



Latest developments on sustainability legislation in the EU and the Baltic states

April 2024

Copyright © 2024 Media Scope Group OÜ

This article is licensed under the Creative Commons Attribution-ShareAlike 4.0 International (CC BY-SA 4.0) license. You are free to share and adapt the article, provided that you give appropriate credit to Media Scope Group OÜ and indicate any changes made. If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original.

For more information about the Creative Commons Attribution-ShareAlike 4.0 International license, please visit: <https://mediascope.group/legal/cc-intl-public-license/>

Please note that this license applies to the article text and does not extend to any images, graphics, or other materials that may be included in the article. Those elements may be subject to separate copyright restrictions and permissions.

For permissions or inquiries regarding the use of this article beyond the scope of the Creative Commons license, please contact Media Scope Group OÜ at info@mediascope.group.

Introduction

The European Union (EU) and its member states are taking further steps to advance sustainability in various sectors and domains. From corporate reporting and due diligence to packaging and buildings, new rules and initiatives are being adopted or revised to ensure a more sustainable future.

This article provides an overview of some of the most recent and relevant developments on sustainability legislation in the EU and the Baltic states of Estonia, Latvia and Lithuania.

Corporate reporting and due diligence

One of the key areas of legislative action is corporate reporting and due diligence on sustainability matters. The EU aims to improve the quality, comparability and reliability of the information disclosed by companies on their environmental, social and governance (ESG) performance, as well as to ensure that they respect human rights and the environment throughout their operations and supply chains.

To this end, the EU has adopted two major directives: the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D/CSDDD). The CSRD, which amends the existing Non-Financial Reporting Directive (NFRD), expands the scope and content of sustainability reporting obligations for large companies and introduces a common set of standards for reporting. The CS3D/CSDDD, which is a new piece of legislation, requires companies to conduct due diligence processes to identify, prevent, mitigate and account for potential and actual adverse impacts on human rights and the environment in their activities and business relationships.

Both directives are expected to enter into force in 2024 and will apply to companies from the 2024 reporting year onwards. However, the transposition of the CSRD into national laws is still ongoing in some member states, including the Baltic states. Estonia, Latvia and Lithuania have published draft laws on the CSRD transposition, but they have not yet been adopted by their respective parliaments. The draft laws differ in some aspects, such as the thresholds for determining the companies that fall within the scope of the CSRD, the language requirements for sustainability reports, and the penalties for non-compliance.

In addition to the CSRD and the CS3D/CSDDD, the EU has also adopted a new regulation on sustainability-related disclosures in the financial sector, which aims to increase transparency and accountability of financial market participants and financial advisers on how they integrate ESG factors into their investment decisions and advice. The regulation, which applies from 10 March 2021, also introduces a new classification system for sustainable economic activities, known as the EU taxonomy.

Packaging and buildings

Another area of legislative action is packaging and buildings, which are both significant sources of greenhouse gas emissions and waste generation in the EU. The EU has revised its rules on packaging and packaging waste to reduce the environmental impact of packaging, promote the circular economy, and prevent misleading claims on the environmental benefits of packaging. The revised directive, which was agreed upon by the European Parliament and the Council in March 2024, sets new targets for packaging reuse and recycling, bans certain packaging formats and materials, and introduces a verification and pre-approval system for environmental marketing claims on packaging. The directive will enter into force 20 days after its publication in The Official Journal of the European Union and member states will have two years to transpose it into their national legislation.

The EU has also revised its rules on the energy performance of buildings to decarbonize the buildings sector and make it climate neutral by 2050. The revised directive, which was adopted by the European Parliament in April 2024, sets new requirements for the energy efficiency and renewable energy use of new and existing buildings, as well as for the renovation and inspection of buildings. The directive also introduces a new concept of zero-emission buildings, which will have to be achieved by all new buildings from 2030 onwards.

The directive will enter into force 20 days after its publication in The Official Journal of the European Union and member states will have two years to transpose it into their national legislation.

Nature restoration and environmental crimes

The EU has also taken measures to protect and restore nature and biodiversity, as well as to combat environmental crimes. The European Parliament adopted a new law that sets a target for the EU to restore at least 20% of the EU's land and sea areas by 2030, and all ecosystems in need of restoration by 2050. The law, which was agreed upon with the Council in February 2024, also establishes a list of habitats that need to be restored, such as forests, grasslands, wetlands, rivers, lakes, and coral beds. The law will enter into force 20 days after its publication in The Official Journal of the European Union and member states will have to adopt national restoration plans detailing how they intend to achieve the target.

The European Parliament also approved new rules on environmental crimes and related sanctions, which aim to harmonize the definition and prosecution of environmental offences across the EU and to deter potential offenders. The new rules, which were agreed upon with the Council in January 2024, extend the list of environmental crimes to include illegal timber trading and depletion of water resources, and set minimum and maximum penalties for individuals and companies that commit such crimes. The penalties range from fines to imprisonment, depending on the severity and impact of the offence. The new rules will enter into force 20 days after their publication in The Official Journal of the European Union and member states will have two years to transpose them into their national legislation.

Summary

The EU and the Baltic states are making significant progress on sustainability legislation, covering a wide range of topics and sectors. These legislative developments' objectives are to achieve the EU's climate and environmental goals, as well as to enhancing the transparency and accountability of companies on their ESG performance and impact. However, the implementation and enforcement of these rules will require close cooperation and coordination among the EU institutions, the member states, the companies and other stakeholders. Moreover, the legislation will need to be regularly monitored and evaluated to ensure its effectiveness and relevance in the changing context of sustainability.

References

- [Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive \(EU\) 2019/1937 – letter to the Chair of the JURI Committee of the European Parliament](#)
- [Environmental crimes: MEPs adopt extended list of offences and sanctions](#)
- [Natura 2000: The largest network of protected areas in the world](#)
- [Nature restoration: Parliament adopts law to restore 20% of EU's land and sea](#)
- [EFRAG Releases Second Set of Technical Explanations on ESRS](#)
- [ESRS Implementation Q&A Platform Explanations 2/2024](#)
- [EFRAG ESRS Q&A Platform](#)
- [EFRAG ESRS Question and Answer Platform Releases First Set of Technical Explanations](#)
- [Deal on new rules for more sustainable packaging in the EU](#)
- [Parliament wants to improve consumer protection against misleading claims](#)
- [Amending the Statute of the Court of Justice of the EU: Reform of the preliminary reference procedure](#)
- [Energy efficiency of buildings: MEPs adopt plans to decarbonise the sector](#)
- [The Draft Information System \(EIS, in Estonian\)](#)
- [Reporting Procedures for Enterprises and Groups of the Commercial Law \(in Latvian\)](#)
- [Sustainability Disclosure Act \(in Lithuanian\)](#)

About Media Scope Group

Media Scope Group is an Estonian multinational integrated communications firm delivering services in the fields of public relations, public affairs, advocacy, marketing, data analytics, artificial intelligence and consulting.

www.mediascope.group | info@mediascope.group

Scan the QR code to visit our website.

