Rising Reporting, Pressure for Progress

EY's Dutch Climate Action Barometer 2025

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Contents

Foreword

Over the past year, the global climate emergency has continued to intensify. 2025 brought new temperature records and increasingly volatile extreme weather events. Human activity remains the primary driver of these changes, accelerating the disruption of natural and human systems worldwide. Scientific findings in 2025 also indicate worrying signals on climate tipping points, such as that the Atlantic Meridional Overturning Circulation (AMOC)—a crucial component of Earth's climate regulation—is weakening more rapidly than previously anticipated. Such Earth system tipping points heighten the risk of significant and lasting shifts in weather patterns and regional climates. Together, these trends are placing growing strain on ecosystems, communities, and critical systems such as food and water security, energy supply, and global supply chains.

As the climate emergency escalates, so too does pressure on companies to explain their plans to progress towards net zero emissions. Despite roll backs on ESG reporting in Europe and the United States, globally regulators are starting to act. Mandatory climate transition plan rules are already in effect on five continents, and emerging regulations are expected to cover jurisdictions representing over half of the global population by 2027[1]. Market shifts are also becoming more visible. The costs for renewable energy are decreasing as investment flows to clean energy projects are now almost double the combined amount spent on new oil, gas and coal supply[2]. In the European Union, support for expanding self-sufficient renewable energy generation has grown, partly driven by heightened awareness of the vulnerabilities associated with fossil fuel imports.

In the Netherlands, 2025 also saw the publication of the first wave of mandatory CSRD reports. The reports resulted in an uptake of companies providing disclosures on climate transition plans and detailing their strategies for navigating both the challenges and opportunities of a low carbon future. As the field of climate-related disclosures matures, stakeholder expectations are rising. Companies are increasingly expected to move beyond reporting intentions to demonstrating progress.

For climate transition plans, this means moving from development to actual implementation, a defining test if the designed plans can be realistically executed. Success requires clarity on the set of reductions measures that can achieve emissions targets, making available the necessary monetary resources, and full integration of the transition plan into the company's strategy. Companies that fail to implement transition plans face risks on multiple fronts. Regulatory pressure is one, but market response is equally significant: investors and customers will increasingly move away from firms that cannot demonstrate measurable progress. At the same time, stakeholders are growing wary of companies that are poorly prepared for the physical risks of climate change, given its unpredictable and inevitable impacts.

In line with rising stakeholder expectations, this year's report also offers select recommendations for companies to improve the resilience of climate transition plans and the way in which they assess climate-related risks and opportunities.

Taco Bosman
EY Netherlands
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Sustainability Services

1 Interactive Map - ITPN
2 Executive Summary – World Energy Outlook 2024 – Analysis - IEA

Summary

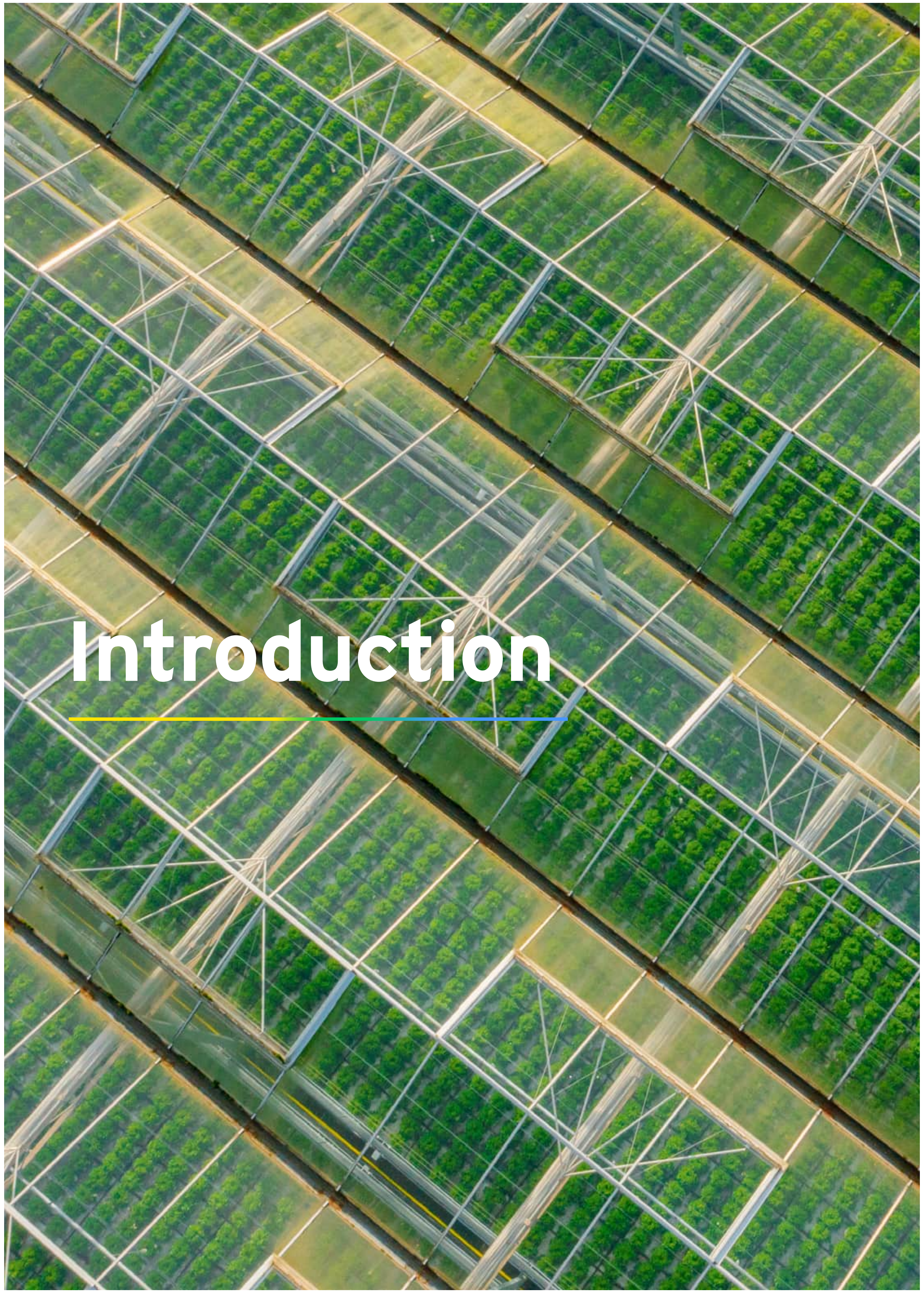
As climate risks intensify and regulation tightens, companies face growing pressure to demonstrate how they plan to transition toward a low-carbon economy. EY's Dutch Climate Action Barometer 2025 examines the extent to which 50 major Dutch companies disclose about climate transition plans and climate-related risks and opportunities. The findings indicate that disclosures about both topics are increasing, though gaps remain in their completeness.

The 2025 results show clear progress in the disclosure of climate risks and opportunities. More companies than last year now report on climate risks, with policy and regulatory changes most frequently cited. Physical risks, such as flooding, drought, and heat stress, are also gaining prominence as their economic and operational effects become more tangible. Meanwhile, 92% of the assessed companies now identify climate-related opportunities, particularly in low-carbon products, renewable energy, and efficiency gains. However, only a few explicitly address long-term resilience or adaptation. These developments suggest that Dutch firms are becoming more aware of the risks and rewards of climate action, though their focus remains largely short-term.

A key theme in this year's Barometer is the continued and more prominent disclosure of Climate Transition Plans, with an adjusted approach to better capture their maturity and implementation. In 2025, 58% of the examined companies report having a transition plan in place, and 32% disclose all elements that make a plan actionable. Banks and insurers lead the way, while the agriculture, energy, and transport sectors lag behind. Most plans focus on energy efficiency and renewable energy procurement, with few addressing more transformative measures such as product redesign or low-carbon supply chains.

Transition plan funding remains a weak spot: only 27% of the assessed companies report both the required Capex and Opex for executing their plans, limiting stakeholders' ability to judge whether transition plans can realistically be executed.

Overall, the 2025 Dutch Climate Action Barometer shows that disclosure of climate-related topics continues to rise. Yet significant room for improvement remains. To position themselves for success in a low-carbon economy, companies must assess climate-related risks and opportunities over a longer time horizon, and begin implementing transition plans that include more transformative emissions reduction measures.



Introduction

What if the most valuable insights lie just beyond the bounds of regulatory compliance? Companies that look past mere compliance and invest in resilience today can seize the opportunities of tomorrow's low-carbon markets. As the climate crisis accelerates, the imperative for action is clear. *EY's Dutch Climate Action Barometer 2025* examines how leading Dutch companies across sectors report on climate-related issues, offering insight into how they are preparing to navigate the transition to a low-carbon economy.

The climate crisis continues to progress, influencing both the physical environment and the regulatory frameworks that shape business operations (WMO, 2025; IPCC, 2023). 2025 has already been marked by growing instability, not only due geopolitics and trade disruption, but also because of extreme weather events and significant changes in the regulatory environment. These changes have introduced new layers of complexity and contradiction that companies must navigate. Clear examples are the recent Omnibus package and the ongoing negotiations on the EU Taxonomy, CSRD-, CSDDD-regulation.

Meanwhile, global temperatures continue to break record after record, and while the physical consequences of climate change are increasingly visible, another challenge is emerging: uncertainty about how the next phases of the global transition to a sustainable, low-carbon economy will unfold[3]. In this rapidly evolving context, climate-related risks are no longer theoretical. Transition risks, such as new regulations, changing market expectations, and shifts in supply chains are emerging. At the same time, physical risks, such as extreme weather and flooding, are becoming more frequent and severe. Recognizing both the urgency and the opportunity, business leaders are beginning to shift their focus. In October 2025, The World Economic Forum's Alliance of CEO Climate Leaders issued an open letter ahead of COP30, emphasizing that the climate economy is commercially viable and that the benefits of investing in it far outweigh the costs of inaction[4]. Stressing the importance that beyond mere regulatory compliance, long-term thinking can lead to business opportunities.

The EU's Corporate Sustainability Reporting Directive (CSRD), along with related frameworks such as the EU Taxonomy and the Corporate Sustainability Due Diligence Directive (CSDDD), now require companies to disclose if and how they plan to shift their operations toward lower-carbon activities. In this context, Climate Transition Plans have emerged. These plans serve as essential tools for translating long-term climate targets into concrete actions and measurable progress. The 2025 Climate Barometer indicates a growing trend, with more companies drafting Climate Transition Plans. By adopting transition plans, organizations not only position themselves to navigate the complexities of the current climate landscape but also to capitalize on the potential for innovation and growth in a sustainable economy.

Climate change in numbers[5]

86% probability that global temperature will exceed +1.5°C for at least one year between 2025–2029.

80% probability that one year between 2025–2029will be hotter than 2024, the current warmest year.

Arctic winters will be +2.4°C warmer than the 1991–2020 average – 3.5× the global anomaly.

3 World Meteorological Organization. (2025). WMO Global Annual to Decadal Climate Update: 2025–2029 (WMO GADCU). https://wmo.int/sites/default/files/2025-05/WMO_GADCU_2025-2029_Final.pdf
Copernicus Climate Change Service. (2025). Global Climate Highlights 2024. European Centre for Medium-Range Weather Forecasts. https://climate.copernicus.eu/sites/default/files/custom-uploads/GCH-2024/GCH2024-PDF-1.pdf [climate.co...ernicus.eu]

4 World Economic Forum. (2025). Open Letter from the Alliance of CEO Climate Leaders Ahead of COP30. https://reports.weforum.org/docs/WEF_OpenLetter_2025.pdf

5 World Meteorological Organization. (2025). WMO Global Annual to Decadal Climate Update: 2025–2029 (WMO GADCU). https://wmo.int/sites/default/files/2025-05/WMO_GADCU_2025-2029_Final.pdf

Assessment approach
The Dutch Climate Action Barometer is an annual assessment that evaluates the extent to which a group of large Dutch companies disclose about climate transition plans and climate-related risks and opportunities. While the global edition of this Barometer assesses 1,411 companies worldwide, the Dutch version zooms in on 50 large companies headquartered in the Netherlands, representing ten different sectors.

This year, the Barometer's data categories were analyzed and clustered into different overarching themes.

The first theme, Current State Assessment, focuses on the present maturity of companies' climate governance, emissions inventory, climate risk mitigation and adaptation, and internal carbon pricing. The insights included under this theme are: Emission Inventory, Scenario Analysis, Transition Risk, Physical Risk, Risk-based Time Horizon, Opportunity Analysis, Internal Carbon Pricing, Climate-related Financial Impact, and Incentive Plan.

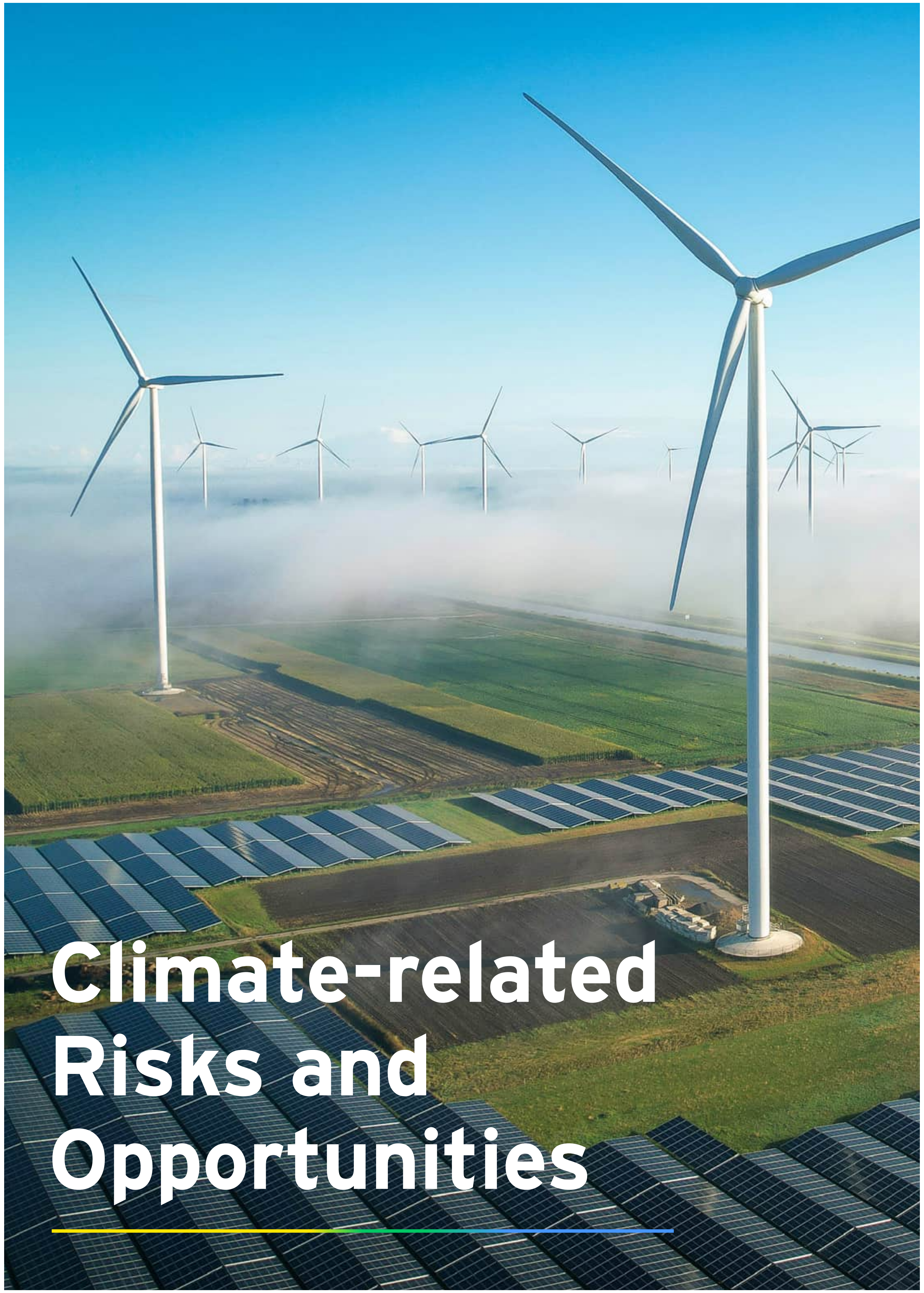
The second theme, Ambition, captures the scale and scope of companies' climate-related goals, including their net-zero targets and greenhouse gas (GHG) emissions reduction objectives.

The third theme, Actions, evaluates the credibility and implementation of transition plans and decarbonization levers. Insights under this category include: Decarbonization Themes versus Transition Plan, Transition Plan by Region and Sector, Decarbonization Strategy, Capex and Opex Allocation for the Transition Plan, and Physical Adaptation Measures.

The approach for this year's Dutch Climate Action Barometer involved assessing what the 50 Dutch companies disclose about these topics. The analysis primarily focuses on coverage, meaning whether companies report on all categories, regardless of the depth, quality, or robustness of their disclosure. A company that discloses about each of the categories is considered to have full coverage. While a detailed quality review was not included in the scope of this analysis, interpretative commentary is added to enrich the data and provide context to the quantitative results. In addition, the review compares the current findings with those from previous years, highlighting sectoral improvements and overall progress over time.

Dutch Climate Action Barometer structure
This year, the report is organized around two themes that together provide a comprehensive view of climate change-related disclosures in the Netherlands. The first theme focuses on climate-related risks and opportunities for companies. Within this chapter, attention is also given to how organizations assess different scenarios and time horizons. The second theme addresses climate transition plans, examining how companies are translating their ambitions into concrete actions and measurable progress. This chapter highlights key elements such as governance, funding, actions, and targets.

Each of the chapters includes a description of the coverage on every data point, supported by interpretative analysis that offers contextual background and key observations. Every chapter concludes with a section titled "Beyond Compliance", in which EY shares practical recommendations to enhance the business value of information obtained from climate-related analysis.



Climate-related Risks and Opportunities

Assessing the Horizon: Climate Risks and Opportunities in 2025

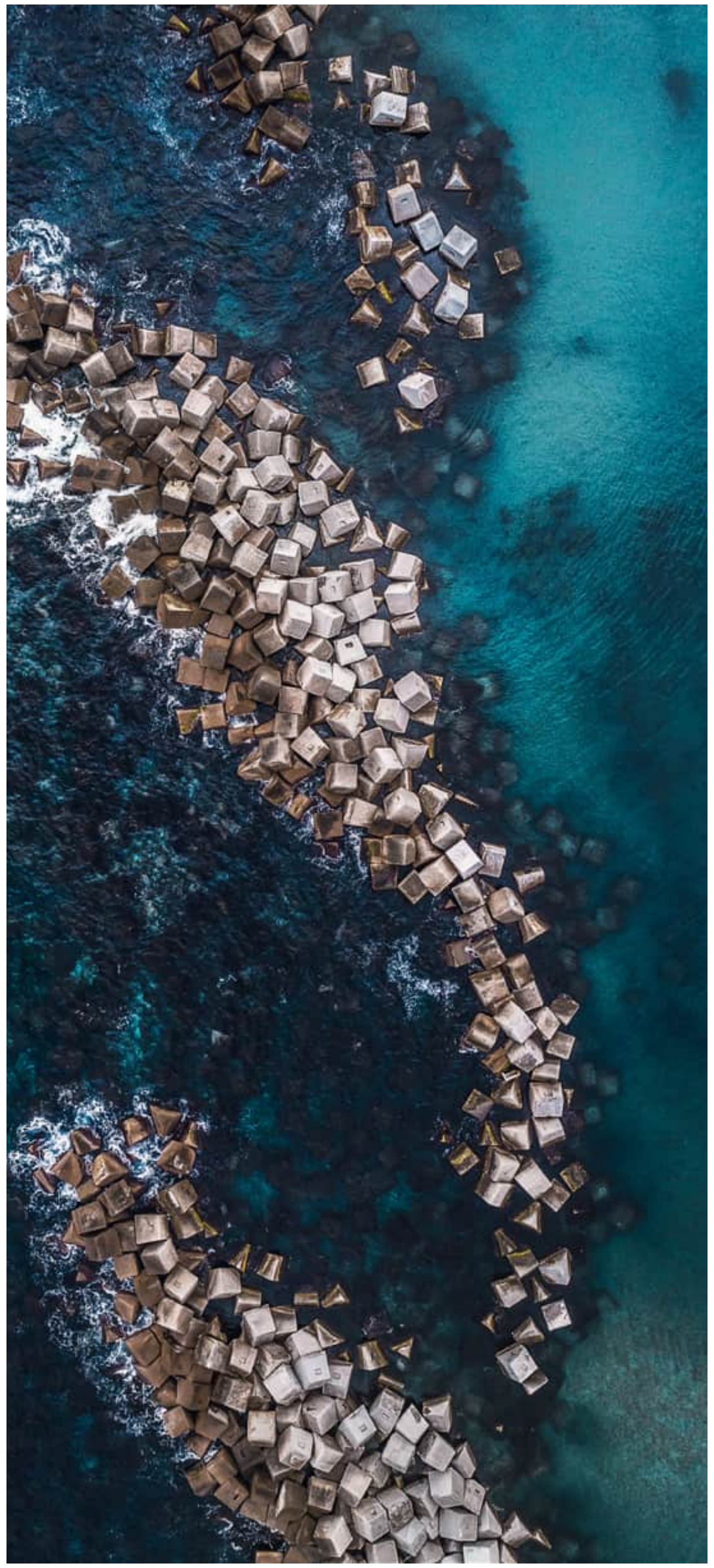
The 2025 results show clear progress in the disclosure of climate risks and opportunities. This chapter explores the landscape of transition risks and opportunities, with a particular focus on the role of policy and regulatory factors. Companies are increasingly having to navigate a rapidly changing regulatory environment, which is reshaping their risk management strategies.

In addition to transition risks, the chapter will address the growing recognition of physical climate risks and their implications for operational continuity. It will also highlight the emerging transition related opportunities, showcasing how organizations are beginning to leverage these prospects for innovation and growth. Overall, this chapter aims to provide an overview of the current state of climate risk reporting in the Netherlands.

Physical risks
Physical climate risks are the immediate consequences of climate change, including severe weather events, rising sea levels, and ecosystem degradation, which pose threats to businesses and their assets. Physical climate risks can be divided into acute risks and chronic risks. Acute climate risks refer to event-driven risks such as sudden extreme weather events whereas chronic climate risks are risks arising from longer-term shifts in climate patterns.

Transition risks
Transition climate risks pertain to the challenges businesses face while transitioning to a low-carbon economy, encompassing changes in legislation and policy, fluctuations in the market, advancements in technology, and reputational risks.

In 2025, 86% of the companies included in the Dutch Climate Action Barometer disclosed climate risks. A significant increase from the 76% reported in 2024. Disclosure growth reflects tightening regulations, such as the CSRD, which mandates detailed sustainability reporting, alongside rising investor and public demands for transparency.

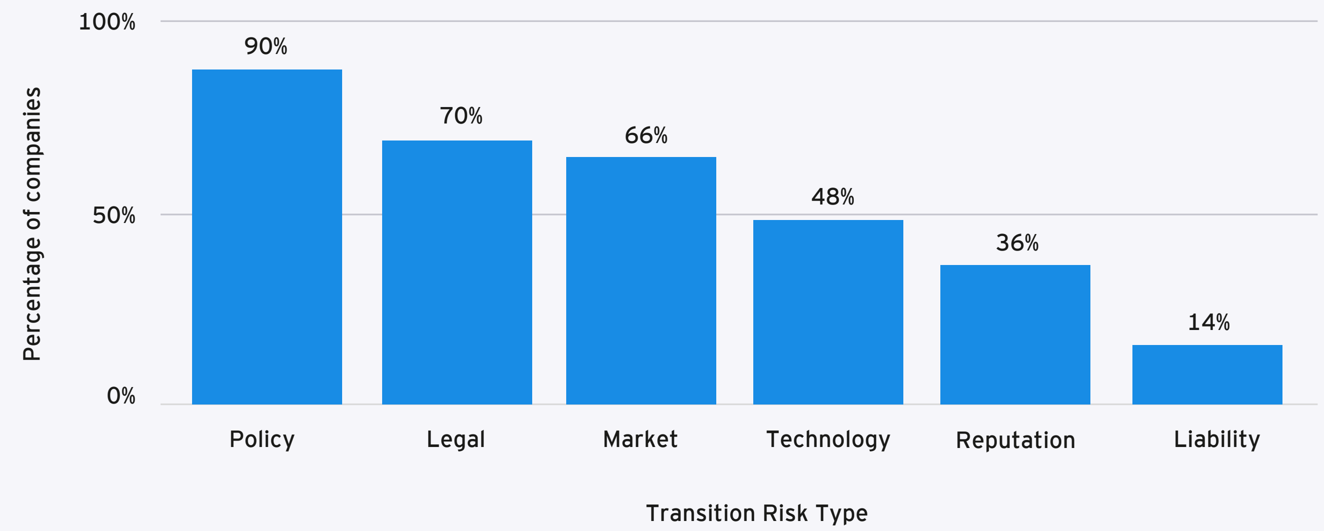


Transition Risks Reporting

Policy and regulatory risks dominate
In 2025, 92% of the companies included in the Dutch Climate Action Barometer disclosed climate-related transition risks. A significant increase from the 66% reported in 2024.
The prominence of policy-related risks in the 2025 disclosures suggests that companies are increasingly mindful of sudden regulatory changes. These risks are most pronounced in sectors such as Agriculture, Food, and Forestry, as well as among Financial Asset Owners. In these areas, policy risks are frequently reported, while reputational risks are largely absent. This pattern may indicate a strong reliance on regulatory compliance as a primary driver, with consumer expectations, taxes or public sentiment appearing to have comparatively less influence. Conversely, sectors like Banking and Insurance display a more diverse risk profile. These companies not only report on policy risks but also on market and reputational risks, reflecting the cross-sectoral exposure of financial institutions in a transitioning economy.

Currently most companies continue to assess transition risks within relatively short time horizons. While CSRD requirements define long-term risks as risks occurring beyond five years, most companies still restrict their analysis to relatively near-term horizons, typically up to 2030. Some sectors, especially those with inherently long investment cycles, such as real estate, insurance, and materials, appear to extend their risk assessments beyond this point. However, most companies remain focused on relatively short-term time horizons suggesting that companies still prioritize immediate regulatory exposure over the longer-term structural risks associated with the transition to a low-carbon economy.

Common Transition Risk Types



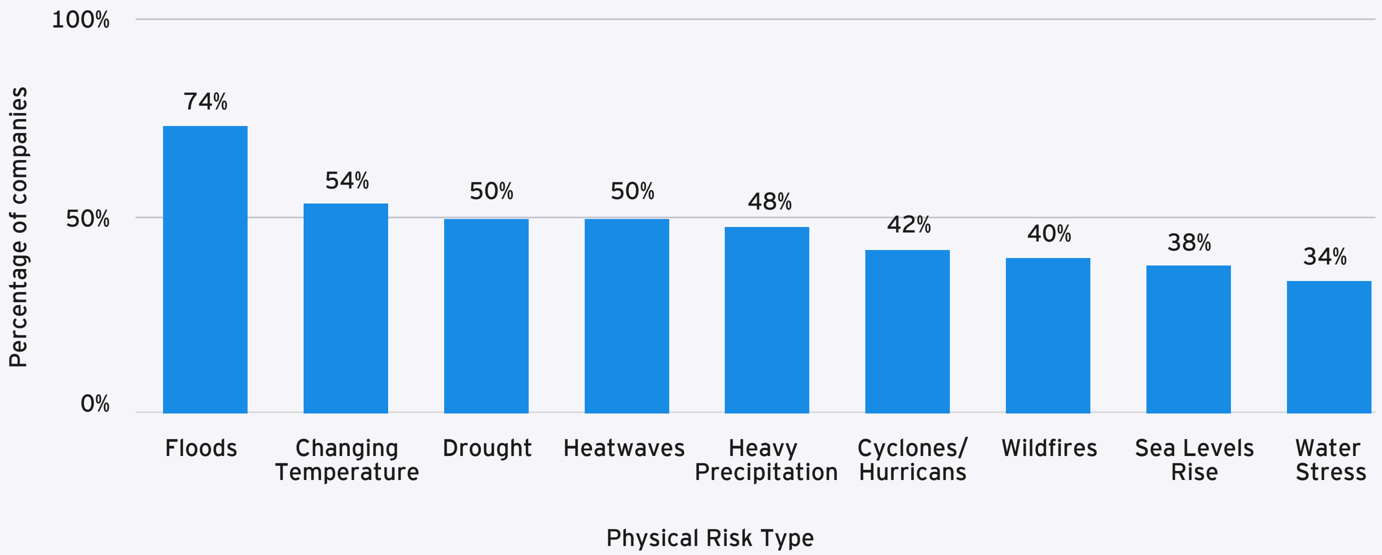
Physical Risks Reporting

Flooding risk dominates
In terms of physical risks, 2025 also saw a significant rise in disclosures, with 86% of the companies surveyed reporting exposure to physical climate risks, up from 70% in 2024. The most cited risk was flooding, followed by changing temperature patterns, drought, and heatwaves. This trend aligns with recent climate-related disasters, including record-breaking floods in Valkenburg (2021), parts of Central and Eastern Europe (storm Boris in 2023), and Valencia (2024), which underscore the escalating risks posed by extreme weather[6].

Several Dutch companies have experienced these impacts in recent times. For instance, among the large companies assessed, several reported production disruptions in southern Europe due to water scarcity and heat stress affecting agricultural yields, while major retailers highlighted supply chain vulnerabilities caused by extreme rainfall and flooding in the Netherlands. Similarly, transport and infrastructure operators identified the rising number of heatwave days as a risk to operational continuity and customer comfort. These examples underline how physical climate risks are translating into tangible business challenges across sectors. Increasingly, these risks are shifting from abstract concerns to concrete operational and financial realities, affecting asset valuations, operational continuity, and supply chain resilience.

However, while the presence of climate-related risks in corporate reporting is increasing, this trend does not necessarily reflect a shift in strategic focus towards climate resilience. This increase in disclosure appears to be driven primarily by new reporting obligations under frameworks such as the CSRD, rather than by a fundamental shift toward climate resilience. Many organizations are expanding disclosure to meet compliance requirements, but few demonstrate evidence of integrated strategies, action plans, or scenario analyses that translate awareness into preparedness. This suggests that, although transparency is improving, climate resilience has not yet become a consistent strategic priority across sectors. This gap is also acknowledged in the Dutch Corporate Governance Code 2025, which now includes a formal statement on risk management and control systems[7]. The Code emphasizes that boards must integrate risk management into their strategic decision-making and long-term value creation efforts – including climate-related risks. Closing the gap between awareness and preparedness can thus not only lead to early mitigation of risks but can also enhance strategic decision-making.

Common Physical Risk Types



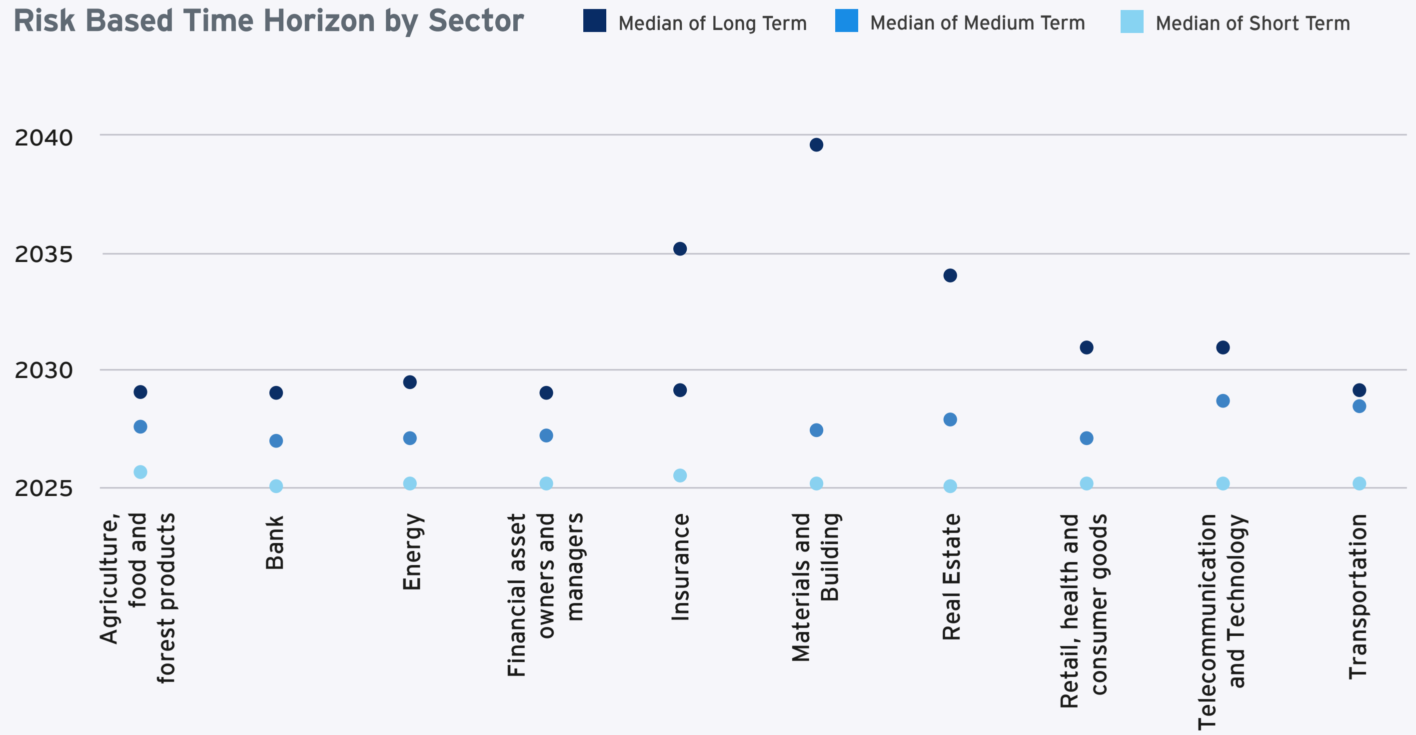
6 Kok, M., & Slager, K. (2023). Rapid damage assessment caused by the flooding event 2021 in Limburg, Netherlands. Journal of Coastal and Riverine Flood Risk, 2. https://doi.org/10.59490/jcrfr.2023.0010
7 Monitoring Committee Corporate Governance Code. (2025). The Dutch Corporate Governance Code 2025. https://www.mccg.nl/site/binaries/site-content/collections/documents/2025/04/82539-mcgc-dutch-corporate-governance-code-tg.pdf

A similar short-term perspective seen in transition risk reporting is visible in physical risk disclosures. While acute risks such as floods and heatwaves are increasingly recognized, chronic risks, including sea-level rise and water stress, remain less explored. 70% of the companies surveyed model long-term impacts only up to 2031, which limits their ability to capture how chronic physical risks evolve beyond the next decade. As a result, long-term exposure and adaptation needs are still underestimated, particularly in sectors like agriculture and infrastructure, where climate impacts unfold gradually.

Importance of long-term modeling
EY highlights the importance of looking beyond 2030 in climate-risk assessments. Physical risks such as flooding, drought, heatwaves, and water stress grow more severe over time. Transition risks like policy, technology, and market shifts also accelerate as climate action expands. A long-term view helps companies anticipate these changes, guide investment decisions, and build resilience in a changing climate and regulatory environment.

Sector-specific physical risks reflect operational realities
Physical climate risks manifest differently across sectors: in 2025, agriculture companies most frequently cited water stress and drought, both of which can severely affect crop yields and food production. Energy companies are increasingly concerned about the operational impacts of heatwaves, which can disrupt power generation, damage infrastructure, and stress electrical grids. The real estate and construction sectors are focused on flooding and heavy precipitation, which pose risks to both new developments and existing assets. These insights reflect an evolving sectoral understanding of climate risk. The next step is to translate this awareness into concrete mitigation and adaptation strategies.

Risk Based Time Horizon by Sector



CLIMATE-RELATED RISKS AND OPPORTUNITIES

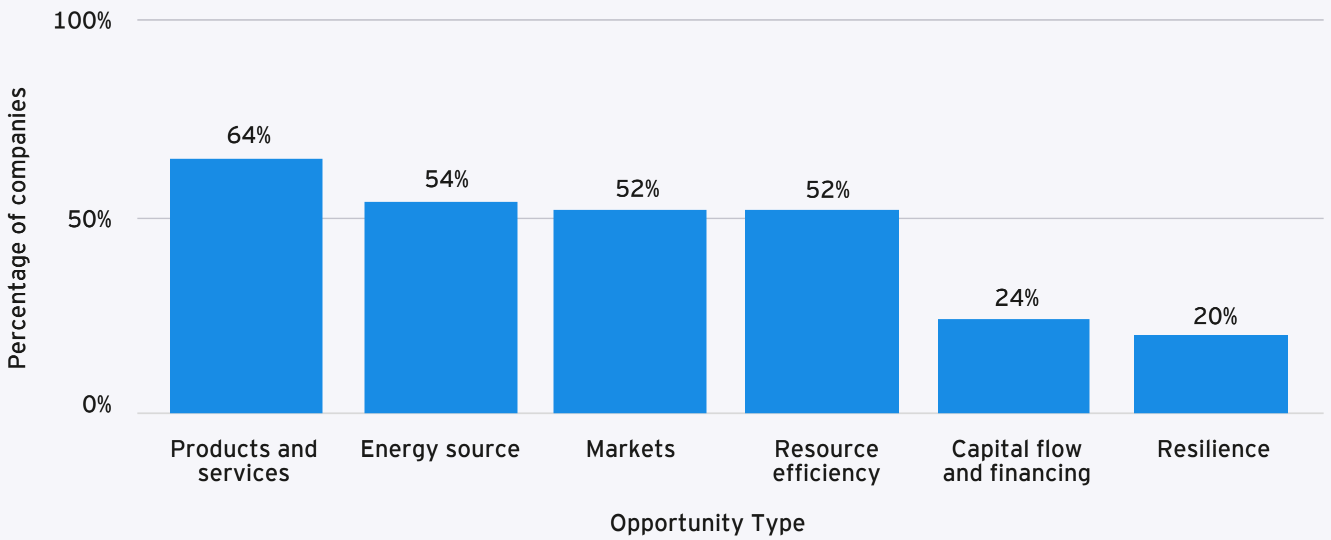
Opportunities

Monetizable opportunities dominate; resilience remains overlooked
In 2025, 92% of companies assessed disclosed climate-related opportunities, a sharp increase from 70% in 2024. This growth can be attributed not only to tightening regulations and companies' willingness to comply with new standards, but also to a growing recognition that climate-related opportunities can serve as important value drivers. The most frequently cited opportunities relate to products and services, followed by shifts in energy sources and resource-efficiency initiatives across sectors.

There are significant differences between sectors. Companies in Agriculture and Food primarily emphasize resource efficiency. For example, innovations in sustainable sourcing and water-saving technologies. Banks, insurers, and materials producers focus more on new products and services, such as green financing instruments and low-carbon materials. Real estate and energy companies identify opportunities in renewable energy generation and sustainable building design, while telecom and transport firms report a more diversified mix, combining digital solutions with efficiency gains.

However, opportunities linked to resilience and financing remain underreported, despite their growing strategic relevance. These areas, building climate-proof business models and mobilizing capital for the transition, are essential for long-term competitiveness. One clear example comes from the Dutch financial sector. A major Dutch bank has broadened its portfolio of sustainability-linked loans and bonds, connecting the interest rate directly to a company's progress on climate performance indicators, such as emission reduction targets. This approach not only supports emission reductions but also creates new business opportunities in sustainable finance. The data suggest that while companies increasingly recognize the financial upside of the climate transition, they still tend to focus on monetizable, near-term opportunities, leaving structural resilience and financial innovation largely unexplored. This mirrors the disclosure trend observed in 2024.

Common Opportunity Types



Scenarios

Considerable variation in the selection of climate scenarios
Although more companies are adopting climate scenario analysis, there remains considerable variation in how specific scenarios are selected, interpreted, and applied. A lack of consistency with regard to sources reduces the comparability of disclosures across companies and sectors, making it difficult for investors, regulators, and other stakeholders to assess relative exposure and preparedness. Transparent disclosure on the specific selected scenario and methodology used to identify and score risks and opportunities is critical for stakeholder understanding.

Scenario analysis
Scenario analysis is a strategic tool used to assess how different future pathways could impact a company's operations, finances, and strategy. These pathways may vary in policy, technology, or climate outcomes, ranging from net-zero transitions to high-emission, business-as-usual scenarios. By modeling several plausible futures instead of a single forecast, companies can better understand potential risks and opportunities. This approach helps test the resilience of business models and improves preparedness for both transition and physical climate risks.

What does stand out in the data is that 64% of companies assessed make use of extreme climate pathways—either a "high" scenario (RCP 8.5) or a "low" scenario consistent with strong mitigation efforts (RCP 2.6). Moderate, "middle-of-the-road" scenarios are rarely used when assessing climate risks and opportunities. While the CSRD does not require their inclusion, considering such a scenario can yield valuable insights into risks and opportunities under more probable future conditions, i.e., those lying between total climate collapse and a rapid transition to Net Zero by 2050.

In summary, the 2025 disclosures show both progress and persistent gaps in how companies approach climate-related risks and opportunities. Disclosure levels have increased significantly, but many organizations still focus on short-term policy risks rather than long-term structural challenges. At the same time, businesses are starting to recognize the opportunities of the transition, especially in products and services.

Beyond Compliance: Climate Insights

Extend time horizons to capture early-mover advantages
In 2025, 70% of the surveyed companies assess climate risks and opportunities up to 2031. While this meets the CSRD's five-year minimum for long-term risks, extending the time horizon offers valuable insights. High- and low-emission scenarios diverge sharply after 2030 in extreme weather, carbon pricing, and resource availability, which are factors that are critical for future business operations.

Many mitigation and adaptation measures require action well before these impacts emerge. These include securing access to scarce resources and relocating capital-intensive assets with long depreciation periods away from climate-vulnerable areas. Expanding climate risk and opportunity assessments beyond 2030 supports more effective long-term planning, helping firms avoid costly adaptations and relocations of vulnerable assets under high-emission pathways and to capture early-mover advantages in a low-carbon economy.

Extra moderate scenario to improve risk management and revenue insights
In 2025, 64% of companies assessed use high- or low-emission scenarios to assess climate risks and opportunities. These scenarios capture the extremes—from climate collapse (RCP 8.5) to a rapid Net Zero transition by 2050 (RCP 2.6). However, the actual future is more likely to fall somewhere in between. Including an additional "middle-of-the-road" scenario helps firms identify and score risks and opportunities more accurately under conditions that may be more likely to materialize. While planning for extremes remains important, insights from a moderate scenario can better guide proportionate mitigation strategies, resource allocation for managing physical climate impacts, and investment planning under expected conditions. It also supports a more realistic assessment of the scale and timing of revenue from climate-related opportunities, strengthening both strategic and financial planning.

Climate transition plans

Climate Transition Plans in 2025
As climate action gains urgency, companies face rising pressure to demonstrate how they will deliver on their climate commitments. Climate Transition Plans (CTPs) have emerged as a key tool for translating long-term targets into concrete actions and measurable progress. The results of EY's 2025 Climate Barometer show steady progress: 58% of the surveyed companies indicate that they have a climate transition plan in place, up from 50% in 2024. While many of these plans are still incomplete, the increase signals a stronger commitment to climate action, driven in large part by efforts to align with reporting standards such as the CSRD.

This chapter explores the key components of effective climate transition plans, emphasizing the importance of governance structures, credible targets, and decarbonization actions. Notably, this chapter also addresses the critical role of funding in supporting these plans, as transparency in financial commitments is essential for credible climate transition plans.

Climate transition plans
A climate transition plan is a strategic document that sets out an organization's long-term objectives, pathways, and overall approach to achieving net-zero emissions. Typically, a climate transition plan covers the following key areas:

Governance and strategy
Defines who is accountable for delivering the plan, linking board oversight and executive incentives to climate performance.

Targets
Sets out long-term ambitions and interim milestones aligned with a 1.5°C pathway, covering all relevant emission scopes.

Actions
Details the emission-reduction measures needed to achieve the targets, such as energy efficiency, renewable sourcing, product innovation, and supplier engagement.

Funding
Explains how the transition plan will be financed, by disclosing the capital and operational expenditures required to achieve the targets.

As transition planning matures, stakeholders increasingly expect companies to disclose all components of their climate transition plans. In its assessment, EY identified seven core elements that define a complete and implementable plan - an actionable climate transition plan. Without the presence and disclosure of all these elements, companies struggle to operationalize their plans, and stakeholders cannot reasonably assess whether the plan can realistically achieve net-zero emissions by the target year.

CLIMATE TRANSITION PLANS

Actionable Climate Transition Plans
Transition plans can be considered actionable if the following seven elements are present in the company's public disclosures:

1. **Governance and oversight on the transition plan**
2. **Setting and disclosure of emission-reduction targets**
3. **Paris Climate Agreement-aligned long-term targets**
4. **Identification of decarbonization levers**
5. **Plans to shift towards sustainable products and/or services**
6. **Disclosure of funding for the transition plan**
7. **Disclosure of assumptions and dependencies of the transition plan**

While the presence of all these elements results in a plan that is actionable, it does not automatically mean the plan is *realistic* - i.e., that based on the plan the company is likely to achieve net-zero emissions by 2050. The inclusion and transparent disclosure of all key elements, along with the assumptions and dependencies behind decarbonization measures and funding estimates, allow the company to begin implementation and enable stakeholders to independently assess the plan's credibility.

32% of the assessed companies appear to have an actionable climate transition plan - one that comprises disclosures on all seven elements needed to support implementation and provide stakeholders with sufficient information to assess its credibility.

Sector analysis reveals significant variation in the maturity of climate transition plans per sector. Banks continue to lead with 80% reporting the existence of a transition plan of which 60% can be qualified as actionable. This reflects earlier regulatory oversight and growing investor expectations for credible pathways to net zero. By contrast, the Agriculture, Food & Forestry and Energy sectors lag behind, with only 33% of the assessed companies translating climate targets into concrete actions. The Real Estate sector presents an interesting case: while nearly all companies claim to have a transition plan, only 33% includes all necessary elements to be considered actionable. The Transportation and Telecommunications sectors show the widest ambition–action gap. Although 75% and 66% of the assessed companies, respectively, have set net-zero goals, fewer than one in four report on all elements of an actionable transition plan.

Governance and strategy
Climate-related governance structures have been strengthened markedly in 2025. 98% of the assessed companies now report formal governance and oversight mechanisms for climate-related matters. However, the maturity and depth of these frameworks vary significantly across companies. In 2025, 58% of the surveyed companies disclosed incentive mechanisms linked to climate or sustainability targets - a key governance tool for driving progress. Of these, 44% rely primarily on short-term incentive plans (STIPs), typically tied to annual emissions reductions or energy-efficiency goals. About 28% combine short- and long-term incentive plans (LTIPs) to align executive rewards with multi-year decarbonization objectives.

Sectoral analysis shows sharp contrasts. Banks and insurers lead in implementing both STIPs and LTIPs, reflecting the sector's longer-term outlook and early regulatory focus on transparency. In contrast, energy and transport companies lean more heavily on short-term incentives, focusing on operational efficiency rather than long-term emission-reduction outcomes. Overall, it is positive to see more companies linking incentives to climate and sustainability targets. For sustained progress in transition planning, increasing the adoption of long-term incentives alongside short-term measures in all sectors will be important.

Incentive plans
Incentive plans link part of executive or employee compensation to achieving defined performance goals. Climate-linked incentive plans specifically tie bonuses or long-term rewards to sustainability metrics such as emissions reduction, energy efficiency, or renewable energy targets, ensuring accountability and aligning leadership interests with climate objectives. In 2025, a leading European bank introduced a long-term incentive plan linking 30% of executive bonuses to portfolio decarbonization and financing of sustainable projects. Similarly, several energy firms now include annual CO reduction targets in short-term performance reviews to encourage measurable climate progress.

Targets
Setting credible climate targets is a critical foundation for any climate transition plan. In 2025, 66% of the assessed companies disclosed a net-zero target (compared to 59% in 2024), with 64% aiming for achievement by 2050. Out of the targets set, 43% have been validated by SBTi.

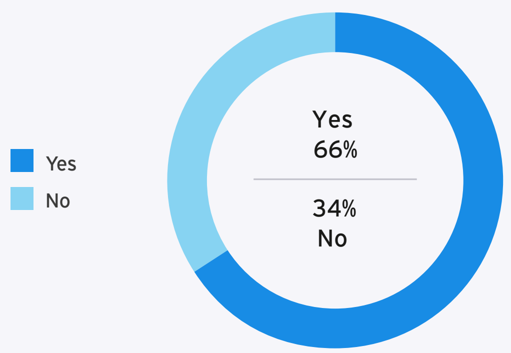
Sector patterns remain consistent with previous years. Materials & Building and Energy sectors have the lowest number of companies that commit to a net-zero target, while companies in the Banking, Retail, Health & Consumer Goods and Transportation sectors are more ambitious.

The continued increase in target-setting reflects growing regulatory and market expectations. Expectations for target credibility are also rising, reflected by increases in SBTi-validated targets and the requirement for limited assurance on, among other items, emissions targets introduced by the CSRD. Credible targets are more than a compliance requirement. They provide the dot on the horizon for investment decisions, innovation priorities, and risk management needed in the transition to net-zero emissions. When targets are SBTi-approved, grounded in data and supported by transparent assumptions, clarity on the required pathway increases. It helps companies identify the most appropriate decarbonization levers, over which time horizon, and at what cost. Credible targets provide a better basis for leadership teams to decide on financial planning and to communicate a clear, evidence-based transition narrative to investors and regulators.

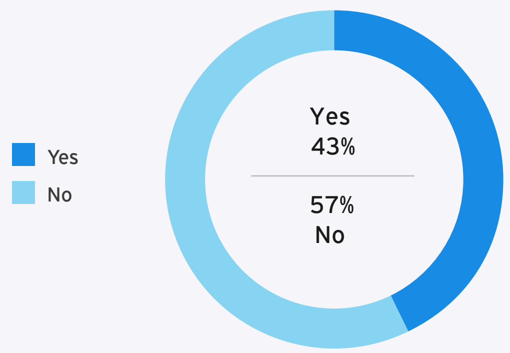
Benefits of SBTi validation

- A validated SBTi target indicates that a company's emissions targets are aligned with climate science and global temperature goals.
- SBTi targets signal credibility to investors, regulators and customers, and increasingly offer an opportunity to stand out in procurement as clients and partners seek suppliers with science-based commitments.
- An important disclaimer is that SBTi-approved targets do not indicate the quality of a company's transition plan, as SBTi does not currently assess such plans or progress against them. It remains up to other stakeholders to judge whether a disclosed transition plan provides credible support of the achievement of emissions targets.

Does the organization have a Net Zero Target?



Is the Net Zero Target approved by SBTi?



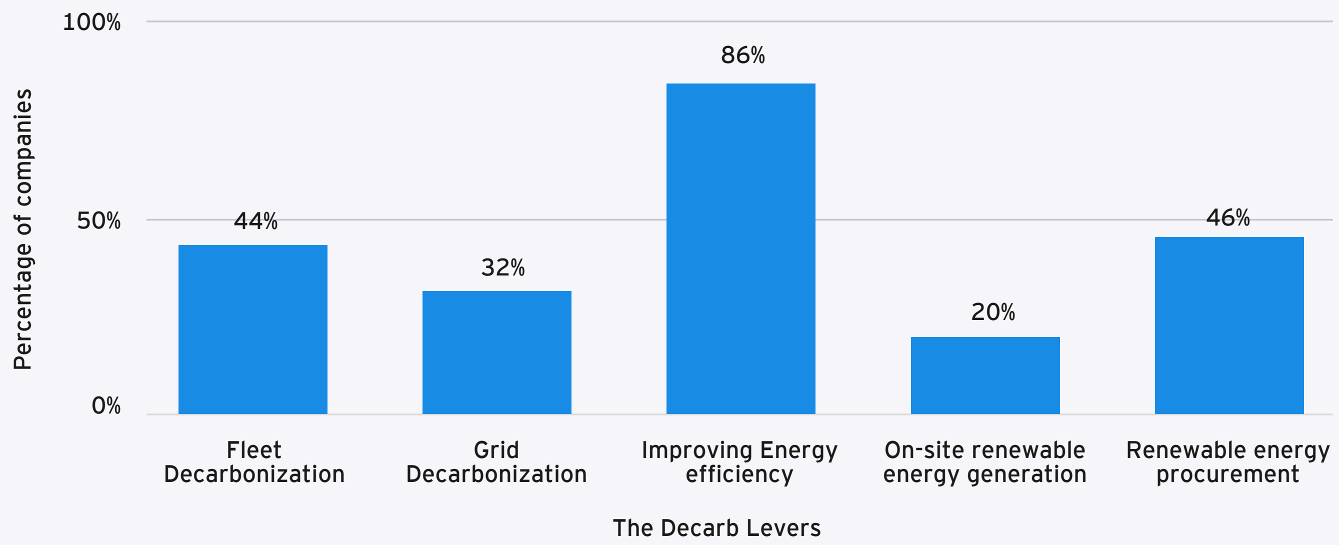
CLIMATE TRANSITION PLANS

Decarbonization actions
In 2025, 52% of the assessed companies disclosed the key decarbonization levers supporting their transition plans. For Scope 1 and 2 targets, energy efficiency remains the most frequently cited measure across sectors, for example through building retrofits, production process optimization, and digital monitoring of energy use. Renewable energy sourcing is the second most common lever, followed by grid decarbonization and on-site renewable energy generation. It will be interesting to monitor changes in these measures in response to potential updates in criteria for market-based Scope 2 reductions, currently under consultation by SBTi and the GHG Protocol, as these could drive an increased share of on-site energy generation and efforts to decarbonize electricity grids. Fleet electrification and business travel reduction also feature prominently, particularly within transport-intensive and service-based sectors.

For Scope 3 emissions, sustainable product design and supplier engagement stand out as primary levers. Sustainable product design reduces emissions across a product's lifecycle by using fewer resources and enabling circularity. Besides that, companies increasingly require suppliers to report emissions and set science-based targets, reflecting growing attention for a necessary first stage to reduce value chain emissions. More mature Scope 3 levers include low-carbon procurement standards, such as requiring suppliers to adopt low-carbon materials and logistics solutions, product redesign for circularity, and end-of-life recycling initiatives.

When looking at sector-specific data on the identification of decarbonization levers, it becomes clear that the Banking, Real Estate, and Agriculture sectors are furthest when it comes to communicating concrete actions. In contrast, the Energy and Telecommunications sectors lag behind, with relatively few companies having identified specific decarbonization measures. When diving into the concrete actions that are taken by firms, there is a clear pattern of reliance on "safe" or low-disruption levers. As yet, few organizations report more transformative actions such as product redesign, or low-carbon procurement. Sector-specific patterns are also visible. In line with their indirect emissions profile, the Banking and Insurance sector stands out for its limited reporting on renewable energy procurement. Conversely, the Industrial and Real Estate sectors emphasize grid-decarbonization efforts and efficiency improvements.

Most common decarb levers to achieve scope 1 & 2 targets



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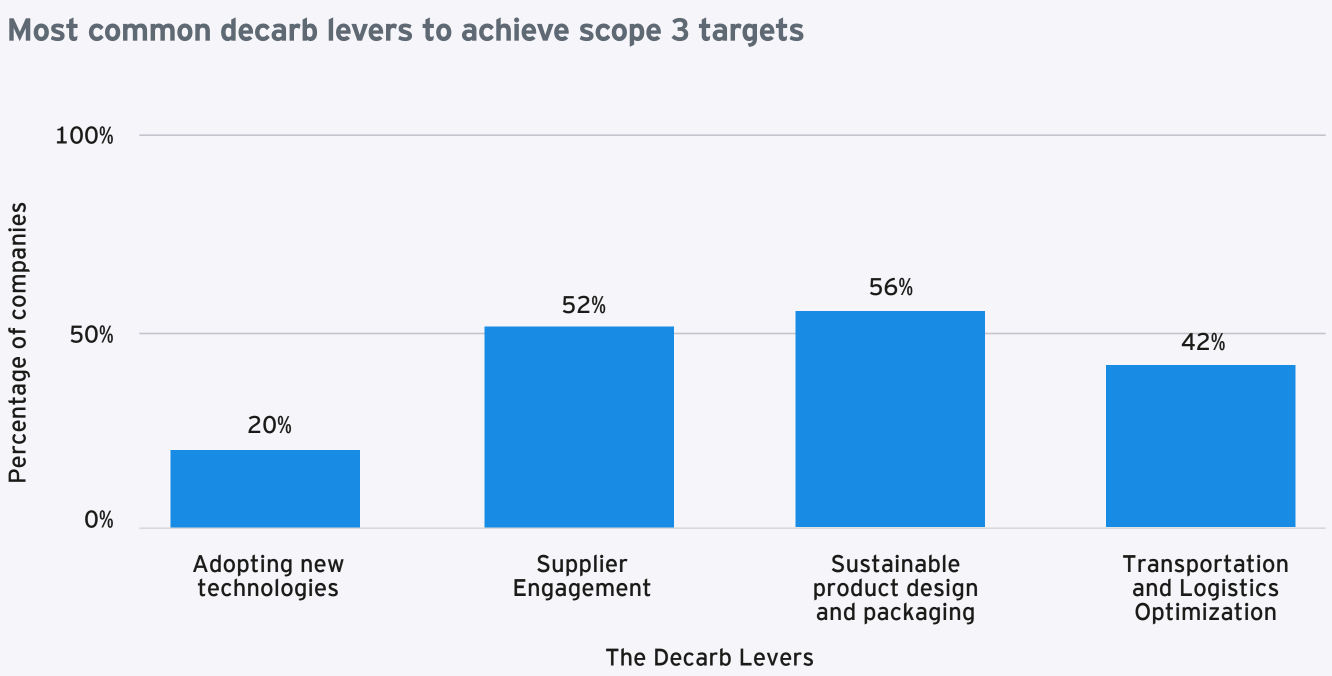
Overall, disclosures on decarbonization actions are expanding. There is room for improvement in increasing the maturity of decarbonization actions. Most companies are still in an early phase, focusing on "no-regret" measures rather than transformative action. For Scope 1 and 2, energy efficiency remains the most commonly reported lever, which is likely due to its positive business case with short payback time. For Scope 3, supplier engagement is a common lever, often as a first step toward deeper interventions such as low-carbon procurement.

Funding

Despite the progress in disclosure, funding remains the least developed component of corporate transition plans. In 2025, 51% of companies disclosed Capex, 30% disclosed Opex and 27% disclosed both related to their transition strategy. A modest improvement from 2024, but still a significant gap in climate transition plans disclosures. Across all sectors, the Transportation sector performs strongest, disclosing investments in electrification and infrastructure, while Materials & Building lags behind.

Capital Expenditure (Capex) in this context refers to long-term investments in assets or infrastructure that support decarbonization. For example, renewable energy installations, electrified fleets, or energy-efficient buildings.

Operating Expenditure (Opex) in this context covers the ongoing costs of running low-carbon operations, such as maintenance of renewable systems, staff training, or purchasing green energy.



The limited transparency regarding financial commitments raises questions about how companies intend to implement decarbonization levers. Without clear information on the amount, timing, and sources of funding for decarbonization levers, neither internal decision-makers nor external readers of annual reports can assess whether climate transition plans are financially feasible. The absence of even indicative figures such as annual investment envelopes or ranges reduces the credibility and comparability of transition disclosures. Given the flexibility that CSRD provides for companies to omit commercially sensitive information, even approximate funding disclosures represent progress in enabling stakeholders to better assess the credibility of climate transition plans.

From an investor's perspective, funding is a key indicator of transition plan credibility. Long-term investors, particularly pension funds, increasingly expect companies to disclose how much capital is being allocated to decarbonization, over which time horizon, and under which assumptions. For example, APG, one of the Netherlands' largest pension funds, have made it clear that investment decisions increasingly depend on the credibility and financial transparency of companies' transition plans (APG, 2024)[8].

Similarly, BlackRock and Norges Bank Investment Management have called for clearer disclosure of low-carbon capital expenditure to assess whether firms' financial strategies align with their climate commitments (BlackRock, 2023;[9] Norges Bank Investment Management, 2025[10]). Even estimated or partial figures can provide valuable transparency and signal intent, demonstrating to investors that transition goals are not only aspirational but also backed financially.

Disclosing transition-related Capex and Opex can enhance investor trust and be an opportunity to attract capital. Leadership in funding transparency may well become a differentiator in the years ahead, separating plans that can be assessed on credibility from those that cannot.

8 APG (2024). Stewardship Overview 2024: Driving meaningful change and long-term value. APG Asset Management. https://assetmanagement.apg.nl/media/a0bl145c/stewardship-overview-2024-apg.pdf
9 BlackRock, Inc. (2023). Investing in the transition to a low-carbon economy. https://www.blackrock.com/corporate/sustainability/low-carbon-transition
10 Norges Bank Investment Management. (2025). Climate change https://www.nbim.no/en/responsible-investment/our-expectations/climate-and-environment/climate-chan%E2%80%A6

Beyond Compliance: Climate Insights

Climate transition plans that convincingly communicate how a company can achieve net-zero emissions can be a source of competitive advantage. Beyond meeting disclosure requirements, credible plans signal trust by demonstrating the use of realistic assumptions to estimate emissions reductions, transparently addressing uncertainties, and outlining actions to mitigate these. Such rigour not only helps attract capital by giving investors confidence in the pathway to decarbonisation but also supports better internal decision-making on the most effective measures and required funding. Practices that help build credible transition plans include the following:

Recognize transition plan dependencies to mitigate underperformance risks

Climate transition plans depend heavily on external factors - especially for Scope 3 - such as regulatory context regarding carbon prices, rates of grid decarbonisation, or the availability of low-carbon materials. Credible transition plans map and acknowledge these factors in order to identify, monitor and mitigate risks from dependencies resulting in underperforming decarbonisation levers.

Use scenario analysis for resilient transition planning

Scenario analysis reveals the range of potential GHG reductions and the associated Capex and Opex under different future scenarios. Beyond transparency, it equips companies to steer their transition plan more effectively. As factors influencing decarbonization levers evolve over time, understanding these ranges supports informed decisions on funding and risk management. Plausible ranges of GHG reductions and costs per lever help companies anticipate and manage underperformance risks by strengthening contingency planning.

Scenario analysis can provide the information needed to identify and timely implement alternative decarbonization levers when specific measures underdeliver – helping companies avoid unexpected decarbonisation costs or reputational and compliance risks from missed targets.

EY decarbonization support

Climate transition planning	**Climate risk assessment**
Target setting	**Emissions calculations and accounting**

EY supports many organizations with the climate-related insights needed to progress in their decarbonization journey. If you would like to learn more about how EY can support your organization, we invite you to contact Taco Bosman.

Methodology

About this research
The Dutch Climate Action Barometer aims to provide an annual overview of the alignment of the selected companies' climate-related risk and opportunity disclosures, as per the recommendations of the TCFD. This year's assessment also focused on whether companies have actionable transition plans in place that help realize the transition to a low-carbon economy.
The research is divided into two sections: An analysis of climate risks and opportunities, including scenario modelling and time horizons; and an assessment of climate transition plans, focusing on governance, targets, actions, and funding.

Scope and data
This year's Dutch Climate Action Barometer examined 50 companies, including both financial and non-financial entities, across 10 different sectors defined according to the TCFD sectoral recommendations. The sectors and the company distribution are the following:

- Agriculture, Food and Forest products - 3
- Banking - 5
- Energy - 6
- Financial Asset Owners and Managers - 3
- Insurance - 5
- Materials and Building - 7
- Real Estate - 3
- Retail, Health and Consumer Goods - 5
- Telecommunications and Technology - 9
- Transport - 4

The selected companies were assessed based on public information from 2024, including annual reports, integrated reports, sustainability reports, and other publicly accessible information. The most strategically relevant companies within each sector were part of this assessment, based on criteria such as being headquartered in the Netherlands, company size, and market influence.

Scoring method
Companies were evaluated primarily on the coverage of their climate-related disclosures. That is, the extent to which they report on the 13 TCFD recommendations, regardless of the depth or quality of the information provided. While the overall assessment focuses on disclosure coverage rather than quality, a qualitative analysis was carried out for one area: the Transition Plan assessment. Here, EY evaluated how "actionable" a company's transition plan is by assessing whether it addressed the following seven key themes:

- Governance and oversight of the transition plan
- Setting and disclosure of emission-reduction targets
- Paris Climate Agreement-aligned long-term targets
- Identification of decarbonization levers
- Plans to shift towards sustainable products and services
- Disclosure of funding for the transition plan
- Disclosure of assumptions and dependencies underpinning the plan

Limitations
Several limitations should be considered when interpreting the findings of this assessment. First, the sample size of this Dutch Climate Action Barometer (50 companies across 10 sectors) is smaller than that of the Global Climate Action Barometer, which analyzed 1,411 companies across 13 sectors. Consequently, Dutch sectoral trends may differ from global ones. Second, the sector distribution within the Dutch sample is uneven. Not all sectors are equally represented, which introduces minor deviations and makes direct cross-sector comparisons less reliable. Third, this analysis relies on publicly available information. The accuracy of corporate statements has not been independently verified, which introduces some uncertainty into the assessment results. However, to strengthen objectivity, data from CDP questionnaires were also included, offering an additional layer of external validation, as CDP provides an independent benchmark for climate-related disclosures. Finally, the evaluation of actionable Transition Plans is based solely on whether companies disclosed information across the seven themes listed above. This approach assesses coverage — not the quality, realism, or credibility of underlying assumptions or measures, such as decarbonization levers. The scoring therefore indicates the extent to which these themes are addressed, rather than how robustly they are implemented or justified.

Abbreviations	
CSRD	Corporate Sustainability Reporting Directive
TCFD	Task Force on Climate-related Financial Disclosures
RTFO	Renewable Transport Fuel Obligation
CTP	Climate Transition Plan(s)
ESRS	European Sustainability Reporting Standards
SBTi	Science Based Targets initiative
STIP	Short-Term Incentive Plan(s)
LTIP	Long-Term Incentive Plan(s)
RCP	Representative Concentration Pathway
NFRD	Non-Financial Reporting Directive
EFRAG	European Financial Reporting Advisory Group
EU	European Union

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