frank bold

CSRD research 2025:
Preliminary findings

July 2025

Climate Transition Plans

Climate targets - Becoming the norm

Setting ambitious climate targets is now a standard business practice. **Companies are increasingly disclosing net-zero commitments,** reflecting a stronger recognition of their role and responsibility, and aligning with EU goals.

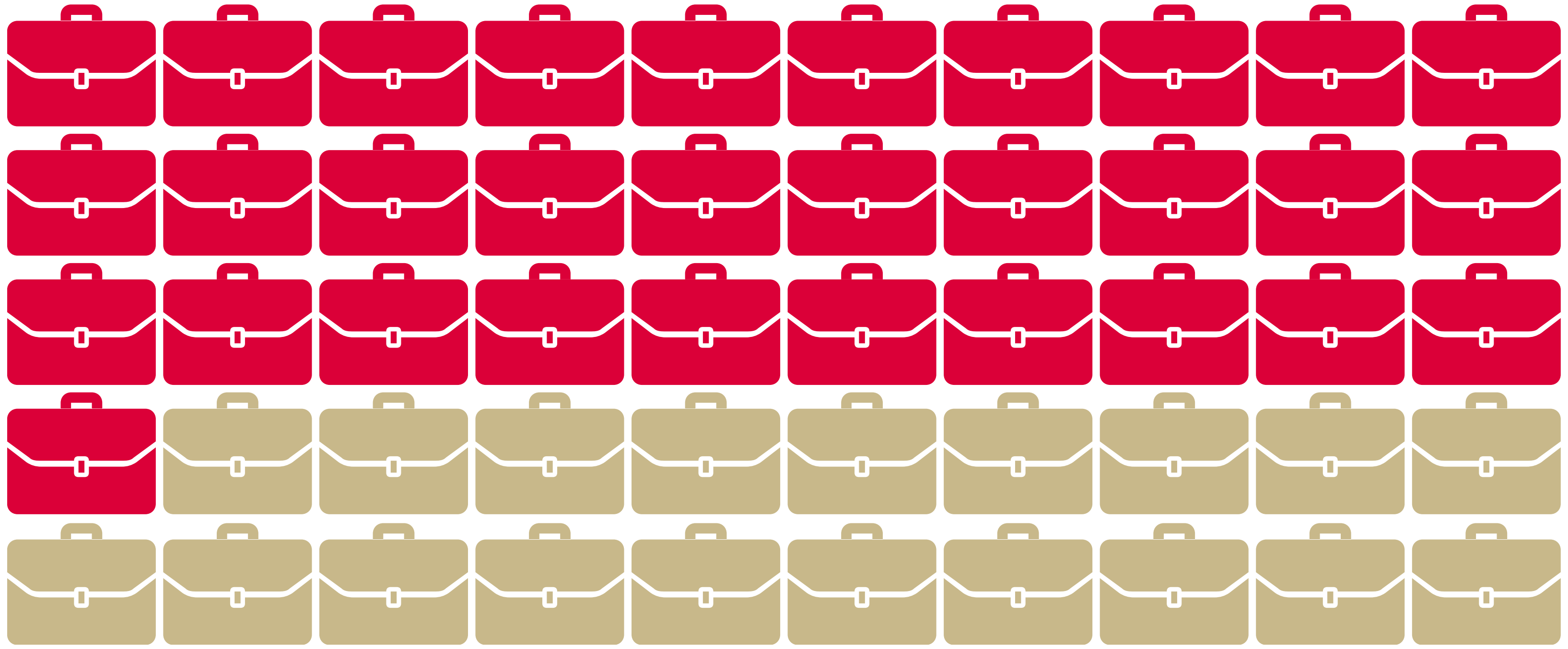
Climate Transition Plans – Gaining Clarity

Climate transition plans are becoming clearer, better organised, and more comparable. **Thanks to the standardisation provided by the ESRS, most companies organise their actions around specific decarbonisation levers and explain how these support their GHG targets.** While not all disclosures are equally clear, with some firms still presenting vague or non-specific climate transition plans, it's evident that EU legislation and standards are helping disclosures on CTP become more understandable, comparable and decision-useful.

Forward-Looking Climate Disclosures - Emerging but Uneven

More companies are now **including forward-looking elements in their climate transition plans – such as planned investments and implementation challenges, including information on locked-in emissions and GHG-intensive assets.** While marking a clear improvement from previous years, these disclosures remain limited. These insights are critical for demonstrating credible and mature business planning.

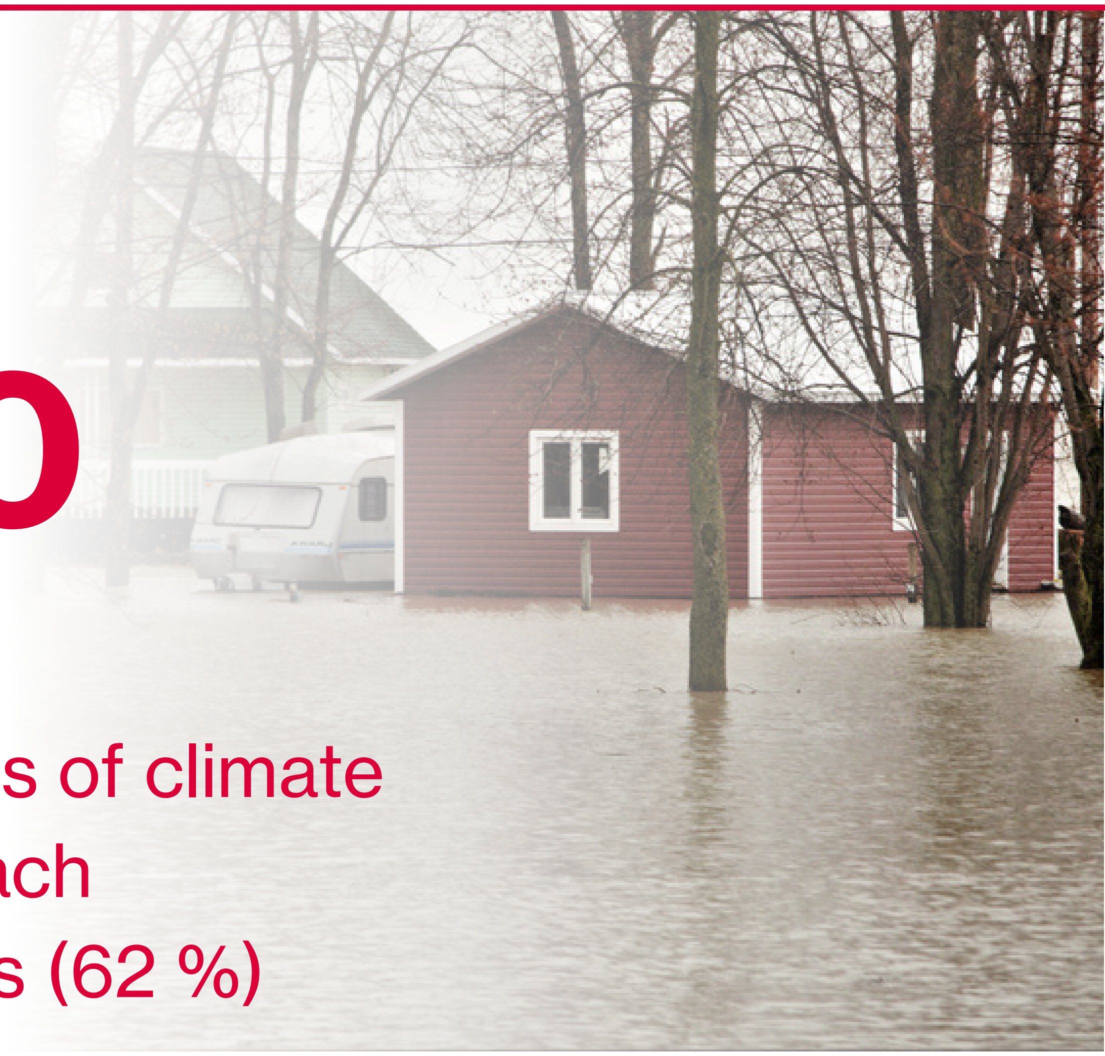
Climate change and targets



31 in 50

companies

present core elements of climate transition plans to reach decarbonisation goals (62 %)



11 companies

explain how targets and plan align with 1.5°C Paris goal

22 %

24 companies

outline levers and actions for decarbonisation

48 %

12 companies

disclose transition-related investments tied to taxonomy CapEX

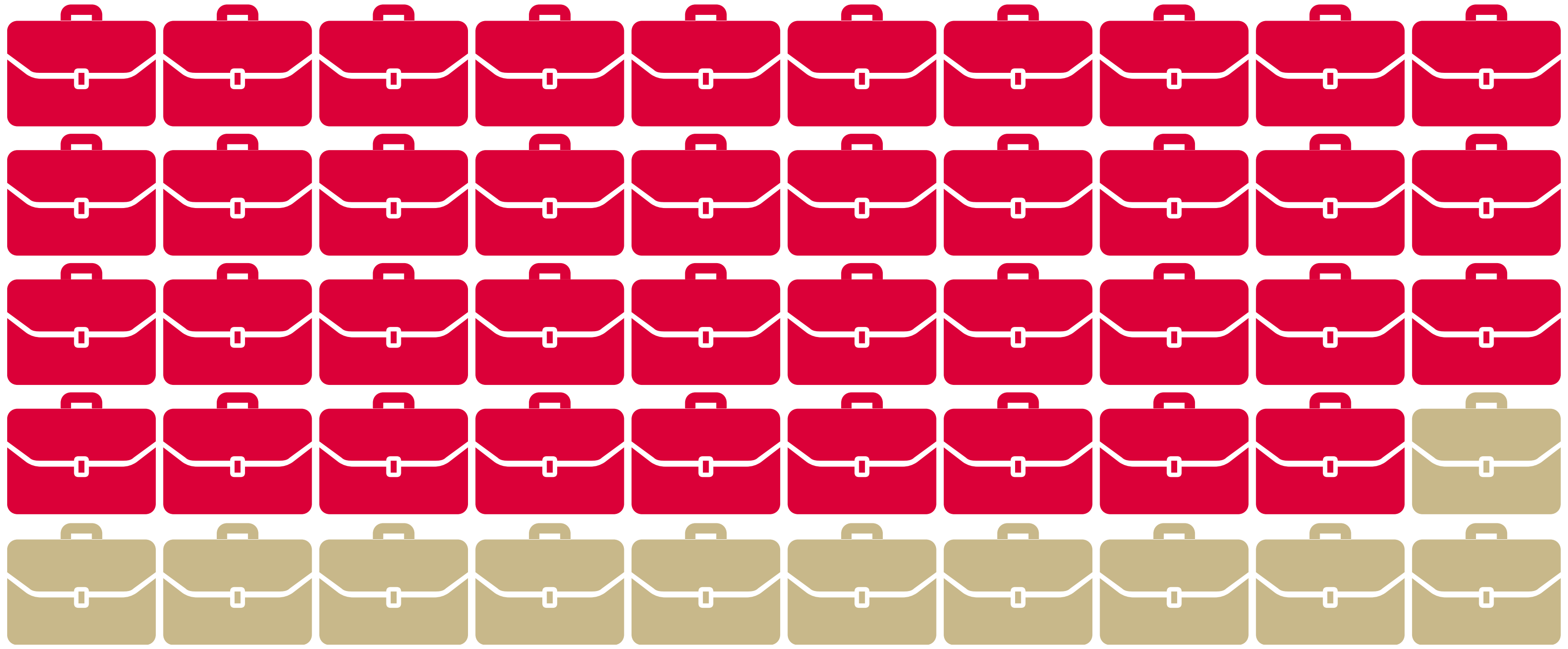
24 %

8 companies

assess potential locked-in GHG emissions

16 %

Climate change and targets



39 in 50 companies

claiming to have decarbonisation targets (78%)

36 companies disclose clear timeframe on their emissions reduction targets

72 %

32 companies have targets covering all 3 emission scopes

64 %

26 companies present their targets as net-zero ones

52 %

GHG emissions accounting

Carbon Reporting keeps advancing - Gaps Remain

GHG reporting across all scopes is now a standard practice, with **ESRS driving major improvements in data quality and consistency.** Scope 3 disclosures have significantly expanded compared to previous research, with most (but not yet all) companies covering relevant categories.

Clarity on organisational boundaries, remains a challenge, as approaches to emissions from associates, joint ventures, and unconsolidated subsidiaries have not yet fully converged.

GHG emissions accounting

Scope 1

100 %

Scope 2

100 %

Scope 3

96 %

Removed emissions

18 % companies

in **50** companies

6 out of the 48 companies did not disclose expected categories, without providing explanation or giving generic boilerplate information

7 out of the 9 companies disclosed that they used 0 removals during FY 2024

Double materiality and due diligence

Specificity Over Length – The Hallmark of Quality in Double Materiality Disclosures

The most **effective disclosures are those that clearly reflect the company's specific context** – particularly its approach to the value chain and prioritization. In contrast, **lengthy and generic process descriptions often lack substance,** frequently focusing on broad scoring mechanisms or recommended steps without meaningful insight.

While the ESRS do not prescribe specific methodologies to screen for impacts, the disclosure of their use – such as Life Cycle Assessments, ENCORE, or LEAP – correlates strongly with higher-quality reporting

Due Diligence as a Foundation – Still Underutilized in Double Materiality Disclosures

The **strongest disclosures emerge when companies draw directly from their due diligence processes** to inform their double materiality assessments.

However, a significant **gap remains between companies that claim to conduct due diligence and those that clearly demonstrate how it informs materiality determination**. Most still rely on generic statements – as required by the ESRS – without explaining how due diligence is actually carried out or how its insights shape their assessments

Double materiality and due diligence

Gaps in Value Chain Transparency Persist

Despite growing attention to environmental topics like water and biodiversity, most **companies still share very little about the risks, impacts, and opportunities that exist beyond their own operations.**

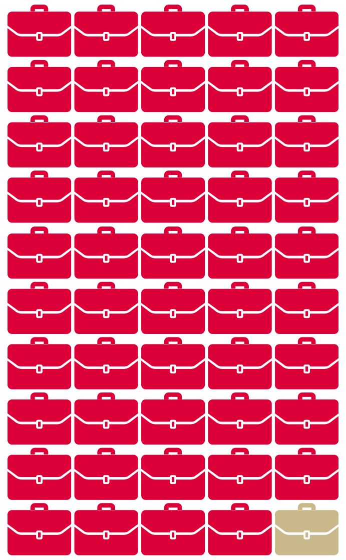
Information about their broader value chains, such as how suppliers or partners might be affected or contribute to environmental or social issues, remains scarce.

Balancing Aggregation and Specificity – A Core Challenge in ESG Reporting

Effective ESG reporting requires companies to strike a balance between aggregated strategic information and more specific disclosures on their impacts, risks, and opportunities (IROs). **The ESRS are helping drive this shift, as evidenced by a growing trend toward more focused reporting.**

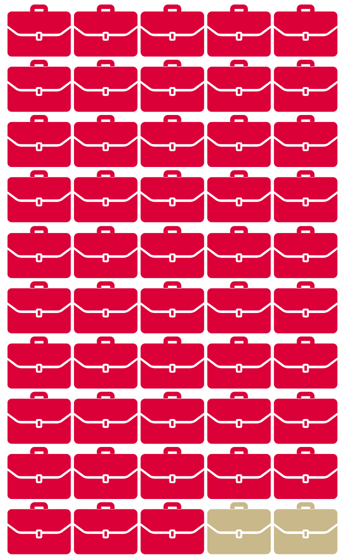
However, **most disclosures remain overly generic – failing to adequately explain how material impacts affect people or the environment**, or how these insights shape the company's strategy and business model.

Double materiality process and due diligence



49 in 50 companies

cover **impact** materiality



48 in 50 companies

cover **financial** materiality

2,76 pages

average length of disclosures on processes to identify material impacts, risks, and opportunities

98 % companies

claim to consider impacts **linked to their operations**

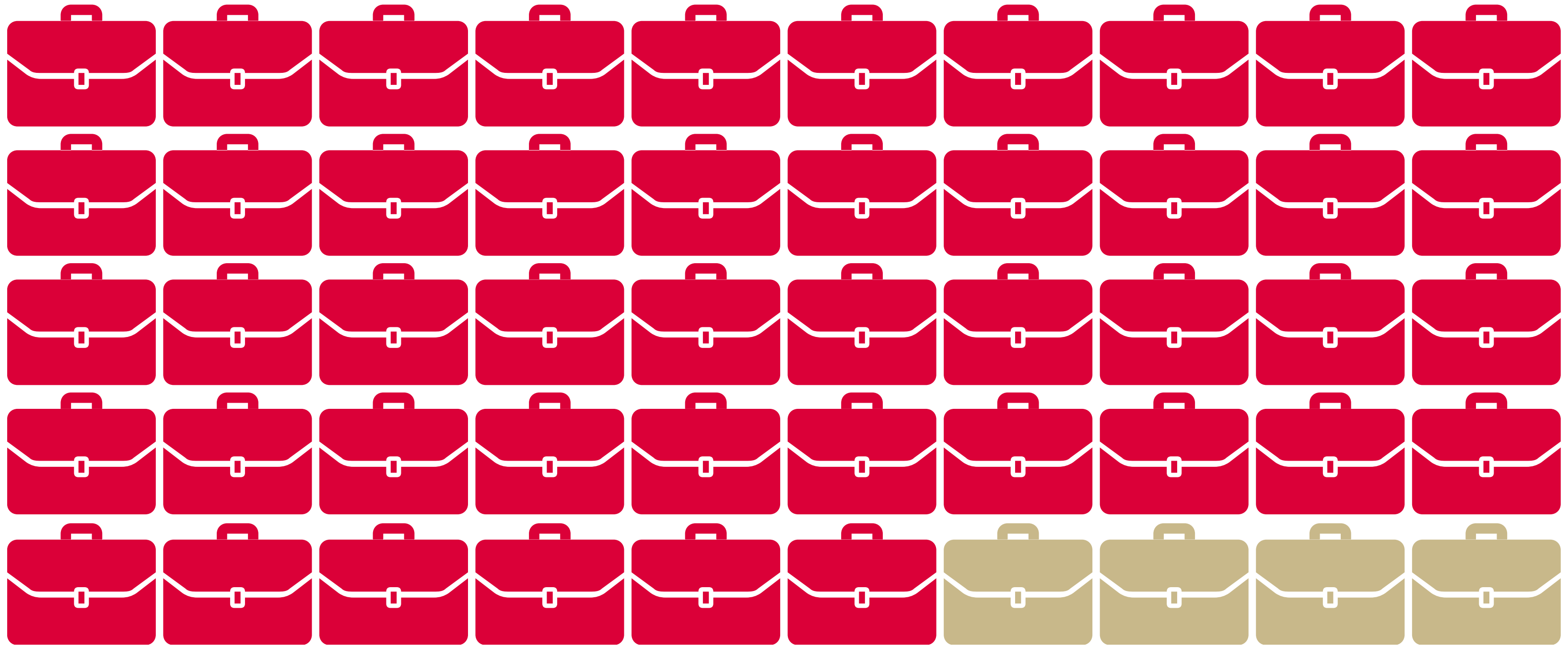
Only 2 explain focus on specific activities, business relationships, geographies or other factors that give rise to heightened risk of adverse impacts

84 % companies

claim to consider the **full value chain (upstream & downstream)**

11 provide information on methodologies/tools concerning assessment of environmental impacts

Double materiality process and due diligence



46 in 50

companies

claims to have a **due diligence** process

22 companies

claim the due diligence process feeds into the double materiality process

44 %

5 companies

explain how due diligence informs impact identification for reporting

10 %

Double materiality outcomes

88% of companies

describe impacts, risks & opportunities (either in a summarised, cohesive table, within each topical section or both)

34 companies explain where key risks & impacts occur: own operations, upstream, or downstream

38 companies provide an overview (textual, graphical or both) of their value chain

48 %

24 companies provide a summary of the effects that its impacts and risks have on its business model, value chain, strategy and decision-making.

**Mostly due to the presence of climate risk resilience analysis and in some cases, biodiversity resilience analysis)*

62 %

31 companies report anticipated financial effects.

**In most cases, there is no quantification, only a qualitative assessment*

Double materiality outcomes

Level of granularity

Description of **impacts**

Topic	8%
Sub-topic	20%
Sub-sub-topic	28%
Impact	40%

Description of **risks**

Topic	12%
Sub-topic	14%
Sub-sub-topic	22%
Risk	38%

Governance

Governance Disclosures – Process-Rich, Insight-Poor

The ESRS has driven **more consistent reporting on sustainability governance. However, the focus remains on process rather than substance,** with most companies providing shallow information around formal processes.

Relevant information on how Boards oversee or get involved in sustainability remain limited, despite nearly all companies claiming to have due diligence processes.

Information flows to governance bodies

47 in 50

companies

have a section addressing governance of sustainability matters

Governance and supervisory bodies are informed about:

- **78%** the companies' material impacts
- **26%** effectiveness of measures adopted to address material impacts
- **22%** stakeholders' views on company impacts
- **16%** implementation of due diligence
- **10%** list of IROs addressed by governance bodies during the reporting period

frank bold

If you wish to receive the final research report and invitation to the official presentation in September:

- Follow us on [LinkedIn]
- Register to receive our [newsletter]

Supported by:

Federal Ministry
for Economic Affairs
and Climate Action

on the basis of a decision
by the German Bundestag

European
Climate Initiative
EUKI