

IV. ENHANCING SUSTAINABILITY AND LONG-TERM INVESTMENT

Issues at stake

The current Covid-19 crisis shows that certain risks that may appear negligible can provoke huge socio-economic damages. Although the Green Deal can contribute to long term growth, it cannot be considered the top priority for relaunching the EU economy. However, it defines an indispensable set of (ESG) targets that must be pursued to reduce climate and biodiversity-related risks that are becoming increasingly material.

Such a vital and ambitious repositioning of the economy will require a significant and sustained deployment of capital. This makes the definition of an ESG language, common to financiers and entrepreneurs, necessary. One essential contribution in this perspective is the taxonomy of activities currently being defined by the Commission. However, monitoring whether each category of economic player is both transitioning and leveraging these fundamental changes in a timely manner, is also essential in order to gain strategic advantages in addition to a general mitigation of these threats.

Consequently, integrating the whole ESG considerations into the strategy planning processes and governance of financial and non-financial companies is indispensable, in addition to the necessary consideration of climate related financial risks, which is required to ensure the resilience of the economy. However, an appropriate framework that EU Small- and Mid-Caps and more generally SMEs can use to define and report on their ESG strategy is still lacking. It would be preferable that such efforts are undertaken at the EU and global levels to ensure that they are sufficiently cost efficient and proportionate

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