

# TIMELINE OF KEY ESG DEVELOPMENTS IN 2025



**HORIZON SCANNING**  
Governance & Sustainability

Sustainability practitioners will be well aware that ESG is a fast-moving, and ever changing area, making keeping on top of developments a significant challenge. We have sought to set out key ESG developments in 2025 in this timeline, covering the UK and, at a high level, the EU, to support with horizon scanning efforts.

Please note, however, that this document is a summary and therefore is not intended to be comprehensive. Please speak to your usual contact at Slaughter and May for more information on ESG horizon scanning, including information tailored to your business and/or sector.

**KEY**

-  Environmental
-  Social
-  Governance and Reporting
-  Sustainable Finance

**Note:** We appreciate that some of these areas can overlap.

JAN



1

The 2024 UK Corporate Governance Code started to apply to financial years beginning on or after this date (other than Provision 29 which applies to financial years beginning on or after 1 January 2026).



2

(EU) The ESG Rating Regulation entered into force and will apply from 2 July 2026. The UK government also intends to introduce secondary legislation widening the regulatory perimeter to ESG ratings providers later in the year and the FCA is expected to consult on proposals for the future regulatory regime.



21

The FRC published a thematic review of mandatory climate-related disclosures reporting by AIM-listed and large private companies, revealing inconsistency in the quality of reporting among the companies surveyed.



The Joint Committee on Human Rights announced a new inquiry to examine the UK's legal and voluntary frameworks underpinning the UK's response to forced labour in international supply chains, whether they are effective, and whether changes are required. The Committee's Report on Forced Labour in UK Supply Chains was published on 24 July 2025.

## JAN

- 23 The TNFD released sector guidance to support with TNFD reporting for four additional sectors, and released draft guidance covering an additional three sectors for consultation. <sup>1</sup>
- 24 Regulations implementing a drinks containers Deposit Return Scheme for England and Northern Ireland came into force. The Scheme will commence on 1 October 2027.

## FEB

- 11 (EU) The Packaging and Packaging Waste Regulation came into force and will apply from 12 August 2026. The regulation includes measures restricting certain single-use plastics and aims to make all packaging recyclable in an economically viable way by 2030.
- 14 The FCA published a statement noting that it no longer intends to publish a policy statement on extending the SDR and investment labels regime to portfolio managers in Q2 2025. In April 2025, the FCA announced that it is postponing extending the regime to portfolio managers. It stated that whilst there is broad support for extending SDR, it wanted to take time to consider the challenges carefully before introducing requirements.
- 24 The Water (Special Measures) Bill 2024-25 received Royal Assent and became the Water (Special Measures) Act 2025. The Bill strengthens the powers of the water regulator and environment regulators.
- 25 - 27 Biodiversity COP16 resumed in Rome, Italy. Governments agreed on a strategy to raise funds needed to protect biodiversity and achieve the action targets of the Kunming-Montreal Global Biodiversity Framework, bringing the business of COP16 that was suspended in Cali, Columbia in 2024, to a close.
- 26 The Climate Change Committee published its advice to the UK government on the level of its Seventh Carbon Budget, the legal limit for the UK's net emissions of greenhouse gases over the years 2038-2042.
- (EU) The European Commission published its proposals for the first in a series of 'omnibus' revisions to sustainability regulation, primarily aimed at streamlining the EU's sustainability reporting and due diligence legislation. Please see our blogs [here](#) and [here](#) for further information. <sup>2</sup> ⓘ
- (EU) The European Commission published the Clean Industrial Deal, which outlines the EU's plan to accelerate industrial decarbonisation whilst securing the future of EU manufacturing in the face of high energy costs and global competition.

## MAR

- 5 The UK government launched a consultation on the North Sea's energy future, which ran until 30 April 2025. The UK government is currently analysing the consultation feedback.
- 11 The Planning and Infrastructure Bill was published. According to the UK government, the Bill will support delivery of its ambition to build 1.5 million homes in England, fast-track planning decisions on major economic infrastructure projects, and ensure that clean energy infrastructure is built as quickly as possible.

## MAR

- 12 The FCA and PRA announced that they had no plans to take forward proposed rules and expectations, consulted on in 2023, aimed at improving diversity and inclusion in regulated firms.
- 18 The Science Based Targets initiative published an initial draft of its revised Corporate Net-Zero Standard for public consultation. The consultation closed on 1 June 2025. It is intended that companies will be able to use the revised Standard from 2027 to set new near-term and long-term targets. (i)
- The UK government launched a consultation on how to implement mandatory ethnicity and disability pay gap reporting for large employers (those with 250 or more employees) in Great Britain. Responses will help to shape proposals to be included in the Equality (Race and Disability) Bill. The consultation closed on 10 June 2025, and the UK government is currently analysing the responses.
- 24 The UK government published updated Section 54 Modern Slavery Act 2015 guidance. The update aims to increase transparency on steps organisations take to prevent modern slavery, providing recommended disclosures and explicitly linking its content with the UNGPs, the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. (i)
- 25 The UK government published its maritime decarbonisation strategy and launched two calls for evidence on net zero ports, which closed on 24 June 2025, and decarbonising smaller vessels, which will close 25 July 2025.
- 26 The loan market trade associations published updated versions of the Green, Social and Sustainability-Linked Loan Principles and related guidance material. (i)
- 31 Separation of Waste (England) Regulations 2024 started to apply to businesses and relevant non-domestic premises.

Separation of Waste (England) Regulations 2025 came into force and introduced certain exemptions relating to waste collection and separation.
- The UK government published terms of reference for the independent review that it has commissioned on greenhouse gas removals. The review will consider how greenhouse gas removals can assist the UK in meeting its carbon budgets and net zero targets. A call for evidence to support the review was launched on 16 May 2025 and closed on 20 June 2025. A report and recommendations are expected to be produced in October 2025.

## APR

- 2 The UK government announced proposed reforms to environmental regulation, with the aim of driving economic growth and safeguarding nature. These include, amongst other things, a rapid review of environmental guidance to remove duplication, ambiguity and inconsistency, and streamlining permits and guidance, including updating the Environmental Permitting (England and Wales) Regulations 2016. The announcement follows on from HM Treasury's regulatory action plan, published on 17 March 2025, which included proposals for action in relation to environmental and planning regulation. The UK government subsequently launched a consultation on environmental permitting reforms on 8 April 2025, with further consultations expected in Summer 2025. (i)
- 6 Companies (Accounts and Reports) (Amendment and Transitional Provision) Regulations 2024, which streamline existing corporate sustainability reporting requirements, came into force and take effect for financial years beginning on or after this date. <sup>3</sup>

## APR

- The majority of the consumer protection provisions of the Digital Markets, Competition and Consumers Act 2024 came into force, including new “direct enforcement” and significant fining powers in relation to consumer protection rules afforded to the Competition and Markets Authority. The CMA is the UK regulator which oversees, amongst other things, consumer protection in relation to greenwashing. (i)
- 7** The Department for Transport published a response to its consultation on phasing out sales of new petrol and diesel cars by 2030. In the response, the UK government confirmed its commitment to end the sale of new internal combustion engine cars by 2030, with the sale of new internal combustion engine vans to be phased out by 2035.
- The UK government issued a broad-ranging call for evidence on existing equality legislation and possible equality law reform, which closed on 30 June 2025.
- 8** The UK government launched a consultation on proposed changes to the Environmental Permitting (England and Wales) Regulations 2016, which closed on 3 June 2025. The proposed changes relate to flood risk activities, waste operations, water discharge activities, and groundwater activities.
- 15** (EU) The European Commission published updated guidance, FAQs, and a draft Delegated Act for consultation in an effort to simplify the implementation of the EUDR. The consultation on the draft Act closed on 13 May 2025. On 22 May 2025, the European Commission published its country classification list for the EUDR, which was subsequently rejected in a resolution adopted by the EU Parliament on 10 July 2025. (i)
- 16** (EU) The European Commission adopted its 2025-2030 working plan for the Ecodesign for Sustainable Products Regulation and Energy Labelling Regulation. The plan sets out a list of products that should be prioritised to introduce eco-design requirements and energy labelling over the next five years. (i)
- 17** (EU) The ‘Stop-the-Clock’ Directive, part of the European Commission’s first package of ‘omnibus’ amending legislation published in February, entered into force. It postpones reporting requirements for many companies currently within scope of the CSRD, and delays the application of the CS3D by one year for the first wave of in-scope companies. Member States will have to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive by 31 December 2025. (i)
- The UK government launched a consultation on how to operationalise its six Principles for Carbon and Nature Market Integrity which closed on 10 July 2025. (i)
- 24** The UK government launched a technical consultation on draft primary legislation for the UK CBAM. The consultation closed on 3 July 2025. Alongside the draft legislation, the government published a policy update which provides an overview of the scope and design of the UK CBAM.
- 28** The ISSB published an Exposure Draft proposing targeted amendments to its climate-related disclosure standard, IFRS S2, which would provide reliefs related to the disclosure of greenhouse gas emissions. The ISSB aims to finalise the amendments by the end of 2025.
- 30** The PRA published a consultation on enhancing banks’ and insurers’ approaches to managing climate-related risks. The consultation includes a draft Supervisory Statement, which would build on and replace the PRA’s previous statement on managing climate-related risks from 2019, SS3/19, clarifying regulatory expectations for the management of climate-related risks. The consultation closes on 30 July 2025. (i)

## MAY

- 2 (EU) ESMA published a consultation paper on draft Regulatory Technical Standards under the ESG Rating Regulation. The consultation closed on 20 June 2025 and ESMA expects to publish a final report in early Q4 2025 and submit the draft Standards to the European Commission in October 2025. ⓘ
- 8 (EU) The European Commission launched a public consultation to inform its review of the 2004 horizontal and 2008 non-horizontal merger guidelines, which includes consideration of sustainability objectives. The consultation closes on 3 September 2025. The European Commission plans to adopt the revised guidelines in Q4 2027. ⓘ
- 14 The UK government introduced the Sustainable Aviation Fuel Bill, which includes provisions for a revenue certainty mechanism to support sustainable aviation fuel production in the UK. ⓘ
- 15 The Great British Energy Bill received Royal Assent to become an Act of Parliament. The Act enables publicly-owned energy company, Great British Energy (GB Energy), to invest in clean power projects and new technologies as part of the government's modern Industrial Strategy.
- 19 The UK government confirmed a new agreement with the EU, as part of which it was agreed that there would be closer co-operation on emissions by linking their respective Emissions Trading Systems. The parties intend to continue talks to agree timing and details of how linking the systems will work in practice.
- 21 (EU) The European Commission published a further simplification 'omnibus', which proposes targeted amendments to certain legislative acts, including a proposal to delay the date of application of the sustainability due diligence obligations in the Batteries Regulation by two years, from 18 August 2025 to 18 August 2027. The package also aims to extend reliefs and burden reduction measures available to small and medium-size enterprises to a new category of 'Small Mid-Cap' companies. ⓘ
- 28 The UK government announced a consultation on introducing BNG requirements for NSIPs and a consultation on improving the implementation of BNG for minor, medium and brownfield developments. The consultations close on 24 July 2025. The government also announced that the introduction of BNG requirements for NSIPs will be delayed by six months from November 2025 to May 2026.
- 29 The FRC issued a consultation on its proposal to launch a UK version of ISSA 5000, an international sustainability assurance standard, for use on a voluntary basis by UK assurance providers. The consultation closes on 31 July 2025.

## JUN

- 3 The FRC published its new Stewardship Code 2026, which will apply from 1 January 2026, with 2026 to be treated as a transition year. ⓘ
- The Independent Water Commission published its interim findings on changes needed to reform the water sector in England and Wales. ⓘ
- 4 Draft legislation for producer responsibility for WEEE was laid before Parliament, which is aimed at aligning the obligations of online marketplaces with those of conventional producers and introducing a new category of WEEE for producers to report vapes and other similar products.

JUN

- 4 (EU) The European Commission adopted the European Water Resilience Strategy, which aims to enhance water security for people, economy and environment.
- 5 (EU) The European Commission adopted a European Ocean Pact, a strategy which aims to protect the ocean more effectively, promote a thriving blue economy and support the well-being of people living in coastal areas.
- 6 Following a consultation in March 2025, Ofwat published its final performance-related executive pay prohibition rule, which enables it to prohibit performance-related pay for chief executives and directors of water and sewerage undertakers that have failed to meet specified standards. The Water (Special Measures) Act 2025 requires Ofwat to develop two further rules, relating to the appointment of people in senior roles and involving consumers in certain decisions, which it will implement in the latter part of 2025.
- 12 The UK government issued a call for evidence on expanding the role of the private sector in nature recovery in England, which closes on 10 August 2025.
- 13 The Basel Committee published its framework for voluntary disclosure of climate-related risks. ⓘ
- 16 The SBTi launched a company survey to refine the draft Corporate Net-Zero Standard V2, as part of its pilot test of the standard. The survey closes to responses on 15 August 2025.
- 19 OPRED published finalised supplementary Environmental Impact Assessment guidance for assessing the effects of Scope 3 emissions on climate from offshore oil and gas projects.
- The UK government published its 10-year strategy for infrastructure, which prioritises long-term growth and aims to streamline planning and delivery of infrastructure projects.
- The UK government announced that it is updating drainage standards to provide clearer guidance to developers and the construction industry on how to create rainwater management systems that mimic the natural environment.
- 20 (EU) The European Commission announced that it is considering withdrawal of its proposed Green Claims Directive.
- 23 The UK government published its 10-Year Modern Industrial Strategy and Clean Energy Industries Sector Plan. The plan aims to double current levels of investment in frontier clean energy industries to over £30bn a year by 2035.
- The UK government launched a consultation on a framework to deliver the guidance, tools, and levers to help buyers identify and compare lower carbon industrial products, with an initial focus on the steel, cement, and concrete sectors. The consultation is set to close to responses on 15 September 2025.
- 25 (EU) The European Commission adopted the Clean Industrial Deal State Aid Framework (CISAF) to enable Member States to push forward the development of clean energy, industrial decarbonisation and clean technology.

JUN

● 25 The UK government launched a consultation on an exposure draft of the UK SRS, which is based on the ISSB sustainability reporting standards. Following the consultation, the UK government will publish finalised versions of UK SRS S1 and UK SRS S2 for voluntary use later this year, before considering whether to introduce reporting requirements for certain UK entities alongside the FCA.

● The UK government launched a consultation on climate-related transition plan requirements for financial institutions and large companies, which is set to close to responses on 17 September 2025. The FCA is also expected to consult on transition plan disclosure expectations during 2025. ⓘ

● The UK government launched a consultation seeking views on its proposal for greater regulatory oversight of third-party assurance services for sustainability-related financial disclosures, which is set to close to responses on 17 September 2025.

● (EU) The European Commission launched its proposal for the EU Space Act, which would introduce obligations on companies to identify and mitigate environmental impacts from their activities in space. A related consultation was launched on 15 July 2025 and is set to close to responses on 11 September 2025.

● 26 The Executive Committee of the International Capital Market Association (ICMA) Principles published a Practitioner's Guide on Sustainable Bonds for Nature, alongside updates to existing guidance.

● The Department for Business and Trade launched its new Trade Strategy, which announced a review of the UK government's approach to ensuring responsible business conduct and the establishment of the Office for Responsible Business Conduct. The review will focus on the global supply chains of businesses operating in the UK.

○ Q3 The FCA is expected to consult on updating its TCFD-aligned disclosure rules to bring them in line with the UK SRS (subject to a positive UK government endorsement decision). This may be combined with the FCA's consultation on transition plan disclosures. Any changes that are introduced are not expected to be effective for accounting periods beginning before 1 January 2026.

○ The SBTi is set to launch the second phase of its pilot test of the draft Corporate Net-Zero Standard V2. This phase will involve a trial with selected companies using real-world data to test a near-final version of the standard.

JUL

● 2 The UK government published its 10-year strategy for housing. The strategy sets out the government's target of delivering 300,000 new social and affordable homes through the new Social and Affordable Homes Programme announced in the 2025 Spending Review.

● 10 (EU) The European Commission published the final version of the General-Purpose AI Code of Practice, designed to help organisations comply with the GPAI provisions in the EU Artificial Intelligence Act, which are due to come into force on 2 August 2025. ⓘ

● (EU) The European Financial Reporting Advisory Group released working drafts of the revised ESRS. Finalised exposure drafts are set to be published for public comment by the end of July 2025.

JUL

- 11 (EU) The European Commission adopted a delegated regulation which targets “quick fix” amendments to the first set of ESRS and provides relief to first-wave companies which do not benefit from the delay under the “Stop-the-Clock” Directive. The delegated act came into force on 14 July 2025 and applies to financial years beginning on 1 January 2025.
- 15 The UK government announced its decision not to proceed with plans for a UK Green Taxonomy.
- 21 The Independent Water Commission published its final report on reforms to the water sector in England and Wales, which puts forward 88 recommendations. Key recommendations include reform of operator pollution self-monitoring, greater regulatory control over water company ownership, and the introduction of separate water regulators for England and Wales.
- 24 The Joint Committee on Human Rights published its Report on Forced Labour in UK Supply Chains, following its inquiry into the UK’s legal and voluntary frameworks that address forced labour in international supply chains. ⓘ

AUG

- 2 (EU) Obligations under the Artificial Intelligence Act begin to apply to providers of general-purpose AI models.

OCT

- (EU) It is expected that the European Parliament will vote on its response to the EU ‘omnibus’ proposals.
- AUT The Department for Business and Trade is expected to launch a consultation on the Future of Corporate Reporting, aimed at simplifying the non-financial reporting framework.
- Q4 (EU) The European Commission is expected to propose the Industrial Decarbonisation Accelerator Act as part of its Clean Industrial Deal. The Act is intended to help energy-intensive industries decarbonise while maintaining their competitiveness internationally.
- (EU) The European Commission plans to publish its proposals to simplify and improve the Sustainable Finance Disclosure Regulation, as part of the EU’s broader efforts to simplify sustainability reporting. A call for evidence took place in May 2025.
- (EU) It is expected that trilogue negotiations on the EU ‘omnibus’ proposals for reform of the CSRD and CS3D will begin in Q4.

NOV

- 30 (EU) Deadline for the European Financial Reporting Advisory Group to provide technical advice to the European Commission on ESRS simplification, as part of the broader sustainability ‘omnibus’ process.

## DEC

- 2 Deadline for firms with assets under management of over £50 billion to produce ongoing product and entity-level disclosures under the SDR.
- 30 (EU) The EUDR will begin to apply to large and medium companies. There is currently no indication of when the UK forest risk commodities regime will come into force, although the UK government noted in July 2025 that it would set out its approach “in due course”.
- 31 (EU) End of the EU CBAM transitional period, with the definitive regime applying from 2026.
- Deadline for transposition of the EU ‘Stop-the-Clock’ Directive into national law.

### DEFINITIONS

- **BNG:** Biodiversity net gain
- **CBAM:** Carbon Border Adjustment Mechanism
- **CS3D:** Corporate Sustainability Due Diligence Directive
- **CSRD:** Corporate Sustainability Reporting Directive
- **EPR:** Extended Producer Responsibility
- **ESMA:** European Securities and Markets Authority
- **ESRS:** European Sustainability Reporting Standards
- **ETS:** Emissions Trading Scheme or System
- **EUDR:** EU Regulation on Deforestation-free Products
- **FCA:** Financial Conduct Authority
- **FRC:** Financial Reporting Council
- **FSMA:** Financial Services and Markets Act 2000
- **ISSB:** International Sustainability Standards Board
- **NSIP:** Nationally significant infrastructure project
- **OPRED:** Offshore Petroleum Regulator for Environment and Decommissioning
- **PRA:** Prudential Regulation Authority
- **SBTi:** Science Based Targets initiative
- **SDR:** Sustainability Disclosure Requirements
- **SRS:** Sustainability Reporting Standards
- **TNFD:** Taskforce on Nature-related Financial Disclosures
- **WEEE:** Waste electrical and electronic equipment

# ADDITIONAL ESG DEVELOPMENTS IN 2025

The below list sets out developments for which we do not yet have a set date

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## ENVIRONMENTAL

- The Circular Economy Taskforce is expected to publish a strategy for England. The Taskforce is expected to publish the Strategy between Summer and Autumn 2025.
- The UK government is expected to publish a roadmap for the delivery of new Environmental Outcome Reports, as part of proposed reforms to environmental impact assessments.
- A revised Environmental Improvement Plan is expected to be published, following the UK Government's 'rapid review', which will set out plans to protect and restore England's natural environment, including plans to meet the Environment Act 2021 targets.
- Several consenting regimes may be moved into the Environmental Permitting regime in 2025. These include waste carriers, brokers and dealers and water abstraction licensing.
- The UK government is expected to publish a response to the feedback received on its December 2023 consultation on Future Homes and Buildings Standards.
- The UK CBAM is expected to complete its passage through Parliament. The UK Government intends for the UK CBAM to apply from January 2027.
- The UK government may publish a response to its consultation on reforms to the Energy Performance of Buildings regime, including potential updates to Energy Performance Certificate requirements, which closed in February 2025.
- (EU) Amendments to the EU CBAM are currently being negotiated, as part of the EU's broader sustainability 'omnibus' simplification efforts. The European Commission is expected to conduct a wider legislative review of the CBAM by the end of 2025, if not sooner.

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## SOCIAL

- The Employment Rights Bill will continue to pass through Parliament, with a number of consultations on the proposed reforms expected. Please refer to our [blog](#) for further information on the Employment Rights Bill.
- The UK government may launch additional consultations on legislative and non-legislative measures and/or announce new measures, to tackle forced labour and transparency in supply chains, following its response to the House of Lords Committee Report on the Modern Slavery Act 2015, and the Joint Committee on Human Rights' inquiry and subsequent report, published on 24 July 2025, examining the UK's legal and voluntary frameworks underpinning the UK's response to forced labour in international supply chains, whether they are effective, and whether changes are required. Please see our [blog](#) for more detail.

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## GOVERNANCE AND REPORTING

- The TNFD is expected to publish final guidance on nature transition plans in late 2025.

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## SUSTAINABLE FINANCE

- The FCA is to consult on, or consider, applying the SDR to financial advisors, pension products and other investment products marketed to retail investors, and listed issuers. HM Treasury is to consult on applying the SDR and labelling regime to funds operating under the overseas funds regime.
- The FCA is expected to finalise new prospectus disclosure requirements for ESG-labelled debt securities in 2025 as part of wider UK prospectus regime reforms. The new prospectus regime rules will apply in early 2026. The EU is to introduce similar rules for debt securities advertised as considering ESG factors or pursuing ESG objectives in 2026 as part of EU prospectus regime reforms.
- The Loan Market Association is expected to publish guidance on transition loans in late 2025.

## FOOTNOTES

- Footnote 1** Final sector guidance has been released for: apparel, textiles and footwear; beverages; construction materials; and engineering, construction and real estate. The draft guidance for consultation covered: fishing; marine transportation and cruise lines; and water utilities and services. The consultation ran until 4 April 2025. The TNFD published final sector guidance for water utilities and services and marine transportation and cruise lines in June 2025.
- Footnote 2** (EU) The European Commission's proposals aim to simplify the CSRD and the accompanying ESRS, the CS3D, the EU Taxonomy regime and the EU CBAM. Negotiations in relation to the substantive elements of these proposals are ongoing, and the changes to the CSRD and CS3D are unlikely to be finalised before the end of this year. Please see our recent blogs [here](#) and [here](#) for further information.
- Footnote 3** This will lift by ~50% the turnover and balance sheet total thresholds that determine company, LLP and group size classifications for reporting requirements and remove several reporting requirements from the directors' report which are thought to be duplicative or of low value to investors.

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