

From Scope 3 ambition to supplier action

CDP

Chapter 1: Commitments are not enough, implementation is key

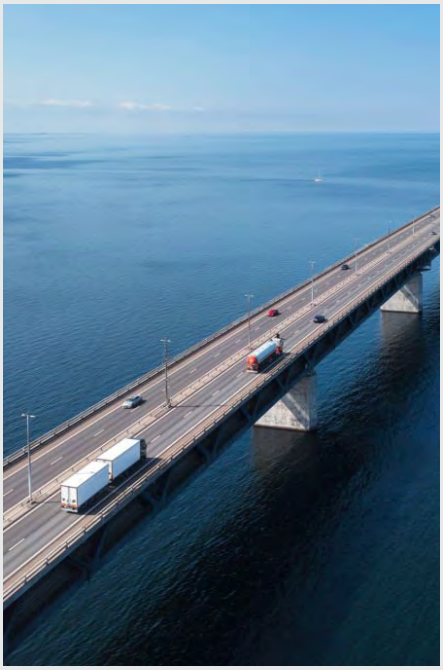
The largest part of the corporate emissions footprint is still the least visible and least actively managed.

For many companies, the decisive test of climate credibility no longer sits within their own operations. It sits across the value chain: in the emissions generated by purchased goods and services, transport, materials, product use and thousands of suppliers operating at very different stages of the transition.

The scale of these emissions, the **financial exposure embedded within them** and the growing expectation that companies demonstrate delivery, not simply ambition, are changing what effective supplier engagement must look like.

The argument in this chapter is straightforward. Companies first need visibility over their Scope 3 footprint. They then need to align ambition across the suppliers that matter most. As we approach 2030, the end point is becoming clear:

> **Buyers need to understand whether suppliers have credible, financed and implementable plans and whether action is happening quickly enough to reduce real emissions and protect business value.**





"A crucial test of Scope 3 ambition is whether it drives action across global supply chains. HSBC's experience in global trade gives us a practical understanding of how businesses and suppliers are connected across markets. We're bringing that perspective to sustainability by working with customers to embed emissions reduction into business decisions and exploring how finance can support practical investment, stronger resilience and progress at different stages of the transition."

— Clair L. Smith, Head of Sustainable Trade Solutions, HSBC

Scope 3 is the scale of the challenge

Corporate supply chain emissions are, on average, 26 times greater than operational Scope 1 and 2 emissions. Yet only 15% of companies have set an upstream emissions reduction target. In manufacturing, retail and materials alone, upstream emissions carry an estimated carbon liability of more than US$335 billion.

The problem is therefore larger than carbon accounting. Without sufficient value chain visibility, companies cannot confidently identify hotspots, prioritize interventions, assess whether their targets remain deliverable, or understand where future costs may emerge.

Better Scope 3 management begins with data, but it must ultimately connect that data to risk management, commercial strategy and supplier action.

The financial risk is already material

Environmental risk is no longer a distant or abstract concern. CDP's 2026 Disclosure Dividend analysis found that companies expect a high likelihood of US$1.24 trillion in cumulative losses from environmental risks by 2030. In 2025 alone, nearly 4,000 companies reported US$3 billion in financial losses from extreme weather, while companies reported US$30.6 billion in materialized environmental risks across the reporting year.

When the analysis narrows to supply chains, the mismatch between exposure and management becomes clearer.



Companies identified US$162 billion in potential financial costs tied to supply chain climate risks, 2.9 times the US$56 billion estimated to mitigate them.

Yet only one in four companies considered supply chain climate risks within their risk management processes.

Supplier engagement has not yet caught up either. Buyers were, on average, engaging suppliers representing less than half of procurement spend and less than 40% of upstream emissions. The result is a familiar pattern: risk is concentrated in the supply chain, but corporate risk management processes, data coverage and engagement strategies remain concentrated closer to home.

SBTi Version 2.0 shifts the focus from ambition to delivery

The direction of the Science Based Targets initiative reinforces this change. Version 1 established a globally recognized framework for setting ambitious targets. Version 2.0 retains that scientific ambition but responds to a decade of experience showing that commitment is not the hardest part, delivery is.

It strengthens the link between target setting and transition planning, introduces a hierarchy for implementation and requires continuous assessment of progress and barriers.

The earlier emphasis	The direction under Version 2.0
Set targets with defined ambition, coverage and timeframes.	**Set actionable, context specific targets linked to implementation choices.**
Use supplier engagement targets as one route to address Scope 3.	**Choose among overarching emissions reduction, supplier/customer alignment, and category or activity specific Scope 3 targets.**
Demonstrate that suppliers have adopted science based targets.	**Increase the share of suppliers that set and, over time, progress against science based targets.**
Report emissions and progress against commitments.	**Report annually, assess progress and barriers, and strengthen action in subsequent target cycles.**
Treat target setting as the primary point of validation.	**Connect targets to transition plans, governance, procurement and the use of all available implementation levers.**

For Scope 3, this broadens the buyer conversation. Companies may set supplier or customer alignment targets, but cascading SBTs is not the end goal. The goal is to reduce Scope 3 emissions. A supplier having a target is valuable evidence of ambition; it is not proof of delivery.



Buyers therefore need to ask a progressively more demanding set of questions:

01 Footprint

- Does the supplier understand and disclose its footprint?
- Which emissions reduction activities are underway?

02 Ambition

- Is its ambition aligned with a science-based pathway?

03 Implementation

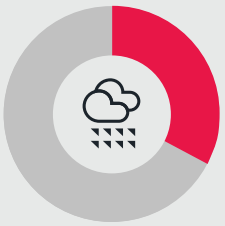
- What dependencies or barriers could prevent delivery?
- What investment has been committed?

04 Progress

- Is it making measurable progress?
- Is the supplier extending action into its own value chain?

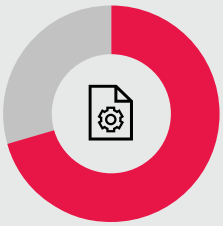
Credible transition plans show whether suppliers can deliver

The transition plan is where footprint, ambition and implementation come together. A credible plan should explain how a company will convert its emissions footprint and its targets into a time bound decarbonization pathway. It should set out the decarbonization levers that underpin this pathway, identify the assumptions and dependencies that could affect implementation, define governance and accountability, and connect climate action to business strategy and financial planning.



33%

of CDP disclosers report having a climate transition plan



>70%

have either a plan or a commitment to develop one



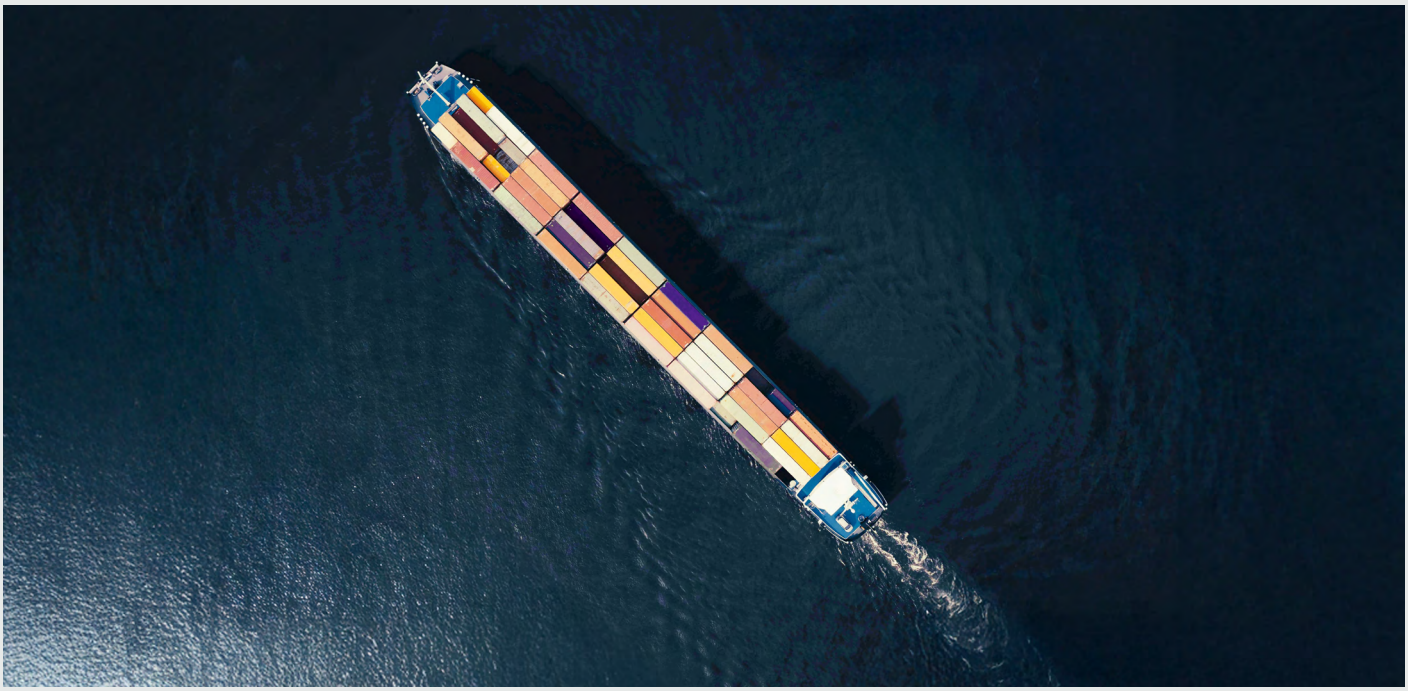
>1%

of disclosers have plans assessed as credible across all indicators

While transition plans are key, the quality gap remains significant. Recent CDP research found that fewer disclose against all 23 indicators of a credible plan, and supply chain engagement remains one of the weakest elements.

For buyers, this reframes supplier assessment. The relevant question is no longer only, "Does this supplier have an SBT?" It is, "**Does this supplier have a credible pathway to deliver it?**"

That means understanding whether the supplier has identified material risks and opportunities; integrated targets into strategy; allocated capital and operating expenditure; established governance and incentives; begun emissions reduction initiatives; and created a mechanism to monitor progress and correct course.



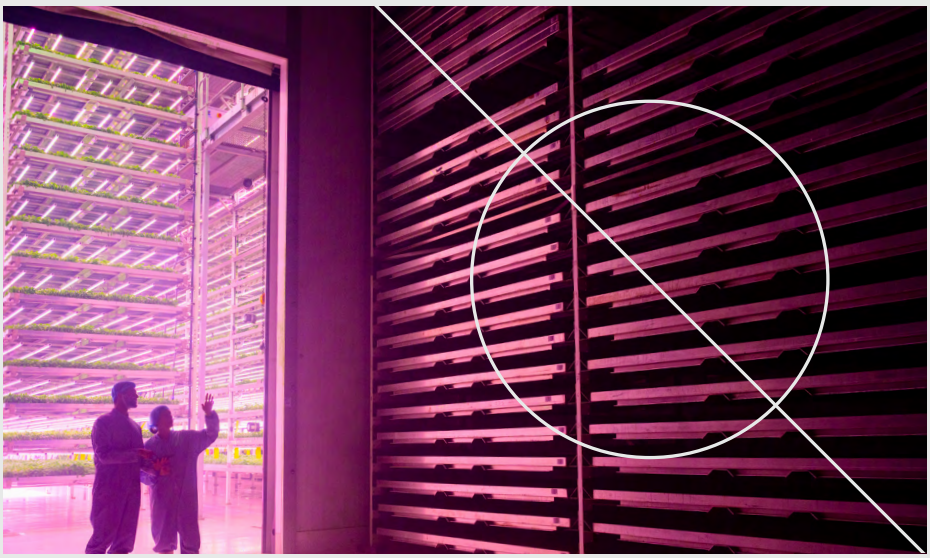
What buyers should test	Evidence to look for
Is the target ambitious and implementable?	A time bound transition plan covering the relevant emissions sources and activities.
Is investment happening now?	Capital allocation evidence, such as CAPEX or OPEX linked to priority actions and milestone years.
Is responsibility embedded?	Board oversight, management accountability, incentives and regular review mechanisms.
Are actions reducing emissions?	Specific initiatives, expected reductions, implementation status and verified progress.
Will action cascade further?	Supplier requirements, capacity building, incentives and engagement across the supplier's own value chain.
Are barriers understood and managed?	Transparent assumptions, dependencies, delivery gaps and corrective actions.

This is also where supply chain data becomes strategically valuable. Standardized supplier disclosure allows a buyer to move beyond binary checks and build a differentiated view of transition readiness, from suppliers that don't disclose at all to those that are able to demonstrate measurable progress.

This data can guide engagement, procurement requirements, incentives, collaboration and the allocation of support.

From risk and ambition to action at scale

The direction of travel is clear. The size of Scope 3 emissions, the financial exposure embedded in supply chains and the evolution of target setting and transition planning expectations all require buyers to move beyond collecting data and cascading commitments.



Companies need to identify whether suppliers are genuinely equipped to transition and then use their influence to accelerate implementation where it matters most.

The next chapter examines the business case for doing so. Across the economy, every US$1 invested in emissions reduction initiatives generates an average return of US$2.4, with significant variation by sector and activity. Companies managing Scope 3 emissions have already reported US$13.6 billion in cost savings. The opportunity now is to understand which interventions deliver the strongest returns, where the lowest hanging opportunities sit and how buyers can help suppliers unlock investment and scale action.

Chapter 2: Turning commitments into reality - emissions reduction initiatives

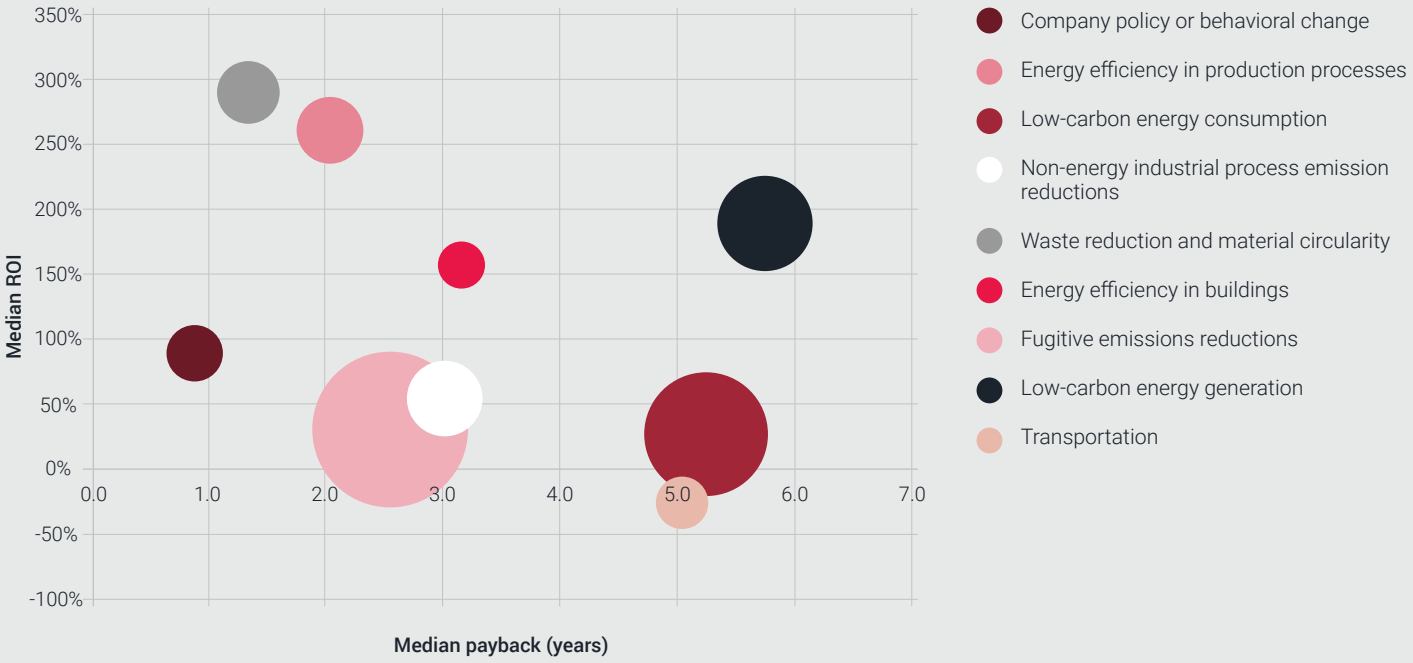
Emissions reduction initiatives are one of the most critical areas for both buyers and suppliers to focus on as part of their sustainability journey. These initiatives are what turn climate targets from ambition into reality. They offer a strong signal to stakeholders that the business is on the right trajectory and present a powerful opportunity to collaborate with suppliers to drive deep decarbonization.

Emissions reduction initiatives are not simply driving decarbonization at cost to the business but offer real opportunities to drive significant return on investment whilst also mitigating harm.

Across all reported initiatives, companies indicated an average return on investment (ROI) of 142%, across 3 years. A total of 69% of all initiatives undertaken were reported as profitable[1].

The data is clear: there is profit in decarbonization.

ROI, payback and annual emissions reduction by initiative type



1 This chapter assesses the disclosures of 12,387 initiatives reported by 4,413 companies to understand where buyers and suppliers should be focusing their efforts to drive both decarbonization and return on investment (ROI). Initiatives were included only where both costs and emissions reductions were reported. At sector level, an initiative type was excluded if fewer than 30 initiatives were reported.

Across all sectors, the reduction activities that deliver the most emissions per initiative are not the activities that pay back fastest. The largest median reductions come from fugitive emissions work (1,500 tCO2e per initiative), low-carbon energy consumption (861 tCO2e) and low-carbon energy generation (600 tCO2e). All three carry median paybacks of between two and a half and five and a half years, and the two energy-sourcing categories return a median ROI of 136% or below. At the other end, company policy and behavioral change pays back in under eleven months and waste reduction and material circularity in sixteen, but each delivers a median of only 218 and 254 tCO2e respectively.

Energy efficiency in production processes returns the second highest of any category, with a median ROI of 264%, while delivering 295 tCO2e per initiative, the largest of any category with a payback under three years.

It is also the most consistent finding in the dataset. Of the twelve sectors with sufficient data, all twelve report a positive median ROI for process efficiency, and ten report a payback under three and a half years.

Waste reduction and material circularity consistently ranked as offering strong return on investment and fast payback times.. While more limited in decarbonization impact for some sectors, the wider nature-related benefits of more circular systems reducing virgin extraction and increasing reuse offers significant holistic benefits and should be explored as a priority for all sectors.

Transportation is the only group with a negative median ROI (−26%), and this is due to one specific initiative. Fleet vehicle replacement is 51% of transport initiatives. It costs a median $249,000 to save 96 tonnes a year and is profitable in only 34% of cases. Its median payback (8.5 years) exceeds its median lifetime (8 years), so the typical project never recovers its cost. Vehicles are individually small emitters for many companies, so capital is spread across only a few tonnes CO2e reduced.

Share of profitable initiatives

	Company policy or behavioral change	Energy efficiency in buildings	Energy efficiency in production processes	Fugitive emissions reductions	Low-carbon energy consumption	Low-carbon energy generation	Non-energy industrial process emissions reductions	Transportation	Waste reduction and material circularity
Apparel		79%	88%		52%				
Biotech, health care & pharma		75%	79%		61%	73%			
Financial services		66%	55%		36%	72%		27%	
Food, beverage & agriculture		76%	75%		69%	77%			
Fossil fuels			76%		67%				
Hospitality		90%							
Infrastructure		67%	60%		54%	51%		36%	
Manufacturing	70%	77%	78%		58%	70%	61%	49%	70%
Materials		68%	82%		61%	76%	70%	57%	77%
Power generation			71%		55%	59%			
Retail		68%	80%		47%	85%		28%	
Services	58%	75%	67%		43%	62%		39%	
Transportation services		74%	60%		42%			44%	

Median net cost per tCO e reduced by sector and initiative

(USD; negative = net saving)
Bold Italic = fewer than the minimum number of initiatives (30).

	Policy and behaviour	Buildings efficiency	Production efficiency	Fugitive emissions	Low-carbon energy use	Low-carbon generation	Non-energy process	Transportation	Waste and circularity
Apparel	-$1	-$89	-$97	***$51***	-$6	-$114	***-$83***	***$31***	***-$66***
Biotech, health care & pharma	-$102	-$119	-$130	***-$162***	-$47	-$70	***$211***	-$137	-$826
Financial services	***-$252***	-$118	-$37	***$615***	$8	-$67	***-$443***	$91	***-$228***
Food, beverage & agriculture	***$5***	-$113	-$114	-$10	-$48	-$117	***$15***	-$84	$4
Fossil fuels	***-$491***	$10	-$95	-$8	-$73	***-$162***	***$0***	***-$316***	***-$25***
Hospitality	***$0***	-$182	***-$42***		$0	$414	***$2***	***$620***	
Infrastructure	$0	-$105	-$62	$21	-$6	-$29	$2	$24	-$119
Manufacturing	-$60	-$135	-$128	-$4	-$24	-$86	-$25	$1	-$46
Materials	-$61	-$95	-$99	$0	-$24	-$123	-$52	-$13	-$74
Power generation	***-$13***	$19	-$79	***$201***	-$2	-$50	***$0***	$655	***-$100***
Retail	-$27	-$132	-$110	$1	$0	-$229	***$555***	$173	-$13
Services	-$36	-$154	-$117	***$6***	$1	-$40	-$10	$22	-$113
Transportation services	$1	-$134	-$61	***$149***	$3	$0	***$0***	$7	***-$130***
All sectors	**-$33**	**-$128**	**-$116**	-$2	-$9	**-$84**	-$19	**$14**	-$52

Median net cost per tonne of CO e brings investment, savings and lifetime abatement together into a single value-for-money measure, where negative values are net savings.

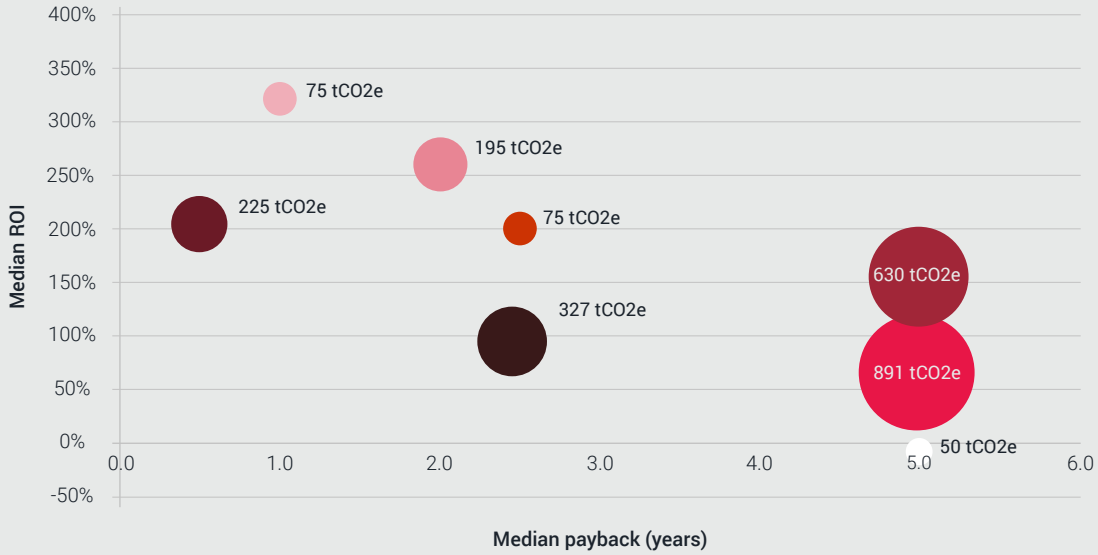
Production efficiency delivers a net saving in every sector, and buildings efficiency in 11 of the 13 sectors analyzed as part of this research.. Among initiative types with at least 30 initiatives, the largest net savings come from site consolidation (−$213), building energy management systems (−$183), reuse of water (−$173) and compressed air (−$151). Sector medians range from a $153 saving per tonne in hospitality to near break-even in transport services (−$5) and power generation (−$9).

Median Investment vs Net Cost per tonne by initiative

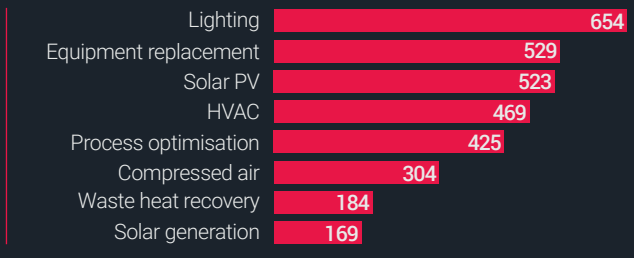


Profiling sectoral decarbonization initiatives

Manufacturing



Frequent actions:



Scale of impact:

Low-carbon energy use (891 t CO2e saving) and generation (630 t) are the largest levers for decarbonization; non-energy process (327 t) and production efficiency (195 t) are also strong decarbonising activities.

Investment and return:

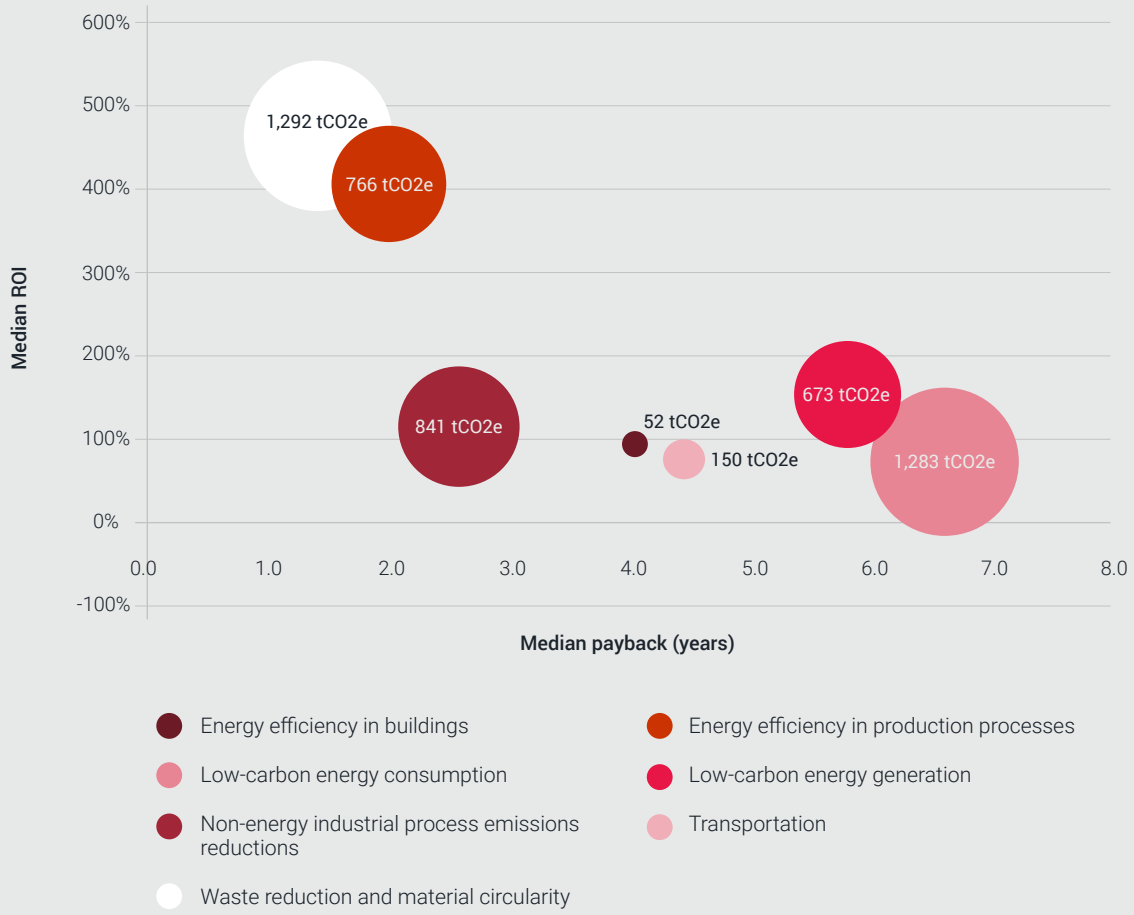
Manufacturing companies reported an average 187% ROI from emissions reduction efforts. Waste & circularity has the highest return (323% ROI, 1-year payback; waste reduction 79% profitable, reuse 70%); production efficiency has 260% ROI (78% profitable).

Where to focus:

Low-carbon energy (consumption & generation) for significant CO2e savings, no other initiative achieves similar reductions.

Waste & circularity and Production efficiency for high ROI & quick payback whilst achieving sustainability outcomes. Also offers benefits beyond direct CO2e savings, notably; reduced materials supplier-related Scope 3 emissions, nature-related impact reduction, & strong ROI) through adoption of more circular practise.

Materials



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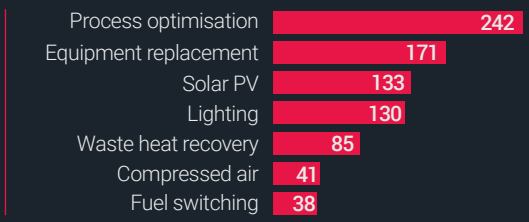


Investment and return:

Average 205% ROI from initiatives within the sector. Waste and circularity the most significant financial opportunity with 467% ROI, low chance of failure (77% of initiatives were profitable), and a short payback period (1.4 years). Recycling was less frequently disclosed but was profitable in 16 of 17 cases. Production efficiency returns 412% ROI: process optimisation 87%, waste heat recovery 89%, automation 96%, and fuel switching (157%).

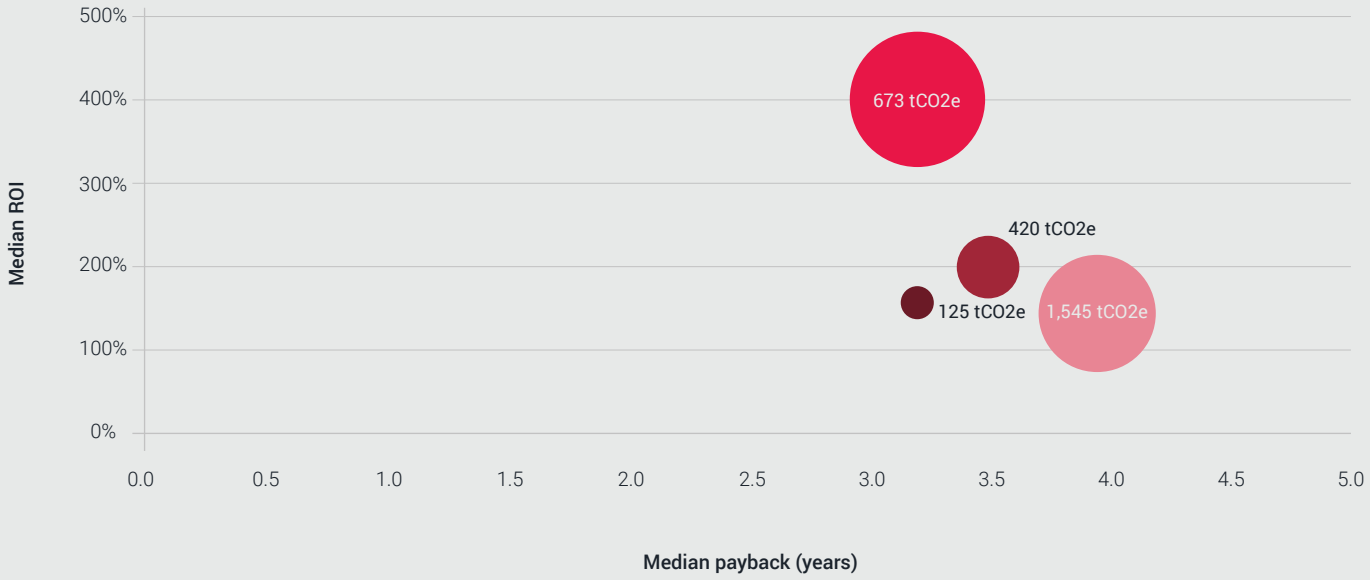
Scale of impact:

Average reduction of 499 t CO2e per initiative for the sector. Waste and circularity (1,292 t; recycling 7,224 t) and low-carbon energy use (1,283 t) are largest. Production efficiency has promising opportunities in waste heat recovery 1,660 t, and fuel switching 4,865 t. Policy (2,000 t) and fugitive emissions (3,564 t) may offer significant decarbonization opportunities but are rarely reported.

Where to focus:

Waste & circularity and production efficiency initiatives should be the top priority for materials companies – these promise strong decarbonization, high ROI, and rapid payback period. These initiatives also benefit beyond decarbonization by reducing impacts on nature from raw material extraction.

Food, beverage & agriculture



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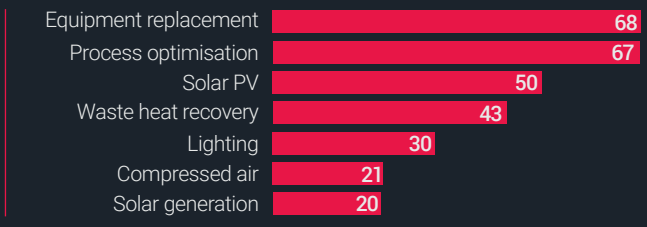


Scale of impact:

Generation (2,144 t) and low-carbon energy use (1,545 t) are the largest decarbonization levers with production efficiency at 420 t also strong.

Investment and return:

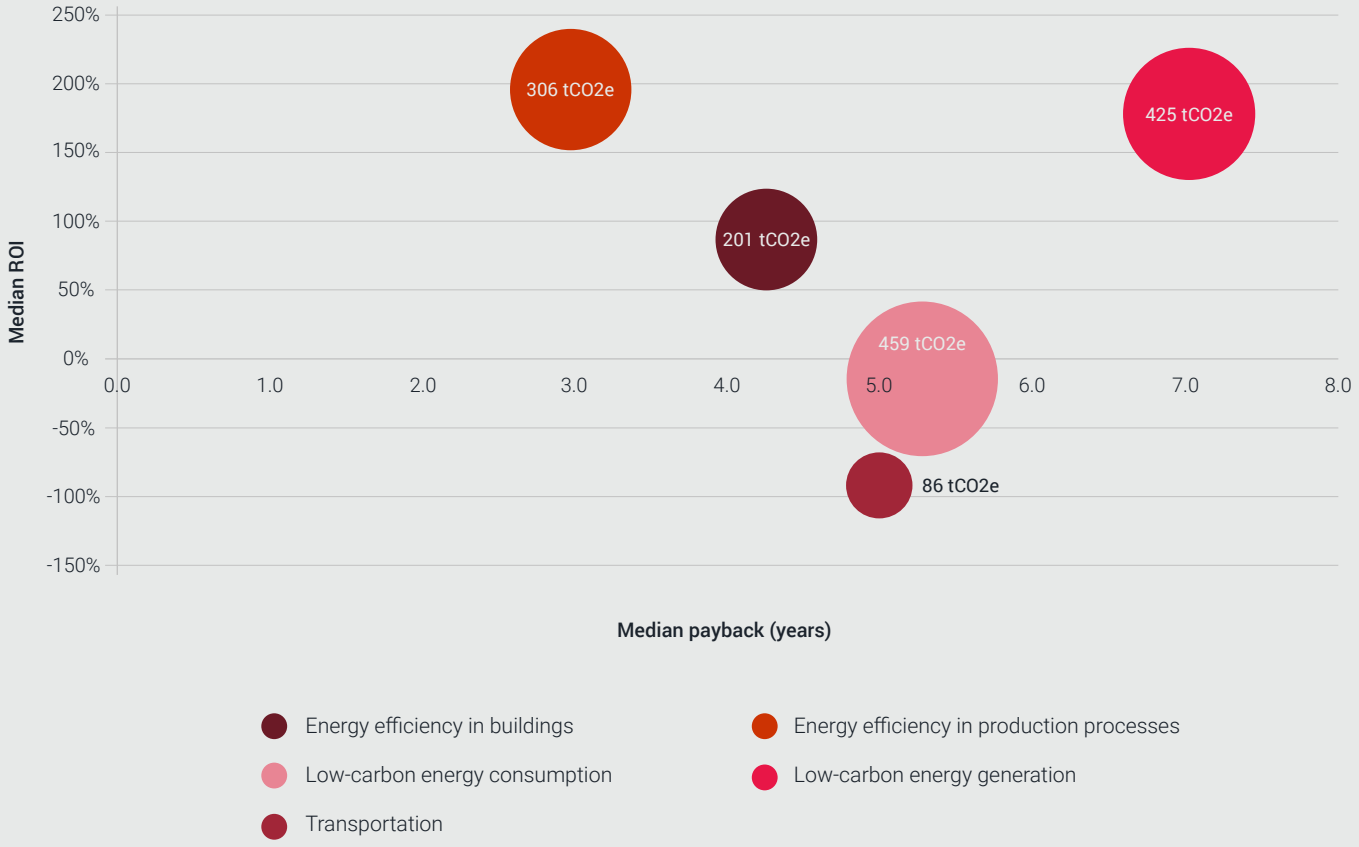
Renewables are unusually profitable for this sector: generation has 397% ROI (77% profitable) and low-carbon energy use 148%, with biogas profitable in all 11 cases.

Where to focus:

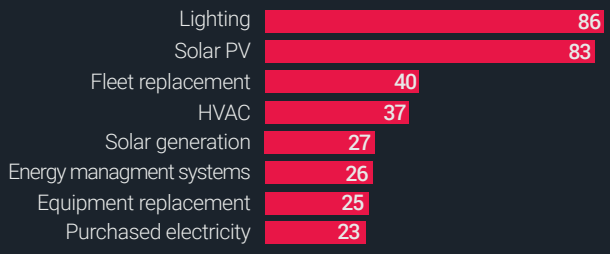
Low-carbon consumption is the key decarbonization lever here, ensuring production processes are powered by clean energy can radically reduce sector emissions, coupled with improved production efficiency.

Linked but underleveraged is power generation. A much smaller number of companies are adopting this practice but those who have engaged are seeing huge emissions reduction and strong ROI with limited risk (77% of initiatives were profitable). This suggests some firms within the sector may see benefits of exploring their own clean power generation.

Retail



Frequent actions:



Scale of impact:

Average reduction of 290 t CO2e per initiative for sector. Low-carbon energy use (459 t) and generation (425 t) are largest levers, though generation is underleveraged within the sector (12% adoption). Refrigerant leakage was reported as a significant decarbonization route (10,889 t) but only reported by a few companies.

Investment and return:

Average ROI from initiatives within the sector is 75%. On-site generation is the best performing: 175% ROI, 85% profitable, saving $229 per tonne. Production efficiency with 197% ROI pays the most but lower profitability (80%). Low-carbon energy use is negative (−14% ROI) because purchased electricity was profitable in only 3 of 23 cases.

Where to focus:

Energy use and efficiency (both buildings and production) are key decarbonization levers for the sector and should be prioritised.

Exploring opportunities for on-site generation can lead to further emissions reductions and increase ROI in the medium term (6.9 years average).

While underreported, perhaps due to the high costs (median $2.7m) and negative ROI (-95%), refrigerant work appears to be crucial to the sectors decarbonization efforts with the CO2e savings significantly outpacing all other initiative categories.

Chapter 3: Accelerating implementation through collaboration

While emissions reduction initiatives turn commitments into reality, collaborating with suppliers accelerates progress. For years supplier engagement has been delivering measurable emissions reductions. The opportunity now is to turn emerging good practice into business as usual: helping more suppliers quantify their impact, making decarbonization a commercial priority, and giving companies the capability and finance to act.

Engagement is already delivering measurable reductions

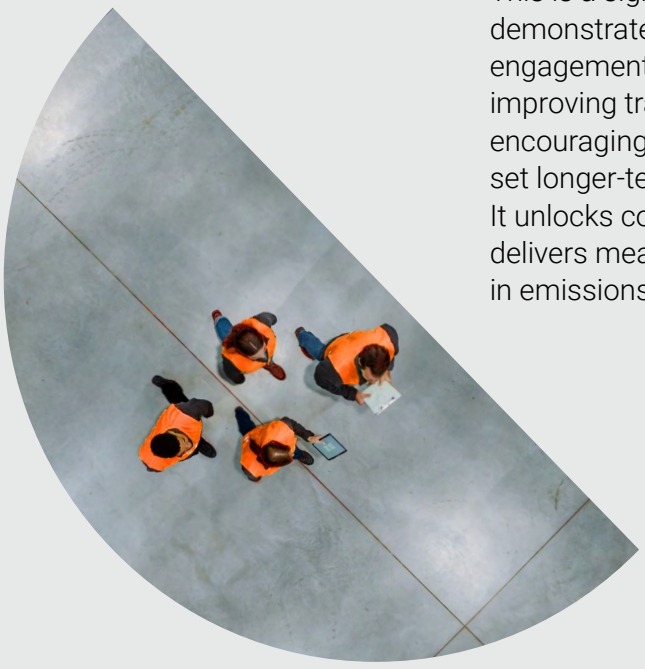
CDP data shows that engagement between Supply Chain members and their suppliers is translating into real-world action. **In their 2025 disclosures, 5,277 companies reported that they had implemented emissions reduction initiatives as a result of engagement with a CDP Supply Chain member**. Of these, 1,646 were able to quantify the impact, reporting approximately 127.6 million metric tonnes of CO2e reduced during the reporting year expressly linked to CDP Supply Chain member engagement.

This is a significant result. It demonstrates that supplier engagement is not simply improving transparency or encouraging companies to set longer-term ambitions. It unlocks collaboration and delivers measurable reductions in emissions.

At the same time, the gap between the 5,277 companies reporting action and the 1,646 able to quantify the resulting reductions points to an important next step. Many more suppliers believe that buyer engagement is helping them reduce emissions than can currently put a robust figure against that impact. Better measurement and attribution would allow companies to understand which interventions work, direct support towards the highest-impact activities and build a clearer picture of the collective value being created. Offering capacity building to suppliers to enable them to calculate the impact of these efforts can close the visibility gap.

127.6 million

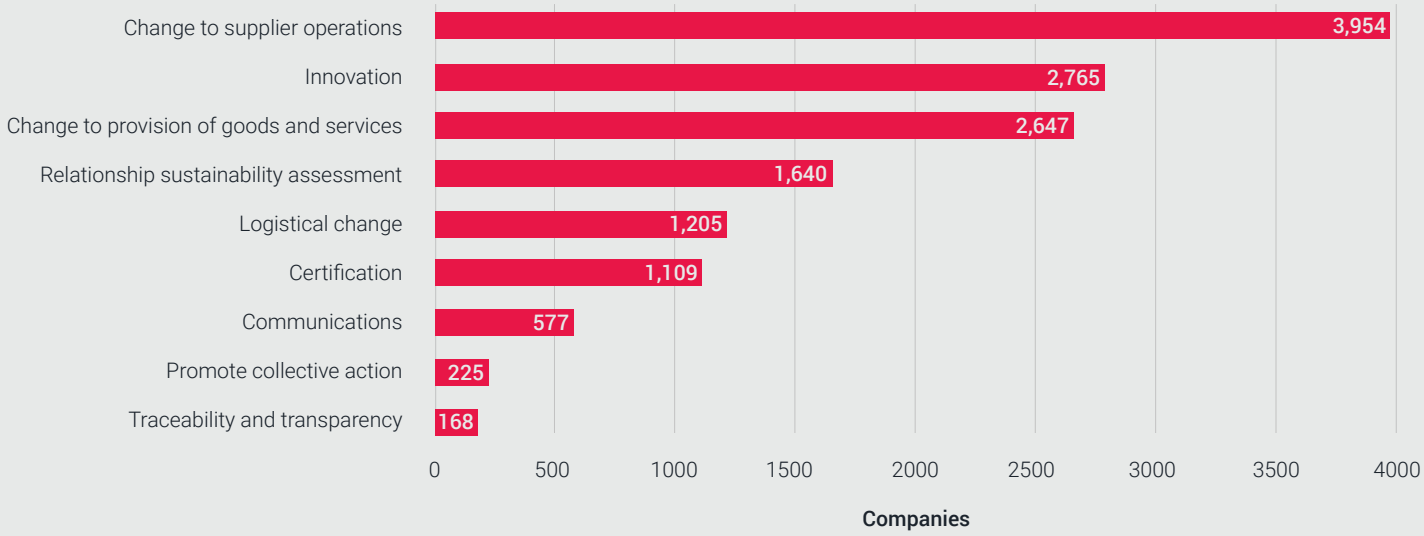
metric tonnes of CO2e reduced expressly linked to CDP Supply Chain member engagement.



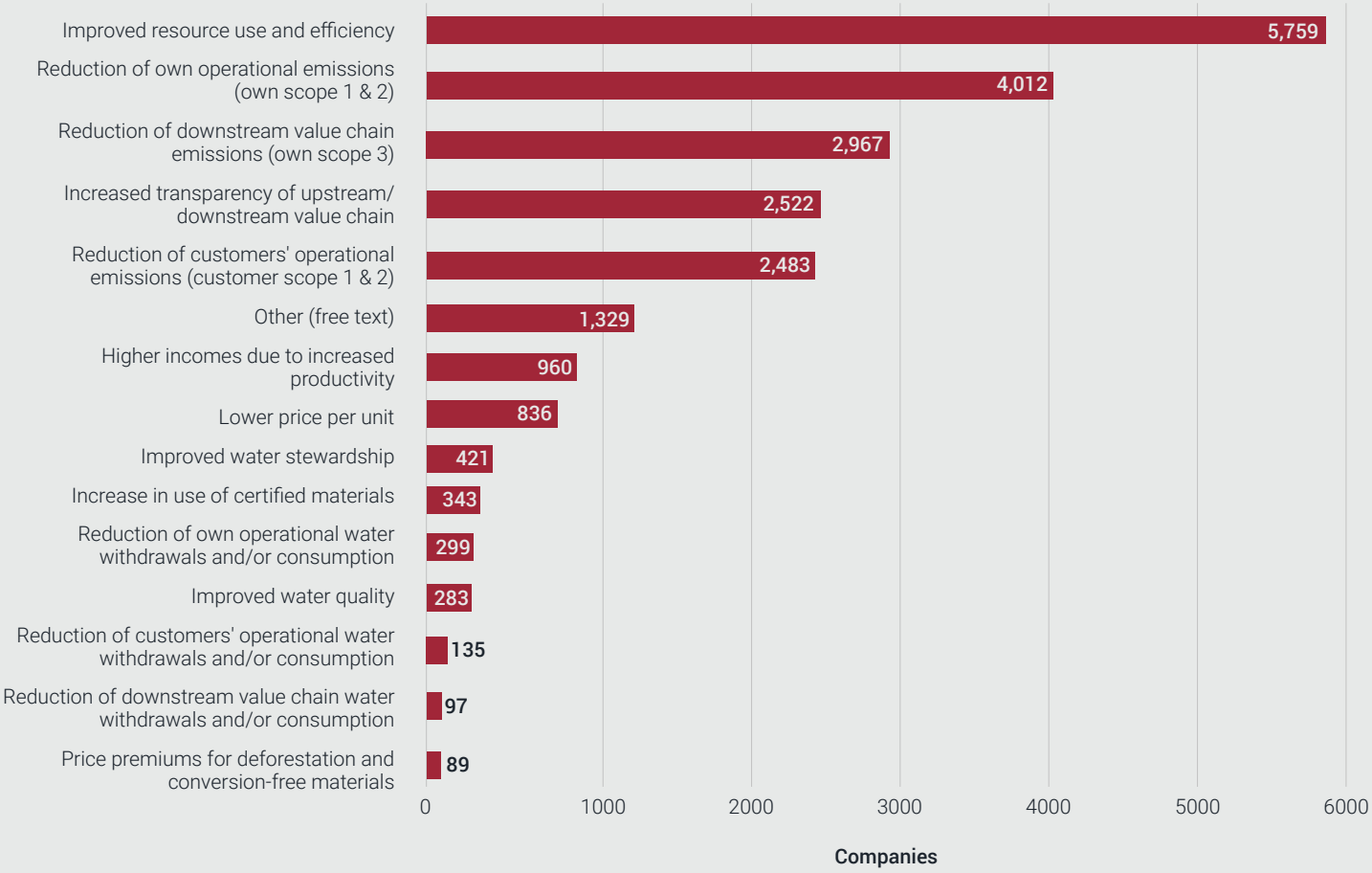
The opportunity is substantial

The potential extends well beyond the reductions achieved to date. A further 2,864 companies identified opportunities for members and suppliers to collaborate on emissions reduction initiatives. Initial analysis indicates that **these opportunities could deliver around 711 million metric tonnes of CO2e in potential lifetime reductions.**

Number of companies reporting initiatives



Number of companies reporting benefit types



Reported benefits of collaborative opportunities between suppliers and buyers, by initiative type

Benefit \ initiative	Change to supplier operations	Innovation	Change to provision of goods and services	Relationship sustainability assessment	Logistical change	Certification	Communications	Promote collective action	Traceability and transparency
Improved resource use and efficiency	43%	41%	48%	32%	41%	33%	25%	34%	23%
Increased transparency of upstream/downstream value chain	17%	11%	7%	39%	5%	30%	32%	23%	63%
Reduction of own operational emissions (own scope 1 & 2)	43%	20%	19%	36%	25%	20%	15%	20%	14%
Reduction of downstream value chain emissions (own scope 3)	16%	33%	20%	24%	36%	12%	14%	23%	16%
Reduction of customers' operational emissions (customer scope 1 & 2)	18%	24%	15%	18%	20%	9%	13%	16%	6%
Higher incomes due to increased productivity	7%	6%	7%	6%	5%	8%	6%	5%	5%
Lower price per unit	4%	7%	10%	2%	9%	2%	2%	3%	2%
Increase in use of certified materials	1%	2%	1%	2%	0%	16%	1%	3%	5%

There is a sizeable pipeline of collaborative activity that could be unlocked through stronger buyer supplier engagement. This is not an abstract opportunity. Leading companies are already showing how disclosure data can be used to identify emissions hotspots, set expectations, support suppliers and build environmental performance into commercial decision-making.

Case Study

Lenovo

Global technology company Lenovo uses a tiered approach, tailoring engagement according to suppliers' maturity, impact and readiness to act. In 2024, its supplier response rate reached 98%. Around 70% of participating suppliers reported Scope 3 data, while training sessions and one-to-one meetings were provided to help the remaining suppliers progress. By spend, 96% of Lenovo's suppliers now have public GHG reduction goals.

A large cohort is preparing to act

There is also significant untapped potential. While 5,277 companies reported that they were already collaborating with suppliers, a much larger number - 12,326 - were not. Importantly, most of this group is not rejecting the agenda: 7,418 companies said they planned to implement emissions reduction activities with members within the next two years. A further 4,908 said they did not currently plan to do so.

This creates a clear window for intervention. Thousands of suppliers expect to act but may still need a practical route from intention to implementation. Buyers can accelerate that transition by clarifying expectations, providing consistent data and processes, targeting support and using procurement and finance as levers for change.

The barriers that buyers can influence

All 12,326 companies that had not yet implemented an initiative were asked to identify the primary reason, including both those planning to act within two years and those with no current plans to do so. The main reasons reinforce the importance of buyer engagement. A lack of internal resources, capabilities or expertise was cited in 4,265 responses; 3,041 said action was not an immediate strategic priority; and 1,832 pointed to the absence of a standardized procedure.

Why companies are not implementing initiatives	Corporates	SME	Total
Judged to be unimportant or not relevant	173	268	441
Lack of internal resources, capabilities, or expertise (e.g., due to organization size)	1438	2827	4265
No standardized procedure	829	1003	1832
Not an immediate strategic priority	1635	1406	3041
	4075	**5504**	**9579**

These are not fixed barriers. Buyers influence suppliers' priorities through the questions they ask, the requirements they set, the support they provide, and the signals built into procurement decisions. They can also reduce the practical burden of action by offering a common framework, sharing expertise and facilitating access to finance. This is particularly relevant to the 7,418 companies that already intend to implement an initiative within the next two years: targeted buyer support could help turn that intention into action more quickly and effectively.

Turning data into a commercial priority

There are multiple examples of businesses using supplier data to improve their environmental performance and inform investment decisions.

Bosch demonstrates how a clear, scalable approach can move climate performance into mainstream procurement. Since 2021, it has expanded its CDP requests from 500 suppliers to more than 4,500 in 2025, with over 3,200 suppliers disclosing. Primary supplier data covered around 77% of Bosch's purchasing volume in 2024, and more than 1,270 suppliers had committed to science-based CO2 targets. Bosch uses this information in internal supplier scores, purchasing decisions and bonus/malus programs.

This type of approach directly addresses the problem of sustainability not being an immediate strategic priority.

When expectations are embedded in supplier scoring and procurement, action becomes part of how business is won and retained, rather than a parallel sustainability exercise.

Other members are tackling the capability and standardization gaps more directly. For example:

Swedish manufacturer Electrolux Group uses CDP data to assess supplier performance on climate and water, then conducts targeted improvement sessions with suppliers that are still developing their capabilities.

American retail giant Target requires business partners to disclose through CDP and uses the resulting data to track emissions, inform its Scope 3 targets and collaborate on reduction efforts. By the end of 2024, 75% of its business partners by retail spend had established science-based Scope 1 and 2 targets.

These approaches give suppliers a clearer route forward. A standardized disclosure framework establishes a common language; segmentation allows support to be directed where it is most needed; and repeated engagement helps suppliers build the systems and confidence required to act.



Unlocking finance for implementation



Capability alone is not enough if suppliers cannot finance the transition. This is particularly important for SMEs, where environmental teams, technical expertise and investment capital may all be constrained.

The telecoms company Cellnex combines commercial requirements with financial incentives. Suppliers participating in relevant tenders must report their carbon footprint through CDP and submit an emissions reduction plan covering the duration of the contract. Through a supply chain finance partnership with Santander, suppliers reporting to CDP can access discounted rates, while those achieving the strongest CDP scores receive an additional bonus from the bank.

LG Electronics, meanwhile, combined carbon reduction consulting for key suppliers with a financial support program promoting energy efficiency, carbon reduction technologies and renewable energy. The program was designed to help suppliers systematically manage carbon risks and implement voluntary reduction measures.

These models address two barriers at once. They strengthen supplier capability while improving access to the capital required to turn plans into projects. Previous CDP and HSBC analysis found that suppliers offered financial incentives were 52% more likely to reduce their annual emissions, yet only 2% of respondents had incorporated such measures into procurement processes. The opportunity to scale these mechanisms remains substantial.

From leading practice to wider action



The evidence points to a positive but unfinished story. Member engagement is already associated with at least 127.6 million tonnes of reported emissions reductions in a single reporting period. Thousands more companies have identified collaborative opportunities with the potential to deliver significant reductions over the lifetime of future initiatives, and 7,418 companies intend to begin acting with members within the next two years.

The remaining barriers are practical and commercial rather than rooted in a belief that action is irrelevant. Suppliers need clearer priorities, stronger internal capability, standardized approaches and access to finance. These are all areas in which buyers can make a material difference.

Leading companies are already demonstrating the route forward: use consistent primary data to understand the supply chain; embed environmental performance into procurement; tailor support to supplier maturity; create common processes; and align financial incentives with action. The next phase is to make these practices easier to adopt and scale across sectors, so that today's isolated examples become tomorrow's standard approach to procurement and supplier management.

Plugging the gaps

Commitments are not enough. We must go further, faster and the only way to achieve this is by working together across complex global supply chains. Buyers have significant power to drive change by working with their suppliers to implement sustainable practice as business as usual at scale.

One of the most powerful levers available to drive change is emissions reduction initiatives. While implementing new practice comes with upfront cost, disclosure data consistently shows that these practices pay off.

While target setting is key, emissions reduction initiatives turn commitments into reality and offer an opportunity to collaborate with suppliers to drive deep decarbonization. In 2025, over 5000 companies disclosed that they are already working with their buyers on implementing emissions reduction initiatives, collaboratively eliminating ~128 million tonnes of CO2e. Not only are these companies benefiting from the improved sustainability performance, in many cases they are tapping into the huge financial benefits that can be gained from implementing initiatives.

While this progress is significant, gaps remain. While over 5000 companies are collaborating, less than 50% of them are aware of how this collaboration impacts their emissions, and a further ~12,000 companies indicated they are not collaborating at all.

The evidence is clear - buyers can provide the practical route from intention to implementation, and this route can pay significant returns if executed effectively using accurate supplier and initiative data.

5,000+

companies are collaborating

<50%

of them are aware of how this collaboration impacts their emissions

~12,000

companies indicated they are not collaborating at all



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About CDP

CDP is a global non-profit that runs the world's only independent environmental disclosure system. As the founder of environmental reporting, we believe in transparency and the power of data to drive change. Partnering with leaders in enterprise, capital, policy and science, we surface the information needed to enable Earth-positive decisions. We helped more than 22,100 companies and over 1,000 cities, states and regions disclose their environmental impacts in 2025. Financial institutions with more than a quarter of the world's institutional assets use CDP data to help inform investment and lending decisions. Aligned with the ISSB's climate standard, IFRS S2, as its foundational baseline, CDP integrates best practice reporting standards and frameworks in one place. Our team is truly global, united by our shared desire to build a world where people, planet and profit are truly balanced.

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