



## Sustainability Insight – unravelling regulatory complexity

Key policy and regulatory developments:  
March 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.

### Previous webinar

- Earlier this year, over 1,000 people joined us for our webinar previewing the **key findings from our upcoming annual regulatory outlook** report. We were joined by policy and business experts, including representatives from the European Commission and UN Environment Programme. If you were unable to attend the session, a debrief of the session has now been published and is available [here](#).

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 Industrial Action Plan for the European automotive sector](#), 5 March

The European Commission published an Industrial Action Plan for the European automotive sector. The Action Plan responds to the industry's challenge of maintaining international competitiveness, incorporating new technologies, such as software-enabled cars and autonomous driving, while achieving sustainability targets.

Key measures from the plan include:

- Proposing changes to the Regulation setting CO<sub>2</sub> emission performance standards for new cars and vans, enabling manufacturers to average emissions compliance over a three-year period (2025-2027).
- Supporting Member States to improve electric vehicle (EV) charging infrastructure by proposing to define charging infrastructure and its grid connection as having an "overriding public interest". This would expedite permitting, prioritise infrastructure development, and accelerate recharging points' connections to grids which is often a major bottleneck for setting up infrastructure.
- Launching a European Connected and Autonomous Vehicle Alliance to accelerate next-generation vehicle technology and improve ADAS (advanced driver assistance systems) and ADS (automated driving systems) testing and approval conditions in the EU.
- Introducing a Greening Fleets Initiative to boost demand for EVs from corporate customers. The Commission will introduce a legislative proposal to complement the initiative.

### What is the impact for companies?

- **CO<sub>2</sub> penalty payments:** while the three-year averaging mechanism for CO<sub>2</sub> emissions offers some manufacturers breathing room, it risks slowing down the urgent transition to EVs. This could lead to a sales decline, hinder the development of affordable EV models, and widen the competitive gap with Asia.
- **EV charging infrastructure:** measures to expedite EV charging infrastructure roll-out could alleviate consumer "range anxiety" and boost EV adoption. However, companies need to navigate potential challenges such as supply chain constraints, uneven implementation across regions, and the need for substantial investments.

- 
- **Innovation and digitalisation:** favourable testing and approval conditions for autonomous vehicles create new opportunities for innovation. In addition, improved access to in-vehicle data could facilitate business opportunities for new data-driven products, including on bi-directional/vehicle-to-grid charging (technology enabling EVs to discharge electricity back to the energy grid) and smart charging. Companies will face pressure to keep pace with these technological advancements.

---

#### [Commission publishes European Steel and Metals Action Plan](#), 19 March

---

The Commission published the European Steel and Metals Action Plan, a strategic initiative aimed at enhancing the competitiveness and sustainability of Europe's steel and metals industries. It responds to growing industrial pressures and supports the EU's broader climate and economic resilience objectives. It complements the [Clean Industrial Deal](#) and the [Action Plan for Affordable Energy](#). It includes over 20 initiatives, such as legislative revisions, policy recommendations, and investment support measures, which will be taken forward mostly throughout 2025.

#### What is the impact for companies?

- **Energy costs as a critical success factor:** reducing energy costs is paramount for boosting the competitiveness of the sector and crucial for supporting the sector's decarbonisation. A key part of the Plan's success therefore hinges on its ability to deliver tangible energy cost reductions through concrete measures and policy mechanisms.
- **Stimulating demand for low-carbon metals:** creating market demand for green steel is crucial for the sector's transition to a low-carbon steel industry. The Plan's references to utilising public procurement, providing subsidies, and developing a voluntary carbon intensity label have the potential to accelerate the development of a robust market for low-carbon metals. Further elaboration of these mechanisms will be key for ensuring their effectiveness.
- **Restricting exports of scrap metal:** while retaining scrap within the EU could enhance supply security, reduce import dependence and create new opportunities for the domestic recycling market, it risks triggering market imbalances. The reduction in scrap exports could lead to a drop in prices, raising questions about the business models of advanced recycling operations, which rely on stable price signals to cover high processing costs for complex materials.
- **Carbon Border Adjustment Mechanism (CBAM):** the ongoing review of the CBAM could offer a competitive edge to EU companies in the internal market, particularly through tighter measures preventing circumvention by non-EU producers. However, the potential inclusion of new commodities at a time when the Commission aims to boost industrial competitiveness could add further compliance burdens for importers and risk increasing administrative complexity.

---

#### [UK publishes new Bill to streamline delivery of energy infrastructure](#), 11 March

---

The UK Government introduced the Planning and Infrastructure Bill to Parliament. The Bill aims to speed up and streamline the delivery of new homes and critical infrastructure (including clean energy projects), while maintaining environmental protection.

The Bill contains provisions that legislate several policies announced in the [Clean Power Action Plan](#), including replacing the “first come, first served” process for connecting infrastructure projects to the energy grid. It also provides greater detail on the Nature Restoration Fund. The Fund will allow developers to make payments in exchange for Natural England assuming responsibility for delivering necessary environmental mitigation and environmental improvements.

### What is the impact for companies?

- **Faster approvals and investment opportunities:** reforms to infrastructure regulations, grid connection, and offshore wind commissioning are likely to result in expedited project approvals and reduced regulatory uncertainty. This in turn is expected to attract private sector investment in clean energy projects.
- **Community engagement:** the emphasis on local social benefits underscores the need for effective community engagement and benefit-sharing mechanisms. This heightened focus on community engagement will likely increase project complexity, and potentially timelines, for companies if not managed effectively.
- **Nature Restoration Fund:** while the Fund aims to expedite projects and provide financial certainty for developers, its effectiveness hinges on Natural England's capacity to deliver tangible environmental improvements, notwithstanding its currently constrained budget.

The Bill is now under Parliamentary review. Current estimates are that it will take approximately 12 months for the Bill to become law.

### Other developments

[New substances added to the EU's surface water watchlist](#), 3 March

---

The Commission updated the EU surface water watchlist by adding 12 pollutants suspected of posing environmental and human health risks. The new pollutants include certain pesticides, pharmaceuticals, a sunscreen agent, and an antioxidant used in tyres. Member States will monitor these pollutants in their surface waters (e.g. streams, rivers, lakes, wetlands, and reservoirs) over the next two years to assess their presence and impact. If deemed hazardous by the Commission, it may propose to include them on the Water Framework Directive's priority substances list, requiring regulatory measures. This is the fourth update to the watchlist, introduced in 2013 to track emerging water pollutants.

---

[Taking stock of EU laws on the protection of seas and quality of bathing waters](#), 6 March

---

---

The Commission published its -legally required evaluation of the Marine Strategy Framework Directive and Bathing Water Directives. The Commission found that the Marine Strategy Framework Directive has been partially effective in monitoring the state of the seas and protecting marine life from pollution, but could be made more effective through regulatory simplification and enhanced data management. The Commission also concluded that the Bathing Water Directive has been effective in protecting bathers in the EU, but it could see scope for improvements in monitoring, digitalisation, and alignment with the Water Framework Directive. These findings will inform future legislative actions within the EU Water Resilience Strategy and European Ocean Pact frameworks.

---

[Commission selects 47 Strategic Projects to secure and diversify access to raw materials in the EU](#), 25 March

---

The Commission selected 47 strategic projects under the Critical Raw Materials Act (CRMA) to help secure and diversify the EU's access to critical raw materials. Selected projects will cover one or more segments of the critical raw material value chain including extraction, processing, and/or recycling. They are expected to receive investment support of €22.5 billion and will benefit from streamlined permitting. The projects were chosen by the Commission in consultation with the Critical Raw Materials Board as being the most likely to help the EU meet its 2030 extraction, processing and recycling targets for critical materials. The Commission will announce a new call for strategic project applications under the CRMA by the end of summer.

---

[Platform on Sustainable Finance publishes report on monitoring capital flows to sustainable investments](#), 11 March

---

The Platform on Sustainable Finance (PSF), an advisory body to the Commission, published its final report exploring capital flows to sustainable investment in the EU. It analyses 2,180 large listed European companies. Key findings include:

- **Sustainable investments are growing fast:** taxonomy-aligned CapEx by large European companies reached €250 billion in 2023 (a 34% increase over 2022), with a strong focus on enabling and transitional activities.
  - **Transition investments are taking shape:** €206 billion in additional CapEx is supporting companies in their transition, even if it is not fully taxonomy-aligned. Most of the CapEx is directed towards taxonomy-eligible activities, highlighting the need to link credible transition plans with investment tracking.
  - **Transition investment remains below expected levels:** electric utilities and grid operators are leading EU's energy transition, accounting for a third of all taxonomy-aligned CapEx. However clean energy investments at €200 billion in 2024 are still below the levels needed to meet the EU's 2030 targets.
  - **Debt remains the key financing channel:** green bonds and loans dominate sustainable investment flows, with outstanding green debt in the EU reaching €1.69 trillion in 2023.
-

---

[CDP and EFRAG publish correspondence mapping regarding their climate disclosures](#), 18 March

---

The European Financial Reporting Advisory Group (EFRAG) published a correspondence mapping between the European Sustainability Reporting Standards (ESRS) on climate (E1) and the CDP question bank (the integrated annual questionnaire issued to CDP members to assess and disclose their environmental impact). The mapping highlights the high level of alignment of disclosure requirements, especially in areas such as transition plans, climate targets, emissions, and carbon pricing. This resource will help companies identify synergies between CDP and ESRS data to reduce reporting complexity.

---

[SBTi launches draft Corporate Net-Zero Standard V2 for consultation](#), 18 March

---

The Science Based Targets initiative (SBTi) published a consultation on its revised Corporate Net-Zero Standard. Key proposals for the Standard include:

- **Scope 1, 2 and 3 emissions targets:** split scope 1 and scope 2 emissions targets and include a commitment to move to low-carbon electricity by 2040. Provide options to set targets for green procurement and revenue generation rather than a scope 3 target.
- **Unabated and residual emissions:** set out options for managing emissions that can be eliminated through traditional mitigation efforts (unabated and residual emissions), including recognising companies investing in Beyond Value Chain Mitigation (climate actions outside their direct operations that contribute to global decarbonisation) and introduce interim carbon removal targets.
- **Streamlining:** introduce simplified requirements for medium-sized companies in developing markets and small- and medium-enterprises to encourage universal voluntary action on climate change.

The SBTi is accepting feedback on the draft Standard until 1 June.

---

[UK commits to cut administrative costs for businesses by 25%](#), 17 March

---

The UK Government published an action plan to cut administrative-related costs of regulation to business by 25%. As part of the action plan, the Government is working to implement new pledges to reduce regulatory complexity within the next 12 months. Key sustainability-related initiatives include:

- **Duties and roles:** streamline the duties and objectives of the energy regulator - Office of Gas and Electricity Markets (Ofgem) – to enable it to focus on delivery of key national priorities, such as growth. Ofgem will look at how to develop ways of rewarding consumer-led energy flexibility and announce a package of corresponding measures in the summer.
  - **Compliance guidance:** rapidly review and rewrite existing environmental compliance guidance from Natural England to remove duplication and inconsistency.
-

- **Investment:** explore launching a Nature Market Accelerator to provide coherence to nature markets and accelerate investment, and direct the Environment Agency to work alongside the Office for Investment to channel funding into priority sectors.

---

### [UK sets new decarbonisation strategy for the maritime sector](#), 25 March

---

The UK government published a new strategy to decarbonise the UK's domestic maritime sector. It sets a target of net zero across the entire fuel lifecycle for the sector by 2050, underpinned by interim goals of 30% emission reductions by 2030 and 80% by 2040 (compared to 2008 levels). To meet these targets, the strategy includes incorporating shipping into the UK Emissions Trading Scheme in 2026. It also promotes the adoption of clean fuels and technologies, such as hydrogen and electric vessels, including via future government procurement. The Government launched two calls for evidence to inform next steps on policies relating to reducing emissions at [berth](#) and decarbonising [smaller vessels](#).

### Key timelines

Sustainability Omnibus Simplification Package	On 26 March, the Council <a href="#">adopted</a> its General Approach on the Omnibus stop-the-clock proposal, maintaining the two-year implementation delay for CSRD wave 2 and wave 3 companies, as well as the -one year delay to the implementation of CSDDD. The European Parliament will adopt its position in early April.
Clean Industrial Deal State aid framework	On 11 March, the Commission launched a <a href="#">consultation</a> on its draft State aid framework accompanying the Clean Industrial Deal. The feedback period runs until 25 April.
Regulation on plants obtained by new genomic techniques and their food and feed	On 14 March, the Council <a href="#">adopted</a> its negotiating position on the Regulation. The European Parliament, Council and Commission are now ready to convene to negotiate and finalise the text.

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



[Ruth Kilsby](#)

Senior 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](http://www.deloitte.com/about) to learn more about our global network of member firms.

© 2025 Deloitte LLP. All rights reserved.