STRATEGIC ENVIRONMENTAL WATCH REPORT ON CIRCULAR ECONOMY

THE 10 KEYS FOR 2025

Basque Ecodesign Center

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01. PRESENTATION

The Basque Ecodesign Center is a stable initiative established in 2011 and comprises a partnership framework between 20 private sector companies and the Basque Government. Its purpose is to drive the value chain and to generate knowledge on the circular economy for it to be subsequently transferred to the Basque industrial fabric.

The following value chains are represented in the Basque Ecodesign Center:

- AUTOMOTIVE
- CONSTRUCTION
- ENERGY GENERATION AND DISTRIBUTION
- MASS CONSUMER
- FINANCIAL
- METAL
- OTHER MEANS OF TRANSPORT
- PRODUCTION OF LIFTING EQUIPMENT
- PRODUCTION OF EQUIPMENT FOR ENERGY GENERATION AND TRANSMISSION

This document is the third of the strategic environmental monitoring reports that the Basque Ecodesign Center has produced drawing on the knowledge acquired through its monitoring system. Its aim is to compile the **latest market and regulatory changes that act as levers for the transition to a more circular and decarbonised economy. In addition, it identifies new standards and recognised methodologies** that are relevant for the value chains operated by the partner companies of the Basque Ecodesign Center. Therefore, the report is based on six themes that cover the core areas of action of the European Green Deal:

- TRANSPARENCY AND POSITIONING
- ECODESIGN FOR A CIRCULAR ECONOMY
- SECONDARY RAW MATERIALS AND WASTE MANAGEMENT
- DECARBONISATION FROM A LIFE-CYCLE APPROACH
- ZERO POLLUTION
- SUSTAINABLE FINANCES

At the end of each chapter of the report, there is **a time line of the main market and regulatory milestones between 2024 and 2030** and a table summarising the ramifications of each of the transition levers **for the nine value chains** represented in the Basque Ecodesign Center, according to the size of company.

02. EUROPEAN UNION POSITIONING REGARDING THE CLIMATE-ENVIRONMENTAL TRANSITION

Following the **elections to the European Parliament in June 2024**, the European Union (EU) is facing **important institutional changes** that will have a **significant impact not only on the preparation and introduction of new environmental policies**, but also on **its ability to implement the ambitious targets** of the European Green Deal. The new legislation is pointing towards a more fragmented political landscape than in the previous parliamentary term –. with parties with very different environmental sensitivities – which will significantly influence the course of the new European Commission and its agenda for the coming five years.

As a foretaste, Ursula Von der Leyen set out an ambitious action plan for the coming years in her speech when she was re-elected as President of the European Commission; she stressed the upcoming **Industrial Decarbonisation Accelerator Act**, aimed at improving the energy infrastructure and lowering energy costs. The Act will include a set of measures aimed at accelerating the **adoption of renewable energies, by streamlining the permits for new projects and driving investment in cross-border infrastructures**, such as electrical interconnections between Member States.

Furthermore, a legislation framework is envisaged to encourage the adoption of green hydrogen as a key solution to decarbonise sectors that are difficult to electrify. Von der Leyen also announced the future launch of a **'New Clean Industrial Deal'** to make Europe more competitive in the framework of the green transition. This plan envisages renewed investment in renewable energy and clean technologies, and the bolstering of Europe's leadership in sustainable innovation. Similarly, Von der Leyen stressed the importance of balancing economic competitiveness with climate goals, describing decarbonisation not only as a challenge, but also as a strategic opportunity. This opportunity, she explained, has the potential of generating great benefits by cutting energy costs and boosting industrial competitiveness.

Additionally, Von der Leyen announced the creation of a European Competitiveness Fund to give impetus to strategic and clean technologies, the **streamlining of the REACH Regulation and a new Circular Economy Act**, aimed at driving a unified market for recycling and critical raw materials. This last piece of legislation – expected for the end of 2026 – seeks not only to **make recycling more efficient,** but also **to lower dependency on imports of essential materials from third countries,** by establishing minimum recycled content quotas for products manufactured in the EU.

In keeping with these initiatives, the **Antwerp Declaration for a European Industrial Deal** unveiled in February 2024, stresses the need for a **coordinated approach to secure vital supplies of critical raw materials** through sustainable solutions such as advanced recycling and responsible mining. This document also stresses the **pressing need for a robust energy strategy** to **drive renewable energy production in the EU**, particularly in industrial regions affected by the energy transition. Furthermore, it proposes **integrating SMEs in the green supply chain as key drivers of the transformation.** In turn, the **conclusions of the European Council of 17 July 2024** reaffirm the need to **strengthen energy security as a strategic priority for the EU.** The leaders agreed to accelerate the implementation of key projects such as **energy interconnections between Member States and guarantee the resilience of essential infrastructures to counteract the new climate threats.** Furthermore, the conclusions highlight the role of climate diplomacy to foster international alliances to drive fair trade of raw materials and clean technologies.

In parallel, **the Draghi Report on European Competitiveness, released in September 2024**, addresses the challenges facing the EU in the context of the green transition. In his analysis, Mario Draghi stresses the **pressing need to increase investment in renewable energies and clean technologies,** stressing that the economic modernisation of the EU will require an **additional mobilisation of between EUR 750 and 800 billion**, with a specific approach to electrification, energy storage and the transformation of the manufacturing sector. According to the report, this financial effort will mainly come from the **private sector,** complemented by **common debt instruments** such as a European fund to facilitate strategic decarbonisation and digitalisation projects. The report also highlights that **the transformation of the transport sector will be key,** recommending that the roll out of **electric vehicle charging points** should be sped up, with the target of reaching a million stations by 2030.

On the other hand, Draghi argues that, even though renewable energy can stabilise energy prices and offer economic opportunities, **the transition of the sector will be gradual and will depend on fossil fuels in the short term**. He therefore proposes **lowering taxes on energy and make environmental legislation flexible to facilitate business adaptation.** His key proposals include the **diverting funds from the European Emissions Trading System towards heavy industry and the incorporation of local production requirements in public procurement**. Furthermore, the report stressing the pressing need to **lower economic dependency on countries such as China in strategic sectors**, by proposing incentives for the local production of critical raw materials and semiconductors, along with the **setting up of strategic reserves** to avoid disruptions to the supply chains.

Furthermore, **it questions the Carbon Border Adjustment Mechanism (CBAM),** suggesting that, if it proves to be inefficient, **free emission allowances** should be kept for European companies to protect them against global competition. Draghi also takes to task the **Europe's ever greater technological disadvantage compared to competitors such as the United States and China.** He stresses that – even though the EU is ahead in clean technologies innovation – its innovation ecosystem **does not lead to industrial leadership.** He therefore proposes **driving investments in research and development (R&D)** and fostering more favourable environments for startups, by eliminating red tape and allowing their escalation.

The report ends by stressing that **European competitiveness depends on the ability to harness all the available clean energy sources, including renewables, nuclear and hydrogen.** This technologically neutral approach, combined with robust industrial policies, is essential to advance in the decarbonisation goals without compromising the economic viability of the European industry.

In turn, the **State of the Energy Union Report 2024** stresses the urgent need to **accelerate the energy transition**. Despite the advances in renewable energy, which stood at 21.8% of the gross final energy consumption in 2021, the European Commission warns that **a faster rate of growth will be needed to reach the target of 42.5% of renewable energy by 2030**. Furthermore, even though greenhouse gas emissions are continuing to drop, the reduction rate will need to be tripled to meet the climate goals for 2030.

Private **public-private partnership and the mobilisation of private and public capital to finance the digital and green transition are essential to meet the adaptation challenges of the transition to a digital, green and fairer Single Market.** Enrico Letta considers that in the **'Much more than a Market'** report published in 2024**,** which proposes the setting up of the Investment and Savings Union, a system that could guarantee the constant flow of resources towards strategic climate projects. The report sets out a series of measures to shore up the Single Market, including regulatory harmonisation to facilitate an environmental transition that is uniform in all Member States: encouraging the participation of SMEs for equitable development, investment in supranational infrastructures; or the creation of a digital Knowledge Platform offering access to research and education resources.

In this context, Letta proposes **the creation of a 'fifth pillar' within the Single Market: the freedom to research, explore and create,** stressing that this measure is key to harnessing the circular economy and to facing the challenges of climate change. He also argues for **bolstering European railway and energy integration by eliminating national barriers**, in order to accelerate the transition towards an efficient and sustainable network. Letta stresses that such efforts must not only be focused on renewable energies, but also on modernising electricity grids to guarantee mass electrification.

Finally, the **Emission Gap Report 2024 of the United Nations Environment Programme (UNEP)**, published in October 2024, reveals the pressing need to intensify global efforts to reduce emissions, stressing that **emissions must be cut by 42% by 2030** on 2019 levels in order to **limit global warming to 1.5°,**. **In 2023**, global emissions hit a record of **57.1 gigatonnes of CO_2**, which clearly shows the greater gap between climate promises and real actions. The report also stresses that only by means of a **mass roll out of renewables – such as solar and wind power,** which could cover 27% of the emission reduction potential by 2030 – along with actions in the forestry sector, would it be possible to sustain the **climate pathway within the Paris Agreement targets.**

In short, the new EU parliamentary term will face major **environmental and political challenges,** where institutional changes, the balance between the different political forces and the contributions of experts such as Mario Draghi will be **decisive factors to define how the EU will approach this transition**. The EU's ability to overcome these economic and political barriers will determine its leadership in fighting climate change and the transition towards a more sustainable and competitive economy.

03. TEN KEY POINTS OF THE CIRCULAR ECONOMY FOR 2025

After analysing the main advances around the six thematic areas, the Basque Ecodesign Center has pinpointed ten key circular economy challenges for 2025:

1 **THE BASQUE COUNTRY BEING CARBON NEUTRAL BY 2045, AND NO LATER THAN 2050.**

2 **ASSESSMENT AND ECODESIGN OF PRODUCTS AFFECTED BY THE ECODESIGN FOR SUSTAINABLE PRODUCTS REGULATION.**

3 **MANAGING ENVIRONMENTAL INFORMATION TO MEET TRANSPARENCY REQUIREMENTS.**

4 **LARGE COMPANIES BECOME GUARANTORS OF THE SUSTAINABLE TRANSFORMATION OF THEIR VALUE CHAIN.**

5 **PUTTING AN END TO GREENWASHING.**

6 **CONSIDERING CARBON PRICE AS A RISK OF THE TRANSITION TOWARDS A SUSTAINABLE ECONOMY.**

7 **ACCELERATING THE BEST AVAILABLE TECHNOLOGY PROCESS AND INNOVATION IN SECTORS WITH HIGH ENERGY AND MATERIAL CONSUMPTION.**

8 **CIRCULAR ECONOMY FOR A SECURE AND SUSTAINABLE SUPPLY OF CRITICAL RAW MATERIALS.**

9 **BROADENING THE EXTENDED PRODUCER RESPONSIBILITY AND FOSTERING THE USE OF SECONDARY RAW MATERIALS.**

10 **EUROPEAN SUSTAINABLE FINANCE TAXONOMY.**

1

THE BASQUE COUNTRY BEING CARBON NEUTRAL BY 2045, AND NO LATER THAN 2050.

Greenhouse gas (GHG) emissions decreased in the Basque Country by 33% between 20025 and 2023. In this framework, Basque Act 1/2024 establishes the stable legal framework to achieve climate neutrality in the Basque Country no later than by 2050, and making the necessary effort to be carbon neutral by 2045. The instruments envisaged in this legislation includes The Basque Register of Energy Transition and Climate Change Initiatives, which establishes carbon footprint reduction and reporting obligations for certain organisations, and the mandatory application of the product carbon footprint in green public procurement.

2

ASSESSMENT AND ECODESIGN OF PRODUCTS AFFECTED BY THE ECODESIGN FOR SUSTAINABLE PRODUCTS REGULATION.

This regulation, approved in 2024, affects end and intermediate products. From 2027 onwards, key materials such as iron and steel, batteries, and textiles will be subject to ecodesign obligations. This legislation will set minimum circularity conditions for the products. Furthermore, this regulation establishes a digital product passport, which will be used to transfer environmental information throughout the value chain. Companies will have to assess and environmentally improve their products to harness the opportunity to be more competitive in the framework of the rules established by the regulation. Obligations will be introduced from 2030 onwards for new products such as aluminium, chemical products, furniture, tyres, detergents, paint, lubricants, and energy-related products.

3

MANAGING ENVIRONMENTAL INFORMATION TO MEET TRANSPARENCY REQUIREMENTS.

Transparency requirements – both regulatory and of the market itself – have significantly increased in recent years; it is therefore key to have a good environmental information management system that facilitates meeting such requirements. In the Basque Country, nearly 300 companies have sustainability transparency obligations. These range from the legislation on Corporate Information on Sustainability and on taxonomy for sustainable finances, to the product passport, reporting on sustainability indexes, providing customers with environmental information for green procurement processes, or private systems to assess supply chains. Incorrect management of this information can lead to inefficient processes in the company, to poor reputation with investors or to being disqualified from bidding to an environmentally advanced customer.

4

LARGE COMPANIES BECOME GUARANTORS OF THE SUSTAINABLE TRANSFORMATION OF THEIR VALUE CHAIN.

Directive (EU) 2024/1760 on corporate sustainability due diligence requires large companies to identify, prevent and mitigate environmental impacts on their value chain, and to develop, implement and monitor a decarbonisation plan in line with the target to limit the temperature rise to 1.5ºC. From 2027 onwards, around 27 Basque large companies will have to adopt a decarbonisation plan for their whole value chain, as part of their due diligence.

5

PUTTING AN END TO GREENWASHING.

There is a risk that greater transparency requirements may lead to more greenwashing processes. The Directive empowering consumers for the green transition, approved in 2024, and the proposed Green Claims Directive establish the framework for environmental communication in marketing. Companies will have to submit claims verified upfront by independent third parties and based on scientific evidence. Furthermore, all such claims will have to be substantiated by or in the framework of a recognised certification from 2026 onwards.

6

CONSIDERING CARBON PRICE AS A RISK OF THE TRANSITION TOWARDS A SUSTAINABLE ECONOMY.

The Regulation of the Carbon Border Adjustment Mechanism (CBAM), applicable from 2024 onwards, will help to protect the competitiveness of the affected sectors, by eliminating the advantages held by companies from countries with less environmental restrictions. There are currently 41 Basque companies in emissions trading. However, from 2026 onwards, the free allocation of allowances in the framework of the Emissions Trading System (EU ETS) of the EU facilities producing goods within the scope of the CBAM will be gradually reduced, affecting 12 of those 41 companies. Given that the goods affected are intermediate products (cement, iron and steel, aluminium, fertilizers, electricity and hydrogen), this effect can be passed on along the value chain. This is one of the main transition risks that companies must manage.

7

ACCELERATING THE BEST AVAILABLE TECHNOLOGY PROCESS AND INNOVATION IN SECTORS WITH HIGH ENERGY AND MATERIAL CONSUMPTION.

The new Industrial Emissions Directive 2024/1785 seeks to speed up the preparation of the Best Available Technology sectoral documents, which tighten up the limits to be included in the Integrated Environmental Authorisations of more than 250 Basque facilities that are energy and material intensive. Apart from including several new activities in the directive, it seeks to drive innovation for decarbonisation, the circular economy and zero pollution, by endorsing a series of technologies, along with requiring a Transformation Plan for 2030 setting out how the facility is going to be transformed between 2030 and 2050 to contribute to a climate neural and circular economy.

8

CIRCULAR ECONOMY FOR A SECURE AND SUSTAINABLE SUPPLY OF CRITICAL RAW MATERIALS.

Regulation (EU) 2024/1252 to ensure a secure and sustainable supply of 34 critical raw materials has been approved in 2024. The regulation defines the strategic raw materials, essential for the energy transition, and includes aluminium and copper (key critical raw materials for the Basque Country that are the basis for the electric equipment, automotive and recycling sectors) for the first time, apart from permanent magnets. Basque companies must incorporate the management of raw materials in their risk assessment and management processes, committing to R&D&I to reduce dependency on these critical raw materials. Furthermore, the regulation allows projects that extract, replace, process and recycle these raw materials – which can benefit from more favourable conditions for the granting of permits and access to financing – to be recognised.

9

BROADENING THE EXTENDED PRODUCER RESPONSIBILITY AND FOSTERING THE USE OF SECONDARY RAW MATERIALS.

The extended producer responsibility has been broadened to sectors where it was not previously applied, such as the textile sector, as well as in the scope of some existing ones, such as electronic and electrical appliances or industrial packaging. Additionally, a renewed regulation for the automotive sector is in the pipeline; apart from proposing the use of secondary raw materials in the sector, it will specify the calculation of the recycling yields and will drive reuse and remanufacturing. Nearly 100 Basque companies of this sector will face possible ramification due to this new regulation.

10

EUROPEAN SUSTAINABLE FINANCE TAXONOMY.

The taxonomy regulation has been updated with new application sectors for climate change goals, including priority sectors in the Basque Country, such as the sector manufacturing automotive and mobility components, the production of components for railway rolling stock, or manufacturing aircraft. Currently, only 20% of European companies with obligations are aligned and verified with the taxonomy. Furthermore, the taxonomy has been extended to 4 new environmental goals: the sustainable management of marine and water resources, the transition of a circular economy, the prevention and control of pollution, and the protection and recovery of biodiversity and ecosystems.

These ten key points are directly in response to the main regulatory milestones identified in the six thematic areas considered in this report. **The diagram below summarises the relation of each key point, the respective regulatory milestones and their implementation rates.**

THE BASQUE COUNTRY BEING CARBON NEUTRAL BY 2045, AND NO LATER THAN 2050.

Q1 2030

Basque Climate Change and Energy Transition Act 1/2024.

Achieve **a 45% reduction in greenhouse gas emissions** by 2030 on 2005.

ASSESSMENT AND ECODESIGN OF PRODUCTS AFFECTED BY THE ECODESIGN FOR SUSTAINABLE PRODUCTS REGULATION.

Q1 2028

European Ecodesign for Sustainable Products Regulation 2024/1781.

Coming into force of the **first mandatory ecodesign requirements for priority products.**

MANAGING ENVIRONMENTAL INFORMATION TO MEET TRANSPARENCY REQUIREMENTS.

Q1 2025

European Directive 2022/2464 on corporate sustainability information and European Directive 2024/1760 on due diligence.

Companies **subject to the NFRD must file extended sustainability reports** as per new European standards.

Q1 2026

European Directive 2022/2464 on corporate sustainability information and European Directive 2024/1760 on due diligence.

Companies **not subject to NFRD must begin to report on sustainability and governance.**

LARGE COMPANIES BECOME GUARANTORS OF THE SUSTAINABLE TRANSFORMATION OF THEIR VALUE CHAIN.

Q2 2027

European Due Diligence Directive 2024/1760.

Due diligence obligatory for companies with **over 5,000 employees.**

Q2 2028

European Due Diligence Directive 2024/1760.

Extension of **due diligence** to companies **with over 3,000 employees**.

Q2 2029

European Due Diligence Directive 2024/1760.

Extension of **due diligence** to companies **with over 3,000 employees**.

PUTTING AN END TO GREENWASHING

Q1 2025

Directive (EU) 2024/825 on consumer empowerment.

Ban on making **non-verifiable or misleading environmental allegations.**

Directive on the justification and communication of green claims.

Mandatory justification of all green claims.

CONSIDERING CARBON PRICE AS A RISK OF THE TRANSITION TOWARDS A SUSTAINABLE ECONOMY.

Q2 2027

Regulation (EU) 2023/956 on the Carbon Border Adjustment Mechanism (CBAM).

Mandatory filing of the **CBAM Declaration and submitting certifications to cover emissions of products** imported from third countries.

ACCELERATING THE BEST AVAILABLE TECHNOLOGY PROCESS AND INNOVATION IN SECTORS WITH HIGH ENERGY AND MATERIAL CONSUMPTION.

Q1 2026

Industrial Emissions Directive (EU) 2024/1785.

Application **of mandatory best technologies in sectors with high energy and material consumption,** including innovation in production processes to increase efficiency and reduce emissions.

CIRCULAR ECONOMY FOR A SECURE AND SUSTAINABLE SUPPLY OF CRITICAL RAW MATERIALS.

Q2 2025

Regulation (EU) 2024/1252 to ensure a secure and sustainable supply of critical raw materials.

Mandatory audits of the supply chains for strategic raw materials, assessing sustainability risks.

Q2 2027

Regulation (EU) 2024/1252 to ensure a secure and sustainable supply of critical raw materials.

Mandatory labelling of the recycled content in products with permanent magnets, along with their type and composition.

BROADENING THE EXTENDED PRODUCER RESPONSIBILITY AND OF SECONDARY RAW MATERIALS.

Q1 2027

Revision of Directive 2024/884 on waste electrical and electronic equipment, and Royal Decree 1055/2022, which regulates packaging and waste packaging in Spain.

Introduction to **mechanisms to hold producers accountable for the management of the end** of life of their products.

Incentives to **foster the use of secondary raw materials** in industrial processes.

EUROPEAN SUSTAINABLE FINANCE TAXONOMY.

Q1 2024

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.

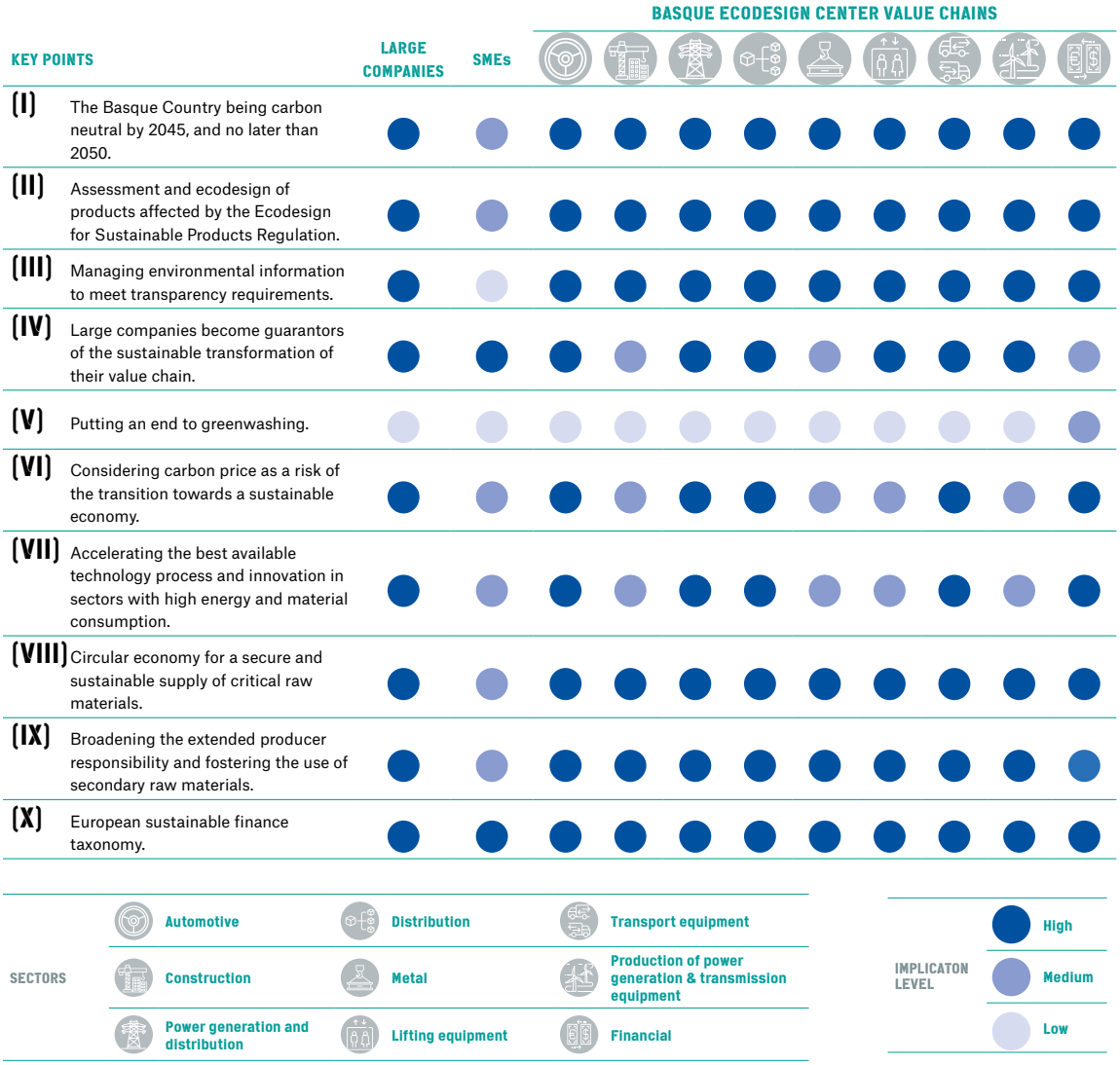
Start of **reporting alignment** with the European Taxonomy **by financial companies**.

Q1 2025

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.

Non-financial companies begin **to report on their alignment** with European Taxonomy.

In turn, the **following table shows the level of implication of each of the key points on the nine value chains represented at the Basque Ecodesign Center**.



The companies of the Basque Ecodesign Center are all in agreement about the effort required to adapt to the new legislation, particularly as regards transparency (including the Due Diligence Directive and the Regulation on the marking available of products associated with deforestation and forest degradation) and with ecodesign, such as the Ecodesign Regulation. However, given that the climate-green transition must be global, the companies believe that it will improve competitiveness in the long run.

Beyond the regulatory obligations, in general, they perceive a lack of incentives to develop more sustainable products, as well as for more specific challenges, such as increasing the recycling of critical raw materials. In that regard, the companies of the Basque Ecodesign Center believe that the most sustainable products need to become the most competitive and with a stable demand on the global market. In fact, circularity and the sustainable criteria are specific demands of the European market (particularly in the Nordic countries), but not so much on other international markets.

On the other hand, companies of the Basque Ecodesign Center consider decarbonisation and circularity from a value chain approach, where the SMEs are the weakest link. The mere compilation of environmental information is a challenge for many SMEs. They therefore consider that the support must be focused on the SMEs, both by the public policies and by the driving of the value chain by large industrial companies and financial institutions. This includes the need for the SMEs to have standard and straightforward mechanisms to transfer information in the value chain, avoiding inefficient processes that involve offering the same information in multiple formats.

04. TRANSPARENCY AND POSITIONING

041. TRANSPARENCY IN THE CORPORATE SPHERE

In recent years, the European Union has stepped up its efforts to increase corporate transparency, **with a special focus on sustainability and double materiality**. It is estimated that nearly 300 companies of the Basque Country will have to comply with new transparency obligations in the coming years.

The adoption of the **Non-financial Reporting Directive (NFRD)** in 2014, was a milestone, as it required large companies to **report their impact on environmental, social and governance (ESG) issues.** However, several years on, shortcomings and differences were found in the quality of the reports, which drove the revision and publication of the **(A) Corporate Sustainability Reporting Directive (EU) 2022/2462 (CSRD), establishing stricter requirements and broadening the scope of the companies required to report.** As a result of the revision, nearly 300 companies of the Basque Country will be required to comply with new corporate sustainability transparency obligations.

Directive (EU) 2022/2464 of 14 December 2022 (CSRD directive) came into force in January 2023 and sets July 2024 as the deadline for its transposition into the national law of the Member States.

One of the most important developments with the CSRD directive is the introduction of the European Sustainability Reporting Standards (ESRS), designed for **greater consistency and comparability in reports.** These standards address specific areas such as climate change, biodiversity, use of resources and labour issues. These standards are considered in greater detail in the **corporate reporting standards** of this document.

The CSRD Directive establishes that companies must **have their reports independently audited**, which bolsters the credibility of the data and allows investors and other stakeholders to make more informed decisions.

Ihobe has produced extensive support information on Corporate Sustainability Reporting, including **'The 10 Key Questions on Directive (EU) 2022/2464'** document, running the Ekosteguna seminar on **'From Corporate Sustainability Reporting to Due Diligence: Legislative and Regulatory Advances to Integrate ESG as a Tool to Drive Business Sustainability**', and training professionals on the **Ramifications of the Corporate Sustainability Reporting Directives**.

Furthermore, the European Commission has published a **FAQ Document** to clarify ambiguities regarding the implementation of this directive and the associated reporting rules. Furthermore, different organisations have prepared support manuals such as the **one published by Forética** in 2024.

In the case of Spain, in October 2024 the Cabinet approved the draft legislation for the **(B) Spanish Corporate Sustainability Reporting Act (CSRA)**, which has been sent to the Spanish Parliament to be heard and passed, meaning that amendments can still be made for the final text.

The future Spanish Corporate Sustainability Reporting Act will transpose the European CSRD Directive, inter alia. It will also lead to amendments to the Spanish Commercial Code, the Spanish Capital Companies Act and the Spanish Audit Act.

Furthermore, the obligation is established for the external verification of the reports, similar to the auditing of the financial statements, and the requirement for a single electronic format to facilitate comparison and data uniformity throughout the European Union. The Spanish Institute of Accountants and Auditors (ICAC) will oversee this activity.

LEGISLATION

(A) IMPLEMENTATION OF CORPORATE SUSTAINABILITY REPORTING IN THE SPANISH STATE.

In May 2023, the Institute of Accountants and Auditors (ICAC), at the request of the Spanish Ministry of Economic Affairs and Digital Translation, released for **public consultation the Bill for regulating the framework of corporate information on environmental, social and governance matters.**

In April 2024, the Spanish National Securities Market Commission (CNMV) issued **report on this Bill. - Procedure No.: IPN/CNMC/010/24**, proposing certain amendments.

On 29/10/2024, the Spanish Cabinet approve the Bill and sent it to the Spanish Parliament for final approval. The structure of this legislation is explained by the need to transpose Directive (EU) 2022/2464, which requires a preamble, an operative part, with three articles, two additional provisions, five transitional provisions, a derogatory provision, and six final provisions, as follows:

- The first article amending the Spanish Commercial Code, published by Royal Decree 22 of August 1885.
- The second article amending the consolidated text of the Spanish Capital Companies Act, approved by Legislative Royal Decree 1/2010, of 2 July.
- The third article amending the Spanish Audit Act 22/2015, of 20 July.

Finally, two additional provisions are established to include credit institutions, insurance companies and companies that are not subject to the law of a Member State of the European Union or belonging to the European Economic Area in the obligation to report on sustainability; five transitional provisions, which introduce temporary exemptions envisaged in the CSRD Directive; and six final provisions, including the first to amend the Enacting Regulation of the Spanish Audit Act, approved by Royal Decree 2/2021, of 12 January.

The Spanish Corporate Sustainability Reporting Act will be applicable to all large corporations and groups of companies, and also to listed small and medium-sized enterprises (except micro-companies).

It should be noted that listed SMEs will have a series of facilities, such as much shorter mandatory information content, specific European reporting standards and an additional period to prepare for this new requirement.

The sustainability report includes information on the impact that the company generates on sustainability issues, along with the information needed to understand how they affect social and environmental factors or those relating to human rights and governance, in the evolution, results and the situation of the company or group (double materiality).

Furthermore, the Bill establishes that the report must be prepared in accordance with a single reporting framework for all European companies, along with the obligation to file it in a single electronic format, which will allow greater comparability of the reporting of companies in Europe (European Sustainability Reporting Standards - ESRS)

The **entry into force** of the Act will be staggered to facilitate the adaptation to the European legislation. Thus, the reporting obligation affects:

1.- All large companies. When the assets exceed €25 million and the net annual turnover is over €50 million. They are divided into two groups:

- Large public-interest companies and parent companies of public-interest groups, with over 500 workers in both cases. From **1 January 2024**.
- Other large companies and parent companies of large groups. From **1 January 2025**.

2.- Listed SMEs (with the exemption of micro-companies and SMEs listed on growth markets or multilateral trading facilities); captive insurers and small credit institutions defined as small and not complex. From **1 January 2026**.

3.- Both the Spanish subsidiaries and branches of third-country companies with a turnover in EU territory over €150 million will have to file this information from **1 January 2028.**

On the same day, the Spanish Cabinet announced in the first round of the Bill that the size criteria of the companies or groups were amended for the purposes of corporate information. It is a transposition of the directive to the earlier one (Delegated Directive (EU) 2023/2775), even though its approval by the European Commission was subsequent to the Corporate Sustainability Reporting Directive.

The higher size thresholds will reduce the scope of application of the financial statement reporting requirements, which will streamline accounting obligations for companies. Thus, certain companies currently classified as large will have the status of mid-size companies; that will allow them to opt for filing abridged models or for the SME general accounting plan. The proposed table of amendments would be:

TABLE 1. Amendments to the size criteria. Source: Bill amending the size criteria of companies or groups of companies for the purposes of corporate reporting.

SMALL ENTERPRISE (UPPER LIMIT)	PREVIOUS	NEW
Total Assets	4,000,000	5,000,000
Net turnover (€)	8,000,000	10,000,000
Number of employees	50	50
MID-SIZED COMPANY (UPPER LIMIT)	**PREVIOUS**	**NEW**
Total Assets	20,000,000	25,000,000
Net turnover (€)	40,000,000	50,000,000
Number of employees	250	250
LARGE COMPANY (LOWER LIMIT)	**PREVIOUS**	**NEW**
Total Assets	20,000,000	25,000,000
Net turnover (€)	40,000,000	50,000,000
Number of employees	250	250

042. ASSESSMENT AND DRIVING OF THE VALUE CHAIN

The **assessment and traceability of the value chain** in terms of sustainability and ESG (environmental, social and governance) criteria is crucial to **ensure that companies comply with their commitments and minimise their negative impact on the environment and society**.
The growing regulatory pressure in Europe regarding sustainability and the demand for transparency by consumers and investors have led companies to adopt **more rigorous approaches to monitor not only their direct operations**, but also those of their suppliers and commercial partners.

In addition to the CSRD Directive, the **(C) Corporate Sustainability Due Diligence Directive (CSDDD)** introduces **even stricter requirements regarding the liability of companies** regarding the practices in their value chains. This legislation **includes the obligation to identify, prevent and mitigate the negative impacts on human rights and the environment**, not only within the company's operation, but also throughout the supply chain.

Therefore, the companies in question must bolster their ESG risk management processes, investment in supply chain traceability and establishing procedures to audit suppliers. The due diligence process includes the **following stages**:

- Integration in polices and management systems.
- Identifying and assessing adverse effects.
- Preventing and mitigating potential risks.
- Monitoring and assessing the effectiveness of the measures.
- Public communication.
- Repairing damages when necessary.

LEGISLATION

(B) NEW SUSTAINABILITY DUE DILIGENCE OBLIGATIONS FOR LEADING COMPANIES.

Directive (EU) 2024/1760 was published in July 2024 and establishes standards regarding:

- The **obligations incumbent on companies** as regarding the real and potential adverse effects for **human rights and the environment** of their own operations, of the operations of their subsidiaries and of the operations carried out by their commercial partners **in the activity chains** of such companies
- The **liability** arising from failure to comply with the above obligations, and
- The **obligation of the companies** to adopt and implement a transition plan for **climate change mitigation** with the goal of ensuring – using all the means necessary – that the business model and the strategy of the company is compatible with the transition to a sustainable economy and with limiting global warming to 1.5ºC in line with the Paris Agreement.

This Directive establishes a specific **timeline** for the implementation of its provisions, with staggered time periods that vary according to the size, turnover and location of the companies.

The **Member States** will adopt and publish, **no later than 26 July 2026**, the necessary administrative, regulatory and legal provisions to comply with what is established in the Directive. Measures will be applied in the **following time periods** (except for specific provisos envisaged in the Directive):

a) **from 26 July 2027**, as regards **companies that have an average of over 5,000 employees** and have generated a **net global turnover of over €1.5 billion** in the last financial year prior to 26 July 2027 (financial years starting on or after 1 January 2028);

b) **from 26 July 2028**, as regards **companies that have an average of over 3,000 employees** and have generated a **net global turnover of over €0.9 billion** in the last financial year prior to 26 July 2028 (financial years starting on or after 1 January 2029);

c) **from 26 July 2027** as regards **companies incorporated pursuant to legislation of a third country** and which has generated a **net turnover over €1.5 billion** in the European Union in the financial year prior to 26 July 2027 (financial years starting on or after 1 January 2028);

d) **from 26 July 20287** as regards **companies incorporated pursuant to legislation of a third country** and which has generated a **net turnover over €0.9 billion** in the European Union in the financial year prior to 26 July 2028 (financial years starting on or after 1 January 2029);

e) **from 26 July 2029** as regards all the **other companies affected (EU companies with +1,000 employees with a net global turnover over €450 million and companies outside the EU meeting that business threshold in the European market** (financial years starting on or after 1 January 2029).

Ihobe has produced support documentation to make it easier for the companies to be aware of the obligations and ramifications of the legislation. Particularly noteworthy are the **'The 10 Key Questions on Directive (EU) 2024/1760'**, running the Ekosteguna seminar on **'From Corporate Sustainability Reporting to Due Diligence: Legislative and Regulatory Advances to Integrate ESG as a Tool to Drive Business Sustainability**', and **The Due Diligence Principle and its Ramifications for Companies** training module for professionals.

In addition, the European commission has published a **FAQ document** on the implementation of this directive.

Value chain traceability is also linked to the growing demands in organisations regarding ESG aspects both from the administration, financial entities, partners and citizens, and responsible investors, and as the result of voluntary sustainability commitments adopted by many companies. Therefore, in order to **help companies obtain an assessment and rating of their suppliers, (D) Activities for ESG assessment and rating of companies** throughout their value chain are increasingly more common of the market, and provide independent assessments that facilitate decision-making and continuous improvements. These schemes seek to reduce ESG risks in the value chain, by increasing transparency on those aspects.

Some of those schemes, such as Ecovadis, NQC Supplier Assurance, SEDEX, Achilles, CDP (Carbon Disclosure Project) and B-Corp, have been up and running for years, but are being updated to undertake those new regulatory requirements and demands from the users.

MARKET

(C) ESG COMPANY ASSESSMENT AND RATING SCHEMES ARE CONSTANTLY EVOLVING.

Ecovadis.- EcoVadis is **updating the benchmark criteria to award its medals** and has also **updated other eligibility criteria, such as a minimum score of 30 in each of our four areas** (Environment, Labour and Human Rights, Ethics, and Sustainable Acquisitions), along with the rules for the 360° Watch results, which are periodically revised. The **eligibility criteria** for the medals from January 2024 are:

Platinum: 1% higher (unchanged); Gold: 5% higher (unchanged); Silver: 15% higher (compared to the previous 25%); Bronze: 35% higher (compared to the previous 50%).

NQC Supplier Assurance - In August 2023, the **latest SAQ 5.0 for the automotive industry was published.** The SAQ 5.0 examines supplier performance in a series of key human rights and sustainability areas. SAQ 5.0 has been created and maintained by Drive Sustainability and its partners include: BMW Group, Daimler Truck, Ford, Geely, Honda, Jaguar Land Rover, Mercedes-Benz, Scania, Toyota, Volkswagen Group, Volvo Group and Volvo Cars

SEDEX - The scheme's new aspects focus on **the new self-assessment questionnaire (SAQ) tailored for service providers, and in 2024 the updating of SMETA 7.0** (audit system), including key aspects such as Workplace Requirements, Management System Assessment, and Collaborative Action Required Findings.

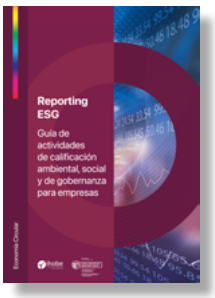
Achilles environmental sustainability. In August 2024, Achilles announced the **publication of an enhanced Sustainability Score** which includes more data and metrics, including carbon maturity data taken from the Carbon Management Module. The addition of the new Average Benchmark feature allows users **to instantly see suppliers' relative performance**. From October 2024 onwards, the Sustainability Score includes a new Transparency Metric (calculated based on how much data suppliers have provided compared as far as possible), along with separate risk gauges for cyber, financial and health & safety.

CDP (Carbon disclosure Project). In 2024, the CDP has rolled out a **specific questionnaire to ease reporting by SMEs**. In the first year, it will be used to develop and implement a significant A score for SMEs in 2025. Meanwhile, B will be the maximum score for SMEs.

B-Corp. For the new proposed standard, B Corps must comply with **specific performance** requirements in areas of environmental, social and governance standards, known as Impact Areas. Those requirements will be adapted to the context of a company and have been reviewed and updated according to the comments received and the contributions of different entities. In addition, during recertification, companies must show continuous improvement, ongoing compliance of the requirements, and share the progress in the specific goals and plans of the area. The new standards will be implemented gradually and by phases. No company will be certified or recertified as per the B Corp certification standards before 2025.

TOOL

(D) IHOBE'S GUIDE TO ESG RATING ACTIVITIES PUBLISHED.



More information on these schemes can be found in the Ihobe publication: **ESG Reporting. Guide to Environmental, Social and Governance Rating Activities for Companies**.

This document seeks to provide a resource that compiles and classifies a wide range of the available environmental, social and governance (ESG) activities available.

However, a **common regulatory approach to improve the integrity, transparency, good governance and independence** of the ESG rating activities is needed to ensure the quality and transparency of those ESG rating systems. Therefore, the European Commission has published a (E) **Proposal for a Regulation on the transparency and integrity of Environmental, Social and Governance rating activities,** which implies a greater operational and regulatory burden for ESG rating companies and important adjustments to their internal procedures to comply with the new conflict of interest management, methodology and transparency requirements. These companies will have to invest in improving the quality of their data, the traceability of their sources and the transparency of their methods. They will also be subject to supervision by a European agency such as the European Securities and Markets Authority (ESMA), which will increase the pressure to guarantee that the assessments are impartial and reliable.

As regards the ramifications for rated companies, they will receive more coherent and comparable ESG ratings, which will facilitate the decision-making by investors and will mean less market confusion. However, companies will have to ensure that they provide more comprehensive and accurate data to the rating agencies to avoid risks of misinterpretations and negative ratings.

LEGISLATION

(E) THE EUROPEAN COMMISSION REGULATING THE ESG RATING MARKET.

Proposal for Regulation COM (2023) 314 final, published in June 2023, seeks **to regulate the ESG rating market in the European Union**, by establishing a **clear legislative framework to improve the transparency, quality and reliability of such ratings**. This regulation is in response to the growing influence of ESG ratings in investment decisions and the lack of a harmonised regulatory framework that guarantees that those assessments are comparable, coherent and accurate.

Main requirements:

- **Registration and oversight**: All entities that offer ESG rating services within the EU must be authorised and registered with a European supervisory body, such as the European Securities and Markets Authority (ESMA). This will ensure that ESG rating suppliers operate under standardised criteria and subject to regulatory oversight.
- **Methodology transparency**: ESG rating companies will be required to disclose clearly and in detail the methodologies used to assess the companies, including the specific criteria that they apply in their environmental, social and governance assessments. This includes explaining how they weight the ESG factors and how differences between sectors and geographical areas are handled.
- **Managing conflicts of interest**: The regulation also addresses the need to avoid conflicts of interest in ESG assessments. The rating suppliers will have to implement robust internal policies to prevent their analyses and ratings being influenced by financial or commercial relations with the rated companies.
- **Data quality requirements**: The rating agencies will have to guarantee that the data used in their assessments are up-to-date, verifiable and accurate, and that they come from reliable sources. Furthermore, they will have to regularly review the quality of their data and methodologies.

In short, **it establishes the authorisation process – including possible rejections – along with registration and oversight by the ESMA** (including possible penalties). It also regulates the issuing of ESG ratings in the European Union by third-party of ESG rating agencies.

It sets out for example **the organisational requirements, processes and documents relating to the governance of the rating companies**, including incompatible activities, requirements for people involved in the issuing of ratings, required records, claim management, outsourcing restrictions, mandatory publication of methods and models, and of rated entities and subscribers.

043. CORPORATE REPORTING STANDARDS

The mandatory reporting indicated in the **CSRD Directive** or in the future **Spanish Corporate Sustainability Reporting Act** must be conducted in accordance with the **(F) European Sustainability Reporting Standards (ESRS).** Those standards indicate the **content of those sustainability reports** for each of the aspects to be covered, including environmental aspects such as climate change, pollution, water resources, biodiversity, and use of resources and the circular economy.

Furthermore, it envisages the publication of **specific sectoral standards**, including the following sectors: (1) **oil & gas; (2) mining, quarrying and coal mining**; (3) road transport; (4) textiles, accessories, footwear, jewellery; (5) financial institutions; (6) agriculture, livestock and fisheries; (7) motor vehicles; (8) energy production and public services; (9) food and beverages.

Their degree of development is very different. The first two are the most developed and the draft standard is already approved. However, their publication is not envisaged until mid-2025. The fact-finding process to prepare the draft has still not begun for the last four.

LEGISLATION

(F) NEW UPDATES TO THE STANDARDS FOR SUSTAINABILITY REPORTING.

The European Financial Reporting Advisory Group (EFRAG) is acting as the technical advisor of the European Commission, and is in charge of developing and issuing a **new standards framework** for the sustainability reports associated with the CSRD Directive. The European Commission has made a **series of amendments to the standards** put forward by EFRAG, and have published the respective update in the **Delegated Regulation (EU) 2023/2772**.

These standards are:

TABLE 2. List of European Sustainability Reporting Standards (ESRS) Source: EFRAG.

GENERAL	ENVIRONMENT	SOCIAL	GOVERNANCE
ESRS 1 - General requirements	ESRS E1 - Climate change	ESRS S1 - Own workforce	ESRS G1 - Business conduct
ESRS E2 - General information	ESRS E2 - Pollution	ESRS S2 - Workers in the value chain	
	ESRS E3 - Water and marine resources	ESRS - Affected communities	
	ESRS E4 - Biodiversity and ecosystems	ESRS S4 - Consumers and end users	
	ESRS E5 - Resource use and circular economy		

Thus, for example, in the case of **ESRS E5 - Use of the resource use and circular economy**, among other aspects, the company will specify whether the actions and resources lead to, and to be what extent:

a) greater resource efficiency levels in the use of biological and technical materials and water, in particular in relation to **critical raw materials and rare earths** listed in the Raw Materials Information System

b) greater rates of use of **secondary raw materials** (recycled)

c) **application of the circular design**, which leads to greater durability of the products and the optimisation of their use, along with higher rates of: reuse, repair, refurbishment, remanufacturing, re-adapting and recycling

d) application of **circular business practices** such as i) value retention actions (maintenance, repair, refurbishment, remanufacturing, collecting components, improvement and reverse logistics, closed loop systems, second-hand retail sales), ii) value maximisation actions (product-service systems, shared and collaborative economy business models), iii) end of service life actions (recycling, recover, extended producer responsibility) and iv) system efficiency actions (industrial symbiosis)

e) actions conducted to **prevent waste generation** in the pre- and post-stages of the value chain; and

f) **optimum waste management** in keeping with the waste hierarchy.

In order to facilitate the use and roll out of those standards, EFRAG is producing support guides, such as the **(G) EFRAG ESRS implementation guidance documents.**

In order to prevent **SMES being disproportionately affected** by this reporting obligations, EFRAG is working on **(H) Reporting Standards for SMEs** adapted to their characteristics, both for those that are outside the scope of the Directive (non-listed SMEs. VSME ESRS) and those that are within (listed SMEs. LSME ESRS).

TOOL

(G) EFRAG HAS PUBLISHED A COLLECTION OF TECHNICAL GUIDES FOR CORRECT SUSTAINABILITY REPORTING.

EFRAG issued the **final guidance documents** in May 2024, which are

- EFRAG IG 1 Materiality Assessment.
- EFRAG IG 2: Value chain.
- EFRAG IG 3: List of ESRS data points and attached explanatory note

Compliance of those documents **are not mandatory and they are designed to support the implementation of those standards.** They can be downloaded from the reference website.

EFRAG is currently working on new implementation guidance documents for the transition plans.

TOOL

(H) EFRAG IS WORKING ON A STANDARD FOR SMEs FOR SUSTAINABILITY REPORTING.

EFRAG has developed a **voluntary sustainability reporting standard for unlisted SMEs (VSME)**. This voluntary standard **seeks to help SMEs to access sustainable financing.** EFRAG's work is outside the scope of the CSRD Directive and has emerged from the market's need to have a common benchmark that SMEs can use to face the ever-increasing requests for sustainability data of its customers and lower the entry barriers for unlisted SMEs to sustainability reporting.

A draft in Spanish, which was released for public consultation in January 2024, can be downloaded from its website.

In parallel, EFRAG is developing **similar standards for reporting by listed SMEs (LSME ESRS)**, which are included in the scope of the CSRD Directive. On 21 January 2024, EFRAG published its draft (accessible from the above link). Its goal is to establish reporting requirements that are proportionate and relevant to the scale and complexity of the activities and to the capacities and characteristics of listed SMEs. The LSME ESRS will be issued as a delegated act and will come into force on 1 January 2026 with the option of being extended for two additional years.

Other international systems of reporting standards such as the **(I) International Sustainability Standards Board (ISSB) Standards** or **(J) the Global Reporting Initiative (GRI),** are working on **actions and task forces for their systems to be more compatible with the** European ESRS and to avoid duplication as far as possible in data collection and reporting by the users of their systems.

MARKET

(I) , (J) THERE IS A TREND TOWARDS INTEROPERABILITY IN SUSTAINABILITY REPORTING.

The International Sustainability Standards Board (ISSB) and the European Commission services, along with the EFRAG, have worked together during the **development of the European Sustainability Reporting Standards (ESRS) and the Sustainability Disclosure Standards (ISSB Standards)** to achieve a high degree of alignment of the respective standards, with a specific focus on climate-related information. Consequently:

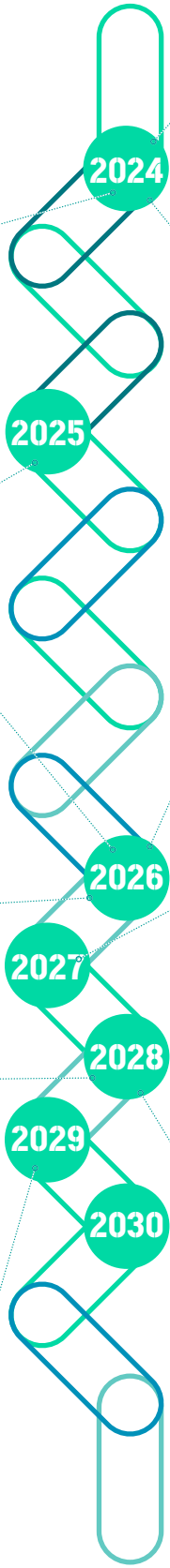
- The **definition of financial materiality** in the ESRS is in line with the **definition of materiality in the General Requirement** to disclose financial information related to the sustainability of IFRS S1,
- The two sets of standards **include terms and definitions in common**; and
- There is a **high degree of alignment of the climate-related information** in the two sets of standards and, in particular, nearly all the climate-related disclosures in the ISSB Standards are included in the ESRS.

In 2024, **joint interoperability guidance** was published; it describes the alignment of disclosure requirements and information that an entity starting with each set of standards needs to know to enable compliance with both sets of standards, ensuring interoperability between them. Regardless of whether it starts with ESRS or ISSB Standards, an entity can comply with the climate requirements of both sets of standards by following the content of this interoperability guidance.

Similarly, activities and work groups are being organised **to guarantee the interoperability of the GRI system with the European ESRS standards**.

In December 2023, GRI published a ***ESRS-GRI Standards data point mapping*** in EXCEL to help GRI companies in the preparation process for the **first application of the European Sustainability Reporting Standards (ESRS).** The tool illustrates for each individual ESRS data point the respective data point in the GRI Standards, according the GRI technical opinion. This tool uses the List of ESRS data points – Implementation Guidance Document (IG 3) of 23 November 2023 and will be updated in 2024 as per the final List of ESRS data points.

044. TIMELINE



Q1 2024

Reporting for companies that already submit reports pursuant to NFRD (which report in 2025 on 2024 data). | **A** | **B** | **F** | **European** |

Q1 2025

Reporting for large companies that currently are not subject to the NFRD (reporting in 2026 on 2025 data). | **A** | **B** | **F** | **European** |

Q1 2026

Reporting for listed SMEs, small and non-complex credit establishments and captive insurance companies (which report in 2027 on 2026 data). | **A** | **B** | **F** | **European** |

Q2 2026

Deadline of 26 June 2026 to transpose the Due Diligence Directive to the Member States. | **C** | **European** |

Q1 2028

Reporting in 2029 on the 2028 financial year for companies of third countries with a net turnover over €150 million in the EU if they have at least one subsidiary or branch in the EU that exceeds certain thresholds. | **A** | **B** | **F** | **European** |

Q2 2029

Due diligence for all the other companies affected. | **C** | **European** |

Q3 2024

Publication of the Corporate Sustainability Due Diligence Directive (CSDDD). | **C** | **European** |

Q4 2024

Referral of the Spanish Corporate Sustainability Reporting Act (CSRA) to Congress. | **B** | **Spain** |

Q3 2026

Provisions applicable from 27 September 2026, once the Directive has been transposed by the Member States (no later than 27 March 2027). | **G** | **European** |

Q2 2027

Due diligence for companies that have over 5,000 employees on average and generated a net global turnover over €1,500 million in the last year and companies incorporated pursuant to the legislation of a third country and which have generated a net turnover over €1,500 million in the Union. | **C** | **European** |

Q2 2028

Due diligence for companies that have over 3,000 employees on average and have generated a net global turnover over €900 million in the last year and companies incorporated pursuant to the legislation of a third country and which have generated a net turnover over €900 million in the Union. | **C** | **European** |

| **A** | Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD).

I **B** I Corporate Sustainability Reporting Act (CSRA).

I **C** I Corporate Sustainability Due Diligence Directive (EU) 2024/1760 (CSDDD).

I **F** I European Sustainability Reporting Standards (ESRS).

045. IMPLICATIONS TABLE

TABLE 3. Implications Table of 'Transparency and Positioning' for the nine value chains of the Basque Ecodesign Center. Source: Prepared by the authors.

KEY POINTS	LARGE COMPANIES	SMEs	BASQUE ECODESIGN CENTER VALUE CHAINS								
(A) Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD).	●	●	●	●	●	●	●	●	●	●	●
(B) Corporate Sustainability Reporting Act (CSRA).	●	●	●	●	●	●	●	●	●	●	●
(C) Corporate Sustainability Due Diligence Directive (EU) 2024/1760 (CSDDD).	●	○	●	●	●	●	●	●	●	●	●
(D) Assessment schemes to assess and classify companies in ESG.	●	●	●	●	●	●	●	●	●	●	●
(E) Proposal for a Regulation on the transparency and integrity of Environmental, Social and Governance (ESG).	○	○	○	○	○	○	○	○	○	○	●
(F) European Sustainability Reporting Standards (ESRS).	●	●	●	●	●	●	●	●	●	●	●
(G) EFRAG implementation guidance.	●	●	●	●	●	●	●	●	●	●	●
(H) Sustainability reporting standards for SMEs.	○	●	●	●	●	●	●	●	●	●	●
(I) International Sustainability Standards Board (ISSB) Standards.	●	●	●	●	●	●	●	●	●	●	●
(J) Global Reporting Initiative (GRI).	●	●	●	●	●	●	●	●	●	●	●

SECTORS

- Automotive
- Construction
- Power generation and distribution
- Distribution
- Metal
- Lifting equipment
- Transport equipment
- Production of power generation & transmission equipment
- Financial

IMPLICATON LEVEL

- High
- Medium
- Low

05. ECODESIGN FOR A CIRCULAR ECONOMY

LEGISLATION

051. ECODESIGN FOR SUSTAINABLE PRODUCTS REGULATION

(A) **European Regulation 2024/1781 on ecodesign for sustainable products** (ESPR) is a milestone in the European Union's environmental legislation, Its goal is **to improve product sustainability**, **by reducing their environmental impact from the design phase to the end of their service life, by driving circularity and resource efficiency.**

This regulation can be traced back to a **set of broader strategies** driven by the EU to **fight the climate crisis and accelerate the transition towards a low-carbon and more circular economy,** as would be the European Green Deal and the latest Circular Economy Action Plan.

The ESPR Regulation defines a framework to establish ecodesign requirements that products must meet to be placed on the market or put in service. The goal is to improve the environmental sustainability of the products to make sustainable products the norm and to lower the carbon footprint and the global environmental footprint of products throughout their life cycle, and to guarantee their free circulation on the internal market. Furthermore, it establishes a product digital passport (see Point 6.3), provides for the establishment of mandatory green public procurement requirements, and creates a framework to prevent the destruction of unsold consumer goods.

It establishes the horizontal ecodesign requirements in terms of performance and information that could be applied to the products where relevant. Such aspects may refer to durability, recyclability, etc. The regulation also particularly focuses on substances of concern, which, apart from those coming under specific regulations such as REACH, include those that can compromise any of the aforementioned product aspects. In turn, product ecolabelling will have to be in line with the regulation guidelines.

(E) THE REGULATION CREATES NEW OBLIGATIONS REGARDING PRODUCT ECODESIGN.

The ESPR Regulation **applies to all physical goods** placed on the market or put into service, including **component and intermediate products**. The **exceptions** would be:

- Food; feed; medicines; veterinary medicines; plants, animals and live micro-organisms; products of human origin; plant and animal products for reproduction and **vehicles.**

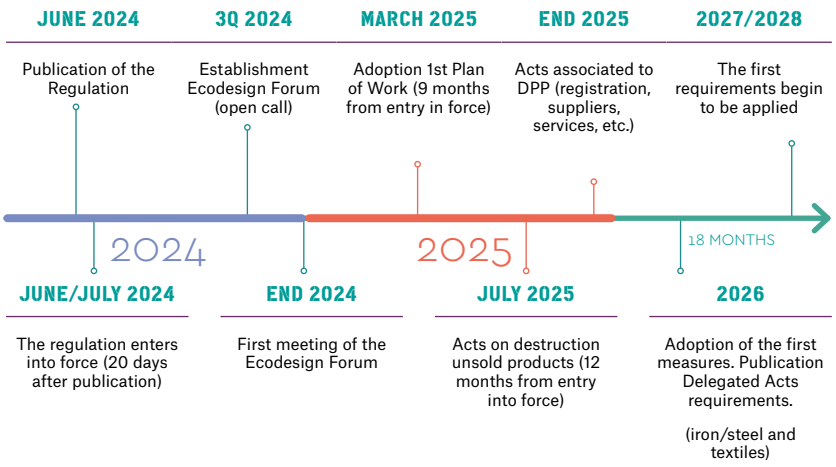
The **product aspects that** those ecodesign requirements may cover are as follow:

The regulation likewise indicates the product families that should be included in the **Initial Work Plan**, which would be:

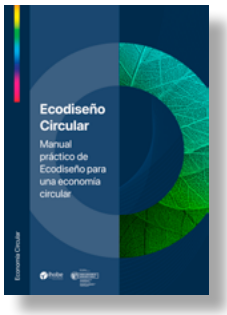
- **Iron & steel;** aluminium; chemical products; **textiles,** in particular garments and footwear; furniture, including mattresses; tyres; detergents; paint; lubricants; energy-related products; ICT products and other electronic products.

A total of 440 Basque companies would be directly affect by the First ESPR Working Plan, as they are linked to materials such as iron and steel, batteries and textiles. These companies will have new ecodesign obligations from 2027 on.

A key aspect of the new regulation is the **strengthening of the Market Monitoring,** in order to avoid any products being on the market that do not comply with the specific requirements. The planned timeline to implement the regulation is set out below:



In order to facilitate the implementation of obligations and to clarify doubts regarding the new regulation, the European Commission released a **Frequently Asked Questions (FAQ)** document.



In turn, Ihobe has held **information sessions** on the new ecodesign regulatory framework, and has published the **Practical Ecodesign Manual for a Circular Economy,** which offers a methodology to establish strategies supporting the circular economy in product design.

The specific requirements for each product family will be published in delegated acts. Even though the regulation refers to an **initial list of products to be covered in the forthcoming Work Plan** (which is planned to be published in March 2025), this list is not definitive, and other products could be included, such as some of those indicated in the **'Ecodesign for Sustainable Products Regulation - Preliminary Study on New Product Priorities' Report** (JRC). This study selected 19 products (12 end use and 7 intermediate use) as relevant, according to policy, market and environmental considerations.

For the priority products finally selected in the Work Plan, the **(B) Specific Preparatory Studies** will be conducted, along with the impact assessments needed to pinpoint the most relevant requirements for that specific family. They will be reviewed by the Ecodesign Forum and the stakeholders, before including them in a delegated act proposal. In any event, the preparatory studies require the involvement of different stakeholders, who have been informed of the process and take part in the development and review of the studies.

TOOL

(B) JRC IS WORKING ON THE PREPARATORY STUDIES FOR THE PRIORITY PRODUCT FAMILIES.

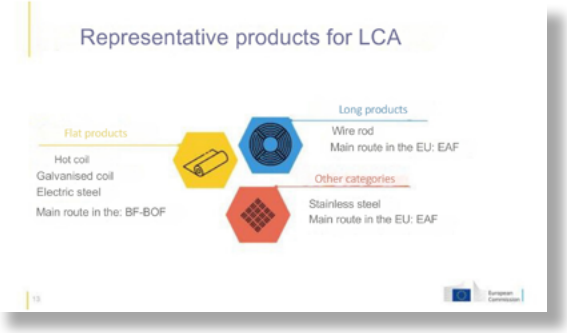
JRC has already begun work, by working on the **preparatory studies** for any of the products considered to be priority in the ESPR Regulation. For example:

- **iron and steel**, which began in June 2023 and is envisaged to end in June 2025.
- **textile products**, which began in March 2023.

In the **case of iron and steel,** the proposed phases would be as follows:

The scope for the associated LCA studies would be from the cradle to the factory-gate, not including the manufacturing of the end product, but the recycling of the material is envisaged. Thus, for example, in the case of steel it would be:

The products to be analysed in this preparatory study would be as follows:



Source: Presentation by Sara Blanco Pérez – JRC B5. Circular Economy and Sustainable Industry 15/10/2024.- Donostia/San Sebastián.

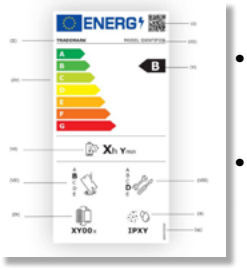
The preparatory studies associated with the Ecodesign Directive use **MEErP Methodology- Methodology for Ecodesign of Energy-related Products**. This consists of a set of methodological guidelines on how to conduct an environmental-economic-technical assessment of a group of specific products in the context of Ecodesign legislation. In 2024, the methodology was reviewed in order to update the data, to include more systematically the efficiency aspects of the materials and of the environmental footprint/environmental profile in the design options and in the LC cost curve and of the life cycle social costs. EcoReport is an open, easy-to-use tool based on the life cycle and is free at the point of use.

The ESPR Regulation is an evolution and expansion of **(C) Directive 2009/125/CE on the ecodesign of energy-related products and their associated regulations**, which it repeals.

This Ecodesign Directive currently establishes ecodesign requirements for 31 product groups, through associated regulations. This list includes diverse products, from kitchen appliances, washing machines, dishwashers, to mobile phones and tablets.

Recently published regulations, include increasingly more material efficiency aspects. **Regulation (EU) 2023/1670**, of June 2023, for example, lays down ecodesign requirements for smartphones, mobile phones other than smartphones, cordless phones and tablets. This regulation, which will be applied from June 2025 onwards, aims to improve the sustainability of those products throughout their life cycle. The main applicable ecodesign requirements would be:

- **Designing for repair and reuse**: Such as the availability of spare parts (until at least 7 years after the withdrawal of the product from the market) and repair information (detailed repair and maintenance instructions for professionals and, in some cases, for users).
- **Design for reliability**: with requirements regarding resistance to accidental drops and resistance to scratches and dust.
- **Battery management and life**: with requirements regarding the charging processes that they must withstand and battery smart management features.
- **Operating system updates** (at least 5 years after a model is no longer available on the market).
- **Recyclability requirements**: information on the dismantling of the appliances to improve their recyclability (available from 15 years after the product has been withdrawn from the market).



Recyclability and durability aspects are also included on the associated energy label (**Delegated Regulation (EU) 2023/1669**).

The Directive has proven its effectiveness by contributing to energy saving and by resulting in savings for consumers. According to the **Ecodesign Impact Accounting Overview Report 2023**, primary energy savings thanks to ecodesign and labelling measures stood at 1072 TWh in 2022, which meant a 12% saving compared to business-as-usual (BAU). The savings came to between 7% (2020) and 9% (2030) of the total primary energy consumption of the EU27 in 2021. As regards cost saving, each household would have saved an average of €290 in 2022, a figure that will increase to €475 a year per household by 2030 compared to a scenario without ecodesign or labelling (BAU).

MARKET

(C) THE STRICT ECODESIGN REGULATION INSPECTION STOPPED THE ENTRY OF UNFAIR COMPETITION IN BADEN WÜRTTEMBERG (GERMANY).

The 'Market Surveillance and Compliance of the Products' Regulation 2019/1020 ensures that there is real compliance of the requirements of the 'Ecodesign for Sustainable Products Regulation' (ESPR) as the companies in question commit by means of the self-declaration. Each Member State, or as applicable the Region in which it delegates, is responsible for ensuring that the market surveillance, i.e., the inspection and control of the CE marking of the products, functions adequately.

Germany is one of the countries that has taken this market surveillance most seriously as it believes that the ESPR Regulation is one of the few trade barriers that Europe can establish to unfair competition, particularly from Asia.

The State Government of Baden Württemberg coordinates the market surveillance actions for the ecodesign regulation of all German regional governments and has established detailed work protocols. Last year, Baden Württemberg conducted 341 ESPR Regulation (and energy ecolabelling) inspections of 1271 suspicious products, 40% from Asia, many of which were sold online. Eight per cent of the inspected products required important corrective measures and 29 products were withdrawn from the European market or penalties applied by the competent authorities.

In May 2024, the European Commission appointed the Austrian **HBLFA Francisco Josephinum** as the first 'official testing facility for ecodesign and energy labelling', in order to streamline compliance of the ecodesign regulation and of the ensuing technical inspections.

052. DIGITAL PRODUCT PASSPORT

The Digital Product Passport (DPP) is a key tool within the circular economy and sustainability strategies of the European Union, designed to **provide accessible and detailed information on products throughout their life cycle**. Its main goal is to **improve traceability, foster reuse, facilitate repair and optimise product recycling**, at the same time as providing transparency on the materials and their environmental impact.

European Regulation 2024/1781 on the ecodesign of sustainable products establishes the characteristics, content, etc. of this passport. Pursuant to this regulation, the Digital Product Passport is a **set of specific data on a product that includes the information laid down** in the applicable delegated act and which can be accessed electronically by means of a data carrier as established in Chapter III. Therefore, the Digital Product Passport applies to any product, component or intermediate product affected by an information request as per this regulation and associated delegated acts.

The Digital Passport consists of two main parts: the **system** which supports it and the **information** included in it.

- As regards the **system**, it will be developed **horizontally** for all product groups and legislations in which it is used.

  It will include aspects such as **registering** the DPP; the **web portal** with search engine and all the **standards and protocols** related to the architecture of the information technologies (e.g. unique identifiers. data carrier. access rights management, data exchange protocols, data integrity, etc.).

  The European Commission has financed different studies to define this system and its applicability to different sectors. Some such examples are **(D) the CIRPASS projects (I and II)**.

TOOL

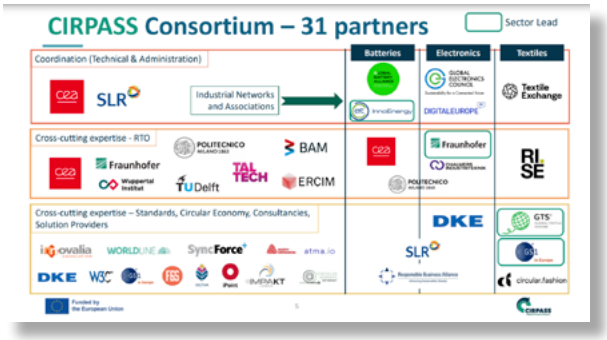
(D) THE CIRPASS PROJECT ADVANCES IN THE DETAILS FOR THE DEVELOPMENT OF THE DIGITAL PRODUCT PASSPORT.

The CIRPASS project, financed by the European Commission in the framework of the European Digital Programme, is a **collaborative initiative to prepare the ground for the gradual piloting and deployment of a standards-based Digital Product Passport**, aligned with the requirements of the Proposal for Ecodesign for Sustainable Product Regulations (ESPR), with an initial focus on the electronics, batteries, and textile sectors.

The **CIRPASS1** project, whose results were unveiled in March 2024, focused on defining an intersectoral product data model and a DPP system with proven benefits for the circular economy, along with developing roadmaps for its implementation.

The project consortium consisted of **31 partners representing thousands of** industrial, digital and international standards organisations throughout Europe and further afield.

The **CIRPASS2 projects** is the continuation of the earlier project. It is also financed by the European Commission's European Digital Programme and will run from May 2024



to April 2027. The CIRPASS-2 project is headed by the CEA Digital Institute and has a consortium consisting of **49 partners from industry, research, digital technology and the standardisation organisations throughout Europe and the rest of the world.**

It will run **13 pilot projects** to demonstrate how the PP operate in real environments and to scale in four target value chains: textiles, electronic and electric equipment, tyres and construction materials.

As regards **standardisation**, the Commission has submitted **a standardisation application for the M/604 digital passport** to CEN-CENELEC. It sets a deadline of 31/12/2025 for its development, and it must include the introduction of European standards to develop the DPP system, such as unique identifiers; data carriers and links between physical products and digital representations; managing access rights, information, system security and business confidentiality; interoperability (technical, semantic, organisational); data processing, data format and data exchange protocols; data persistence, filing and storage; data authentication, reliability and integrity and application programming interfaces (API) for life cycle management and the product passport search capacity.

The developed European standards must comply with the requirements set in Annex 2 of this application (including specific and general requirements). Until these standards are published in the OJEU, the data carrier and the unique identifiers will comply with one or several of the standards referred to in the second paragraph of Annex III of the regulation, or equivalent international or European standards.

- As regards the **Information** to be included in the DPP, it will be that **specific to the product groups** and will be identified in the respective **delegated act.**

  It can include data/information on one or more of the following areas: technical presentation; environmental sustainability performance; circularity aspects (durability, repairability, etc.); legal compliance or product-related information (for example, manuals, other labels).

Economic operators will have **the following obligations regarding the DPP**:

- Guarantee the **existence of a product passport** that complies with the essential requirements established in the regulation and delegated acts (possible exceptions)
- Check that the **product passport is complete**, which means that it includes all the mandatory information listed in the specific delegated act of the respective product group.
- Guarantee that the **information** included in the passport is **authentic, reliable and verified** in accordance with the requirements established in specific delegated act of the respective product group.
- Have a certified external **product passport service provider**, which stores a DPP backup copy, for the required time.
- Ensure that a copy of the data carrier or the unique identifier of the product is **available online to the distributors and markets** that sell the respective product.

The Digital Passports associated with the Ecodesign Regulation are expected for 2027/2028, once the delegated acts regulating the DPP (at the end of 2025) and the delegated acts with ecodesign requirements for the first products (foreseeably iron and steel) are published.

However, there are sectors that already require the implementation of a DPP, as would be case of **Regulation (EU) 2023/1542 concerning batteries and waste batteries**, where the DPP is required by February 2027 or the **Proposed Regulation for Construction Products**. They are also referred to in the **EU Strategy for Circular and Sustainable Textile.**

Ihobe has different information sources as regards the digital passport, which include the **'The 10 Key Questions on the Digital Product Passport'** document presented in the Ekosteguna 'Digital Product Passport: what does it involve and how is it going to be applied?' and the **'The Digital Product Passport'** training module.

In turn, the European Commission has edited different support information, including the **'Digital Product Passport: the ticket to achieving a climate neutral and circular European economy?'** document.

053. ECODESIGN IN SECTORAL REGULATIONS

In addition to **European Regulation 2024/1781 on the ecodesign of sustainable products** mentioned above, there are other specific regulations and strategies for some **product families**, that also pursue **goals to improve their sustainability.**

Some of them are set out below. It should be noted – if the European Commission deems necessary –, those specific regulations can be **completed with ecodesign requirements through the Ecodesign Regulation,** provided that the targets envisaged in the product aspects under the Regulation are considered not to have been reached.

The sectors mainly affected are:

- **Batteries** by means of **(E) Regulation (EU) 2023/1542 regarding batteries and their waste.**
- **Construction products** by means of the **(F) Construction Product Regulation (CPR).**
- **Textiles** by means of the **(G) European Strategy for Sustainable and Circular Textiles.**

LEGISLATION

(E) THE SECTOR AHEAD OF THE GAME IN ECODESIGN: NEW CIRCULARITY REQUIREMENTS FOR BATTERIES AND THEIR WASTE.

Regulation (EU) 2023/1542 concerning batteries and waste batteries, published in July 2023, seeks to promote a circular economy by regulating batteries throughout their life cycle. The Regulation establishes **information, marking, labelling, security and sustainability requirements** to allow batteries to be introduced on the market or brought into service in the European Union.

Furthermore, it establishes minimum requirements regards **extended producer responsibility**, collecting and treatment of battery waste and reporting. In addition, it lays down **due diligence obligations** regarding batteries for economic operators that place those products on the market or bring them into service. It also establishes green public procurement requirements when purchasing batteries or products in which they are incorporated.

The established requirements include:

- **Restriction of specific substances**.
- **Carbon footprint declaration** for batteries for electric vehicles, rechargeable industrial batteries and batteries for light means of transport by the first four months of 2025.
- Information on the **recycled content** of industrial batteries, batteries for electric vehicles, batteries for light means of transport, and starting, lighting and ignition batteries by the first four months of 2025.
- **Performance and durability requirements.**
- Ease of extraction and replacement by the first four months of 2025.
- Labelling, marking and information using a QR code (separate collection symbol from 18 August 2025, capacity and general information form 18 August 2026, and QR code with information from 18 February 2027).
- **Digital passport** for batteries. From 18 February 2027, all batteries for light means of transport, all industrial batteries with capacity over 2 kWh and all batteries for electric vehicles placed on the market or brought into service will have that passport.
- Collection targets **for battery waste, according to the type of product.**

These requirements particularly affect economic operators that place batteries on the market or bring them into service.

Prior experience in applying the DPP for batteries in different European projects, as indicated in the **Implementing the EU Digital Battery Passport. CEPS In-Depth Analysis. Opportunities and challenges for battery circularity** document.

LEGISLATION

(F) THE CONSTRUCTION PRODUCT REGULATION ESTABLISHES A NEW FRAMEWORK FOR SUSTAINABILITY IN THE SECTOR.

The proposed regulation published in March 2022 seeks to **establish harmonised rules for the marketing and direct installation of construction products**, regardless of whether or not that occurs in the framework of a service, thus fostering the circular economy.

The proposed regulation also establishes **obligations for economic operators that work with construction products or their components** or with products that can be considered construction products without their manufacturer having designated them as such. The obligations for the different stakeholders of the value chain will be:

- **Manufacturers:** they must guarantee that the products comply with the harmonised technical specifications and the established environmental requirements. They must ensure that the products can be repaired, refurbished or retrofitted, in order to avoid premature obsolescence.
- **Importers and distributors:** they must check that the products comply with the applicable requirements and do not compromise safety or the environment. They must adopt corrective measures where non-compliance is found.
- **Logistics service providers:** they must ensure that the transport, packaging and storage conditions do not affect compliance of the products.
- **Remanufactured or used product operators:** they have specific obligations as regards the treatment of products for their reuse and remanufacturing.

The proposed regulations, after amendments, **was adopted by the European Parliament and by the European Council** (the latter on 5/11/2024). Once the Presidents of the Parliament and of the Council have signed the regulation, it will be published in the Official Journal of the European Union and will come into force twenty days after its publication. The articles of the regulation regarding the preparing standards will be applicable one month after it comes into force. The other articles will be applicable one year after the effective date, except for Article 92 (Penalties), which will be applicable two years after the effective date.

The regulation updates the EU standards for construction products, including the following changes:

1.- The **scope is revisited**, and **construction products that are remanufactured**, **reused and 3D printed** are included, along with prefabricated single-family houses.

2.- The Commission is allowed to **adopt technical specifications** in cases where there is not compliance of the standardisation system as expected, and to establish product requirements.

3.- **New safety, functional and environmental requirements** are established for construction products.

4.- A **new obligation for manufacturers to provide a declaration of conformity** (regarding compliance of the product requirements) is introduced, together with a performance statement, and to introduce the possibility of providing information by electronic means (DPP).

5.- A **list of general sustainability requirements** is defined (which will be covered in greater detail in delegated acts of the Commission or in harmonised standards).

6.- The **enforcement powers** of the market surveillance authorities are bolstered.

7.- There is alignment with the **Ecodesign** Regulation for Sustainable Products in terms of environmental and climate sustainability and with the digital product passport (DPP).

The coming into force of this Regulation will reinforce the information associated with construction products and the digital systems to control them, such as the DPP or the Building Information Modelling (BIM), as it is a collaborative tool to create and manage a construction project, centralising all the project information into a digital information model created by all its stakeholders.

This regulation also seek to harmonise actions in construction sector in Europe, as local initiatives have been rolled out in parallel – such as **Environmental Regulation RE2020,** French legislation that came into force on 1 January 2022 – focused on **reducing the environmental impact of buildings throughout their life cycle**. This regulation establishes strict requirements regarding energy consumption, carbon emissions and the thermal comfort of new buildings, in line with France's carbon neutrality targets for 2050. The application timeline for this regulation began in 2022 and the goal is for the legislation to be stricter **from 2030** regarding carbon emission limits, with an additional reduction of 15% compared to 2022 levels.

The RE2020 has been **updated** in 2024. This new version offers 3 reading levels (from the most concise to the most detailed) which allow the diversity of needs to be met.

TOOL

(G)

MAKING THE EUROPEAN TEXTILE INDUSTRY MORE SUSTAINABLE AND CIRCULAR: ECODESIGN, EXTENDED PRODUCER RESPONSIBILITY AND POSSIBLE DIGITAL PASSPORT.

The EU Strategy for Sustainable and Circular Textiles is a key initiative within the European Green Deal and the Circular Economy Action Plan. Its main goal is to **make the European textile industry more sustainable and circular,** by reducing its environmental impact, fostering the reuse and recycling of textiles, and addressing issues such as planned obsolescence and wasteful consumption of resources.

The **main goals** of the Strategy include:

- **Design of sustainable textiles:** related to the Ecodesign for Sustainable Products Regulation, which will set their ecodesign criteria.
- **Circular economy and recycling:** impetus to the creation of markets for recycled materials, by incentivising the use of textiles that include secondary materials and bolstering a more robust recycling infrastructure throughout the EU.
- **Waste minimisation:** the aim is to reduce textile waste and the obligation is established for Member States to implement separate collection systems for textile waste by 2025, which is in line with the revised Waste Directive.
- **Extended producer responsibility (EPR):** textile manufacturers will be responsible for financing and organising the collection and recycling of their products once they reach the end of their service life.
- **Transparency and labelling:** stricter requirements will be introduced regarding the labelling and traceability of textiles, ensuring that the consumers of the product have clear information on the environmental impact of the products that they purchase. This measure is linked to the creation of a **digital product passport**, similar to the one proposed for other industries within the Ecodesign Regulation for Sustainable Products.

The key actions and the estimated implementation date are set out in its annex, and with 2024 a key year.

The European Parliament published a report on the possible implementation of the DPP in the textile sector. - **Digital product passport for the textile sector**, in June 2024.

The report examines the potential, the needs, the benefits and challenges associated with the implementation of a DPP for all the stakeholders of the value chain of the European textile sector. Based on a survey of over 80 stakeholders, it proposes a generic DPP model for the textile sector, and sets out a three-phase implementation scenario with policy options aimed at fostering a circular economy to minimise the sector's general footprint.

054. TRANSPARENCY WITH PRODUCT APPROACH

The European Union has made significant progress in recent years regarding **product-approach information**, by driving regulations that foster **greater empowerment of consumer and clear and verified information** on product sustainability.

One of the key development areas has been to curb misleading environmental claims or *greenwashing*, with the proposed **(H) Directive regarding substantiating and communicating explicit green claims** of the European Commission. This legislation seeks to **guarantee that the product green claims can be verified by third parties and are based on scientific evidence**, with the aim of making it less confusing for consumers. Companies will have to substantiate their sustainability claims with **verifiable data, and any misleading or vague claim will be penalised.**

(I) Directive (EU) 2024/825 on empowering consumers is also linked to the **transparency in the information for the consumer,** to allow it to be able to make informed purchasing decisions, foster sustainable consumption, eliminate unfair commercial practices that harm the sustainable economy and make people shy away from sustainable consumption options, and guarantee a more coherent and better application of the protection rules of EU consumer agents.

LEGISLATION

(H) THE EXPLICIT GREEN CLAIMS WILL NEED TO BE JUSTIFIED.

The proposed Green Claims Directive requires that the **substantiation of explicit environmental allegations** is based on an assessment that must: specify if the claim refers to the whole product or a part; be based on recognised scientific evidence; identify the significant environmental aspects with life cycle perspective; separate the offsetting of the GHG emissions as additional information; identify if there is burden shifting; include precise primary information of the impacts or aspects, or secondary in the cases where primary information is not available.

In turn, these **comparative explicit green claims** must be based on equivalent information and data, and have the same coverage of the stages throughout the value chain.

As regards declarations related to the **future performance** of the product, they must be accompanied by improvement undertakings that include milestones.

Declarations or labelling that use an **aggregated score** of the global product environmental impact.

After the Directive has been transposed, no new **national or regional public labelling systems** will be established, and in the case of the private system, they will only be allowed if they contribute greater environmental ambition. The verifications will be conducted by an **independent verifier**.

On 17 June 2024, the Council adopted its position ('general guidance') as regards the initial text and conversations began with the European Parliament with a view to its final approval. Once published, as it is a Directive, it will require transposition to the regulatory framework of the Member States.

LEGISLATION

(I) OBLIGATIONS TO MAKE IT EASIER FOR CONSUMERS TO BUY GREEN.

Directive (EU) 2024/825 as regards empowering consumers aims to ensure that consumers **can make informed purchasing decisions and thus contribute to more sustainable consumption patterns**. That implies that traders have a responsibility to provide clear, relevant and reliable information.

Therefore, it amends specific rules in European Union consumer law in order to tackle unfair commercial practices that mislead consumers and prevent them from making sustainable consumption choices, such as practices associated with the **early obsolescence** of goods; **misleading environmental claims**; **misleading information about the social characteristics of products** or **traders' businesses**; or **non-transparent and non-credible sustainability labels.**

The Directive **prohibits generic environmental claims**, such as 'environmentally friendly' or 'green'. As regards packaging, the 'biodegradable' or 'climate-friendly packaging' claims referring to a product are classified as generic claims and are prohibited. Furthermore, **it prohibits claims based solely on carbon offsetting schemes**, as 'neutral' or 'positive' products as regards greenhouse gas emissions.

It likewise **bans green claims that present requirements that are imposed by law** on all products on the Union market as a distinctive feature of the trader's offering.

It also **prohibits design characteristics that limit the durability** of the appliances and strengthens the **restrictions for the current obstacles that repairs are facing;** it likewise extends the annex of the Directive on unfair commercial practice which lists the commercial practices that will be prohibited under any circumstances, the so-called 'black list'. Making a green claim about the whole product when in reality it only refers to a certain aspect of the product is among the ones prohibited.

The Member States will adopt and publish, no later than 27 March 2026, the necessary provisions to comply with the what is established in this Directive; such provisions will be applied from 27 September 2026.

In order to transpose both directive to the Spanish legal system, a **public consultation on the Bill for the Sustainable Consumption Act** has already been announced; the Act will encompass the most important aspects of the Consumer Empowerment Directive, the Green Claims Directive and of the Directive establishing common rules to promote **the repair of goods**.

On the other hand, the Spanish Government has published the **Sustainable Communication Guide: how to include environmental information in your strategies and campaigns**, which seeks to set out the current and upcoming situation regarding green claims.

As regards climate claims, the European Commission has published proposed regulations to define this aspect in greater detail, for example, **the Proposal for a Regulation establishing a Union certification framework for carbon removals**. This certification will guarantee that the carbon removal activities are measured accurately, store the carbon for the longest possible time and contribute benefits to other environmental goals (or, at least, not hinder them), such as biodiversity, zero pollution or the circular economy.

055. REPAIRABILITY

Repairability of products is a **key element to extend their useful life and to help to reduce the consumption of materials** and **to give impetus to the circular economy**, by avoiding the product being replaced by a new one.

Therefore, the European Commission, in line with the Circular Economy Action Plan, published **(J) Directive 2024/1799 on the right to repair**, in July 2024, in order to **promote the repair of goods and avoid premature obsolescence of products.** This legal mechanism seeks to prioritise the repair over the replacement of goods, both within and outside the legal warranty, as well as to drive the repair sector and incentivise producers and sellers to develop more sustainable business models

Fostering repairability must start in the very design of the product, by facilitating its dismantling, access to the parts to be changed, etc., but also with aspects such as the availability of spare parts, repair manuals, warranty periods, etc.

Therefore, different **(K) Repairability Indices** have been developed, in order to assess and inform the consumer of the repairability potential of different products. **European Regulation 2024/1781 on ecodesign for sustainable products** can set ecodesign requirements in that regard, such as access to spare parts or upgrades.

LEGISLATION

(J) THE RIGHT TO REPAIR LEGALLY GUARANTEED.

The **products initially affected** by Directive 2024/1799 on the right to repair will be those in Annex II, and which can be expanded in the future:

TABLE 4. Products affected by Directive 2024/1799. Source: Annex II Directive 2024/1799.

household washing machines and household washer-dryers	household dishwashers	refrigerating appliances
electronic displays	welding equipment	vacuum cleaners
servers and data storage products	mobile phones, cordless phones and digital slates	goods incorporating light means of transport batteries
household drum dryers		

The **obligations of the different stakeholders** can be summarised as:

Manufacturers:

- **Repair obligation:** Manufacturers are required to repair goods at the request of consumers, provided that those goods comply with the repairability requirements provided for by the EU legal acts listed in the Annex of the Directive. This repair must be provided free of charge or at a reasonable price, and be completed in a reasonable time period. The repair may also mean the extension of the legal product warranty by 1 year.
- **Provision of information:** Manufacturers must provide consumers with clear and accessible information on its repair service, and also guarantee access to spare parts and tools at a reasonable price.
- **Subcontracting:** If the manufacturer does not have the infrastructure to repair, it may subcontract the task, while remaining liable for the repair.

Independent repairers:

They many offer their services through online platforms and compete with the repair services offered by the manufacturers. Furthermore, they also have option to use second-hand or original parts, along with 3D-printed components, provided that they comply with the legal requirements.

Consumer agents:

They are entitled to request the repair of goods, either by the manufacturers or by independent repairers. They also have access to online platforms that will allow them to compare repair services.

Member States:

They must set up national repair platforms or join the European platforms online to be up and running before **31 July 2027**. Furthermore, they must establish penalty measures for failure to comply with the Directive.

The Member States will adopt and publish the necessary administrative, regulatory and legal provisions to comply with what is established in the Directive**, no later than 31 July 2026.**

TOOL

EVOLUTION TOWARDS A HARMONISED ASSESSMENT SYSTEM OF THE REPAIRABILITY.

In order to be able to **assess the product's potential and ability to be repaired,** different calculation tools have been developed. The goal is twofold; on the one hand, to **assess the product and identify points for improvement**, and, on the other hand, to be able to **inform consumers of this ability to be repaired** so they can make informed and comparative purchases between similar products.

In Europe, different activities have been rolled out in this aspect. **The European Commission** provides information on the development of a 'Repair Score System' (RSS) and its implementation of different product categories. The project began with the development of a general RSS method and was run by the Circular Economy and Sustainable Industry Unit of the European Commission's Joint Research Centre (DG JRC-B.5) for the European Commission's Directorate-General for Environment (DG ENV). They are now working on specific applications for products, with smartphones and tablets as the first project. Its results have been used to define the information requirements set out in **Delegated Regulation (EU) 2023/1669** regarding the energy labelling of smart phones and digital slates. It sets out the method to calculate that repairability report and the information to be included in the product energy labelling (Repairability classes from A to E).

In **France,** the **repairability index,** in force since 2021, aims to better inform consumers about the greater or lesser degree of sustainability, taken in the sense of the service life, of their electric or electronic product purchases. This index is considered a tool to fight obsolescence – planned or not – to avoid the premature elimination of products and conserve the natural resources needed to produce them.

The **products covered** by that repairability index are:

laptops, multifunction mobile phones, electric lawnmowers with cord, battery electric lawnmowers, electric lawnmower robots, vacuum cleaners with cord, cordless vacuum cleaners, robot vacuum cleaners, household dishwashers, and high-pressure washers.

This Repairability Index will be replaced by the **Durability Index**. Calculating the durability index of each product model is based on two groups of criteria:

- One relating to the repairability of the equipment, which particularly take into account the accessibility of the technical documents, the ease of dismantling, along with the availability and price of the spare parts;
- The other refers to the reliability of the equipment, which takes into account the resistance to stress and wear, the ease of maintenance and service, along with the existence of a commercial warranty and a quality process.

The durability index is calculated based on those two scores and expressed as a global score, from 0 to 10.

From 2025 onwards, the new durability index will be applied to two new product categories: televisions and top- and front-loading washing machines, from 8 January and 8 April respectively.

There are also sectoral initiatives that seek to harmonise the information for the consumer on aspects of material efficiency. This could be the case of the **Eco Rating**, focused on mobile phones; Ihobe actively provided technical support and methodology oversight in the initial development of the system. Over 550 terminals have so far been assessed and the main European operators including Telefónica, Orange, Vodafone, etc. and manufacturers such as Xiaomi, Huawei, Motorola, Nokia, Oppo, etc. are participating in the scheme.

056. ECODESIGN AND CIRCULAR ECONOMY STANDARDS

The growing demand for reliable **indicators** to measure the circularity level of the products in the organisations has given impetus to the development of benchmark standards and indices in this field, with the aim of supporting companies and their customers in informed decision making.

As regards the **efficient use of materials**, mention should be made of the **UNE-EN-4555X standards**, which must support the introduction of ecodesign requirements regarding efficiency aspects of materials, such as recyclability, repairability or durability, for energy-related products. Developed by CEN-CENELEC under European Commission Mandate M/543, they include general methods to assess different aspects of material efficiency and for their communication.

In 2024, UNE set up a task force to bring standard 45555 on recyclability to lighting products and electric installation material sectors.

In addition, work is underway on the **PNE-prEN 45560 standard**.- Method for product circular designs (ratified on 14 October 2024). This standard seeks to provide a method to define design rules for circular products and to provide guidance on how to reduce environmental impacts and how to address the counterpoints when designing circular products, without compromising the features and safety.

As regards the rolling out of the circular economy in the organisation and in business models, ISO is working on **(L) ISO 59000 series**, and has published three of the standards during 2024.

There are other organisations that are also working on **(M) other circularity metrics**, such as the Transition Circular Indicators (CTI) proposed by The World Business Council for Sustainable Development (WBSCD).

TOOL

ISO PUBLISHES A COLLECTION OF STANDARDS TO IMPLEMENT THE CIRCULAR ECONOMY IN ORGANISATIONS AND BUSINESS MODELS.

These standards under 59000 series seek to **provide a common reference and standardise the implementation of the circular economy principles in organisations and business models**. The standards package consists of 7 standards:

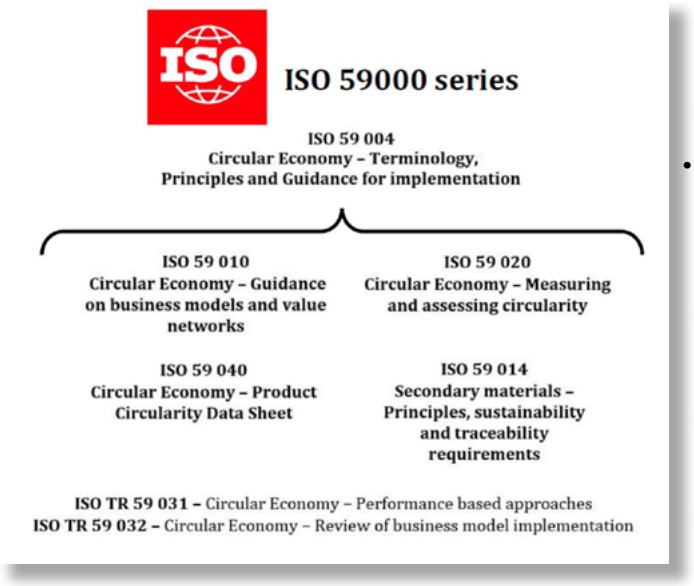


Figure source: https://eco-circular.com/

The following standards have already been published:

- **ISO 59004:2024**: Circular Economy - Terminology, Principles, and Guidance for Implementation. This standard provides detailed recommendations applicable to any type of organisations. The standard defines key terms and concepts, establishes a circular economy vision, specifies fundamental principles and offers recommendations to support specific measures that foster sustainability. The aim of the standard is to help organisations to contribute to achieve the UN 2030 Agenda for Sustainable Development by facilitating the transition towards a circular use of resources.
- **ISO 59010:2024**: Circular Economy - Guidelines for the Transition of Business Models and Value Networks. The standard provides guidance for organisations that are considering to embark on the transition of their value creation networks and models from a linear framework to a circular one. This standard is focused on strategies aimed at companies to apply circular economy practices both from the organisational and inter-organisational perspective. It complements the ISO 59004 standard by providing more detailed guidance on the assessment of the current value creation models, mapping value networks and chains, and developing circularity strategies. The standard is designed to help organisations to perform this transition effectively, by contributing to the sustainability of business practices and to the resilience of the global economy.
- **ISO 59020:2024**: Circular Economy - Measurement and Evaluation of Circularity. The standard establishes requirements and guidelines that allow organisations to measure and assess their circularity performance in the framework of defined economic systems. This document seeks to mainstream organisations' data collection and calculation process by using optional and mandatory circularity indicators, to guarantee verifiable and coherent results. It provides a structured framework to establish the limits of the system, select the appropriate indicators, and interpret the data to assess the circularity performance at multiple levels, from the regional and inter-organisational to the organisational and the specific of the product.

In turn, the **ISO/FDIS 59040 standard – Product circularity data sheet** is at the development phase (public consultation). The standard provides a general methodology to improve the accuracy and integrity of the information related to the circular economy based on the use of a product circularity data sheet when purchasing or supplying products. This general methodology contains a set of requirements for any organisation wishing to use the data sheet in question when purchasing or supplying products. It also includes the generation of reliable reports and sharing information related to the circular economy. The document provides guidance to define and share a Product Circularity Data Sheet, considering the type, content and format of the information that must be provided.

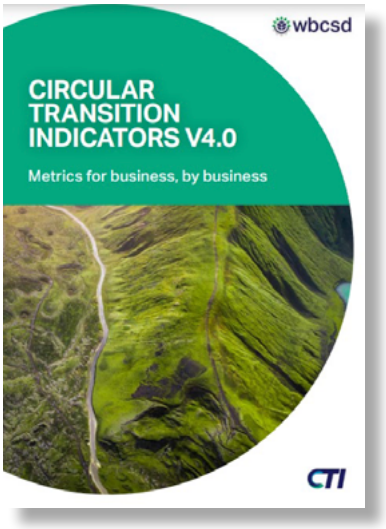
This guide and these requirements seek to be applicable to all organisations, regardless of their type, size and nature.

These requirements implement a qualitative approach in order for data sharing between companies, even with small and medium-sized enterprises, to be inclusive and protect confidential information.

TOOL

NEW METRICS TO MEASURE THE DEGREE OF CIRCULARITY OF COMPANIES AND THEIR PRODUCTS.

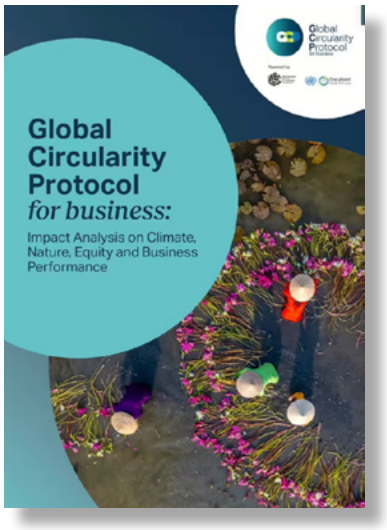
There are other circularity indices for companies and sectors. Some considered to be relevant are set out below:



- **Circular Transition Indicators: Sector Guidance (WBCSD).-**. The Circular Transition Indicators (CTI) are designed by companies, for companies, so that each company unleashes the transformative power of the circular economy. CTI offers a quantitative and universal framework to assess the degree of circularity of the company. Its new version v4, published in May 2023, includes upgrades its *Impact of the Loop* module, which helps companies to prioritise circular strategies in the light of their impact on the company's sustainability performance targets. It also updates the impact of the greenhouse gases (GHG) with a methodology to measure the impact of using higher value inputs (reused, refurbished, and remanufactured content) and allows the recovery of the material's carbon footprint outputs.

  The new CTI v4.0 includes a new indicator to measure the impact on nature, focused on land use. This version provides a methodology for the land use impact of circular supply strategies.

  In 2024, sectoral guidance has been published for the application of the CTI 4.0 methodologies in the following sectors: electronic equipment, chemical industry, and fashion and textile.



- **Global Circularity Protocol (GCP) for Business.** The Global Circularity Global Protocol for Companies (GCP) seeks to be the go-to action framework to guide companies in target-setting, measuring, reporting and disclosing progress on resource efficiency and circularity, combined with comprehensive and targeted policy guidance to accelerate the shift toward circular business models and a regenerative economy.

  The GCP seeks to cover resource flows in both the technosphere and the bio-sphere as an initiative spearheaded by WBCSD in collaboration with One Planet Network (OPN), organised by the United Nations Environment Programme (UNEP).

  The GCP has the target of delivering the first version of the Protocol by 2025 at COP30 and has four strategic work streams: (1) Circular impact analysis; (2) Corporate performance and accountability system (CPAS) for circularity; (3) Policy framework for circularity; and (4) Science-based targets for circularity.

  In September 2024, it published a **report on the potential impact of this initiative** to accelerate the transition to a circular economy, by providing the companies with a standardised framework to establish targets, measure and report on circularity. The report evaluates the potential impact of the GCP on climate mitigation, resource conservation and social equity, while enhancing business performance in multiple sectors.

- ***LEVEL(S).*** *Level(S)* is a framework of core sustainability indicators for office and residential buildings, using a common technology in Europe. It can be used to report on the performance of major refurbishment or new build projects. Level(S) is design for technicians involved in the planning, the design, financing and implementation of construction projects to clearly contribute to expanding environmental improvements.

  Level(s) is based on **six macro-objectives** which establish what the strategic priorities should be for the contribution of buildings to EU and Member State policy objectives in areas such as energy, material use and waste, water and indoor air quality.

  Special mention should be made of **Macro-objective 2: Guarantee resource efficient and circular material life cycles**.

It addresses the following four indicator areas:

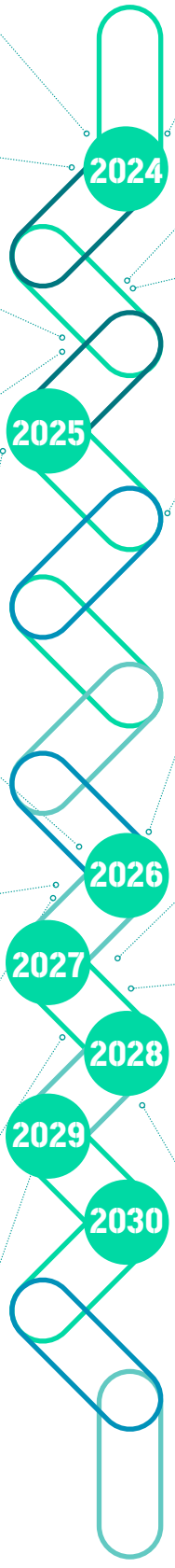
2.1.- Bill of quantities, materials and lifespans. This indicator is fundamental to improve the design of the buildings, as it is the basis of other indicators, such as indicators 2.2 and 1.2 (lifespan global warming potential).

2.2.- Construction & demolition waste and materials. Its goal is to help systematically plan the reuse and recovery of the materials, by means of waste separation recovery during the construction, refurbishment and demolition activities

2.3.- Design for adaptability and renovation. This indicator can help to achieve significant environmental benefits by extending the lifespan of buildings, including their structures and façades, which are associated with the most notable environmental impacts.

2.4.- Design for deconstruction. Indicator 2.4 allows the ease of reusing and recycling construction materials in different contexts. Furthermore, in the design stage, Level(S) helps recycling and reuse plans to be incorporated within the construction project right from the start, for example, by streamlining the separation of materials at each stage of the life cycle.

057. TIMELINE



Q1 2024

Publication Directive (EU) 2024/825 on Consumer Empowerment. | **I** | **European** |

Q2 2024

Publication of the New circular economy ISO 59000 series standards. | **L** | **European** |

Q4 2024

First meeting of the Ecodesign Forum. | **A** | **European** |

Q4 2024

Adoption by the Council of the Proposed Construction Product Regulation (CPR). | **F** | **European** |

Q1 2025

Adoption of the 1st Work Plan of the Ecodesign for Sustainable Products Regulation. | **A** | **European** |

Q1 2026

Deadline for the transposition of Directive (EU) 2024/825 on consumer empowerment. | **I** | **Spain** |

Q2 2026

Publication of the first Delegated Acts with ecodesign requirements. | **C** | **European** |

Q3 2026

Deadline for the transposition of the Right to Repair Directive in Member States. | **J** | **European** |

Q3 2027

National repair platforms in operating lines, with the information of the companies affected. | **J** | **European** |

Q1 2028

Begin to apply the first ecodesign requirements in the priority products. | **A** | **European** |

Q2 2024

Publication European Ecodesign for Sustainable Products Regulation 2024/1781. | **A** | **European** |

Q3 2024

Ecodesign Forum establishment. | **A** | **European** |

Q3 2024

Publication of Directive 2024/1799 on the right to repair. | **J** | **European** |

Q4 2025

Publication Delegated Acts associated with the Digital Product Passport and publication of standards as per Mandate M/604. | **A** | **European** |

Q4 2026

Publication of the latest Regulations associated with energy-related products that enter in the Work Plan 2022-2024 of the Ecodesign Directive. | **C** | **European** |

Q1 2027

Labelling requirements and digital product passport for batteries. | **E** | **European** |

Q4 2027

63% of waste portable batteries must be collected. | **E** | **European** |

Q2 2028

51% of the waste batteries for light means of transport must be collected. | **E** | **European** |

| **A** | European Ecodesign for Sustainable Products Regulation 2024/1781.
| **C** | Ecodesign requirements associated with Energy-related Product Directive 2009/125/EC.
| **E** | Regulation (EU) 2023/1542 regarding batteries and their waste.

| **F** | Proposal for Construction Products Regulation (CPR).
| **I** | Directive (EU) 2024/825 on consumer empowerment.
| **J** | Directive 2024/1799 on the right to repair.
| **L** | New circular economy ISO 59000 series standards.

058. IMPLICATIONS TABLE

TABLE 5. 'Ecodesign for a Circular Economy' Implications Table for the new value chains of the Basque Ecodesign Center. Source: Prepared by the authors.

KEY POINTS	LARGE COMPANIES	SMEs	BASQUE ECODESIGN CENTER VALUE CHAINS
(A) European Ecodesign for Sustainable Products Regulation 2024/1781.	●	●	● ● ● ● ● ● ● ● ●
(C) Ecodesign requirements associated with Energy-related Product Directive 2009/125/EC.	●	●	○ ● ● ○ ○ ● ○ ● ○
(E) Regulation (EU) 2023/1542 regarding batteries and their waste.	●	●	● ● ● ○ ○ ○ ● ● ○
(F) Proposal for Construction Products Regulation (CPR).	●	○	○ ● ○ ○ ○ ○ ● ○ ○ ○
(H) Proposed Green Claims Directive.	●	●	● ● ● ● ● ● ● ● ●
(I) Directive (EU) 2024/825 on consumer empowerment.	●	●	● ● ○ ● ○ ● ● ○ ○
(J) Directive 2024/1799 on the right to repair.	●	●	● ● ○ ● ○ ○ ○ ○ ○
(K) Repairability Indices.	●	●	○ ○ ○ ● ○ ○ ○ ○ ○
(L) New circular economy ISO 59000 series standards.	●	●	● ● ● ● ● ● ● ● ●

SECTORS

- Automotive
- Distribution
- Transport equipment
- Construction
- Metal
- Production of power generation & transmission equipment
- Power generation and distribution
- Lifting equipment
- Financial

IMPLICATON LEVEL

- High
- Medium
- Low

06. SECONDARY RAW MATERIALS AND WASTE MANAGEMENT

061. STRATEGIC AND CRITICAL RAW MATERIALS

According to Ihobe statistical data, over **10 million tonnes of metal a year in strategic sectors**, such as the automotive industry, metallurgy and energy generation, are processed in the Basque Country. Around **55% come from secondary sources and from across the Spanish State** (such as scrap metal and oxides), while the rest come from sources outside the European Union. In figures, the BAC annually processes **around of 170,000 tonnes of copper** with a **value of EUR 1,370 million**. In the case of **aluminium**, the processed amount is even larger **with a total of 440,000 tonnes a year and a value of EUR 924 million**. This shows the current dependency on virgin raw materials of the Basque industrial fabric and the need to achieve self-sufficiency in the supply of those key materials.

TABLE 6. Use, value and recycling rate of key materials in the Basque County. Source: Paper entitled 'Challenges and Responses to European Critical Raw Material Regulations', Ekosteguna Ihobe 2024).

RAW MATERIAL	€/TONNE (SOURCE: DERA)	TONNE/YEAR	TOTAL MILLION €/YEAR	CIRCULARITY
Aluminium	2,100	440,000	924	> 23%
Copper	8,060	170,000	1,370	< 79%
Nickel (battery quality)	14,600	23,000	336	?
Neodymium	53,500	40	2	0%

Against this backdrop and in response to the supply-related risks, the high price fluctuations and the relevance of these materials in the digital and green transition, **(A) Regulation (EU) 2024/1252, to ensure a secure and sustainable supply of critical raw materials,** also known as the **European Critical Raw Materials Act (CRMA), came into force in May 2024.** The Regulation seeks to **strengthen the value chain in the EU** by means of diversifying the import sources and reinforcing Europe's capacity to mitigate supply risks. Specifically, by 2030, the **European Union is expected to cover at least 10% of its consumption of critical materials** by means of **local extracting, 40% by processing, and 25% by recycling**. Furthermore, **no country will be able to be responsible for over 65% of the supply of any single material,** thus reducing external dependency.

The **new list of critical raw materials** after the latest update in 2020 **has been published with this Regulation;** the list this time includes **34 materials**, including boron, copper and coking coal, along with **aluminium and nickel which are key in Basque industry**. A list has also been produced of **strategic raw materials, with 17 of the critical ones**, that are essential for the digital and energy transition. Both lists will be **updated again in mid-2027.** These are the materials that both lists include and the developments with respect to the 2020 list:

TABLE 7. Comparative between the two latest updates of the critical raw materials list (2020 and 2023). Source: Annex I of Regulation (EU) 2024/1252 and Fourth Critical Raw Materials List (2020).

MATERIAL	2020 LIST	2023 LIST
Aluminium/Bauxite		Strategic
Antimony		
Arsenic		
Baryte		
Beryllium		
Bismuth		Strategic
Boron		Strategic
Cobalt		Strategic
Coking coal		
Copper		Strategic
Scandium		
Strontium		
Feldspar		
Fluorspar		
Phosphorite		
Phosphorus		
Gallium		Strategic
Germanium		Strategic

MATERIAL	2020 LIST	2023 LIST
Natural graphite		Strategic
Hafnium		
Helium		
Lithium		
Manganese		Strategic
Magnesium		Strategic
Titanium metal		Strategic
Metals of the platinum group		Strategic
Nickel		Strategic
Niobium		
Silicon metal		Strategic
Tantalum		
Heavy rare earths		Strategic
Light rare earths		Strategic
Vanadium		
Tungsten		Strategic
Germanium		
Natural graphite		

Furthermore, the regulation allows the Commission and the Member States to **recognise as strategic projects to extract, substitute, process and recycle raw materials,** both in the EU and in third countries.

As regards the direct impact on industry, the **supply chains of large companies will be audited every two years from 2025**, and a joint purchasing system will be implemented for companies interested in strategic materials and managed by the Commission.

As regards **permanent magnets**, products placed on the market that contain those elements **must have a visible label with their recycled content** of neodymium, dysprosium, praseodymium, terbium, boron, samarium, nickel and cobalt by 2027. Furthermore, **no later than 24 May 2026**, the Commission will adopt a **delegated act that will establish the rules to calculate and verify the proportion of those elements.**

As regards requirements related to the environmental impact of these materials, after the publication of a report by the Commission no later than on **24 November 2026,** companies that place critical raw materials on the market will have to **calculate and declare the environmental footprint of those materials**. This will have to take life cycle evaluation methods into account and be published on a website accessible to customers.

This regulation will affect key sectors of the Basque industrial fabric. In the **automotive industry**, the requirements regarding **rare earths such as neodymium and cobalt, and materials including lithium and magnesium will drive more circular practices**. The **construction and metallurgy** sectors will also be affected by the need to use more **recycled aluminium and cooper**, along with the implementation of **traceability systems that guarantee a sustainable origin** while **energy companies** that depend on critical materials for wind turbines and solar panels, will have to **adopt labelling and recycling**

practices to improve transparency in the supply chain. SMEs, particularly those from **metallurgy and technology sectors that supply components to sectors such as the automotive industry and energy** will have to quickly adapt to the **new traceability and sustainability standards** and invest **in R&D&I to improve recycling, optimise materials and reduce the environmental footprint. A priori, this could be a major challenge, but in the long run could become a competitive advantage that can help them to** be positioned as strategic suppliers.

In order to better understand how this regulation affects companies and how it impacts the Basque industrial fabric, Ihobe produced the **Ekosteguna 'European Critical Raw Materials Act: responses from the Circular Economy'** conducted in September 2023, In 2024, Ihobe – through Orkestra – has also published the **'Critical Raw Materials and Key Metals for the Basque Industry' report** in order to present a series of **tools** and **transformative actions** that allow solutions to be offered to the problems associated with the risk of lack of critical raw materials and key metals for the economy of the Basque Country.

LEGISLATION

170 SUBMISSIONS IN THE FIRST EUROPEAN CALL FOR CRITICAL MATERIALS STRATEGIC PROJECTS.

Critical Raw Materials Regulation (EU) 2024/1252 defines **strategic project as any planned facility or planned significant extension or re-purposing of an existing facility that is** active in the extraction, processing or recycling **that contributes to the security of the supply of strategic raw materials** in the European Union.

Being classified as a 'strategic project' means first **faster environmental authorisation permits and procedures;** second, better access to **private and public financing** (Germany, Finland and several European countries have already set up public funds in that regard); and, third, **EU support to set up offtake agreements for materials.** Strategic projects will be subject to important environmental performance and information requirements.

The **first call to identify those strategic projects was launched in August 2024** ; a total of 170 applications were submitted, 45% from mining and 29% from entities outside the EU. The EU will conduct a **second call in the first four months of 2025.**

TABLE 8. Breakdown of the applications in the first call to identify strategic projects. Source: Paper entitled 'Challenges and Responses to European Critical Raw Material Regulations', Ekosteguna Ihobe 2024).

CRM STRATEGIC PROJECT PROPOSALS	NO.
Quarrying and mining	77
Processed	58
Recycling	30
Substituted	5
TOTAL (49 from outside the EU	**170**

A priori, **no application included facilities of the Basque Country**, even though there may be around thirty companies potentially interested, particularly regarding substitution, recycling and, in one case, processing. Specifically, according to Ihobe figures, up to 18 companies and 6 BRTA centres will have potentially strategic projects within the Basque territory.

With the coming into force of Regulation (EU) 2024/1252, the market has developed **standards to foster the sustainability and traceability of the raw material supply chain.** The **(B)** **CERA 4in1 (Certification of Raw Materials) Standard,** created in 2019, seeks to certify **the sustainability from the exploration to the final product allowing** companies of every operational size to certify their practices according to the economic, social and environmental responsibility principles, and to reduce reputational risks associated with the supply of critical raw materials. The system is **divided into four standards**: Readiness (exploration), Performance (production), Chain of Custody (marketing) and Final Product (end product), in development between 2023 and 2025.

Another key lever for the transition is **(C)** **ISO 59014 standard - Sustainability and traceability of the recovery of secondary materials;** published in October 2024, it establishes **principles and requirements to ensure that secondary materials are treated in a sustainable and traceable way** throughout the value chain. This standard, which is part of the group of **ISO 59000 standards:** considered in the 'Ecodesign for a Circular Economy' chapter in this report, covers from the **collection**, **processing** and **classification** until the **assessment of the processes to recover** materials, promoting **secure** and **ethical management** of the secondary resources.

In the case of Basque companies, particularly in sectors such as **metallurgy**, the **automotive industry** or **construction**, the implementation of those standards and rules will be key to **improving the management of recycled materials and increasing transparency in their material recovery processes**. This will facilitate their **integration in more sustainable global supply chains**, where traceability and the responsible use of raw materials are valued. Furthermore, by adopting this standard, companies **can lower their dependency on virgin raw materials,** bolstering resilience to possible supply crisis and enhancing their competitiveness.

Lastly, mention should be made of the **(D)** **HAZI Project** led by ATEGI that seeks to analyse, examine in greater depth and shape sustainability in the supply chain.

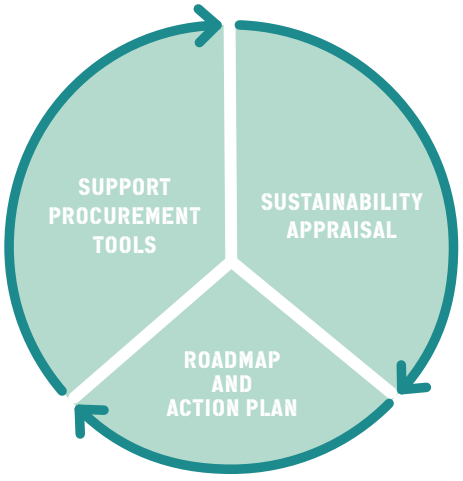
MARKET

(D) HAZI INITIATIVE: MONDRAGON CORPORACIÓN IMPROVING SUSTAINABILITY AND REDUCING THE SUPPLY RISK OF STRATEGIC AND CRITICAL RAW MATERIALS.

Mondragon Corporación's procurement centre, Ategi, manages materials and services to the tune of €2.2 billion a year. Its other activities include joint and centralised management of purchases, aggregating the purchase volumes, coordinating needs, and optimising the service and procurement terms and conditions.

Improving sustainability in the value chain and ensuring supply with contained costs require pro-active and forward-looking management.

23 Mondragon Corporación cooperatives from sectors including the automotive industry, capital goods, components, construction, equipment and systems, and tooling are working on the HAZI internal project. The aim is to improve sustainability in the supply chain and reduce the supply risk of strategic and critical materials, inter alia. They also evaluate different alternatives envisaged in the European CRMA regulation, from establishing strategic reserves ('Stockpiling') or the search for or development of sustainable technology alternatives. After the sustainability maturity assessment of the cooperative and the development of a methodology, a roadmap has been prepared to be rolled out in 2025 with different support tools to improve sustainable procurement and reduce supply risks.



After mentioning the implications involved in the search for a more sustainable and secure supply of raw materials in sectors such as the **automotive industry** or **energy production,** it is also important to note how the **food and construction sectors** have been brought into line with the sustainable supply goal after **(E) Regulation (EU) 2023/1115 on the marketing and exporting of products associated with deforestation came into force in June 2023. This regulation seeks to drive transformations in the value chain to fight deforestation** by means of prohibiting the introduction, the making available on the market or the export from the European Union **cattle, cocoa, coffee, oil palm, soya and wood** products unless they are deforestation free, and are products that comply with the relevant legislation of the production country and are covered by a due diligence statement. This will require **large companies and SMEs alike** that depend on the raw materials reflect in the regulation to **adapt their procurement practices.**

LEGISLATION

(E) DUE DILIGENCE OBLIGATIONS OF OPERATORS OF RUBBER, TIMBER, COCO, COFFEE, SOYA, PALM OIL OR BEEF PRODUCTS.

Based on Regulation (EU) 2023/1115, **due diligence** will focus on three aspects: compiling information, data and documents; deforestation risk assessment and risk mitigation measures, unless the prior evaluation shows that there are no risks or that they are negligible. All operators or marketers of those products must be covered by a due diligence statement for their supply chain. Even though the regulation establishes that all operators of the materials in question must implement their own due diligence system, it is true that there are certain exemptions for **SMEs**; the latter can opt for streamlined procedures when the products come from low-risk countries and delegate responsibilities to authorised representatives under certain conditions. In particular, the **SMEs** will be able **not to implement the due diligence system** for **products contained in other products or finished products** and using other for which a due diligence statement has been filed by another operator.

Even though this came into force on 29 June 2023, the European Parliament and Council approved a series of amendments and a 12-month grace period for companies to implement the legal obligations in October and November 2024. Thus, the implementation of the due diligence system will have to be applied by **large** and **mid-sized companies** from **30 December 2025** and for **SMEs** from **30 June 2026.**

It is being transposed at state level as the **(F) Act against deforestation associated with the marketing of raw materials and products;** it seeks **to adapt to the Spanish legal system** the provisions introduced by the European regulation concerning the import into and the export from the Union of certain raw materials and products associated with deforestation and forestry degradation (mentioned above). As of November 2024, the legislation **is being heard after the public consultation** which was conducted at the end of 2023.

062. EXTENDED PRODUCER RESPONSIBILITY

Extended Producer Responsibility (EPR) is becoming one of the key points to **reduce waste generation**, as it involves producers in **innovation in the design of products and processes**, along with minimising the environmental impact of products at the end of their life. Therefore, it is being consolidated as a key response in much of state and European general and sectoral legislation alike. An example of this is the **Proposal for a Directive amending Directive 2008/98/EC on waste** (detailed below) that establishes the obligation from January 2025, to conduct **separate collection of textile waste** in all countries of the European Union. This will significantly affect **textile companies** as from then onwards **they will have to finance separate collection, recycling and reuse of that waste to avoid the destruction of unsold surpluses** and **to adapt their products to facilitate the recycling.**

Waste from electronic and electrical appliances, packaging and vehicles at the end of their lifespan are some of the waste streams subject to the new legislation that include Extended Producer Responsibility.

062.1. Waste Electrical and Electronic Equipment (WEEE)

The increased use of electrical and electronic appliances in the Basque Country has led to a significant increase in the waste electrical and electronic equipment (WEEE) generated. According to the data from the **'Annual Report on WEEE Management in the Basque Autonomous Community' prepared by the Basque Country**, approximately**17,000 tonnes of WEEE** were collected in 2023; a figure that reflects the **impact of digitalisation and growth in the consumption of those products.** This trend is a **challenge for large companies and SMEs alike,** as current and future regulations require **improved collection, treatment and recycling of that waste** in order **to harness the valuable materials** that they contain**, reduce the negative impact on the environment** and **foster the circular economy.**

Accordingly, mention should be made of (G) **Revised Directive 2024/884 on waste electrical and electronic equipment,** in force since May 2024, which stems from the need to comply with the ruling of the Court of Justice of the European Union on **the unjustified retroactive application of producer responsibility to the waste from photovoltaic panels** introduced between 2005 and 2012. The revision establishes the time at which the manufacturers of such equipment must finance the management of the waste from its products, which means **greater operating costs for both large companies and for SMEs.**

LEGISLATION

(G) CHANGES TO THE EXTENDED PRODUCER RESPONSIBILITY FOR PHOTOVOLTAIC SOLAR PANELS.

This amendment of the WEEE Directive, adopted in 2002 and revised in 2012 introduces **important changes to the application of Extended Producer Responsibility to photovoltaic solar panel waste**. The revision eliminates the retroactive application of Extended Producer Responsibility for photovoltaic panels introduced on the market between 13 August 2005 and 13 August 2012. From now onwards, the manufacturers of photovoltaic solar panels must **assume the costs of managing and treating the waste of those panels that they have placed on the market from 13 August 2012,** while the date to apply Extended Producer Responsibility from 13 August 2005 is maintained for the other EEE covered by the Directive.

Furthermore, the polluter pays principle is shored up for electronic and electrical appliances that were added to the scope of application of Directive 2018 (Annex III). Meaning that equipment manufacturers of the categories of **temperature exchange devices, monitors, lamps, computer equipment, and small and large appliances placed on the market from 15 August 2018** will be in charge of managing their waste. The directive must be **transposed before 9 October 2025.**

In turn, the **(H) WEEE Forum - WEEE Management Standard**, launched in 2002, and consisting of over 40 European integrated management system, **has updated in 2024 the WEEE Management Standard** in order to **provide large companies and small and medium-sized enterprises a framework to streamline the inverse logistics and improve traceability and recycling rates** in accordance with the new goals of the WEEE Directive.

On the other hand, the EN 50625 standard that establishes **requirements for the collection, logistics and treatment of** waste electrical and electronic equipment, is working on a new **update of the (I) EN 50625-1:2014 Standard - Requirements for the collection, logistics and treatment of WEEE Part 1: General treatment requirements (EN50625 update)** which will be published between 2024 and 2025. The update will focus on the clarification of terms, the updating of obsolete references and the alignment with the technology advances in the electronic waste management. The goal is to improve the quality and applicability of the standard, without changing its main structure. It will also clarify the relations with other standards of the EN 50625 series for greater coherence in their application throughout Europe. In the case of companies that recondition and repair appliances, these standards **will provide a competitive advantage on the market** as **they improve the traceability** of electronic waste, **by lowering their operational costs and increasing their circularity rate.**

Furthermore, the update of **(J) PAS 141 Standard - Reuse of Electrical and Electronic Products,** conducted in 2024, **fosters the reuse and reconditioning of those products**, while guaranteeing that those reconditioned products comply with safety and quality standards. This standard is **in line with the current circular economy trends, by driving the extension of the lifespan of the appliances and reducing the volume of waste generated**. In the same way as the WEEE regulations, this standard offers an opportunity to **optimise the business models of large companies** by means of the reuse of products and components and fosters **greater competitiveness in SMEs** by guaranteeing that their reconditioned products comply with market expectations.

062.2. Packaging, waste plastic and containers

In the Basque Country, management of plastic waste and packaging is an important challenge on the path towards a circular economy. According to **Basque Government data, around 538,932 tonnes of packaging were generated in 2022**, 38% of which were paper and cardboard, 18% wood packaging and 15% plastic containers. In Europe and the Spanish State alike, both **packaging manufacturers and distributors and consumers are required to adapt their practices to comply with stricter requirements as regards recycling, reuse and reduction of the use of virgin plastics**

In the Spanish state, **(K) Royal Decree 1055/2022, that regulates packaging and waste packaging in Spain,** in force since 2022, sets **recycling and reuse targets for 2025 and 2030.** The standard **strengthens the recycling and reuse goals throughout the life cycle of packaged products** and requires companies to **guarantee that a greater proportion of the packaging waste is collected and recycled**, which requires **improvements to the recycling infrastructures and collaboration in the value chain.**

LEGISLATION

(K) ONTZIAK BERRERABILTZEKO ETA GUTXITZEKO HELBURU BERRIAK ETA EKOIZLEAREN ERANTZUKIZUN ZABALDUA INDUSTRIA-ONTZIEN KUDEAKETAN.

Approved on 27 December 2022, Royal Decree 1055/2022 establishes a reduction of packaging waste of **13% by 2025 and 15% by 2030** compared to 2010. A target is also established to **cut the use of single-use plastic bottles by 10% by 2030**, compared to 2022. As regards reuse, it establishes that **20% of industrial and commercial packaging must be reusable by 2030, and rising to 30% by 2035,** while a target for the separate collection of industrial and commercial packaging is set at **75% 2027, 85%%, in 2030 and 95% in 2035.**

On the other hand, the decree intends for **all packaging to be recyclable by 2030**; therefore, minimum targets are established for the percentage of recycled materials contained in packaging waste:

TABLE 9. Minimum recycled content targets in phases and date of application. Source: Royal Decree 1055/2022.

	2025	2030
Plastic	50%	55%
Wood	25%	30%
Ferrous metals	70%	80%
Aluminium	50%	65%
Glass	70%	75%
Paper and cardboard	75%	85%

The Royal Decree also **expands the Extended Producer Responsibility** to industrial and commercial **packaging and to products** that are not considered packaging, such as plastic cups and food containers; the **31 December 2024 is set as the deadline to set up the Extended Producer Responsibility Collective Systems (SCRAP)**. In response to this, several SCRAPs have emerged to facilitate compliance of these obligations regarding industrial and commercial packaging and other existing systems for household packaging, which have expanded their scope.

TABLE 10. SCRAP collection for industrial and commercial packaging.

SCRAP	SCOPE OF ACTION:	TYPE OF PACKAGING MANAGED	SCOPE OF APPLICATION
GENCI	Spanish state (with origin in Balearic Islands)	Commercial and industrial packaging of the chemical, petrochemical and other sectors.	Operational in Balearic Islands and with state authorisation since November 2024
Ecoembes Comerciales	Spanish state	Commercial packaging, multiple materials.	In the pipeline to comply with ERP in 2025
Ambienvases	Spanish state	Commercial and industrial packaging of the lighting and electrical material sector	Operational
Procircular	Spanish state	Multi-material household, commercial and industrial packaging	Authorised in July 2024.
IMPLICA	Spanish state	Industrial and commercial packaging of the paint, detergent, chemical cleaning products, construction, metallurgy, plastics, food, etc. sectors	Operational
Recyclia Envases	Spanish state	Commercial, industrial packaging of the battery and WEEE sectors.	Planned for 2025

LEGISLATION

As regards the marking, from January **2025 the packaging must indicate that its reusable, along with the symbol associated with the deposit and return system**, and that there can be accreditation symbols indicating that it can likewise by collected by means of SCRAP. Furthermore, there will be a **ban** on the packaging containing phrases such as **'environmentally friendly'** or any other equivalent that encourages it being disposed of in the environment.

Finally**, compostable plastic packaging** must include a **mandatory marking (based on EN 13432:2001 standard or equivalent)** and in the case of **industrial or household composting**, the **'not to be disposed of in the environment'** instruction must appear.

In Europe, the current **(L) Proposed Packaging and Packaging Waste Regulation,** still pending approval, includes **even stricter requirements regarding reuse, recyclability and recycled content of the packaging**, with a priority focus on ecodesign. This regulation envisages a major transformation in the packaging industry through the European Union, **requiring companies to develop packaging that is easier to recycle and to significantly reduce the use of virgin plastics**.

LEGISLATION

(L) RECYCLED CONTENT IN PACKAGING REQUIREMENTS AND LIMITATIONS ON THE EMPTY SPACE IN E-COMMERCE AND TRANSPORT PACKAGING.

The Proposed Packaging and Packaging Waste Regulation sets out new obligations for the Member States and companies in order **to minimise the environmental impact of the packaging and foster their reuse and recycling**. One of the main measures seeks to reduce the packaging to what is strictly necessary for their functionality, **prohibiting those that only add volume and limiting the empty space in e-commerce and transport packaging to 40%.**

Another key aspect is compliance of the recycled content in packaging targets, particularly as regards plastic containers. **By 2030, 10% of recycled content will be required, which will be progressively increased up to 50% by 2040**. Furthermore, the proposal fosters the reuse in sectors such as hospitality and in the beverage business, where **by 2030, 20% of the beverages should be served in reusable packaging, rising to 80% by 2040.**

From **2030** onwards, some single-use packaging, such as that used for less than 1.5 kg of fresh fruit and vegetables, **will be prohibited except when necessary to avoid loss of quality or microbiological risks**. **Labelling requirements** will likewise be implemented to provide information on the composition of the packaging and to facilitate its recycling, by means of **QR codes or digital labels** that provide detailed information on the collection systems. After the Regulation comes into force, several **delegated acts** will be published to establish a label, harmonised specifications and methodology to identify the composition of the packaging materials.

As regards **Extended Producer Responsibility**, the Regulation will introduce the national registration obligations for producers prior to placing packaging on the market of each Member State. It will also require that the **presence of lead, cadmium mercury and hexavalent chromium be kept to the minimum** and that the concentration level of the four heavy metals does not exceed 100 mg/kg in the packaging.

The proposal was **approved by European Parliament in November 2024. After the Council's approval in December 2024, the regulation** is expected **to come into force in 2025,** and begin to be applied 18 months after its publication. This application will be marked by the publication of the respective delegated acts and mandates with a 5-year period to be rolled out.

It should be noted that its coming into force in Spain could contradict Royal Decree 1055/2022 that regulates packaging and packaging waste, as while the European legislation is seeking harmonisation throughout the EU with mandatory targets for recycling, reducing single-use packaging and mandatory marking for traceability and the recycled content of the packaging, the Spanish Royal Decree is focused on encouraging reuse. Furthermore, it establishes its own labelling requirements, adapted to the state context, which are aimed at informing consumers about the sustainability of the packaging, but with a different approach and flexibility. This difference in approaches implies that, with the implementation of the European Regulation, some provisions of the Royal Decree may need to be adjusted to be in line with the new European standards, affecting both industry and waste management in Spain.

Based on these obligations, companies of **sectors such as food, distribution and retail trade** will have to integrate **recycled materials in their packaging, reducing the use of virgin plastics and improving waste traceability.** Even though this represents a challenge, it will also **offer opportunities for the companies that adopt sustainable models by means of innovation**, which could lead to a competitive advantage on a market increasingly more aware about reducing packaging.

062.3. End-of-life vehicles

Each year, over six million vehicles in Europe, reach the end of their service life, according to the **European Commission**. This generates **large volumes of waste** and raises **important environmental and economic challenges**. However, those vehicles also represent a valuable source of recoverable materials, such as plastics, steel, aluminium and critical raw materials, which are fundamental for the automotive industry and other productive sectors.

In response to this challenge, the **(M) Proposal for a Regulation on circularity requirements end-of-life of the vehicles** introduces measures focused on improving the circularity and sustainability of the sector. The main changes include the obligations to **increase the recycled material content in new vehicles** and ensure that **a higher percentage of plastics, metals and other materials can be recovered at the end of their service life,** by means of establishing **Extended Producer Responsibility**. This regulation has ramifications for nearly 100 **Basque companies of the automotive sector,** along with **Authorised Treatment Facility in the Basque Country,** which will have to adapt to the new vehicle recyclability and design requirements. The proposal has to also establish requirements to guarantee that the new vehicles are designed **in such a way that the recycling and reuse of the parts is facilitated** when the reach the end of their service life. It also proposes introducing a mandatory target for the use of recycled plastics: **new vehicles would have to contain at least 25% of recycled plastic using post-consumption plastic waste, and 25% of that material could come from recycled end-of-life vehicles.** Furthermore, the aim is to establish a minimum steel content in vehicles in seven years. As of the publication date of this report, there has been no progress in the approval of this legislation and there is a risk of the level of ambition shrinking in the handling process.

063. NEW REQUIREMENTS FOR WASTE MANAGEMENT

The economy of the Basque Country generates large amounts of hazardous and non-hazardous waste, mainly associated with the manufacturing, construction and food sectors. According to the data provided by the Basque Government's **'Circular Economy Assessment of the Industry of the Basque Country'**, **over 70% of the total waste generated in the BAC is industrial, which means 3.4 million tonnes a year**. Against this backdrop, the **Basque Waste Prevention and Management Plan 2030** establishes ambitious targets to minimise waste generation, such as **reducing landfill of waste to 30 % and increasing recycling rate up to 70% by 2030.**

In Europe, in July 2023, the Commission submitted the **(N) Proposal for Directive 2008/98/EC regarding waste,** pending approval by the Parliament and Council of the European Union as of November; the goal is to propose additional and broader measures to reuse and recycle **textile and food waste.**

In the food sector, the proposal is for the Member States to implement specific programmes to reduce waste throughout the supply chain before 2030, with a **10% reduction in the processing and manufacturing of food** with respect to the 2020 levels. By 2027, the Commission will assess **possible expansions of those targets for 2025, along with developing a common waste measurement methodology**. These measures will require investments in technology and improvements to the processes, particularly for SMEs, that must adapt their waste management and explore new business models such as the sale of surpluses.

As regards textile waste, the **proposal introduces Extended Producer Responsibility from January 2025** in line with the EU Textile Strategy. **Textile companies**, including **SMEs**, will have to **adapt their business models**, including recovery and recycling mechanisms to comply with the EPR, which will involve an **investment in material collection and treatment processes**. In Spain, the application of this regulation is linked to the **Waste and Contaminated Soil for a Circular Economy Act 7/2022 (discussed in detail below)**, which lays the legal foundations to manage waste statewide. The regulation that would detail the management of the EPR in the textile sector has been delayed until the approval of the Revision of the Framework Directive. However, EPR projects have already been

submitted in 2024 for the textile sector, such as 'Re-Viste' that will roll out a national pilot project from April 2025.

Additionally, the **(O) Regulation 2024/1157 on shipments of waste** is in response to the significant increase in waste exports from the EU to countries not belonging to the OECD. This legislation, in force from 20 May 2024 and applicable from 21 May 2026, **tightens the conditions to export waste,** particularly to countries outside the OECD, and establishes a **mandatory e-notification system** to control cross-border shipments. In the case of waste exporters, the **legislation establishes the need to audit their supply chains** and to guarantee the traceability of the waste recipient countries. Even though the export of waste from the BAC to other states is relatively low, the regulation could have an impact on industry, by driving the **availability of secondary raw materials within European borders**. This could be a competitive advantage for companies, particularly those that import large amounts of secondary metals.

LEGISLATION

(O) BAN ON EXPORTING HAZARDOUS PLASTIC WASTE.

From 21 May 2027, (A) Regulation (EU) regarding waste shipments establishes that **such exports** will only be allowed **if the recipient countries inform the European Commission of their willingness to import them** and show that they have the **appropriate capacity to manage them properly. The exporting of hazardous plastic waste is likewise banned from November 2026** unless they can show that they have the capacity to manage them properly.

As regards the shipment of waste within the EU, **improvements are introduced to the presentation and sharing of information and document**s, where a central electronic system authorised by the Commission will be able to be used from 21 May 2026.

At Spanish state level, **(P) Act 7/2022,on waste and contaminated soils for a circular economy bolsters the separate collection and recycling targets**, requiring companies to **reduce the waste to be sent to landfill and incineration**. For **companies** of the **chemical sector and of construction,** this legislation will require them to **establish new collection systems and pay landfill and incineration taxes**, thus increasing their operational costs.

Arising from this act, as of November 2024, work is underway on the **Draft Ministerial Order on waste that cannot be sent to landfill which complements Royal Decree 646/2022 of 7 July,** which **will prohibit waste that can be recycled and reused ending up in landfill,** and on the **Draft Order to define which substances can be considered by-products**, such as plant substrate, paper rejects, artificial plaster and diluted sulphuric acid.

LEGISLATION

(P) COLLECTION TARGETS AND NEW TAX OBLIGATIONS FOR PACKAGING.

Act 7/2022 also focuses on reducing plastics, setting a **collection target of 85% of single-use plastic bottles by 2027,** and where a deposit and return system **can be implemented** if the target is not met. A state tax has been introduced on **non-reusable plastic packaging,** with a **rate of 0.45 €/kg for non-recycled plastic in force from 2024 onwards**. Furthermore, packaging manufactures will have to comply with UNE-EN 15343:2008 certification for recycled plastic, and will have to be entered in the Provincial Register of the Special Tax on Non-Reusable Plastic Containers, by filing the 592 self-assessment form within the first 20 days of the reporting period.

In keeping with the progressive elimination of landfill waste, the European Commission has launched in 2024 for the construction sector the update of the (Q) **Construction and Demolition Waste (CDW) Protocol** which seeks to raise trust and confidence in the processes to manage this waste and increase the use of recycled products and materials. This guide helps the sector's companies to **cut costs by means of the recycle and reuse of materials,** by reducing **their dependency on raw materials** and the costs associated with waste management. The protocol, in line with European regulations, includes key **recommendations** for all the CDW management phrases, such as **pre-demolition or refurbishment audits**, **selective demolition, waste logistics, and waste treatment and processing.** It also calls for quality management in all stages, ensuring that the recycled or reused materials are of high quality.

At regional level, the (R) **Basque Environmental Administration Act 10/2021** also champions the **use of materials in public works** with a minimum percentage of 40% of secondary materials incorporated.

LEGISLATION

(R)

THE BASQUE GOVERNMENT REQUIRES PROOF OF 40% OF SECONDARY MATERIALS INCORPORATED IN PUBLIC WORKS.

Article 84.3 of the Basque Environmental Administration Act 10/2021 requires **a minimum percentage of 40 % of use of secondary materials in public works,** expected when this percentage must be lowered on justified technical grounds.

The Basque Government's environmental authority daily reviews the public works tendering processes of the Basque Country. Should the **aforementioned requirements not be meet**, **it requests that information be sent on the measures adopted by that administration** in order for compliance, in the framework of their contractual procedures, of the percentages of by-products, secondary raw materials, recycled materials or those from preparing for reuse processes. During the first half of 2024, **over fifty requests were sent to the tendering authorities.**

064. PLASTICS

The **efficient management of plastic waste** is one of the main current challenges**, due to the volume generate and to their environmental impact**. The growing concern about the associated risks has led to the implementation of **stricter regulations in Europe and at state level.** Such regulations seek to ensure that both the production and management of plastic waste is carried out in a **sustainable manner, minimising its impact on the environment and protecting public health.**

Accordingly, (S) **Regulation (EU) 2023/2055 as regards synthetic polymer microparticles,** establishes the **ban on marketing products that contain intentionally-present synthetic polymer microparticles, such as those in cosmetics, cleaning products and other everyday articles.** This regulation, which will be **progressively rolled out from 2024,** directly impacts **chemical and cosmetic industries**, which will have to reformulate their products with alternatives that comply with the requirements of the regulation. This will lead companies to develop **new research lines and products,** facing the **challenge of finding viable solutions without compromising the quality or significantly increasing the costs.** Furthermore, they will have to meet **new transparency and labelling requirements,** in order to ensure that consumers can identify products free of synthetic microparticles. The regulation establishes that companies will have to roll out progressive replacement strategies, as per the timeline established by the legislation, with an **initial focus on microparticles being eliminating rinsing products from 2024 onwards** and the **total elimination of products with added microparticles by 2027**. The companies will have to also regularly report on their progress in the implementation of these measures, with the emphasis thus on businesses taking greater responsibility in the managing of such waste.

Therefore, the European Commission issued in August 2022 (T) **Mandate M/584** requesting that the **European Committee for Standardisation (CEN)** and the **European Committee for Electrotechnical Standardisation (CENELEC)** create new European standards and to revise

the existing standards, focused on recycling plastics and recycled plastics. Even though this Mandate is not binding, it is aligned with the European Strategy for Plastics in a Circular Economy and the **future delegated acts of the Packaging Regulation**, whose object is to establish the design criteria that packaging must meet to facilitate its recycling. In particular, the **second standard requested** within the mandate refers to the **definitions and design principle aimed at the recycling of plastic packaging.**

TOOL

(U) NEW STANDARDS FOR PLASTIC RECYCLING FOR 2025.

Mandate M/584 requested the development of the following **10 standards that must be completed by August 2025:**

1.- European standard on the process and criteria to evaluate the recyclability of plastic packaging

2.- European standard on the definitions and principles for design-for recycling of plastic packaging

3.- European standardisation deliverables on design-for-recycling guidelines for plastic packaging products.

4.- European standardisation deliverables on design-for-recycling guidelines for plastic construction products.

5.- European standardisation deliverables on design-for-recycling guidelines for electronic and electrical equipment.

6.- European standardisation deliverables on the post-shredding recycling of vehicles.

7.- European standardisation deliverables on information and guidance to professional users on design-for-recycling and use of agricultural plastic products.

8.- European standardisation deliverables on quality grades for sorted plastics wastes.

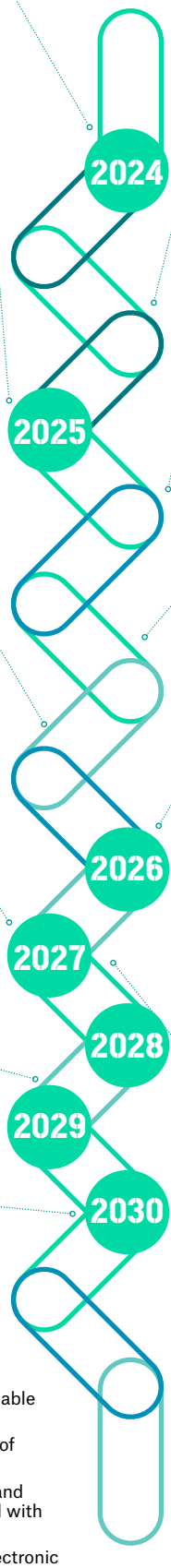
9.- European standard on characterisation of Acrylonitrite butadiene styrene (ABS) recyclates

10.- European standardisation deliverable(s) on quality assessment of plastic recyclates for use in products: rHDPE, rLDPE, rPP, rPET, rPVC, rPS, rEPS , rABS.

The revision of 11 existing standards has also been requested. **EN 15343:2007** - Characterisation of plastics waste, **EN 15343:2007** - Characterisation of polystyrene (PS) recyclates, **EN 15344:2021** - Characterisation of polyethylene (PE) recyclates, **EN 15345:2007** - Characterisation of polypropylene (PP) recyclates, **EN 15346:2014** - Characterisation of poly(vinyl chloride) (PVC) recyclates, **EN 15348:2014** Characterisation of poly(ethylene terephthalate) (PET) recyclates, **EN 13206:2017** - Thermoplastic covering films for use in agriculture and horticulture, **EN 13207:2018** - Thermoplastic silage films and tubes for use in agriculture, **EN 17098-1:2018** - Barrier films for agricultural and horticultural soil disinfection by fumigation – Part 1: Specifications for barrier films. **EN 14932:2018** - Thermoplastic stretch films for wrapping silage bales, **EN 13655:2018** - Thermoplastic mulch films recoverable after use, for use in agriculture and horticulture.

In line with the growing market and regulatory demands, **levers for the transition and tools** have emerged that offer innovation and collaboration opportunities between companies such as the **(U) HolyGrail 2.0 Platform for Packaging Recycling** that **fosters the traceability and recyclability of plastics** by means of **introducing advanced technologies to identify and sort** packaging such as the use of digital watermarks. Furthermore, programmes such as the **(V) APR Recycled Content Certification** provide practical solutions to **comply with the regulatory goals, helping them to integrate recycled materials and better ecodesign practices in their products and to guarantee the veracity of the recycled content in plastic products**. Finally, **(W) The Plastics Transition Roadmap** uses advanced technological solutions and sustainable business model with the aim of **reducing the use of virgin plastics**, **improving the recyclability of the materials and fostering the use of recycled plastics.** The plan uses measures to **unlock investments and streamlines processes**, which **will speed up recycling and the development of circular technologies** It also establishes **minimum recycled content requirements** in **plastic products.**

065. TIMELINE



Q1 2024

Application of the state tax on non-reusable plastic packaging. | **Q** | **Statewide** |

Q1 2025

Publication of the update of EN 50625 standard. | **I** | **European** |

Target of reducing packaging by 13% on 2010 levels. | **K** | **Statewide** |

Obligation for 'reusable' to be indicated on packaging, along with the SDDR symbol. | **K** | **Statewide** |

Mandatory marking for compostable packaging and indicating 'do not dispose of in the environment' for industrial or household composting. | **K** | **Statewide** |

Ban on phrases such as 'environmentally friendly' or equivalent appearing on the packaging. | **K** | **Statewide** |

Opening of the period for the second call to identify strategic projects. | **A** | **European** |

Q4 2025

Deadline for the transposition of the WEEE Directive. | **G** | **European** |

Requirements for introducing, marketing and exporting products from deforestation for large companies including a a due diligence declaration. From 30 June 2026 for SMEs . | **E** | **European** |

Q1 2027

Target of collecting 85 % of single-use bottles. | **P** | **Statewide** |

Target of reducing industrial and commercial packaging by 75%. | **P** | **Statewide** |

Q4 2028

Restriction on the marketing of synthetic polymer microparticles for horticultural and agricultural products. | **S** | **European** |

Q1 2030

Target of reducing packaging by 15% on 2010 levels. | **K** | **Statewide** |

Target of reducing packaging by 20% on 2022 levels. | **K** | **Statewide** |

Q4 2024

Publication ISO 59014 Standard. | **C** | **European** |

Deadline for rolling out the RAP systems for industrial and commercial packaging. | **K** | **Statewide** |

Q2 2025

Obligation for large companies that use strategic raw materials to conduct audits of its supply chain and an analysis of the risks that can affect the supply. | **A** | **European** |

Q3 2025

Deadline for publishing the 10 standards required by the M/584 Mandate. | **T** | **European** |

Q4 2026

More rigorous conditions for exports of hazardous and plastic waste to countries outside the EU and for waste in general from May 2027. | **O** | **European** |

Launch of the EC report which will specify the obligations regarding the calculation and declaration of the environmental footprint of the fundamental raw materials. | **A** | **European** |

Q2 2027

Possible update of the List of Strategic and Critical Raw Materials. | **A** | **European** |

Obligation of publishing the content of recycled material in products that contain permanent magnets and the type and composition by means of visible label from 2028. | **A** | **European** |

| **A** | Regulation (EU) 2024/1252 to ensure a secure and sustainable supply of critical raw materials.
| **C** | ISO 59014 –Sustainability and traceability of the recovery of secondary materials.
| **E** | Regulation 2023/1115 on the making available on market and the export of certain commodities and products associated with deforestation and forest degradation.
| **G** | Revision of Directive 2018/884 on waste Electrical and Electronic Equipment Directive (WEEE).

| **I** | EN 50625-1:2014 Collection, logistics & treatment requirements for WEEE - Part 1: General treatment requirements (Update EN 50625).
| **K** | Royal Decree 1055/2022 of packaging and waste packaging.
| **O** | Regulation 2024/1157 on shipments of waste.
| **P** | Waste and Contaminated Soils for a Circular Economy Act 7/2022.
| **S** | Regulation (EU) 2023/2055 amending, as regards synthetic polymer microparticles.
| **T** | M/584 Mandate.

066. IMPLICATIONS TABLE

TABLE 11. Implications Table of 'Secondary Raw Materials and Waste Management' for the nine value chains of the Basque Ecodesign Center. Source: Prepared by the authors.

KEY POINTS	LARGE COMPANIES	SMEs	BASQUE ECODESIGN CENTER VALUE CHAINS								
(A) Regulation (EU) 2024/1252 to ensure a secure and sustainable supply of critical raw materials.	High	High	High	High	High	Low	High	High	High	High	Low
(B) CERA 4in1 standard.	High	High	High	High	High	Low	High	High	High	High	Low
(C) ISO 59014 –Sustainability and traceability of the recovery of secondary materials.	High	High	High	High	High	Low	High	High	High	High	Low
(E) Regulation (EU) 2023/1115 on the marketing and export of products linked to deforestation.	High	High	Low	High	Low	Low	Low	Low	Low	Low	Low
(F) Act to fight the deforestation associated with marketing raw materials and products.	High	High	Low	High	Low	Low	Low	Low	Low	Low	Low
(G) Revision of Directive 2018/884 on waste Electrical and Electronic Equipment Directive.	High	High	Low	Low	High	Low	Low	Low	Low	High	Low
(H) WEEE Forum – WEEE Management Standard.	High	High	High	High	High	Low	High	High	High	High	Low
(I) EN 50625-1:2014 Collection, logistics & treatment requirements for WEEE Part 1: General Treatment Requirements.	High	High	High	High	High	Low	High	High	High	High	Low
(J) PAS 141 standard –Electrical and Electronic Producer Reuse.	High	High	High	High	High	Low	High	High	High	High	Low
(K) Royal Decree 1055/2022, regulating packaging and waste packaging.	High	High	High	High	Low	High	Low	Low	Low	Low	Low
(L) Proposed Packaging and Waste Packaging Regulation.	High	High	High	High	Low	High	Low	Low	Low	Low	Low
(M) Proposed Regulation on circularity and end-of-life requirements for vehicles.	High	High	High	Low	Low	Low	Low	Low	Low	Low	Low
(N) Proposed Directive amending Waste Directive 2008/98/EC.	High	High	Low	Low	High	High	High	High	High	High	High
(O) Regulation 2024/1157 on shipments of waste.	High	High	High	High	High	High	High	High	High	High	Low
(P) Waste andContaminated Soils for a Circular Economy Act 7/2022, of 8 April.	High	High	High	High	High	High	High	High	High	High	Low
(Q) Construction and Demolition Waste Protocol (CDW).	High	Low	High	Low	Low	Low	Low	Low	Low	Low	Low
(R) Basque Environmental Administration Act 10/2021.	High	High		Low	Low	Low	Low	Low	Low	Low	Low
(S) Regulation (EU) 2023/2055 amending, as regards synthetic polymer microparticles.	High	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
(T) M/584 Mandate.	High	High	High	High	Low	High	Low	Low	Low	Low	Low
(U) HolyGrail 2.0 Platform for Packaging Recycling.	High	High	High	High	Low	High	Low	Low	Low	Low	Low
(V) APR Recycled Content Certification.	High	High	High	High	Low	High	Low	Low	Low	Low	Low
(W) 'The Plastics Transition' Roadmap.	High	High	High	High	Low	High	Low	Low	Low	Low	Low

SECTORS

- Automotive
- Distribution
- Transport equipment
- Construction
- Metal
- Production of power generation & transmission equipment
- Power generation and distribution
- Lifting equipment
- Financial

IMPLICATON LEVEL

- High
- Medium
- Low

07. DECARBONISATION FROM A LIFE CYCLE APPROACH

071. THE CARBON FOOTPRINT AS A METRIC FOR THE ENVIRONMENTAL ASSESSMENT OF ORGANISATIONS, PRODUCTS AND SERVICES

The European Climate Act establishes the binding target **of achieving climate neutrality by 2050 and reducing GHG emissions by 55% by 2030** compared to 1990. In this vein, at state level, **the Spanish Energy Transition and Climate Change Act 7/2021, of 20 May,** establishes that **Spain must reduce its greenhouse gas emissions by 23% by 2030** compared to 1990 levels. It also sets targets for a **fully renewable electricity system by 2050**, and **intermediate ones by 2030**, with **74% of electricity generation from renewable sources**. In the Basque Country, the climate action framework has been established by means of the **(A) Basque Energy Transition and Climate Change Act 1/2024, of 8 February**. Both Acts consider that the **Carbon Footprint Registries** can contribute to **incentivise the decarbonisation of industries**; they therefore envisage that a system will be established to register CO_2 emissions and oversee the progress of companies in their decarbonisation plans.

In the case of the Spanish State, the Act already envisaged that by means of **(B) amending Royal Decree 163/2014, of 14 March, creating the Registry of Carbon Footprint, Offsetting and CO_2 Removal,** a specific group of companies were going to **become required to calculate and publish their carbon footprint** in the **Registry of Carbon Footprint, Offsetting and CO_2 Removal**, from 2025 onwards. This Draft Royal Decree likewise envisages that the Scope 3 calculation will be progressively added to the carbon footprint registry in the case of large companies, which remaining voluntary for SMEs. In the Basque case, the recently published Act specifies that **the Basque Government will create a system to register CO_2 emissions and oversee the progress of companies in their decarbonisation plans**. Moreover, some companies will be required **to register the calculation and reduction of their carbon footprint**, while other organisations may do so on a voluntary basis. **Energy projects on mitigating GHG emissions, industrial energy transformation projects, energy infrastructure projects** to drive the energy transition process, CO_2 absorption projects, climate change adaptation actions and offsetting of the carbon footprint may also be registered.

Another of the elements included in the Basque Act to incentivise the decarbonisation of industries is the **inclusion of green procurement requirements** for Basque administrations, which will be required to **prioritise the procurement of products and services with low carbon emissions, renewable energy or recycled materials**.

LEGISLATION

(A) THE NEW FRAMEWORK FOR THE ENERGY TRANSITION AND CLIMATE CHANGE IN THE BASQUE COUNTRY.

The Act establishes the legal framework to achieve climate neutrality in the Basque Country no later than 2040 and sets the target for **2030 that GHG emissions must be reduced by 45% on the year 2005**.

The Act seeks to **transform and modernise industrial practices** towards a more sustainable business model. Special mention should be made of its Articles 55 and 57, which, on the one hand, establish the **creation of the Basque Registry of Energy Transition and Climate Change Initiatives**, where Basque companies will be able to register free of charge to put on public record **the undertakings** regarding the adoption of climate action actions related to their activity; and, on the other hand, the duty for all public sector entities to **include** the requirements to have the carbon footprint of the products, services and supplies put out to tender **in their public procurement specifications**. The latter will **be mandatory on the timeline established in the standard** that approves the functioning of the Basque Registry of Energy Transition and Climate Change Initiatives, whose time period is not specified in the Act.

Furthermore, the Act creates the Energy Transition and Climate Change Office, establishes renewable energy and energy efficiency obligations for all consumer sectors and energy producers, fosters renewable energy in the territory, and introduces taxation as a tool to encumber the activities that increase vulnerability and GHG emissions, as well as to incentivise actions that foster decarbonisation and climate change adaptation. Furthermore, it introduces the climate and energy perspective both in budgets and in regulations and planning. As regards planning, the Act establishes the new Energy Transition and Climate Change Strategy 2030 will be adopted in 2025; it will replace the current 3E2030, and the Energy Transition and Climate Change Roadmap for 2050.

Even though **the Basque Energy Transition and Climate Change Act 1/2024 does not explicitly establish the obligation to include Scope 4 emissions** when calculating carbon footprints, the interoperability obligation between the state and regional registries means that, at least, their **calculation must be progressively incorporated**, which could lead to **indirect pressure on SMEs to implement systems to calculate and report their own emissions**, even if they are not required by law, with the ensuing cost to be borne of implementing the calculation tools. Furthermore, there is concern about the possible **cascade effect** where **large companies pressurise the companies in their value chain to reduce their GHG emissions,** with the ensuing impact that may have on the latter's competitiveness.

Aware of this problem, the Basque Ecodesign Center has developed the **(C) Climate & Circularity Calculator,** a web tool that **allows companies to calculate their carbon and environmental footprint, both of the organisation (Scope 1, 2 and 3), and of the product**, along with preparing a decarbonisation plan, in the framework of the Basque Registry of Energy Transition and Climate Change Initiatives.

TOOL

(B) THE BASQUE GOVERNMENT MAKES THE CLIMATE & CIRCULARITY CALCULATOR TOOL AVAILABLE TO ORGANISATION TO DRIVE THE CALCULATION OF THE CARBON AND ENVIRONMENTAL FOOTPRINT.

Environmental assessment **with an organisation focus** is a means to provide an overall picture, identify possible improvements and monitor the progress towards environmental goals. By applying the assessment to a product or service approach, design decisions can be made aimed at reducing the environmental impact of the product or service from its conception: in other words, **ecodesign**.

Ihobe is making the **CLIMATE & CIRCULARITY CALCULATOR tool available to organisations in order to facilitate that environmental assessment, and to address both motivating factors.** It is a free **computer tool** for a simplified assessment of the environmental performance of organisations, products and services from a life-cycle approach. Thus, the tool allows the environmental and carbon footprint of the organisation, products and services to be calculated from a life-cycle approach. Furthermore, it calculates circular economy indicators from an organisation approach, all of which is in accordance with the recognised standards.

From the organisation approach, the tool can be used to calculate the corporate environmental footprint, as per the **methodology published by Ihobe**, the carbon footprint with Scope 3 as per UNE-EN ISO 14064-1 2018, and a selection of circular economy indicators following the 'Circular Transition Indicators 3.0' methodology, and compatible with the future **ISO 59020 standard**.

CLIMATE & CIRCULARITY CALCULATOR by ihobe

From a **product approach**, the tool is used to perform the streamlined life-cycle assessment of products and services (in line with ISO 14040 and ISO 14044), along with calculating the carbon footprint as per ISO 14067:2018.

072. PUTTING A PRICE TO CARBON TO FACILITATE DECARBONISATION

The European Green Deal set the political commitment to achieve **climate neutrality** in **Europe by 2050**. Subsequently, **the European Climate Act** included it as a legal obligation and established the **intermediate target to reduce net greenhouse gas emissions by at least 55% by 2030**, compared to 1990 levels. In order to achieve those ambitious goals, in 2021 the Commission unveiled a set of legislation proposals known as **the Fit for 55 Package .** The package's measures include the so-called **Carbon Border Adjustment Mechanism (CBAM),** which is the instrument with which the EU seeks **to reduce the risk of the so-called 'carbon leakage',** which occurs due to the differences between European climate policies and those of third countries.

(D) Regulation (EU) 2023/956 on the Carbon Border Adjustment Mechanism (CBAM), adopted in 2023, establishes a **system to set the carbon price equivalent for imports and domestic products**. Its goal is to protect the competitiveness of European industry **by putting on an equal footing on the market of the Union** the European industrial companies subject to legislation about CO_2 prices (the EU CO_2 emission allowances system) and **the European companies that export their products to the European market**. Furthermore, it seeks to increase the climate ambition of third parties to bring it closer to that of the European Union. The regulation is currently applied to goods in the **cement, electricity, fertilizer, iron, steel, aluminium and hydrogen sectors** that are originally from third-party countries and which are imported into the European Union, even though it envisages the **possibility of expanding it to other sectors with a high risk of carbon leakage in the future, such as plastic, paper and chemical products**. The application of the regulation has a progressive approach which consists of **two periods, one transitional and the other final**. The obligation to **deliver CBAM credits will increase gradually between 2026 and 2034,** as the **free allocation of CO_2** emission allowances is reduced within the emission allowances scheme. Therefore, during that period, the CBAM will only directly affect a similar proportion of emissions to that not covered by the free emission allowances.

LEGISLATION

(C) HOW SHOULD THE OBLIGATIONS ARISING FROM THE CBAM BE ADDRESSED?.

The Regulation seeks to **address the risk of carbon leakage by guaranteeing a carbon price setting system that is equivalent** for imports and domestic products, **by means of the CBAM certificates.** The obligations that the Regulation establishes differ for each of the two application periods:

The transitional period, between 1 October 2023 and 31 December 2025 establishes to obligation for importers of goods subject to CBAM to request from 31 January 2024 the **status of Authorised CBAM Declarant** through the CBAM registry and to file a **quarterly report on the imported goods** in the quarter based on Implementing Regulation 2023/1773, which lays down the rules for the application of Regulation (EU) 2023/956 as regards reporting obligations for the purposes of the CBAM during the transitional period. The report contains the estimates of the emissions (direct and indirect associated with the electricity used in the production phase) implicit in the imported goods, along with the price of the effective CO_2, but it does not require CBAM credits.

Regarding the second **final implementation phase**, which begins from 1 January 2025, the authorised CBAM declarants must **file annually** – before 31 May of each year and for **the first time in 2027** on the 2026 financial year – **the CBAM declaration** containing the **total amount of goods** subject to the imported regulation, their **calculated implicit emissions** pursuant to the regulation and verified, and the **number of CBAM certificates** must be submitted and tally with the total implicit emissions of the imported goods. Furthermore, they must file the number of CBAM certificates for the implicit emissions of the declared goods, through the CBAM Registry and along with the Declaration.

On the other hand, when the final phase begins, the free allocations under the EU emissions trading system (EU ETS) of the European Union facilities of producers of CBAM goods will also progressively be reduced. The facilities included in the EU ETS that are dedicated to producing any of those products will see their allocation be progressively reduced from 2026 until it is eliminated in 2034. For those sectors, the free allocation will be reduced to 97.5 % in 2026, 95 % in 2027, 90 % in 2028, 77.5 % in 2029, 51.5 % in 2030, 39 % in 2031, 26.5 % in 2032 and 14 % in 2033. Finally, the EU ETS facilities of the sectors coming under the CBAM will not receive any free allocation from 2034 onwards.

The CBAM Regulation affects 47% of primary aluminium import and the Basque Country, and barely 35% of iron and steel. Based on the 2021 statistical data, imports of aluminium from abroad to the Basque Country stands at 0.30 million tonnes. However, scrap accounts for nearly half. As regards the imported processed aluminium, 47% is from outside the European Union and is therefore subject to the conditions established in the new CBAM Directive. In the case of iron and steel, 70% of the imported material is scrap. Only a small part of the 7% processed iron and steel comes from imports affected by the Border Adjustment Mechanism (CBAM).

In the case of the iron and steel, over 3.8 tonnes a year are imported, out of which only 30% is scrap. The processed material imported from outside the EU27 comes to nearly a million tonnes, which means that 35% of the imported iron and steel is subject to the CBAM Regulation.

TABLE 12. Figures for aluminium imported into the Basque Country in 2021. Source: IHOBE, based on the 2021 statistics available.

ORIGIN	TOTAL (TPA)	TOTAL (%)	WASTE (TPA)	PROCESSED (TPA)
Europe	229,694	70%	131,105	98,589
Asia	50,234	15%	1,910	48,324
Africa	32,538	10%	6,124	26,414
The Americas	9,130	3%	6,069	3,060
Europe/Asia (not EU)	8,247	2%		8,247
Others	90	0%		90
Overall total	**329,933**	**100%**	**145,209**	**184,724**

TABLE 13. Details of iron and steel imported into the Basque Country in 2021. Source: IHOBE, based on the 2021 statistics available.

ORIGIN	TOTAL (TPA)	TOTAL (%)	WASTE (TPA)	PROCESSED (TPA)
Europe	2,781,997	73%	1,065,688	1,716,308
Asia	620,694	16%	3,984	616,710
Africa	233,942	6%	54,151	179,791
The Americas	83,991	2%	179	83,813
Europe/Asia (not EU)	65,519	2%	3,177	62,342
Others	25,441	1%	21,547	3,894
Overall total	**3,811,583**	**100%**	**148,725**	**2,662,858**

Source: IHOBE, based on the 2021 statistics available.

European importers will be required to deliver to the authorities as many CBAM certificates as verified implicit emissions as they have reported in their annual CBAM report, which implies a surcharge associated with the importing of each tonne of project subject to CBAM in a third country. Furthermore, if payment has been made at origin for the implicit greenhouse gas emissions associated with a CBAM product, that amount will be discounted in the delivery of CBAM certificates, which fosters the development of *cap & trade* systems such as the EU ETS or of other types of carbon taxes or levies in third countries.

In general, the CBAM will contribute to **protecting the competitiveness of Basque industrial companies** of the sectors subject to the regulation, as third-country companies will lose the competitive advantage that has been artificially created by environmental legislation. Furthermore, companies with **low emission production processes will be benefited if the regulation drives new global standards** in line with CBAM. On the other hand, the revenue received from the CO_2 payment will be used to **finance the decarbonisation of the European industry**, helping to **shore up the competitive position of Basque companies** on global markets However, in 2026, the

Commission will assess the possibility of incorporating measures to protect the exporter position of its industry on international markets, as the legislation could generate potential negative impacts on the competitiveness of companies in sectors not covered by the standard. The impact on the prices of **critical raw materials** for industry could **increase the costs in sectors not covered by the CBAM**. For example, industries with metal-intensive components, construction, the automotive industry, along with the machine-tooling sector and metallurgy, would be negatively affected and lose market share in third countries. The impact of the legislation on other sectors is due to the demand by those sectors for raw materials affected by the regulation in their activity.

Moreover, related to the EU Emissions Trading System (EU ETS), the *Fit for 55* package of measures includes a series of reforms in order to expand its scope and bring it in line with meeting the EU targets for 2030 and 2050. They include ***Directive (EU) 2023/959 of the European Parliament and of the Council***, *of 10 May 2023, amending* ***Directive 2003/87/EC*** *establishing* ***a system for greenhouse gas emission allowance trading within the Union*** and ***Decision (EU) 2015/1814,*** *concerning the establishment and operation of* ***a market stability reserve for the Union greenhouse gas emission trading system***, which have introduced the following elements: the revision of the rules for the free allocation of emission allowances and the Market Stability Reserve (MSR); the expansion of the EU ETS to maritime transport; increasing the Innovation and Modernisation Fund; along with the **setting up of a new independent emissions trading system for the fuel used in buildings, road transport and other additional sectors (EU ETS2**). The latter will establish an independent **emissions trading system for road transport and buildings from 2025 onwards.** When GHG are emitted by small entities, such as households and car drivers, the regulated entities will be the fuel distributors, which, from 2027 onwards, will have to **deliver emission allowances according to the volume and carbon intensity of the fuels released for consumption**. Furthermore, all the emission allowances will be auctioned and none will be provided free of charge. A safeguard has been established by virtue of which, if the **price of oil and gas is exceptionally high** at the time prior to the roll out of the new system**, it will be postponed until 2028.** Furthermore, the Social Climate Fund (SCF) has been set up for the green transition to be just and leave nobody behind; using the revenue generated by this system, the SCF will address the **indirect social ramifications from increasing the prices of road transport and heating fuels**. It will run between 2026 and 2032, meaning that it will be operational at least a year prior to the new ETS coming into service, so that households and companies can get ready and reduce its impact as far as possible.

On the other hand, in order to achieve climate neutrality, the EU must not only reduce its emissions, but must also **transform its industrial value chains**, **by increasing the global demand for clean technologies, and reducing dependency of European industries on foreign technologies**. In order to consolidate a strong and sustainable industrial base to address the economic and climate challenges facing Europe on its path towards carbon neutrality, the Commission has recently published the **(E) Net-Zero Industry Act** (**Regulation (EU) 2024/1735 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem**), whose aim is to **scale up the manufacturing of clean technologies in the EU**, along with **boosting the industrial roll-out of net-zero technologies** needed to meet EU climate goals. The Act is expected to attract investments, and drive the competitiveness of industry, support the European Union's endeavours to be energy independent and improve the conditions to access the EU clean technology market.

By creating **favourable conditions for investment in clean technologies** to support the decarbonisation of industry, **a significant change is expected to occur in the way that European industries operate**, particularly in sectors such as the **automotive industry, renewable energy and construction**, sectors that are particularly important in the Basque Country. The Net Zero Industry Act (NZIA) is already in force, and its ramifications will therefore begin to be felt in the short term, and **investment and financial opportunities** will open up for **large companies and small and medium-sized enterprises** alike. Accordingly, the innovation fund of the EU ETS is one of the largest programmes worldwide to fund the deployment of net zero and innovative technologies, and it is one of the key tools of the Industrial Plan of the European Green Deal. In the latest call in October 2024, the European Commission selected 85 innovative net-zero projects that will receive €4800 million in subsidies from the Innovation Fund. They are projects on different scales (large, medium and small), along with pilot schemes, which will cover a wide range of sectors and which are focused on the manufacture of clean technologies. It is the largest call since the start of the Innovation Fund in 2020, increasing the total amount of the aid to €12 billion and increasing the number of projects by 70%.

073. SUBSTANCES HARMFUL TO THE CLIMATE

The **transport sector is responsible for nearly a quarter of Europe's greenhouse gases** and is the main cause of air pollution in cities. Furthermore, this sector has been difficult to decarbonised and has not shown the same drops in GHG emissions since 1990 as other sectors. **Around 70% of emissions from the transport sector come from road transport**. In order to reduce CO_2 emissions and achieve the climate neutrality established by the European Climate Act, **greenhouse gas emissions from transport need to be cut by 90% by 2050,** on 1990 levels. Therefore, the European Union has developed and revised in the *Fit for 55* package of measures a set of legislative proposals and amendments to current legislation to address the emissions of certain emission-intensive sectors, such as **road transport, maritime transport and aviation.** The maritime transport and aviation measures include the **(F) ReFuelEU Aviation Regulation (EU)** and the **(G) FuelEU Maritime Regulation (EU)** that seek to **boost the use of sustainable fuels in aircraft and vessels** to reduce their environmental footprint, and **(H) Regulation (EU) 2023/1804 on the deployment of alternative fuels infrastructure**, which seeks to **give impetus to rolling out the necessary refuelling infrastructure to support the climate and environmental transition of the transport sector**, establishing specific goals for the installation of such infrastructures in the EU in the coming years.

LEGISLATION

(F) TRANSFORMING AVIATION, (G) MARITIME TRANSPORT, AND (H) EUROPEAN TRANSPORT INFRASTRUCTURE.

The *ReFuelEU Aviation* Regulation, applicable since 1 January 2024, seeks **to increase the supply and demand of sustainable aviation fuel,** which include synthetic aviation fuels, at the same time as **it guarantees a competitive level playing field** on the air transport market throughout the EU. The aviation sector is thus expected to contribute to achieving the EU climate goals. The key aspects of the regulation include the **obligation for the suppliers of fuels** for aircraft at EU airports to **gradually increase the quantity of sustainable fuels** (mainly synthetic fuels) that they supply, rising from a **2% minimum percentage of sustainable aviation fuels in 2025**, to **6% by 2030**, to achieving **63% by 2050**. Furthermore, **it requires sustainable fuels to be supplied to airlines flying out of EU airports,** as well as to only refuel aircraft with the fuel needed for the flight, in order to avoid emissions related to excess weight caused by tankering. The regulation also establishes that **EU airport will have to guarantee the necessary infrastructure to supply, store and refuel sustainable aviation fuels.**

The FuelEU Maritime Regulation, in force from 1 January 2025, in force since 1 January 2025, seeks **to increase demand for and coherent use of low-carbon and renewable fuels in the maritime sector**. Therefore, it establishes a **gradual phasing out of the intensity of the fuels** used by the sector, from **2% in 2025**, followed by **6% in 2030** to achieving **80% by 2050**. Furthermore, it includes a special incentive to support the adoption of renewable liquid and gaseous fuels of non-biological origin (RFNBO). On the other hand, **from 2030, it requires passenger and container vessels to use on-shore power** to cover its electricity needs while moored, unless they use another zero-emission technology.

The Alternative Fuel Infrastructure Regulation (AFIR), establishes that, **from 2025 onwards, they will have to install quick charging stations of at least 150 kW for cars and vans every 60 km along the main EU transport corridors (TEN-T)**. Furthermore, **heavy vehicle charging stations with a minimum power of 350 kW will have to be installed every 60 km on the basic TEN-T network and every 100 km on the wider global network** of that network from 2025 onwards, **with full coverage achieved by 2030**. Hydrogen filling stations for cars and vans will have to be implemented from 2030 at all urban hubs and every 200 km on the basic TEN-T network. Furthermore, **maritime ports that receive a minimum number of large passenger or container vessels will have to supply electricity to such vessels before 2030**. As regards **airports, they will have to provide electricity to aircraft parked at all the gates by 2025 and for remote apron parking by 2030**. Hydrogen and e-vehicle users will have **to be able to pay easily at the charging and refuelling points** using payment cards or contactless devices without any subscription requirements, with fully transparent prices. Finally, **the operators of those points will have to provide consumers with complete information,** using electronically means, on availability, waiting time and the prices of the different stations.

Aviation is a key sector within the industrial fabric of the Basque Country, particularly through the aerospace industry. The new measures will affect companies manufacturing aircraft engines and producing high technology systems and components for aeroplanes, along with energy companies, airports, and firms providing logistic services. On the one hand, **energy companies will have the opportunity to develop and supply sustainable aviation fuels**, which could boost innovation and attract investments in synthetic fuel technologies. On the other hand, **aeronautics companies and component suppliers would also benefit from the demand for more efficient and sustainable technologies**, even though it could affect their competitiveness if they do not correctly adapt to the new scenario established by the regulation.

Finally, **airports and logistics services will have to adapt**, by investing in infrastructure to store and supply those new fuels, which will incur initial costs for those entities.

On the other hand, the **maritime sector** is closely linked to sectors such as **transport, shipbuilding, energy, port logistics and the manufacture of specialised machinery and equipment** for the sector. Therefore, and due to the weight of the maritime sector in international freight transport, the regulation on low-carbon fuels in maritime transport is expected to have an **impact on the industrial supply chain**, as well as to create **opportunities to push investments** towards technological sectors to **drive the development of advanced technologies for the maritime industry and port automation**.

As regards the AFIR Regulation, applicable from 13 April 2024, **it will drive investment in recharging and refuelling infrastructure**, and can **generate new business opportunities** particularly in sectors such as energy, transport and, more specifically in the electric charger sector. Its **impact on competitiveness will be positive**, allowing change and the shift to hydrogen and electric vehicle fleets that will help to cut the GHG emissions of the transport sector.

There are also measures dedicated to **road transport**, such as **(I) Regulation (EU) 2023/851 as regards CO_2 emissions for new passenger cars and new light commercial vehicles**, that in order to **reduce emissions from road transport** sets a new target of reducing emissions by 100% by 2035, which means that all new cars and vans placed on the EU market from 2035 onwards must be zero emission vehicles; **(J) Regulation (EU) 2024/1257 on type-approval of motor vehicles and engines and of systems, components and separate technical units intended for such vehicles, with respect to their emissions and battery durability (Euro 7)**, which **tightens the emission limits for road transport vehicles;** or **(K) Regulation (EU) 2024/1610 as regards CO_2 emissions for new heavy vehicles**, which establishes **new more ambitious targets to reduce the emissions of new heavy vehicles,** currently responsible for 25% of GHG emissions from road transport in the EU. This last measure, even though it is not part of the *Fit for 55* package of measures is closely related to it, as it contributes to the European Union's target to cut its net greenhouse gases and achieve climate neutrality by 2050. The established targets include cutting emissions by 45% from 2030, by 65% from 2035 and by 90% from 2040 onwards. These are all compared to 2019 levels. Furthermore, the regulation expands its scope of application to include buses and trailers.

Given the importance of the automotive industry in the industrial fabric of the Basque Country, these measures for new road vehicles are considered may have a significant impact, as **they do not only directly affect the automotive sector**, but it **also offers business opportunities to other industrial and technological sectors** which may benefit from the emerging demand linked to this transition, by fostering the development of new solutions and products.

On the other hand, mention should be made of **(L) Proposal for a Regulation on the accounting of greenhouse gas emissions of transport services**, which will establish a **regulatory framework that helps to improve the calculation and information on GHG emissions** of transport services so customer can opt for more sustainable transport options. The proposal is part of the legislative package on environmentally-friendly freight transport and is designed to **support companies that calculate and report the GHG emissions of their transport operations on a voluntary or contractual basis**, or when so required by other specific measures adopted by industry and by public authorities.

LEGISLATION

(L) NEW EUROPEAN PROPOSAL TO UNIFY THE CALCULATION OF THE EMISSIONS OF TRANSPORT SERVICES.

The Proposal for a Regulation on the accounting of greenhouse gas emissions of transport services establishes a common regulatory framework, **based on the ISO 14083:2023 standard,** for the **accounting of the emissions of those gases along the whole multi-modal value chain.** Thus, a level playing field is created among the different means of transport, segments and national networks of the EU. This regulation applies to the entities that provide or organise passenger and freight transport services in the Union, so that they **can calculate the GHG emissions** of a transport service that begins or ends in the territory of the Union, and so they can **disclose** disaggregated information on those emissions to third parties, both for regulatory and commercial purposes. It does not make the calculation or reporting of GHG emissions mandatory, but it does **require compliance when data is disclosed for legislative or commercial purposes**. The initiative envisages the setting up of a **EU central database** with predetermined values, and it allows the use of database managed by third-parties which are subject to specific quality control within the EU. Furthermore, it only lays down **verification requirements large companies,** and allows SMEs to use the verification on a voluntary basis.

This future legislation is expected to contribute to **facilitating the green transition of the transport sector,** at the same time that it creates synergies with the other regulatory measures regarding cutting emissions and the use of sustainable fuels. This regulation **complements them and improves transparency for the users,** thus bolstering consumers' rights. Therefore, this legislation indirectly affects several sectors and it is not expected to have a negative impact on the competitiveness of companies, as it **will cut costs and additional administrative burdens** for industries operating at cross-border scale.

Finally, another of the legislative measures that will help to achieve the EU's climate targets is **(M) Regulation (EU) 2024/573 on fluorinated greenhouse gases which will limit even further the use of certain fluorinated gases** in sectors where viable alternatives already exist. Those powerful greenhouse gases can remain in the atmosphere for thousands of years and have global warming potential up to 25000 times greater to that of CO_2; therefore, their reduction is of vital importance.

Fluorinated gases are mainly used in climate control and cooling applications, although they are also present in heat pumps, fire protection equipment, aerosols, anaesthetics, thermal insulation foam and cells for electrical insulation. The legislation directly affects the operators and manufacturers of those appliances, including sectors such as the **automotive industry, insulating foam industry, household appliances, construction, electronic industry and semiconductors, and road, maritime and air transport**. All the sectors will have to face the technological challenges involved in adopting alternative gases.

LEGISLATION

(M) DRIVING THE ELIMINATION OF FLUORINATED GAS EMISSIONS IN EUROPE.

The Regulation on fluorinated greenhouse gases, also known as the *F-Gas* Regulation, published on 20 February 2024, seeks to reduce fluorinated gas emissions even further so that the European Union meets its climate goals. It aims to improve the emission monitoring and reporting, along with bolstering the application and compliance of the rules. The regulation **amends the current quota system and gradually reduces the supply of hydrofluorocarbons (HFC) to the European Union market by 95% by 2030** on 2015 levels, while also establishing the **total elimination of the consumption of those gases by 2050**.

It introduces a **fee of 3€/tCO_2eq** to be paid by companies that wish to access the quotas **in order to import bulk gases or produce in European territory**, and establishes a **timeline of bans to market equipment that use certain fluorinated gases with** technologically and economically viable alternatives. Furthermore, it lays down **obligations to control emissions and leakages in the production and in use of the equipment,** and shores up customs control and combating illegal traffic.

074. VOLUNTARY INITIATIVES

Basque industry is responsible for **32% of total emissions, over 5.2 million of CO_2 equivalent**; **transport is directly responsible for around 35% of emissions,** with nearly **5.75 million tonnes of CO_2,** and that public buildings, commercial and residential premises are, jointly, responsible for around **17% of the emissions of the Basque Country**.

The decarbonisation of industrial sectors from a value chain approach, in other words, **by integrating of Scope 3 emissions,** that often account for the largest part of the total carbon footprint of industries, has become a **critical goal to mitigate the impact of climate change and comply with the international emissions reduction undertakings.** In response, many companies have begun to implement **voluntary climate action initiatives,** that seek to decarbonise not only direct operations, but also their value chains, while integrating suppliers, partners and customers in this process. Therefore, Basque companies are not only facing regulatory pressures, but also demands for more sustainable practices from their commercial partners. The voluntary initiatives include **(N) We Mean Business Coalition**, **a global non-profit** that works with the world's most influential companies **to act against climate change**, **(O) the Science Based Targets initiative,** which develops **standards, tools and guidance to allow companies to set targets to reduce greenhouse gas emissions** (GHG) in line with what is need to maintain global warming under 1.5ºC and achieve net zero emissions no later than 2050, and the application of the **(P) Paris Agreement Capital Transition Assessment (PACTA)**, which allows financial institutions to **steer their investments or make lending decisions based on the climate alignment results** of their portfolios.

MARKET

(O) ESTABLISHING DECARBONISATION TARGETS - "*SCIENCE BASED TARGET INITIATIVE*".

By means of the Science Based Targets initiative (SBTi), companies can set **short- and long-term targets to reduce greenhouse gas emissions (GHG)** in keeping with what is needed to achieve climate ambitions. Its main standard, the *Corporate Net Zero Standard,* provides **clarity and confidence to the decarbonisation plans** of companies so that they are in line with the standard and establish science-based targets.

Currently, the Science Based Targets initiative (SBTi) is working on the **new version** of its *Corporate Net Zero Standard*, where **significant changes** are expected when establishing **Scope 3 targets**. The present version already includes commitment options with suppliers and customers, and the inclusion of other types of additional interventions to drive the decarbonisation of the value chains have already been announced. The new version is expected to be published in 2025.

The initiative is also working on **different sectoral standards** to allow specific targets to be set for the industries that generate most emissions, including: the **energy sector standard** (publication expected in Q1 2026), the **chemical industry** (publication envisaged in Q2 2025), the **fossil fuel sector** (publication planned for Q4 2025), and the **automotive sector** (Q1 2026).

Different sized industries of the private sector have set reduction targets based on this initiative and the new standards and the obligation to comply with the set targets are expected to increase **the current pressure from commercial partners on companies of the value chain** to adopt the guidance and tools of this initiative to establish science-based emissions reduction targets.

Another reason that this voluntary initiative is noteworthy is because its tools allow their users to respond to the obligations to adopt and implement transition plans for climate change mitigation, which are established by the **CSDDD Directive**, and by the **CSRD Directive**. Both require those plans to establish targets in line with limiting climate change to 1.5ºC, with climate neutrality targets by 2050 and with the intermediate targets laid down by the European Climate Act.

TOOL

ALIGNING FINANCIAL PORTFOLIOS WITH THE PARIS AGREEMENT - PACTA.

The ***Paris Agreement Capital Transition Assessment*** **(PACTA)** is a **free open code software application** designed to assess the **alignment of financial portfolios with the climate goals** established in the Paris Agreement. The tool allows financial institutions, including banks, investors, asset managers, to analyse how their portfolios are in line with the climate scenarios for a set of key technologies and sectors that are important for climate, including the **energy, coal mining, oil and gas exploration and manufacturing, vehicle production, cement, steel and aviation sectors**. Furthermore, it can be used to support climate-related disclosures, such as those recommended by the *Task Force on Climate-related Financial Disclosures* (TCFD).

075. TIMELINE

Q1 2024

Publication of the Basque Climate Change and Energy Transition Act 1/2024. | **A** | **Basque Country** |

Q1 2025

Start of the reporting obligations of aircraft operators regarding aviation fuel. | **F** | **European** |

Effective date of the obligations to supply annual minimum percentages of sustainable aviation fuels defined in Annex I of the Regulation, beginning with 2% in 2025. | **S** | **European** |

Start of the obligations to notify vessel operators, and the application of the GHG intensity limits of the energy used onboard for a vessel defined in Article 4 of the Regulation, beginning with 2% in 2025. | **G** | **European** |

Start of the 2025 to 2020 reporting period, which establishes the target to reduce by 15% CO_2 emissions on 2019, for new heavy-duty vehicles. | **K** | **European** |

Start of the labelling and information obligations for products and appliances that contain fluorinated gases. | **M** | **European** |

Publication of the net-zero standard for financial institutions of the Science Based Targets initiative. | **O** | **European** |

Q1 2028

Before 1 January 2028, Member States will have had to guarantee the financing obligations for WEEE from products and appliances that contain fluorinated gasesset out in the Annexes of the Regulation, including financing recovery and recycling, regeneration or destruction of such fluorinated gases. | **M** | **European** |

Q1 2030

Intermediate objective for 2030 of reducing greenhouse gases by 45 % on the 2005 base year. | **A** | **Basque Country** |

Limit the supply of annual minimum percentage of sustainable aviation fuels defined in Annex I of the Regulation, which is 6% from 2030, with an average percentage of 1.2% of synthetic aviation fuels, and an annual minimum of 0.7%. | **F** | **European** |

Limit of intensity of the GHG of the energy used onboard by a vessel of 6% from 2030 onwards. | **G** | **European** |

Start of the 2030 to 2034 reporting period, which establishes the target to reduce by 45% CO_2 emissions on 2019, for new heavy-duty vehicles. | **K** | **European** |

Q2 2024

Effective date of Regulation (EU) 2024/1735 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724, better known as the Net Zero Industry Act. | **C** | **European** |

Q2 2025

Publication of the chemical industry standard of the Science Based Targets initiative. | **O** | **European** |

Publication of the Long-Term Roadmap and the Energy Transition and Climate Change Strategy of the Basque Country. | **A** | **Basque Country** |

Q4 2025

Publication of the standard for the Oil & Gas sector of the Science Based Targets initiative. | **O** | **European** |

Q1 2026

Publication of the updated version of the net-zero standard for corporations of the Science Based Targets initiative. Standards will also be published for the automotive sector and the energy sector. | **O** | **European** |

Start of the second phase of the progressive roll out of the CBAM Regulation, where the obligation begins to issue CBAM credits that cover the declared volume of implicit CO_2 emissions. | **D** | **European** |

Q2 2027

First filing of the CBAM Declaration and issuing of CBAM Certificates for the implicit emissions of the goods imported in the previous calendar year. | **D** | **European** |

Determining the new benchmark values and quota allocation for introducing hydrofluorocarbons on the market. | **M** | **European** |

| **A** | Energy Transition and Climate Change Act 1/2024, of 8 February.
| **D** | Regulation (EU) 2023/956 on the Carbon Border Adjustment Mechanism (CBAM).
| **E** | Net Zero Emissions Industry Act.
| **F** | RefuelEU Aviation Regulation (EU).
| **G** | FuelEU Maritime Regulation (EU).
| **K** | Regulation (EU) 2024/1610 on CO_2 emissions for new heavy-duty vehicles.
| **L** | Proposal for a Regulation on the accounting of greenhouse gas emissions of transport services.
| **M** | Regulation (EU) 2024/573 on fluorinated greenhouse gases.
| **O** | Science Based Targets Initiative.

076. IMPLICATIONS TABLE

TABLE 14. Implications Table of 'Decarbonisation from a life cycle approach' for the nine value chains of the Basque Ecodesign Center. Source: Prepared by the authors.

KEY POINTS	LARGE COMPANIES	SMEs	BASQUE ECODESIGN CENTER VALUE CHAINS								
(A) Basque Climate Change and Energy Transition Act 1/2024.	High	High	High	High	High	High	High	High	High	High	High
(B) Amendment of Royal Decree 163/2014, of 14 March, creating the register of carbon footprints, offsetting and carbon sequestration projects.	High	High	High	High	High	High	High	High	High	High	High
(D) Regulation 2023/956 on the Carbon Border Adjustment Mechanism (CBAM).	High	High	High	High	High	High	High	High	High	High	High
(E) Regulation (EU) 2024/1735 for strengthening Europe's net-zero technology manufacturing ecosystem (Net Zero Industry Act).	High	High	Low	Low	High	Low	Low	Low	Low	High	Low
(F) RefuelEU Aviation Regulation (EU).	Low	Low	Low	High	High	High	Low	Low	High	Low	Low
(G) FuelEU Maritime Regulation (EU).	Low	Low	Low	High	High	High	Low	Low	High	Low	Low
(H) Regulation (EU) 2023/1804 on the deployment of alternative fuels infrastructure.	High	High	High	High	High	High	Low	Low	High	High	High
(I) Regulation (EU) 2023/851 on CO_2 emissions for new passenger cars and new light commercial vehicles.	High	High	High	Low	Low	Low	Low	Low	High	Low	Low
(J) Regulation (EU) 2024/1257 on type-approval of motor vehicles and engines and of systems, components and separate technical units intended for such vehicles, with respect to their emissions and battery durability (Euro 7).	Low	Low	High	Low	Low	Low	Low	Low	Low	Low	Low
(K) Regulation (EU) 2024/1610 on CO2 emissions for new heavy-duty vehicles.	High	High	High	Low	Low	High	Low	Low	High	Low	Low
(L) Proposal for a Regulation on the accounting of greenhouse gas emissions of of transport services.	High	High	Low	Low	Low	High	Low	Low	High	Low	Low
(M) Regulation (EU) 2024/573 on fluorinated greenhouse gases.	Low	Low	High	High	High	Low	High	High	High	High	Low
(O) Science Based Targets initiative.	High	High	High	High	High	High	High	High	High	High	High

SECTORS: Automotive; Distribution; Transport equipment; Construction; Metal; Production of power generation & transmission equipment; Power generation and distribution; Lifting equipment; Financial

IMPLICATON LEVEL: High; Medium; Low

08. ZERO POLLUTION

081. CLEAN TECHNOLOGIES

The European Union's Zero Pollution plan underscores its commitment to achieving an environment **free of air, water and soil pollution and which is also toxic free**. In this vein, the **(A) Industrial Emissions Directive (EU) 2024/1785** (IED), in force since August 2024, and which amends **Directive 1020/75/EU on industrial emissions (Directive on Integrated Pollution Prevention and Control or IPPC),** introduces various changes for the activities subject to the Integrated Environmental Authorisation and extends the scope to new activities. Its goal is to **reduce polluting emissions from industrial activity by 55% for 2030** compared to 2020 levels.

The new aspects of this revision – which must be transposed by the Member States before 1 July 2026 – include **bringing new activities within its scope**, such as **the manufacturing of batteries with annual production capacity of over 15,000 tonnes of cells, mineral extraction and operations including lithium and zinc, and the production of hydrogen by means of large-scale electrolysis.** Furthermore, the pollution definitions and environmental performance limit values have been updated, **requiring stricter limit values than can be achieved by means of Best Available Techniques (BAT).**

The Directive also **relaxes Integrated Environmental Authorisations when investing in demonstration or emerging technologies** to promote innovation. Even though decarbonisation or the circular economy is not specifically addressed, the **BAT and emerging technologies developed by the European Innovation Centre for Industrial Transformation and Emissions (INCITE)** are expected to **benefit from access to European funds and private financing driven by the green taxonomy.**

Furthermore, to reduce **the emissions of certain compounds (COVs, PM2.5, SO_2 and NOx) by 40% before 2050** on 2020 levels, companies are required to **adopt the BAT**, which will now also consider odour pollution when granting and reviewing permits. On the other hand, the **facilities affected by the IED** will have to implement prior to 2030, a **Transformation Programme to improve their environmental efficiency and reduce their emissions**. However, the specific methods to prepare those programmes are yet to be defined.

As regards waste management, **new requirements are established for the managers**, who will have to **adjust their processes according to the threshold for the value recovered from secondary materials and to the expected losses.** This will affect waste imports and exports and the awarding of licences according to the efficiency of productive processes. **Recyclers should implement standards that can be verified by third parties** to align their operations with the regulatory efficiency and transparency expectations.

As far as the **Environmental Management Systems (EMS)** are concerned, the **obligation to conduct external audits is introduced, with the first programmed for 1 July 2027**. The EMSs must include indicators associated with the BATs, such as resource consumption and reuse of water, for more effective resource uses.

The legislation **envisages penalties for companies that fail to comply with its provisions** and recognises the right of people to seek compensation for **damage to health caused by illegal pollution.**

Within the Basque industrial fabric, this legislation will significantly affect sectors such as **metallurgy, energy generation and transport**; it will require BATs to be adopted to comply with the new emissions limit values. Adopting more efficient technologies and the process review will affect **large companies and SME**s alike, with the latter facing greater financial challenges **to implement the BAT and to keep in place environmental management systems such as the EMAS**. However, the early adoption of these technologies could **cut operating costs, improve competitiveness and facilitate access to European funds and financial incentives** on a market that is increasingly more oriented towards sustainability.

LEGISLATION

(A) INCITE, THE GATEWAY TO PROPOSE THE INCLUSION OF BATS IN THE BEST AVAILABLE TECHNIQUES REFERENCE DOCUMENTS (BREF).

In June 2024, the 'Joint Research Centre' of the European Commission unveiled the **European Innovation Centre for Industrial Transformation and Emissions - INCITE**, whose creation is established in the new Industrial Emissions Directive (IED) 2024/1785.

The purpose of this centre **is to promote the adoption of innovative technologies (TRL >6) to accelerate decarbonisation, decontamination, greater resource efficiency and the circular economy in large industrial plants** in sectors affected by this directive.

INCITE **will supply endorsed technologies and criteria to accelerate the process to define Best Available Techniques** includes key points to establish the emission limits for the industrial facilities in the different sectoral reference documents (BREF).

The new aspects are as follows:

- Any **public or private company, technology centre or entity** can **submit a proposal via an online form** for its analysis and possible validation by the European JRC.
- JRC-endorsed technologies have greater credibility to access private and public financing, particularly as regards decarbonisation, materials efficiency and the circular economy.
- EU BRITE, the European authority responsible for establishing the Best Available Techniques and for defining the emerging ones, will thus speed up the process to prepare the BREF documents both for new sectors and for renewing existing ones.

In the same vein, the **(B) Basque List of Clean Technologies (LVTL)**, prepared by the Basque Government, **provides industries with tools to implement technological solution that allow pollution to be mitigated**. This list not only acts as a benchmark to adopt sustainable practices, but it also **fosters investment in innovation and development (R&D) to improve operational efficiency and competitiveness** on the market. Companies that adopt these technologies can benefit from lower operating costs in the long term, access financial incentives, and comply with the requirements of the Industrial Emissions Directive.

TOOL

(B) THE BASQUE LIST OF CLEAN TECHNOLOGIES, WHICH ALLOWS TAX BREAKS OF 30%, STREAMLINES AND SIMPLIFIES ITS FORMALITIES.

The Basque List of Clean Technologies is regularly updated by the Basque Government. The new **2024 version**, the work of Ihobe, Eve and Spri, contains **64 technologies** subject to tax breaks of 30% of the corporation tax rate for companies whose address for tax purposes is in the Basque Country. This instrument, based on the sole European benchmark, the MIA EIA VAMIL List of the Dutch Government, includes zero pollution, circular economy and materials efficiency, decarbonisation and renewables technologies.

In 2024, the **management of applications has been streamlined** via www.ihobe.eus and the issuing of positive reports to companies, along with increasing legal certainty by means of a 'prior consultation' service.

The list is currently being **redesign to improve its impact and agility**. Thus, the future intention for the list is for there to be a **regular updating system, in principle annually, in order to respond to the current challenges of the energy-climate-environmental transition**, along with **analysing a possible extension of its applications to other possible financial instruments**. In this systematic future, the private sector will have the opportunity to participate and propose possible technologies to be incorporated. This process will be completed by an **independent outlook and a detailed process to filter, analyse and assess technologies.**

As regards market instruments and tools, the **(C) Zero Pollution Stakeholder Platform** continues to be a key forum to **foster cooperation between private and public stakeholders in achieving zero pollution targets by 2050** in line with the European Green Deal. Its recent developments include the **focus on integrating stricter policies against plastic and microplastic pollution,** fostering innovation in sustainable solutions. There has been a greater emphasis on **connecting zero pollution policies with public health**, by strengthening the link between pollution and chronic diseases. On the other hand, initiatives such as the **(D) Clean Production Action** offers tools to **measure and reduce environmental impacts throughout the value chain. Programmes have also been rolled out to help companies to quantify their chemical footprint**, an indicator that measures the total amount of hazardous chemical products used throughout the life cycle of the products. This footprint includes **emissions, the use of harmful substances and their impact on health and the environment**, by making it easier for companies to design more responsible and sustainable strategies.

082. AIR

Air pollution, particularly in interurban and urban areas, continues to be one of the main environmental problems in Europe, with transport and industrial emissions the main causes of **air pollution**. According to data in the **'Air quality in Europe 2022' report** of the European Environment Agency (EEA), prolonged exposure to airborne pollutants such as fine particulates (PM10), nitrogen dioxide (NO_2) and tropospheric ozone (O_3) was responsible for approximately **238,000 premature deaths in Europe in 2020.** In response to this challenge, **(E) Directive (EU) 2024/2881 on ambient air quality and cleaner air for Europe** , which merges the two pre-existing directives on this issue (2008/50/EC and 2004/107/EC), was approved in October 2024. The Directive seeks to establish stricter standards to improve air quality by means of **reducing the immission levels of air pollutants** such as fine particulates, nitrogen dioxide and tropospheric ozone. In order to comply with those immission levels, companies will have to limited their emissions which will involve **large investments in technologies to control and monitor emissions,** but will also offer opportunities to reduce the environmental impact of the industrial operations and the environmental footprint. On the other hand, if it is established that companies are responsible for exceeding the immission limits, they will have to implement corrective measures, which will mean **additional pressure on organisations to adopt more sustainable and transparent practices**. Furthermore, the possibility of citizens seeking compensation for health problems arising from pollution will increase the importance of complying with the established standards; **companies will thus be incentivised to improve their processes and lower their environmental impact.**

In particular, in the Basque Country, the impact of this legislation will be particularly notable on **industries located in urban areas**, in intensive sectors such as energy, transport, metal or even chemicals.

LEGISLATION

(E) STRICTER LIMITS FOR POLLUTANTS AFFECTING HUMAN HEALTH.

Directive 2024/2881 establishes stricter limits and more closely aligned with the recommendation of the World Health Organisation (WHO) for pollutants with greater impact on human health. Specifically, the **$PM_{2.5}$ and NO_2 limits will be reduced from 25 µg/m³ to 10 µg/m³ and from 40 µg/m³ to 20 µg/m³ respectively.** Furthermore, if the exceeding of the limit can be attributed to a specific company, it will be required to correct the situation. The proposal also introduces the possibility that civil society and citizens can seek compensation for health problems arising from exposure to high pollutant levels.

As regards the Member States, they will have to draw up **air quality roadmaps between 2026 and 2029** if the pollutant levels exceed the limit or the target value that must be reached by 2030. The roadmaps will have to include the necessary corrective measures to reduce pollution and comply with the limits established in the legislation. Should it be found that the targets will not be reached in time, it will be necessary to submit a **Compliance Plan with rigorous monitoring, no later than 2028. Short-term action plans will also be included to reduce immediate risks when the alert thresholds are exceeded**.

Finally, the directive will have a rebound effect on other EU regulations, such as the EURO legislation on vehicles as not only will the regulations on fuel-related emissions be tightened up, but also those referring to pollution resources, such as the **particulates generated by brake and tyre wear and tear**.

After being published in the Official Journal of the European Union on 20 November 2024, the Directive will come into force 20 days later; the Member States will have a **2-year period to incorporate it in their national legislation**.

083. WATER

According to **European Commission** data, around **42,000 tonnes of microplastics** intentionally added to products are **released into the environment each year**. This microplastic pollution, which affects both water ecosystems and human health, has led to the **(F) Proposed regulation to prevent plastic pellet loss,** and which is currently **pending approval by the Parliament and the Council of the European Union**. This regulation aims to **guarantee that the pellets,** used as raw material to manufacture plastic products, are managed correctly **to avoid their loss in the environment.**

In the Basque Country, 120,000 plastic processing companies will be affected by this new regulation; they will have to adopt **stricter practices in the management of those materials**, including the **implementation of control and monitoring systems during transport and storage in order to avoid pellet leakage.** Furthermore, they will have to conduct risk assessments, establish preventive measures, and introduce processes to improve pellet traceability and labelling. The regulation will also **foster technological innovation,** by offering **incentives to develop advanced technologies in the handling and recycling of plastics.**

LEGISLATION

(F) POSSIBLE RISK ASSESSMENT PLAN REGARDING THE HANDLING OF PELLETS.

Under the proposal, companies that **handle over 1,000 tonnes of plastic pellets a year should establish risk assessment plans** and **implement them**, after the legislation has come into force, within two years in the case of large companies, three years for mid-sized companies and five years for small enterprises. Furthermore, the pellet transport and storage containers **should be clearly labelled with information on the hazard and potential environmental damage.**

On the other hand, if the proposal gets the green light, the Commission will publish, two years after the regulation comes into force, a **report on the possibility of introducing the chemical traceability of the plastic pellets**. Furthermore, a **mandatory training programme** will be established for small, medium-sized and large companies on themes such as **prevention, protection of workers, cleaning technologies, use and maintenance of equipment, monitoring and reporting pellet losses.** A **specific form** is also proposed to monitor the losses that would be completed after each incident and would be notified to the competent authorities.

TABLE 15. General and adapted obligations (Articles 3, 4 and 5).

WHO	PLAN TO AVOID + PRIORITY ARTICLE 4.6	TO REPORT ARTICLE 3	RISK ASSESSMENT PLAN (EPR)+ ANNEX 1	SEND EPR UPDATE + SELF-ASSESSMENT EVERY 5 YEARS	CERTIFICATION EVERY 3/4 YEARS	TRAIN PERSONNEL/ KEEP REGISTERS INCL. ESTIMATES / REMEDY / REPORT INCIDENTS / ACC	INTERNAL ASSESSMENT + AWARENESS-RAISING AND TRAINING PROGRAMME	ANNEX 3
Micro/Small	✓	✓	✓	✗	✗	✗	✗	✗
Medium/ large < 1000 t/ annum	✓	✓	✓	✓	✗	✓	✓	✓
Medium/ large > 1000 t/ annum	✓	✓	✓	✓	✓	✓	✓	✓
EU carriers	✓	✓	✓	✓	✓	✓	✓	✓
Non-EU carriers	✓	✓	✓	✓	✓ (Only 4 and 5)	✗	✗	✗

On the other hand, in mid-2024, the Council and negotiators of the European Parliament reached an agreement regarding (G) **Proposal to revise the Urban Wastewater Treatment Directive**, which amends the former Directive 92/271/EEC and whose aim is to address pollution in small urban agglomerations, along with improving the focus on the former Directive to align it with the targets of the European Green Deal. For large companies and specific sectors such as pharmaceutical and cosmetics, this revision means **increased costs as the 'polluter pays' principle is bolstered, with part of the economic responsibility for water treatment transferred to the producers**, instead of solely falling on the end users. Furthermore, **companies connected to municipal sewage systems** will be required to **apply advanced treatments to reduce the presence of substances** such as microplastic, cosmetic and pharmaceutical products. That will also affect **wastewater treatment plants (WWTP),** with more rigorous and continuous monitoring will be required, along with additional investments in infrastructure and technologies. Therefore, **water treatment operators and consortia will have to require companies to comply with stricter limits for micropollutants,** which will lead to higher costs and the need to adapt the infrastructures to comply with the new regulations. Given that the proposal has already been **approved by the Council and the European Parliament**, its imminent publication in the Official Journal is expected for it to subsequently come into force.

LEGISLATION

(G) STRICTER LIMITS ON MICROPOLLUTANTS AND ESTABLISHING EPR IN WASTEWATER TREATMENT.

The revision of the Urban Wastewater Treatment Directive expands its scope to agglomerations with a **minimum size of 1,000 population equivalent (pe),** instead of the 2,000 pe established in the former directive. Furthermore, it introduces the obligation to implement **more advanced treatments, such as tertiary and quaternary, to eliminate micropollutants**. These new requirements should be applied in facilities that treat wastewater of agglomerations of **over 150,000 pe before 2045**, with an interim period in 2039 to assess the progress in adopting advanced purification systems.

From **2045**, the **quaternary treatment** will also be **extended to smaller agglomerations (of between 10,000 and 100,000 pe),** provided that they are in zones where the risk to human health or the environment justifies a stricter control. In order to finance those additional treatments, an **Extended Producer Responsibility** (ERP) will be applied; it will require the manufacturers of cosmetic and pharmaceutical products to assume **80% of the costs of eliminating micropollutants.**

Furthermore, the new directive establishes an **energy neutrality target for 2045**. This means that wastewater treatment plants will have to produce energy using renewable sources, with intermediate targets and regular energy audits every four years. The audits will identify the energy generation potential at each plant. The first key dates include the implementation for systems with over 100,000 pe before 2020 and for those with over 10,000 pe before 2035.

Finally, the monitoring obligations are increased, requiring rigorous control of the new established parameters and guaranteeing compliance of the limits imposed on treatment plants (WWTP).

084. SOIL

Soil degradation is a growing problem in Europe, over **60% of soil in Europe is degraded or at risk of degradation** due to erosion, loss of organic matter and pollution as set out in the **EU Soil Strategy for 2030**. Accordingly, the **(H) Proposed Soil Monitoring and Resilience Directive**, already passed by the European Parliament, seeks to establish a legislative framework to monitor soil health and restore its quality, fostering sustainable use. Its main measures include **identifying and recovery by the Member States of potentially contaminated sites**, where those located used to extract drinking water or which have unacceptable risks for human health and the environment will be prioritised. These actions come under the principle of **'who pollutes pays',** requiring that the polluters pay the restoration costs. The directive also calls for the adoption of sustainable agricultural practices and the reduction of chemical products, along with restocking organic matter in the soil. In the Basque Country, even though this legislation would mainly affect the administrations, the impact on industry would also be significant in terms of pollution responsibility. This would affect **sectors with high environmental impact potential, such as the chemical industry, metallurgy and energy.**

Furthermore, the industries regulated by the new **Industrial Emissions Directive (EU) 2024/1785** will have to comply with **obligations related to soil quality such as the implementation of the Best Available Techniques (BAT)** to minimise pollution, along with establishing a baseline for soil quality and monitoring its state on an ongoing basis. There are not as many direct obligations for activities not regulated by the IED, but status reports will have to be presented in certain cases or measures taken if they intervene in the soil. This context would reinforce the importance of companies taking voluntary initiatives in the research and restoration of soils as a mechanism to advance in improving soil quality.

085. HAZARDOUS SUBSTANCES

The management of hazardous substances is crucial to guarantee public health and the protection of the environment. In this regard, the European Commission announced in 2022 a **(I) Reform of the REACH (registration, evaluation, authorisation and restriction of chemicals) Regulation** in order to restrict or ban the **use of hazardous chemical substances by 2030.** The details of the initial proposed revision, set out in the Chemical Strategy for Sustainability, puts forward amendments to the registration requirements to ensure **greater information** about the hazards, the safe use and environmental footprint of the substances, in addition to expanding the scope to **include the registration of polymers**. Furthermore, it envisages the introduction of a mix assessment factor (MAF) and improvements to the communication throughout the supply chain by means of the use of electronic Safety Datasheets (SD).

It also envisages **revising the dossier and substance** evaluation processes, and the **authorisation processes**, including the possibility to revoke registration numbers that do not comply with the requirements and to allow the authorities to conduct tests to obtain additional information about substances.

Furthermore, it proposes **expanding the number of substances subject to restrictions** by means of a generic constraint approach (GCA), incorporating categories such as endocrine disruptors, neurotoxins, or substances that affect specific organs. Finally, **strengthening the national and border control** by means of greater supervision by the competent authorities is envisaged

Should these measures be confirmed, they would have a significant impact on the Basque industrial fabric. In the case of **polymer manufacturers**, for example, the updating of the dossiers could **mean a full revision of the existing REACH registrations**. For the users of chemical products in sectors such as construction and services, the possible introduction of the generic constraint approach (GCA) could **limit the sale of products to professionals** where there is currently a ban on consumers buying them. Furthermore, customs authorities enforcing greater border controls could **lead to delays to imports of chemical products** for those companies that do not comply with the legislation.

However, the Commission intends to publish this revision by the **end of 2025** with fewer measures than initially proposed and within a new package of measures for the chemical industry.

MARKET

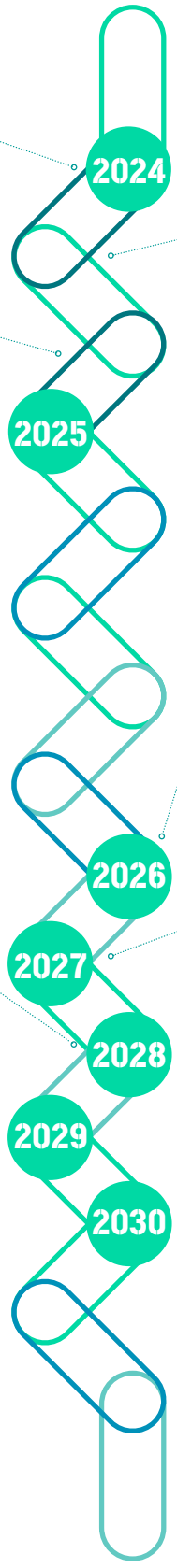
A MULTIFUNCTIONAL APPROACH TO SELECT SAFER ALTERNATIVES.

The **Swedish Centre for Chemical Substitution** guides private and public organisations in their efforts to identify hazardous chemicals and find alternatives, in everything from products to processes.

The centre, part of the Research Institutes of Sweden (RISE), uses the Alternatives Assessment method, a multifunctional approach to select safer alternatives. All the possible alternatives are compared from a holistic perspective. And those that are less safe for people and the environment are excluded on the basis on the available information, data models or the tests in toxicology and analysis laboratories. Alternatives assessment implies working with functional substitution, which means that potential alternatives are identified more according to the function of a substance than the substance itself.

This institution also offers guidance, support materials and training programmes to substitute chemical products affected by REACH.

086. TIMELINE



Q1 2024

New order of the Basque Clean Technologies List. | **B** | **Regional** |

Q4 2024

Presentation of the European Innovation Centre for Industrial Transformation and Emissions (INCITE). | **A** | **European** |

Q1 2028

Deadline for Member States to submit the "Compliance Plan" in case of targets not being met. | **E** | **European** |

Q3 2024

Effective date of the Industrial Emission Directive (EU) 2024/1785.
| **A** | **European** |

Q3 2026

Deadline for the transposition of the Industrial Emissions Directive (EU) 2024/1785.
| **A** | **European** |

Q1 2027

Deadline for the transposition of the Air Quality Directive. | **E** | **European** |

Deadline to comply with the stricter levels of health pollutants for Member States.
| **E** | **European** |

| **A** | Industrial Emissions Directive (EU) 2024/1785.
I **B** I Basque List of Clean Technologies.
I **E** I Air Quality Directive (EU) 2024/2881.

087. IMPLICATIONS TABLE

TABLE 16. 'Zero pollution' Implications Table for the nine value chains of the Basque Ecodesign Center. Source: Prepared by the authors.

KEY POINTS	LARGE COMPANIES	SMEs	BASQUE ECODESIGN CENTER VALUE CHAINS								
(A) Industrial Emissions Directive (EU) 2024/1785.	●	●	●	●	●	○	●	●	●	●	○
(B) Basque Clean Technology List.	●	●	●	●	●	○	●	●	●	●	○
(C) Zero Pollution Stakeholder Platform.	●	○	●	●	●	●	●	●	●	●	○
(D) Clean Production Action.	●	●	●	●	●	●	●	●	●	●	○
(E) Air Quality Directive (EU) 2024/2881.	●	●	●	●	●	●	●	○	●	●	○
(F) Proposal for a Regulation on preventing plastic pellet losses.	●	○	●	○	●	●	○	○	●	●	○
(G) Proposed revision of the Urban Wastewater Treatment Directive.	●	●	●	●	●	●	●	●	○	●	○
(H) Proposal for a Soil monitoring and resilience directive.	●	○	●	●	●	●	●	●	○	●	○
(I) Reform of the REACH Regulation.	●	●	●	●	●	○	●	●	●	●	○

SECTORS					
	Automotive	Distribution	Transport equipment		
	Construction	Metal	Production of power generation & transmission equipment		
	Power generation and distribution	Lifting equipment	Financial		

IMPLICATON LEVEL	
	High
	Medium
	Low

09. SUSTAINABLE FINANCES

091. SUSTAINABLE FINANCES AS A DRIVING FORCE TOWARDS A MORE SUSTAINABLE ECONOMY

Sustainable finances can be defined as those that take into account **ethical criteria (environmental, social and governance) in their investment decisions**. **Environmental** issues taken into account are related **to fighting climate change, protecting biodiversity or managing waste**. **Social** issues are to do with **equality, labour rights or social justice**. **Governance** is fundamental for **social and environmental issues to be included in the decision making.**

They channel resources towards activities that are responsible environmentally, socially and from a business perspective, thus playing a **key role in the transition towards a fair and sustainable economy.** They are therefore essential for the European Union to achieve the goals of the European Green Deal and comply with international sustainability commitments.

The **European Green Taxonomy** is the cornerstone of European sustainable finances. It is the **general framework** that determines which activities can be considered sustainable. It is a benchmark for investors to know **which sectors and activities are green**. Companies should use it to know **towards which sectors and activities they should direct their business strategies** if they want to attract sustainable investments from green financial instruments (for example, green bonds).

092. EUROPEAN GREEN TAXONOMY

In its endeavour to drive sustainable finances and achieve the goals of the **Sustainable Finance Action Plan**, the European Commission published in 2020 **(A) Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment**, also known as the **Taxonomy Regulation**. This regulation defines the criteria to consider whether an activity is environmentally sustainable to reorient capital flows towards it.

Since its publication, the European Commission has issued new delegated regulations that set out **technical criteria to be considered whether or not an activity is in line with the Taxonomy Regulation** and if this activity can therefore be considered as environmentally sustainable. **(B) Delegated Regulation (EU) 2023/2485** and **(C) Delegated Regulation (EU) 2023/2486** are the two most significant changes of 2024 when assessing the extent to which the company's activities is aligned with sustainability.

Delegated Regulation (EU) 2023/2485**,** in force since 1 January 2024, **establishes additional criteria to determine the following two aspects. First, when an economic activity substantially contributes** the two first environmental objectives related to climate change.

- **Objective 1:** Climate change mitigation
- **Objective 2:** Climate change adaptation

Second, when an economic activity that complies with the above two objectives does no significant harm (DNSH - 'do no significant harm') **to any of the other environmental objectives**. Thus, additional screening technical criteria are included for non-covered sectors, mainly from the transport sectors, such as the manufacture of automotive components and mobility, the manufacture or railway rolling stock components, and manufacturing aircraft.

On the other hand, Delegated Regulation (EU) 2023/2486, also effective from 1 January 2024, **establishes new criteria to determine when an economic activity substantially contributes to a further four environmental objectives,** not addressed up until then:

- **Objective 3:** The sustainable use and protection of water and marine resources
- **Objective 4:** The transition to a circular economy
- **Objective 5:** Pollution prevention and control
- **Objective 6:** The protection and restoration of biodiversity and ecosystems

Delegated Regulation (EU) 2023/2486 **likewise establishes criteria to determine when the activities cause no significant harm** to any of **the other environmental objectives**.

LEGISLATION

(C) REGULATION OF THE ACTIVITIES THAT SUBSTANTIALLY CONTRIBUTED TO OBJECTIVES NOT ADDRESSED SO FAR.

On 1 January 2024, the Taxonomy Regulation was amended to **introduce criteria to determine whether an activity substantially contributes** to the environmental objectives identified in the Taxonomy.

The criteria relating to the **sustainable use and protection of water and marine resources** are focused on the manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems; water supply, urban wastewater treatment and sustainable urban drainage systems; disaster risk management by means of nature-based solutions; and provision of IT/OT data-driven solutions for leakage reduction.

The criteria referring to the **transition to a circular economy** are focused on the activities associated with the manufacture of plastic packaging; manufacture of electrical and electronic appliances; waste management; construction of buildings and maintenance of roads and motorways; supply of data-based information technology solutions; and services such as repairing, the sale of spare parts, and the marketplace for the trade of second-hand goods for reuse, inter alia.

The criteria that refer to **pollution prevention and control** focus on activities related to the manufacture of active pharmaceutical ingredients (API) and medicinal products; and hazardous waste management, remediation of landfills and of contaminated sites and areas.

The criteria for the **protection and restoration biodiversity and ecosystems** are focused on activities related to the conservation of habitats, ecosystems and species; and, hotels, holiday complexes, camping and similar accommodation.

This Regulation has extended the European Green Taxonomy to the 6 environmental objectives established in Regulation 2020/852.

One of the 2024 development is that, as of 1 January, financial and non-financial companies alike subject to Regulation (EU) 2020/852 have to comply with **new obligations** related to Taxonomy:

- **Financial companies:** From 1 January 2024 to 31 December 2025**,** financial companies will have to report on the alignment of their activity with European taxonomy. This will directly affect SMEs that want to access financing, even though that have no reporting obligation, as financial institutions will request information from SMEs to comply with their own reporting obligations.
- **Non-financial companies**: From 1 January to 31 December 2024, non-financial companies will have to report on the alignment of their percentage of activities eligible according to the European taxonomy. The 4 categories in Regulation 2023/2486 must be included in both cases. Thus, the required entities (mainly, large companies) will have to begin to ask for information from all the members of their value chain to disclose their alignment information. This will directly affect their suppliers, including SMEs, as those requirements can impact the choice of the suppliers of a company in the medium term.

Therefore, **the Taxonomy Regulation impacts the whole value chain**, as large companies and SMEs alike – whether or not they have reporting obligations – are going to be required to work with information on their sustainability, and even, to disclose such information.

In order to facilitate the companies' adaptation to the new obligations, the European Commission has developed on **new tools to offer companies practical support**. Their use facilitates regulatory companies and contributes to a more sustainable economic transition.

As a first tool, mention should be made of the publication in December 2023 of a **guidance document to help financial companies to report on the performance of their activities as per the EU taxonomy**. The European Commission thus wants to **help companies to** report on their taxonomy alignment**.** The document addresses the most frequent questions about the interpretation and fulfilment of the taxonomy disclosure obligations for large financial companies and listed financial companies on EU markets. Furthermore, it provides clarifications about the scope of the entities subject to reporting obligations and examines the rules related to verification and the compliance tests of the EU taxonomy.

In February 2024, the EC published a **report analysing the potential costs and benefits for SMEs of the disclosure of their taxonomy alignment**. This document provides objective information of the potential costs and benefits for SMEs to report their taxonomy alignment. Furthermore, it proposes a series of recommendations to streamline the reporting process and make it less costly.

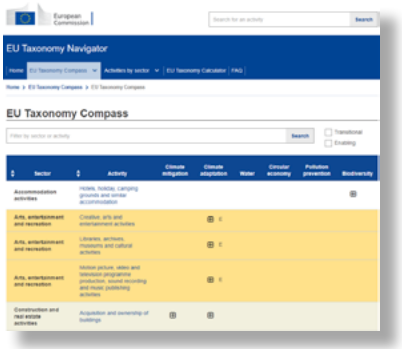
These tools join other existing ones such as the **(D) EU Taxonomy Compass, the (E) EU Taxonomy Calculator** and the **(F) EU Taxonomy User Guide.**

TOOL

(D) , (E) , (F)

EUROPEAN COMMISSION TOOLS TO FACILITATE ASSESSMENT OF TAXONOMY ALIGNMENT.

First, the **EU Taxonomy Compass** is a tool developed by the European Commission that facilitates **access to the taxonomy content**. This tool is highly useful for companies, investors and policymakers to understand which activities are included in the Taxonomy and which criteria must be met to align with the environmental objectives of the European Union. The tool provides a **clear and visual representation of the eligible activities and to which environmental objectives the contribute** by facilitating the identification of sustainable investments and helping to prevent greenwashing.



Second, the **EU Taxonomy Calculator** is a tool developed by the European Commission to **guide companies and investors** in the reporting process aligned with the European Taxonomy. This tool provides a **step-by-step approach to help organisations to understand and comply with the Taxonomy disclosure obligations**. This tool is currently only available to calculate the key performance indicators (KPIs) of the mitigation target for non-financial companies.

Finally, the **EU Taxonomy User Guide** is **for non-experts** to **provide them with guidance on the Taxonomy**. This guide explains **what** the Taxonomy is and **how it fits** into the broader regulatory framework of sustainable financing. It likewise provides a **step-by-step guide to assess Taxonomy alignment**, illustrated by means of **12 cases studies** which show users how to face the main implementation challenges that they may come across. This guide refers to how to apply the **'Do No Significant Harm'** or **DNSH** principle, which is examined in detail further on in this document, in the Financing section.

093. SUSTAINABLE INVESTMENT

Sustainable investment seeks **to obtain financial returns, while also generating positive impacts on the environment and society**. This type of investments is essential for the transition towards a greener economy, as they reorient the money towards projects aimed at fulfilling one or more ESG (environmental, social and governance) criteria and projects aligned with international commitments and the European Green Pact.

There are different sustainable financing instruments that seek to reorient investments towards socially just and environmentally responsible activities, and including **sustainable and green bonds**, **sustainability-linked bonds** or **sustainability-linked loans.**

In legislative terms, special mention should be made of **(G) Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds**. This regulation, published in November and applicable from December 2024, **establishes uniform requirements for bond issuers that wish to use the 'European Green Bond' (or 'EuGB') label,** for the use of the proceeds from European Green Bonds, for preparing verification and allocation reports, or for preparing impact reports, inter alia. Furthermore, it regulates the process to register and oversee external verifiers, those who certify that the funds obtained through those bonds are aimed at projects and activities aligned with the EU's environmental objectives. In order to facilitate this process, it establishes optional information disclosure templates for the marketed bonds.

The creation of this European green bond label seeks to **foster the development of the green bond market**. The label will give greater credibility to the European green bond, by endorsing the bond issuers. Furthermore, it will help companies to identify green bonds that provides certain guarantees that they are accessing financing that complies with a series of environmental requirements, such as giving impetus to the development of efficient projects in the use of natural resources, reduce greenhouse gas emissions, foster renewable energies and promote circular economy practices.

New tools have been produced to support the regulatory developments; those tools provide the issuers and/or fund managers with guidance and assistance so they can ensure the sustainability of their investments. Those tools include the **EU Platform on Sustainable Finance Report** and the **Guidelines on Funds' Names Using ESG or Sustainability-Related Terms.**

TOOL

NEW SUPPORT TOOLS FOR SUSTAINABLE INVESTMENT.

EU Platform on Sustainable Finance Report, established as per Article 20 of the Taxonomy Regulation, has been published as guidance on sustainable investment. The report, published in January 2024, is a compilation of good practices regarding financial products, instruments and initiatives that financial agents are using to transform their business models and investments into more sustainable ones.

A second tool is the **Guidelines on Funds' Names Using ESG or Sustainability-Related Terms, which** the European Securities and Markets Authority (ESMA) published in May 2024; the guidelines establish measurable and clear criteria so that fund managers and/or issues can user sustainability-related or ESG terms in the names of funds, in order to ensure that investors are protected against funds that claim to be sustainable without really being so.

The main levers for the market transition or drivers of sustainable investments are **sustainability-linked bonds**, **sustainability-linked loans** and **responsible investment principles**.

Sustainability-linked bonds debt securities issued by corporations or governmental institutions to finance or refinance projects with clear and measurable environmental and/or social benefits. Their returns **vary depending on whether or not the issuer achieves sustainability performance targets** that the bond issuer has undertaken beforehand. Therefore, they are bonds based on achieving future returns, where aspects such as the interest rate can be adjusted depending on whether or not certain sustainability indicators are met. Sustainability-linked bonds are governed by principles established by the International Capital Market Association (ICMA) and are divided into five core components:

- Selection of key performance indicators (KPIs)
- Calibration of sustainability performance targets
- Characteristics of the bond
- Filing of reports.
- And verification

As regards tools related to the sustainability-linked bonds, special mention should be made of the **ICMA report** published in June 2024 that establishes voluntary guidelines for their issue, and **the Climate Bonds Initiative report**, which describes the methodology to identify sustainability-linked bonds used by the sustainability-linked bonds database of the Climate Bonds Initiative.

Sustainability-linked loans are ones whose terms and conditions (for example, interest rates) are linked to the borrower attaining sustainability performance targets undertaken at the time of applying for the loan. Attaining the agreed target leads to benefits for the company, but failure to do so results in a penalty applied to the interest rate. The tools related to those loans include **the Loan Market Association report** on the principles of the sustainability-linked loans.

The **Principles for Responsible Investment**, developed by the leading international investors and endorsed by the United Nations, **are a set of six voluntary principles aimed at incorporating corporate government, social and environmental criteria in investment decisions**. The six principles are:

- Incorporate ESG issues into investment analysis and decision-making processes
- Incorporate ESG issues into our ownership policies and practices
- Seek appropriate disclosure on ESG issues
- Promote acceptance and implementation of the Principles within the investment industry
- Work together to enhance our effectiveness in implementing the Principles
- Report on the activities and current progress of the Principles.

In this regard, mention should be made of **Principles for Responsible Investment (PRI) Strategy 2024-27**, which establishes the **PRI strategic plan** to foster a sustainable and economically efficient global financial system.

In addition, there is the **EUROSIF report. Methodology for Eurosif Market Studies on Sustainability-related Investments published in February 2024.** This report, based on a previous EUROSIF report and Hamburg University, presents a **new methodology for market studies on sustainability-related investments.** The new methodology **reflects the current sustainable investment approaches in Europe more accurately**. It introduces for that purpose **four different sustainable investment categories** that reflect the level of ambition of the investments to contribute to a fairer and more sustainable economy: **basic ESG investments; advanced ESG investments; impact aligned investments; and impact generating investments.** In the context of this methodology, ambition is defined is the intention to attain positive sustainability results in the economy.

094. FINANCING COMPANIES FOR THE TRANSITION TOWARDS A SUSTAINABLE ECONOMY

Financing companies is of vital importance in the context of sustainable finances. Companies perform an essential role in the economy and need financing to develop their activity. **Providing companies with financing conditional on environmental sustainability, social justice and corporate responsibility criteria** is, therefore, **fundamental** to advance towards **a more just and environmentally friendly economy.** We are talking, for example, about financing conditional on companies investing in clean technologies, renewable energy and responsible practices, in other words, in investments aligned with the European taxonomy and with European and global environmental goals.

The green taxonomy, which establishes the general framework of the activities towards which sustainable and green investments should be directed, and should therefore be taken into account by the investor to know towards where to orient their green investments, **is key for companies**. Those able to align their activities with the ones recognised as sustainable in the taxonomy, will be **better positioned to obtain sustainable financing/ investment** linked to sustainable investment instruments, such as **green bonds, sustainable bonds** or **sustainability-linked bonds.** They will also be able to have access to **sustainability-linked loans,** that usually offer lower interest rates for the company than 'standard' loans.

In this context, and in order to help companies and other investors obtain sustainable financing, the European Union has prepared new legislation (H) **Regulation (EU) 2023/1425 on facilitating finance for the transition to a sustainable economy.** The aim of this recommendation is to **help companies and investors to obtain or provide financing focused on driving the transition towards a sustainable economy**, by offering companies practical suggestions about the way of obtaining financing, and investors recommendation son how to provide that financing. For example, the document **recommends the use of financing instruments such as green bonds or another type of sustainability bonds** for companies to obtain financing for the transition. Therefore, it mentions the use of the European Green Bond Standard defined in Regulation (EU) 2023/2631, for issuing bonds of that type to finance economic activities that will become taxonomy-aligned. The document also stresses **the voluntary use of the European Taxonomy to plan their investments and establish milestones and targets** for the transition of economic activities in order to improve their environmental performance.

Even though it is not prescriptive, the document **seeks to contribute to climate neutrality and to the environmental sustainability of companies**, while boosting their competitiveness.

TOOL

(H) HOW TO FOCUS FINANCING FOR THE TRANSITION TOWARDS A MORE SUSTAINABLE ECONOMY, ACCORDING TO THE EU.

The goal of **Recommendation (EU) 2023/1425** is to support market participants that wish to obtain or provide transition finance, **by offering practical suggestions on how to approach transition finance.** The document includes recommendations for companies and for investors.

For **companies**, the document recommends actions related to the search for transition finance; the use of credible transition plans to establish scientific-based targets; the use of EU climate benchmarks; the use of the EU Taxonomy, the use of credible transition plans; and instruments to obtain transition finance (such as green loans or sustainable/green bonds).

For **investors**, the document recommends actions related to establishing finance targets for the transition, company and project localisation, (fostering communication with the companies that need financing for the transition; and risk management.)

Furthermore, the document addresses a series of specific solutions and recommendations for **small and medium-sized enterprises, the Member States, and national and European oversight authorities**.

When assessing transition finance for the sustainability of companies, it is important to **whether the economic activity to be financed complies with the principle of 'Do No Significant Harm'** (DNSH). This concept is defined in detail in Article 17 of the Taxonomy Regulation, in relation to the six environmental objectives defined therein.

In November 2023, the ESMA published a **report to explain the DNSH principle and how it is part of the regulatory framework of EU Sustainable Finances**, particularly within the European Taxonomy and the Sustainable Finance Disclosure Regulation (SFRD). The document is **aimed at** helping the **stakeholders that must apply this principle and with their legal obligations and the users that need to understand the DNSH concept** in those legislative frameworks.

Furthermore, in December 2023, the European Commission published a **report that analyses the application of the DNSH principle in certain EU instruments such as the European Taxonomy** and the Recovery and Resilience Facility, inter alia. The analysis performed in the report explains the disparities in the implementation of this principle and highlights the differences in its application, with the aim of **extracting key conclusions and of identifying potential work areas to implement the DNSH principle**.

095. TRANSPARENCY AND OTHER OBLIGATIONS OF THE FINANCIAL SECTOR RELATED TO SUSTAINABILITY

The **demand for responsible investments** driving the transition towards a more sustainable economy **has increased significantly in recent years**. This trend has meant that **transparency in the sustainability of financial products** has become a **key priority** for global markets and regulators.

That **directly impacts on financial entities**, that are increasingly facing more **obligations as regards information disclosure** on the alignment of their sustainability activities. These obligations also have ramifications for the **customer portfolio of those entities**, particularly for **SMEs**, who will be required to **report to financial institutions about the sustainability of their activities in order to be able to access financing**. This is where the European taxonomy plays an essential role, as it provides SMEs with a clear framework to adjust their activities towards sustainability and to be able to comply with the transparency requirements of the financial establishments.

Thus, **(I) Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector** (or Sustainable Finance Disclosure Regulation (SFRD) **establishes a regulatory framework that requires financial agents to provide clear and detailed information on how they integrate ESG criteria in their investment and advisory processes**. The SFRD not only seeks to improve transparency and reduce greenwashing in the financial sector, but it also facilitates informed decision making by investors, by promoting financial products aligned with the sustainability performance targets and fostering confidence in the sector.

Even though it does not establish obligations for non-financial companies, this regulation affects them directly, and particularly SMEs. Financial entities will have to compile sustainability information on their customers to comply with the SFRD. Therefore, non-financial companies will have to adopt disclosure practices to comply with the demands of investors, that will require certain information from SMEs so they can access financing. This barrier will mostly affect SMEs, that usually have fewer resources to manage this information.

The application of SFRD **underwent an open consultation phase to gather contributions from public bodies and other stakeholders** familiarised with the regulation and the EU sustainable finance framework between September and December 2023. **In May 2024, the EC published a report obtained during the consultation phase.** The following results are particularly noteworthy:

- **There is widespread support for the SFRD goals** for greater transparency in the sustainability-related disclosures, despite the limitations in the regulations, such as the lack of legal clarity and data availability.
- **Alignment problems have been detected between the SFRD and other regulations** such as the European Taxonomy, the Corporate Sustainability Reporting Directive (CSRD)and the MiFID II rules. That generates operating costs and obstacles
- **Support for establishing uniform disclosure requirements for all financial products** offered in the EU.
- **Strong backing for a voluntary EU wide classification system for sustainable activities** to avoid greenwashing and facilitate the understanding of sustainable products.

As regards the tools, the Task force on Nature-related Financial Disclosures (TNFD) published in 2023 a guidance document for any type of companies to identify and assess nature-related problems. The guidance document was based on the LEAP (Locate, Evaluate, Assess & Prepare) methodology, which consists of four phases:

- **Locate** the interaction of the company with nature.
- **Evaluate** the dependency and impact of the company on nature.
- **Assess** the nature-related risks and opportunities.
- **Prepare** the response to those risks and opportunities and report on the nature-related problems of the company.

096. TIMELINE

Q1 2024

On 1 January 2024, Delegated Regulation (EU) 2023/2485 and Regulation (EU) 2023/2486 came into force. | **A** | **European** |

From 1 January to 31 December 2024, non-financial companies will have to report on the alignment of their percentage of activities eligible according to the European taxonomy, including the 4 categories in Regulation (EU) 2023/2486. | **A** | **European** |

Q4 2024

Application of Regulation (EU) 2023/2631 on European Green Bonds. | **C** | **European** |

Q3 2025

As established in Regulation (EU) 2020/852, a report on the application of the European taxonomy is expected in July 2025.
| **A** | **European** |

Q4 2026

The European Commission will publish a report on the need to regulate sustainability-linked bonds, accompanied, as applicable, by a legislative proposal.
| **C** | **European** |

Q4 2028

EC report on the application of the European sustainable bond regulation.
| **C** | **European** |

AES report on the evolution of the asset-backed securities market. It will assess whether the volume of assets aligned with the European taxonomy have increased sufficiently to review the standards on the user of revenue from those bonds, particularly the European green bonds issuers. | **C** | **European** |

Q1 2024

From 1 January to 31 December 2025, financial companies will have to report on the alignment of their activity according to the European taxonomy, including the 4 categories in Regulation (EU) 2023/2486. | **A** | **European** |

Q2 2024

Publication of the report on the specific and public consultations on the application of the SFRD.
| **B** | **European** |

Q1 2025

From 1 January 2025, non-financial companies will have to report on the proportion of their activities aligned with the European taxonomy, including the 4 categories in Regulation (EU) 2023/2486.
| **A** | **European** |

Q1 2026

Since 1 January 2026, financial companies will have to report the respective KPIs in each case to reflect how their activity is aligned with the European Taxonomy, including the 4 categories in Regulation (EU) 2023/2486.
| **A** | **European** |

Q3 2028

As established in Regulation (EU) 2020/852, a third report on the application of the European taxonomy is expected in July 2028.
| **A** | **European** |

Q4 2028

AEB report on the feasibility of expanding eligibility to use the 'European Green Bond' designation.
| **C** | **European** |

| **A** | European Taxonomy (EU) 2020/852.

I **B** I Regulation (EU) 2019/2088.

I **C** I Regulation (EU) 2023/2631 on European Green Bonds.

097. IMPLICATIONS TABLE

TABLE 17. 'Sustainable Finance' Implications Table for the nine value chains of the Basque Ecodesign Center. Source: Prepared by the authors.

KEY POINTS	LARGE COMPANIES	SMEs	BASQUE ECODESIGN CENTER VALUE CHAINS								
(A) Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation).	●	●	●	●	●	●	●	●	●	●	●
(B) Delegated Regulation (on) 2023/2485, establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation.	●	●	●	●	●	●	●	●	●	●	●
(C) Delegated Regulation (EU) 2023/2486, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems.	●	●	●	●	●	●	●	●	●	●	●
(D) EU Taxonomy Calculator.	●	●	●	●	●	●	●	●	●	●	●
(E) EU Taxonomy Compass.	●	●	●	●	●	●	●	●	●	●	●
(F) EU Taxonomy User Guide.	●	●	●	●	●	●	●	●	●	●	●
(G) Regulation (EU) 2023/2631 on European Green Bonds.	●	●	●	●	●	●	●	●	●	●	●
(H) Recommendation (EU) 2023/1425 on facilitating finance for the transition to a sustainable economy.	●	●	●	●	●	●	●	●	●	●	●
(I) Regulation 2019/2088 on sustainability$_2$ related disclosures in the financial services sector.	●	●	●	●	●	●	●	●	●	●	●
Sustainability-Linked Bonds (SLBs).	●	●	●	●	●	●	●	●	●	●	●
Sustainability-Linked Loans (SLLs).	●	●	●	●	●	●	●	●	●	●	●
Principles for Responsible Investment (PRI) - 2024-2027 Strategy.	●	●	●	●	●	●	●	●	●	●	●

SECTORS

- Automotive
- Distribution
- Transport equipment
- Construction
- Metal
- Production of power generation & transmission equipment
- Power generation and distribution
- Lifting equipment
- Financial

IMPLICATON LEVEL

- High
- Medium
- Low

Basque Ecodesign Center

GRUPO spri TALDEA

ihobe ingurumen hobekuntza mejora ambiental

EUSKO JAURLARITZA
GOBIERNO VASCO

INDUSTRIA, TRANTSIZIO ENERGETIKO ETA JASANGARRITASUN SAILA

DEPARTAMENTO DE INDUSTRIA, TRANSICIÓN ENERGÉTICA Y SOSTENIBILIDAD