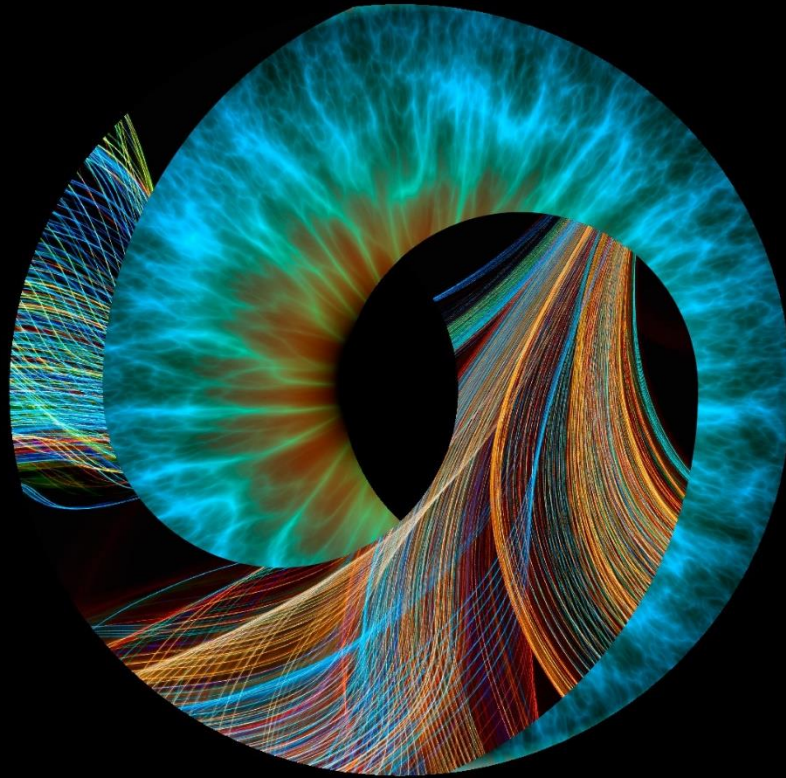


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Sustainability Insight **Unravelling regulatory complexity**

Key policy and regulatory developments: March 2024

Sustainability Insight is a monthly newsletter to keep you up to date with key sustainability-related regulatory developments in the EU. The newsletter focuses on the EU Green Deal and EU institutions, but also includes selected international and national developments where they provide context for EU developments. The developments covered are intended to be used for broader general awareness and do not imply any form of advice from Deloitte.

The newsletter is produced by Deloitte's [EMEA Sustainability Regulation Hub](#), supported by [RegHub](#), Deloitte's market-leading digital compliance platform.

Recent publications from the EMEA Sustainability Regulation Hub



Report: [Sustainability Regulation Outlook Report 2024](#). Our latest annual report explores the most pressing EU sustainability regulatory updates for 2024 and their implications on companies' business strategy and operations. The report covers five areas: Sustainability Reporting, Circularity, Supply and Value Chains, Decarbonisation, and Greenwashing.



Blog: [Prudential plans, portfolio alignment and plenty of work to do: the EBA sets out its stall on ESG risk management](#), 14.03.2024

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Sustainable finance

US **SEC** [SEC adopts final rules on climate-related disclosures](#), 6 March

The Securities and Exchange Commission (SEC) adopted new disclosure rules requiring companies which have securities listed on a US exchange within the US ("registrants") to improve their disclosures on climate-related risks. Companies within scope will have to include details of climate-related factors in their registration statements and annual reports. Companies will need to disclose information about climate-related risks that had or may have a significant impact on their business strategies, financial standing, or operational performance, including severe weather events and other natural conditions. The new rules apply from 28 March 2024. Unlike the Corporate Sustainability Reporting Directive (CSRD) and International Sustainability Standards Board (ISSB) frameworks, which also include Scope 3 emissions, the SEC Regulation focuses exclusively on scope 1 and 2 emissions. Considering the CSRD and ISSB reporting go beyond the US rules, companies reporting under the CSRD and ISSB are expected to also fulfil the SEC climate-related disclosures.



UK **TFMR** [TFMR launches call for evidence on transition finance for hard-to-abate sectors](#), 14 March

The Transition Finance Market Review (TFMR) has launched a call for evidence on the challenges to financing a net zero transition in hard-to-abate and high emitting sectors in the global economy. The TFMR focuses on how the UK can leverage its existing strengths to lead globally on raising transition capital, investments and deploying financial professional services to support a net zero future. The call for evidence includes:

- Scope of transition finance.
- Overview of tools and frameworks available to ensure the credibility and integrity of transition finance.
- Barriers and opportunities for investments, products, and services to advance transition finance globally.
- How the UK can become a global hub for transition finance.

The call for evidence is open until 25 April 2024 and finding will be reported in the summer.



Real economy

EU **European Commission** [Commission proposes actions to boost biotechnology and biomanufacturing in the EU](#), 20 March

The Commission proposed a range of actions that aim to enhance biotechnology and biomanufacturing within the EU. Biotechnology and biomanufacturing have been recognised by the Commission as ‘promising technological areas of this century’, as they are key to modernising the EU’s agriculture, forestry, energy, and food and feed sectors and industries.

The Commission’s actions focus on leveraging research, stimulating market demand, simplifying regulatory pathways, promoting investments, strengthening skills, updating standards, and fostering international cooperation. The Commission may potentially regulate within this area by proposing an EU Biotech Act.



EU **Council of the EU** [Council approves Critical Raw Materials Act](#), 18 March

The Council formally approved the agreement on the Critical Raw Materials Act (CRMA). The CRMA was proposed by the Commission in March 2023 as part of the EU’s Green Deal Industrial Plan. The CRMA establishes a framework to ensure that the EU has a secure and sustainable supply of critical and strategic raw materials. The agreed text lists critical and strategic raw materials (e.g., cobalt, aluminium or rare earth elements) which are considered vital for the EU’s green and digital transition. It also sets EU-wide targets for local extraction, EU processing and EU recycling of these materials. Furthermore, the CRMA requires companies manufacturing strategic technologies using strategic raw materials to perform a risk assessment of their supply chain every three years.

As a next step, the Regulation will be published in the EU Official Journal. It will start to apply 20 days after its publication.



EU **Council** [Council approves Waste from Electrical and Electronic Equipment Directive](#), 4 March

The Council formally approved amendments to the Waste from Electrical and Electronic Equipment Directive (WEEE). The Directive applies to a range of electronic products including computers, fridges and photovoltaic panels. The amendments to the Directive state that:

- Producers of Electrical and Electronic Equipment (EEE) must manage the cost of waste management from photovoltaic cells placed on the market after 13 August 2012.
- Extended Producer Responsibility for EEE will apply for the products that were added to the scope of the WEEE Directive in 2018.
- A review clause will permit the Commission to assess whether the Directive needs to be revised no later than 2026.

As a next step, the Directive will be published in the EU Official Journal. Member States will then have 18 months to transpose it into national law.



EU **Council** [Council approves Waste Shipment Regulation](#), 25 March

The Council formally approved the agreement on the Waste Shipment Regulation. The Regulation sets out new rules that affect how waste is exported out of the EU. Under the new rules, waste cannot be sent to non-OECD countries (third countries which are not OECD members) unless the recipient country indicates its willingness to import such waste and can demonstrate that it is capable of managing it in an environmentally sound manner.

As a next step, the Regulation will be published in the EU Official Journal. It will begin to apply 24 months after.



EU **Council** [Council approves new rules protecting the energy market from manipulation](#), 18 March

The Council formally approved the agreement on the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT). The new Regulation aims to protect the EU’s energy market and consumers better from short-term energy price fluctuations.

The Regulation introduces clearer and stricter market surveillance measures, including empowering the EU Agency for the Cooperation of Energy Regulators to carry out cross-border investigations and conduct on-site inspections of business premises. It also creates a requirement for market participants in the EU who are residents in a third country to designate a representative in a Member State in which they are active within the wholesale energy market. The authority to impose fines for infringements will remain with Member States.

As a next step, the Regulation will be published in the EU Official Journal. It will start to apply 20 days after its publication.



EU Council [Council approves revised Environmental Crime Directive](#), 26 March

The Council formally approved the agreement on the revision of the Environmental Crime Directive. The revised Directive contains an updated list of criminal offences, such as illegal timber trade, depletion of water resources, and pollution of soil and air. Under the new rules, individuals or company representatives could be imprisoned for committing environmental crimes. Companies committing environmental crimes could also be fined up to five percent of their annual global turnover. Offenders could be required to implement due diligence schemes to improve compliance and repair damages.

As a next step, the Directive will be published in the EU Official Journal shortly. Member States will then have 26 months to transpose it into national law.



EU Commission [Commission proposes to relax CAP environmental rules](#), 15 March

The Commission published proposals to amend the [Common Agricultural Policy \(CAP\) Strategic Plans Regulation](#) and the [Regulation on financing, management and monitoring of CAP](#). The proposals aim to provide EU farmers with greater flexibility to comply with the environmental obligations in the CAP and better enable them to receive funding. Key proposed measures include:

- Modifying certain good agricultural and environmental conditions (GAECs) that farmers must comply with, such as crop rotation, soil cover and fallow land (i.e. a cultivated land left unseeded for one or more consecutive growing seasons).
- Enabling Member States to introduce temporary exemptions during extreme weather events that may prevent farmers from complying with GAECs.
- Exempting farms with an area below 10 hectares from complying with GAECs.

On 26 March, the [Council endorsed the Commission's proposal to amend the CAP](#). As a next step, the Regulation will need to be formally adopted by the Parliament before it can be published in the EU Official Journal.






EU Parliament, Council [Parliament and Council strike a deal on Packaging and Packaging Waste Regulation](#), 4 March

The Parliament and Council reached a provisional agreement on the Regulation of Packaging and Packaging Waste in the EU. Key measures include:

- Making all packaging in the EU recyclable by 2030 (with strict criteria to be defined through secondary legislation by the Commission), reducing harmful substances, and minimising unnecessary packaging.
- Setting binding re-use targets from 2030, such as a 40% re-use target for transport and packaging sold with the product at the point of sale (i.e. sales packaging) or 10% for packaging that groups a set number of items for sale together at the point of sale (i.e. grouped packaging). Exemptions are expected for certain packaging categories such as beverages or cardboard packaging.
- Setting-up a deposit and return system for single-use plastic bottles and metal beverage containers.

As a next step, the Regulation will need to be formally adopted by the Parliament before it can be published in the EU Official Journal.



EU	Parliament, Council	Council and Parliamentary Committee approve modified text of the Corporate Sustainability Due Diligence Directive , 15 March
<p>The Council and Parliamentary Committee responsible for leading on the Corporate Sustainability Due Diligence Directive (CSDDD) approved a modified text of the Directive. The Council made the following key changes to the legislative text already agreed at trilogues in December 2023:</p> <ul style="list-style-type: none"> - Scope. The Directive will now apply to EU companies with at least 1000 employees and EUR 450 million worldwide net turnover, and to non-EU companies that generate at least EUR 450 million net turnover in the EU. - Definition of ‘downstream chain of activities’. The definition was amended, so that due diligence of companies within scope would only cover distribution, transport and storage of products, and no longer their disposal. - Compliance timeline. The rules will start to apply in 2027 for companies with more than 5000 employees and a turnover of EUR 1500 million. All in-scope companies will be subject to the rules by 2029. <p>As a next step, the Directive will need to be formally adopted by the Parliament before it can be published in the EU Official Journal.</p> 		
EU	Council	Council approves Carbon Removals Certification Framework Regulation , 12 March
<p>The Council formally approved the provisional agreement on the final text of the EU-level certification framework for carbon removals. The agreement:</p> <ul style="list-style-type: none"> - Provides an EU-wide definition on carbon removals, which differentiates between permanent carbon storage, carbon storage in long-lasting products and carbon farming. - Develops certification methodologies for different types of carbon removal activities based on specific criteria: quantification, additionality, long-term storage, and sustainability. - Provides clear monitoring obligations, liability rules and mechanisms for entities applying for carbon removal certificates. <p>As a next step, the Regulation will need to be formally adopted by the Parliament before it can be published in the EU Official Journal.</p> 		
EU	Parliament	Parliament adopts position on revised Waste Framework Directive , 13 March
<p>The Parliament formally adopted its position on the revised Waste Framework Directive aimed at improving waste prevention and reduction for food and textiles in the EU. The proposed measures include:</p> <ul style="list-style-type: none"> - Stricter waste reduction targets in Member States to be met by 2030 of at least 20% in food processing and manufacturing sectors (instead of 10%), and 40% of waste per capita (i.e. waste generated in relation to population size) in retail, restaurants, food services and households (instead of 30%). - Assessing whether higher targets for 2035 are necessary, followed by a legislative proposal. - Expanding Extended Producer Responsibility schemes to cover the costs of collecting, sorting, and recycling textile waste, 18 months after the Directive enters into force. <p>As a next step, the Council will start to determine the final text of the Directive with the Parliament in trilogues once the Council has adopted its own negotiating position on the text.</p> 		
EU	Parliament	Parliament approves revised Energy Performance of Buildings Directive , 12 March
<p>The Parliament formally approved the agreement on the final text of the revised Energy Performance of Buildings Directive (EPBD). The revised EPBD aims to decarbonise the EU’s building stock. Under the new rules, Member States will be required to achieve new, periodic energy use targets for their existing and new residential and non-residential buildings. This includes reducing the average primary energy use of existing residential buildings by 16% by 2030 and 20-22% by 2035, and ensuring all publicly-owned new residential and non-residential buildings are zero emissions from 2028 and all other new buildings from 2030. Member States will also be required to end subsidies for fossil fuel boilers by 1 January 2025 and phase out fossil-fuel boilers by 2040.</p>		

As a next step, the Directive will need to be formally adopted by the Council before it can be published in the EU Official Journal.



EU **Parliament** [Parliament approves revisions on the Industrial Emissions Directive](#), 12 March

The Parliament formally approved the revisions to the Industrial Emissions Directive (IED). The IED regulates air, water and soil pollution from industrial installations including livestock farms. The revised Directive mandates competent authorities in Member States to establish the strictest achievable emission levels for industrial activities in covered sectors, including energy, metal production and processing, chemicals and waste management.

The scope will be extended to extractive industry installations (mines) and large installations manufacturing batteries.

Companies that do not comply could face penalties of at least three percent of their annual EU turnover for the most serious infringements.

As a next step, the Directive will need to be formally adopted by the Council before it can be published in the EU Official Journal.



EU **Parliament** [Parliament approves measures to reduce road transport emissions](#), 14 March

The Parliament formally approved the Regulation on measures aimed at reducing emissions from road vehicles, comprising cars, vans, buses, trucks, and trailers. Key points in the Regulation include:

- Implementing stricter exhaust emissions limits, especially for buses and trucks, while maintaining existing standards for cars and vans.
- Introducing brake particle emissions limits for cars and vans and setting minimum battery durability standards for electric and hybrid vehicles.
- Introducing an Environmental Vehicle Passport for each vehicle to provide consumers with detailed environmental performance information about the vehicle.

As a next step, the Regulation will need to be formally adopted by the Council before it can be published in the EU Official Journal.



EU **Parliament, Council** [Parliament and Council strike a deal on EU Forced Labour Regulation](#), 5 March

The Parliament and Council reached a provisional agreement on the EU Forced Labour Regulation. The Regulation bans all products made using forced labour from the EU market, or to export them from the EU. The provisional agreement clarifies the criteria to be applied when assessing the likelihood of violations of this Regulation, including:

- The prioritisation of investigations based on factors such as scale and severity of suspected forced labour use (including state-imposed forced labour).
- The volume of products placed on the EU market and the share of the products likely to be made with forced labour.
- The proximity of the company to suspected forced labour risks in their supply chains and available leverage to address them.

As a next step, the Parliament and Council will need to approve the agreement before it can be published in the EU Official Journal. The law will take effect 36 months after adoption and publication.



EU **Commission** [Commission sets out key steps for managing climate risks to protect people and prosperity](#), 12 March

The Commission published a Communication on managing climate risks in Europe, urging action from all levels of government, private sector, and civil society. It proposes four main areas of action:

- Governance enhancement: Member States urged to understand risks better and cooperate closely for resource allocation.

- Stakeholder empowerment: improve understanding of climate risks, investments, and enhance tools for local emergency readiness.
- Structural policy utilisation: Member States' policies can efficiently manage climate risks, especially in planning and infrastructure.
- Climate resilience financing: mobilise public and private finance; integrate climate-risk budgeting into national budgets; ensure EU spending is climate-resilient.

Additionally, the Communication suggests concrete actions in six primary impact clusters: natural ecosystems, water, health, food, infrastructure and built environment and the economy.



EU **EEA** [Commission launches its non-binding climate resilience strategy in response to the European Climate Risk Assessment, 11 March](#)

The European Environment Agency (EEA) published its first climate risk assessment, which it has described as a 'wake up call for the financial industry and the insurance industry.' The report identifies 36 climate risks across five clusters: ecosystems; food; health; infrastructure; and the economy.

These risks encompass a wide range of concerns (e.g., extreme weather events, health hazards, economic and financial stability) with potentially severe consequences across Europe. As a response, the Commission launched its non-binding climate resilience strategy on Tuesday 12 March (outlined in the entry listed above).



UK **UK Gov** [UK publishes a second consultation on the Review of the Electricity Market Arrangements, 12 March](#)

The UK Department for Energy Security and Net Zero published a second consultation on the UK government's ongoing review of the electricity market arrangements (REMA). The consultation identifies four key challenges facing electricity markets:

- Passing through the value of a renewables-based system to consumers.
- Investing to create a renewables-based system at pace.
- Transitioning away from an unabated gas-based system to a flexible, resilient, decarbonised electricity system.
- Operating and optimising a renewables-based system, cost-effectively.

Several proposals are outlined for each challenge. As part of the proposed plans, the electricity market would be split into zones that would each set its own wholesale electricity prices. The deadline for responding to the review is 7 May 2024.



UK **UK Gov** [UK consults on design, implementation and administration of UK carbon border adjustment mechanism, 21 March](#)

In December 2023, the UK government announced it would introduce a Carbon Border Adjustment Mechanism (UK CBAM) from 1 January 2027 on imports of certain carbon-intensive imported goods from the aluminium, cement, ceramics, fertiliser, glass, hydrogen and iron and steel sectors.

The UK government has now launched a consultation on the design, implementation and administration of the UK CBAM. The consultation is seeking views on:

- Which sectors and goods should be in scope of the UK CBAM.
- How the liability for the UK CBAM will be determined, including how emissions will be reported and how it will apply overseas.
- How the UK government will ensure that liable parties pay the right amount of carbon tax at the right time.

The consultation will close on 13 June 2024.



About the EMEA Sustainability Regulation Hub

The [EMEA Sustainability Hub](#) is a source of critical regulatory strategy insight and advice, designed to help business leaders understand and assess how sustainability regulation will drive the evolution of business strategies and operating models. As sustainability regulatory requirements and standards expand, it is essential to adopt a strategic approach to navigate the complexity, and

to engage with regulators proactively. We develop early insights across industries on emerging EU sustainability regulations, policies, industry standards and codes of conduct to help you assess how best to transform strategies and operating models.

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