

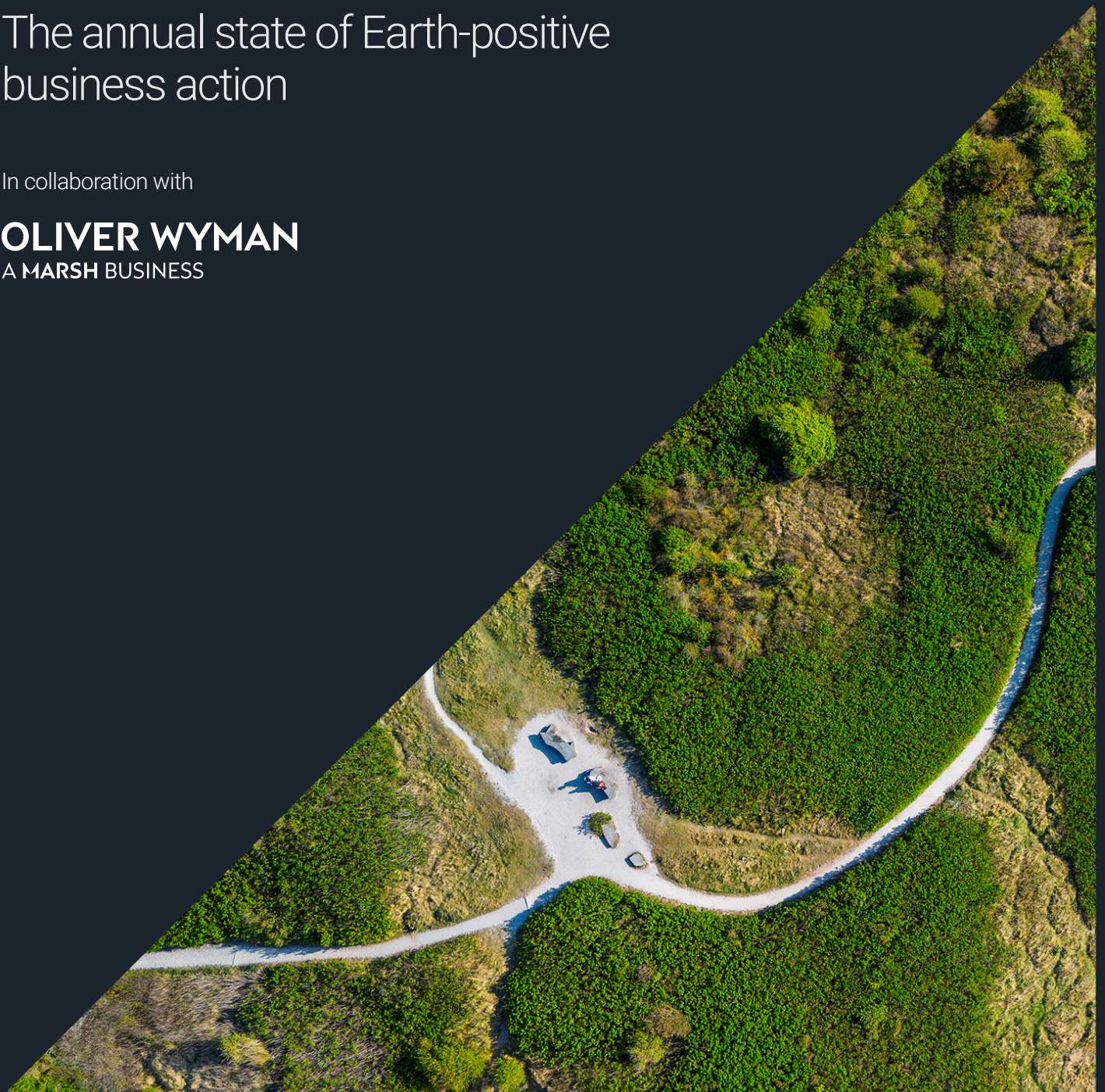
Corporate Health Check 2026 Europe



The annual state of Earth-positive
business action

In collaboration with

OLIVER WYMAN
A MARSH BUSINESS





Europe's corporate environmental leaders are reshaping the blueprint for growth in a time of regulatory and political uncertainty.

They see environmental stewardship not as a constraint on prosperity and competitiveness, but as a precondition for it. This comes as climate change and nature loss are reshaping cost structures and supply chains across every sector.

This year's Corporate Health Check shows that Europe has built one of the most mature corporate environmental baselines globally. It is now difficult to imagine a credible future business strategy that does not factor in water resilience, climate stability, nature dependencies, and transition readiness.

The foundations are strong. In 2025, 16% of European companies assessed reached Leadership level in climate – the highest of the four categories in our analysis. They are considered the standard setters for best practice transparency and performance on environmental issues. Europe leads the way, with the greatest proportion of companies achieving Leadership level of any continental region.

Our data also makes clear that the next phase is all about execution.

Leading European businesses are using high-quality disclosure to manage risks and capture commercial gains. Governance is strong. Executive incentives are linked to environmental performance. Transition plans are 1.5°C aligned and increasingly inform long-term decision-making.

In the past year alone, Europe's climate leaders realized US\$76.8 billion in climate-related opportunities. Nearly three-quarters of European companies reduced emissions from their baseline year, cutting at an average rate of 3.6% per year.

The European leaders of this year's Corporate Health Check are already proving the business case for Earth-positive action. The companies that act ahead of peers, invest in sustainable strategies and persist even when the path is uncertain are those that will define Europe's next phase of economic resilience and growth, supporting Europe to reach its ambitious climate targets.



Ariane Coulombe
Market Director, EMEA, CDP

16% of European companies are operating at Leadership level in climate

US\$76.8bn



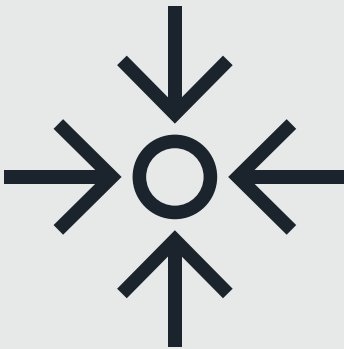
of opportunities were realized by Europe's climate leaders last year

73% of European businesses reduced emissions since their baseline year at an average compound annual growth rate (CAGR) of -3.6%



Environmental action is paying off

CDP's second annual Corporate Health Check, produced in collaboration with Oliver Wyman, examines how the world's largest companies are progressing on their environmental commitments and what this means for their financial performance.



2026 Snapshot

The 2026 snapshot of business progress finds that 53% of European companies are at Management or Leadership level in climate, the highest concentration among major regions.

Among continental regions globally, Europe has the highest share of companies achieving Leadership level in climate (16%), followed by Asia-Pacific (15%), Latin America (6%), and North America (5%).

At the same time, regional dynamics differ across performance levels. Asia-Pacific shows a larger proportion of companies at Management level, reflecting scale in mid-tier performance. North America remains more concentrated at Disclosure and Awareness levels. Latin America has a smaller overall share of companies at Leadership level.

Opportunities

Europe's leading companies account for a disproportionate share of overall environmental opportunities, with US\$76.8 billion of realized opportunities disclosed by climate leaders, compared to US\$51.5 billion across all lower-performing European companies combined. These opportunities were found in increased sales, expanding into new markets, and promoting new financial products, such as green bonds.

Leaders

Within Europe, Spain (25%) and France (24%) hold the highest share of companies at Leadership level in climate from selected countries analyzed in our assessment, followed by Ireland (22%), UK (17%), Italy (17%), the Netherlands (17%) and Germany (10%).

Consistency

Leading companies are those that are performing consistently across environmental governance, managing dependencies, impacts, risks and opportunities, target setting and strategic planning. In this 2026 assessment, we can see how companies achieving the Leadership level are setting out a strategic roadmap that others can follow.

53% of European companies are at Management or Leadership level on climate



About the CDP Corporate Health Check

Drawing on analysis of disclosure data from many of the world's largest and most influential organizations, the Corporate Health Check assesses how leading companies are reducing their environmental impacts, while improving financial resilience.

Assessed companies are assigned one of four levels – **Level 1: Disclosure**, **Level 2: Awareness**, **Level 3: Management** and **Level 4: Leadership** – based on their disclosure through CDP in 2025.

Building on the 2025 analysis, this year's report introduces methodological enhancements to the assessment, examining business progress across four steps of a company's environmental stewardship journey. These are:

- putting governance structures in place
- establishing a robust process to manage environmental dependencies, impacts, risks and opportunities (DIROs)
- setting ambitious targets
- integrating environmental issues into strategic planning

Companies are also assessed across three themes: climate, forests and water:

Climate Change: Focuses on greenhouse gas (GHG) emissions (Scopes 1, 2, and 3), climate-related risks and opportunities, transition plans and overall climate strategy and governance.

Water Security: Examines a company's water usage, management of water-related risks and opportunities, water withdrawal and discharge, and impact across its value chain.

Forests: Addresses the management of deforestation risks within supply chains, particularly concerning key commodities such as palm oil, soy, timber, and cattle products.



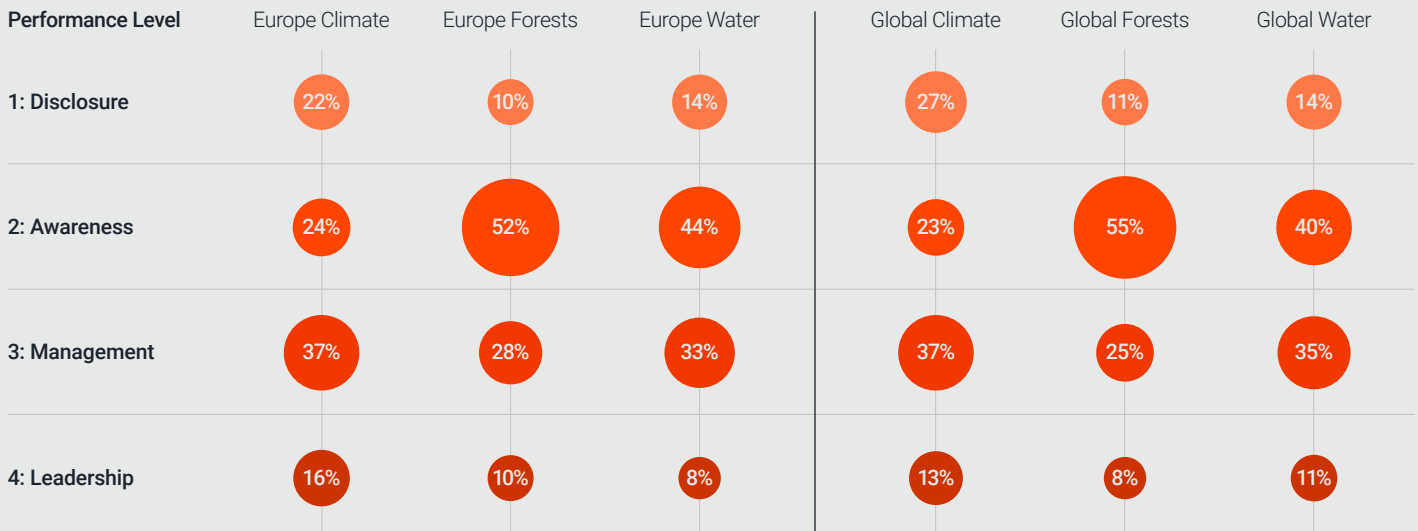
Disclosure through CDP

In 2025, over 22,000 companies that account for more than half of global market capitalization reported data through CDP – providing unique access to data on how the global economy is being shaped. A subset of 3,061 European companies was used for this report, with additional breakdowns for selected countries.

These companies completed the full CDP question bank and were scored on their responses. The insights in this report are derived from this expansive data coverage.



Market performance



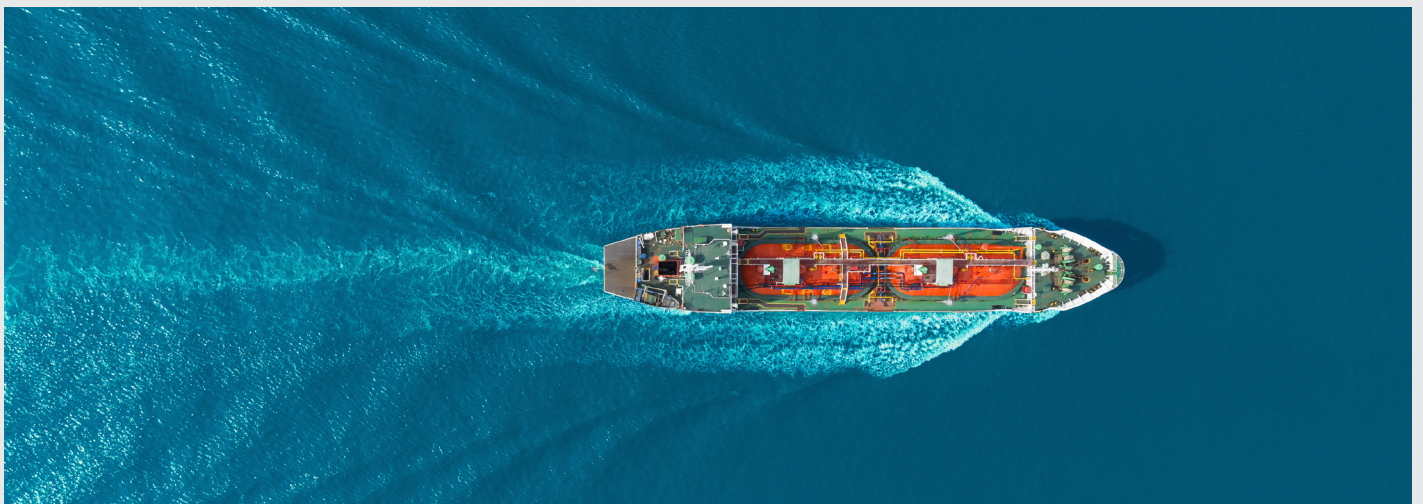
Europe’s overall performance is shaped by a corporate base that is more concentrated in capital-intensive, transition-exposed sectors than many peer regions.

For instance, parts of the economy that require higher upfront investment and longer payback periods. This provides important context for the pressures that can influence performance patterns across the region. Among European companies disclosing on climate, manufacturing represents nearly a third of the European sample,

alongside businesses from the materials (7%), infrastructure (6%), financial services (5%) and power generation (0.8%) sectors.

Leading businesses are proving that addressing environmental impact is good for the bottom line. Although, the extent of financial performance varies by sector. In over half of sectors assessed globally, climate leaders show higher or similar market capitalization growth compared to companies at the lowest performance level.

Translating governance strength into action depends on clearer capital alignment, targeted policy support and deeper value chain engagement, particularly across manufacturing and materials which have outsized influence on Europe’s aggregate trajectory.





How to measure performance

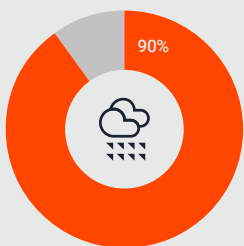
Across European markets, differences in Leadership are not primarily driven by disclosure levels. On climate, just 22% of European companies sit at Disclosure level, while 53% are already at Management or Leadership.

The real divergence lies in how companies perform across multiple levers, including:

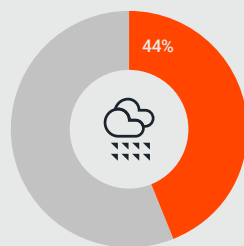
- Linking executive pay to environmental performance
- A robust process for managing environmental dependencies, impacts, risks and opportunities
- A 1.5°C aligned climate transition plan with ambitious environmental targets
- Value chain engagement

The clearest example is transition planning. In Europe, nearly 90% of climate leaders have a 1.5°C aligned transition plan, compared with just 44% of companies at lower levels*. Leadership is therefore closely associated with formalized planning and integration.

Climate leaders with a 1.5°C aligned transition plan



Lower levels with a 1.5°C aligned transition plan



*Lower levels are defined as any level below Leadership.

Where Europe's assessment stands globally



Europe accounts for 38% of companies at Leadership level globally, despite representing 29% of assessed companies.



90% of Europe's companies at Leadership level have transition plans that align with 1.5°C, which is the same as the global average.



Europe's climate leaders contributed US\$77bn to the total of US\$218bn in realized opportunities globally in the past 12 months.



US\$2 million median cost of response to physical risks for Europe's businesses, compared to US\$800,000 for Asia-Pacific, US\$1.5 million for North America and US\$4.6 million in Latin America.



France

24%

of French companies that disclosed are at the Leadership level

39%

are at the Management level

20%

are at the Awareness level

17%

are at the Disclosure level

United Kingdom

17%

of UK companies that disclosed are at the Leadership level

41%

are at the Management level

24%

are at the Awareness level

18%

are at the Disclosure level

Germany

10%

of German companies that disclosed are at the Leadership level

33%

are at the Management level

28%

are at the Awareness level

29%

are at the Disclosure level

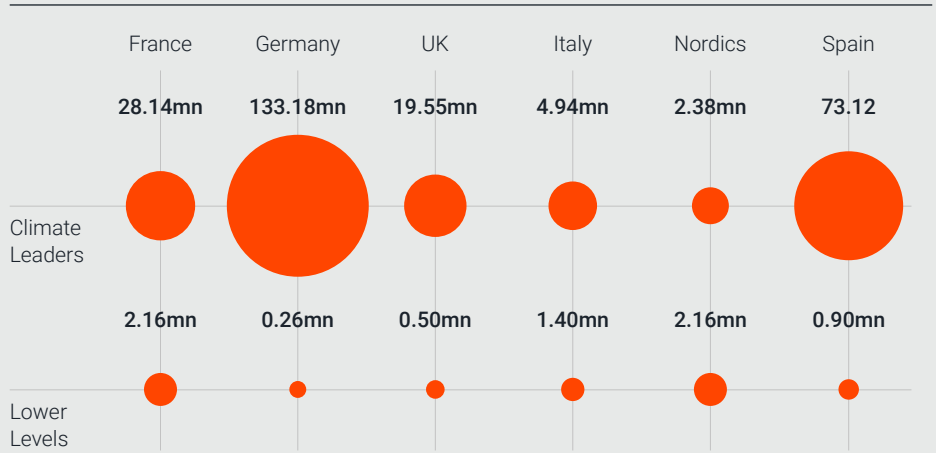




In Europe, the total market capitalization for climate leaders is US\$8.82tn, compared to US\$5.67tn for companies in lower levels.

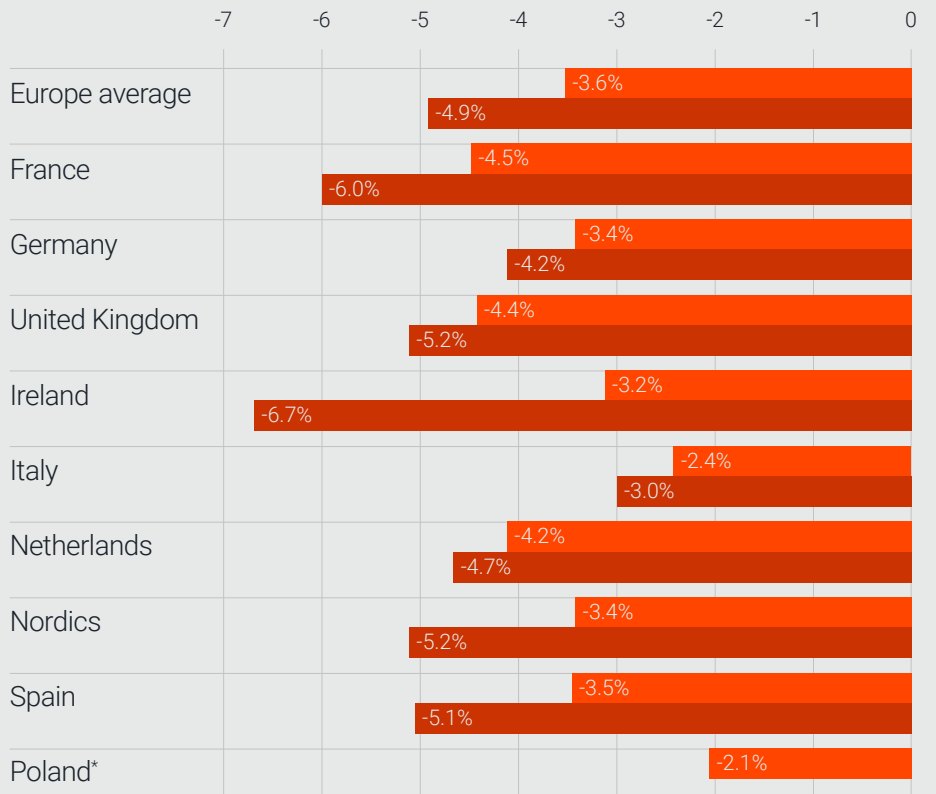


Median materialized opportunities by European companies (US\$)



NB: Based on a selection of countries/regions within the subset

Regional trends in emissions reduction across Europe and selected countries – based on the average annual change (CAGR) in emissions between base year and reporting year.



■ All Companies ■ Climate Leaders

*No companies were assessed at Leadership level in Poland from the Corporate Health Check 2026 analysis

90%

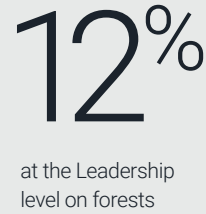
of European climate leaders have a climate transition plan, slightly below Asia-Pacific (93%) though ahead of Latin America (86%) and North America (80%)





Country deep dive **France**

France snapshot:

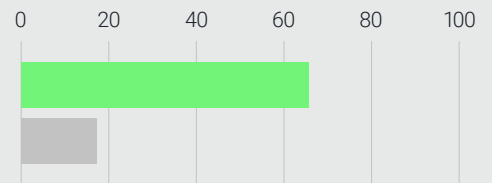


Levers snapshot:



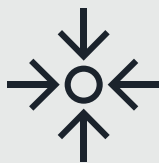
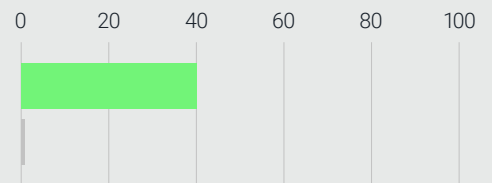
64% of climate leaders have carbon pricing in place, versus 18% of lower levels.

■ Climate Leaders
■ Lower Levels



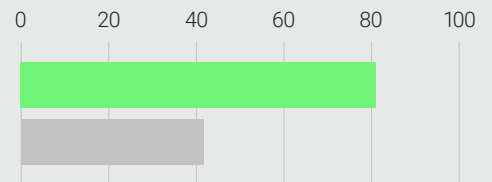
40% of French businesses with climate leadership status have water pricing, compared to 1% of lower levels.

■ Climate Leaders
■ Lower Levels



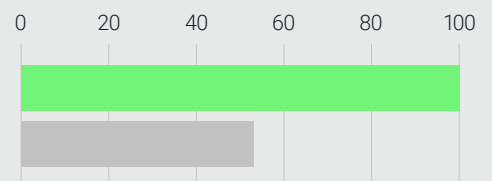
81% of climate leaders have robust processes for identifying, assessing and managing environmental dependencies and/or impacts, compared to 42% of lower levels.

■ Climate Leaders
■ Lower Levels



100% of climate leaders link executive pay to environmental performance, compared to 53% of lower levels.

■ Climate Leaders
■ Lower Levels





Country deep dive **United Kingdom**

United Kingdom snapshot:

US\$1.28tn



total market cap for climate leaders, vs US\$1tn for companies in lower levels

17%

of companies at the Leadership level on climate

6%

at the Leadership level on forests

8%

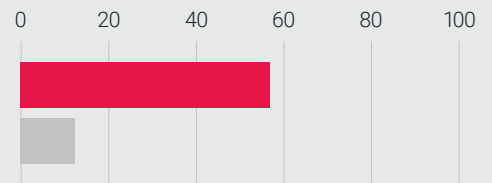
at the Leadership level on water

Levers snapshot:



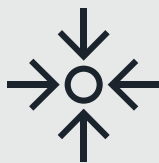
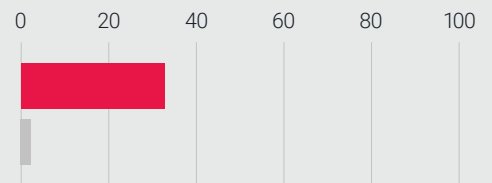
57% of climate leaders have carbon pricing in place, versus 13% of lower level companies.

■ Climate Leaders
■ Lower Levels



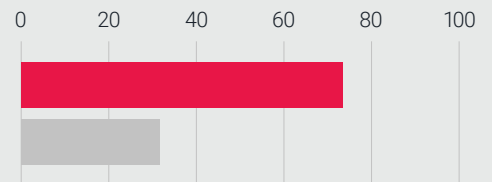
35% have water pricing in place amongst UK climate leaders, far more than 2% of those in lower levels.

■ Climate Leaders
■ Lower Levels



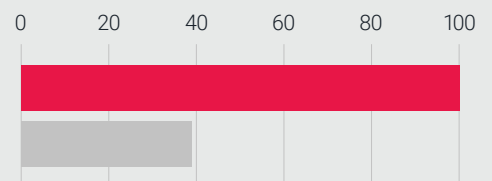
75% of climate leaders have robust processes for identifying, assessing and managing environmental dependencies and/or impacts, compared to 32% of lower levels.

■ Climate Leaders
■ Lower Levels



100% of climate leaders link executive pay to environmental performance, compared to 39% of lower levels.

■ Climate Leaders
■ Lower Levels





Country deep dive **Germany**

Germany snapshot:

US\$1.47tn



total market cap for climate leaders, vs US\$776bn for companies in lower levels

10%

of companies at the Leadership level on climate

3%

at the Leadership level on forests

7%

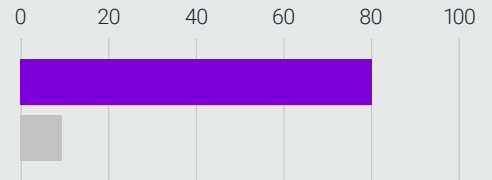
at the Leadership level on water

Levers snapshot:



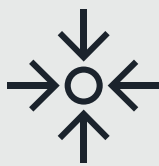
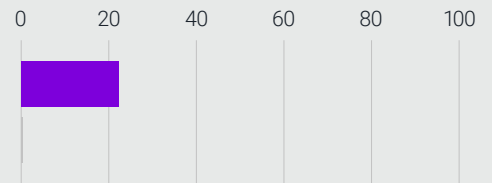
80% of German companies with climate Leadership status have carbon pricing measures, against 9% of those in lower levels.

■ Climate Leaders
■ Lower Levels



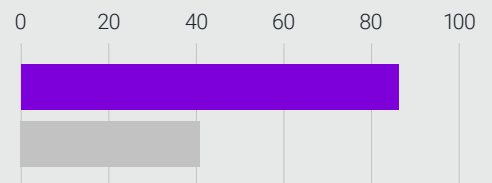
22% of climate leaders have water pricing, versus 0.3% of lower levels.

■ Climate Leaders
■ Lower Levels



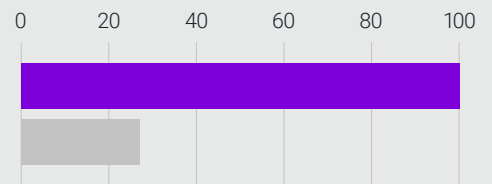
84% of climate leaders have robust processes for identifying, assessing and managing environmental dependencies and/or impacts, compared to 41% of lower levels.

■ Climate Leaders
■ Lower Levels



100% of climate leaders link executive pay to environmental performance, compared to 27% of lower levels.

■ Climate Leaders
■ Lower Levels





The path forward

Europe's next phase of progress will be defined by how effectively companies can maintain robust environmental disclosure and use this data to drive resilience, opportunities and competitiveness.



01

Progressing to Leadership

While there is no single route to success, the second Corporate Health Check demonstrates that a significant opportunity for Europe lies in its Management cohort. Many of these companies have established governance structures, disclosed risks and set targets. Progressing to Leadership level will require coherence across governance, target setting and strategic integration.

02

Aligning transition plans with capital and incentives

The data shows that Leadership is strongly associated with formalized transition planning and executive accountability. 90% of European climate leaders have a 1.5°C aligned transition plan. Expanding this across the wider market, and linking it clearly to capital expenditure, performance incentives and long-term value creation, will determine the pace of progress.

03

Strengthening sector pathways

Europe's corporate base is concentrated in capital-intensive, transition-exposed sectors such as manufacturing and materials. Strengthening sector-specific pathways, particularly where upfront investment and longer payback periods create friction, will be pivotal. Clearer capital alignment and sustained policy signals can help translate governance strength into measurable emissions reductions and opportunity capture.

04

Deepening value chain execution

Engagement across supply chains is widespread, but depth and consistency vary. Leaders distinguish themselves by integrating supplier engagement, scenario analysis and risk assessment into operational decision-making. Scaling this level of integration will strengthen resilience and reduce exposure to physical and transition risks.



Conclusion

As Europe advances through the transition to a resilient, Earth-positive economy, there is no single route to leadership. Markets and sectors face distinct risks and structural pressures. However, the characteristics of high-performing companies are consistent.

The findings in this report provide clear signals about what drives progression in Europe's corporate landscape. Environmental leadership is increasingly linked to resilience, operational discipline and opportunity realization.

In a period of growing macroeconomic and geopolitical complexity, environmental leadership is proving to be an economic strategy as much as an environmental one. European companies leveraging their disclosure data to drive strategic decision-making and impact are better positioned to grow, compete and thrive in the economy ahead.

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CDP Europe gratefully acknowledges EU funding support. The content of this report is the sole responsibility of CDP Europe and can under no circumstances be regarded as reflecting the position of the European Union.

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.

Visit cdp.net or follow us @CDP to find out more.
