



Accelerating UK Corporate Decarbonisation

Linking action with business strategy



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Executive summary

Numerous UK companies have begun measuring and disclosing their carbon emissions. However, some are facing challenges in delivering on their emissions reduction commitments despite persistent stakeholder pressure to decarbonise.

Nonetheless, leaders are emerging. Some companies are successfully meeting their decarbonisation targets, providing valuable lessons for others to follow.

In 2023, CDP and Bain & Company partnered to examine the decarbonisation journeys of UK-based companies. This report builds on those findings and our prior analyses of disclosure, ambition, and delivery trends.

In this report, we identified five key findings, plus effective actions to accelerate decarbonisation:

- 1. Measurement and disclosure of emissions has increased.** Since 2022, emissions disclosures increased by 24%. However, we need more Scope 3 disclosures in upstream and downstream categories to fully understand the scale of the challenge. Only 56% of companies disclosed Scope 3 emissions vs. 74% for Scope 1 and Scope 2 emissions.
- 2. Target-setting has stalled.** Only a third of UK companies that disclosed their emissions set reduction targets, and the ambition of those targets has remained flat.
- 3. Progress on delivery is slowing.** In 2023, the average decarbonisation for Scopes 1 and 2 was 6% per annum (p.a.), and for Scope 3, it was 2% p.a. In comparison, in 2022, Scope 1 and 2 reductions were 9% p.a. and Scope 3 reductions were 8% p.a. (calculated from base year to reporting year). Slower progress increases the risk of companies missing their targets in the future.
- 4. Climate transition plans accelerate decarbonisation:** Organizations with climate transition plans demonstrated faster decarbonisation. They achieved 8.3% decarbonisation p.a. compared to 3.9% p.a. for companies without climate transition plans. When climate transition plans were supported by a subset of key enablers, the decarbonisation of organisations accelerated even further (by 3 to 6 percentage points p.a.).
- 5. Link to value creation accelerates decarbonisation.** Leading UK companies are incorporating decarbonisation into their core business strategies to create value. Companies that identify financial opportunities reduce Scope 1 and 2 emissions faster by 2 to 3 percentage points p.a.

Context and methodology

Our analysis considered emissions across Scopes 1, 2, and 3:

- **Scope 1 emissions:** Direct emissions from assets that are 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 or 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 the company's product or service through its end of life).

We classified companies based on their decarbonisation efforts and progress:

- **Effective Decarbonisers** have verified emissions and have been delivering annual emissions reductions in line with a 1.5°C pathway, as defined by the Science Based Targets initiative (SBTi). They are reducing absolute Scope 1 and 2 emissions by 4.2% or more p.a. over the reporting period.
- **Carbon Laggards** are companies with verified emissions that have been reducing absolute Scope 1 and 2 emissions at a slower rate than 4.2% p.a. over the reporting period.

We also refer to CDP's key elements of a credible climate transition plan and their role in decarbonisation. Those include:

1. **Governance:** Demonstrate board-level oversight of climate transition plans and have defined mechanisms in place to ensure implementation.
2. **Scenario analysis:** Climate transition plans are underpinned by robust scenario analyses to identify potential substantive climate-related risks and opportunities.
3. **Financial planning:** Climate transition plans include time-bound financial planning details (e.g., CAPEX, OPEX, revenue, etc).
4. **Value chain engagement and low-carbon initiatives:** There are time-bound actions and KPIs focused on decarbonising business processes.
5. **Policy engagement:** Public policy engagement aligns with the organisation's climate commitments and strategy.
6. **Risks and opportunities:** The organisation has a process for addressing identified climate-related risks and maximising substantive opportunities.
7. **Targets:** The company has verified and time-bound science-based targets that align with the latest climate science for both near- and long-term net-zero targets.
8. **Scope 1, 2 and 3 accounting with verification:** The company keeps a complete emissions inventory across all Scopes to provide accurate, transparent, and consistent reporting that a third party verifies.

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1. Measurement and disclosure of emissions has increased

Emissions measurement and disclosures have increased in the UK, but there’s still more to do on Scope 3 to fully understand the scale of the challenge.

The number of UK-based disclosers grew 24% from 2022 to 2023, with 1,797 organisations disclosing through CDP’s climate change questionnaire (see *Figure 1*). The increase was largely driven by smaller public and private companies. In 2023, 94% of FTSE 100 corporations¹ disclosed through CDP on climate.

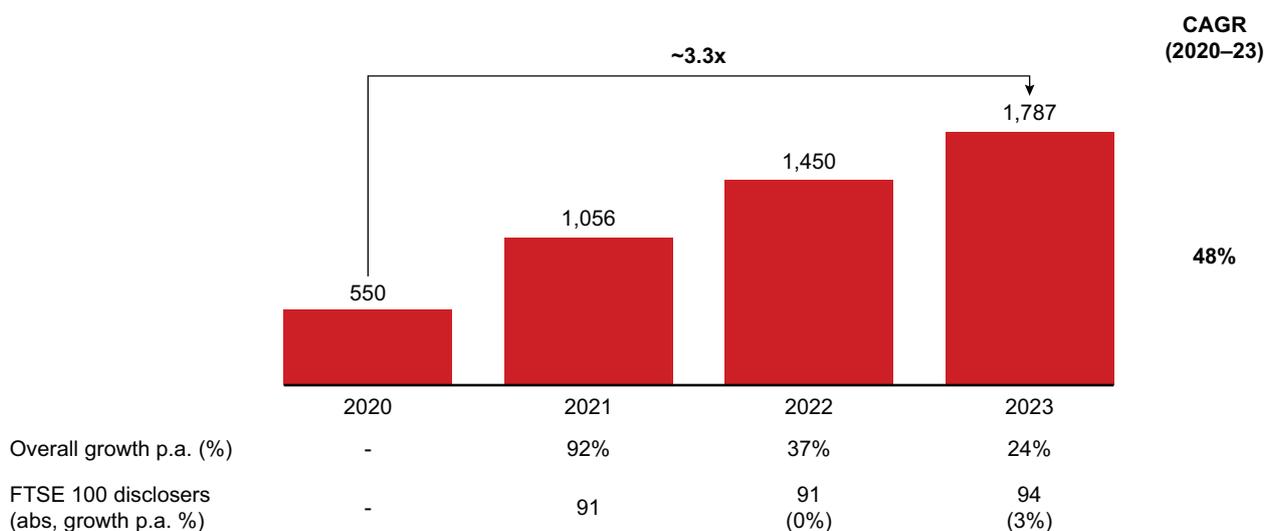
Disclosure for Scope 1 and 2 emissions has become standard practice. Of disclosers, 74% shared Scope 1 and 2 emissions data in 2023, which was similar to the disclosure rates from the previous year.

When it comes to Scope 3 disclosures, there’s room to improve. Around 56% of UK-based companies disclosed some Scope 3 emissions data in 2023, which was a 4-percentage-point gain from 2022. While this is encouraging, UK-based companies can go much further to fully measure and manage the impact of Scope 3 emissions across upstream and downstream categories.

Nearly all sectors have upstream Scope 3 exposure; however, upstream categories only have a 32% disclosure rate, on average. In the largest downstream emissions categories, and particularly in carbon-intensive industries, disclosure rates vary from 4% to 39% (see *Figure 2*). Many companies are still grappling with the scale of this challenge.

Figure 1: Total UK-headquartered disclosers year-on-year

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

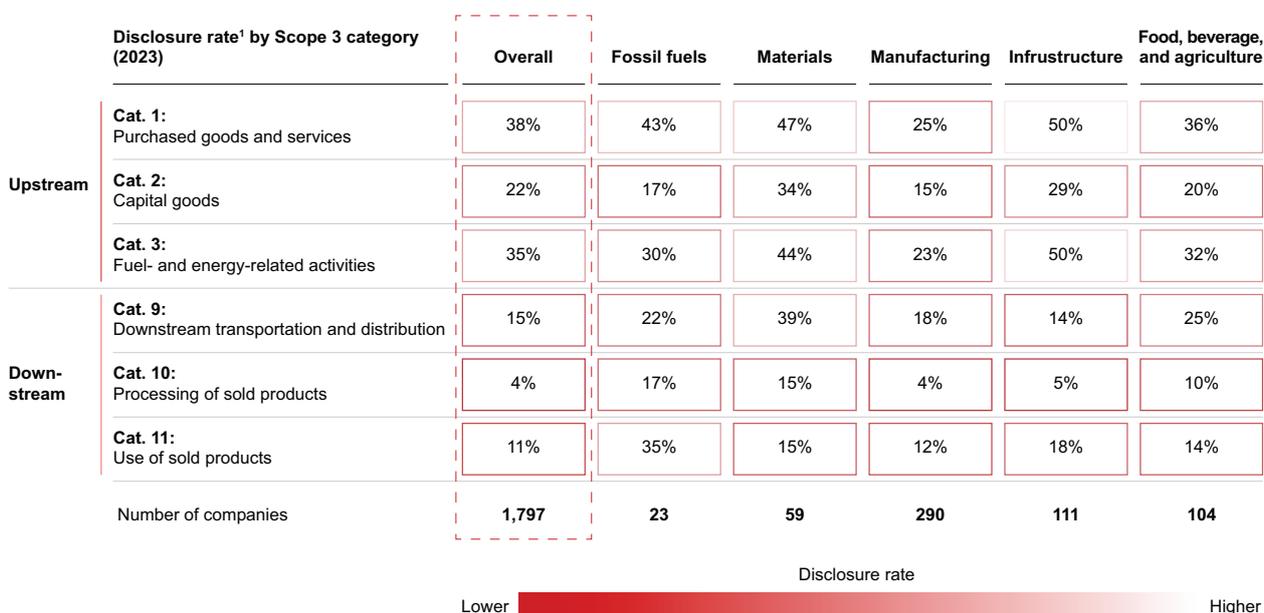


Note: Includes non-UK headquartered companies in the FTSE 100 Index; these companies are excluded for the remainder of the analysis, which focuses on UK-headquartered companies only
Sources: CDP climate change questionnaire (2020–23); FTSE 100 Refinitiv mapping (2022)

¹ Includes non-UK headquartered companies in the FTSE 100 index; these companies are excluded for the remainder of the analysis, which focuses on UK-headquartered companies only. 82 and 81 UK-headquartered companies listed in the FTSE 100 index have disclosed through the 2023 and 2022 CDP climate questionnaires, respectively.

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Figure 2: Scope 3 disclosure across sectors (some categories and sectors excluded)



Notes: 1) Disclosure rate for each Scope 3 category is calculated based on companies that disclose on the category expressed as a percentage of all companies disclosing through CDP in that industry, regardless of if they disclose on any scope; 2) Excludes 'Other' upstream and downstream categories
 Source: CDP climate change questionnaire (2023)

2. Target-setting has stalled

Only a third of UK-based companies set emissions reduction targets in 2023, and the ambition of their targets remained flat relative to the previous year.

The number of companies setting targets (whether science-based or not) grew about 40% between 2022 and 2023, but only represents approximately 30% of disclosing companies (see Figure 3).

Companies are predominantly focused on near-term targets. Of companies, 5% disclose both near- and long-term targets, while 20% only disclose near-term, and 4% only disclose long-term goals.

Similarly, 29% of companies set targets for Scope 1 and 2 emissions, while only 19% established Scope 3 targets. Many emissions are only partially covered or not covered at all by corporate targets.

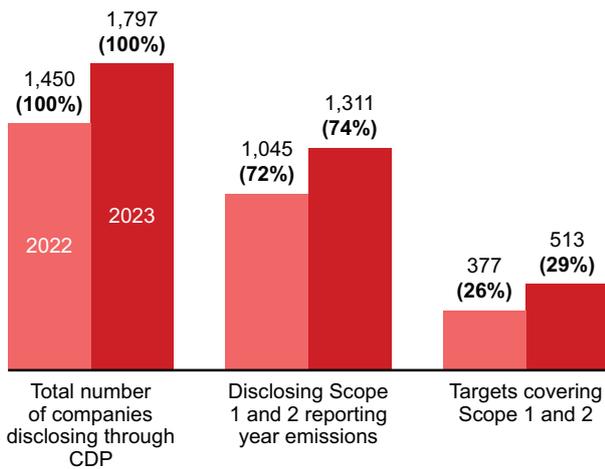
In addition, the ambition of targets has not grown for the near- or long-term (see Figure 4). Scopes 1, 2, and 3 targets remain near their 2022 levels in 2023 (83% of total base year emissions for Scope 1 and 2 long-term targets and 81% for Scope 3 long-term targets).

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Figure 3: Company target-setting rates across Scopes

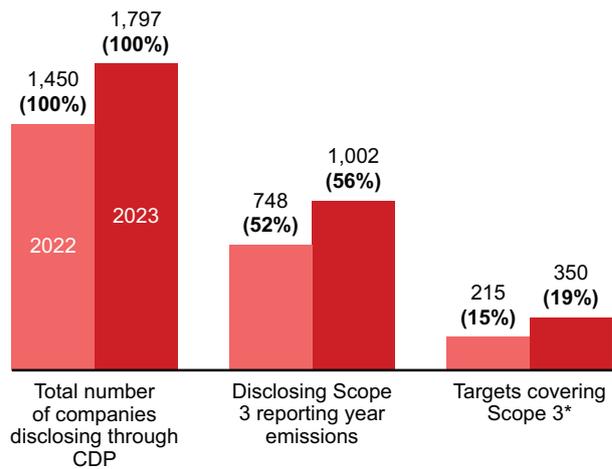
Scopes 1 and 2

Number of UK companies disclosing and setting targets on Scope 1 and 2 emissions (expressed as a percentage of UK companies that disclosed through CDP)



Scope 3

Number of UK companies disclosing and setting targets on Scope 3 emissions (expressed as a percentage of UK companies that disclosed through CDP)

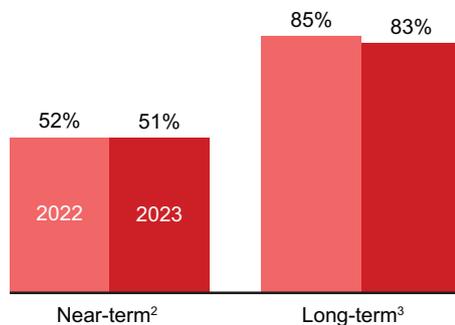


Note: 1) Scope 3 targets cover at least one category of Scope 3 but may not cover all categories
Source: CDP climate change questionnaire (2022–23)

Figure 4: Average ambition of targets (between base and target year)

Scopes 1 and 2

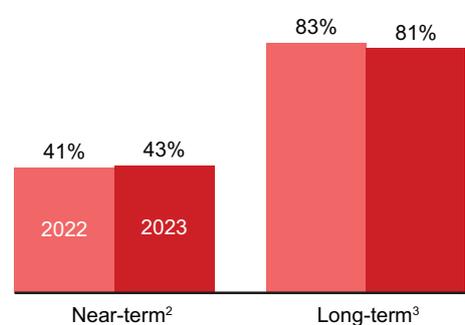
Average total percentage Scope 1 and 2 decarbonisation ambition¹ between base year and target year



	Near-term ²		Long-term ³	
Number of companies	266	382	74	140
(Percentage of all disclosers)	(18%)	(21%)	(5%)	(8%)

Scope 3

Average total percentage Scope 3 decarbonisation ambition¹ between base year and target year



	Near-term ²		Long-term ³	
Number of companies	134	226	57	115
(Percentage of all disclosers)	(9%)	(13%)	(4%)	(6%)

Notes: 1) Analysis only includes underway, new and revised absolute targets (i.e., only active absolute targets); 2) Near-term targets are defined as target years pre-2030; 3) Long-term targets are defined as target years from 2031
Source: CDP climate change questionnaire (2022–23)

3. Progress on delivery is slowing

The pace of delivery is slowing, which increases the risk of companies missing their targets.

Compared to 2022, the reported pace of delivery declined across all Scopes, with a 3-percentage-point drop for Scope 1 and 2 emissions and a 6-percentage-point decline in Scope 3 emissions (see Figure 5). This challenge is consistent across most industries.

In the near term, the pace of decarbonisation for Scope 1 and 2 emissions exceeds typical SBTi requirements to align to the 1.5°C pathway (i.e., reducing Scope 1 and 2 emissions by 4.2% or more p.a.). However, UK-based companies risk missing the requirement next year if the downward trajectory continues.

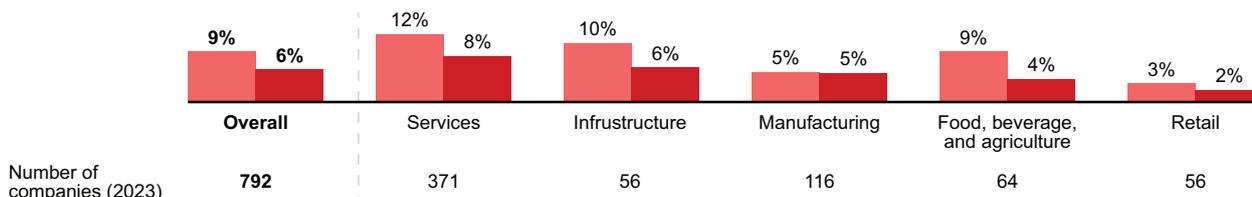
There are two potential reasons for the slower pace. First, the majority of ‘quick-win’ abatement may have been achieved, leaving harder-to-abate emissions ahead. Second, emissions could be rising along with business growth following the Covid-19 pandemic. Nearly two-thirds of companies that completed the repeated disclosure in 2022 and 2023 reported an increase in absolute emissions across all Scopes. In addition, UK-based disclosers commonly mentioned ‘Covid’ in the 2023 climate change questionnaire.

Based on companies’ disclosures through CDP, about a quarter of Scope 1 and Scope 2 targets are off track, and one in three Scope 3 targets are off track.

Figure 5: Delivery across scopes 1, 2, and 3 (between base and reporting year, select industries only)

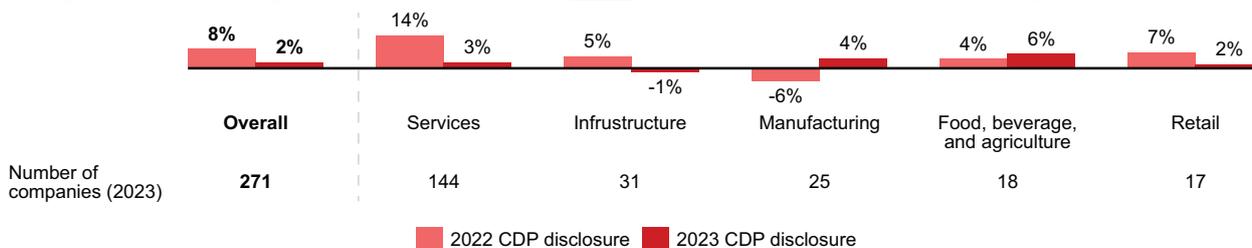
Scopes 1 and 2

Average per annum percentage decarbonisation¹ delivered for Scope 1 and 2 emissions from base year to reporting year



Scopes 3

Average per annum percentage decarbonisation¹ delivered for verified Scope 3 emissions² from base year to reporting year



Notes: 1) Average decarbonisation calculated as an unweighted average, not based on relative emissions; 2) Verified emissions only used for Scope 3 emissions; 3) Excludes industries where N<50 for Scope 1 and 2, and N<10 for Scope 3; 4) Figures are based on an unweighted average on emissions (i.e., a mean on the percentage per annum decarbonisation of each company overall and in each industry)
Source: CDP climate change questionnaire (2022–23)

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The proportion of companies with verified emissions that met the criteria for Effective Decarbonisers dropped to 62% in 2023, down from 67% in 2022. That means 38% of UK-based companies are Carbon Laggards and are not on track to achieve net zero.

4. Climate transition plans accelerate progress

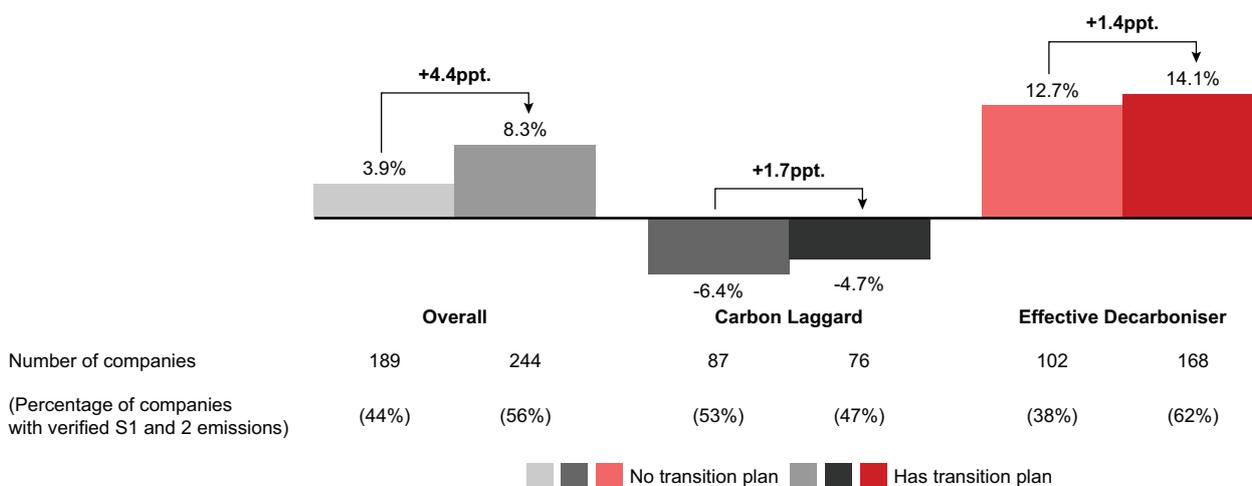
UK-based companies with climate transition plans achieved decarbonisation rates of 8.3% p.a., on average, compared to a rate of 3.9% p.a. among peers without plans. When transition plans included a subset of key enablers, decarbonisation accelerated even further (see Figure 6).

However, not every organisation with a climate transition plan sees results. CDP identified key elements of credible transition plans and their role in delivering effective decarbonisation (details included in the Context and methodology section; to learn more, please refer to CDP’s 2024 Climate Transition Plans report²).

CDP’s climate change questionnaire assesses eight transition plan elements, such as governance, and underlying enablers, such as monetary incentives. Based on our analysis, Effective Decarbonisers are more likely to adopt enablers (or what CDP calls indicators), thereby strengthening their climate transition plans and ensuring they are equipped to deliver faster rates of decarbonisation (see Figure 7).

Figure 6: Decarbonisation rates for companies with and without climate transition plans (between base and reporting year)

Average per annum percentage decarbonisation¹ in verified Scope 1 and 2 emissions² between base and reporting year (2023)



Notes: 1) Average decarbonisation calculated as an unweighted average, not based on relative emissions; 2) Scope 1 and 2 emissions must be verified by a third party; 3) Excludes companies where per annum decarbonisation is greater than +60% or less than -60%; 4) Companies are considered having a transition plan only if they responded 'Yes' to having a 1.5°C aligned transition plan; Effective Decarbonisers are defined as meeting the annual Scope 1 and 2 reduction threshold of 4.2% to reach net zero commitments
Source: CDP climate change questionnaire (2023)

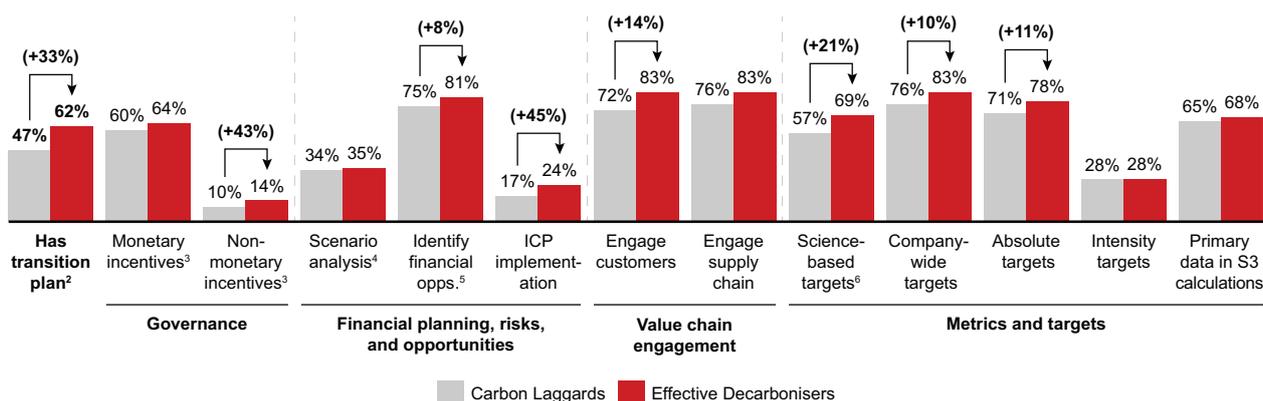
² CDP’s 2024 Climate Transition Plans report to be released later in 2024

Reaching Net Zero Requires UK Corporate Acceleration

Figure 7: Implementation of climate transition plan enablers

Percentage share of companies, by Carbon Laggards or Effective Decarbonisers, implementing key transition plan enablers (2023)

Companies with verified Scope 1 and 2 emissions¹ only



Notes: 1) 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%; Effective Decarbonisers are defined as meeting the annual Scope 1 and 2 reduction threshold of 4.2% to reach net zero commitments; 2) Only companies that have responded 'Yes' to transition plan are included in 'Has transition plan'; 3) For management incentives, no additional detail is required around their incentivisation, only that they self-report use of those incentives; 4) Scenario analysis requires at least one example of the type of scenario analysis, coverage and degree of temperature alignment to qualify as valid for scenario analysis; 5) Financial opportunities identified must be valid based on likelihood assigned—'Very likely,' 'Likely,' or 'Virtually certain; 6) Includes both self-reported as science-based and SBT-approved
Source: CDP climate change questionnaire (2023)

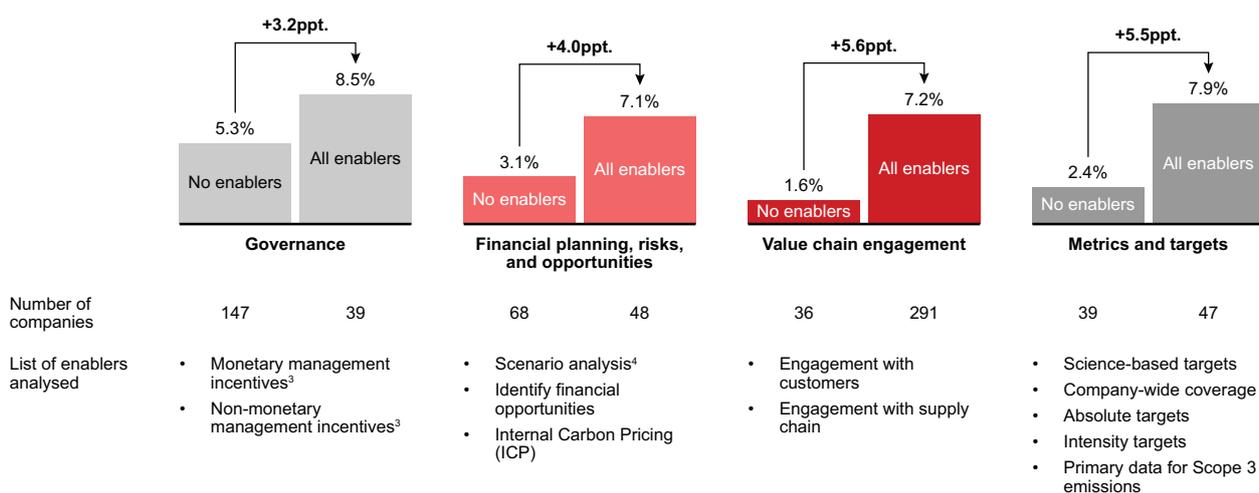
UK-based companies that implement climate transition plans equipped with certain key enablers see faster decarbonisation; rates are 3 to 6 percentage points higher based on the set of enablers (see Figure 8).

Of the enablers we investigated, 'engaging with customers' and 'using science-based targets' delivered higher rates of decarbonisation (3.5 percentage points and 2.9 percentage points, respectively). 'Internal carbon pricing' was also effective despite lower adoption. Internal carbon pricing accelerated decarbonisation when embedded in an organisation for multiple years.

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Figure 8: Decarbonisation rates across climate transition plan enablers (between base and reporting year)

Average per annum percentage decarbonisation¹ delivered for verified Scope 1 and 2 emissions² between base and reporting year (2023)



Notes: 1) Average decarbonisation calculated as an unweighted average, not based on relative emissions; 2) Analysis includes only verified Scope 1 and 2 emissions; 3) For management incentives, no additional detail is required around their incentivisation, only that they self-report use of those incentives; 4) Scenario analysis requires at least one example of the type of scenario analysis, coverage and degree of temperature alignment to qualify as valid for scenario analysis; Financial opportunities identified must be valid based on likelihood assigned: 'Very likely,' 'Likely,' or 'Virtually certain'
 Source: CDP climate change questionnaire (2023)

Case study: Britvic

Britvic plc is a UK-based, multinational soft drinks producer aiming to tackle environmental impacts across its value chain. Britvic disclosed climate emissions through CDP and set targets of 100% emissions reductions in the long-term for all three Scopes, as well as near-term targets for 2025 of 50% for reductions in Scope 1 and 2 emissions and a 35% reduction in Scope 3 emissions by 2025. Delivery is on track for all targets and will likely remain so, even against a backdrop of slowing delivery overall.

Britvic’s climate disclosure includes reporting a robust transition plan with embedded key enablers, such as science-based targets, internal carbon pricing, supplier engagement, and linking to value creation. Britvic engages with suppliers to localise the supply chain where possible and with customers to adjust product ranges to match changing preferences, such as reducing packaging. Through these actions, Britvic showcases a potential starting point for companies to weave their climate considerations into the core business.

Source: CDP Climate Change questionnaire (2022-23), company reports

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5. Link decarbonisation to value creation

In addition to having effective climate transition plans, leading companies link decarbonisation to value creation to drive financial benefits while delivering on climate objectives.

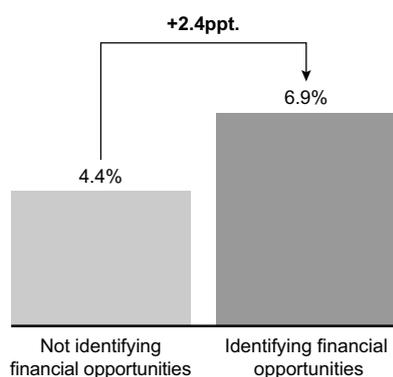
Based on CDP data, UK-based companies that identify financial opportunities in decarbonisation reduce their emissions about 2.4 percentage points faster p.a. (see Figure 9).

In 2023, UK-based companies identified nearly £470M in value from decarbonisation opportunities, a 44% increase in financial impact compared to the previous year.

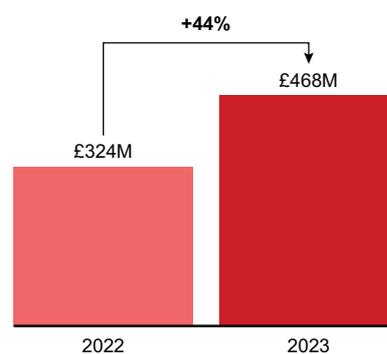
More companies identified opportunities for decarbonisation in 2023 than in 2022 (see Figure 10). Effective Decarbonisers were more likely to identify opportunities than Carbon Laggards, especially in core business areas. For example, Effective Decarbonisers were 10 percentage points more likely to see increased revenue from higher demand for products and services and 7 percentage points more likely to benefit from lower direct costs.

Figure 9: Decarbonisation among companies identifying financial opportunities or not

Average p.a. decarbonisation for verified Scope 1 and 2 emissions for organisations identifying valid financial opportunities between base and reporting year (2023, percentage)



Projected financial impact per company across all identified valid opportunities (2022–23, £M)



Number of companies

90

343

Average value per opportunity (£M)

£159M

£242M

Average number of opportunities identified

2.0

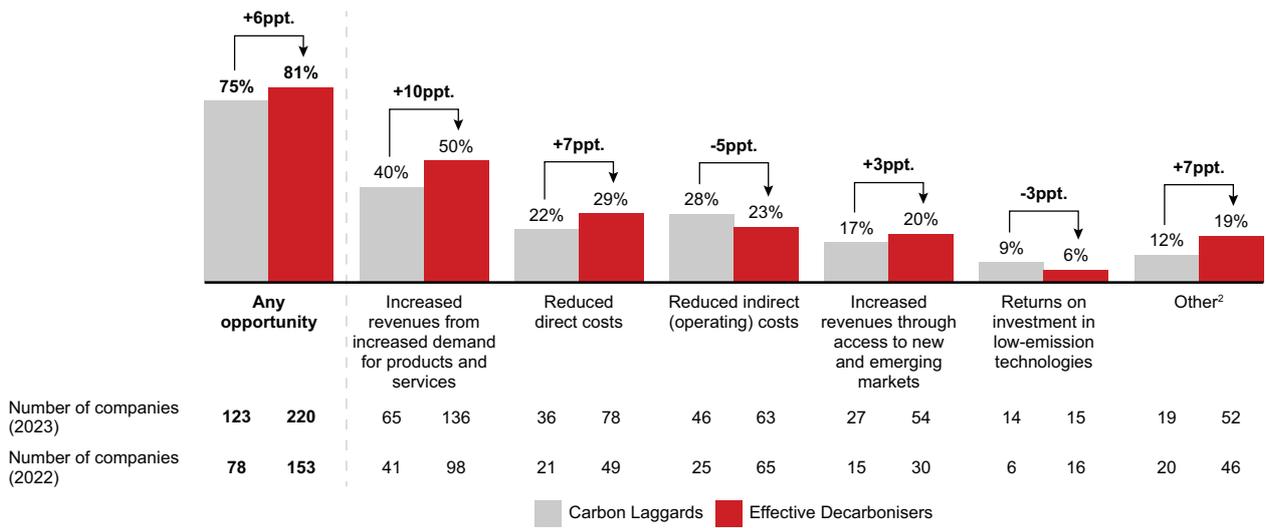
1.9

Notes: Only companies that have identified the relevant opportunities and indicated them as 'Very likely,' 'Likely,' or 'Virtually certain' likelihoods are considered as valid responses, and only opportunities with a given financial impact value included; Only included values per opportunity listed between 5th and 99th percentile after conversion to GBP currency (2022 FX rates) included in analysis to remove anomalous outliers
Source: CDP climate change questionnaire (2022–23)

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Figure 10: Identification of financial opportunities among Effective Decarbonisers and Carbon Laggards

Percentage of UK companies identifying valid opportunities¹, split by type of opportunity (2023)



Notes: 1) Only companies that have identified the relevant opportunities and indicated them as 'Very likely,' 'Likely,' or 'Virtually certain' likelihoods are considered as valid responses; 2) 'Other' refers to all other provided options in the questionnaire including 'Other, please specify'
 Source: CDP climate change questionnaire (2022–23)

Conclusion

The number of UK-based corporations that report through CDP is growing, so the picture of action is becoming ever clearer; however, more progress must be made. Despite year-on-year growth in climate disclosure and target-setting, less than a third of disclosing companies have targets, and the pace of delivery against those targets has declined across all Scopes.

If the downward trajectory continues into next year, UK-based companies risk falling off the 1.5°C pathway in the near term.

Leading companies follow best practices throughout their decarbonisation journeys, from disclosure to delivery. They:

- 1. Disclose.** Leading companies disclose their climate emissions for Scopes 1, 2, and 3, and they comprehensively report on upstream and material downstream Scope 3 categories.
- 2. Set ambitions.** Leaders set ambitious decarbonisation targets that cover all Scopes and both near- and long-term horizons.
- 3. Deliver.** Successful companies develop credible climate transition plans. Their plans are equipped with key enablers and are linked to value creation to identify financial uplift opportunities.

Companies need to go beyond the basics to understand their climate impact across the value chain. They can then integrate key decarbonisation tactics into core business strategies. By linking decarbonisation plans to value creation, UK-based companies can effectively reduce their emissions and achieve better financial results.



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