

Hey! What's New? 2025-36

PwC US Releases Second Annual State of Decarbonization Report

PwC's recently released *2025 State of Decarbonization Report* shows that there remains a strong commitment to sustainability as a source of business value. "Companies may be talking less about their climate pledges, but most 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," the report says.

Some of the takeaways of the report include:

- 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 five 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.

In short, 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."

The research used GenAI to analyze more than one million entries of long-form free text responses along with quantitative responses from 4,163 companies. The report points out that, 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."

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 see this already coming to life in 2024, with more smaller companies setting emissions reduction targets."

Most companies aren't just keeping commitments — they're turning sustainability into a value creation engine. Says PwC, "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 report notes that “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,
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, the 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.”

For a whole lot more, download the report at [PwC's Second Annual State of Decarbonization Report](#).