# CDP 2025 Corporate Health Check

The annual state of Earth-positive business action

In collaboration with

OliverWyman

# Introduction

The health of the economy and the health of the Earth are inextricably linked.[1] Climate inaction could reduce global gross domestic product (GDP) by 18%, or about US$38 trillion, by 2050.[2] While the threat is becoming more evident with each passing year, greenhouse gas emissions continue to rise, and economic growth chips away at nature.

To help quantify how effectively large corporations are integrating Earth-positive decisions into their business models, CDP has developed an annual corporate health check, in collaboration with Oliver Wyman and the World Economic Forum. The indicators for the Corporate Health Check were developed as part of the World Economic Forum's State of Nature and Climate publication, which places the latest data on planetary health next to data on corporate action, in partnership with CDP and the Potsdam Institute of Climate Impact Research (PIK).

Since 2000, environmental disclosure through CDP has provided unparalleled insights into the business response to the challenges our planet faces. Today, nearly 25,000 companies representing 67% of global market capitalization disclose through CDP. This report assesses the current state of climate and nature progress of the most impactful among them. It finds only 10% of these companies demonstrate tangible action to address the climate and nature emergency, with just 1% reaching the highest level assessed. These companies - who are on track to deliver their targets - are successfully pulling four key business levers by integrating their disclosure data into their governance and strategy. Disclosure alone is not enough: transparency must be for action to create the Earth-positive change we need to see.

The 2025 snapshot of business progress finds that:

**1 Too few companies are showing ambition.** Only one in 10 companies are embedding Earth-positive decision-making throughout their business models, with too many in the lowest level of the Health Check or just meeting the minimum.

**2 Corporate transparency is leading to climate and nature action.** Health Check companies disclosing through CDP in recent years cut emissions by 2% per annum, even as global emissions rose 1% annually. Still, only one in three businesses are on track to meet their own emissions targets, with European companies ahead of those in other regions.

**3 Bringing the planet into the boardroom.** Companies making the most progress are those that most effectively pull key governance and strategy levers, including the eight in 10 frontrunners linking executive pay to climate goals.

**4 Protecting the planet while pursuing profit is possible.** Businesses that see the advantage of sustainability are reducing their impacts and remaining competitive in the market at the same time.

The inaugural CDP Corporate Health Check shows that companies taking a leadership position can drive change. But many more companies need to increase their ambition and action to cut emissions and address nature impacts. And policymakers need to create the conditions to support and reward Earth-positive decision-making.

## About the CDP Corporate Health Check

The CDP Corporate Health Check assesses business progress across five critical climate and nature areas: disclosure, target setting, governance, strategy and progress. Companies are assessed on aggregate and assigned one of four levels - **Level 1: Falling Behind, Level 2: Meeting the Minimum, Level 3: Showing Ambition** and **Level 4: Charting Change.** based on their disclosure through CDP in 2024. The indicators covered have been informed by the demands of global reporting standards and frameworks. Advancement across each level illustrates that companies are engaging with key elements of incoming regulatory requirements and stakeholder expectations. Key indicators included in the assessment are listed in Figure 2 below.

[1] https://www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report/

[2] https://www.pik-potsdam.de/en/news/latest-news/38-trillion-dollars-in-damages-each-year-world-economy-already-committed-to-income-reduction-of-19-due-to-climate-change

[3] This report uses data from a subset of the global companies reporting to CDP. The sample used represents over two thirds of the world's global stock market capitalization and 17% of total global emissions. It excludes companies that choose to only disclose to specific audiences including their customers (via CDP Supply Chain offering), and other specific disclosure use cases. The sample includes over 6800 companies headquartered around the world.

# Earth-positive

means acting in ways that protect and restore the environment and reduce negative impacts on the planet, alongside achieving business objectives.

# A shortage of ambition

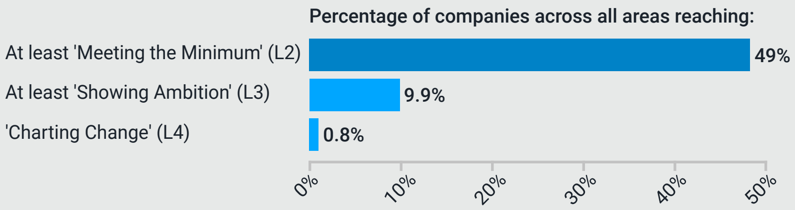
# 1

# 1. A shortage of ambition

## Just one in ten companies are embedding Earth-positive decision-making across their business. Most companies are falling behind what the most robust regulation and the planet demand.

The CDP Corporate Health Check is a new annual assessment of business progress across five critical areas: disclosure, target setting, governance, strategy and progress. Just 10% of companies are assessed in the higher levels 3 and 4 of the Health Check, which represent tangible action across all areas. The higher levels include transparently reporting their full emissions and nature impacts, setting relevant environmental targets, putting in place robust governance, and establishing climate and nature strategies that deliver progress. The small group of companies leading in the Health Check account for nearly 20% of the total market capitalization assessed.

The 2025 CDP Corporate Health Check reveals that just under half (49%) of disclosing companies included in this analysis are "Meeting the Minimum" in Level 2 across the climate and nature indicators. This includes disclosing operational (Scope 1 and 2) emissions data, setting targets for these emissions, and integrating climate change (at least in a limited way) in corporate governance, strategy, and plans. But as the detailed Indicator Overview shows, much greater progress is needed by many more companies to drive meaningful business change in line with planetary health, including prioritizing nature together with climate. This is necessary if companies are to be ready to comply with more demanding regulation and market expectations, which are reflected in Levels 3 and 4.




**10%** of companies representing
**17%** of the total market capitalization are in levels 3 or 4 across all areas.

**Fig 1:** CDP Corporate Health Check Overview [4]

| Values based on % of companies assessed | Level 1 **Falling Behind** | Level 2 **Meeting the Minimum** | Level 3 **Showing Ambition** | Level 4 **Charting Change** |
|---|---|---|---|---|
| **Disclosure** | 9% | 17% | 27% | 47% |
| **Environmental Targets** | 36% | 35% | 14% | 15% |
| **Governance and Incentives** | 10% | 38% | 38% | 14% |
| **Strategy and Plans** | 12% | 57% | 27% | 4% |
| **Progress** | 37% | 31% | 20% | 12% |

[4] Financial services companies are excluded from the progress area due to comparability with the progress metric used to assess real economy companies' emissions reduction progress

## The CDP Corporate Health Check Levels

### Level 1
**Falling Behind**

Exhibiting no or limited emissions related disclosure or targets, poor governance, no integration of climate or nature into business strategy, and no impact reductions.

### Level 2
**Meeting the Minimum**

Exhibiting disclosure on Scope 1 and 2 emissions, emissions target(s) across any scope, board oversight and risk assessment on climate, and at least some positive progress on climate targets.

### Level 3
**Showing Ambition**

Exhibiting disclosure on full value chain emissions (Scope 1, 2 and 3) and on at least one material nature topic, with emissions targets covering the value chain and targets in at least one nature area. Stronger environmental governance mechanisms, integration of climate and nature into strategy, and showing on track progress to reach emissions target while making positive progress on at least one nature target.

### Level 4
**Charting Change**

Exhibiting disclosure on full value chain emissions (Scope 1, 2 and 3) and on the majority of material nature topics, with net-zero or SBTi-approved climate targets and majority of nature topics covered by targets. Robust environmental governance and integration of climate and nature into strategy, including aligning investment with transition plan. On track to reach climate target and positive progress on majority nature targets.

### Strong emissions disclosure but wider focus needed

Companies are showing the most progress in their transparency. But important gaps remain, particularly on disclosure of Scope 3 emissions, typically the emissions generated by a company's supply chain and in the purchase and use of products and services. Although 79% of CDP disclosures include some Scope 3 emissions, 45% are not yet reporting on their most material Scope 3 categories, even though countries like the United Kingdom, South Korea, Canada, and others are moving toward mandatory disclosure of Scope 3.

Disclosure on nature issues, required to advance to higher levels of CDP's Corporate Health Check, remains limited. For instance, water is a material issue for the vast majority of companies across industries, yet only 64% of Health Check companies disclose data[5]. Similarly, under half (46%) of companies with a material impact on forests disclose data on their forest-related practices.

Most companies still fare poorly on adopting relevant targets and strategies, and thus make little demonstrable progress in reducing their climate and nature impacts. While two-thirds of companies have set company-wide targets, a key element of our "Meeting the Minimum" Level 2 status, few are meeting the basic requirements of more demanding standards and frameworks. For example, only 33% have targets that cover their value chain, and just 40% of companies have targets that cover most of their material nature impacts.

On strategy and planning, almost nine out of 10 companies (89%) now perform climate risk assessments, one of the key indicators within Level 2. This is a crucial step in understanding a company's risks and opportunities from climate change and is required in many jurisdictions, including the United Kingdom, the European Union, the United States, Japan, Singapore, and New Zealand. Some jurisdictions, such as the EU, have also moved to require companies to create a transition plan — a time-bound document that sets out how business models will remain relevant in a net-zero economy. Only 45% of companies are meeting this bar globally, with significant regional disparities.

[5] Under CDP's Industry Impact Classification, water is a material issue for 75% of companies and forests for 28% of all companies assessed. All nature-related statistics in the report relate to companies for which the nature topic is considered a material issue.

**Fig 2:** CDP Annual Health Check for Business – key indicators included[6]

# Key indicators included in the CDP Corporate Health Check

| Indicator | % companies | Needed to reach Level |
|---|---|---|
| **Disclosure** | | |
| Scope 1 and 2 disclosure | 93 | 2 |
| Scope 1, 2 and 3 disclosure | 79 | 3 |
| Scope 1, 2 and material Scope 3 disclosure | 55 | 4 |
| Biodiversity disclosure | 89 | 3 |
| Forests disclosure | 46 | 3 |
| Water disclosure | 64 | 3 |
| **Environmental Targets** | | |
| Any company-wide emissions target | 66 | 2 |
| Scope 1, 2 & 3 emissions targets | 33 | 3 |
| Scope 1, 2 & 3 emissions targets (net-zero or SBTi-approved) | 32 | 4 |
| Biodiversity target | 39 | 3 |
| Forests target | 13 | 3 |
| Water target | 29 | 3 |
| **Governance & Incentives** | | |
| Board level oversight of climate | 90 | 2 |
| Monetary incentives for management on climate | 59 | 3 |
| Board capability on climate | 80 | 3 |
| Internal carbon pricing | 27 | 4 |
| Board level oversight of biodiversity | 44 | 3 |
| Board level oversight of forests | 33 | 3 |
| Board level oversight of water | 52 | 3 |
| Monetary incentives for management on biodiversity | 1 | 3 |
| Monetary incentives for management on forests | 15 | 3 |
| Monetary incentives for management on water | 26 | 3 |

| Indicator | % companies | Needed to reach Level |
|---|---|---|
| **Strategy & Plans** | | |
| Climate risk assessement | 89 | 2 |
| Value chain engagement on climate | 68 | 3 |
| 1.5°C transition plan | 45 | 3 |
| At least 5% CapEx aligned with transition plan | 9 | 4 |
| Environmental policy in place | 88 | 3 |
| Integration of environmental issues into business strategy | 76 | 3 |
| Integration of environmental issues into financial planning | 71 | 3 |
| Biodiversity impacts/ dependency assessment | 22 | 3 |
| Forests risk assessment | 28 | 3 |
| Water risk assessment | 47 | 3 |
| Value chain engagement - forests | 27 | 3 |
| Value chain engagement - water | 41 | 3 |
| **Progress** | | |
| Disclosure of progress on emissions target | 54 | 2 |
| Absolute emissions reduction since 2023 | 47 | 3 |
| On track with majority of emissions targets | 35 | 3 |
| On track with SBTi-approved target or net-zero target | 34 | 4 |
| Progress on biodiversity target | 42 | 3 |
| Progress on forests target | 15 | 3 |
| Progress on water target | 22 | 3 |

Climate Nature Level number

[6] Nature statistics are calculated as a share of companies for which water-/forest-related issues are considered material (according to CDP Industry Impact Classification). Biodiversity is considered as a material issue across all sectors. Reaching Level 3 in the CDP Corporate Health Check requires companies to disclose data or act on at least one of the three nature-related material areas, whereas Level 4 requires reporting or acting on the majority of these areas.

# From transparency to action

2

# 2. From transparency to action

## What matters most is results, and only one in three companies are on track to reach their own emissions targets.

Just 35% of companies are on track to meet their own targets for emissions reductions.[7] Regionally, Europe leads with 46% of companies on track. Asia and North America come next with 33%, followed by Africa, Latin America, and Oceania — all around 25%.

Looking at the 10 largest economies, more than 40% of companies in the UK, France, Italy, Germany, and Japan are progressing in line with their targets. Yet, in the US, Canada, India, and Brazil, only one-third or less are on track. In China, less than one-fifth (19%) are on track to achieve their targets.

Apparel, retail and power generation companies have demonstrated the most progress and are at least five percentage points above the global average of 35%.

Looking at nature, only 22% of companies have indicated progress on their water targets, and 15% have reported progress on their forest targets.

Halfway through the so-called decade of action, this analysis demonstrates the acceleration that is needed if the global economy is to reach net-zero and companies are to achieve their own targets and move toward the change the planet needs.

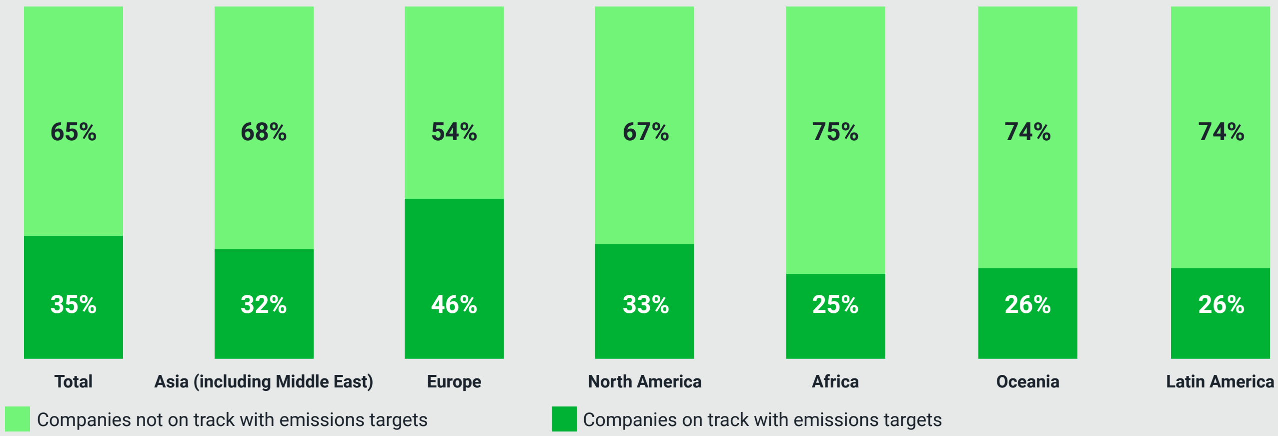



**Fig 3:** Companies on track to reach their climate targets, per region

**2%**

average emissions reduction rate per year

While global emissions have continued to rise, an analysis of emissions trends between 2016 and 2023 shows that companies disclosing consistently between these years have reduced their emissions by an average year on year rate of 2%. That compares with an average 1% annual increase in global emissions during the same seven-year period.[8]

Aggregating the progress of each company against its individual base-year emissions, the data reveals collective emissions reductions of over 400 million tonnes of carbon dioxide equivalent (CO2e). That's equivalent to the total annual emissions of the United Kingdom.

However, efforts still fall short of what is necessary, with these companies collectively representing over 3.6 billion tonnes of CO2e, and the average rate of reduction insufficient to achieve a 1.5°C -aligned pathway, achieving net-zero throughout real economy value chains will require companies across the whole economy acting much faster to address their full emissions, Scopes 1 through 3. Starting in 2016 and assuming a linear emissions reduction trajectory, companies would have had to reduce emissions by 7% annually to reach net-zero by 2030 and by 3% to reach it by 2050.[9]

[7] 'On track' requires that at least 50% of a company's targets must exhibit average progress that follows a linear trajectory, and that the overall progress across all reported targets is positive.

[8] EU Emissions Database for Global Atmospheric Research - https://edgar.jrc.ec.europa.eu/report_2024

[9] Emissions reduction trajectory is calculated based on a linear reduction from 2016 to the target year for Net Zero. Percentage emissions reduction statistics are calculated as a proportion of the emissions recorded in 2016.

# Bringing the planet into the boardroom

# 3

# 3. Bringing the planet into the boardroom

## With eight in 10 frontrunners now linking executive-level pay to climate goals, companies making the most progress are those that most effectively pull key governance and strategy levers.

Studying frontrunners — companies advancing most in the progress dimension (Level 3 and 4) of the CDP Corporate Health Check — reveals four levers for driving change. These four levers are common in most companies considered on track with their emissions targets and making progress on at least one nature topic. Likewise, they are being pulled simultaneously by the 1% of companies assessed in Level 4 – Charting Change – illustrating that they are embedding sustainability more holistically in corporate strategy.

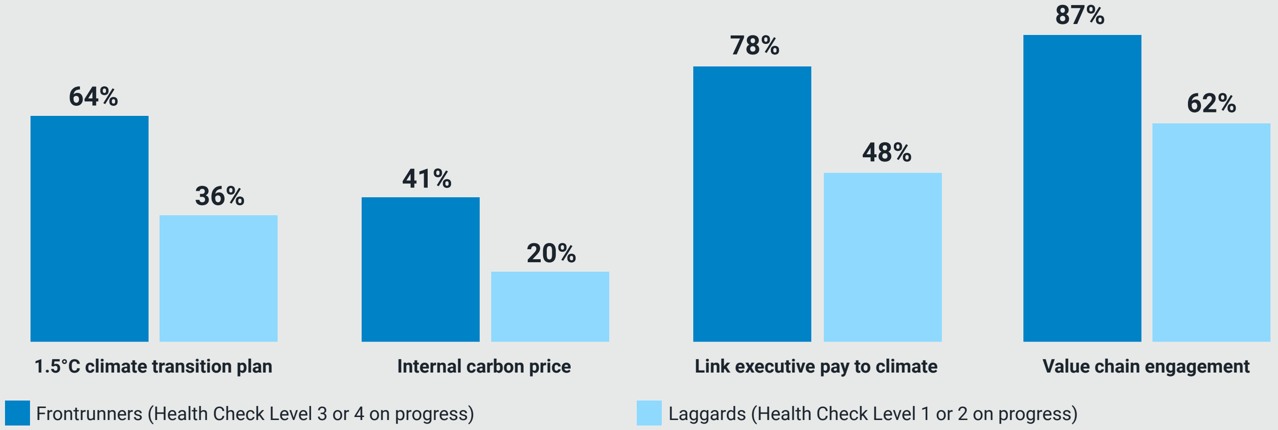



**Fig 4:** Critical levers for driving Earth-positive decisions

### Lever
### Creating a 1.5°C-aligned climate transition plan

Almost two-thirds (64%) of frontrunners have taken this step, compared with only 36% in the rest of the sample. Companies in the manufacturing and services sectors are the furthest ahead of their sector counterparts in setting up transition plans.

### Lever
### Putting a price on carbon

Around 40% of frontrunners are pricing carbon internally, compared with only 20% for the rest of companies assessed. European companies are twice as likely as North American ones to set internal carbon prices, and the prices they set are on average 35% higher than the global average, reflecting the influence of the mandatory EU Emissions Trading System in Europe which puts a price on carbon.

### Lever
### Linking executive pay to environmental targets

Around 80% of frontrunners on track with targets have established incentives for their management teams tied to climate action, compared with 48% across remaining companies. Leading companies are also about 20 percentage points more likely to have linked incentives to nature goals.

### Lever
### Engaging across the value chain

A remarkable 87% of frontrunners actively work with suppliers and customers to reduce emissions across their value chains, compared with 62% in the wider market. A similar trend can be seen on nature topics, with leading companies significantly more likely — by a factor of 20 percentage points — to be engaging on water and forests than their peers.

# 4

# Protecting the planet and pursuing profit

# 4. Protecting the planet and pursuing profit

## Leading companies show that sustainability doesn't necessarily cost them in financial performance, if the right conditions are in place.

Companies are often hesitant to fully commit to a green transition because of what those strategies might mean for their bottom lines. To some, it's either planet or profits. The CDP Corporate Health Check finds the reality to be more nuanced. On average across sectors, companies demonstrating progress on climate targets experienced a similar pace of growth in market capitalization since 2022 (+10% per year) to those that that are not on track to deliver their targets. But as the chart shows, performance has varied significantly across sectors.

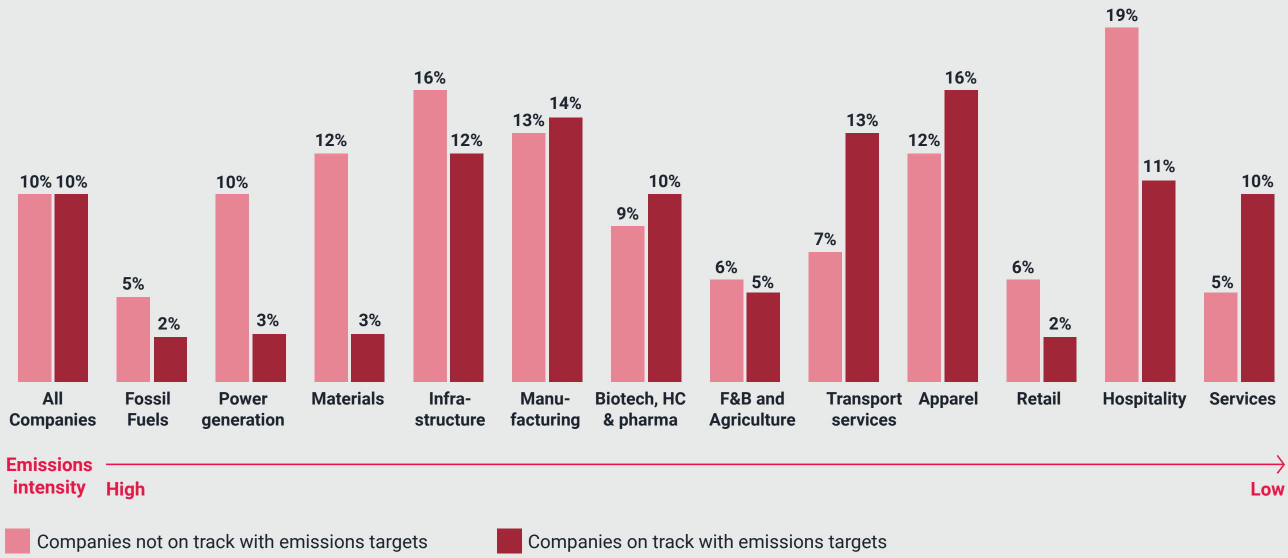



**Fig 5:** Annual growth (2022-24) in market capitalization of companies on track to meet their target(s), compared to those not on track

In some, like transport services, apparel, and services, companies on track with their targets have realized superior market cap growth compared with peers. In these industries, a proactive stance on sustainability also seems to come together with a broader leadership position in the market.

One explanation is that sustainability leaders are carving out winning positions in fast-growing markets where new greener technologies are successfully scaling with the right conditions in place. For instance, transportation benefited from a growing interest in electric vehicles (EV) and the push to build battery factories to supply EV production. Between 2022 and 2023, more than US$275 billion was pumped into EVs and US$195 billion flowed to develop of battery capacity.[10, 11] Government support through subsidies and incentives, particularly in the US and China, has been a key part of this story.

However, in several high-emitting industries, such as energy, materials and infrastructure, companies not on track to meet their climate targets have outperformed in terms of market cap growth. These sectors have been the beneficiaries of rising interest rates and higher energy prices, which tilted the economic balance back in favor of fossil fuels. At the same time, the risks associated with nascent technologies continued to challenge sustainability leaders in these industries, hurting their market cap growth.

The challenge companies face is that conventional technologies simply offer a far more compelling business case for investment in too many instances, which reinforces the reluctance to pursue a new course through major investments that carry a higher risk. This is in clear view in this year's CDP Corporate Health Check, as just 9% of companies reported to have aligned at least 5% of their capital expenditure

[10] https://www.iea.org/reports/global-ev-outlook-2024/outlook-for-electric-mobility

[11] https://www.atlasevhub.com/materials/private-investment/

with their climate transition plan. In the case of the fossil fuels and power generation sectors, the economic case is bolstered further by continuing government subsidies, the limited adoption of carbon taxes and pricing schemes across the globe, and the high cost of capital in the current climate for transition solutions.

For the green transition to accelerate across the economy, profit incentives must be more closely aligned with the needs of the planet. Green markets are projected to grow — from US$5 trillion in 2024 to US$14 trillion by 2030 — which will help their investment and commercial prospects, but it is not likely to be enough.[12]

This highlights the need for meaningful policy interventions that create the financial conditions and access to capital that reward companies moving to sustainable business models.

# What's next?

## Follow the leaders

Science has given our planet a voice, which is still too often drowned out by the prospect of short-term profits. But as the conditions facing Earth deteriorate, business leaders are listening, and the levers being pulled to drive success for leading companies to reduce their environmental impacts is a model that companies globally can follow. There is no time to waste. Preparing for the transition isn't something that can be kicked down the road by five or 10 years.

The first CDP Corporate Health Check shows the need to re-examine priorities and timeframes, set clearer goals, and embed climate and nature targets in governance, strategy, and financial plans. With science and business now coming together in the World Economic Forum's new annual "State of Climate and Nature" publication, more productive decision-making should be enabled, allowing real leadership and more widespread participation to emerge from the corporate community. The convergence of economic action and science in this research underscores the importance of environmental data disclosure. Business leaders have a responsibility to share information with the market, if they are to participate in and profit from it. It is the sharing of this information that will ensure capital markets can thrive in a way that truly balances people, planet and profit.

Our inaugural Corporate Health Check shows that progress on climate and nature can coexist with strong financial performance, and companies taking a leadership position can drive change. But many more companies need to follow the lead of the Health Check frontrunners, and policymakers need to provide support and incentives to Earth-positive businesses. In a rapidly changing world, there is no guarantee that the trailblazers of today will be the trailblazers of tomorrow. Those already charting change cannot be complacent.

[12] https://reports.weforum.org/docs/WEF_The_Cost_of_Inaction_2024.pdf

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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 24,800 companies and almost 1,000 cities, states and regions disclose their environmental impacts in 2024. 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. Visit cdp.net or follow us @CDP to find out more.

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