



Sustainability Insight – unravelling regulatory complexity

Key policy and regulatory developments:
December 2024

Sustainability Insight is designed to keep you up to date with the key emerging sustainability-related regulatory developments.

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

Events

WEBINAR: Join Deloitte for a virtual panel discussion on: **10 February at 10:00-11:30 (CET) / 9:00-10:30 (GMT)** to understand the key action areas for companies within sustainability for 2025. Register [here](#).

Recent publications

- [COP29 and COP16: a regulatory perspective](#)
- [Taking stock of the UK Government's financial services regulatory agenda](#)
- [Carbon Contracts for Difference \(CCfDs\) as an instrument of choice](#)

The information in this newsletter is organised into three sections: **key developments** highlight the most significant updates and their impact on companies. **Other developments** include additional news items that may be of interest. **Key timelines** provide the timing of recent events and announcements to help readers quickly grasp important regulatory events.

Key developments

[Commission proposes reforms for agriculture](#), 10 Dec

The European Commission is proposing to enact a multi-pronged approach to support farmers within the agri-food supply chain sector. The regulatory package seeks to improve the bargaining power of farmers, provide long-term contract security, set-up mediation mechanisms between farmers and buyers, and support short-term financing and transnational enforcement. The package includes:

- A new [Regulation on cross-border enforcement against unfair trading practices](#) which will further strengthen the enforcement against unfair trading practices within business-to-business (B2B), and agricultural and food supply chains. This will be carried out through a mutual assistance mechanism, where national enforcement authorities will be able to request and exchange information and request or take enforcement actions.
- Amendments to the [Regulation establishing a common market organisation of agricultural products](#). These will enhance rules to support farmers by making written contracts with buyers mandatory, and requiring long-term contracts to incorporate market conditions, including cost fluctuations. A mandatory mediation mechanism between farmers and buyers will be established together with simplified rules for legal recognition of agricultural producer organisations. This will allow Member States to grant financial support through sectoral interventions under the Common Agricultural Policy.
- Amendments to the [Agricultural de minimis Regulation](#) to provide immediate support to farmers by increasing the amount of state aid that can be granted by Member States to farmers without prior approval from the Commission.

What is the impact?

Almost twenty percent of agricultural and food products consumed in an EU Member State originate from another, highlighting the need for improved market mechanisms and support for small and medium-sized farmers. The proposed reforms aim to enhance farmers' bargaining power, increase access to financial support through the Common Agricultural Policy, and bolster food security. While the state aid approval threshold for Member States is increasing to EUR 50,000 per entity (from EUR 25,000), it does not guarantee that all farmers will receive this level of support from Member States. Therefore, the impact of this change remains uncertain.

[Council calls for faster deployment of geothermal energy](#), 17 Dec

The Council of the EU has urged the Commission to develop a comprehensive strategy to increase the adoption of geothermal energy to support the EU's climate goals. Geothermal energy offers stable heating, cooling, and electricity supply, making it a valuable tool for industrial decarbonisation and improving competitiveness.

Geothermal energy currently accounts for a small portion of renewable energy use in the EU (2.8% in 2021) and less than 1% of global energy demand, with much of its potential still untapped. The whole potential of geothermal energy in the EU is difficult to assess due to insufficient geothermal resource mapping. While countries such as Italy make up most of EU's geothermal energy production at almost 6,000 GwH, countries such as Hungary and Austria remain at 16.0 GwH and 0.1 GwH respectively.

The Council has suggested several actions to overcome barriers for the development and adoption of geothermal energy, including streamlining permitting processes, improving access to finance, and developing a skilled workforce in the sector.

What is the impact?

Developing an EU strategy to promote geothermal energy could support the development of district heating and the conversion to geothermal of some existing district heating installations. It could benefit energy-intensive construction industries. By improving access to finance and expediting permits, companies within those industries can adopt geothermal systems, thus reducing emissions and operational costs. Given the stable, and low-emission nature of geothermal energy, it can constitute a valuable addition to the EU's energy mix, complementing other renewables and enhancing energy security. Furthermore, the implementation of a geothermal energy strategy could advance the EU's decarbonisation and energy security goals.

[UK Government publishes Clean Power Action Plan](#), 13 Dec

The UK government published its Clean Power 2030 Action Plan. The Plan outlines the steps the UK will take to meet its target of generating 95% of the UK's electricity from clean energy sources by 2030. Starting in 2025, reforms will be implemented to update the UK's planning system, increase new renewable power generation, encourage long-duration energy storage and enhance grid flexibility. This will include reforming the existing grid connection process to reduce the time needed to connect energy projects to the grid by prioritising connections based on project readiness and viability. The Government also announced it will consult on targeted reforms to the Contracts for Difference auction process for offshore wind. Allocation Round 5, held in September 2023, saw no contracts awarded for new offshore wind projects due to rising costs and insufficient strike prices. The changes aim to prevent a recurrence of this outcome.

What is the impact?

With a specific focus on streamlining grid connections and permitting processes, the Plan has the potential to accelerate the deployment of renewable energy in the UK. Enhanced planning permission measures, such as prioritising clean energy projects and reforming approval frameworks, will play a critical role in addressing long-standing barriers to renewable energy deployment. While some aspects, especially around short-duration energy flexibility, require additional clarification and specific timelines, the Plan offers a valuable roadmap outlining the anticipated deployment of various clean energy technologies up to 2030. This policy aims to attract £40 billion in annual private investment up to 2030, signalling an opportunity for an increase in funding for companies operating in the sector.

International sustainability agreements on COP16 and global plastics treaty stalled, 14 Dec

In December, international negotiations on two key aspects of sustainability to tackle desertification and global plastic pollution continued but failed to conclude. They will continue over 2025 and 2026. Key highlights from the discussions include:

COP16

The [UN Convention to Combat Desertification's 16th Conference](#) of the Parties (UNCCD COP16) was held in Saudi Arabia between 2 and 13 December. The summit launched the Riyadh Action Agenda and the Riyadh Global Drought Resilience Partnership. The initiatives aim to restore 1.5 billion hectares of land around the world by 2030 and pledged \$12.15 billion to support vulnerable countries in enhancing drought resilience, respectively. Negotiations on a global agreement to tackle land degradation, desertification and drought will continue in 2026 during COP17 in Mongolia.

Global plastics treaty

The fifth round of negotiations on the [Global plastics treaty](#) was held in South Korea between 25 November and 1 December. Once finalised, the treaty will be a legally binding international instrument on plastic pollution, encompassing measures for the entire lifecycle of plastic, from production and design to disposal.

Negotiations on the agreement reached an impasse. Major oil-producing nations such as Saudi Arabia, Iran, Kuwait, and Russia favoured solutions focused on waste management. Other nations including the UK and the European Union, advocated limits on plastic production. Countries have agreed to reconvene the negotiations in 2025.

What is the impact?

The lack of agreement reflects geopolitical challenges in the multilateral UN process, with other developments reaching a roadblock. While the summits did not result in immediate actions for the industry, companies should start considering their strategies to reduce plastic consumption and waste. This is particularly relevant in

the EU, given the recent agreement on the EU's Packaging and Packaging Waste Regulation.

Other developments

[SBTi updates plans for oil and gas, chemicals and power](#), 16 Dec

The Science Based Targets initiative (SBTi) is updating its Terms of Reference for three high-impact sectors to align with its Corporate Net-Zero Standard:

- Oil and gas: the SBTi aims to establish sector-specific guidelines for setting 1.5°C-aligned science-based climate targets. A draft consultation document will be published in early 2025.
- Chemicals: the SBTi aims to develop Chemicals Sector Criteria to support decarbonisation in this sector. Companies in the sector are invited to participate in a pilot program for the updated standards using their own data. The Final Chemicals Criteria are expected by Q3 2025.
- Power: the SBTi will review, revise and update its resources for the power sector, including an evaluation of the current guidance and a target-setting tool. The initiative seeks to tackle rising electricity demand and CO2 emissions. The first draft will be released in Q2 2025 for public consultation.

The SBTi is also advancing sector standards for financial institutions, automotive, and apparel, alongside updates to its Corporate Net-Zero Standard.

[IOSCO's Growth and Emerging Markets committee launches a dedicated network to support its members in the adoption or other use of ISSB Standards](#), 18 Dec

The International Sustainability Standards Board (ISSB) has welcomed the launch of the Growth and Emerging Markets (GEM) Committee Network by the International Organisation of Securities Commissions (IOSCO). This network is comprised of 31 jurisdictions, including Brazil, China, Egypt, India, Russian Federation, South Africa, and the United Arab Emirates. It aims to promote the adoption of ISSB Standards within its member countries. Uptake of ISSB standards across jurisdictions will help multinational companies with global value chains to benefit from the availability of comparable data and disclosures.

[EFRAG releases the voluntary sustainability reporting standard for non-listed SMEs](#), 17 Dec

The European Financial Reporting Advisory Group (EFRAG) provided its technical advice on the voluntary sustainability reporting standard for non-listed SMEs (VSME) in EU markets. Designed for entities outside the mandatory scope of the Corporate Sustainability Reporting Directive (CSRD), the VSME enables SMEs to standardise their sustainability reporting, enhancing access to green financing and supporting the transition to a sustainable economy. The VSME consists of basic and comprehensive modules addressing ESG data requests from banks, investors, and corporations. In 2025, EFRAG will launch digital tools and guidance to promote its adoption and market acceptance.

[12-month delay to the EUDR enters into force](#), 26 Dec

The 12-month delay to the EU Deforestation-free Regulation (EUDR) has entered into force. The EUDR will now apply on 30 December 2025 for large and medium companies and 30 June 2026 for micro- and small enterprises. To assist companies in implementing the new Regulation, the Commission has launched the [EUDR Information System](#). This platform allows companies to submit required due diligence statements and become familiar with the process. The Commission is also conducting ongoing training sessions for companies within scope of EUDR and Member State authorities.

[ESMA publishes Q&As on the application of the Guidelines on funds' names](#), 13 Dec

The European Securities and Markets Authority (ESMA) published Q&As related to practical aspects of its Guidelines on fund names using ESG or sustainability-related terms. Key messages in the Q&As include:

- Green bonds issued under the European Green Bonds Regulation are exempt from screening under Paris-Aligned and Climate Transition Benchmarks.
- Funds with less than 50% in sustainable investments are not considered to be “meaningfully investing in sustainable investments.”

[The Commission and the European Defence Agency sign grant agreement for clean energy in defence and security sector](#), 11 Dec

The Commission and the European Defence Agency signed a grant agreement launching phase four of the Consultation Forum for Sustainable Energy in the Defence and Security Sector (2024-2028). This initiative aims to fast-track the decarbonisation of the energy-intensive defence sector by improving energy efficiency, resilience and renewable reliance, supporting the EU's climate goals.

The defence sector, responsible for up to 5.5% of the world's total CO2 emissions, is traditionally excluded from sustainability regulation, making this initiative a significant step towards integrating sustainability in defence. The forum aligns with the new Commission's priorities of sustainable prosperity, affordable energy and competitiveness.

[EU and Mercosur reach political agreement on groundbreaking partnership](#), 6 Dec

The EU and Mercosur, a South American trade bloc including Argentina, Brazil, Paraguay and Uruguay, reached a deal updating their partnership agreement. This agreement strengthens trade relations, enhances sustainability commitments, and supports geopolitical cooperation. Key elements include:

- €4 billion annual savings for EU businesses through reduced export duties, particularly in key sectors such as automotive, machinery, and pharmaceuticals.
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- Safeguards for EU food and health standards, and protection of sensitive agricultural sectors such as beef, poultry and sugar.
 - Commitments on deforestation, alignment with the Paris Agreement, labour rights, and €1.8 billion in funding to support a green and digital transition in Mercosur countries.

Next steps include a legal review and submission for approval by the Council and European Parliament.

[Countries reach a global commitment to water resilience](#), 5 Dec

Global leaders convened at the One Water Summit in Saudi Arabia to address the water crisis. The summit aimed to accelerate action on water management and sanitation (covered under UN Sustainable Development Goal 6), in preparation for the 2026 UN Water Conference. Key outcomes include:

- The launch of a Transboundary Water Knowledge Platform, pledging to restore degraded rivers and wetlands.
- The creation of a "One Water Vision" for improved monitoring and early warning systems.
- A pledge to accelerate the Freshwater Challenge to ensure the restoration of 300,000 km of degraded rivers and 350 million hectares of degraded wetlands by 2030.

[Commission earmarks €4.6 billion to boost net-zero technologies](#), 3 Dec

The Commission announced funding of € 4.6 billion to increase the deployment of decarbonisation technologies in Europe. Successful applicants are expected to sign grant agreements by the first quarter of 2026. The funding, sourced from the EU Emissions Trading System (EU ETS), will be deployed through the Innovation Fund via two different initiatives:

- €1.2 billion will be dedicated to the second auction of the European Hydrogen Bank, aiming to accelerate renewable hydrogen production within the European Economic Area.
- €2.4 billion will be allocated through calls for proposals to support projects on net zero technologies and € 1 billion for projects on electric vehicle battery cell manufacturing.

Bidders can apply for funding by 20 February and 24 April respectively via the [EU Funding and Tenders Portal](#).

[UK government announces reforms to the Energy Performance of Buildings Regime](#), 4 Dec

The UK government published proposed reforms to the Energy Performance of Buildings (EPB) Regime to provide more accurate energy performance information to homeowners, tenants, investors and other stakeholders. The EPB Regime aims to reduce the carbon footprint of buildings in the UK and includes an Energy Performance Certificates (EPCs) mandate. Proposed changes include updating EPC

metrics, refining certification requirements, managing certificate quality, improving data accessibility, and strengthening air conditioning inspection reports.

[National Grid publishes plan for UK's electricity transmission network](#), 18 Dec

National Grid plc published its business plan for the UK's national grid electricity transmission network, covering the period from 2026 to 2031. The plan outlines a substantial £35 billion investment, representing a 2.5-fold increase compared to the previous 2021 to 2026 plan. The investment plan aims to:

- Upgrade 3,500km of overhead lines to double power transfer capacity, and deploy innovative technologies to maximise existing infrastructure.
- Connect 35GW of new energy generation and 19GVA (Gigavolt-Amperes) of new demand, and create 26GW of future connection options that can connect new customers.
- Achieve a 50% reduction in emissions (from a 2018-19 baseline) and deliver a biodiversity net gain equivalent to over 8,000 acres of land.

Key timelines

Regulation prohibiting products made with forced labour	On 12 December, the Regulation was published in the Official Journal of the European Union. It entered into force on 13 December 2024.
Zero pollution	On 10 December, the revised EU Ambient Air Quality Directive entered into force . Member States have until December 2026 to transpose the Directive. The Commission will adopt secondary legislation by mid-2025 to assist with implementation.
Packaging and Packaging Waste Regulation (PPWR)	On 16 December, the Council adopted the regulation. It will now be published in the EU's Official Journal and will enter into force 20 days later. The Regulation will be applied 18 months after the date of entry into force.
Revised environmental emissions standards under the revised Industrial Emissions Directive	On 11 December, new emission standards for smitheries and foundries were adopted as part of the revised Industrial Emissions Directive.

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.

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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.

About RegMiner.ESG

[RegMiner.ESG](#) helps firms to optimise the management of regulatory adherence. RegMiner is designed by risk and compliance professionals and helps firms establish traceability and transparency, transform how they manage their risks, and achieve cost efficiencies by digitising the regulatory lifecycle into a single platform.

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