




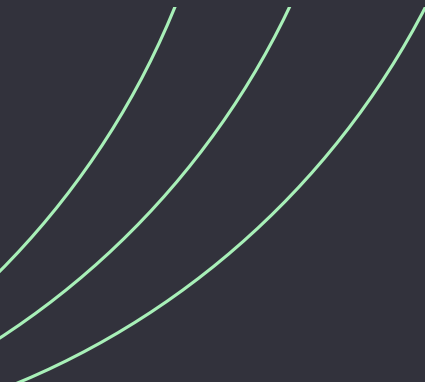
Argos - BCG Climate Transition Barometer 2025

The European mid-market decarbonisation reference

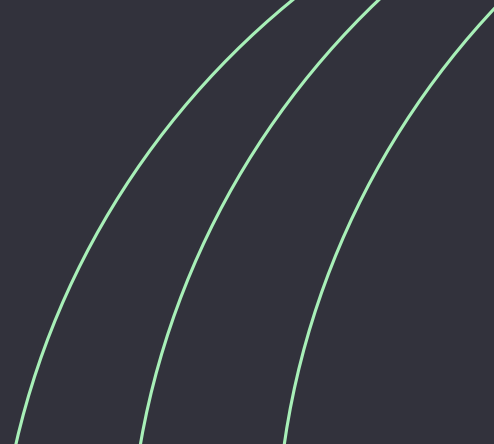
Forget the noise: Climate Action
accelerates in European businesses



“The results this year demonstrate that the ecological transition remains a strategic imperative for business leaders. Although the regulatory, political, and economic landscape is evolving, companies remain committed to decarbonisation, because the business case is there and due to sustained pressure from across the value chain.”




Fabien Hassan, BCG



“Through the white noise of ESG bashing, the climate transition is accelerating among European mid-sized companies. They play a vital role in achieving global decarbonisation, especially in enabling larger firms to meet their Scope 3 goals. Yet, financial constraints remain the biggest barrier. Now more than ever, targeted investments are essential to help these companies seize the opportunity and turn climate action into a competitive advantage.”

Simon Guichard, Argos



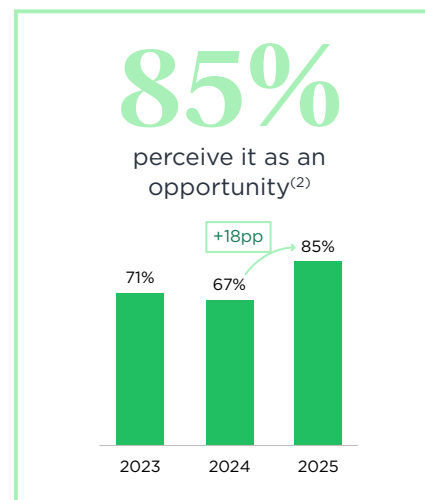
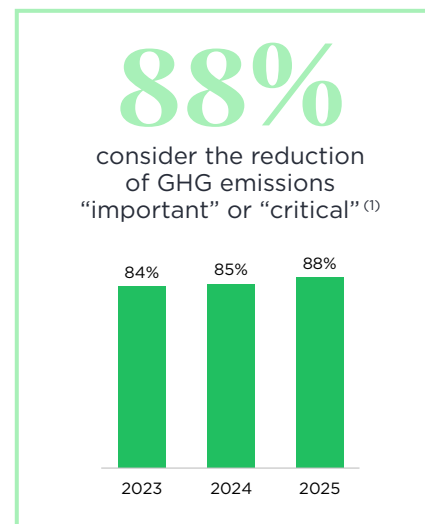
Summary

European mid-sized companies are accelerating their decarbonisation across all countries and industries, continuing to take action and invest. Decarbonisation is now widely perceived as a long-term business opportunity to drive competitive advantage, even amid political, regulatory and economic uncertainties. To deliver this, companies are increasingly investing based on strategic decarbonisation roadmaps to maximise impact.

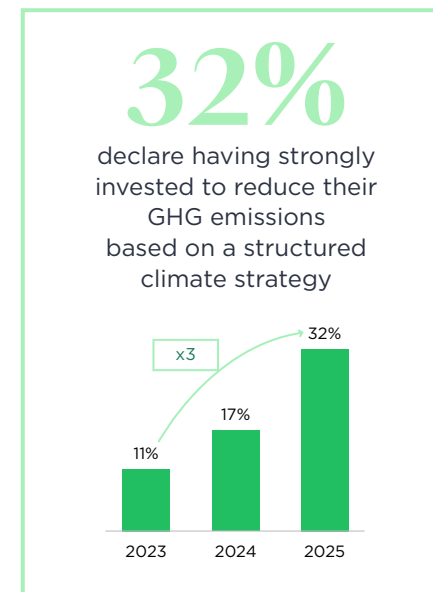
6 key takeaways

- 1** Climate transition is rising ever higher up the agenda for European mid-sized companies: **88%**⁽¹⁾ now view it as critical or important – up 3 percentage points versus 2024. Interest in **circular economy is also gaining momentum**, signalling a broader shift toward sustainable operations.
- 2** A strong consensus is emerging that the **climate transition represents a strategic opportunity for 85%**⁽²⁾ of European mid-sized companies, an 18-point increase versus 2024. However, financial constraints remain the main barrier.
- 3** Maturity of European mid-sized companies is advancing, with **almost half (48%) investing in decarbonisation**. Notably, the **share of companies both investing and defining structured decarbonisation roadmaps has nearly tripled since 2023**, now standing at 32%.
- 4** Customer demand, especially in B2B, is accelerating climate action. Client expectations are now the second most cited driver of decarbonisation, following regulatory requirements, up 7 points versus 2024. **29%** of companies report that their decarbonisation efforts are already generating a **competitive advantage**.

- 5** Despite political uncertainty, European mid-sized companies are staying in the course. **88% are maintaining or accelerating their decarbonisation pace**, and 80% are confident that the **competitive advantages gained through transition efforts will endure amid economic and political headwinds**.



- 6** Momentum is building across all major European markets:
 - **Germany** and **Italy** are leading with ~55% of mid-sized companies actively investing in decarbonisation.
 - **UK** mid-sized companies are closing the gap to EU peers, with 42% investing and 40% accelerating their climate action.
 - In **Benelux**, 95% of companies consider decarbonisation important or critical, and 72% have developed clear strategic roadmaps.
 - **French** mid-sized companies continue to invest and are beginning to see measurable outcomes—35% report progress in line with targets—though concerns about future momentum are increasing.



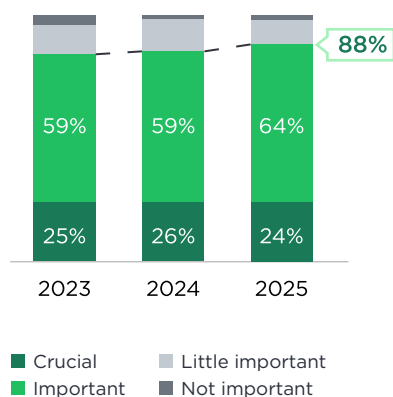
⁽¹⁾ All 2025 figures include the UK, which was not included in the previous samples. On a like-for-like basis, this figure would be 90%.

⁽²⁾ Among the 88% considering the reduction of GHG emissions as "important" or "critical". On a like-for-like basis, this figure would be 84%. Excludes "do not know".

1 Climate transition is rising ever higher up the agenda for European mid-sized companies: 88% now view it as critical or important – up 3 percentage points versus 2024. Interest in circular economy is also gaining momentum, signalling a broader shift toward sustainable operations.

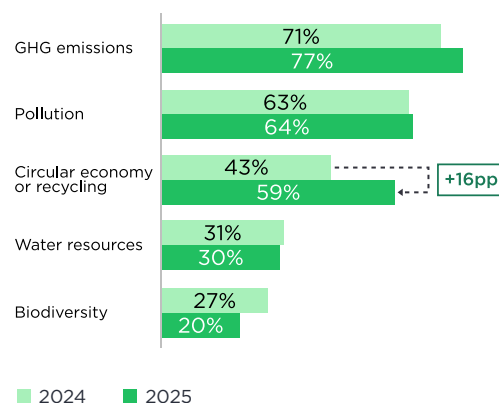
Climate change mitigation remains at the top of the strategic agenda for European mid-sized companies' leaders, with 88%⁽¹⁾ considering reduction of GHG emissions "important" or "critical". **All sectors are now engaged in the climate transition**, including agriculture and food, which has shown marked progress over the past year – there has been a 17-point increase in proportion of firms considering GHG emissions "important" or "critical" in this sector, likely reflecting a catch-up effect following the intense policy debates surrounding the EU Green Deal and the Nature Restoration Law during 2023-2024.

GHG Emissions reduction importance
(in % of respondents)



European mid-sized companies have reached a new stage of environmental maturity; while reducing greenhouse gas emissions remains the primary focus, **~60% of mid-sized companies now also prioritise circular economy practices**. This shift is likely driven by multiple converging factors, including the upcoming EU Packaging and Packaging Waste Regulation in 2025, increased pressure on raw material costs and rising consumer awareness. **Other environmental considerations, including water and biodiversity, remain second priorities.**

Environmental objectives
(in % of respondents, several possible answers)



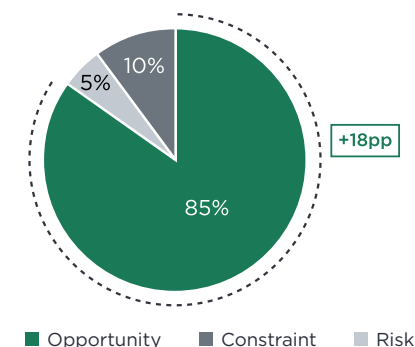
⁽¹⁾ All 2025 figures include the UK, which was not included in the previous samples. On a like-for-like basis, this figure would be 90%. Excludes "do not know".

2 A strong consensus is emerging that the climate transition represents a strategic opportunity for 85% of European mid-sized companies, an 18-point increase versus 2024. However, financial constraints remain the main barrier.

European mid-sized companies increasingly see the economic value of climate transition;

85% now perceiving it as an opportunity⁽¹⁾ (+18pp vs. 2024). This shift is consistent across all sectors, underscoring a broad recognition that decarbonisation is not only a compliance imperative but also a strategic lever for growth.

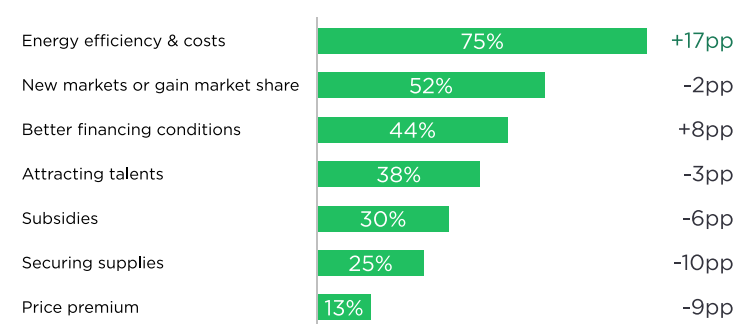
Perception of the climate transition
(in % of respondents who considered the reduction of GHG emissions "important" or "critical")



European mid-sized companies are seeing **tangible benefits from their decarbonisation efforts, both in terms of business potential and operational efficiency**. Energy efficiency remains the biggest driver, with 75% of business leaders citing energy cost savings as the top benefit of decarbonisation.

Decarbonisation positive effects

(in % of respondents citing the answer within their top 3 of positive effects)



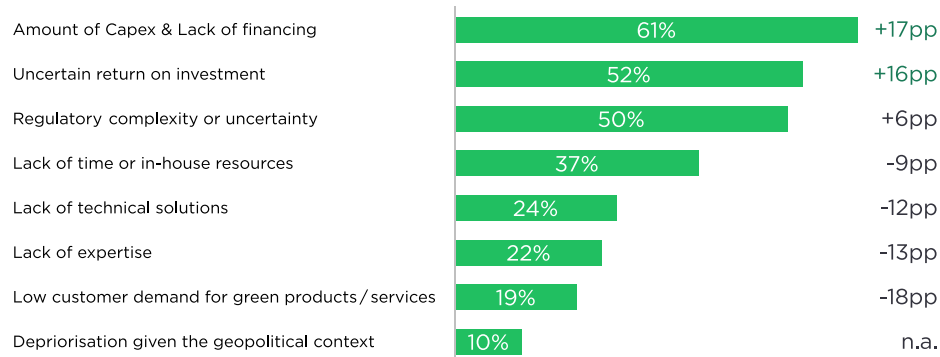
⁽¹⁾ Among the 88% considering the reduction of GHG emissions as "important" or "critical". On a like-for-like basis, this figure would be 84%. Excludes "do not know".

However, **financial constraints remain the main barrier to decarbonisation**. In today's uncertain political and economic environment, mid-sized companies are more focused than ever on ROI and capex, with both cited by over 50% of firms as key factors limiting their actions.

The impact on the level of their investment for climate action is noticeable. Companies keep the focus with 48% continuing to invest (+5pp vs. 2024), but financial constraints have reduced the share investing over 10% of annual capex to 12% (-8pp). Now more than ever, targeted investments are essential to help these companies seize the opportunity and turn climate action into a competitive advantage.

Barriers to decarbonisation

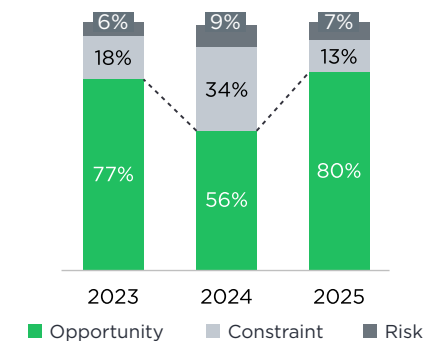
(in % of respondents citing the answer within their top 3 of barriers)



Agriculture & food sector: Back on track on decarbonisation and accelerating on adaptation

Agriculture & food industry has particularly stepped up this year, with 80% of the firms considering decarbonisation as an opportunity⁽¹⁾ - back to 2023 level (+24pp vs. 2024). Indeed, 2024 was marked by wide protests and concerns across Europe over the potential impact of EU Green Deal's on the sector. Yet, **it did not affect the longer-term perception of the transition.**

Perception of the climate transition in the agriculture & food industry
(in % of respondents who considered the reduction of GHG emissions "important" or "critical")



Agriculture and food companies put increasing efforts on adaptation, an indispensable topic when touching upon environmental transition in this sector, with **44% of companies now adopting a combined mitigation and adaptation strategy, 11 points above other industries' average**. Indeed, agriculture and food is highly vulnerable to climate change as production levels could decline up to 35%⁽²⁾ across staple and non-staple crops by 2050, significantly threatening farmers' profitability and leading to a major supply shortfall.

⁽¹⁾ Among the 88% considering the reduction of GHG emissions as "important" or "critical".

⁽²⁾ Building resilience in Agrifood supply chain, May 2025, BCG

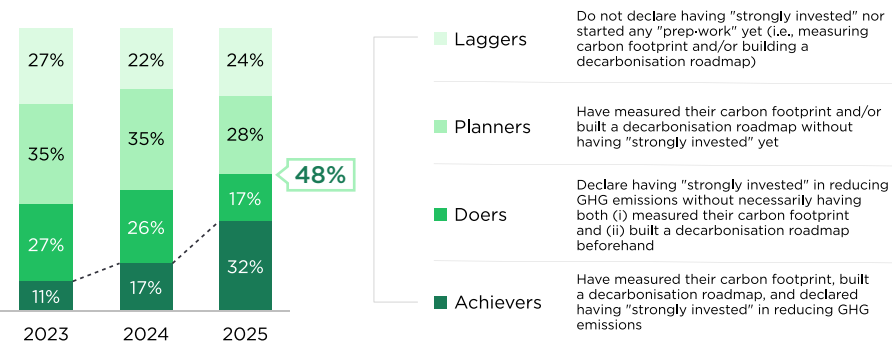
3 Maturity of European mid-sized companies is advancing, with almost half (48%) investing in decarbonisation. Notably, the share of companies both investing and defining structured decarbonisation roadmaps has nearly tripled since 2023, now standing at 32%.

European mid-sized companies are stepping up their decarbonisation efforts. **Nearly half of European mid-sized companies (48%) are actively investing in mitigation, with 32% following structured investment plans; nearly tripling the figure from 2023.**

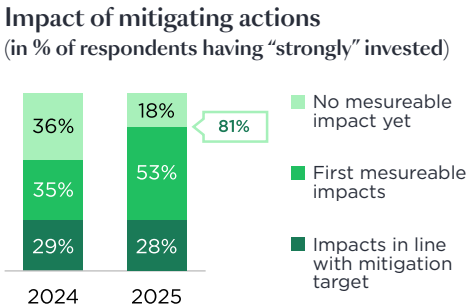
A growing number is moving toward structured strategies. **1/3 now integrate mitigation and climate adaptation** in coordinated roadmaps; a sign that proactive, long-term planning is taking hold, even among smaller players.

Even among those yet to begin planning or measurement, **65% intend to conduct a carbon footprint assessment within the next three years.**

Decarbonisation action path evolution (in % of respondents)

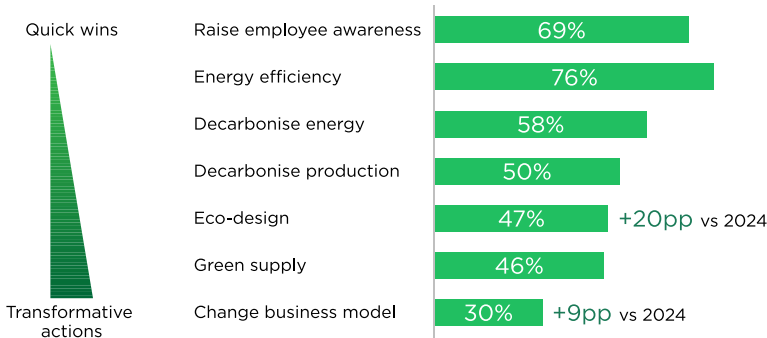


Despite economic uncertainty, decarbonisation momentum remains strong. Companies continue to **implement actions that drive measurable impact.**



Companies are implementing **actions that are increasingly strategic and transformative.** In addition to improving energy efficiency and employee engagement, many companies are now redesigning core products and business models with sustainability in mind. This shift may also reflect mounting pressure from rising raw material costs.

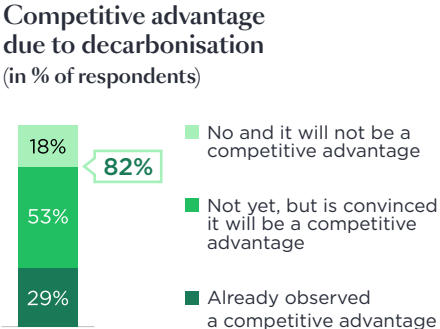
Mitigating actions implemented (in % of respondents citing the answer within top 3 of mitigating actions implemented)



Companies backed by investment funds appear more action-oriented and structured in their approach with 40% of "Achievers" (+8pp versus average). It highlights the positive role of investment funds in helping EU firms to formalise their decarbonisation approach and unlock the necessary capital for climate action.

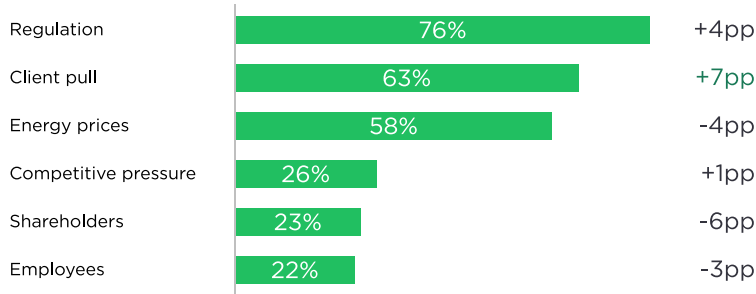
4 Customer demand, especially in B2B, is accelerating climate action. Client expectations are now the second most cited driver of decarbonisation, following regulatory requirements, up 7 points versus 2024. 29% of companies report that their decarbonisation efforts are already generating a competitive advantage.

Decarbonisation is emerging as a clear source of competitive advantage: 29% of European mid-sized companies already report tangible gains from their efforts, an increase of 10pp versus 2024, while another 53% expect it to become a key differentiator. Notably, 52% cite **access to new markets and increased market share** as one of the top three benefits of decarbonisation.



Client pressure is accelerating on both B2B and B2C firms across all industries, emerging as **the second greatest motivation for action** (63%, +7pp vs. 2024), following European and national regulatory requirements (76%).

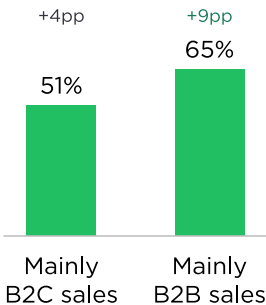
Decarbonisation drivers (in % of respondents, several answers possible)



European mid-sized companies play a critical role in helping larger firms decarbonise their value chains. In the EU, more than 95% of corporate emissions fall under Scope 3⁽¹⁾, and mid-sized businesses account for around 60% of these indirect emissions⁽²⁾. Their ability to reduce emissions is therefore essential for larger groups aiming to meet their climate commitments.

This interdependence is driving increased client pressure, particularly in the B2B space, where expectations have risen by 9pp compared to 2024. Among B2C companies, customer demand remains a steady influence, with one in two citing it as a key motivator for climate action.

Client pressure among B2B and B2C companies
(in % respondents citing “Client pull” as a decarbonisation driver depending on their % of B2B/B2C sales)



⁽¹⁾ According to the BCG and CDP report Scope 3 Upstream: Big Challenges, Simple Remedies, published in June 2024.
⁽²⁾ According to the SMEs Eurobarometer published by the European commission in 2022.

5 Despite political uncertainty, European mid-sized companies are staying in the course. 88% are maintaining or accelerating their decarbonisation pace, and 80% are confident that the competitive advantages gained through transition efforts will endure amid economic and political headwinds.

The majority of European mid-sized companies are maintaining their current pace of transition, with **1/3 accelerating efforts amid political uncertainty**. Only a small minority (~10%) have deprioritised environmental goals, primarily larger firms likely facing greater exposure due to their international operations.

Confidence in the long-term business value of decarbonisation remains high; 80% of respondents believe that the competitive advantage gained from reducing GHG emissions will endure, even in the face of social, economic, and political headwinds.

Regulation continues to be viewed as a positive enabler, with 70% of mid-sized companies seeing it as a way to structure their approach to decarbonisation. However, **uncertainty around the evolution and implementation of**

new policies, particularly with the latest EU Omnibus simplification package, poses a challenge. Half of respondents cite regulatory complexity and lack of clarity as a barrier to action.

Regulation is the main driver of decarbonisation among UK mid-sized companies, mentioned by 81% of respondents. Like their EU counterparts, they largely perceive regulation as structuring their decarbonisation approach (67%). Yet, 54% also mention regulatory uncertainty and complexity as a major headwind.

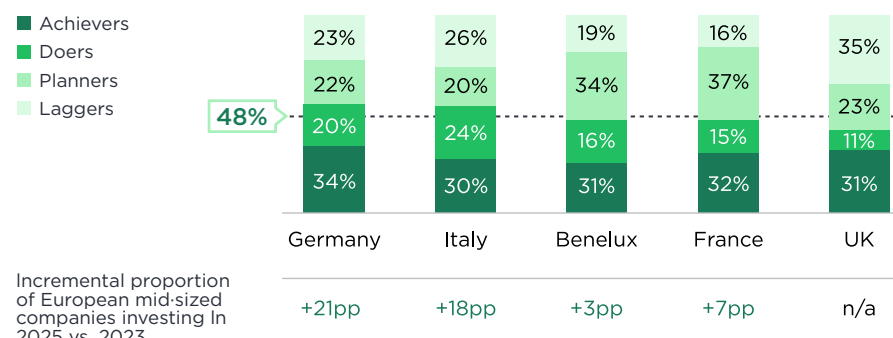


6 Momentum is building across all major European markets.

European mid-sized companies across all Europe are strengthening decarbonisation efforts. In each market, around half of mid-sized companies are now investing in

mitigation — together labelled Achievers and Doers in the analysis below. This upward trend is consistently observed since 2023.

2025 decarbonisation action path by country
(in % of respondents)



Germany and Italy have notably closed the historical gap, with approximately 54% of their mid-sized firms actively investing in decarbonisation (Achievers and Doers).

Benelux and France, traditionally more advanced in sustainability, are maintaining financial commitments but adopting a more cautious stance. Around 35% of mid-sized companies in these regions plan to take action but have not yet

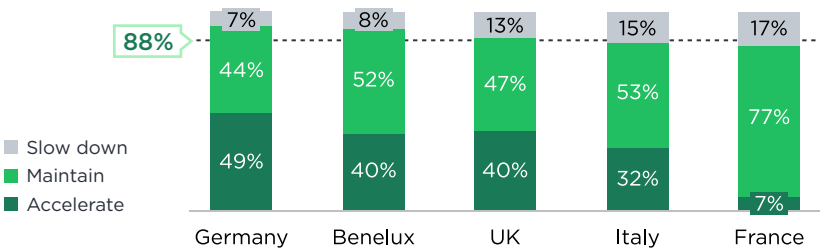
begun investing (Planners). **In France, there is a noticeable rise in pessimism**: 33%⁽¹⁾ of firms now view decarbonisation as a constraint or risk, likely driven by political and regulatory uncertainty. **Still, maturity remains strong** with 95% of Benelux mid-sized companies considering decarbonisation “important” or “critical,” and in France, 35% of those investing in mitigation reporting having impact in line with their ambitions.

⁽¹⁾ Among the firms considering the reduction of GHG emissions as “important” or “critical”

In the UK, 42% of mid-sized companies are currently investing in decarbonisation (Achievers and Doers), and momentum is expected to grow. 40% report accelerating their climate action in response to mounting political and economic pressures. Decarbonisation is a clear national priority, and 87%⁽¹⁾ of UK firms see the transition as a business opportunity.

Across all countries, mid-sized companies are showing resilience and long-term commitment. In each region, more than 80% are maintaining or accelerating their decarbonisation efforts, despite a challenging political, regulatory, and economic environment.

Impact of the current political, regulatory and economic context on European Mid-sized companies' transition pace
(in % of respondents)



⁽¹⁾ Among the firms considering the reduction of GHG emissions as "important" or "critical".

Methodology

This survey was carried out by OpinionWay using a representative sample of **~700 mid-sized companies across 5 regions of Europe**: France, Germany, Italy, Benelux and the United Kingdom. This is the first edition to include the United Kingdom to offer a more comprehensive understanding of the European mid-sized decarbonisation. The sample included 150 companies per region, except for Italy, which was represented by 96 companies.



The respondents were **selected to ensure an optimal knowledge of climate transition challenges** ⁽¹⁾.

- 79% of respondents hold **top management positions** while the remaining 21% are directly **in charge of the CSR**.
- 92% of respondents are from companies with a turnover under €500 million and 93% of respondents are from companies between 50 and 1,000 employees⁽²⁾, both private and public-owned.
- Focusing on sectors with a direct impact on decarbonisation (i.e., emissions related to scope 1, scope 2, and upstream scope 3⁽³⁾) with approximately 100 mid-sized companies by sector across 7 sectors (Transportation & Logistics, Construction, High-temperature Industries, Chemicals, Agriculture & Food, Retail & E-commerce, Other Industries).



Interview method: the sample was interviewed by phone using the CATI (Computer Assisted Telephone Interview) method.



OpinionWay carried out this survey in accordance with the requirements of the **international quality standard ISO 20252**.



Interviews were conducted **between March 28 and June 14, 2025**.



OpinionWay further notes that the following margins for error must be taken into account when interpreting the results of this survey: a maximum of +/- 3.7 points for a sample of ~ 700 respondents.

All figures of this 2025 edition include the UK, which was not included in 2023 and 2024. Significant impact on like-for-like comparisons is disclosed in footnotes.

⁽¹⁾ Adjustments to the sample were made by OpinionWay to reflect (i) the real-life share of small vs. medium-sized enterprises and (ii) the actual weight of each sector in our target regions.

⁽²⁾ In this survey, mid-sized companies are defined as those employing between 50 and 4,999 people.

⁽³⁾ Scope 1: Direct emissions from sources owned or controlled by a company / Scope 2: Indirect emissions from purchased electricity, heat, steam and cooling / Scope 3: All other emissions associated with a company's activities.

About the Argos x BCG Climate Transition Barometer

Argos and Boston Consulting Group work closely with companies in their decarbonisation process. Through its Argos Climate Action buyout fund, Argos is actively engaged in the decarbonisation of European mid-sized companies. BCG works with clients on their climate and sustainability journey to translate ambition into impact with a focus on value creation, balancing bold action with pragmatic strategy. In their work with businesses, Argos and BCG observe the critical role that mid-sized companies play in sustainability initiatives and have aimed to gain a deeper understanding of their progress and challenges.

The Mid-sized Climate Transition Barometer aim to provide clear insight into the decarbonisation strategies and perceptions of European mid-sized companies, and for the first time this year, the United Kingdom. Through a targeted survey and the tracking key indicators year over year, we aim to better understand how these companies engage with climate-related challenges.

Contacts

Argos

Coralie Cornet
ccc@argos.fund
06 14 38 33 37

BCG

Joséphine Manière
maniere.josephine@bcg.com
06 02 16 12 84

Authors

Argos

Sandra Lagumina
Lucio Ranaudo
Simon Guichard
Fabian Söffge
Caroline Fady

BCG

Benjamin Entraygues
Amine Benayad
Florian Kahn
Fabien Hassan
Clara Descos

