



Sustainability Insight – unravelling regulatory complexity

Key policy and regulatory developments:
January 2025

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.

Recent publications

- [iGAAP: EU Commission announces far-reaching simplification in the fields of sustainability reporting, due diligence and taxonomy](#)
- [Regulatory Outlook 2025 - Sustainable finance](#)

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

[European Commission publishes EU Competitiveness Compass](#), 29 Jan

The European Commission published its Competitiveness Compass, outlining its framework to guide EU policy action over the next five years. Building [on the Draghi Report on EU competitiveness](#), the Compass is focused on three pillars: closing the innovation gap, decarbonisation and competitiveness, and reducing dependencies on critical supplies (e.g., semiconductors, active ingredients for medicine, critical raw materials).

The Compass confirms that reducing regulatory complexity is a common thread running through the EU's planned policy action. Starting in late February, the Commission will introduce a series of Simplification Omnibus packages, with the first focusing on streamlining sustainability reporting, sustainability due diligence, and the EU taxonomy.

The Compass provides additional detail about flagship initiatives to be implemented over the next two years, including:

- [Q1 2025: Clean Industrial Deal](#) - aimed at securing the EU as an attractive location for manufacturing, including energy-intensive industries, and promoting clean technologies and new circular business models.
- [Q4 2025: Industrial Decarbonisation Accelerator Act](#) - designed to streamline the planning and permitting processes for clean energy projects, especially for the energy intensive sector.
- [2025: Carbon Border Adjustment Mechanism \(CBAM\) Review](#) - analysing potential expansions to cover more sectors and products and addressing export impacts.
- [Q4 2026: Circular Economy Act](#) - promoting investments in recycling, encouraging the use of alternative materials, and reducing landfilling and incineration.

The automotive sector will also be prioritised, beginning with the [Strategic Dialogue on the Future of the Automotive Industry](#) launched on 30 January. This initiative aims to bring stakeholders together to address key challenges and ensure the sector's continued success. An Industrial Action Plan will follow during Q1 2025.

Other developments

[President von der Leyen launches Global Energy Transition Forum in Davos](#), 23 Jan

Commission President Ursula von der Leyen launched the Global Energy Transition Forum at the World Economic Forum's Annual Meeting in Davos. The Global Energy Transition Forum will aim to accelerate the clean energy transition globally to triple renewable energy and double energy efficiency globally by 2030. Another key focus is boosting Africa's renewable energy capacity, which remains significantly underdeveloped despite its vast potential. The Forum includes countries, such as Brazil, Canada and the UAE, as well as companies and investors.

[EU rolls out CO2 emissions checks for heavy-duty vehicles](#), 14 Jan

The Commission introduced secondary legislation to set up a technical procedure to verify CO2 emissions from lorries, buses, and coaches. This is part of the [CO2 emission performance standards Regulation for heavy-duty vehicles](#), which mandates on-road CO2 emissions' verification to validate the accuracy of manufacturers' reported CO2 emission values. From July 2025, national authorities will conduct annual tests on selected vehicles to detect discrepancies and prevent emissions' manipulation. Test findings will be published and reported to the Commission, which will recalculate manufacturers' emissions if deviations are found.

[EBA finalises guidelines on ESG risk management](#), 10 Jan

The European Banking Authority (EBA) final Guidelines on Environmental, Social and Governance (ESG) risk management outline requirements for firms under the Capital Requirements Directive (CRD6) focusing on:

- Risk identification: guidance on identifying and measuring ESG risks, outlining the reference methodology, frequency of materiality assessments, and recommended assessment procedures.
- Risk management and monitoring: minimum standards for integrating ESG risks into business models and strategies.
- Transition planning: requirement to update transition plans based on ESG risks, portfolio changes, new available scenarios, benchmarks or sectoral pathways, and effects of current and upcoming regulations.

The Guidelines will apply from 11 January 2026, except for small and non-complex institutions which have a later deadline of 11 January 2027.

To complement its Guidelines on ESG risk management and define how ESG risks related to climate change are incorporated into scenarios, the EBA is currently conducting a [consultation](#). This will set expectations for assessing financial and business resilience to ESG risks.

[IFRS Foundation publishes guide applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2](#), 30 Jan

The International Financial Reporting Standards (IFRS) Foundation released a guide to assist companies that apply a 'climate-first' approach in their first annual reporting period under IFRS S1 (general sustainability-related disclosures). In their first year of reporting, companies may choose to report only on climate-related risks and opportunities under IFRS S2 (climate-related disclosures) while still applying the relevant parts of IFRS S1. This approach, offered as transitional relief, narrows the initial reporting scope to climate issues. This gives companies extra time to build the necessary data, understanding, and processes to report on all sustainability-related risks and opportunities in due course. The educational material details who can use this relief, what it entails, and how to apply it effectively.

[UK SAF mandate enters into force](#), 1 Jan

The UK's Sustainable Aviation Fuel (SAF) Mandate came into effect on 1 January 2025 and introduces a phased increase in the use of SAF for all flights departing from the UK. The requirement begins at a minimum of 2% of total jet fuel and will steadily rise to 10% by 2030 and 22% by 2040. To stimulate investment in UK-based SAF production, the UK government will introduce a revenue certainty mechanism. In [response to a consultation](#) on revenue certainty options published in January, the government confirmed that the revenue certainty mechanism for SAF will be a Guaranteed Strike Price (GSP) model. The GSP scheme will be based on contracts for difference (CfDs), ensuring a transparent process for industry stakeholders. A detailed consultation on the mechanism is expected early this year.

[UK publishes its 2035 Nationally Determined Contribution emissions reduction target under the Paris Agreement](#), 30 Jan

The UK submitted its Nationally Determined Contribution (NDC) for 2035 to the United Nations Framework Convention on Climate Change as part of its commitments under the Paris Agreement. The submission builds on the UK Prime Minister's COP29 [announcement](#) that the UK will set a target of reducing greenhouse gas emissions by at least 81% from 1990 levels by 2035. The submission includes detailed information on the target's scope, supporting policies, and alignment with the Paris Agreement's goals. A comprehensive plan outlining the policies required to achieve this target and reach net-zero by 2050 will be forthcoming.

Key timelines

Packaging and Packaging Waste Regulation (PPWR)	On 22 December 2024, the PPWR was published in the EU Official Journal. It will apply from 12 August 2026.
Construction Products Regulation	On 7 January 2025, the Construction Products Regulation entered into force . The Regulation will apply on a staggered basis, with the first set of requirements applicable from 8 January 2026.
Net Zero Industry Act (NZIA)	On 27 January 2025, the Commission launched a series of consultations for secondary level rules to support implementation of the NZIA. The consultations include criteria for strategic project selection, non-price criteria for renewable energy project auctions, and clarification within the scope of the supply chain resilience provisions in the Act.
Common Fisheries Policy	On 27 January 2025, the Commission launched a public consultation on the Common Fisheries Policy to assess its effectiveness and impact. The consultation will inform a

broader evaluation of the policy, with a report to be published later in 2025.

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.

[Subscribe to the Hub's mailing list here.](#)

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.

Contacts



[Simon Brennan](#)

Head



[Ramon Bravo Gonzalez](#)

Senior Manager



[Magda Puzniak-Holford](#)

Senior Manager



[Ejona Haka](#)

Consultant

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square,

London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2025 Deloitte LLP. All rights reserved.