

## frESH Law Horizons

March 2021



The Home Office has published its <u>response to the fire safety consultation</u> for England.

As a result of the consultation, the government proposes to strengthen the Regulatory Reform (Fire Safety) Order 2005. Highlights from the response are that "responsible persons" will be required to record their identity, responsibilities and contact details and take reasonable steps to identify themselves to all other responsible persons with whom they share duties. Responsible persons will also be required to record completed fire risk assessments and safety arrangements (responsible persons are required under the Regulatory Reform (Fire Safety) Order 2005 to undertake, and review regularly, a fire risk assessment of the premises and to put in place and maintain fire precautions that are adequate and proportionate to manage the risk that lives could be lost in the event of a fire).

**New age verification technology to be trialled in shops, bars and restaurants**. The Home Office has <u>announced</u> that retailers, bars and restaurants have been invited to put forward proposals to trial new technology when carrying out age verification checks during the sale of age restricted items. Trials by successful applicants will begin this summer and must be completed by April 2022. The pilots will allow a range of digital age verification technology to be tested, such as digital ID cards, which cannot currently be used for alcohol sales.

The government <u>launches</u> its new <u>registry</u> for Modern Slavery Act 2015 statements. The online registry will make it easier for large organisations with a turnover over £36 million to show that they are complying with the requirement to produce a statement setting out the steps they have taken to ensure that their business and supply chains are slavery free. The government also added its modern slavery statement to the registry. The registry is currently voluntary, but the submission of a statement to the registry will become mandatory in due course.

The Home Office has published a <u>guide</u> on the legal powers that can be used to tackle modern slavery. The purpose of the guide is to provide a single point of reference for all agencies to use to facilitate a faster multi-agency response and to use appropriate legislation to gain entry to commercial and residential premises, where intelligence indicates that the could be instances of modern slavery.

The Office for Product Safety and Standards (OPSS) has published a <u>call for evidence</u> <u>seeking views on changes to the UK product safety regime</u>. The consultation aims to collect public views on the longer term approach to product safety. Possible changes include addressing new methods of manufacture and distribution, new products and technologies, environmental considerations and enforcement. For operators, the consultation presents a possible opportunity to comment on how the regime could be improved to support innovation. For example, there is an ability to reflect on the response to the COVID-19 pandemic and comment on what changes could be made to help bring safe products to market more quickly; and on how the government could build in flexibility to the regulatory framework to adjust to changes in product lifecycles and technology, including changes in understanding of risk. The consultation closes on 3 June 2021.



**European Commission publishes new guidelines on product regulations**. This includes guidance on the application of Article 4 of the Market Surveillance Regulation 2019/1020, and guidance on the implementation of the Mutual Recognition of Goods Regulation 2019/515, together forming the EU "goods package". From 16 July 2021, for certain products placed on the EU market, Article 4 of the Market Surveillance Regulation requires an 'economic operator' to be established in the EU who can provide the authorities with information and take certain actions upon request. The guidance clarifies the scope of Article 4 and confirms that the 'fulfilment service provider' in the EU will automatically become the economic operator if there is no manufacturer, importer or authorised representative established in the EU. This will particularly affect 'direct to consumer' models. The guidance on the Mutual Recognition of Goods Regulation provides detail around the 'mutual recognition declaration' for operators, the assessment of goods for national authorities and support services including 'SOLVIT' centres. Despite the UK's departure from the EU, these regulations will still be relevant to UK traders who are placing their products on the EU market.

The Financial Conduct Authority (FCA) brings first criminal prosecution against a bank for money laundering offences. The FCA published a press release announcing that it has started criminal proceedings against National Westminster Bank plc (NatWest) for failing to carry out risk-sensitive due diligence and ongoing monitoring of relationships with customers to prevent money laundering. This is the first criminal prosecution under the Money Laundering Regulations 2007 by the FCA.

**COVID-19-secure spot checks continue**. The Health and Safety Executive (**HSE**) has <u>reported</u> that it is carrying out inspections in Manchester. The HSE clarified that, as changes come throughout the next few months, measures must be in place to keep workers safe as they return to work. It confirmed that "all workplaces are in scope for spot checks which means businesses of any size, in any sector can receive an unannounced check from HSE or an inspection from the local authority, to check they are COVID-secure".





## Thames Water fined £2.3 million for foreseeable pollution from sewage discharge.

The company pleaded guilty to breaching the Environmental Permitting (England and Wales) Regulations 2010 by releasing partially-treated effluent with high levels of ammonia into a ditch and stream without an environmental permit. The court pointed to inadequate monitoring being in place to manage the risk of pollution, made worse by staff not responding to alarms highlighting faults in the process. The Environment Agency (**EA**) commented on the responsibilities of water companies in protecting the environment.

Man already jailed for waste offences facing remediation costs of £750,000. Stephen Lack, from Corby was jailed for 18 months in January, after a decade of waste offences. He was this week given a remediation order to clear the land where the offences took place by January 2022. This could, according to the EA, cost a further £750,000. He was also ordered to pay £12,500 in costs and £140 in victim surcharge. Lack, trading under the name Abbey Skips, had repeatedly stockpiled waste on a without the necessary permits. Waste was burned and buried rather than being disposed of lawfully at authorised waste sites. Lack had been given a six-month suspended sentence in 2019 for waste offences, but his illegal burning activities increased during lockdown, in breach of his bail condition, leading to his subsequent prosecution and imprisonment. This is a further example of the work of the EA led Joint Unit for Waste Crime, aiming to stop serious and organised crime in the UK waste industry.



Department for Business, Energy & Industrial Strategy (BEIS) published its Industrial **Decarbonisation Strategy**. This strategy builds on the government's Ten-Point Plan from December 2020 and sets out how industry can decarbonise in line with net zero 2050, while remaining competitive and without pushing emissions abroad. Annex 1 summarises the actions contained in the strategy, including a timetable and specific immediate steps for 2021 to 2022. Annex 2 summarises current UK government policy that enables or supports industrial decarbonisation. To align with the 2050 target, by the middle of the 2030s, industrial greenhouse gas emissions should be no more than a third of their 2018 levels, and fall by 90% by 2050. One key sector to feature is steel, and the government says it will work with the Steel Council to "consider the implications" of the Climate Change Committee's (CCC) recommendation that ore-based steelmaking should have near-zero emissions by 2035. Earlier in March, HMTreasury published a policy paper, Build Back Better: our plan for growth, which sets out the government's plans to support economic growth through investment in infrastructure, skills and innovation (as regards environmental aspects, it essentially confirms announcements and commitments made previously, but gathering them together in one place). HM Treasury is also due to publish its final report on its net zero review shortly.

**CCC** writes advice letter to BEIS on use of international carbon credits. The letter provides the CCC's advice on the use of international emissions credits (and related mechanisms) to meet carbon budgets, as well as providing an assessment of whether they may be necessary to meet the Fourth Carbon Budget. CCC advises that the use of international carbon credits in place of domestic action poses several risks including that the use of credits would detract from UK climate leadership and reduce clarity on the steps required in the UK to meet net zero. They recommend that international emissions credits not be allowed to contribute to meeting the fourth carbon budget. CCC also advises against any 'carry forward' of outperformance of carbon budgets to help meet subsequent budgets (in particular that the expected large over-performance against the third carbon budget should not be carried forward to help meet the fourth and subsequent budgets). CCC does, however, support the purchase of international carbon credits as an additional lever to support climate mitigation action internationally, in addition to domestic delivery of the legislated carbon budgets.

New energy efficiency legislation announced by UK government, and response to eco-design consultation. Giving effect to equivalent changes to EU legislation that had been agreed before the end of the Brexit transition period by the UK and other member states, the government has confirmed new legislation which includes legal obligations on manufacturers to make spare parts for products available to consumers for the first time (often called a right to repair), so that electrical appliances can be fixed more easily. It will also update ecodesign requirements for electric motors, household washing machines, washer-dryers, dishwashers, fridges and electronic displays, and introduce ecodesign requirements for welding equipment and commercial refrigeration. The government also published a summary of responses to its call for evidence on energy-related products, which explored the scope for introducing even more ambitious climate-friendly policy for energy consuming appliances.

**EA further extends expiry dates of COVID-19 related <u>regulatory position statements</u> (RPSs). RPS C15 allows exceedance of permit limits for medical use of radioactive substances because of COVID-19 and RPS C13 allows accumulation of radioactive waste that cannot be transferred because of COVID-19 (both extended to 30 June 2021). The EA also extended <u>RPS B1</u> for the same period which relates to exceeding limits in radioactive substances permits due to the UK's new relationship with the EU.** 



The HSE reminded stakeholders in early March of upcoming GB biocidal product application deadlines. Applications for product authorisation and active substance approval need to be resubmitted to HSE by 31 March 2021 or 29 June 2021 (depending largely on whether the UK was the evaluating competent authority under the EU biocidal product regime for that substance). On 31 March HSE postponed (until 24 July 2023) approval expiry dates for renewals of 8 active substances which were due to lapse within the next six months. Under the GB Biocidal Products Regulation, where for reasons beyond the control of the applicant, the approval of the active substance is likely to expire before a decision has been taken on its renewal, the Secretary of State can issue a decision postponing the expiry date of approval for a period sufficient to enable the competent authority to examine the application. The affected substances are propiconazole, metofluthrin, sulfuryl fluoride, alphachloralose, sulfuryl fluoride, aluminium phosphide releasing phosphine, boric acid and disodium tetraborate pentahydrate.

Government confirmed in consultation response the 2030 date for ending sales of new petrol and diesel cars and vans. The Department for Transport (DfT) and the Office for Zero Emission Vehicles jointly published the response to the February 2020 consultation and confirmed that the phase out date for the sale of new petrol and diesel cars and vans will be brought forward to 2030, and that all new cars and vans must be fully zero emission at the tailpipe from 2035. Between 2030 and 2035, new cars and vans can be sold if they have "significant zero emission capability" (there will be a further consultation on what this means). A few days later, the government issued a consultation on ending the sale of new diesel buses in England (open until 11 April 2021) and published a national bus strategy for England called Bus Back Better.

**DEFRA and HSE announce first restriction reviews of evidence under UK REACH**. The reviews concern proposed restrictions on Per- and polyfluoroalkyl substances (PFAS) in tattoo inks and permanent make-up and on the use of lead ammunition across all environments in England, Scotland and Wales. Lead ammunition is already restricted in certain protected areas but this may be extended to all environments. Under UK-REACH, which mirrors the EU regime, the Secretary of State makes decisions to restrict substances, based on the scientific opinion of the HSE and following public consultation. The review and consultation process is expected to take two years.



Government consults on new energy efficiency measures for commercial and industrial buildings. The first consultation seeks views on the government's proposals to introduce a national performance-based policy framework for rating the energy and carbon performance of large commercial and industrial buildings above 1,000 m² in England and Wales. Under the proposals, owners and single tenants of buildings would need an annual rating and to disclose it online and display it in the building. The second consultation seeks views on the government's proposed framework to improve implementation and enforcement of the EPC B target by 2030 for privately rented non-domestic buildings. A 2019 consultation on the move the B rating gained large support but responses raised issues with how existing minimum energy efficiency standards have been implemented, so this new consultation sets out proposals to improve implementation and enforcement of the minimum energy efficiency standard (MEES). Both consultations close on 9 June 2021.





Government consults and issues updated guidance on UK emissions trading scheme (UKETS). BEIS published updated guidance to add new information about the timetable for opening accounts in the UKETS allowance trading registry. BEIS also issued a call for evidence (until 23 April 2021) on free allocation of allowances in in the UKETS as part of its broader planned review of UKETS in 2021, including the link between free allocation and carbon leakage. Separately, the FCA published a consultation on regulating bidding for emissions allowances under UKETS, which sets out proposals on how FCA will authorise and supervise certain firms intending to bid for emission allowances on the UK auction platform. FCA's rules need to be in place before the first UKETS auction, which should Ω2 of 2021 at the latest. The consultation closes on 6 April 2021.

**PwC report on linking executive pay to environmental, social and governance (ESG) performance targets.** The report 'Paying well by paying for good' discusses linking executive pay with environmental, social and governance (ESG) factors, whether it should be done and, if so, how. The report found that 45% of the FTSE 100 use an ESG target in their annual executive bonus plan, long term incentive plan or both. It also found that the majority of ESG performance measures in long term incentive plans were of an environmental nature.

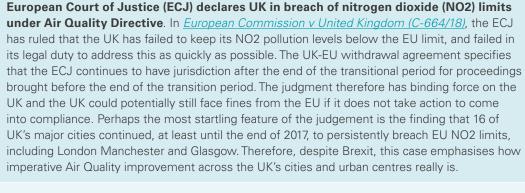
**EA** <u>responds</u> to non-hazardous and inert waste permitting consultation. Amongst other things, this confirms measures to store waste within buildings, which have been the subject of industry concerns. The consultation related to new technical guidance on appropriate measures for permitted facilities taking non-hazardous and inert waste for treatment or transfer, and the EA has said it will publish the final guidance in Spring 2021. One of the requirements is for both waste storage facilities and treatment facilities to store waste within buildings, so as to "reduce a range of pollutants". The EA response acknowledges the serious concerns raised in consultation feedback, but concludes that running waste activities within a building was "clearly an appropriate measure".



BEIS consults on mandatory climate-related financial disclosures by publicly quoted companies, large private companies and limited liability partnerships (LLPs). These proposals build on the expectation set out in the government's 2019 Green Finance Strategy that all listed companies and large asset owners should disclose in line with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations by 2022. The proposals are an important step towards the UK's intention to become the first G20 country to make TCFD-aligned disclosures mandatory across the economy. The proposed reporting requirements would apply, for accounting periods starting on or after 6 April 2022, to all UK companies currently required to produce a non-financial information statement (UK listed companies with more than 500 employees, banking and insurance companies), other UK registered companies and LLPs with more than 500 employees and turnover over £500 million. They will be required to report climate-related financial information in various kinds of annual reports. The consultation closes on 5 May 2021.

**DEFRA** announces second consultations on extended producer responsibility (EPR) for packaging and a deposit return scheme (DRS) for drinks containers. The proposals are intended to create a UK-wide scheme that incentivises producers to design packaging that is easy to recycle and ensure that they pay the full net cost of managing this packaging once it becomes waste, in line with the polluter-pays principle. The proposals include minimum recycling targets for plastic, card, steel, aluminium, glass and wood packaging, responsibility by a single producer for the costs of packaging, and modulated fees (variable EPR fees based on recycling-related criteria). The first phase of EPR will begin in 2023. The DRS proposals relate to England, Wales and Northern Ireland (Scotland is further ahead with its DRS plans). The proposed DRS could apply to PET plastic bottles, glass bottles, and steel and aluminium cans (with different container size limits under discussion). The consultation seeks views on how a DRS will operate, its scope and design, implementation timelines and enforcement. Both consultations close on 4 June 2021.





EU Member States react to Chemicals Strategy for Sustainability. The Council adopted its conclusions on the Chemicals Strategy for Sustainability (CSS), which the European Commission had presented in October 2020 (please see frESH Law Horizons October 2020, January 2021 and February 2021). The Council generally welcomes the CSS. Specifically, it welcomes "the aim of" the 'one substance, one assessment approach, which intends to simplify and improve the transparency of hazard and risk assessment, to enhance coherence and coordination, and to make decision-making faster. It also calls on the Commission to provide further information on the design and the implementation of the 'one substance, one assessment' approach. At the same time, it emphasises that this approach should neither create delays in regulatory actions nor increase the administrative burden. The conclusions stress that, in principle, the same limit value for hazardous substances should apply for virgin and recycled material. However, they acknowledge that in exceptional circumstances, temporary derogations may be necessary under the condition that the use of recycled material is limited to clearly defined applications, where there is no negative impact on consumer health and the environment, and where it is justified on a case by case basis. Together with the resolution of the European Parliament (please see <u>frESH Law Horizons July 2020</u>), they are to inform the further implementation of the CSS.



Commission discusses upcoming changes to guidance on intermediates. In a note submitted to CARACAL, published by Chemical Watch, the Commission follows up on the discussions on intermediate substances after the judgment of the ECJ in case C-650/15 (regarding acrylamide). To reflect the ECJ interpretation, some modifications would need to be made to the European Chemicals Agency (ECHA) guidance document on intermediates. The judgment identified three cumulative conditions to qualify a substance as an intermediate: the intended purpose at the time of the manufacture and use, the technical means by which the transformation takes place (known as synthesis) and the confinement to a controlled environment. According to the Commission, ECHA will delete, in relation to that first condition, the reference to the 'main' aim of the transformation process from its guidance. The Commission will also consider amending the legal definition of intermediates when preparing the upcoming revision of REACH. Some industry organisations had also followed up on the previous discussions. They pointed out that most recent REACH REFIT evaluation, issued after the acrylamide judgment, did not recommend an amendment of the definition of intermediates.

**ECHA updates substance evaluation plan**. ECHA's updated Community Rolling Action Plan (CoRAP) for the years 2021-2023 lists 58 substances for evaluation by the Member State competent authorities (MSCA) under the substance evaluation process of the REACH Regulation. The CoRAP prioritises substances for evaluation under REACH over a period of three years. The plan contains three newly allocated substances and 55 substances already published in the previous CoRAP update in 2020. The timeline for the evaluation of 28 substances has changed mainly because of ongoing dossier evaluations for the same substances. In some cases, the evaluation has been postponed to align the timing for similar substances in order to achieve higher consistency between assessments.



**ECHA** announces completion of roadmap to address substances of very high concern (SVHC). ECHA has announced that all relevant, currently known SVHC have been identified as part of the SVHC 2020 Roadmap launched by the Council in 2013, and included on the REACH Candidate List. Systematic screening of registered substances had been key in identifying new chemicals of concern. ECHA also published a summary brochure. The SVHC Roadmap has increased the speed at which new chemicals of concern are identified as ECHA, and Member States have started focusing on groups of chemically similar substances. It has also made the work of authorities more transparent by, for example, providing an overview of their work on chemicals of concern through the public activities coordination tool (PACT). Work will continue within ECHA's integrated regulatory strategy and by 2027, it aims to have screened all substances registered under REACH.

**ECHA publishes consolidated opinion on a restriction of intentionally used microplastics**. ECHA's Committee for Risk Assessment (**RAC**) had adopted its opinion on June 2020 and the Committee for Socio-Economic Analysis (**SEAC**) in December. The now publically available <u>opinion</u> of both committees considers that the proposed restriction on polymers as microplastics is the most appropriate Union-wide measure to address the identified risks. Nevertheless, there are some nuances in their assessment of the restriction proposal, in particular some differences regarding the appropriate size limit for microplastics, derogations and transition periods. Based on the opinion, the Commission is expected to draft an amendment to restrict microplastics under REACH by the third quarter of 2021.

Commission prepares proposal to regulate non-intentionally released microplastics. In parallel to the REACH restriction proposal discussed above, and following its <a href="New Circular Economy Action Plan">New Circular Economy Action Plan</a> (CEAP 2.0) from March 2020, the Commission also <a href="intends">intends</a> to address unintentionally released or secondary microplastics, which are usually emitted from products, such as textiles, tyres and pellets. The Commission's initiative will focus on labelling, standardisation, certification and regulatory measures for the main sources of microplastics. Its aim is to improve the science on the risks and occurrence of microplastics in the environment, tap water and food and to reduce environmental pollution and potential health risks. The <a href="Commission plans to adopt">Commission plans to adopt</a> a proposal for a regulation by the fourth quarter of 2022.

Commission publishes evaluation of the rules on end of life vehicles. The evaluation of directive 2000/53 on end-of-life vehicles (ELV Directive) is closely linked to ongoing revision of the ELV Directive that started in October 2020. It provides for the reuse, recycling and recovery of vehicles and aims to prevent and limit waste, and restricts the use of hazardous substances in new vehicles. The evaluation has looked at the effectiveness, efficiency, coherence, relevance and EU added value of the ELV Directive. It has assessed the extent to which the ELV Directive is in line with the ambitions expressed in the European Green Deal, recently adopted EU waste legislation and in light of current issues, such as the growing number of electric vehicles and the impact of the pandemic on the automotive sector. It concludes that the ELV Directive is not suited to ensure a high level of recovery and recycling for some materials (such as plastics), and that there is a lack of coherence with other EU legislative frameworks. Therefore, the evaluation supports and provides a basis for the revision of the ELV Directive in order to ensure better collection, treatment and recycling of ELVs. The Commission plans to launch a public consultation on the revision in the second quarter of 2021, and adopt a legislative proposal in 2022.



## Commission issues environmental liability guidelines, while Parliament adopts report.

The Commission has adopted guidelines that clarify the scope of the term 'environmental damage' in the Environmental Liability Directive 2004/35 (**ELD**). The guidelines address a need identified in the <u>evaluation</u> of the ELD, which concluded that there was a lack of uniform application of key concepts related to 'environmental damage'. They aim to help Member States to better assess in what ways damage to water, land, protected species and natural habitats must be prevented and restored. In related news, the Committee on Legal Affairs of the European Parliament adopted a report on the liability of companies for environmental damage. The <u>original draft</u> called for a revision of the ELD to make it a regulation, in order to improve harmonisation and enforcement across the EU. It also observed that some definitions need to be further clarified and that the current mechanisms of the ELD were too weak to secure compliance at all levels of national administration, leading to deficiencies in its implementation. The Parliament is expected to adopt the final report as a resolution in April.



**Commission** consults on sustainable products initiative (SPI). The SPI looks to secure strong environmental performance of products and services placed on the EU market, using sustainability principles and specific environmental and other sustainability requirements. The consultation closes on 9 June 2021. This follows an initial IIA in September 2020, and we expect a proposal for an SPI directive later in 2021, which will widen the scope of the Ecodesign Directive to cover more products, and include some services as well.

**European Parliament adopts <u>resolution</u> making recommendations to the Commission on corporate due diligence and corporate accountability**. It recommends a new directive on corporate due diligence and corporate accountability which would require companies to carry out human rights and environmental due diligence in their supply chains. It also proposes a ban on EU imports of products linked to severe human rights violations. Parliament recommends that the due diligence obligations should apply to all large EU undertakings, and publicly listed or high risk smaller organisations. The Commission has announced it will present its legislative proposal on the matter later this year.

**ECJ confirms inadmissibility of climate claim**. In <u>Carvalho and Others v Parliament and Council</u>, the ECJ confirmed that the action brought by families from the European Union, Kenya and Fiji against the EU 'climate package' of 2018 is inadmissible (confirming the General Court's ruling from May 2019). It held that the General Court was fully entitled to find that the appellants are not individually concerned by that legislative package. The court declared that "the fact that the effects of climate change may be different for one person than they are for another does not mean that, for that reason, there exists standing to bring an action against a measure of general application."

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