CIRCULARISE

Upcoming sustainability legislation overview

- June 2022

Guide

Environmental, social, and due diligence legislation is getting momentum around the world. Now after many years of discussion, proposal, and review, wider-reaching regulations are coming into effect. Several regulations have already come into force to help mitigate unfair working conditions in supply chains, such as the EU Conflict Minerals Regulation, the French Duty of Vigilance Law, and the UK Modern Slavery Act. But soon, sustainability requirements will become mandatory for a wider range of businesses and regions.

In this overview you will learn more about the upcoming regulations that will shape environmental, social, circular economy and due diligence requirements.

Legislation	Industries affected	Potential Company Impact	Region	Description	Past	2022	2023	2024	2025	2026	Relevant Links
Battery (Digital Product) Passport	Automotive	High	EU	Industrial rechargeable and EV batteries will require a digital battery passport detailing composition, sourcing and end of life processing info. More specifics on the implementation of these product passports will be announced in the coming years, with the aim of implementing the legislation in 2026.		▇	▇	▇		I	**Full legislation** and **digital product passport guide**
Construction Products Regulation	Construction	High	EU	This proposed revision has been adopted in 2022 and is designed to bring: • Requirements for greener and safer construction products • Improved digital product information for citizens, businesses and others • Easier delivery of harmonised standards on the performance of construction products • Rules to facilitate innovative business models such as 3D printing • Several of the proposed options also include implementation of digital product passports for these materials.		I					**Full legislation**

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Corporate Sustainability Reporting Directive (CSRD)	All	High	EU	Corporate Sustainability Reporting Directive aims to foster sustainable and responsible corporate behavior throughout global value chains. This applies to companies which operate in the EU with 500+ employees and EUR 150 million+ in net turnover worldwide, or are part of high impact sectors. The proposal will create due diligence requirements for the human rights and environmental impact of companies. A requirement to report according to mandatory EU sustainability reporting standards requires companies to digitally 'tag' the reported information, so it is machine-readable and feeds into the European single access point envisaged in the capital markets union action plan. The proposal will be presented to the European Parliament and the Council for approval. Once adopted, Member States will have two years to transpose the Directive into national law and communicate the relevant texts to the Commission.		▉		I			**Link to legislation**
EU Packaging Levy	Plastics and packaging	High	EU	From 1st Jan 2021, all EU member states will have to pay a levy of €0.80/kg of non-recycled plastic packaging waste. Currently, governments are paying this on behalf of their companies but individual countries will be implementing their own laws to pass on these charges. See here for more info on proposed legislation from Italy, Spain, and UK. And here for the one in Belgium.	I	I					**Full legislation**

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EU Strategy for Sustainable and Circular Textiles	Textiles	High	EU	The Strategy lays out a forward-looking set of actions so that the EU textile market is broadly sustainable by 2030. The Commission will: • Set design requirements for textiles to make them last longer, easier to repair and recycle. • Introduce clearer information on textiles and a digital product passport for textiles based on mandatory information requirements on circularity and other key environmental aspects. • Empower consumers and tackle greenwashing by ensuring the accuracy of companies' green claims. • Publish a transition pathway by the end of 2022 - an action plan for actors in the textiles ecosystem to successfully achieve the green and digital transitions and increase its resilience.		■					[Full legislation](#)
German Supply Chain Act	All	High	All serving German businesses	German companies with 3000 employees (1000 employees from 2024) will need to conduct human rights and environmental impact due diligence across their supply and value chain. This includes due diligence on all the companies that a business has a contractual agreement with. If a company is found to be non-compliant with this regulation, it can be fined up to 2% of annual revenue.		■	I	I			[Legislation overview](#)

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Waste Framework Directive Update	Waste processing	High	EU	By 2025, the preparing for re-use and the recycling of municipal waste shall be increased to a minimum of 55%, 60% and 65% by weight by 2025, 2030 and 2035 respectively Extended producer responsibility. These measures may include the obligation to provide publicly available information as to the extent to which the product is re-usable and recyclable. Another revision of this legislation is currently taking place in 2022.	I	■					**Framework overview**
Circular Economy Action Plan	All physical products	Medium	EU	As part of the EU green deal, the CEAP aims to: • Make sustainable products the norm in the EU • Empower consumers and public buyers • Focus on the sectors that use most resources and where the potential for circularity is high such as: electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrients • Ensure less waste • Make circularity work for people, regions and cities • Lead global efforts on circular economy	I						**Full legislation**
Conflict Minerals Regulation	Batteries	Medium	EU	Due diligence requirements for the sourcing and trade in four minerals – tin, tantalum, tungsten and gold – which sometimes finance armed conflict or are mined using forced labour.	I						**Full legislation**

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Consumer Rights Directive (amendment)	All physical products	Medium	EU	This proposed amendment is designed to empower consumers for the green transition. The updated rules will ensure that consumers can make informed and environment-friendly choices when buying their products. Consumers will have a right to know how long a product is designed to last and if/how, it can be repaired. In addition, the rules will strengthen consumer protection against untrustworthy or false environmental claims, banning 'greenwashing' and practices misleading consumers about the durability of a product. Implementation will be dependent on when the amendment enters application in 2022.		■ (green)					[Full legislation](#)
Ecodesign for Sustainable Products	Manufacturing	Medium	EU	Consumers, the environment and the climate will benefit from products that are more durable, reusable, repairable, recyclable, and energy-efficient. The initiative will also address the presence of harmful chemicals in products such as; electronics & ICT equipment, textiles, furniture, steel, cement & chemicals. The general requirements for digital product passports are outlined in chapter III of this proposal. It also includes a plan to maintain a 3 year plan of subsequent product group specific acts, with the first being implemented in 2024		■ (green)	■ (green)	I			[Full legislation](#)
End-of-life Vehicles Directive Update	Automotive	Medium	EU	This seeks to eliminate hazardous substances in cars and require that most vehicle parts and materials are reused or recycled. This initiative proposes improved collection, treatment and recycling of vehicles. The commission is expected to adopt this update by the end of 2022.		■ (green)					[Full legislation](#)

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EU Taxonomy	All	Medium	EU	It establishes the basis for the EU taxonomy by setting out 4 overarching conditions that economic activity has to meet in order to qualify as environmentally sustainable. The Taxonomy Regulation establishes six environmental objectives: 1. Climate change mitigation 2. Climate change adaptation 3. The sustainable use and protection of water and marine resources 4. The transition to a circular economy 5. Pollution prevention and control 6. The protection and restoration of biodiversity and ecosystems Various related regulations are being phased in over time.	I	▨					[Full legislation](#)
Substantiating Green Claims	All	Medium	EU	This legislation will require environmental claims made by companies to be substantiated by using the EU Product and Organisation Environmental Footprint (PEF and PEO) methods, developed by the Commission's Joint Research Centre to quantify the green claims being made.			I				[Full legislation](#) and [avoid greenwashing guide](#)
Sustainable Products Initiative	Manufacturing	Medium	EU	This initiative is designed to lead to further specific regulations which will make products sold in the EU more durable, reusable, repairable, recyclable, and energy-efficient.This initiative is undergoing commission adoption in mid-2022.	I	▨					[Full legislation](#)

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European Climate Law	All	Low	EU	This sets the over-arching goal of being climate neutral by 2050 and achieve a 55% reduction in greenhouse gas emissions by 2030 (compared to 1990 levels).	I						[Framework overview](#)
French Vigilance Law	All large	Low	France	French companies with 5,000 employees must ensure human rights and environmental standards are upheld throughout the entire supply chain. Breaches must be remedied; resulting damage must be put right.	I						[Legislation overview](#)
Netherlands Child Labour Due Diligence Act	All	Low	All serving Dutch market	By 2022 all companies selling into the Dutch market must perform diligence to prove that child labour is not present across the whole supply chain. Risks must be continually identified and mitigated. The findings and the process implemented at each business must also be published.		I					[Full legislation (NL)](#)
Norwegian Transparency Act	All large	Low	All serving Norway market	Companies registered in and selling into Norway with over 50 employees or with an annual turnover of over NOK 70 million must identify, address, prevent and limit violations of human rights or decent working conditions. Findings must also be published on company websites.	I						[Legislation overview](#)
Plastic Resource Circulation Act	Plastics	Low	Japan	Targets 12 types of disposable plastic products, it aims to promote the recycling of plastic resources throughout the life cycle of such products, from their design to waste disposal. This also includes the [Bioplastics Introduction Roadmap.](#)		I					[Legislation overview](#)

Key: **I** = Planned Implementation, ▉ = Review or more details released

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Restricting the use of hazardous substances in electronics	Electronics	Low	EU	Under the European Green Deal, this legislation will be a revision of EU rules restricting the use of hazardous substances in electronics. The last update took place in 2019, but another review has taken place in 2022 which will lead to the introduction of further amendments.	I	■					[Full legislation](#)
UK Modern Slavery Act	All large	Low	All serving UK market	All companies operating in the UK with an annual turnover of over £36 million must identify, prevent and mitigate the risk of slavery across their supply chain. Findings must be published annually.		I					[Full legislation](#)
Uyghur Forced Labor Prevention Act	All	Low	USA	A ban on goods imported from the Uyghur region unless the importer can demonstrate full compliance with the Forced Labor Enforcement Task Force's (FLETF) guidance and any corresponding regulations, and provide clear evidence that the goods were not mined, produced or manufactured wholly or in part from forced labour.	I						[Full legislation](#)
Zero Pollution Action Plan	All	Low	EU	Zero pollution goal of 2050 with 2030 milestone targets for air, water (plastics focus), noise and land pollution.	I						[Framework overview](#)

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