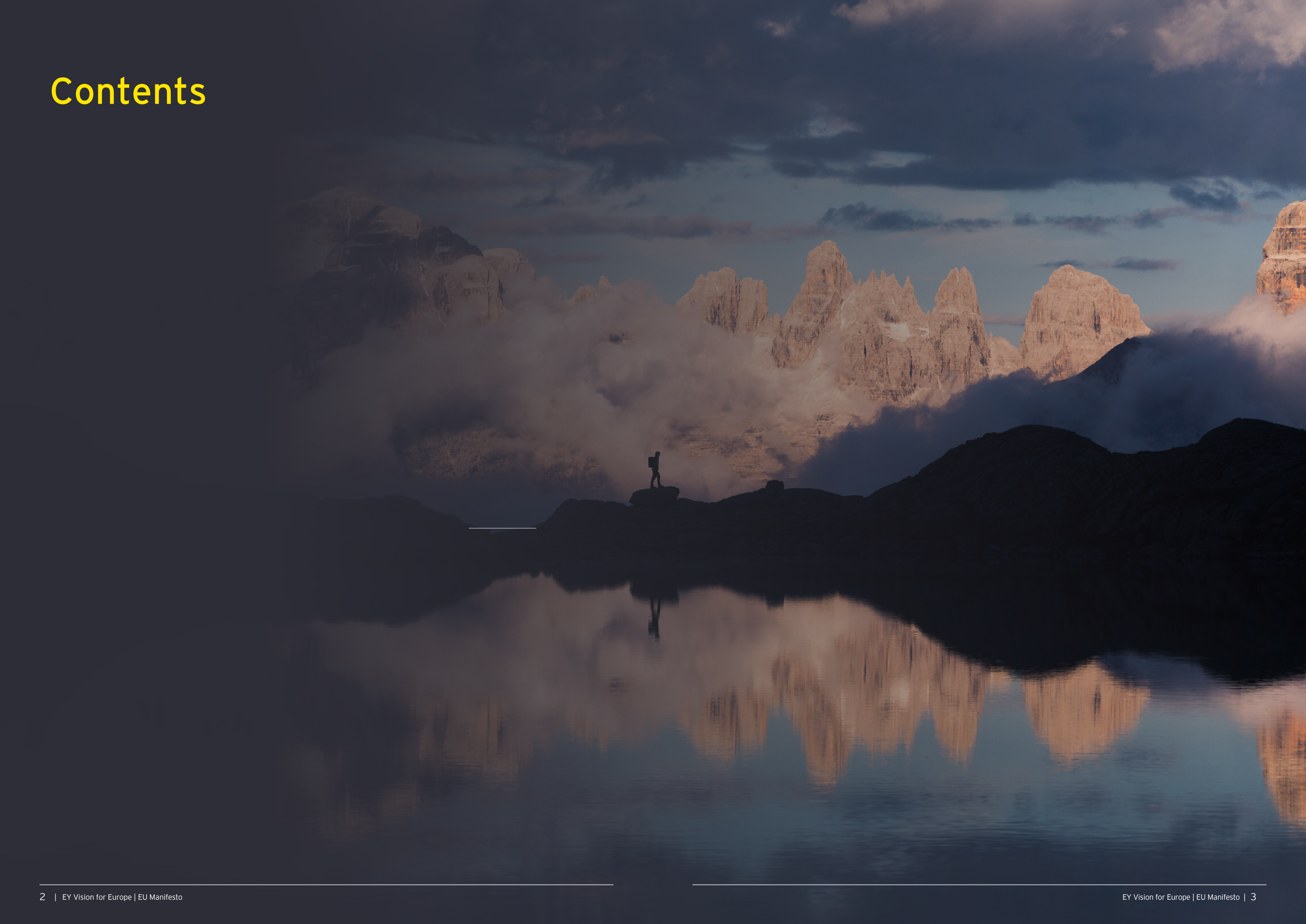


The background of the entire page is a scenic landscape. In the foreground, there are dark, jagged rocks and some dry, golden-brown grass. The middle ground shows rolling hills and mountains under a clear sky. A bright sun is positioned in the upper right, creating a strong lens flare effect with many rays extending across the sky. The overall color palette is warm, with oranges, yellows, and browns from the landscape and sun, contrasted with the bright yellow of the text box.

Shaping Europe's future with confidence: EY Vision for 2024-2029

EU Manifesto

Contents



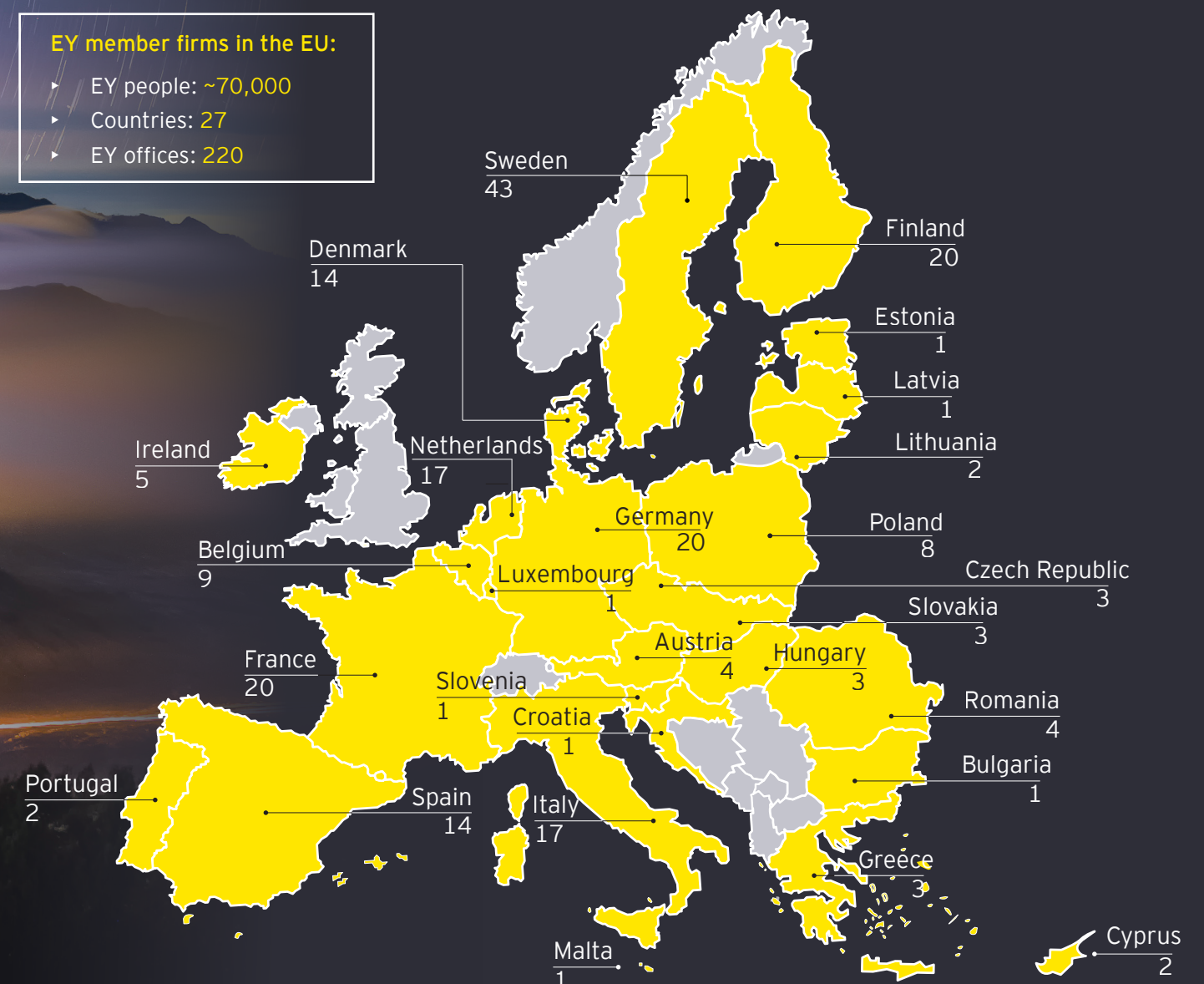
Introduction

At EY, our purpose is to “**build a better working world**”. The role we play as an organization, as well as the services we provide EY clients, are designed to provide long-term value for all stakeholders, while also instilling trust in the capital markets. EY member firms in the European Union (EU) employ over 70,000 people spread across 220 offices in 27 countries to support businesses and public institutions in Europe and beyond as they transform and re-shape the economy for the future with confidence.

EY member firms play a multifaceted role in the EU. Our Brussels-based EMEA Public Policy team engages with stakeholders to shape decision-making, build trusted relationships, and provide valuable insights derived from the Global EY network.

EY member firms in the EU:

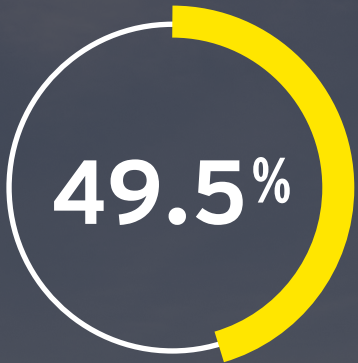
- ▶ EY people: ~70,000
- ▶ Countries: 27
- ▶ EY offices: 220



We are building the next generation of European leaders with continued commitment to purposeful growth, people development, diversity, environment, and social impact

**100,000+
EY**

professionals in Europe



female professionals

**61,000
hires**

over the last three years

5,000+

new interns per year

**4.2m
hours**

of learning completed

**#1
reason**

for joining the EY organization is learning & development

93% of new hires

had an Exceptional Candidate Experience

**Carbon
negative**

and aiming for net-zero by 2025

**Impacted
21m lives**

through our Ripples programs

**Top inclusive
employer**

for gender equality, ethnicity, and LGBTQ+

Foreword

“

Now, more than ever, businesses have **a greater responsibility** to be part of the solution; to play our part in tackling global challenges. Growth must be sustainable, and it must deliver value that will benefit **all** stakeholders – employees, shareholders, **and** our wider society.

In this new environment of complexity and uncertainty, retaining public trust will require actions that are measurable.

Trust is not just fundamental; it is the new currency of collaboration and cooperation. As leaders, we need to continue to earn it, and to prove ourselves again, and again.

The future attractiveness of Europe as a place to live and work is not just a shared interest, it is also a shared responsibility. For us at EY, the collaboration between public and private sector in pursuit of purposeful growth is just one way in which we seek to fulfil our purpose of Building a Better Working World.



Julie Teigland
EY EMEA Area Managing Partner

At EY, we are aware of the unprecedented challenges that EU policymakers face in today's complex world.

Geopolitical disruption and volatility are set to persist **and affect global economic growth and inflation**. Multiple disruptive forces are shaping the global operating environment, including climate change, technological innovation, demographic shifts, and the rising influence of non-state actors. This creates a highly uncertain **outlook for the future of globalization** and EU's political agenda to promote free and open trade globally and uphold democracy at home and abroad.

Today, more than ever, public policy is essential in building resilient and value-based economies. Therefore, we recognize that effective business practices play a crucial role in contributing to the stability and resilience of the EU.

Our Manifesto serves as a collective vision, grounded in the understanding that true progress is not just the purview of governments but a shared responsibility with businesses that operate within the EU. Acknowledging the challenges that policymakers face in this new era of globalization, the Manifesto outlines the five priority areas we, as a business, believe should drive the political agenda over the next five years:

- 1 | Promoting the EU's global role by boosting **international trade and investment**;
- 2 | Unlocking the EU's **competitiveness** to deliver sustainable growth;
- 3 | Driving the EU's **digital transition** by innovating with integrity;
- 4 | Aligning the EU's prosperity with shared **sustainability** goals;
- 5 | Championing the EU's commitment to **skills and talent**.



Andrew Hobbs
EY EMEA Public Policy & Center for Board Matters Leader

We have identified 23 policy recommendations to drive the EU forward. The ambition by the European Commission to reduce administrative burdens for business, including the recent commitment to cut 25% of reporting requirements, exemplifies the EU's engagement to streamlining processes while maintaining the highest standards. The EY organization embraces this positive approach and seeks to **align our efforts with the EU's vision for a more agile and responsive regulatory environment**. The next five years hold both challenges and opportunities that require the collective efforts of government, industry, and civil society. EY believes in navigating this dynamic landscape with positivity, an innovative approach, and a collaborative spirit to advance the EU.

Trust in business and institutions is paramount for fostering a sustainable and prosperous future for the EU. **At EY, we are committed to shaping the future with confidence by providing trust and assurance through our services**, supporting the EU's ambitions, and fostering a collaborative environment for progress.

Promoting the EU's global role by boosting international trade and investment

Can EU companies trade and invest tomorrow on today's policies?

“

Recent years have seen an unprecedented increase in trade tensions and events that have disrupted global supply chains. The EU has an opportunity to build new partnerships and strengthen ties around the world on issues which matter to business including digital and critical minerals. The EU must redouble efforts to make international trade and investment more sustainable in a way which works for those that use them.



Jeroen Scholten
EY Global Trade Leader

The next five years will see the EU facing a complicated and challenging geopolitical environment, with war in Ukraine and significant challenges to the international order. While the EU seeks to reduce its external dependencies and pursue strategic autonomy, building close trading partnerships with countries and regions has never been more important.

Geopolitical tensions are driving significant changes in Europe's trade relations and businesses' supply chains. According to [EY Europe Attractiveness Survey 2024](#), 48% of foreign investors are looking to create more regionally based supply chains – this, however, does not mean less international trade, rather different trade flows. The EU will need to build international

cooperation to meet its environmental and net-zero objectives while supporting the sustainable development of the EU's partners through the Global Gateway.

Businesses seeking to comply with the EU's new supply chain-related legislation and policy measures must address the new compliance processes set out in each of the respective pieces of legislation and ensure that their supply chains become more diversified, resilient and sustainable. This involves actions such as decarbonizing production processes, protecting labour rights, increasing supply chain transparency and making the right sourcing decisions with suppliers.

Recommendations

1. Champion sustainable international trade and investment.

The EU must rebuild its credentials as a champion of free and fair international trade and a preferred destination for high-value foreign investment. It must focus on finalizing and ratifying free trade agreements (FTAs) with close allies, and actively pursue non-traditional trade agreements such as digital trade partnerships and critical mineral agreements. Businesses are anticipating that increasing number of end-to-end value chains legislations such as the EU Deforestation Regulation (EUDR), the Corporate Sustainability Due Diligence Directives (CSDDD), the Forced Labor Regulation (EUFLR), etc. will notably increase administrative burden. Simplifying their implementation would increase operational agility and reduce administrative costs.

2. Support the rules-based trading system.

The EU should continue to support efforts to reform the World Trade Organization (WTO) as the foundation of a renewed rules-based trading system equipped to handle the complexities of a global landscape marked by heightened geopolitical tensions, climate change and technological disruptions. These efforts include re-establishing an effective dispute settlement system. Where countries contravene their obligations, the EU should use existing legal instruments to ensure a level playing field.

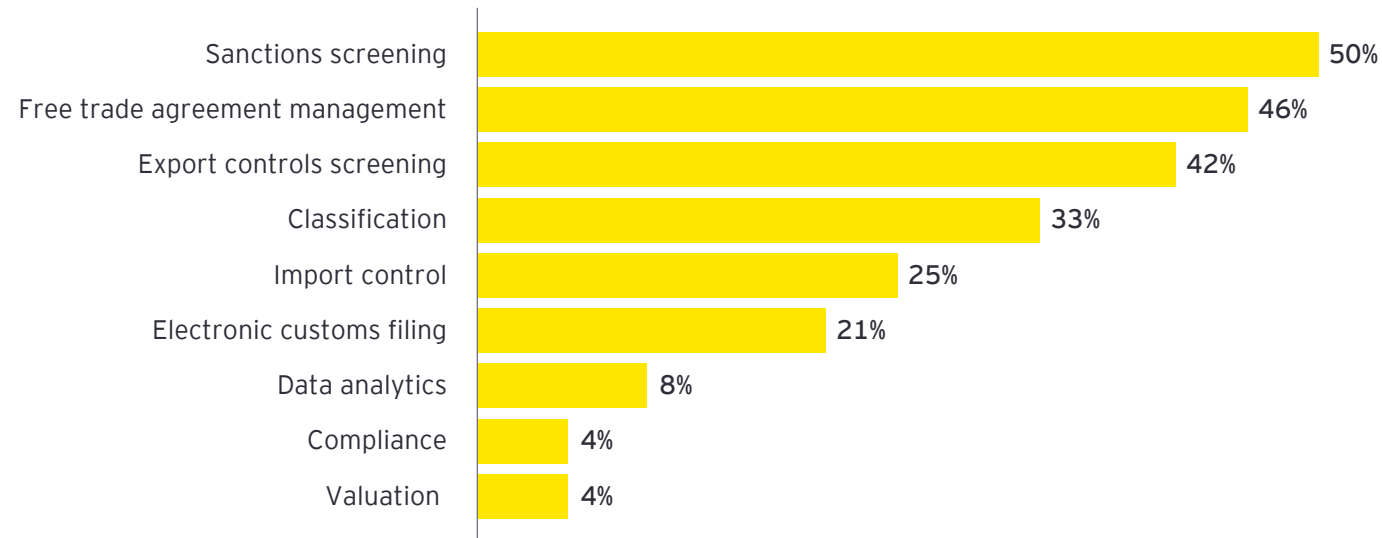
3. Build trusted partnerships amidst growing geopolitical competition.

The EU's Global Gateway needs to deliver meaningful outcomes for old and new partners in developing countries by focusing on the green transition, building digital infrastructure and leveraging private sector involvement and investment. Support traders in developing countries to meet the EU's high environmental and sustainability requirements set out in the EU Deforestation Regulation and EU Carbon Border Adjustment Mechanism to counter allegations of "Green Colonialism."

4. Support a robust trade and investment regime.

The EU's trade and investment regime has seen dramatic changes during the last Commission. The next five years should focus on aligning existing supply chain measures and enforcement regimes, ensuring effective compliance, and working with the private sector to minimize duplication and overlap. This includes accelerating reforms to the Union Customs Code that delivers for European traders through the modernization of the EU's customs processes and uniform implementation of measures across EU Member States.

How technology is used in the global trade function



Source: [Refocusing on the global trade functional organization – a global trade perspective](#), April 2023

What are EY teams doing?

Trade has emerged as a prominent consideration on corporate agendas, as the international trade and investment environment is undergoing fundamental changes that can have profound impact on businesses. EY is helping businesses [seize trade opportunities in new markets](#) and overcome trade barriers and geopolitical challenges, while ensuring compliance with new trade and supply chain legislation. We are also active in the conversation between foreign investors and EU institutions, as well as national and regional governments.

EY is dedicated to [helping businesses assess how to enter new markets](#), considering the full range of factors to identify the best opportunities. This increases long-term value by preparing for various future scenarios through the development of a dynamic international trade strategy that identifies opportunities for businesses to accrue value. This involves building effective trade functions within businesses, including their strategies, size, reporting lines and recruitment plans and addressing skills gaps, especially in digital and sustainability requirements.

EY teams bring a broad perspective to international trade and investment, integrating policy and [geopolitics](#), tax, law, emerging sustainability requirements across [value chains](#), new business models, workforce and immigration, strategy and transactions.

If you would like to know more, please get in touch with:



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Unlocking the EU's competitiveness to deliver sustainable growth

Is Europe rising to the competitive challenge of today and tomorrow?

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The evidence is unequivocal; Europe's economic performance has fallen behind that of the US and Asia over the last number of years. Improving competitiveness is a key means to redress this situation. This involves not only embracing digital innovation through targeted incentives but also leveraging EU's leadership in sustainability as a unique strength. By deepening the single market, realizing the full potential of the capital markets union, advocating for free trade and, when needed, swiftly responding to aggressive industrial policies of its major competitors, the EU can position itself at the forefront of global economic development.



Marek Rozkrut

EY Chief Economist for Europe and Central Asia

With challenges emerging both globally and from within Europe, it is imperative that the EU maintains its competitiveness. Despite a decline in European FDI in 2023, an increasing number of global executives told us that they [plan to expand or stablish operation in Europe in the next year](#).



Source: [EY Europe Attractiveness Survey](#), June 2024

EY teams advocate that [competitiveness should be the cornerstone of EU policy](#). The digital and green transitions should be framed in terms of competitive advantage rather than regulatory burden. Other issues, such as the cost of doing business, should be managed effectively to avoid undermining Europe's attractiveness.

Recommendations

1. [Show that Europe is open for business.](#)

The EU has overcome several challenges in the recent past. They include global disruptions posed by the COVID-19 pandemic, geopolitical tensions such as the war in Ukraine and complexities of surging energy costs, inflation and interest rates. It is now imperative to convey a powerful and resolute message: Europe is open for business and its brightest days are yet to come.

2. [Deliver on the Capital Markets Union.](#)

Significant strides have been taken in the Capital Markets Union (CMU) initiative, as evidenced by the EU agreement on the legislative aspects of the CMU Action Plan. EY teams urge for renewed impetus in advancing the CMU project, [supported by our research](#) revealing that **the pivotal factors influencing investors' choice of project location are liquidity of financial markets and access to capital**. The CMU must not slow down now that real progress is being made. EY teams also advocate the use of digital technologies to assist the progress of the project. A future European CMU will need to fully leverage developments in digital technologies and capabilities of FinTech.

3. [Implement targeted, consistent and simple policies to drive the EU's tax evolution.](#)

Since 2016, businesses have been facing waves of complex and large-scale EU tax legislation. New laws layered on top of existing tax obligations have significantly increased the risk of double taxation and administrative costs for businesses connected to it. By designing legislation with precision and implementing it consistently across the EU and balancing the policy ambitions with the connected administrative costs, economic distortions and dents in the EU's competitiveness could be prevented.

4. [Strengthen European unity through the single market.](#)

The concept of single market forms the basis of EU growth, competitiveness, and success. There are structures in place that allow businesses to compete on a level playing field without state interference. Despite facing unfair global competition, the EU has strongly upheld the values and principles of the single market. EY teams urge the EU to stick to its position, preventing any erosion of these principles, and to deepen the single market further, by, for

example, liberalizing trade in services.

5. [Redouble efforts on combatting financial crime.](#)

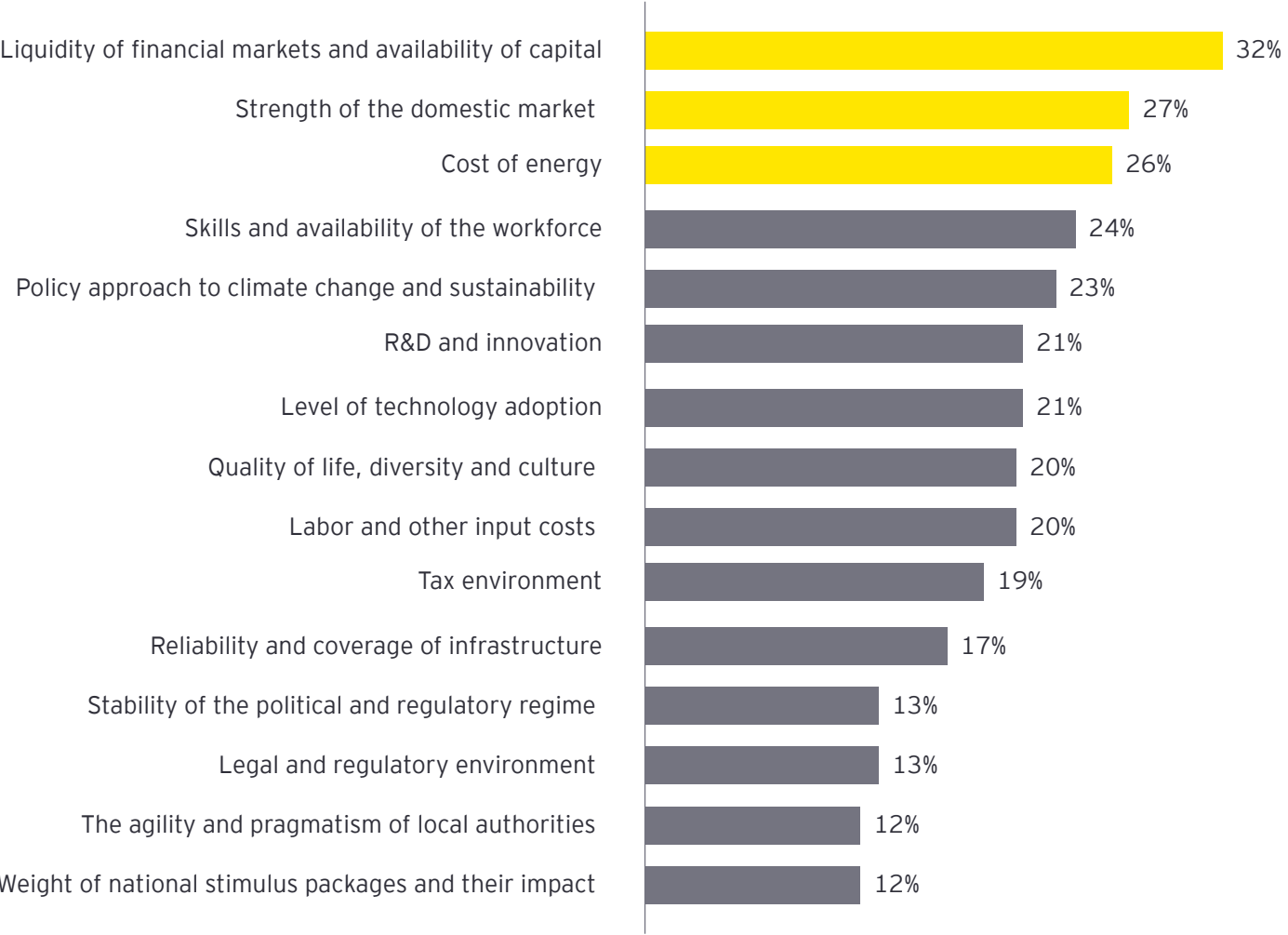
Markets cannot exist without trust. Financial crime, in all its forms and facets, erodes trust, discourages investment, and inhibits competition. To this end, we commend the significant steps the EU has made in combating financial crime with the recent agreement of the AML package and the establishment of an AML Authority. Enhanced cooperation between public authorities and private sector firms has proven effective, leading to the identification and disruption of several money laundering networks, enhancing the effectiveness of anti-money laundering measures. We stress the importance of delivering on the establishment of formal channels

for information sharing and joint initiatives between regulators, law enforcement, financial institutions, and professional service providers, as this practice is critical to maximizing the effectiveness of common objectives without increasing complexity.

6. [Close economic collaboration with EU neighbors.](#)

We urge that the EU develop and maintain close collaborative links with our European neighbors. In times of global economic uncertainty and political instability on the borders of Europe, it is vital that the EU has close economic and political relationships with like-minded nations who share the values and principles of the EU. A strong, stable and economically sustainable EU is in the interest of all European citizens.

Which factors are the most important when choosing a country to invest in?
Up to three answers only



Source: [EY Europe Attractiveness Survey](#), June 2024

What are EY teams doing?

EY helps businesses navigate the market landscape whether it's related to consolidation, deregulation, digitization, blockchain and fintech disruption. EY assists both large companies and small and medium-sized enterprises (SMEs) to [gain access to capital and grow](#).

EY has a proven track record of helping FinTech scale up and compete. EY anticipates [significant changes in business models across financial services](#) in the next few years as technology advances and customer expectations rise.

As professional service providers, our responsibilities in the **Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF)** domain are twofold. Firstly, as accountants and tax advisors, we are subject to the same AML/CTF legislations as EY clients, necessitating strict adherence to these laws within our own operations. Secondly, in our consultative capacity, we guide businesses through the complexities of AML/CTF compliance, helping ensure they meet their legal obligations. This dual engagement provides us with a unique vantage point, allowing us to understand the practicalities of implementing AML/CTF measures and to identify opportunities for enhancing their effectiveness. Like other forms of Financial Crime, corruption undermines the EU's core values of integrity as well as the capital markets and the societies they serve. As well as advising clients on their anti-corruption measures,

The EY organization is a signatory to and active member of the World Economic Forum's Partnering Against Corruption Initiative (PACI). EY is also aligned to the OECD's Anti-Corruption and Integrity Taskforce.

According to the [2024 EY International Tax and Transfer Pricing Survey](#), 84% of businesses face a moderate or significant risk of double taxation due to base erosion and profit shifting (BEPS) Pillar One and Pillar Two initiatives. This reflects the current uncertain and unpredictable tax environment. Since global trade took off, it has been recognized that double taxation hampers economic growth and competitiveness. At EY, we inform the business community about the latest tax policy developments. **EY helps businesses in defining tax strategies and policies as well as designing control frameworks and technological tools to help ensure compliance with national and EU legislation.** We also help manage the compliance processes for clients and assist them in procedures to resolve and prevent double taxation, such as mutual agreement procedures, advance pricing agreements and cooperative compliance programs. Additionally, EY contributes to public consultations on tax legislation, helping ensure that our insights on the impact of proposals on businesses, including different business models and competitiveness, are considered. Furthermore, EY helps businesses with their government and public reporting.

If you would like to know more, please get in touch with:



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3

Driving the EU's digital transition by innovating with integrity

Can ethical technology elevate competitiveness, quality, and integrity?

“

It is vital that governments harness the dynamism of the private sector, which will be the driving force behind the future of digital transformation. Getting this right will be important for making EU member states more competitive and attractive to investors. Having appropriately detailed legislation and standards will provide a level of clarity and certainty for companies across sectors.



Beatriz Sanz-Saiz
EY Global AI and Data Leader

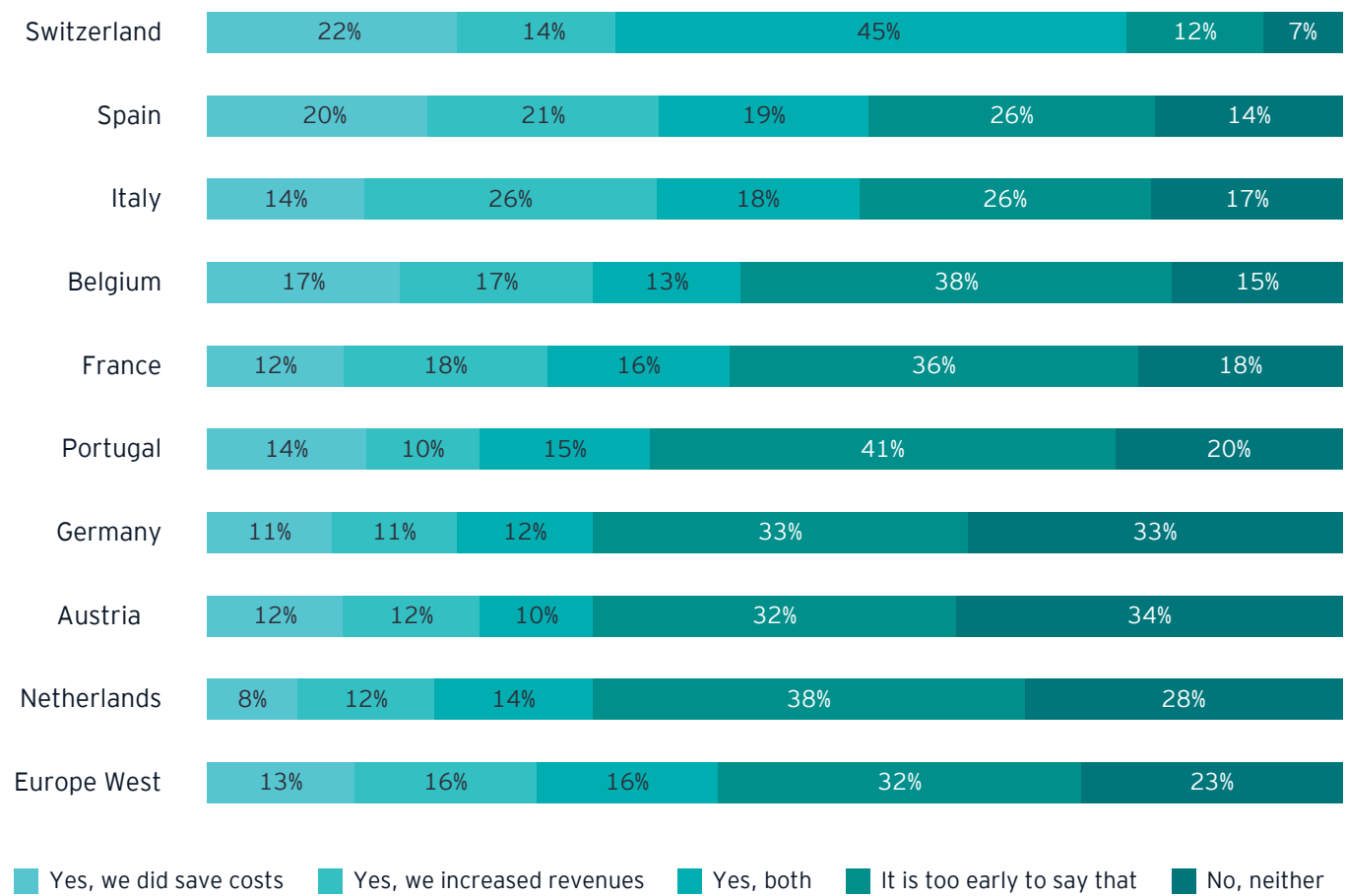
The rate at which digital technology is being developed and deployed is impacting more aspects of EU citizens' lives than ever before. As technological advancements reshape the global economy, there will be new opportunities and new risks. Data and artificial intelligence (AI) now sit at the core of business scaling and transformation. When embedded from strategy to implementation with powerful analytics, they accelerate innovation, enhance transformative technologies, and drive real-time decision intelligence. AI is the key that turns data into usable knowledge, building industry-specific insights and unlocking new strategic growth opportunities. In a recent series of research articles, EY teams have estimated that [AI can lift Western Europe's GDP by up to 3.7% by 2033](#) by boosting investment and productivity growth.

The EU has led the way in regulating this digital space and is in a unique position to promote human-centric values at the heart of legislation on AI, cybersecurity, digital finance, and data use. Trustworthy technologies

and their responsible use should be the cornerstone of the digital economy. Building confidence in the use of data-driven digital solutions, including AI, through promoting effective governance practices should continue to be a priority for policymakers. Legislations must be flexible and futureproof, along with principles-based frameworks allowing adaptability for those affected over the implementation period.

EY teams believe that a balanced approach to governance promotes innovation while mitigating risks. It gives all stakeholders a voice in deciding how technology is used and what safeguards are in place. To facilitate this kind of approach, EY urges policymakers to engage with industry to benefit from the experiences and expertise across all sectors of the economy and assess how digital legislations can better facilitate European growth. Ultimately, this will create a healthy information ecosystem likely to optimize better outcomes for everyone, while incentivizing the new ideas and innovations that drive economic growth.

Has AI already led to cost savings or increased profits within your company?



Source: [EY European AI Barometer](#), June 2024

Recommendations

1. Keep people safe.

The fundamental rights of EU citizens should be non-negotiable. Lawmakers should protect people from abusive or exploitative practices as they increasingly interact digitally. Digital systems, including artificial intelligence systems, have an ever-greater impact on the decisions affecting citizens' daily lives. Obligations should be clearly defined, and enforcement regimes should be fair and transparent to ensure accountability and to provide certainty on what businesses can and cannot do.

2. Foster digital innovation and drive growth.

The EU can strengthen Europe as a global technology leader through incentivizing innovation and transformation by creating an environment to attract talent and capital investment opportunities that can support the startup ecosystem. Accompanying regulatory or legislative interventions should continue to follow the oft-repeated principles of “as little as possible but as much as needed.” Non-regulatory measures, such as codes of conduct and the development of technical standards, should be the preferred first options to regulate emerging technologies and digital services. This will allow the EU to maintain competitiveness and attract innovators and investment.

3. Align regulation and standards internationally where possible.

One of the main corporate compliance challenges in the digital era is keeping up with regulatory changes across many jurisdictions. Where technological developments have outpaced legislative action, the EU should proactively take the lead in promoting international cooperation for the establishment of ethics-based frameworks for emerging technologies. Collaborating with international partners to foster risk-based approaches to technology use, developing and applying international standards, and encouraging the adoption of common terms and definitions will also have the added benefit of supporting European businesses' access to international markets. Digital policy equivalence or mutual recognition can also be utilized through mechanisms such as trade negotiations.

4. Lead the way in developing global verifiable standards.

To strengthen the EU's ability to lead on

international alignment, the EU standards development process must be revised to be more agile. This will ensure that standards keep pace with the rate of technological change. The process must also encourage and facilitate the full participation of leading subject-matter experts from industry, including those from outside the EU. The resulting standards should be realistically attainable for organizations as part of their legal compliance and provide an attractive option for non-EU jurisdictions.

5. Harmonize data regulation.

The digital economy is underpinned by access to and responsible use of data. EY teams encourage efforts to boost voluntary data sharing between organizations in both the public and private sectors. Once the Data Act and Data Governance Act have been fully implemented, the Commission should review the efficacy of the new legislation (like the ongoing review of GDPR) to determine whether any amendments are required to harmonize or simplify rules. In the meantime, the EU should promote standardization measures over data access, portability and interoperability.

6. Consolidate cybersecurity frameworks and enhance collaboration.

The EU should focus on reinforcing the harmonization of cybersecurity standards by encouraging consistent implementation and enforcement of the NIS2 Directive across all member states. This includes appropriate review and expansion of the scope to cover new and emerging sectors that are increasingly at risk of cyber threats. To improve situational awareness and response, there should be a concerted effort to expand education and promote information sharing between public entities, private entities, and individuals. Additionally, empowering the EU Agency for Cybersecurity (ENISA), developing a comprehensive and harmonized cybersecurity certification framework, and supporting the further professionalization of cybersecurity will be crucial. These steps will create a more resilient digital ecosystem, capable of withstanding and rapidly recovering from cyber incidents, while maintaining the EU's competitive stance in the global cybersecurity domain.

What are EY teams doing?

To what extent do you agree or disagree with the following statements related to artificial intelligence?

The respondents were allowed to select one option for each statement.

AI is a force for good - driving business efficiency and thereby creating positive outcomes for all, such as innovations in health care treatments



The impact of AI replacing humans in the workforce will be counterbalanced by the new roles and career opportunities that the technology creates



The business community needs to focus much more on the ethical implications of AI and how its use could impact key areas of our lives, such as privacy



We need to do more to mitigate against AI "bad actors" who could use the technology in harmful ways - from cyber attacks to deepfakes and disinformation



We are still not doing enough to manage the unintended consequences of AI, which could have significant implications for the business community and society



Strongly agree Somewhat agree Neutral Somewhat disagree Strongly disagree

Source: [EY CEO Outlook Pulse Survey](#), July 2023

For more than a decade, the EY organization has embedded AI into many global technology solutions. In 2021, we supercharged this effort with a [US\\$10 billion, three-year investment plan](#). This has already fueled development of new AI capabilities and offerings that enhance our client collaborations. AI plays a critical role in our commitment to continuously improve audit quality. We have embedded AI into the [EY Canvas](#) audit platform to support risk assessment. Furthermore, a

broader use of AI is helping EY teams challenge the effectiveness of their audit strategy, bringing greater confidence and trust to the audit.

Underpinning this is [EY Fabric](#), our global foundational technology platform, which embeds EY professionals with leading-edge AI capabilities, united robust data strategies, cloud hyperscalers, and efficient AI management. **Used by 60,000 EY clients and more**

than 1.5 million unique client users, EY Fabric connects data from across the EY organization removing siloes and amplifying our cross-service line approach to solving complex client issues. It provides reusable data along with the data services to extract, ingest, process, store, consume and govern data. Through it we can provide EY teams with fast, easy access to verified, quality and consistent data and the data service capabilities to build, scale and industrialize the data-driven assets (including those powered by AI) that will fuel innovation and better business outcomes for the clients.

EY Fabric's rigorous AI governance helps ensure responsible and ethical AI use, setting new industry benchmarks. As one of the largest technology platforms across the globe and the backbone of our technology strategy, EY Fabric helps accelerate ethical AI solutions and enhances agility for business transformations. Powering the future of AI transformation, EY Fabric builds confidence in AI, helps create exponential value and augments people's potential.

In 2023, we brought together all our AI innovation and development efforts under one platform, [EY.ai](#). This unified platform helps enable businesses to efficiently access the benefits of AI at EY. It is also intended to increase transparency, trust and confidence in AI as the EY organization seeks to use these new capabilities to serve the broader interests of society and contribute to a more inclusive, equitable future. EY.ai is underpinned by the EY.ai [Confidence Index](#) which leverages industry-leading practices for risk, governance and data management to provide a detailed AI evaluation and monitoring.

Indeed, confidence in AI is one of the current barriers to AI adoption. That is why, in 2022, we formalized the [EY AI principles](#), which include accountability,

security and privacy, transparency and "explainability", fairness and inclusivity, and professional responsibility. These principles (which are regularly reviewed and were updated in 2023) guide our collaborations with EY people, businesses, governments, and other external stakeholders. We are integrating these principles into the EY.ai ecosystem and actively engaging with governments, multinational standard-setting bodies, industry associations and civil society organizations, and are committed to using [AI to enhance diversity, equity and inclusion](#).

We intend to help lead the development of best practices for the responsible and trustworthy use of AI. We recognize no single organization can tackle this level of transformation, safely and at speed, without collaboration. **The EY organization has been actively building an [alliance partner ecosystem](#) that includes relationships with most of the major technology companies**, that keep us on the leading edge of change, helping us innovate and execute quickly, and to offer ever-evolving services to EY clients across the value chain.

As a dedicated stakeholder, **we are focused on realizing benefits and reducing risks while moving into this next technological revolution**. We help bridge understanding gaps between stakeholders because effective digital regulation ultimately requires coordination across sectors, governments, and countries. For example, we are already helping businesses make the necessary preparations for implementing the compliance requirements of the EU AI Act. Drawing from our extensive history as a global leader in high-quality audits, we've helped build confidence in financial markets and are equally committed to doing the same for emerging technologies such as AI.

If you would like to know more, please get in touch with:



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Aligning the EU's prosperity with sustainability goals

Can public-private collaboration steer EU's prosperity towards sustainability?

“

The EU has taken a clear leadership position in the race to net-zero through the implementation of the Green Deal. This has significantly raised the bar for transparency in sustainability performance. However, more focus is now needed to support innovation and the industrial ramp-up of clean technologies, which will be key to securing a low-carbon future.



Alexis Gazzo
EY Europe West Sustainability Co-Leader

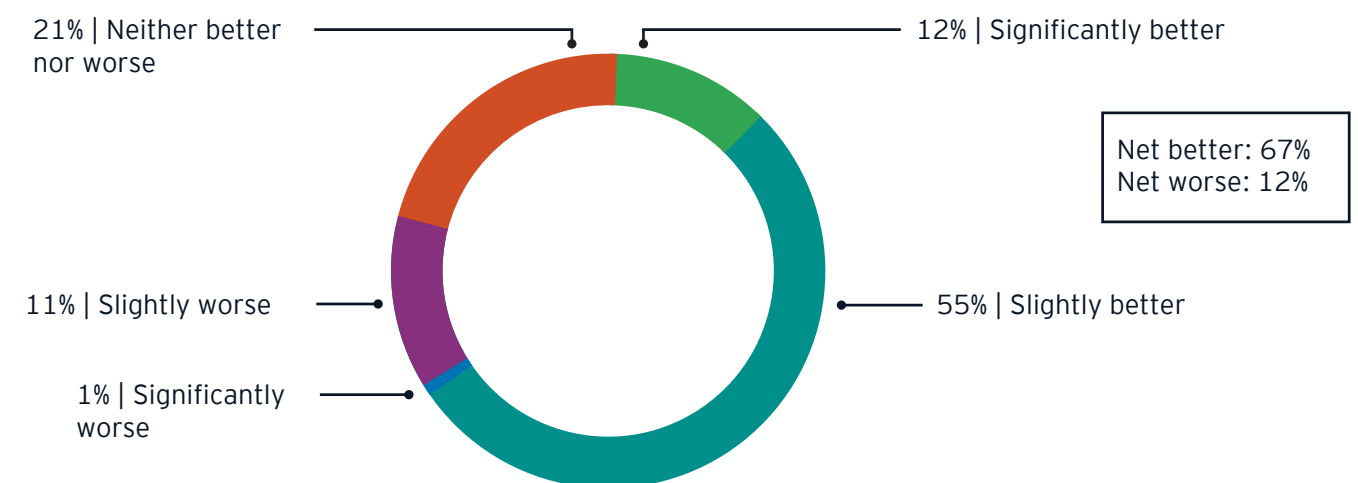
The EU is leading the way toward climate neutrality and a more resilient and circular economy. The major drivers have been the comprehensive sustainability legislative frameworks such as the European Green Deal and the proposed Industrial Decarbonization Accelerator Act, investment in technological solutions, funding of research & development and upskilling of the EU workforce. These measures are supporting businesses to foster a seamless and just transition across sectors towards the Clean Industrial Deal. According to the [EY European Attractiveness Survey 2024](#), 67% of respondents consider Europe better than other regions in supporting their businesses achieve their sustainability plans.

Creating global sustainability reporting frameworks is imperative for effectively addressing climate change as it requires global coordination and effort and cannot be tackled through isolated efforts from a few countries or regions. The [EY Climate Risk Barometer](#) shows that 99% of investors use available environmental, social and governance (ESG) disclosures in their investment decision-making processes; however, only 54% of organizations provide investors with the relevant and complete picture.

At EY, we support business to integrate sustainable finance principles into their business operations, identify and manage ESG risks, and seize opportunities for growth through sustainable finance strategies. According to the [2023 EY Sustainable Value Study](#), 34% of businesses surveyed globally plan to spend more to address climate change, down from 61% in 2022. 7% of businesses surveyed qualify as “pacesetters” (i.e., leading the charge on climate action) compared to 32% in 2022 as gains become harder to make.

As a result, companies must ensure that their financial statements reflect the most up to date assessment of climate-related risks and their impact. More than one year after the Corporate Sustainability Reporting Directive (CSRD) came into force, it is crucial to reflect on these questions: What have sustainability reports been used for in recent years? Have they helped identify and reduce the negative impacts of companies and their value chains, maximize the positive ones, and increase their value? Or, on the contrary, have they been only an instrument necessary to meet the transparency requirements demanded by the regulator?

As an investment destination, is Europe better or worse than other regions at helping your business achieve its sustainability plans?



Source: [Europe Attractiveness Survey](#), June 2024

Recommendations

1. Streamline ESG reporting for global transparency.

Businesses and financial institutions must be equipped with the right tools and guidance for reporting ESG data to investors and interested parties. We emphasize the necessity of a joint and concerted effort among the European Financial Reporting Advisory Group (EFRAG), the International Sustainability Standards Board (ISSB) and the Task Force on Climate-Related Financial Disclosures (TCFD). This collaboration will help achieve global alignment that encourages constituents to build their sustainability reporting on a common baseline, with consistent high-quality data and underlying processes. This will result in the avoidance of multi-reporting requirements. Global standards and reporting frameworks should be viewed as innovation accelerators, giving organizations freedom from ambiguity and the opportunity to go further, faster.

2. Catalyze net-zero and other environmental externalities through collective action.

We support companies in scaling the changes needed to deliver a net-zero economy. Halving emissions by 2030 requires a collective effort and immediate action at both national and European levels, with a near-term focus on progress in sustainable finance, sustainable cities, energy transition and [carbon markets](#) to drive long-term economic, social and environmental impact. This means that public-private collaboration to align EU prosperity with sustainability is crucial for achieving the climate neutrality goals of the EU by 2050. Similar collective efforts are needed to minimize impacts on people and the environment, particularly in addressing waste and plastic reduction, zero pollution action plans, and the protection and regeneration of biodiversity and water security.

3. Boost clarity in EU taxonomy reporting.

We advise companies to assess opportunities to improve and clarify their information-gathering processes and to define an action plan to upgrade taxonomy-eligible activities to taxonomy-aligned status in the coming years. Our latest [EY EU Taxonomy Barometer](#) shows that companies continue to face many challenges in implementing the regulation due to the difficulties in interpreting certain criteria and gathering technical data for alignment assessments. The EU will need to continue providing guidance to businesses in the path of implementation. Clarity of the EU Taxonomy legislations will not only reduce administrative burden for the businesses but will also facilitate investment into taxonomy-aligned activities and support EU's strategic objectives towards green and digital future.

4. Incentivize green innovation.

The [EY European Attractiveness Survey 2024](#) shows that environmental concerns are shaping investment decisions: when asked **why** they plan to establish or expand operations in Europe, **34% of businesses say they want to address sustainability issues**. To help bridge the ambition gap, governments should increase funding for green technology innovation and create policies that incentivize private investment while lowering risk. Given the immediate need to address the climate emergency, governments must investigate the proven [potential of existing technology in reducing carbon emissions](#) and act as game changers in transitioning to a green economy. Welcomed simplification in this area would include easier identification of opportunities, less burdensome access to funding and faster permitting.

34% of businesses surveyed plan to spend more to address climate change, down from 61% in 2022

7% of businesses surveyed qualify as “pacesetters” (i.e., leading the charge on climate action) compared to 32% in 2022 as gains become harder to make

Source: [EY Sustainable Value Study, 2023](#)

What are EY teams doing?

In 2023, the EY Climate Change and Sustainability Services (CCaSS) teams were comprised of approximately **5,000 EY professionals dedicated to sustainability around the world**. They work across the full range of sustainability issues, identifying risks, helping create new products and markets, and responding to policy and regulatory changes.

Within the CCaSS services, the [New Economy Unit \(NEU\)](#) focuses on research and insights around the long-term, systemic shifts toward a new, regenerative economy. EY welcomes and supports the NEU's work, recognizing it is a significant deviation from today's business and sustainability practices but critical in exploring transformative pathways and approaches toward a more equitable and livable future. The NEU's foundational review paper “[A new economy: exploring the route causes of the polycrisis and the principles to unlock a sustainable future](#)”, sets out the team's vision for the transition and invites engagement, ideas-sharing and co-creation with others doing research or active in this space.

The EY Tax teams have made available a [preview of EY Green Tax Tracker](#) that covers green taxes, environmental fees, waste charges, incentives, and subsidies that major jurisdictions have put in place and are planning to introduce. **There are currently over 3,000 green taxes and over 2,000 sustainability related incentives** in place across all policy areas, from

climate policy to circular economy plans, as well as pollution reduction and biodiversity & water protection plans.

We are also [investing in all EY people](#) by offering learning and development programs that help develop new skills in emerging areas like sustainability. These include the **EY Masters in Sustainability, in association with Hult International Business School**, and the EY Badges program.

[EY Global Grants, Credits and Incentives](#) has over 1,000 professionals who since 2015 have helped secure over €235bn of incentives to EY clients, representing over €46bn in capital investment and 150,000 jobs created or retained. The **EU Green Deal related funding plan** and the US Inflation Reduction Act have been two of the **largest recent sustainability programs that EY teams have assisted companies with**, on their journeys to incorporate decarbonization and wider sustainability goals into their strategies. In addition to this, we support EY clients in navigating how BEPS Pillar Two is changing the effectiveness of many tax incentives around the world in addition to driving significant policy changes around those incentives, and how those interplay with sustainability investment objectives and funding sources. EY also publishes an annual [Worldwide R&D Incentives Reference Guide](#) to provide businesses with an overview of economic incentives for R&D, innovation, and sustainability.

If you would like to know more, please get in touch with:



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Championing the EU's commitment to skills and talent

Are we investing in skills that propel us forward, or clinging to those that anchor us in the past?

“

I believe that putting our people in the driving seat by giving them access to the opportunities they seek – be it new skills, learning experiences, mobility assignments, or community involvement – is essential for driving employee engagement and shaping careers of the future with confidence in the EU and beyond.



Zhanna Dobritskaya
EY EMEA Area Managing Partner - Talent

As we prepare for a greener and ever-more digital future, equipping citizens and today's workforce with the right skills is not just a “nice-to-have” but an imperative for all stakeholders involved, from governments to businesses and civil society, to bolster EU's competitiveness and resilience.

The success of a prosperous, competitive and innovative Europe hinges significantly on the development of a skilled and adaptable workforce. Yet, the current reality falls short of the [EU's ambitious digital targets for 2030](#), aiming for 80% of adults to possess basic digital skills and for 20 million employed information and communication technologies (ICT) specialists in the EU, alongside efforts for greater gender parity. This stark disparity underscores the urgent need to intensify our efforts in bridging the gap.

[More than two out of three employees in Europe](#) fear job losses due to AI, with concerns lowest in Switzerland at 57% and highest in Portugal at 80%. Meanwhile, the [EY 2023 Work Reimagined Survey](#) found that 84% of global employers already use Generative AI (GenAI) at work. Despite this, there's a striking paradox: **both employees (17%) and employers (22%) rank the development of GenAI skills as a low priority**, revealing a critical readiness gap. Our recent study has also brought to light a [distinctive generational divide](#), revealing that Millennials and Gen X express a higher level of trust in AI technology compared to Gen Z. For younger generations, trust is not only a matter of safety and security but also about the reliability of the technology.

Who trusts AI the most?



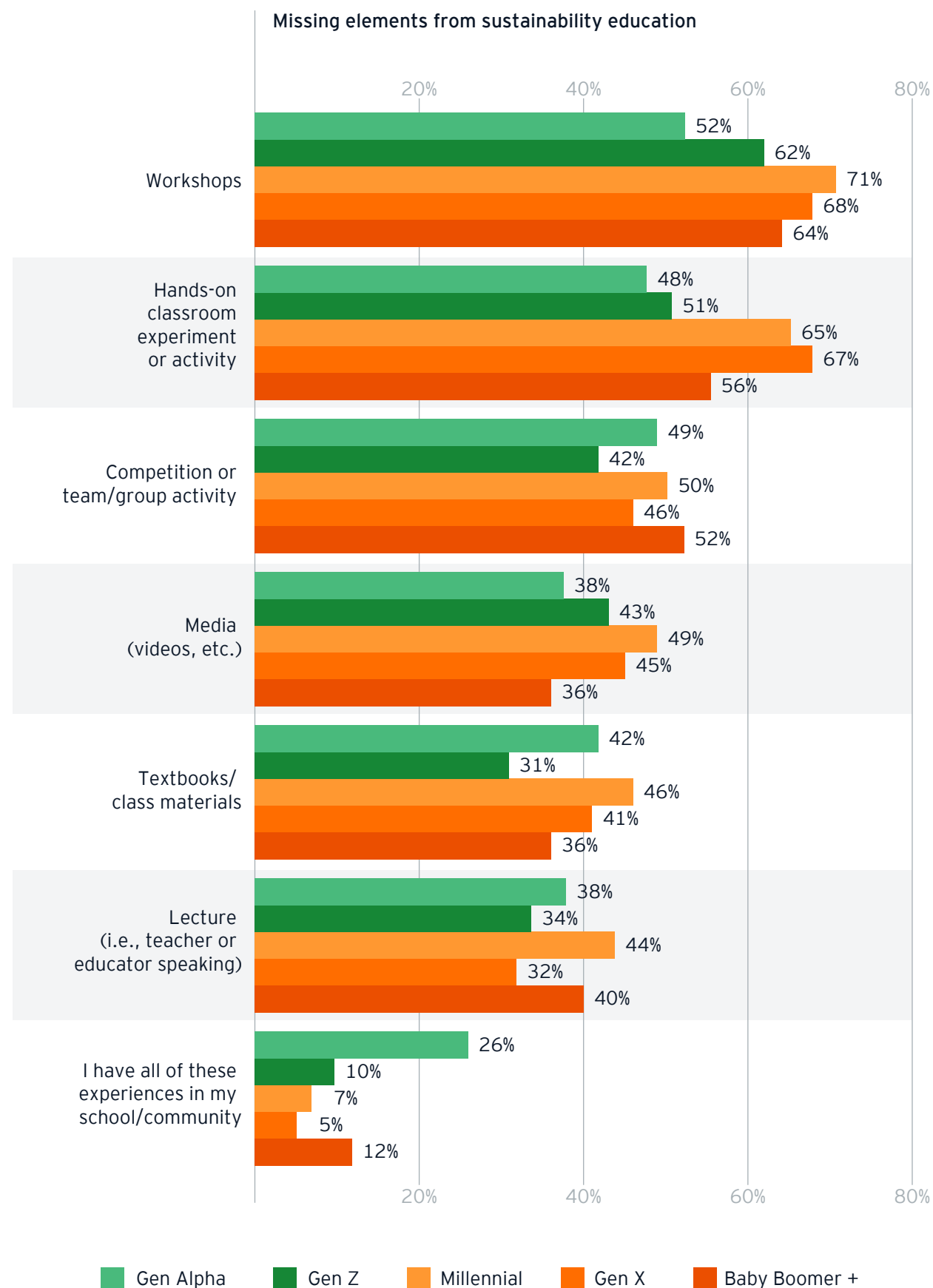
Source: [AI Anxiety in Business Survey, December 2023](#)

Nevertheless, in the [EY Europe Attractiveness Survey 2024](#), 62% of surveyed business executives rated Europe as outperforming other regions in terms of the availability of a highly skilled technology workforce (e.g., scientists, engineers, data analysts) when choosing a country to invest in.

Meanwhile, the job market is undergoing a profound transformation from its core. The [emergence of new green jobs](#), pivotal for achieving net-zero environmental goals, demands a skillset distinct from those displaced in fossil fuel-dependent industries. This shift is particularly pronounced when factoring in the values of generations

about to enter the workforce – **88% of business school students rank environmental issues in business as a top priority for their future careers.**

Recently, the EY organization and the non-profit JA Worldwide conducted a survey, garnering more than 1,200 responses from 72 different countries. It found that, while both of the two younger generations (Gen Z and Gen Alpha) are better educated on sustainability and environmental issues than any generation before, [only 45% of Gen Z and 56% of Gen Alpha are satisfied with the sustainability education](#) they received in school.



Source: [Generational Sustainability Survey](#), 2023

Recommendations

1. Equip future generations with a multifaceted education.

Promoting a dynamic education in sustainability and disruptive technologies (e.g. GenAI and quantum) requires a collective effort from corporations, governments, NGOs, and educators. To truly prepare them for the future, we must also focus on developing essential human skills such as adaptability, resilience, and the ability to learn, unlearn, and relearn rapidly. Sponsored workshops and similar initiatives will not only enable younger generations to lead current and future missions but also to navigate the complexities of social media information critically.

2. Prioritize attracting, retaining and upskilling AI and green talent.

This strategic focus should be woven into the

agendas of organizations and policymakers alike, leveraging the EU's investment capabilities and convening influence. This concerted effort represents Europe's golden opportunity to bridge the current skills gap and maintain its position as a leading hub for innovation, research and trust within the ecosystem.

3. Develop a standardized European Skills Badges framework.

Recognizing and validating prior learning, qualifications and skills acquired through nontraditional pathways is essential. These badges, serving as tangible and universally portable indicators of an individual's competencies, would facilitate smoother transitions for individuals navigating career changes. They would also foster a more dynamic and inclusive workforce while instilling trust in the recognition of diverse skill sets.

What are EY teams doing?

At EY, we are committed to helping create long-term value for people through a robust investment in **lifelong learning and development of future-focused skills**. To prepare our 70,000 professionals across the EU for workplace disruption and democratize access to new, in-demand and transferrable skills, we founded the [EY Badges](#) program (portable, digital credentials in future-focused skills) in 2017. **EY people from the 27 EU member states have earned more than 17,000 EY badges since their launch.**

In 2023, we celebrated our sixth and largest ever [EY Tech MBA](#) cohort with 24 graduates and the first-ever cohort of **EY Masters in Sustainability**, totaling 30 graduates in the EU across our EY Degrees, including the **EY Masters in Business Analytics**, offered in collaboration with Hult International Business School. These degrees are free for EY people, regardless of rank or location, with the aim of helping them gain the knowledge, practical skills and experience they need today to shape the world of tomorrow.

Coinciding with our launch of [EY.ai](#), our overarching AI strategy, we introduced a **learning course – AI Now**. The uptake has been extraordinarily rapid and exceptionally well-received, with nearly 50,000 individuals completing the course within the first six months!

Through our collaboration with JA Worldwide, EY teams have been dedicated to helping and **educating youth in acquiring essential entrepreneurial skills**, from nurturing financial literacy to fostering start-up expertise and promoting sustainable entrepreneurship. Since 2019, EY professionals have conducted **more than 80 workshops** across Poland, Greece, Portugal, Spain, Romania, Germany, Ireland, Italy, and the Czech Republic, directly impacting and **inspiring over 350,000 students** along the journey.

EY teams have developed [EY Future Skills Workshops](#) to help educate young and underserved groups on a variety of topics not commonly taught in schools, from financial literacy to environmental sustainability and emerging

technology, so they can critically evaluate information they encounter on social media platforms for instance.

EY Ripples is our global corporate responsibility program aimed at **mobilizing our 300,000 people around the world to build a better future by making a difference in 1 billion lives** over the next decade. It uses peoples’ skills to support youth and underserved groups, impact entrepreneurs and the environment.

Numerous projects within EY Ripples are driven by our aspiration to **inspire the next generation of women in STEM** (science, technology, engineering and mathematics). This is precisely why we launched the **EY STEM App** – a free-of-charge mobile platform designed to immerse girls in engaging and interactive learning experience focusing on STEM disciplines intertwined with a holistic exploration of SDGs. Through this app, we have positively impacted nearly 330,000 lives worldwide.

The EY organization also collaborated with Microsoft to launch the **Green Skills Passport**, which helps learners aged 16 and over develop skills to find green jobs and pursue opportunities in the growing green economy.

Since launching in 2023, 43,000 youth across the globe have completed the course.

The global network of **EY Neuro-Diverse Centre of Excellence** (NCoE) also represents a further step in nurturing Diversity, Equity & Inclusiveness (DE&I) talent in the workplace by supporting individuals with neuro-cognitive differences – such as autism, dyslexia, and ADHD – apply their strengths and meet business needs in emerging technologies, including AI, data analytics, and cyber.

Our dedication to DE&I is highlighted by the third **EY Belonging Barometer**, which found that 74% of surveyed workers value their company’s DE&I efforts when choosing where to work. In support of this, **EY has joined Valuable500**, a global initiative promoting employment for people with disabilities. Furthermore, our **Accessibility Center of Excellence** drives our digital accessibility strategy while serving both internal and external clients.

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