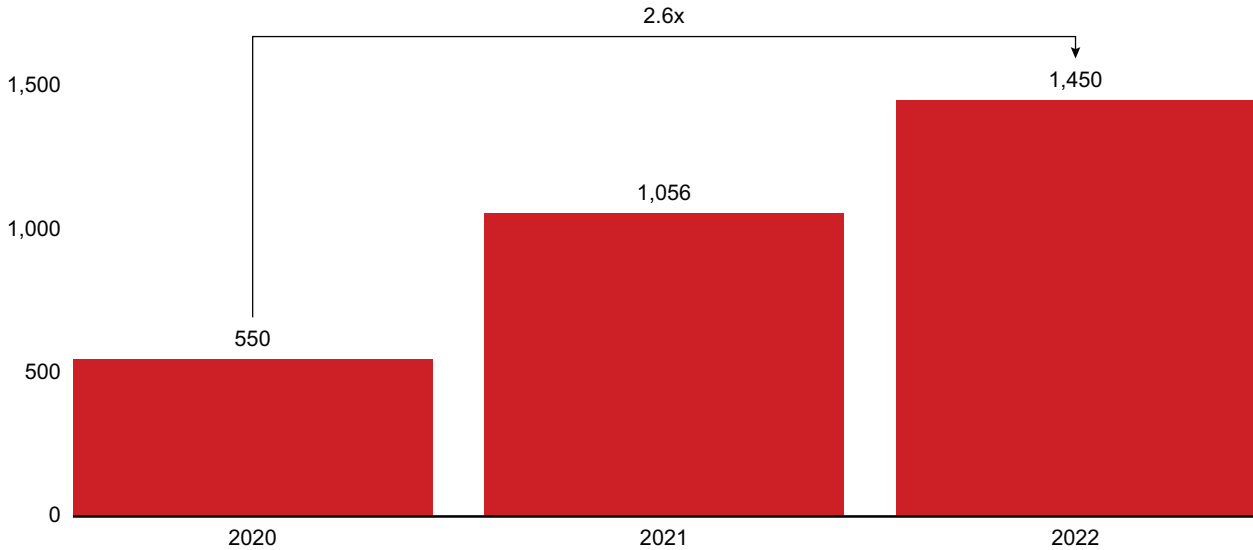
# **1. Measurement and disclosure of emissions: Many large UK companies already disclose their Scope 1 and 2 emissions, but others are still early in the journey of measurement and disclosure, especially for Scope 3**

Climate disclosure through CDP has rapidly increased in the UK and most of the largest UK companies are reporting through CDP on climate. However, many companies still do not disclose actual emissions data, especially on Scope 3. There is a need for greater focus on Scope 3 across industries, not least as customers are increasingly paying attention to their own Scope 3 emissions.

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**Figure 1:** Climate disclosure through CDP has rapidly increased in the UK

**Number of UK-headquartered companies disclosing through CDP climate questionnaire**



Source: CDP climate questionnaire (2022)

**Figure 2:** Most of the largest UK companies are reporting through CDP on climate

**Number of FTSE 100 companies, split by CDP disclosure**



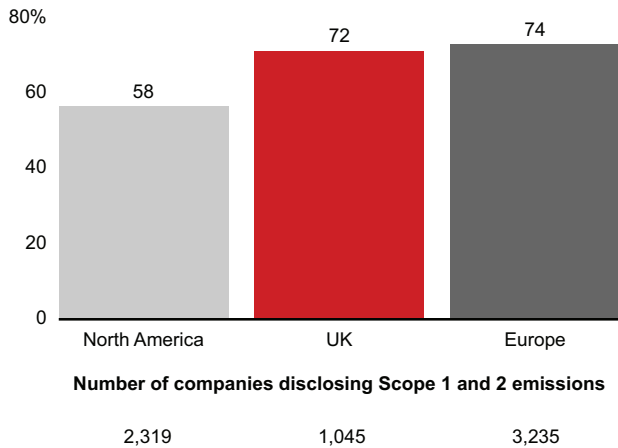
Source: CDP climate questionnaire (2022)



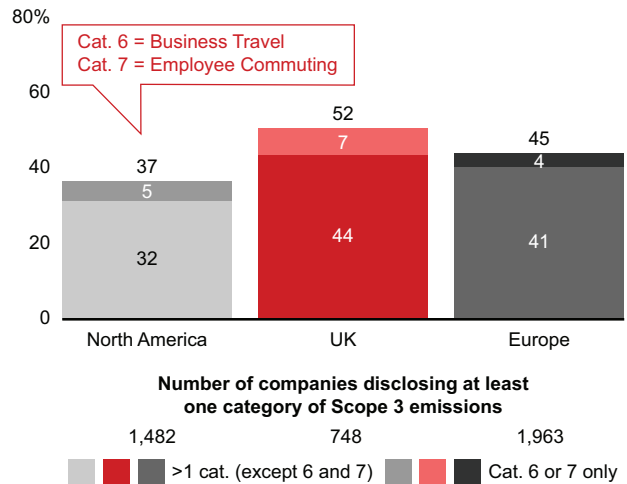
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**Figure 3:** Many UK companies still do not disclose actual emissions data, especially on Scope 3

**Companies disclosing Scope 1 and 2 emissions through CDP by region, as a percentage of all companies disclosing through CDP in that region**



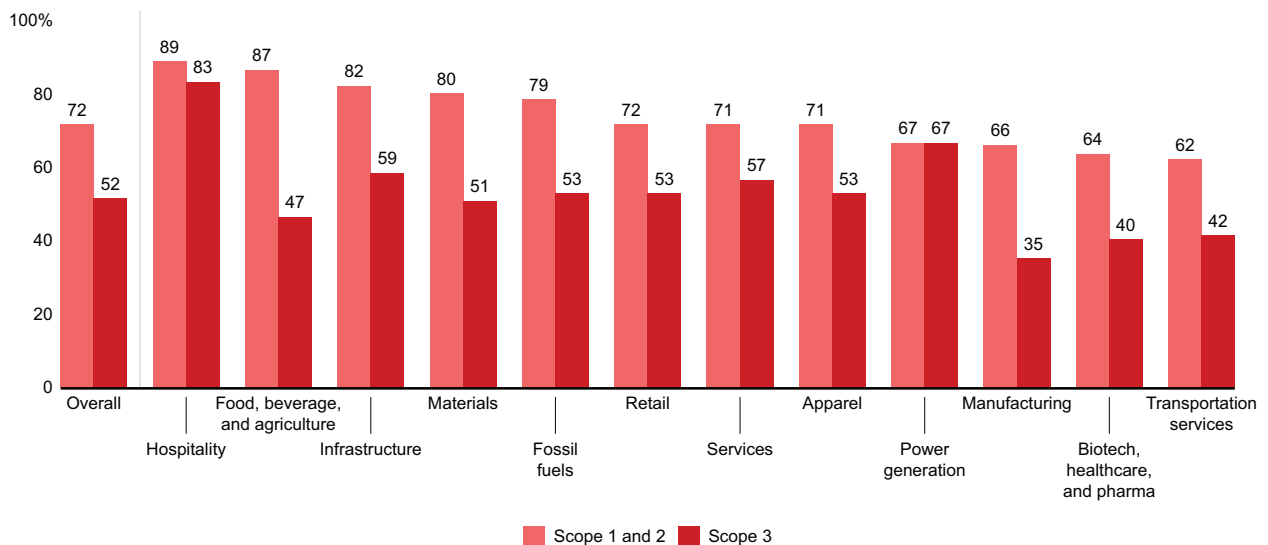
**Companies disclosing at least one category of Scope 3 emissions through CDP by region, as a percentage of all companies disclosing through CDP in that region**



Note: Figures may not add up to 100% exactly due to rounding  
Source: CDP climate questionnaire (2022)

**Figure 4:** The need for greater focus on Scope 3 applies across industries

**UK companies disclosing emissions by scope, as a percentage of all UK companies disclosing through CDP on climate**



Source: CDP climate questionnaire (2022)

## Market Voices: Customers are increasingly paying attention to Scope 3 emissions

“Reducing Scope 3 emissions is an important part of our net zero strategy. That’s why we’re working with suppliers and [CDP’s Supply Chain Program](#) to collaborate on creating a net zero future.

Since FY17, we’ve cut our supply chain emissions by 20%, making good progress towards meeting our end of March 2031 42% interim reduction target and getting to net zero by end of March 2041 for our supply chain and customer emissions. We’re tracking progress via our suppliers’ CDP responses.

We’ve worked with CDP on encouraging companies to start their science-based target journey and now we are starting a new campaign reaching out to suppliers on net zero targets and engaging with their suppliers in turn. This message has been further strengthened as we are asking suppliers with new contracts worth over £25m to sign up to science-based net zero targets.”

— **Gabrielle Ginér, head of environmental sustainability, BT Group**

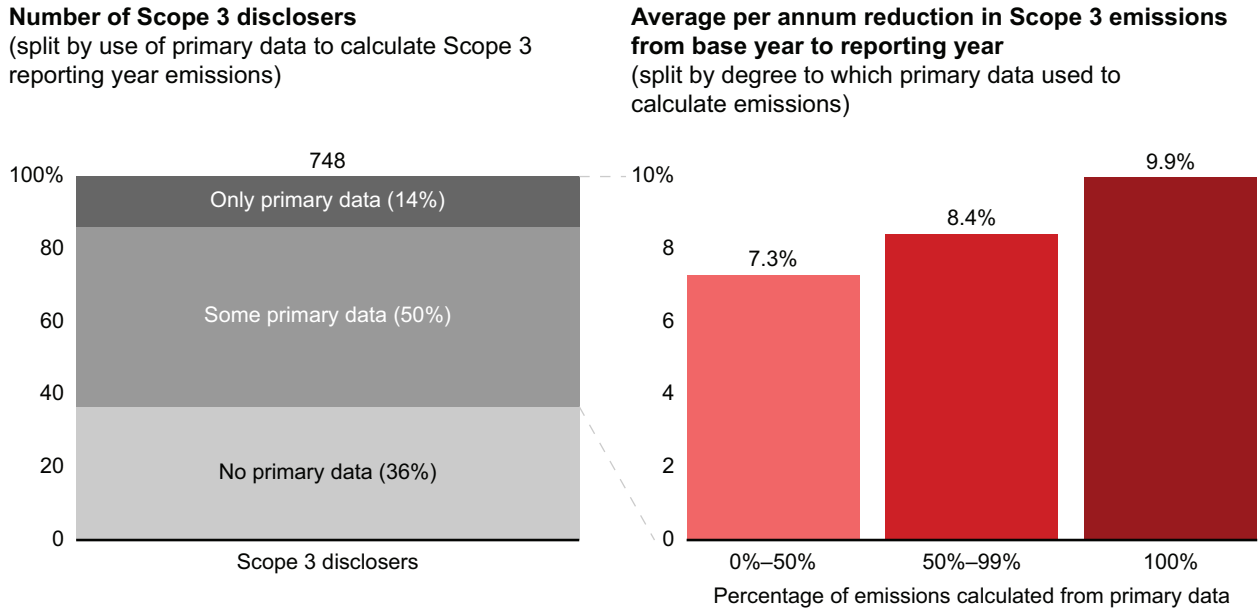
“For manufacturing organisations, Scope 3 emissions typically make up the greatest proportion of their carbon footprint by a significant margin. For Jaguar Land Rover (JLR), 19% of life cycle emissions come from its supply chain; therefore, only by measuring and understanding these emissions can it address its full impact.

JLR is integrating environmental criteria into its supply chain management and proactively engaging with its global supply network to ensure suppliers are monitoring their carbon emissions, setting targets, demonstrating progress, and disclosing in a transparent way. Tracking supply chain risks and performance helps to identify hotspots so that necessary action can be taken, whilst a collaborative approach helps to drive collective solutions to reduce emissions.”

— **François Dossa, Executive Director, Strategy and Sustainability, Jaguar Land Rover**

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**Figure 5:** Primary data drives better understanding of and progress on reducing Scope 3 emissions



Notes: Primary data is data sourced directly from suppliers and other value chain partners; this analysis excludes companies with unverified Scope 3 emissions and companies with no Scope 3 base year emissions  
Source: CDP climate questionnaire (2022)

## Recommendation for UK companies on emissions measurement and disclosure

**Disclose on Scopes 1 and 2, and start quantifying Scope 3** if you haven't already, as stakeholders are increasingly demanding this of companies. Once a modelled Scope 3 baseline is set, it is vital to then engage suppliers to generate Scope 3 emissions data specific to your value chain, and to identify specific decarbonisation opportunities.



## **2. Target-setting: Though more companies are setting targets, and targets are ambitious, targets still only cover a fraction of all companies**

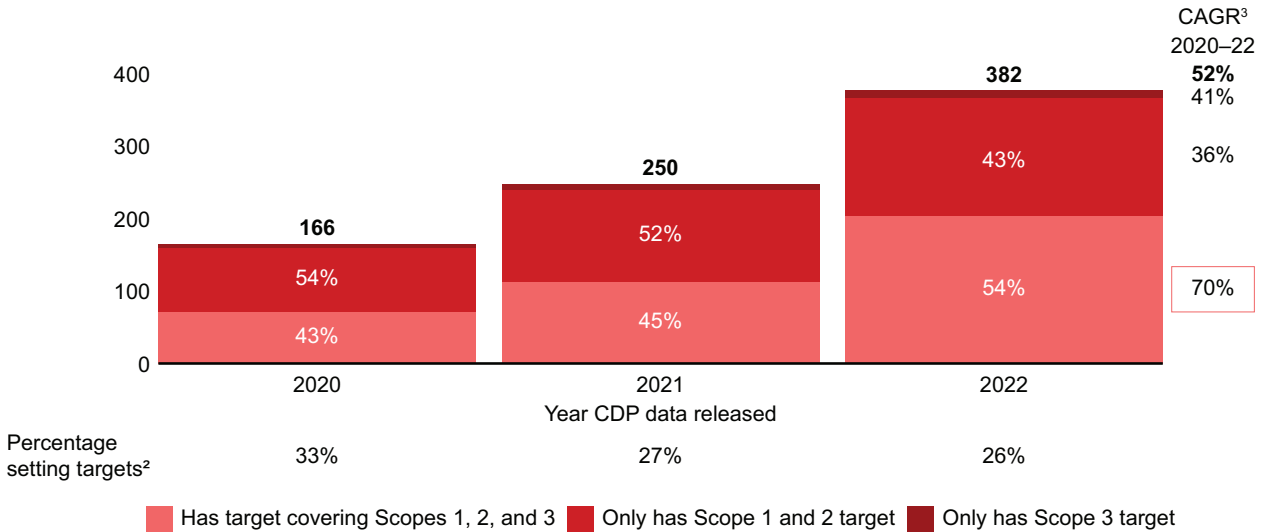
The number of UK companies setting decarbonisation targets, especially for Scope 3, is increasing. While those targets primarily focus on near-term (i.e., before 2030) goals, targets set for beyond 2031 are increasing.

Corporations are setting ambitious absolute targets, which are often greater on average than what SBTi requires for a 1.5°C pathway. However, only around 26% of companies disclosing through CDP have disclosed a target covering Scope 1 and 2 emissions. The percentage shrinks further for UK companies with Scope 3 targets. A scant 15% have disclosed a Scope 3 target.

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**Figure 6:** UK companies are increasingly setting decarbonisation targets

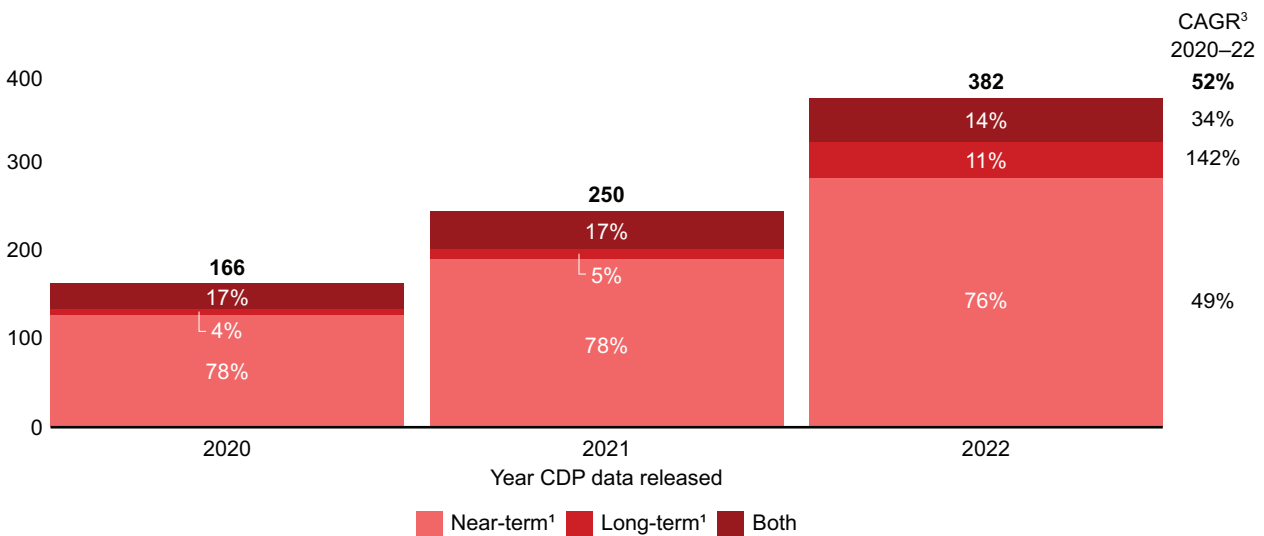
**Number of UK companies setting absolute and intensity targets across scopes<sup>1</sup>**



1) Includes underway, new, or revised targets; absolute targets reduce total greenhouse gas emissions, while intensity targets reduce them relative to company outputs; 2) Expressed as a percentage of total companies in the CDP climate data set for the UK; 3) CAGR = Compounded annual growth rate  
 Note: Figures may not add up to 100% exactly due to rounding  
 Source: CDP climate questionnaire (2019–2022)

**Figure 7:** Most UK targets are focused on the near-term, but the number of long-term targets is rapidly increasing

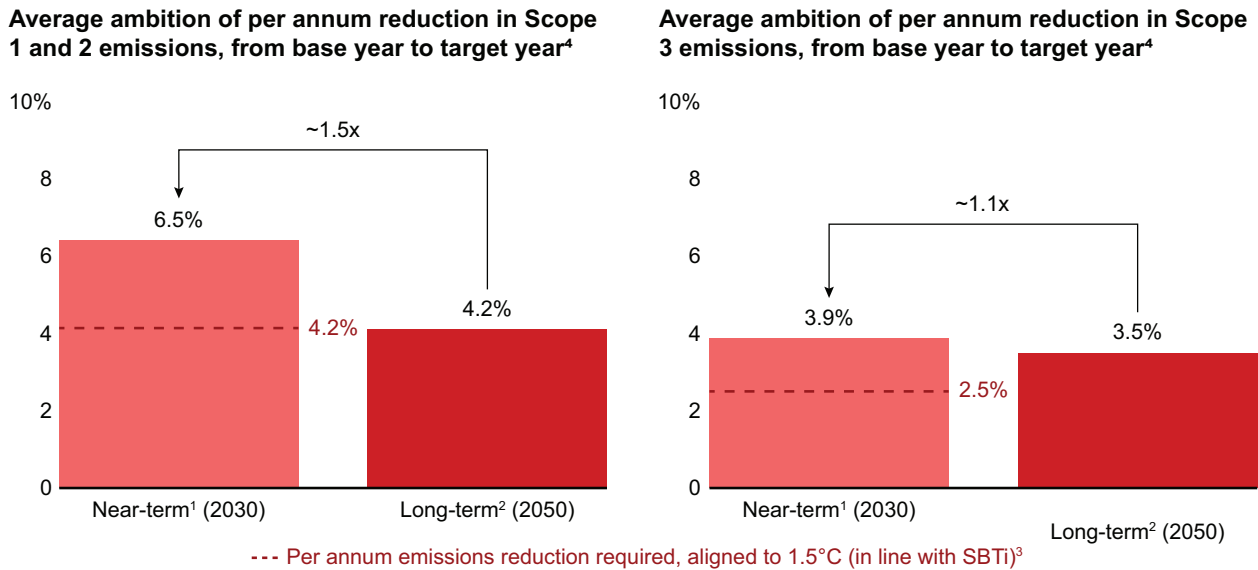
**Number of UK companies setting near-term<sup>1</sup> and/or long-term absolute and intensity targets<sup>2</sup>**



1) Near-term is defined as target year in or before 2030; long-term is 2031 onward; 2) Includes underway, new, or revised targets (i.e., active targets only); absolute targets reduce total greenhouse gas emissions, while intensity targets reduce them relative to company outputs; 3) CAGR = Compounded annual growth rate  
 Note: Figures may not add up to 100% exactly due to rounding  
 Source: CDP climate questionnaire (2019–2022)

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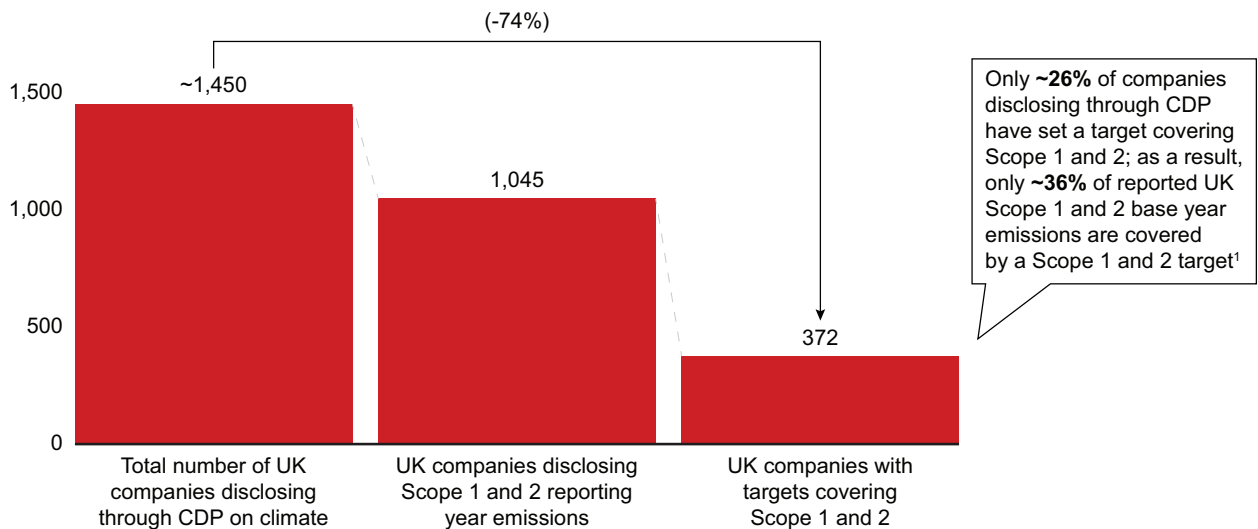
**Figure 8:** Absolute targets are ambitious



1) Near-term defined as target year pre-2030; 2) long-term targets defined as target year from 2031; 3) per annum decarbonisation required to meet SBTi's net zero target, which covers emissions across scopes, including offsets; in the near term, SBTi requires a 50% reduction by 2030 from 2018 levels, and a 90% reduction by 2050 from 2020 levels; SBTi target boundary for Scopes 1 and 2 needs to cover 95% of Scope 1 and 2 emissions, and the Scope 3 target boundary is minimum 67% of all Scope 3 emissions; 4) percentage reduction required from base to reach each target (includes underway, new, and revised targets, absolute targets only)  
Sources: CDP climate questionnaire (2022); SBTi website

**Figure 9:** Most UK companies have still not disclosed any target for Scope 1 and 2

**Number of UK companies disclosing and setting targets on Scope 1 and 2 emissions**  
(including absolute and intensity targets)

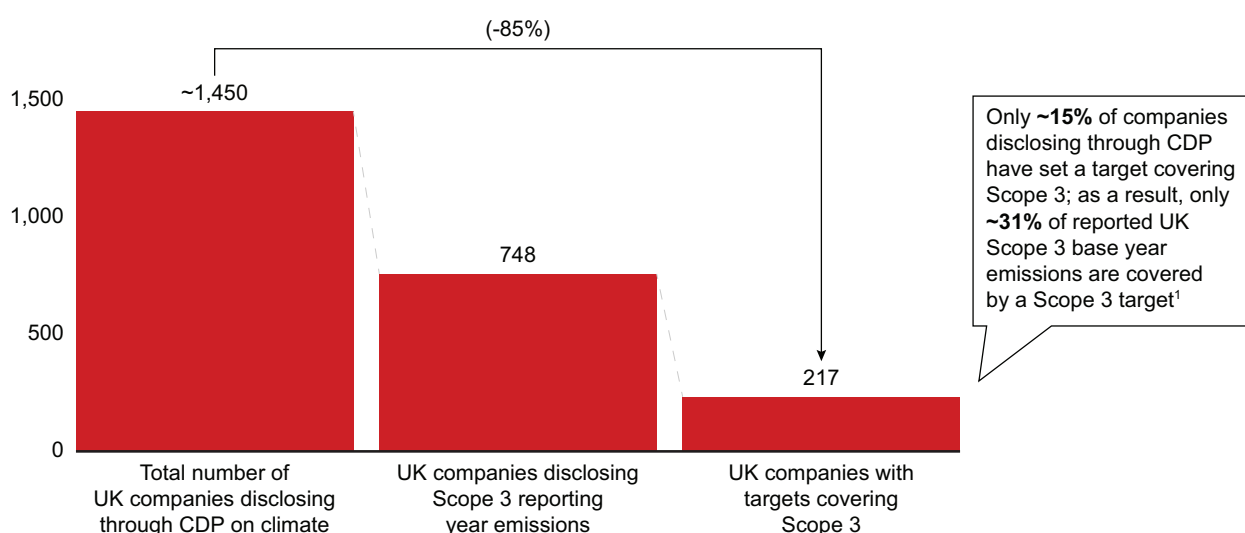


1) Methodology: sum of base year emissions for all companies reporting Scope 1 and 2 emissions – sum of base year emissions covered by Scope 1 and 2 targets (where more than one target for each scope, target covering maximum base year emissions is taken)  
Source: CDP climate questionnaire (2022)

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**Figure 10:** Only 15% of UK companies disclosing through CDP on climate have set a Scope 3 target

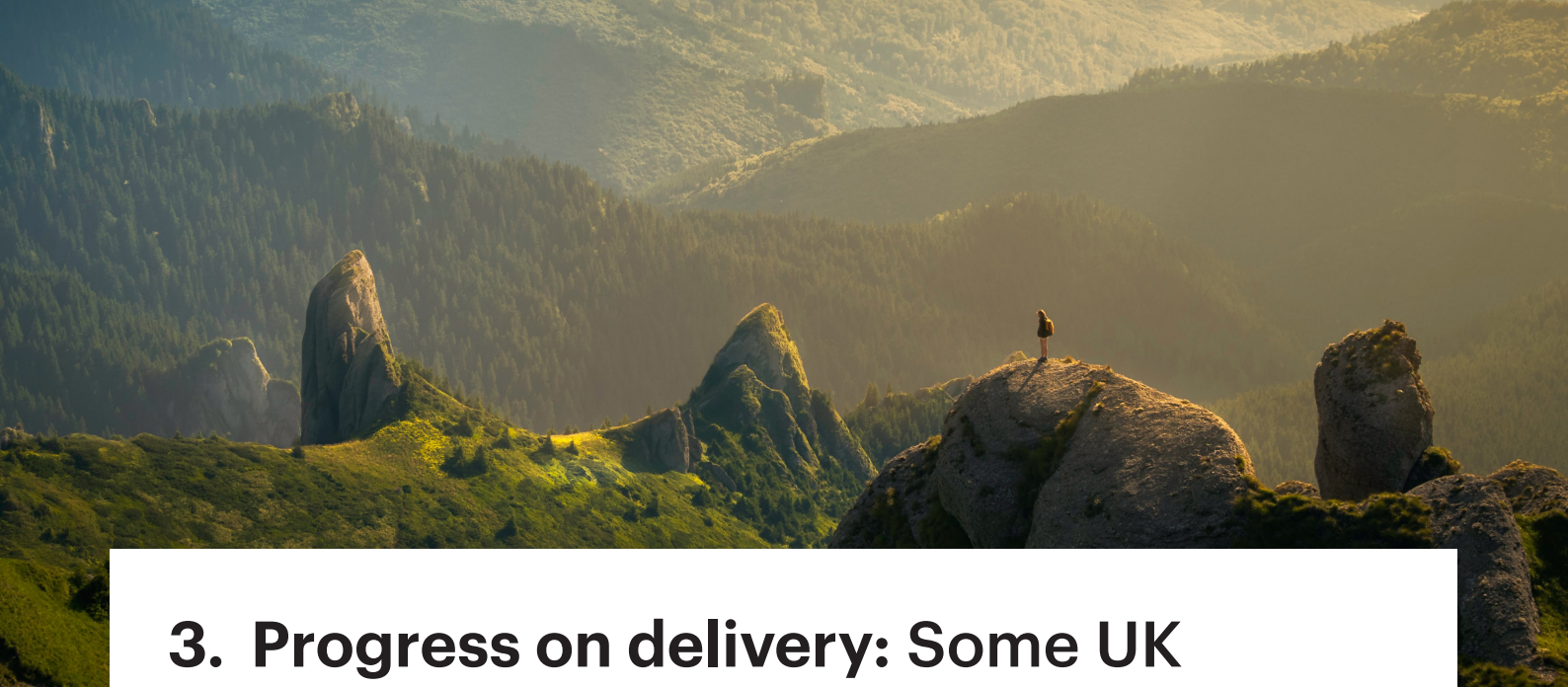
**Number of UK companies disclosing and setting targets on Scope 3 emissions**



1) Methodology: sum of base year emissions for all companies reporting Scope 3 emissions – sum of base year emissions covered by Scope 3 targets (where more than one target for each scope, target covering maximum base year emissions is taken)  
Source: CDP climate questionnaire (2022)

## Recommendation for UK companies on target-setting

**Set a target for Scope 1 and 2 emissions (ideally an absolute target) and for Scope 3 as well**, especially as it is likely Scope 3 represents a significant percentage of your emissions.



### **3. Progress on delivery: Some UK companies are finding that delivering on decarbonisation is challenging, especially for Scope 3**

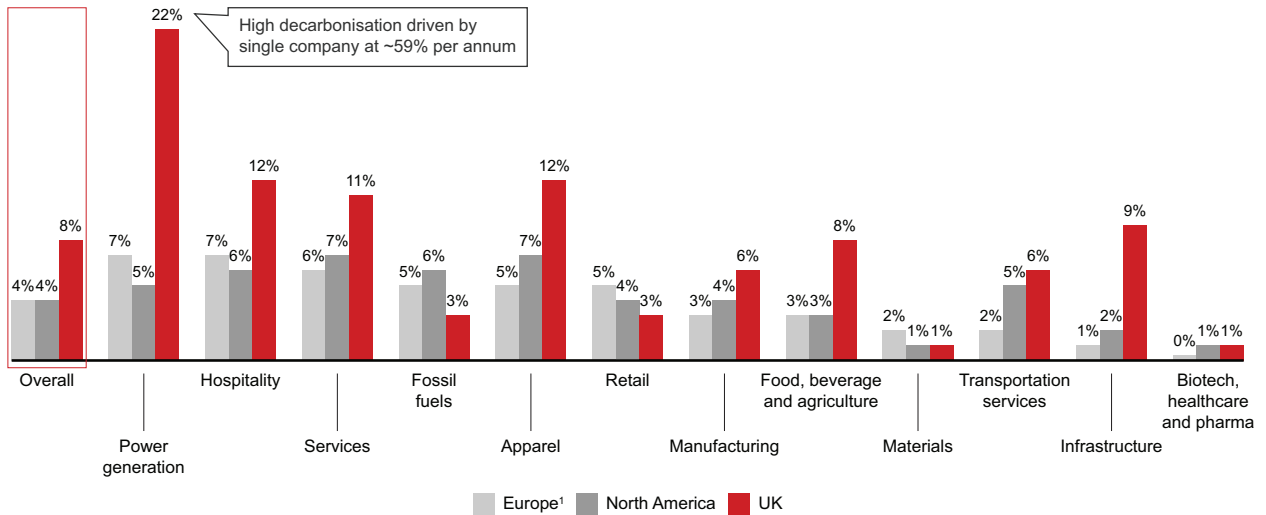
Though UK companies are outpacing peers in Europe and North America on decarbonisation, with almost 75% of UK corporations delivering on their targets, others are still struggling to deliver, with more than 25% missing their recent absolute targets across all Scopes. Looking to the future, 20%–30% of UK companies are off-track against their pre-2030 absolute targets.



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**Figure 11:** Across 9 of 12 sectors, UK companies have decarbonised faster than European and North American peers

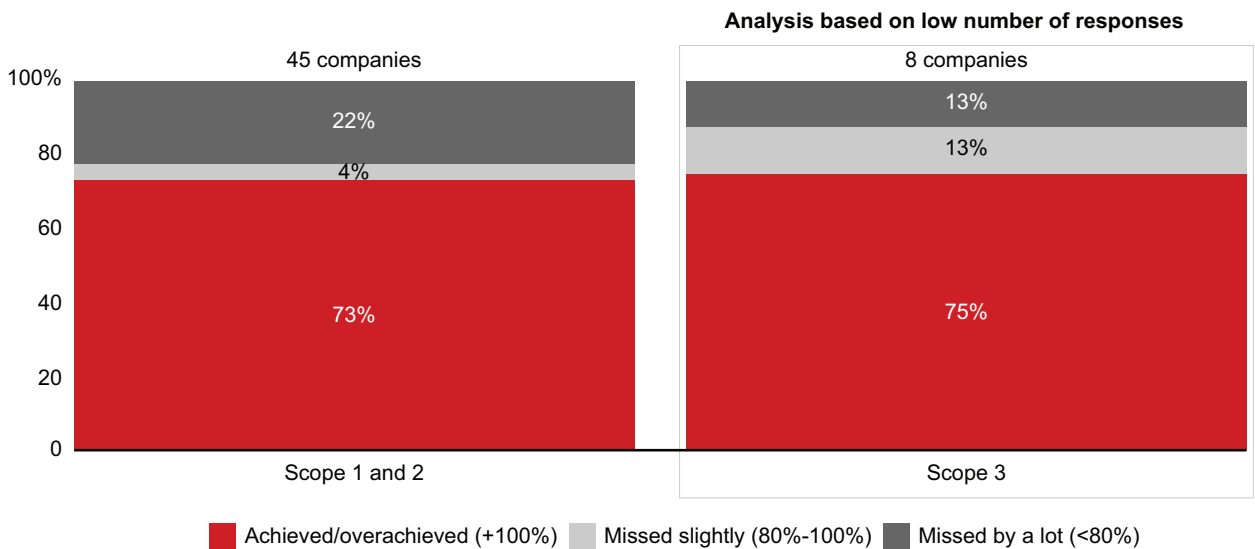
**Average per annum reduction in Scope 1 and 2 emissions from base year to reporting year<sup>2</sup>**



1) Europe, including Central and Eastern Europe; 2) Methodology for per annum decarbonisation: (percentage change in emissions from base year to reporting year)/(reporting year – base year)  
 Note: Percentages included within the chart have been rounded  
 Source: CDP climate questionnaire (2022)

**Figure 12:** Around 75% of companies hit their recent absolute targets, while approximately 25% missed

**Share of UK companies achieving absolute targets with deadline in or before 2021**

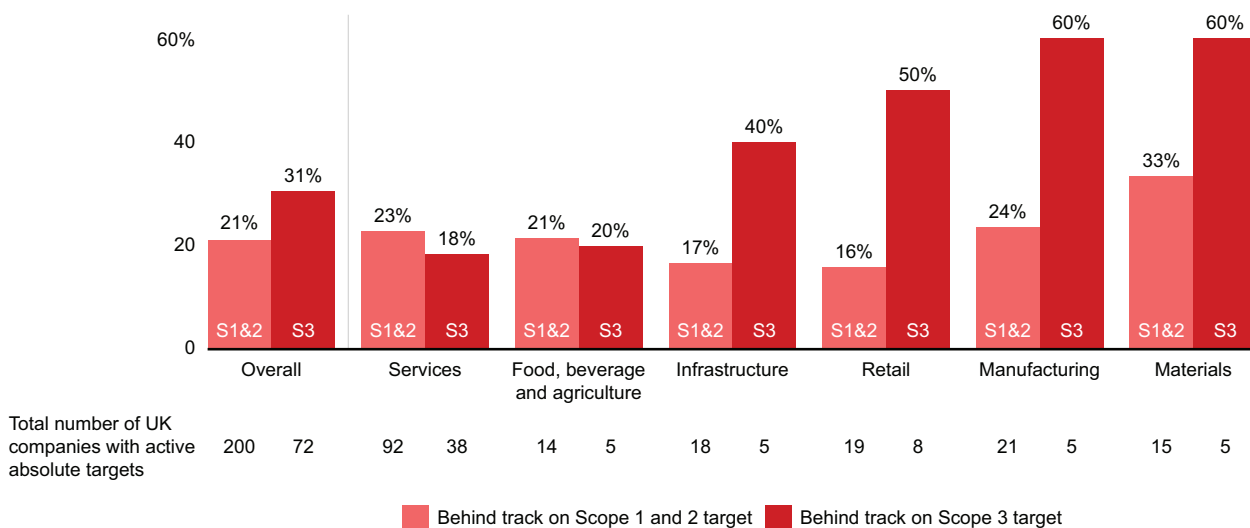


Note: Figures may not add up to 100% exactly due to rounding  
 Source: CDP climate questionnaire (2022)

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**Figure 13:** The majority of UK companies are on-track to achieve their targets, but 20%–30% are not

**Share of UK companies that are off-track<sup>1</sup> to achieve their absolute near-term targets<sup>2</sup>**  
(expressed as a percentage of UK companies that set absolute targets)



1) Companies that have not decarbonised at the per annum rate required by their target; 2) Near-term (defined as target year pre-2030) absolute targets only; 3) excludes industries where N<10  
Source: CDP climate questionnaire (2022)

## Recommendation for UK companies on delivery

**Focus on delivery, as target-setting is not enough.** Ensure targets are underpinned by quantified decarbonisation actions and use clear measurement to monitor (and project) progress against targets. Knowing how you are tracking against targets is critical so you can course-correct.



## **4. Enablers for delivery: UK companies that are effectively decarbonising embed decarbonisation into their core business and link it to value**

There is no silver bullet for successful decarbonisation. To understand what it takes to decarbonise, we analysed the practice of companies that have been most effective at decarbonising. We defined effective decarbonisers as companies aligned to the 1.5°C pathway in the near-term (by 2030) (i.e., reducing their Scope 1 and 2 emissions by 4.2% or more per annum).

We found that effective decarbonisers have implemented a consistent set of approaches:

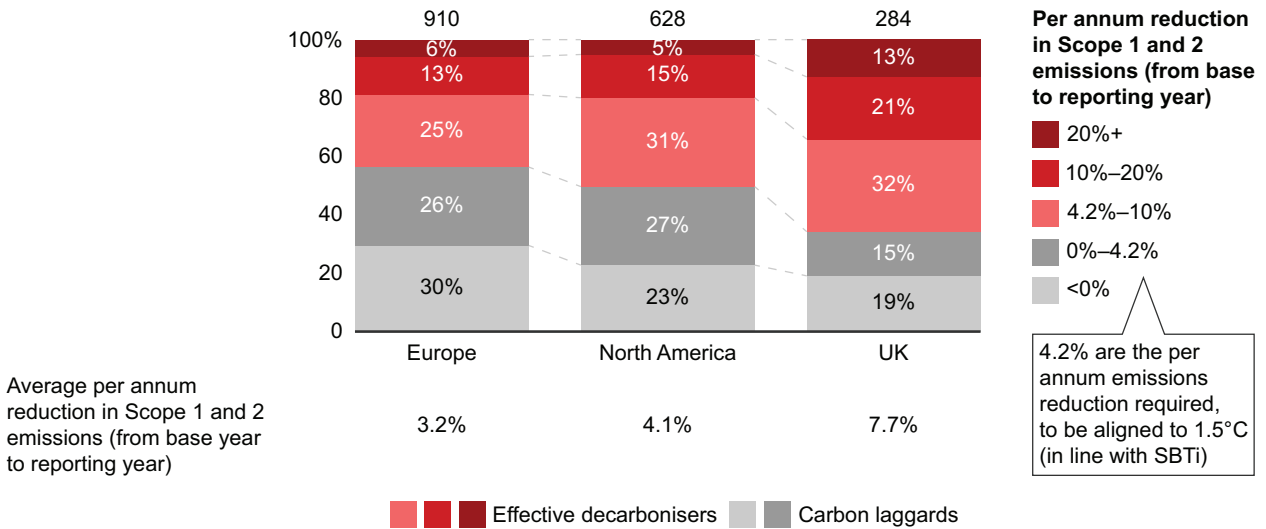
- develop a transition plan with a wide range of initiatives;
- deploy incentives to bring people along; and
- incorporate decarbonisation into their core value proposition and link it to financial value.

Effective decarbonisers are reducing emissions, proactively embedding decarbonisation into their business, and linking decarbonisation to value creation in order to drive change.

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**Figure 14:** We split companies into effective decarbonisers vs. carbon laggards based on historical decarbonisation levels

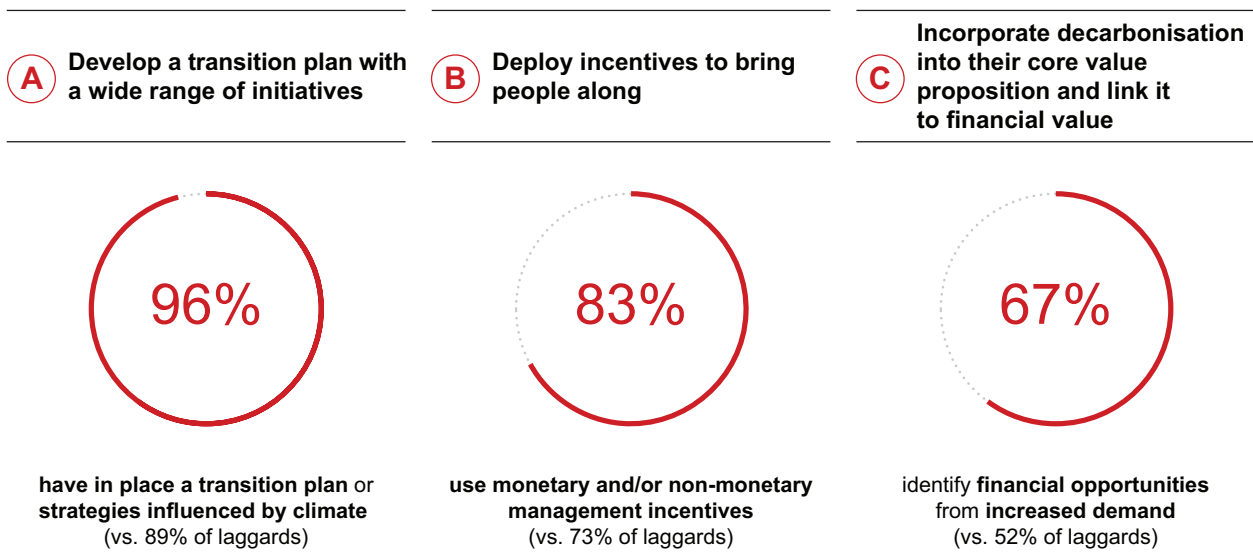
**Number of UK companies disclosing (with verified Scope 1 and 2 emissions), split by historical decarbonisation rate**



Notes: Figures may not add up to 100% exactly due to rounding; for a company to be included in the analysis, Scope 1 and 2 emissions must be verified by a third party; excludes companies where per annum decarbonisation is greater than +60% or less than -60%  
 Source: CDP climate questionnaire (2022)

**Figure 15:** Effective decarbonisers embed decarbonisation in their core business and link it to value creation

**Effective decarbonisers are more likely to ...**



Source: CDP climate questionnaire (2022)

## A. Effective decarbonisers develop transition plans with a wide range of initiatives

Effective decarbonisers are 4 percentage points more likely to have a transition plan aligned to 1.5°C and 5 percentage points more likely to make their transition plan available publicly (see Figure 16).

However, above and beyond simply having a transition plan, the quality and robustness of the transition plan is of critical importance. In February 2023, CDP released a [transition plan report](#) which analyses the credibility of companies’ transition plans and found that less than 1% of all the companies that disclosed to CDP’s climate change questionnaire in 2022 reported sufficient detail to all 21 key indicators that align with a credible climate transition plan.

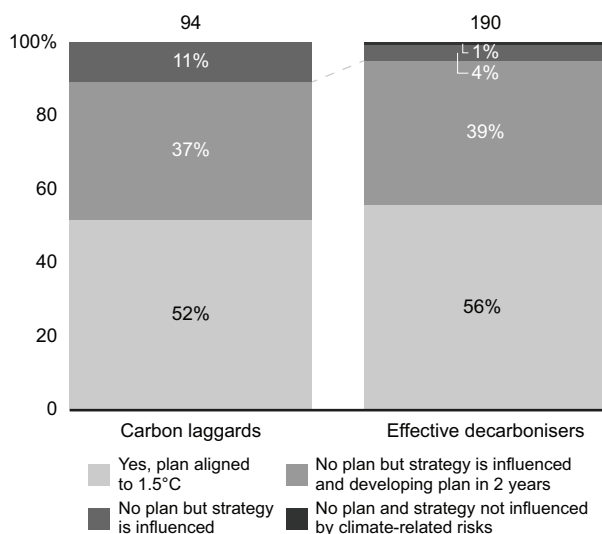
### Market voices: It is critical for companies to develop a quantified transition plan to support their climate goals

“At Taylor Wimpey, our Net Zero Transition Plan sets out our ambitious roadmap for how we’ll play our part in avoiding runaway climate change. Our plan is based on robust data and science, providing the analysis and evidence needed to support delivery of our short, medium, and long-term targets. It includes emissions reduction pathways, transition risks and opportunities, and our commitment to a just transition.”

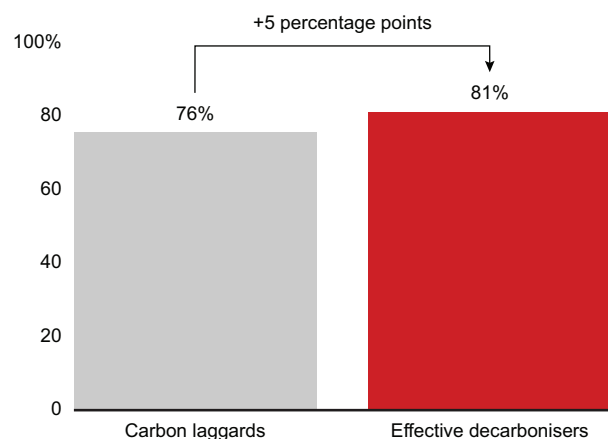
— Ian Heasman, Director of Sustainability, Taylor Wimpey

**Figure 16:** Effective decarbonisers have publicly available transition plans aligned to 1.5°C

**UK companies included in analysis, split by degree to which they have a transition plan in place**



**UK companies with a publicly available transition plan (as a percentage of UK companies with a transition plan)**

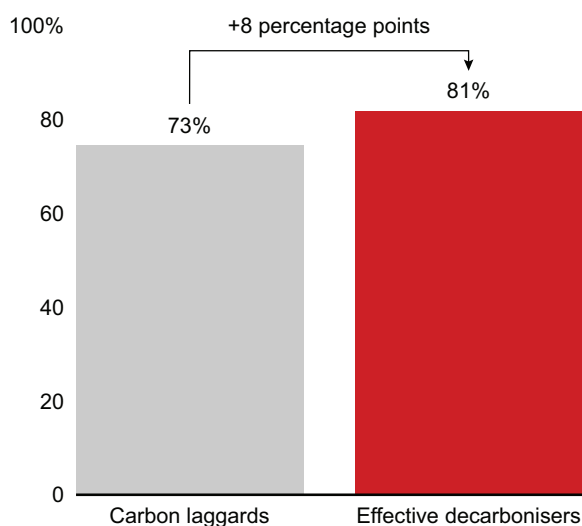


Notes: For a company to be included in the analysis, Scope 1 and 2 emissions must be verified by a third party; excludes companies where per annum decarbonisation is greater than +60% or less than -60%  
Source: CDP climate questionnaire (2022)

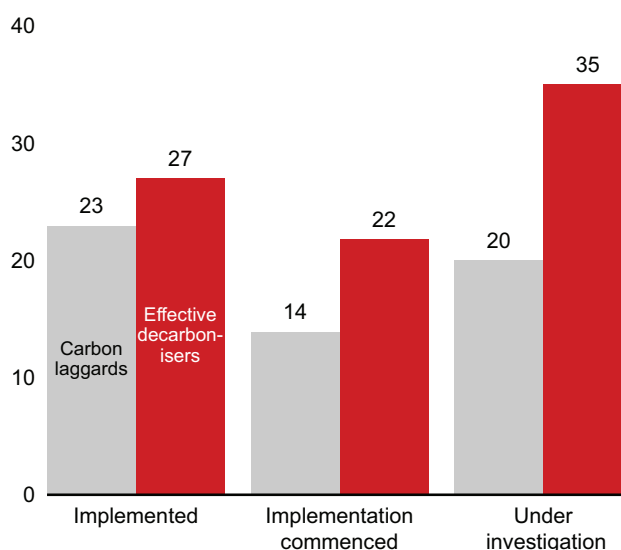
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**Figure 17:** Effective decarbonisers go beyond mandated actions and are more likely to investigate and deploy more decarbonisation initiatives overall

**UK companies using voluntary initiatives (as a percentage of companies in grouping)**



**Average number of initiatives per company, split by 'carbon laggard' vs. 'effective decarboniser' grouping**



Notes: In total, this analysis assesses ~94 carbon laggards and ~190 effective decarbonisers; excluding companies with >1,000 initiatives  
 Source: CDP climate questionnaire (2022)

## B. Effective decarbonisers deploy incentives to bring people along

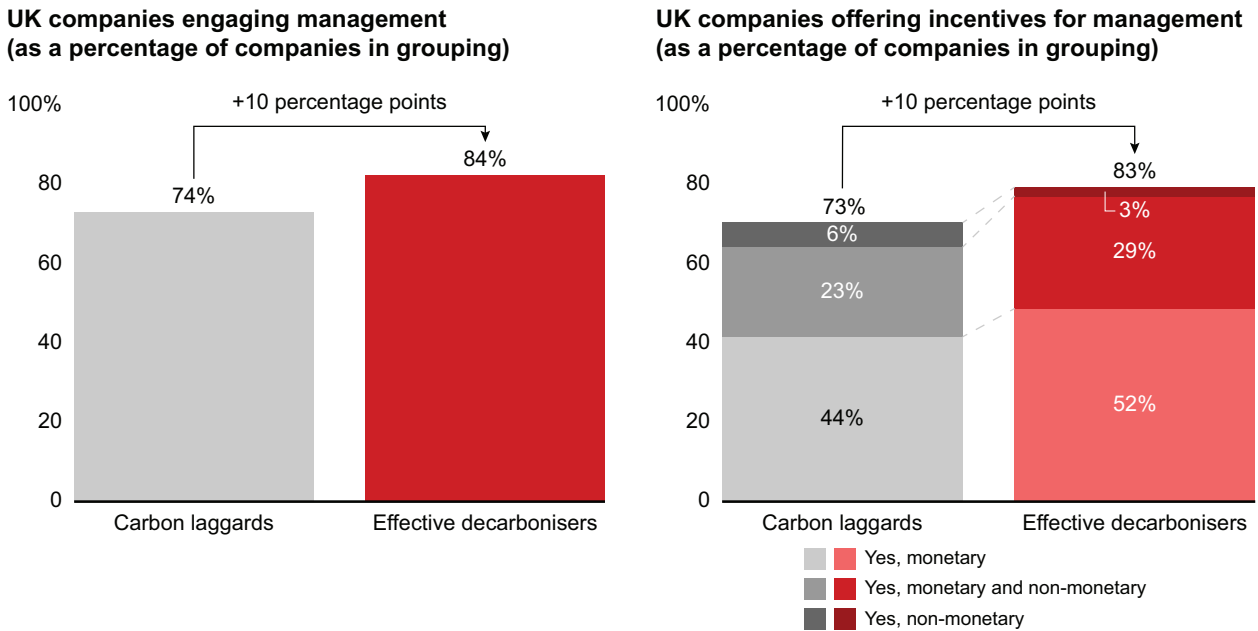
Monetary and non-monetary incentives and engaging management are key actions effective decarbonisers take to drive climate action.

Effective decarbonisers are more likely to engage senior leadership, including the chief executive officer (CEO) and the corporate executive team, with monetary incentives.

Using an [internal carbon price](#) (ICP) is another step effective decarbonisers take to reduce Scope 1 and 2 emissions. However, ICPs take time to come into full effect.

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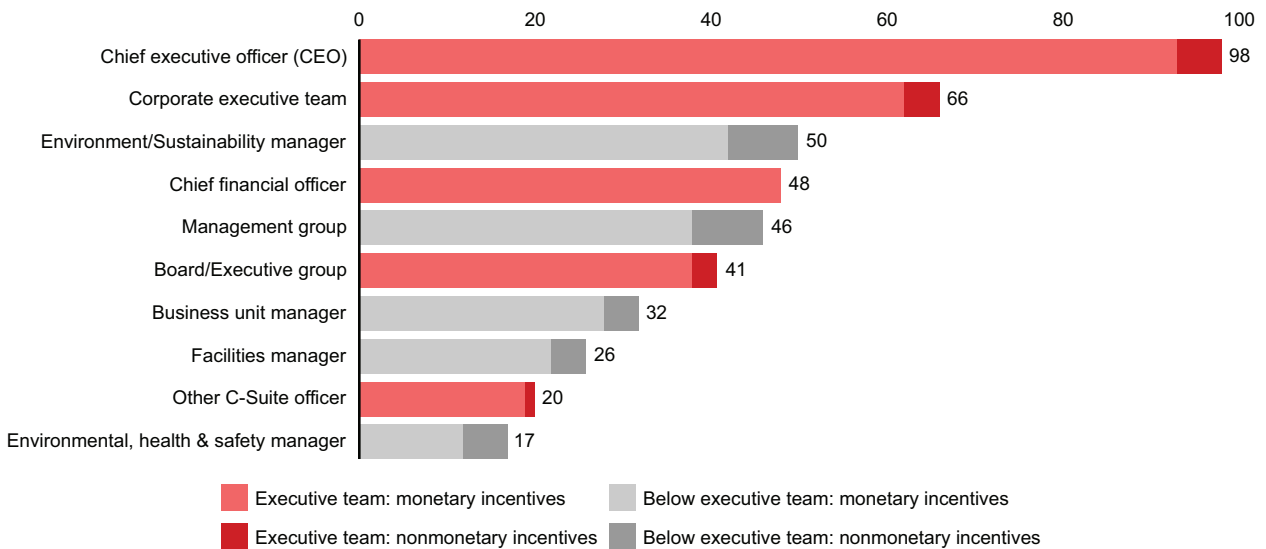
**Figure 18:** Effective decarbonisers put in place both monetary and non-monetary incentives



Note: In total, this analysis assesses approximately 94 carbon laggards and approximately 190 effective decarbonisers  
 Source: CDP climate questionnaire (2022)

**Figure 19:** Incentives are most commonly deployed among senior leadership

**Number of UK companies with management incentives, split by level of management at which incentive is deployed**

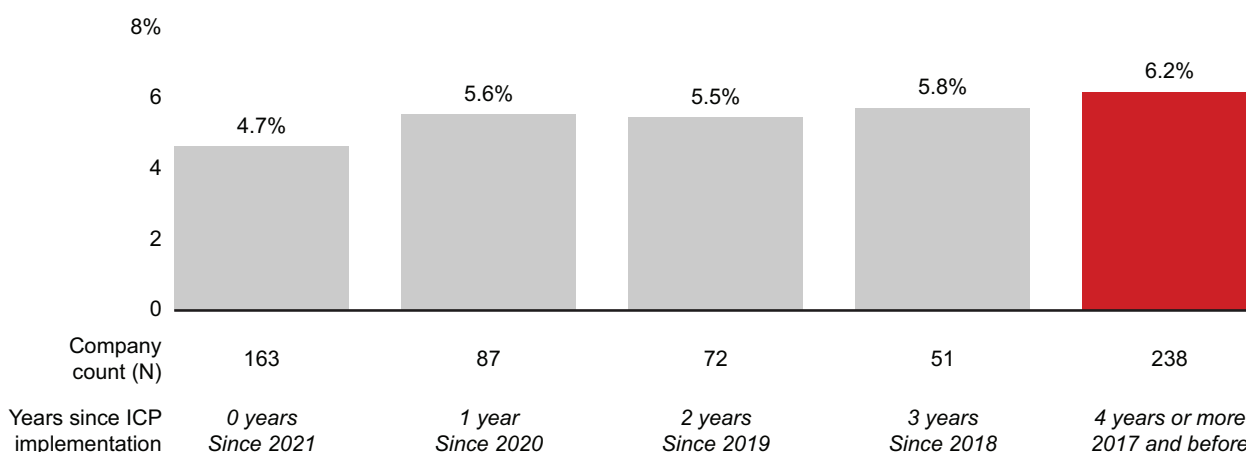


Note: Excludes companies answering "all employees"  
 Source: CDP climate questionnaire (2022)

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**Figure 20:** Internal carbon prices may accelerate decarbonisation

**Average annual reduction in Scope 1 and 2 absolute emissions (from base year to 2021) split by years since implementation of internal carbon price (ICP)**



Notes: Based on global CDP data of public disclosures (not UK-specific data); Assume companies did not implement ICP until they started reporting in carbon disclosure project; companies categorised by exact number of years since they first reported on ICP through CDP (e.g., sample having ICP for two years [5.5% average decarbonisation per annum] does not include companies reporting on ICP for three or four years); excludes companies with +/- 30% annual decarbonisation, emission base year after 2020, and below 250 metric tons CO<sub>2</sub>e covered in total; companies with ICP (N=661) included if company has reported on ICP through CDP; 163 companies did so for the first time in 2021, 87 in 2020, 72 in 2019, 51 in 2018, and 238 before 2018; companies without ICP (N=696) included if company did not use ICP in 2021

Source: CDP climate questionnaire 2018–2022

### C. Effective decarbonisers incorporate decarbonisation into their core value proposition and link it to financial value

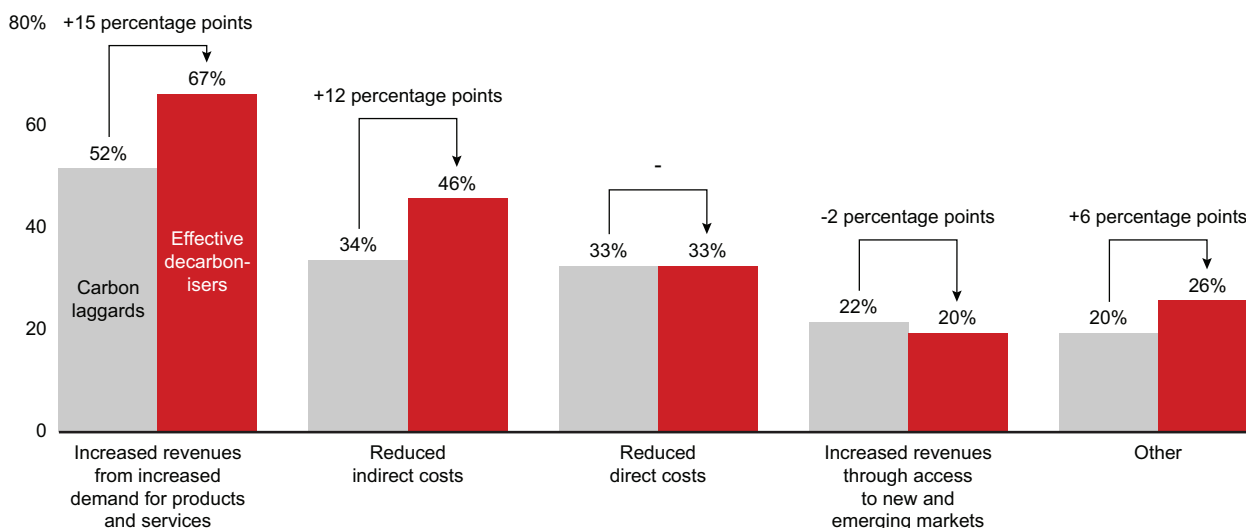
Effective decarbonisers embed decarbonisation as part of their core business. They do not simply view decarbonisation as a regulatory obligation, but actively consider how it will shape market demand for low-carbon products and services. As a result, effective decarbonisers proactively think through how to position their company to capture financial value from the green transition. They prove that linking decarbonisation to value is an effective way to drive progress on climate plans.



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**Figure 21:** Effective decarbonisers link decarbonisation to financial value

**Percentage of companies identifying opportunities, split by type of opportunity**  
(as percentage of all companies identifying opportunities)



Notes: Analysis of opportunities excludes financial services, as financial services firms often report risks and opportunities at the assets-under-management level; only takes values from "likely," "very likely," or "virtually certain" opportunities  
Source: CDP climate questionnaire (2022)

**Case Study: John Wood PLC**

John Wood PLC is a predominantly reimbursable engineering and consulting player with a global presence across industries. Over the last few years, the organisation has evolved to meet sustainability challenges and build on new opportunities. Wood aspires to be a leader on the pathway to net zero, supporting the energy transition and committing to a just transition. To achieve this, Wood has focused not only on reducing its own footprint, but also engaging clients to support them with their own ambitions.

In Wood’s submission to CDP, Wood showed that it has identified new financial opportunities through increased demand for services as customers invest more in climate adaptation, resilience, and insurance risk solutions. Wood has developed expertise in delivering sustainable infrastructure, ensuring new builds are not only lower carbon, but also that they are resilient across future climate scenarios. This included greater demand for its consulting services focused on environmental strategy, engineering design, and construction management. These services support clients to deliver greener infrastructure that is designed to cope with the increasing physical risks that are resulting from climate change.

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**Case Study: Unilever**

Unilever is a multinational consumer goods company with brand portfolios in beauty and well-being, personal care, home care, nutrition, and ice cream. To ensure it has a future-fit business model, Unilever has developed the Compass strategy to deliver consistent, competitive, profitable, and responsible growth. It is supported by a number of commitments across a range of sustainability issues.

Unilever's CDP submission explains how they are turning strategy into action by developing new products that anticipate and respond to changes in consumer preferences. One example is its investment in plant-based foods at the company's Hive Foods Innovation Centre, which helps to develop new plant-based products such as Hellmann's vegan mayonnaise and Magnum's vegan ice creams. Another example is the Vegetarian Butcher, Unilever's plant-based meat brand, which recently added to its range with a raw vegan burger patty. Not only does the patty have fewer calories compared to conventional meat-based burgers, but it is also higher in fibre and iron whilst retaining similar salt levels.

Demand for these products is growing as consumers become more aware of their environmental footprint and increasingly shift towards plant-based diets. Unilever has set an annual global sales target of €1.5 billion per annum by 2025 from plant-based products in categories whose products traditionally use animal-derived ingredients.

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## **Recommendation for UK companies on enabling delivery**

To successfully decarbonise, **embed decarbonisation into your core business and link to value:**

- A. Develop a robust transition plan with a wide range of initiatives
  - B. Deploy incentives to bring people along
  - C. Incorporate decarbonisation into core value proposition and link it to financial value
-



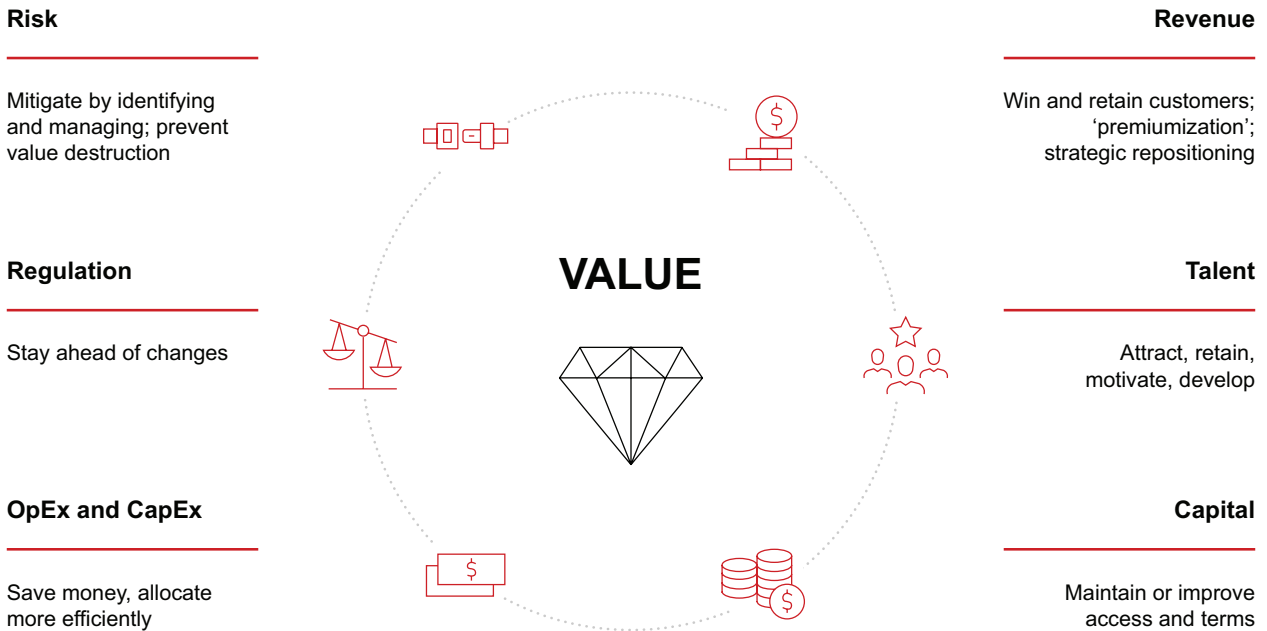
## **5. Value creation benefits: Companies that link decarbonisation to financial value expect to see financial benefit from their efforts**

CDP data provides evidence of the value creation potential: effective decarbonisers have identified opportunities with an average lifetime value approximately 1.5 times higher than carbon laggards, proving that they expect financial benefits related to decarbonisation.

To deliver on decarbonisation efforts, companies need to embed decarbonisation into their core business and link it to value creation. Those that do this well are expected to deliver positive environmental and financial value.

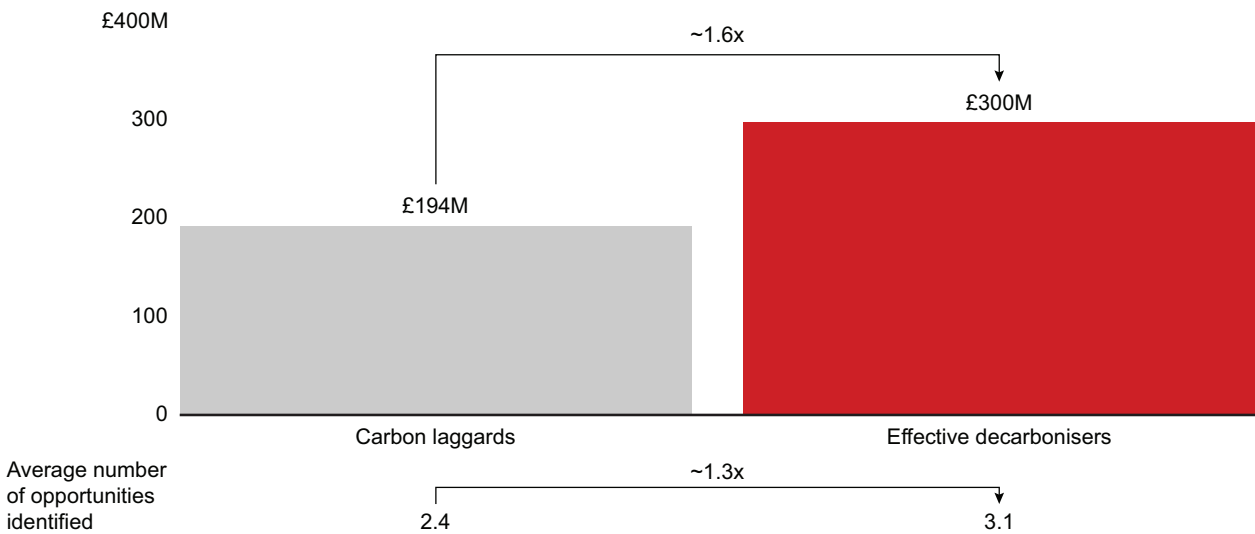
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**Figure 22:** There are many ways that companies can drive value through decarbonisation



**Figure 23:** Effective decarbonisers identify much more potential financial value from decarbonisation than their counterparts

**Projected lifetime financial impact from each identified opportunity<sup>1</sup> (£M)<sup>2</sup>**



1) Analysis on opportunities excludes financial services, as financial services firms often report risks and opportunities at the assets-under-management level;  
 2) Only takes values from 'likely', 'very likely' or 'virtually certain' opportunities'  
 Source: CDP climate questionnaire (2022)

## Conclusion

The UK's net zero target, along with increased pressure from stakeholders and the accelerating impacts of climate change, means that it is imperative that UK companies decarbonise quickly and effectively. Of the FTSE 100 companies, 91% disclose through CDP on climate change, as CDP is an established and clear way for companies to report their emissions and decarbonisation plans.

However, companies still have much to do in terms of disclosing emissions data, setting emissions reduction targets, and putting plans in place to meet these targets. Scope 3 is a particular challenge, with only 52% of companies disclosing any Scope 3 emissions, and only 14% using purely primary data to calculate these emissions.

To expedite their decarbonisation efforts, companies must fully comprehend the breadth and depth of their emissions, encompassing all Scopes. It is essential that they establish targets that are ambitious enough to help the planet stay on track for no more than 1.5 degrees of warming, in line with requirements from the Science-Based Targets initiative. While targets set are generally of sufficient ambition, only 26% of UK companies disclosing through CDP have active Scope 1 and 2 targets, which falls to 15% for Scope 3, covering just 31%–36% of reported base-year emissions.

Setting targets is only the beginning of the journey, and target execution is critical. To facilitate target delivery, it's crucial for companies to weave decarbonisation efforts into the fabric of their core business. Leading businesses in the realm of decarbonisation have:

- Put in place a **transition plan**, the quality and robustness of which is of critical importance;
- Put in place monetary and/or non-monetary **management incentives** such as internal carbon prices; and
- **Linked decarbonisation to core value proposition and value creation.**

Companies that do the above well are expected to deliver positive environmental and financial value, with effective decarbonisers identifying opportunities with an average lifetime value approximately 1.6 times higher than carbon laggards. Decarbonisation must be seen as more than a mere regulatory requirement and rather as a strategic initiative that is integral to long-term value creation.

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CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states, and regions. Founded in 2000 and working with more than 740 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts and to reduce greenhouse gas emissions, safeguard water resources, and protect forests. Nearly 20,000 organisations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of global market capitalisation, and over 1,100 cities, states, and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable, and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative. Visit [cdp.net](https://cdp.net) or follow @CDP to find out more.



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