

Sustainability law

The regulations which will impact your business

A focus on **supply chains**, **reporting** and the **circular economy**



Supply Chain

Corporate Sustainability Due Diligence Directive (CSDDD)

What is it?

The CSDDD establishes a corporate due diligence duty for large companies to:

- take steps to prevent or minimise those impacts;
- take steps to prevent or minimise those impacts;
- publicly report on their due diligence efforts; and
- adopt and put into effect a transition plan for climate change mitigation.

Impacts on organisations

The CSDDD applies to:

- large EU companies with at least 1000 employees and a global net turnover of €450m or more.
- the ultimate EU parent company of a group of companies which meets the EU company thresholds (above) on a consolidated basis.
- large non-EU companies with an EU net turnover of €450m or more.
- the ultimate non-EU parent company of a group of companies which meets the non-EU company thresholds (above) on a consolidated basis.
- companies (or the ultimate parent companies of consolidated groups) with EU franchising or licensing agreements which generate royalties of more than €22.5m and have a global net turnover of more than €80m.
- Micro, small, and medium-sized companies are not covered, but will be impacted indirectly as part of the value chain.



Supply Chain

Corporate Sustainability Due Diligence Directive (CSDDD)

Changes on the horizon

The European Commission adopted its **Omnibus package** on 26 February 2025, which makes changes to the CSDDD as follows:

- **Scope of Due Diligence:** Due diligence is limited to companies' own operations, subsidiaries, and direct business partners. Suppliers with fewer than 500 employees are excluded. Companies only need to assess Tier 1 suppliers unless evidence shows Tier 2/Tier 3 suppliers underperforming on sustainability.
- **Monitoring Due Diligence:** Compliance monitoring with CSDDD will be required every five years, not annually.
- **Transition Plans:** Net zero transition plans must be adopted but not implemented; plans need to include "implementing actions".
- **Corrective Actions:** Businesses should suspend relationships with suppliers if adverse impacts are found and cannot be corrected, rather than terminating them.

Member States have until 26 July 2027 to transpose directive. One year later rules will apply to first group of large companies.

- **Penalties:** The 5% net worldwide turnover penalty is removed. Penalties will follow Member State guidance without a maximum limit.
- **Harmonisation:** "Maximum harmonisation" scope is extended to align CSDDD with other regulations. Member States cannot introduce stricter rules for identifying and assessing adverse impacts.
- **Civil Liability:** Civil liability for due diligence failures will depend on national laws, not an EU-wide regime.

This proposal is currently going through the ordinary legislative procedure, meaning the European Parliament and Council both need to formally adopt the text before it can enter into force. Further changes may be made during this process.

The delay to the implementation of the CSDDD by a year as proposed under the Omnibus has already been agreed meaning Member States have until 2027 to implement it, rather than 2026.

Financial penalties must be at least 5% of the company's net worldwide turnover.



Actions to take now

- ✓ **Internal review** – we can help you understand your CSDDD obligations and with a gap analysis to identify how you can make sure of existing policies/systems.
- ✓ **Supply chain mapping** – we can help you map out your value chains and identify high risk areas in terms of human rights and environmental impacts.
- ✓ **Compliance system design** – we can work with you to produce CSDDD ready due diligence systems, policies, procedures and governance structures.



Supply Chain

European Union Deforestation Regulation (EUDR)

What is it?

- Under the EUDR, any company or person placing regulated commodities/products on or exporting them from the EU market must prove that these are deforestation-free and produced in accordance with the local laws of origin countries.

Impacts on organisations

- The EUDR impacts companies which have EU supply chains and which deal with cocoa, coffee, cattle, oil palm, rubber, soya and wood (plus specific products derived from them).
- The EUDR impacts those companies first importing regulated commodities/products into the EU market, as well as those companies exporting from or supplying these commodities/products within the EU.

Actions to take now

- ✔ **Product and supply chain mapping** – we can help you review and map your value chains and products to identify where you are impacted by the EUDR.
- ✔ **Compliance system design** – we can work with you to produce policies and processes to align your business with the due diligence requirements.
- ✔ **Key documentation support** – we can help you in negotiating contractual clauses with your suppliers and customers, as well as review your due diligence statements for compliance checks.



Expected to apply to first group of companies from December 2025.



Noncompliance can result in products being suspended and penalties.



Supply Chain

Forced Labour Regulation

What is it?

- Under the Regulation economic operators will be prohibited from placing on an EU market, making available in or exporting from the EU, all products (including components and raw materials) made with forced labour.

Impacts on organisations

- Applicable to all economic operators regardless of size or location.
- The Regulation covers operators undertaking distance selling, provided the target is an EU end-user.
- Competent authorities will take a risk-based approach to determine whether a product was made using forced labour. They will undertake investigations to determine whether to ban the product, either through a prohibition of sale, ordering a withdrawal or through disposal of product.

Actions to take now

- ✓ **Product audit** – we can help you review your exposure to the FLR and assess the forced labour risks of your products down to the components and raw materials.
- ✓ **Supply chain mapping and due diligence** – we can help you map your supply chains, conduct due diligence to ensure there is no forced labour, and put in place the governance, systems and procedures to monitor and oversee the risk and mitigations going forward.
- ✓ **Ready to respond**– we can help you put in place the processes to react quickly when potential issues are identified, and in the case of an enforcement investigation, assist in engaging with the enforcing authorities.



Final text expected end of 2024, with earliest effect in 2027.



Products found to be made with forced labour will be banned, withdrawn from the market, and disposed of.



Supply Chain

Critical Raw Materials Act (CRMA)

What is it?

- The CRMA aims to secure sustainable and resilient supplies of critical raw materials whilst addressing supply chain vulnerabilities and reducing dependences on non-EU sources for such materials.
- Critical raw materials are contained in an evolving list (continually reviewed by the Commission), currently 34 critical raw materials.

Impacts on organisations

- By 24 May 2025, member states will identify large companies (500+ employees, >€150 million turnover) exposed to strategic raw material shortages in key technologies.
- These companies must conduct a supply chain risk assessment every 3 years.
- The CRMA impacts producers, importers, manufacturers, and distributors, requiring due diligence, supply chain diversification, and reporting on sourcing practices.

Actions to take now

- ✓ **Understanding your obligations** – we can conduct a review of your businesses and determine the extent of your obligations under this regulation.
- ✓ **Supply chain risk assessment** – if your business falls within scope, we can help look at your supply chain to identify critical raw materials you use and assist in pulling together your supply chain risk assessment.



CRMA entered into force on 11 April 2024.



By 24 November 2026, EU member states must put in place a sanctioning regime which they will implement for the CRMA.



Supply Chain

Carbon Border Adjustment Mechanism (CBAM)

What is it?

- The CBAM imposes a fair carbon price on imports of goods into the EU. Importers of certain goods and selected precursors whose production is carbon intensive are required to report on the direct and indirect greenhouse gas emissions embedded in their imports.
- Once the transitional period is over, CBAM will involve ongoing reporting obligations, as well as a credit system, with importers purchasing certificates they are required to surrender against the corresponding emissions embedded in their imports.

Impacts on organisations

- Authorised CBAM Declarants (an importer or, where the importer is not established in the EU, an indirect customs representative, who has been authorised by their national authority) must comply during the transitional period.
- Applies to all in-scope imports of precursors (cement, electricity, fertilisers, iron and steel, aluminium and chemicals (hydrogen)) and certain derived goods, where shipment value is equal to or greater than €150.
- Businesses in the supply chain will be indirectly affected by the requirement to provide required data and increased costs.
- Failure to surrender CBAM certificates for emissions embedded in imported goods will result in the levy of penalties.



Supply Chain

Carbon Border Adjustment Mechanism (CBAM)

Changes on the horizon

However, the European Commission adopted its Omnibus package on 26 February 2025 which introduces changes to EU CBAM, including:

- Exempting small importers by introducing a new CBAM de minimis threshold exemption of 50 tonnes mass.
- Simplifying the rules of CBAM, including the calculation of embedded emissions and reporting requirements.
- Strengthening the rules to avoid circumvention and abuse of CBAM.

This proposal is currently going through the ordinary legislative procedure, meaning the European Parliament and Council both need to formally adopt the text before it can enter into force.

Transitional period until 2025, with definitive regime from January 2026.

Actions to take now

- ✔ **Product portfolio assessment** – we can assist you in undertaking a review of imported products that fall under the scope of CBAM.
- ✔ **Compliance system design** – we can work with you to produce policies and processes to align your business with the CBAM requirements.
- ✔ **Key documentation support** – we can help you in negotiating contractual clauses with your suppliers and customers, as well as review your reporting for compliance checks.



Reporting

Corporate Sustainability Reporting Directive (CSRD)

What is it?

- The CSRD imposes an obligation on large and listed companies to report annually on how sustainability factors impact their development, but also on how these companies impact people and the environment.
- The reporting information must be prepared in accordance with specific sustainability standards (ESRS) and be published alongside an assurance opinion for the reporting.

Impacts on organisations

CSRD obligations apply to:

- Large EU companies, which meet two of the following thresholds: (a) balance sheet total assets exceeding €25m; (b) global net turnover of more than €50m; or (c) more than 250 employees.
- An EU public interest company with more than 500 employees.
- An EU small or medium-sized company listed on a regulated market, which meets two of the following thresholds: (a) balance sheet total of more than €5m, (b) global net turnover of more than €10m; or (c) more than 50 employees.
- A Non-EU company with an EU net turnover of more than €150m, which also owns either a qualifying subsidiary or qualifying branch (that has generated at least €40m).



Reporting

Corporate Sustainability Reporting Directive (CSRD)

Changes on the horizon

The European Commission adopted its **Omnibus package** on 26 February 2025, which makes changes to the CSRD to reduce its scope as follows:

EU companies revised scope

- Individual Large Companies: more than, 1,000 employees; €50 million net turnover; €25 million balance sheet
- Parent Companies of large groups: same thresholds as above
- No mandatory sustainability reporting for listed SMEs.

Non-EU companies revised scope

- Non-EU Parent Companies with: (1) €450 million net turnover in EU; and (2) either own a Large EU Company, or a branch
- The branch threshold has been increased from €40 million to €50 million.

Supplementary

A Voluntary Reporting Standard for SMEs (VSME) and companies outside of scope is now anticipated.

This proposal is currently going through the ordinary legislative procedure, meaning the European Parliament and Council both need to formally adopt the text before it can enter into force. Further changes may be made during this process.

The two-year delay to the implementation of the CSRD as proposed under the Omnibus has already been agreed meaning Member States have until 2027 to implement it, rather than 2026. This mean reporting for Wave 2 starts 2028 and reporting for Wave 3 starts 2029.

Actions to take now

- ✓ **Internal review** – we can help you understand your CSRD obligations (by reference to each group company as well as consolidated reporting opportunities), including providing guidance on the ESRS.
- ✓ **Data collection** – we can support you in creating an internal governance network to help gather the required CSRD information, as well as draft external-facing questions for gathering sustainability information from your value chain.
- ✓ **Reporting** – once you have collected your CSRD information, we can provide you with supportive advice as you produce your first draft disclosures, as well as review drafted disclosures against the requirements of the ESRS.



Applies to first group of companies in 2025 for FY 2024. Delayed by two years for the second and third waves of companies.

Non-compliance penalties will be set by EU member states and must be effective, proportionate and dissuasive.

Reporting

Greenwashing

What is it?

Regulated by:

- In the UK by the **Consumer Protection from Unfair Trading Regs** (repealed and restated by the Digital Market, Competition and Consumers Act 2024), **Business Protection from Misleading Advertising Regs**, **Green Claims Code** and the **CAP Code** – preventing misleading environmental claims in the UK and providing principals to follow for green claim formation and substantiation.
- **In the EU by the Directive on Empowering Consumers for the Green Transition** promotes sustainable consumption choices by consumers by requiring businesses to provide consumers with new sustainability information pre-contract and prohibiting unfair commercial practices preventing sustainable consumption choices.
- **The Green Claims Directive** introduces minimum requirements for how green claims are substantiated and communicated; introduces the prior independent verification of claims; requires claim-supporting evidence to be publicly available; and controls the use of environmental labels communicated to consumers.

Impacts on organisations

- Green claims can include a range of business statements – including those made in ESG reports, on websites, in contract pitches and statements about ‘green’ corporate missions and operations. They can range from claims relating to environmentally-friendly investments and sustainable supply chains, to nature-based solutions for products and processes, renewable energy, anti-deforestation pledges, the use of recycled materials and the journey to net zero.
- Environmental claims and ‘greenwashing’ are very high on the agenda of UK and EU regulators. This has resulted in an increase in proactive regulator guidance to adhere to and reactive direct enforcement and investigatory activity for non-compliance.
- Green claims are also under scrutiny from shareholders, employees, the media, customers, corporate partners and environmental groups. Consequences of non-compliance can result in reputational damage and loss of contracts as well as legal risk.
- Applicable to any business operating in the EU, with exclusions for microenterprises.

Actions to take now

- ☑ **Audit existing claims** – take stock of existing claims (words and images) and assess their compliance against existing and future regulations.
- ☑ **Data assessment** – understand the evidence a regulator would expect you to have to substantiate your claims and verify the adequacy of your data.
- ☑ **Review claim procedures and processes** – establish processes for collecting, holding and updating substantiation and approving new claims.
- ☑ **Create playbooks** – to guide the creation of compliant new green claims.
- ☑ **Advise the Board** – of their director duties and liabilities for ‘greenwashing’.
- ☑ **Monitor new laws** – new regulations and industry guidance will impact what you can say about your environmental goals and achievements.
- ☑ **Create training for all relevant stakeholders** – ensure teams know how to mitigate risk and respond to competitor and regulator complaints.
- ☑ **Review/add green clauses** in commercial supply chain contracts to assist with claims.
- ☑ **Challenge the market** – assess the compliance gaps of claims used in the market and consider how best to challenge competitor claims.

Awaiting approval of the Green Claims Directive by the European Parliament.



Circular Economy

Ecodesign for Sustainable Products Regulation (ESPR)

What is it?

- ESPR will set eco-design requirements for all physical goods in the EU market, aiming to normalise sustainable products.
- It also introduces a digital product passport and measures against the destruction of unsold consumer products.
- The ESPR 2025-30 working plan, detailing priority products for initial eco-design requirements, was published in April 2025. This first working plan focuses on four final products (textiles, furniture, tyres and mattresses), two intermediate products (iron & steel and aluminium) and two legal acts setting out horizontal requirements (repairability and recycled content and recyclability of electrical and electronic equipment), in addition to a list of work prepared and carried over from the last eco-design and energy labelling working plan.

Impacts on organisations

- Applies to those placing providing products to consumers in the EU (even where the manufacturer is based outside the EU) will be either the EU manufacturer, EU-based distributor or importer, all of whom can be directly or indirectly obligated.

Actions to take now

- ✓ **Product assessment and supplier engagement** – we can assist you in evaluating your product portfolio to identify which products fall under the ESPR's scope and what obligations apply. These obligations will extend to product design and supply chain management.
- ✓ **Keeping abreast of developments** – we can provide informed updates and training relating to the ESPR as further details are developed.



ESPR came into force on 18 July 2024.

Circular Economy

Right to Repair Directive (RTR)

What is it?

- The Right to Repair Directive (RTR) requires manufacturers to prioritise repair over replacement, even beyond the legal warranty.
- While ecodesign regulations ensure goods are repairable, the RTR mandates producers to repair defective goods.
- Products in scope of the RTR are listed in Annex II, which will be expanded by the introduction of new ecodesign requirements under the Ecodesign for Sustainable Products Regulation (ESPR).

Impacts on organisations

- Those placing products on the EU market (even where the manufacturer is based outside the EU) will be either the EU manufacturer, EU-based distributor or importer or all of whom can be directly or indirectly obligated under the RTR.

Actions to take now

- ✓ **Product assessment and supplier engagement** – we can assist you in evaluating your product portfolio to identify which products fall under the RTR scope.
- ✓ **Supply chain mapping** – we can help you communicate the requirements of the RTR with your supply chain, especially where products will need to be supported for longer.
- ✓ **Keeping abreast of developments** – we can provide informed updates and training relating to the ESPR as further ecodesign requirements are introduced and therefore will fall within RTR scope.

In force and Member states must implement by 31 July 2026.



Circular Economy

Extended Producer Responsibility (EPR)

What is it?

- EPR makes producers responsible for the entire lifecycle of their products, including collection, recycling, and disposal.
- In the EU, EPR is required for packaging waste under the PPWD, with plans to extend EPR to textiles.
- In the UK, an EPR scheme for packaging waste requires businesses to pay fees for household packaging waste from October 2025.

Impacts on organisations

- Primarily producers are responsible, which includes manufacturers, importers, brand owners and retailers (directly and indirectly).
- In the UK, businesses in scope should be collecting and reporting relevant packaging waste data.
- In the EU, implementation of EPR schemes for packaging waste is done at national level meaning that EPR schemes differentiate between jurisdictions.

Actions to take now

- ✓ **Internal review** – we can assist in an internal analysis to determine the extent of your obligations under EPR for packaging, textiles, batteries or EEE.
- ✓ **Mapping EPR obligations** – we can provide multi-jurisdiction advice on your EPR obligations across different jurisdictions.
- ✓ **Keeping abreast of developments** – we can provide informed updates and training relating to EPR developments.
- ✓ **Managing regulatory enquiries** – we can liaise with the regulator(s) on your behalf, on a named or no-names basis.

EPR in force across EU. In the UK, reporting duties in place and fees payable from October 2025.



Circular Economy

Packaging and Packaging Waste Regulations (PPWR)

What is it?

- The PPWR will replace the Packaging and Packaging Waste Directive and harmonise the EU packaging waste regime.
- It mandates that all packaging on the EU market meets specific manufacturing, composition, and reusability or recoverability standards.
- Applicable to all packaging materials, it includes, among other things, requirements for:
 - Recyclability by 2030
 - EU harmonised labels on reusability
 - Banning certain single-use packaging
 - Minimum recycled content in plastic packaging

Impacts on organisations

- Primarily producers are responsible, which includes manufacturers, importers, brand owners and retailers (directly and indirectly).

Actions to take now

- ✓ **Internal review** – we can assist in an internal analysis and assess your current packaging and determine the extent of your obligations – and help you prepare for forthcoming change.
- ✓ **Compliance system design** – we can work with you to produce policies, compliance plans and processes to align your business with the requirements under the PPWR.

Parliament formally adopted PPWR on 24 April 2024. Awaiting Council adoption. Expected to enter into force end of 2024, earliest effect mid-2026.



Circular Economy

Per- and poly fluoroalkyl substances (PFAS)

What is it?

- PFAS, also known as ‘forever chemicals’ are a group of around 10,000 synthetic chemicals which are pollutants and capable of causing harm to human health and the environment. They are used for their water, heat and grease resistant properties and can be found in practically everything.
- Heavily regulated at EU-level, REACH Regulations include certain PFAS and require manufacturers and importers to register these substances and provide safety data, with some PFAS restricted or limited in their use entirely. The EU is also pushing forward a proposal under REACH to ban around 10,000 PFAS.
- The Health and Safety Executive identified PFAS as a priority. It is currently looking into restricting PFAS in fire-fighting foams and then intends to explore PFAS in consumer products.

Impacts on organisations

- Manufacturers, Importers, Industrial users, Waste management and recycling firms, all which that directly use PFAS, are required to register the use of these substances and provide relevant safety data.
- Retailers, selling products containing PFAS, will need to provide information to consumers about the use of PFAS in their products.

Actions to take now

- ✓ **Supply chain mapping** – we can advise on changing PFAS laws and help you identify the points in your supply chain where PFAS may be a risk.
- ✓ **Review PFAS products in scope** – we can help you future-proof your operation by reviewing your supplier agreements and general ESG terms.
- ✓ **Crisis management** – we can help you manage reputational risk, external communications, and crisis management.
- ✓ **Keeping abreast of developments** – we can provide informed updates and training relating to new legislation on restricting PFAS.



Ongoing – revision to PFAS expected.

Circular Economy

Sustainable Batteries Regulation

What is it?

- The EU Battery Regulation introduces new obligations to the entire lifecycle of batteries, from the stage of sourcing materials for their production, through the production process to recycling and reuse of batteries.
- The regulation applies to all categories of batteries and applies to batteries that are incorporated into products.
- Introduces requirements such as carbon footprint of batteries, recycled content, performance and durability requirements, removability and replaceability.
- Introduces supply chain due diligence obligations.

Impacts on organisations

- Primarily producers are responsible, which includes manufacturers, importers, or distributors. Also imposes duties on fulfilment service providers.
- Due diligence obligations apply to battery manufactures, importers or distributors that place batteries on the EU market and have a net turnover of more than €40 million.

Actions to take now

- ✔ **Review products in scope** – we can assist in an internal analysis and assess your products to understand what obligations apply.
- ✔ **Due diligence** – we can determine whether the due diligence obligations apply and if so, assist in implementing a due diligence process.
- ✔ **Supply chain mapping** – we can help you map your key value chains to help communicate the requirements of the Battery Regulation to ensure you are being supplied with compliant batteries.

Generally applicable from 18 February 2024, with various start dates for different requirements.



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