

Climate and the economy go hand in hand

How can you turn sustainability into a genuine competitive advantage? This is one of the key themes explored in our Trend Report. In this report, BDO looks ahead to 2030 together with trendwatcher Tom Palmaerts. We show how Belgian companies can shape the future with agility and confidence. ESG does not have to be a cost, it can become a powerful driver of growth and innovation.

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The urgency of climate change appears to be fading in public debate. In a global Ipsos survey, climate concern ranks as low as ninth among global worries. Violence, inflation and poverty rate far higher. Generational differences also play a role. Research by Human8 shows that millennials and baby boomers rate climate as a top priority, while Generation Z more often identifies social inequality as their main concern.

Politics is subject to a similar trend. The European Green Deal was a strong signal but is now under pressure from economic interests. Companies are scaling back their climate ambitions. ArcelorMittal postponed its one-billion-euro investment in green steel in Ghent. BASF put a multi-billion-euro project in Antwerp on hold. High energy prices are making it difficult for European industry to be both profitable and green.

Meanwhile, the reality of climate change obviously continues to hit hard. The heatwaves, droughts and floods that struck Europe in the summer of 2025 caused an estimated economic loss of €43 billion. Research from the University of Mannheim shows that the impact lingers: two

years after a heatwave, a local economy is on average 1.5 percent smaller, and four years after a drought as much as 3 percent. Floods also lead to structural contraction.



"Climate risks are both widely felt and highly industry-specific. In manufacturing and logistics this means placing assets and infrastructure in safe locations. In the food industry it's about diversifying raw materials and suppliers. In IT it comes down to secure data centres. Within ESG the focus is shifting from reporting to real physical risks. Companies that actively manage these risks not only build protection but also competitive advantage."

Peter Van Laer,
CEO BDO Belgium



The social consequences of climate change are equally tangible. The World Bank predicts that by 2050, there could be as many as 216 million climate refugees worldwide. The UN's climate panel, the IPCC, estimates the potential number of climate refugees at 150 million. Portugal is set to become the first country in the world to officially recognise climate refugees and grant them the same rights as refugees of war. It illustrates that climate is no longer just an environmental theme but is also closely linked to human rights and geopolitics.

Fortunately there are signs of progress as well. Economist Geert Noels points out that global economic growth is increasingly less CO₂-intensive. Companies are finding ways to separate productivity from emissions. At the same time, ESG is evolving from a compliance exercise into a strategic necessity. Governments, investors and customers are pushing companies to embed sustainability structurally, not only for ethical reasons but also because it delivers measurable benefits: stronger performance, lower risks and healthier employees.

The fight against global warming is not only about limitations. It is also a driver of innovation and entrepreneurship. From energy efficiency to circular models, from new materials to renewable energy sources, time and again humanity proves its ability to devise solutions. Climate and the economy are not opposites; they are inextricably linked. Any business that wants to remain future-proof must embrace that reality.

"Long gone are the days when ESG was just a box-ticking exercise. Companies that embed sustainability do so not because they have to but because it pays off. Organisations that choose to invest in resilience, transparency and climate-proof operations today are building a lead that will be hard for competitors to emulate. In every sector, customers choose more consciously, investors scrutinise more closely and talent wants to be part of a company that makes a difference. ESG is not just a reputational issue but a defining factor in value creation."
"The real winners are companies that look beyond reporting alone. They use ESG to reduce risks but above all to develop new markets, more efficient processes and more sustainable business models, making sustainability a driver of innovation and competitiveness instead of a cost item. Those who accelerate today will determine who gains access to capital, partners and talent tomorrow. ESG is not a brake on growth but a strategic advantage for organisations that have the courage to choose the long term."

Aubry De Pauw, Sustainability Officer
BDO Belgium

WAKE-UP CALLS FOR BUSINESS LEADERS



1. €43 billion in losses
Heatwaves, droughts and floods cost Europe an estimated €43 billion in the summer of 2025 alone. Climate is ecology but it's also hard economics.
Recommendation: (re)assess your insurance coverage, business continuity plans and local sites for climate exposure.



2. Structural contraction
After a heatwave, a local economy shrinks by an average 1.5 percent and after a drought by as much as 3 percent.
Recommendation: diversify production and supply chains so you are not dependent on vulnerable regions.



3. Climate migration as a reality
Climate change may force up to 216 million people to migrate by 2050. Portugal is the first country to officially recognise climate refugees.
Recommendation: anticipate migration and demographic shifts, and give serious thought to your future labour market and social responsibility.



4. ESG as a strategic necessity
Sustainability is no longer a compliance exercise. Investors, regulation and customers require companies to integrate ESG in their core strategy.
Recommendation: integrate ESG criteria in your valuation models and make sustainability measurable in your reporting.