

## What does the EU Green Deal mean for European Businesses?

The von der Leyen European Commission released the EU Green Deal on the 11<sup>th</sup> of December 2019. The deal is a comprehensive plan consisting of the policies which will be introduced over the next five years. The implications of this policy framework for European businesses are various. As well as fast-paced implementation efforts, a feasibility study on setting new emissions targets can be expected by the summer. The outcomes of this study will be presented at the UN Climate Change Conference (COP26) in November.

The EU Green Deal aims to introduce an effective carbon pricing. The price hereof is still to be decided upon. The pricing also includes a border adjustment rate to avoid carbon leaching outside the Single Market, which is set at €25 per tonne. This gives a valuable indication as to the price of carbon emissions within the EU. To that aim, the Commission has proposed pilot projects to price carbon emissions associated with industries that are not covered by the ETS, and to introduce a Carbon Border Adjustment Mechanism for imports, in order to avoid introducing incentives for the relocation of industries. The ETS itself will also be extended, reducing the amount of allowances to raise the prices, as well as covering more industries such as aviation and shipping.

New investment opportunities will be introduced by the Green Deal. In the realm of research and development, Horizon Europe will integrate the Green Deal's aims, and provide opportunities in that strive. In parallel, the Commission proposes to introduce several incentives for investors to prioritise sustainable investments. In that regard, the European Directive on Non-Financial Reporting will be reviewed and updated, likely in order to extend the mandatory CSR reporting to more sectors. This reform of the Directive is likely to be based on the guidelines the Commission introduced on reporting non-financial information. Throughout European businesses, CSR should therefore be given increased attention, and work should be started swiftly to introduce a comprehensive CSR strategy. Businesses that already have started work in that regard should review, report and update their CSR strategy.

The Deal adopts a so-called 'experimental governance', meaning that it will rely heavily on partnerships between public and private actors. Dedicated stakeholder platforms will be introduced, and existing ones will be expanded. For example, the use of the Retail Forum for Sustainability, the stakeholder platform of the retail sector, will be expanded in the introduction process of the new and updated circular economy action plan. This will build on the existing



stakeholder platform in the sector, introduced in 2017. For other sectors, these forms of partnerships are just taking form, and the policymaking around it, as well as the participation in it will be energy and time consuming. A deep understanding of the European institutions, and a finger at the pulse, are therefore vital in benefitting from these developments.

The European Green Deal presents a wide array of possibilities for European businesses. Investment in sustainable solutions should become increasingly incentivised and profitable. However, the European private sector needs to act swiftly and effectively to seize the opportunity created by this widespread change before it becomes a burden. Businesses need to surround themselves with people who are experienced in the field of sustainability and who can provide them with the right help to achieve the full potential of the EU Green Deal.

Schuttelaar & Partners' 25 years of experience in the fields of circular economy, energy transition and sustainability can make it a valuable partner in this "once-in-a-century transition." Our CSR service is regularly reviewed by our CSR team to include the latest indices, guidelines and the upcoming requirements under future policy. We can therefore be valuable partners in this endeavour. In addition, Schuttelaar & Partners offers a policy monitoring service which can be subscribed to, which will provide regular updates on the policy advancements of the regulations that concern you.

Our Public Affairs Team is always available for further questions on any way in which sustainability can be implemented in your business.

Edwin Hecker  
[edwin.hecker@schuttelaar.nl](mailto:edwin.hecker@schuttelaar.nl)

+32489567666

François Liénard  
[Francois.lienard@schuttelaar-partners.com](mailto:Francois.lienard@schuttelaar-partners.com)

+32494556554