

Climate Framework Law

Law No 98/2021, of 31 December 2021

Climate Framework Law

The Assembly of the Republic, pursuant to Article 161 (c) of the Constitution, decrees the following:

CHAPTER I General principles

Article 1

Purpose

This Law lays the foundations for climate policy.

Article 2

Climate emergency

1 – The climate emergency is hereby acknowledged.

2 – The provisions of the foregoing paragraph do not constitute a declaration of a state of emergency under Article 19 of the Constitution of the Portuguese Republic, without prejudice to it eventually being declared on climate-related grounds.

Article 3

Climate policy objectives

Public climate policies are aimed at ecological balance by tackling climate change and pursuing the following objectives:

- (a) promoting a rapid, socially balanced transition to a greenhouse gas-neutral sustainable economy and society;
- (b) ensuring climate justice by safeguarding the protection of the communities most vulnerable to the climate crisis, respect for human rights, equality and collective rights over common goods;
- (c) ensuring a sustainable, irreversible path towards reducing greenhouse gas emissions;
- (d) promoting the use of renewable energy and its integration into the national energy system;
- (e) advancing the circular economy, by improving energy and resource efficiency;
- (f) developing and reinforcing existing sinks and other carbon sequestration services;
- (g) improving climate resilience and national adaptive capacities to climate change;
- (h) promoting climate security;
- (i) boosting education, innovation, research, knowledge and development and adopting and disseminating technologies that contribute to these purposes;
- (j) tackling energy poverty, in particular by improving living spaces and citizens' fair access to energy use;
- (k) fostering prosperity, green growth and social justice, tackling inequalities and generating more wealth and employment;
- (l) protecting and boosting the regeneration of biodiversity, ecosystems and services;
- (m) streamlining sustainable finance and promoting information on climate-related risks from economic and financial agents;
- (n) ensuring commitment, ambition and leadership when participating in international negotiations and international cooperation;
- (o) establishing a sound and ambitious basis for outlining and meeting climate objectives, targets and policies;
- (p) enhancing the transparency, accessibility and effectiveness of information, the legal framework and information, reporting and monitoring systems;

(q) ensuring that all major legislative measures and public investments are strategically assessed in relation to how they contribute to meeting the above assumptions, by integrating risks associated with climate change into national and sectoral economic planning and investment decisions.

Article 4

Climate policy principles

Public climate policies are subject to the following principles:

- (a) sustainable development, harnessing natural and human resources in a balanced way, considering the duties of solidarity and respect for future generations and all other species cohabiting on the planet;
- (b) mainstreaming, by ensuring that mitigating and adapting to climate change are taken into account in other global and sectoral policies;
- (c) special link to the Environment Framework Law, preventing and mitigating related environmental risks;
- (d) integration, considering the impact of climate change on investments and economic activities, both public and private;
- (e) international cooperation, bearing in mind the added value for the development of practices and technologies and for global decarbonisation;
- (f) appreciation of knowledge and science, basing decision-making on both;
- (g) subsidiarity, ensuring an integrated, efficient multi-level administration, integrating the autonomous regions and local and regional authorities into the planning, decision-making and assessment processes of public policies;
- (h) information, imposing a culture of transparency and liability;
- (i) participation, including citizens and environmental associations in the planning, decision-making and assessment of public policies;
- (j) prevention and precaution, avoiding or mitigating adverse impacts on climate primarily at source, in the light of both immediate and concrete hazards and of future and uncertain risks, with the possibility of establishing, in the event of scientific uncertainty, that the burden of proof lies with the party claiming the absence of hazards or risks;
- (k) accountability, recovery and redress, each intervening agent being liable for their direct and indirect actions and omissions, and required to correct or recover the loss and damage they have caused, bearing the resulting costs and compensation applicable to third parties.

CHAPTER II

Climate rights and obligations

Article 5

Right to climate balance

- 1 – All are entitled to climate balance, in accordance with constitutional and internationally established terms.
- 2 – The right to climate balance is the right to defend oneself against the impacts of climate change, as well as to demand that public and private entities comply with their duties and obligations regarding climate change.

Article 6

Climate rights

- 1 – By law, all have the right to intervene and participate in administrative procedures relating to climate policy.
- 2 – The full and effective protection of legally protected climate rights and interests shall also be ensured, including in particular:
 - (a) the right to act for the defence of individual rights and legally protected interests and for the exercise of the right of public action and popular action;
 - (b) the right to promote the prevention, cancellation and redress of risks to climate balance;
 - (c) the right to request the immediate termination of the activity causing a threat or damage to climate balance.

Article 7

Climate obligations

1 – All have a duty to protect, preserve, respect and secure the safeguarding of climate balance, thereby helping to mitigate climate change.

2 – Climate citizenship is the duty to contribute to safeguarding climate balance, and the State is responsible for fostering it in political, technical, cultural, educational, economic and legal terms.

Article 8

Agents

The following are climate action agents:

- (a) the State;
- (b) public institutes;
- (c) public undertakings;
- (d) the autonomous regions;
- (e) local authorities and their public associations;
- (f) the Climate Action Council, in accordance with the terms to be laid down in a separate act;
- (g) independent administrative entities that regulate economic activity;
- (h) environmental non-governmental organisations (ENGOS), research and reflection centres and groups, and other non-governmental organisations, associations or civil society entities;
- (i) citizens, private firms and other private-law entities.

Article 9

Citizen engagement

1 – Citizens have the right to participate in the development and review of climate policy instruments.

2 – In addition to public consultations in the traditional form of written input, briefings and discussions should be held to bring together citizens and climate policy decision-makers, either at the initiative of the Government or at the request of at least 30 citizens.

3 – For the purposes of the foregoing paragraphs, information shall be made available in a clear, systematic and user-friendly manner to all citizens who wish to access it.

Article 10

Climate action portal

1 – The Government shall establish and make available a public, free and web-based digital tool to enable citizens and civil society, following the principle of transparency, to participate in climate action and to monitor systematic and national information on:

- (a) greenhouse gas emissions and the sectors that contribute most to those emissions;
- (b) the progress of the targets referred to in Section II of Chapter IV;
- (c) the sources of funding available at national, European and international level for climate change mitigation and adaptation actions, for the public and private sectors, and their status of implementation;
- (d) the international targets and commitments to which the Portuguese State is bound;
- (e) studies and research and development projects carried out in the context of climate change;
- (f) international cooperation projects on climate change.

2 – The portal and the databases referred to in this Article shall be approved by means of an Executive Order and made publicly available and operational within one year of the entry into force of this Law.

CHAPTER III

Climate policy governance

Article 11

Policy coordination

- 1 – Climate change mitigation and adaptation should be considered in the planning, implementation and evaluation of the various sectoral policies and in the development of economic, social and political activities, ensuring their integration, coherence and complementarity.
- 2 – The State is responsible for implementing climate policy, through its bodies and by mobilising citizens and social and economic agents.
- 3 – The Government is responsible for the overall coordination, supervision and oversight of climate policy and may delegate powers to one or more public bodies.
- 4 – The Government shall promote inter-ministerial climate policy coordination, its articulation and alignment at local, regional, European and international level.
- 5 – The State is responsible for ensuring access to information and for encouraging the active participation of citizens and businesses in the planning, decision-making and evaluation of climate policy, in particular by promoting the creation of an online digital tool.

Article 12

Climate Action Council

- 1 – The Climate Action Council, hereinafter referred to as 'CAC', is hereby established.
- 2 – The CAC is a specialised body, composed of persons of recognised merit, with knowledge and experience in the various fields affected by climate change, including risk management and public policies, and shall act with strict independence and objectivity, in accordance with duly detailed technical criteria, and shall not be subject to government direction, oversight or supervision.
- 3 – The CAC shall be backed by a technical support structure, which is part of the services of the Assembly of the Republic.
- 4 – The composition, organisation, operation and status of the CAC and the technical support structure shall be outlined in a parliamentary resolution, taking into account the following parameters:
 - (a) the Chair of the CCC is the coordinator of the technical support structure and is appointed by the Assembly of the Republic;
 - (b) the CAC must include the Chair of the National Council of the Environment and Sustainable Development, a representative of the ENGOs and at least one young citizen residing in Portugal.

Article 13

Tasks of the Climate Action Council

- 1 – The CAC shall collaborate with the Assembly of the Republic and the Government, in particular in preparing studies, assessments and opinions on climate action and related legislation.
- 2 – The CAC is responsible for advising on the planning, implementation and effectiveness of climate policy and for contributing to public discussion on the conduct of climate policy, taking into account international experiences.
- 3 – The CAC shall also:
 - (a) comment regularly on scenarios for the decarbonisation of the economy, in accordance with the latest cost and technological development indicators and policy options supporting the conversion of the sectors and economic agents involved;
 - (b) make biennial recommendations on the development of energy and transport infrastructure;
 - (c) comment on consultations requested by the Government and the Assembly of the Republic on the preparation, discussion and adoption of legislative acts, reports and public policy instruments on climate action;
 - (d) issue an opinion on the State Budget and the General State Account in terms of climate action;

(e) issue opinions on developments in the climate decarbonisation strategy and the challenges related to other greenhouse gases in the medium, long and very long term;

(f) make recommendations on the use of public resources, research and development in areas geared towards tackling climate change.

4 – The entities responsible for planning electricity and gas distribution, water supply, sanitation and sewage treatment, national road and rail networks, air and sea transport infrastructure and public transport systems of metropolitan authorities and inter-municipal communities must cooperate with the CAC in pursuing the activities inherent in their tasks.

Article 14

Regional and local climate policies

1 – Autonomous regions and local authorities shall plan and implement climate policies within the scope of their powers and tasks, ensuring that they are consistent with land management instruments.

2 – Within 24 months of the entry into force of this Law, municipalities shall approve a municipal climate action plan in a municipal council meeting.

3 – Within 24 months of the entry into force of this Law, the regional coordination and development commissions shall draw up a regional climate-related action plan, to be adopted by the regional council.

4 – Inter-municipal communities and metropolitan areas shall develop common climate policies for their territories.

5 – The entities referred to in the foregoing paragraphs shall cooperate to ensure complementarity between policies and investments for climate change mitigation and adaptation.

6 – The State shall provide the necessary means to safeguard the development of regional and local climate policies.

7 – State-owned enterprises have a special duty to cooperate in the implementation of climate policies in the territories in which they are located and where they operate.

8 – The entities referred to in this Article shall be subject to an assessment of the performance of their public climate policies, in terms to be laid down in a specific legal act.

Article 15

Foreign climate policy

1 – The Government shall adopt a comprehensive, integrated vision for the pursuit of climate objectives, abiding by the limit on the sustainable use of the planet's natural resources and each country's development paths, actively defending climate diplomacy in the field of foreign policy:

(a) the reinforcement, frontloading and fulfilment of greenhouse gas emission reduction targets to a sufficient extent so as not to exceed the 1.5 °C limit for global warming compared to pre-industrial levels;

(b) binding and effective international commitments relating to climate and the preservation of the environment and biodiversity;

(c) reinforcement of the protection of environmental rights through international criminal law;

(d) the definition of the concept of climate refugee, their status and recognition by the Portuguese State;

(e) international cooperation and solidarity with countries of the Global South, supporting the implementation of the measures set out in the Sendai Framework for Disaster Risk Reduction 2015-2030;

(f) recognition by the United Nations of stable climate as a Common Heritage of Mankind.

2 – Foreign policy promotes the fight against carbon leakage and climate dumping, notably via the international convergence of environmental standards in trade agreements and the comprehensiveness of carbon prices, by ensuring that they are passed on to imports.

3 – The State shall promote the adoption and implementation of sustainability standards in international agreements, notably trade agreements.

4 – The State shall take climate risks into account as sources and multipliers of global instability, particularly in its neighbourhood policy.

5 – With regard to international relations, the State shall cooperate and participate in mechanisms to assist countries and citizens affected by extreme weather events and their consequences.

Article 16

Public health and environmental health

The State promotes the assessment of global and national risks and the development of action, prevention and contingency plans in the face of extreme weather events, the emergence of new diseases or the higher incidence of diseases as a result of climate change.

Article 17

Climate security and national defence

1 – Among its tasks in terms of climate, internal security, civil protection, national defence, housing, public works and land planning, the Government is responsible for promoting climate security, identifying risks and acting to prevent and mitigate the consequences of climate change on public order, security and peace, the integrity of individuals and property and the regular exercise of rights, freedoms and guarantees.

2 – Energy security, health security and food and nutrition security are within the notion of climate security.

3 – State resources shall be organised with a view to strengthening national resilience to the impacts of climate change on Portuguese territory and with the diasporas and international missions that Portugal is part of.

4 – The Government shall identify and declare as critical zones all those in which the parameters for assessing the quality of the environment reach, or are expected to reach, values which could jeopardise human health or safety, with such zones being subject to special civil protection measures.

5 – Climate security applies to the entire area under Portuguese jurisdiction, and the State must cooperate with international organisations and other States to put in place common climate security measures outside this area.

6 – National strategic defence planning and capacity building – in particular under the Military Programming Law, national participation in the European Union's Permanent Structured Cooperation on Defence and the development of the Defence Technological and Industrial Base – must factor in climate change as a key global premise both internally and externally.

7 – Strategic reflection on national security and defence priorities must:

(a) integrate the impacts of climate change on the neighbouring regions of Portugal and Europe and the countries with which Portugal cooperates;

(b) examine the political effects on international security and defence by mapping short-, medium- and long-term scenarios, and safeguarding the related planning abroad wherever there are Portuguese missions and nationals in large numbers, in conjunction with other State actors.

8 – The Armed Forces must incorporate the risks inherent to climate change and measures to reduce greenhouse gas emissions in their strategic and operational planning, in order to mitigate the environmental impact of security and defence activities.

9 – Citizens, businesses and other public and private entities have a duty to cooperate in the pursuit of climate security objectives, on the same terms as they do for internal security, civil protection and national defence.

10 – The Assembly of the Republic shall, in performing its political, legislative and financial powers, contribute to framing climate security policy and monitoring its implementation. To that end, it shall assess the report referred to in the following paragraph.

11 – By 31 March of every second year, the Government shall submit a report on the climate security situation in the country and the activities undertaken in the previous two-year period to safeguard it to the Assembly of the Republic, accompanied by an opinion of the Climate Change Commission.

12 – The report referred to in the previous paragraph shall outline adaptation, prevention and contingency plans and strategies, identifying civil protection capacity-building needs to address the identified risks.

CHAPTER IV

Planning and evaluation tools

SECTION I

General principles

Article 18

Climate policy

- 1 – The Portuguese State undertakes to achieve climate neutrality by 2050, resulting in a neutral balance between greenhouse gas emissions and the sequestration of greenhouse gases by the various sinks.
- 2 – Without prejudice to the provisions of the previous paragraph, the Government shall consider frontloading the climate-neutrality target by 2025, bearing in mind the commitment to climate neutrality by 2045 at the latest.
- 3 – Climate policy shall be knowledge-based and built on a rigorous assessment based on the principle of precaution regarding the short, medium and long-term prospects for climate change and its impact on citizens' lives, on economic, social and cultural activities and on the environment.
- 4 – Climate policy is planned taking into account technological, political, economic, tax, social, energy, regional, European and international circumstances.
- 5 – Climate policy is designed in conjunction with citizens and conducted in their general interest. It must comprise public engagement and business input, be scrutinised by the Assembly of the Republic and independently assessed by the CAC.

SECTION II

Mitigation policies

Article 19

National mitigation targets

- 1 – Based on a Government proposal and on a five-year basis and within a 30-year horizon, the Assembly of the Republic shall approve national greenhouse gas emission reduction targets, while keeping its European and international commitments.
- 2 – Calculated by referring to the 2005 targets, the following greenhouse gas emission reduction targets shall be adopted, disregarding account land and forestry use:
 - (a) by 2030, a reduction of at least 55%;
 - (b) by 2040, a reduction of at least 65% to 75%;
 - (c) by 2050, a reduction of at least 90%.
- 3 – The target for the net CO₂ equivalent sink in the land and forestry use sector of at least 13 megatonnes on average for the period 2045-50 is also adopted.
- 4 – Targets for the CO₂ equivalent sink of coastal and marine ecosystems, including marshes, seagrass beds, reefs and seaweed forests, shall be estimated and adopted with a view to frontloading the climate neutrality target.
- 5 – The targets set out in this Law shall be revised with a view to increasing their level of ambition, notably taking into account the results of decarbonisation and new scientific and technological knowledge.

Article 20

Mitigation planning tools

- 1 – The Government shall develop and present to the Assembly of the Republic the following planning tools aimed at climate mitigation objectives:
 - (a) long-term strategy;
 - (b) carbon budgets;
 - (c) National Energy and Climate Plan (NECP).
- 2 – The Government shall, before submitting a planning tool or the corresponding proposal, consult the CAC and take

account of its opinion, which shall be published at the same time as the tool is presented to the Assembly of the Republic.

3 – The CAC shall issue an opinion on the planning tools referred to in the previous paragraph within 20 days of being consulted.

4 – Before submitting it to the Assembly of the Republic, the Government shall launch a public consultation on a draft planning tool, accompanied by the relevant opinion of the CAC, while ensuring that the following entities are heard:

- (a) autonomous regions;
- (b) regional coordination and development committees;
- (c) National Association of Portuguese Municipalities;
- (d) Associação Nacional de Freguesias (National Association of Civil Parishes);
- (e) Economic and Social Council;
- (f) National Council on Environment and Sustainable Development.

5 – The Government may update planning tools every five years, subsequently submitting such updates to the Assembly of the Republic and ensuring compliance with the provisions of this Article.

6 – The long-term strategy shall set out the objectives and broad guidelines for conducting climate policy with a 30-year perspective.

7 – Carbon budgets shall set a total limit of five years for greenhouse gas emissions, in line with other climate policy instruments and international guidelines, by carrying out a forward-looking climate policy analysis to ensure compliance with that limit.

8 – Carbon budgets for the period 2023-25 and for the 2025-30 five-year period shall, exceptionally, be set within one year of the entry into force of this Law.

9 – The NECP shall adopt the national climate policy strategy for the ten-year period following its approval.

10 – The planning tools provided for in this Article shall be consistent with the targets laid down in this Law and with each other.

11 – The planning tools provided for in this Article shall be discussed and voted upon within 90 days of their admission by the Assembly of the Republic.

Article 21

Sectoral mitigation targets

1 – The State shall adopt and set sectoral greenhouse gas emission reduction targets with reference to the 2005 figures.

2 – The targets may be revised to increase their level of ambition, notably taking into account the results in decarbonisation and new scientific and technological knowledge.

Article 22

Sectoral mitigation plans

1 – In dialogue with the representative structures of each sector, the Government shall develop and approve, every five years, sectoral climate change mitigation plans to be in force for a period of five years.

2 – Sectoral plans shall be consistent with sectoral targets and mitigation planning tools.

3 – The Government shall approve the first set of sectoral mitigation plans within 24 months of the entry into force of this Law.

SECTION III Adaptation

Article 23

National Strategy on Adaptation to Climate Change

- 1 – The Government shall draw up and submit a National Strategy on Adaptation to Climate Change (NSACC) to the Assembly of the Republic, valid for ten years, and its revisions or updates.
- 2 – The NSACC shall adopt a time horizon compatible with the NECP reference period.
- 3 – The NSACC shall adopt the national strategy for the reference period to adapt the territory, communities and economic and social activities to climate change, its risks and impacts.
- 4 – In its forward-looking analysis of risks and impacts, the NSACC shall take into account the following:
 - (a) several scenarios, including no policy-change scenarios;
 - (b) national, regional and sectoral adaptation objectives, on the basis of a clear timetable;
 - (c) measures to be taken based on the most likely or prudent scenario;
 - (d) evaluation of cost-effectiveness and the need for environmental impact assessments of the measures to be taken.
- 5 – Before submitting the NSACC or its draft or preliminary draft, the Government shall consult the CAC and take account of its opinion, which shall be published at the same time as the NSACC is presented to the Assembly of the Republic.
- 6 – The CAC shall issue an opinion on the NSACC no later than 20 days after being consulted.
- 7 – The Government shall submit the NSACC's draft for public consultation, accompanied by an opinion from the CAC, ensuring that the following entities are heard:
 - (a) autonomous regions;
 - (b) regional coordination and development committees;
 - (c) National Association of Portuguese Municipalities;
 - (d) Associação Nacional de Freguesias (National Association of Civil Parishes);
 - (e) Economic and Social Council;
 - (f) National Council on Environment and Sustainable Development.
- 8 – Upon completion of half of the duration of the NSACC, the Government shall submit an update to the Assembly of the Republic, pursuant to the preceding paragraphs.
- 9 – The NSACC and its updates shall be discussed and voted on within 90 days of the date of their admission by the Assembly of the Republic.

Article 24

Sectoral climate change adaptation plans

- 1 – In discussion with the representative structures of each sector, the Government shall develop and approve, every five years, sectoral climate change adaptation plans, to be in force for five years.
- 2 – Sectoral climate change adaptation plans shall adopt the sectoral adaptation strategy for the reference period in the following areas:
 - (a) territory, geography and natural environment;
 - (b) infrastructure, equipment and built environment;
 - (c) economic, social and cultural activities.

SECTION IV

Assessment tools

Article 25

National greenhouse gas inventory

The State shall establish the national inventory of anthropogenic emissions by sources and removals by sinks of air pollutants in accordance with European and international requirements and guidelines, ensuring the consistency, comparability and accuracy of the estimates made and their public disclosure.

Article 26

Ongoing, intermediate and ex post evaluation

- 1 – The Government shall draw up and submit to the Assembly of the Republic an annual report on:
- (a) the implementation status of the planning tools;
 - (b) greenhouse gas policies and measures, as well as progress made on national greenhouse gas emissions by sources and removals by sinks;
 - (c) climate change adaptation actions.
- 2 – The Government shall draw up and submit an annual report on the use of revenues generated from auctioning emission allowances to the Assembly of the Republic.
- 3 – The CAC shall draw up an opinion on the reports referred to in the preceding paragraphs within 20 days of their submission to the Assembly of the Republic.
- 4 – The reports and opinions referred to in this Article shall be released to the public.

Article 27

Legislative impact assessment on climate action

Legislative procedures must take into account the impact of initiatives on climate balance, and bodies with legislative powers must promote the availability of an impact assessment when evaluating them, in accordance with their internal rules and procedures.

CHAPTER V

Economic and financial instruments

SECTION I

Budgetary procedure and green taxes

Article 28

Green budgetary and tax principles

Budgetary and tax policies must comply with the following climate guiding principles:

- (a) adequate European financing of investments and activities needed to meet climate policy objectives, while respecting cost-effectiveness;
- (b) budgetary transparency and specification in the financing or taxation of activities that contribute to, mitigate or adapt territory and society to climate change;
- (c) phasing out by 2030 of subsidies set out in national legislation, be they direct or granted through tax advantages, relating to fossil fuels or their use;
- (d) fair and progressive effort in taxation and budgetary allocation as regards the ability to pay and behaviour subject to taxation;
- (e) taxes as a transition tool towards neutrality, enhancing the application of the carbon tax and applying increased taxation on the use of resources;
- (f) earmarking green tax revenues for decarbonisation, a fair transition and increased resilience and adaptability to climate change;
- (g) contribution of taxes to an efficient use of resources, the reduced use of fossil fuels by correcting perverse incentives, the protection of biodiversity, the sustainable use of soil, land and urban spaces, the induction of more sustainable production and consumption patterns, and the advancement of entrepreneurship and technological innovation, job creation and sustainable economic development;
- (h) taxes as a tool for internalising externalities negatively affecting climate, so as to foster economic competitiveness, sustainability and social and territorial cohesion.

Article 29

Budgetary planning

- 1 – Without prejudice to its inclusion in various sectoral budgetary programmes, budgetary allocation for climate policy purposes shall be consolidated in a State Budget account.

2 – The Government shall ensure that climate scenarios are integrated into the models underlying the macroeconomic forecasts and scenarios underpinning the State budget, and shall explicitly include a forecast of greenhouse gas emissions for the economic year to which it relates.

3 – The State budget shall, in the accompanying report:

- (a) identify the climate policy measures to be taken by the Government;
- (b) indicate the consolidated budgetary allocation for the implementation of climate policy in the various budgetary programmes;
- (c) provide an estimate of the contribution of the measures included to meet the targets laid down in this Law.

4 – The General State Account shall, in the accompanying report:

- (a) identify the climate policy measures implemented by the Government;
- (b) indicate the consolidated fiscal execution of climate action initiatives in the various budgetary programmes;
- (c) provide an estimate of the realised or expected greenhouse gas reduction for each measure.

5 – The CAC shall issue an opinion on the State Budget and on the General State Account, under the terms laid down in this Law.

Article 30

Green VAT

The Government shall create and implement a category of tax deductions – Green VAT – under the Personal Income Tax Code benefiting taxable persons who purchase, consume or use environmentally sustainable goods and services, with a view to adopting individual behaviours that preserve the environment and reduce the ecological footprint.

Article 31

Tax expenditure

When reporting on tax benefits or tax expenditure and despite their phasing out, the Government shall specify the benefits or expenditure that contributes to, mitigates or adapts territory and society to climate change.

Article 32

Carbon price

1 – Subject to special legislation, oil and energy products are subject to a carbon price, which tendentially should cover total greenhouse gas emissions from producing and consuming those products.

2 – The carbon price is determined according to international best practices and with a view to meeting climate targets.

Article 33

Financial instrument

1 – Under the remit of the Government member responsible for climate change, a financial instrument must be created with the purpose of supporting climate policies, contributing to the fulfilment of national and international objectives and commitments.

2 – Without prejudice to other revenue as established by law, revenue from the financial instrument shall consist of:

- (a) national revenues from auctions relating to the European Emissions Trading scheme;
- (b) aviation auction revenues;
- (c) revenues from the carbon tax provided for in the previous Article.

3 – As a shareholder of financial institutions and without prejudice to the management autonomy of the management body and the legislation specifically applicable to these entities, the State shall tailor the credit and investment policy and its asset portfolio to meet climate targets and carry out environmentally sustainable activities.

SECTION II

Sustainable finance

Article 34

Sustainable finance principles

Financial policies, financial management policies, policies to support capitalisation and borrowing – both by the State and private entities – shall comply with the following climate guiding principles:

- (a) principle of prioritisation, with a view to ensuring that financial planning in the public and private sectors considers and contributes to climate policy objectives;
- (b) principle of identification, ensuring knowledge of the climate impact of the actions to be financed, including the allocation of economic and financial assets or liabilities of the country and receiving organisation;
- (c) principle of transparency, promoting the disclosure of information on the climate impact of management and investment decisions by managers, investors and consumers, following European recommendations on non-financial and climate reporting and international best practices;
- (d) principle of accountability and prudence, aiming to incorporate climate risks into the valuation of assets and liabilities;
- (e) principle of divestment, so that public funds will gradually cease to be invested in environmentally unsustainable activities, but rather in assets corresponding to environmentally sustainable activities.

Article 35

Financial system

1 – Public and private agents and institutions shall take into account climate risk and climate impact in their financing decisions.

2 – For the purposes of the preceding paragraph:

- (a) “climate risk” means the foreseeable consequences of climate change on the investments of each economic agent;
- (b) “climate impact” means the impact of the investments of each economic agent on climate change.

3 – Failure to take account of climate risk and climate impact in the short, medium and long term shall be regarded as a breach of fiduciary duties.

4 – The lack of transparency or non-sharing of information, in breach of the provisions of the preceding paragraph, shall be regarded as mis-selling, in accordance with regulations on financial instrument markets.

5 – Risk analysis, in particular in financial intermediation, shall take into account the climate risk and climate impact of activities seeking financing.

6 – Information on the link between investments and climate change must comply with the taxonomy on environmentally sustainable activities in the European Union.

7 – Regulatory and supervisory authorities shall submit an annual report on the exposure to climate risk of the respective sectors, in particular on the climate risk of the financial and insurance sector.

Article 36

Public goods

1 – The State shall ensure that, progressively and by 2030, all public goods comply with the taxonomy principles of the European Union’s environmentally sustainable activities, particularly with regard to activities based on, or related to, the exploration, processing and sale of fossil fuels and substitutes thereof.

2 – The State shall ensure, progressively and by 2030, the divestment of shareholdings in firms or activities that do not comply with the taxonomy principles of the European Union’s environmentally sustainable activities and, with regard to activities based on, or related to, the exploration, processing and marketing of fossil fuels and substitutes thereof, that have their own decarbonisation plan, compatible with the divestment principle referred to in this Law.

3 – The preceding paragraphs shall not apply to assets, investments or shareholdings considered to be of national strategic interest. For that purpose, the CAC may be consulted on an advisory basis.

4 – Central, regional and local governments should preferably fund projects, procure services or concession public services, either exclusively or partially, that comply with the taxonomy principles of the European Union's environmentally sustainable activities.

Article 37

General government decarbonisation programmes

1 – In addition to complying, insofar as is applicable to them, with the planning tools referred to in Article 22, general government entities and services shall actively serve the objectives of this Law, in particular by adopting practices and behaviours affecting their organisation and operation, including in the context of public procurement, public investment and public accounts, with a view to decarbonising their activity.

2 – In compliance with the provisions of the preceding paragraph, the Government shall approve and implement a programme to decarbonise the general government.

3 – The management bodies of direct and indirect government services, independent administrative entities and executive branches of local authorities and public associations shall approve specific decarbonisation programmes for their services and institutions.

4 – The purchase of goods and the procurement of services shall comply with sustainability criteria, taking into account their impact on the local economy and promoting the use of locally available materials, without prejudice to economic agents' equal access to procurement procedures.

Article 38

Climate risk and corporate governance

1 – Firms shall take account of climate change in their corporate governance and incorporate a climate risk analysis into their decision-making processes.

2 – The duties of managers or directors and members of oversight bodies in terms of caution, loyalty, reporting on management and submitting accounts shall include prudent consideration and transparent sharing of information on the risk posed by climate change to the business model, capital structure and assets of firms.

3 – For each financial year, firms shall assess the economic, environmental and social aspects and exposure to climate change of the carbon impact of their activity and operation, and include that assessment in their management reports. They may also establish a carbon budget, setting a limit on total greenhouse gas emissions that takes into account the targets laid down in this Law.

4 – Within the scope of their reporting requirements – in particular those laid down in the Portuguese Securities Code – firms and state-owned enterprises shall include a chapter reporting on the climate risks they face, following the recommendations and best practices for climate-related disclosures.

CHAPTER VI

Sectoral climate policy instruments

SECTION I

Energy transition

Article 39

Energy policy

1 – The energy market in Portugal is part of the European Energy Union, and Portugal participates in the Iberian Electricity Market and the Iberian Gas Market.

2 – National energy policy shall be subject to the following principles:

(a) decarbonisation of electricity production, focusing on endogenous renewable resources;

(b) decarbonisation in the residential sector and public buildings, with a focus on urban rehabilitation, in-depth renovation of the building stock, increased energy efficiency in buildings and better thermal comfort, taking into account the neutrality of materials, the suitability of construction solutions to climate change and the entire life cycle of

buildings;

- (c) significant enhancement of energy efficiency across all sectors of the economy, focusing on incorporating endogenous renewable energy sources into final energy consumption;
- (d) electrification of energy consumption, eliminating the role of fossil gas in the national energy system by 2040;
- (e) progressive decentralisation and democratisation of energy production;
- (f) decarbonisation of mobility, prioritising collective transport mobility, active modes of transport, electric mobility and other zero-emission technologies, while reducing the carbon intensity of sea and air transport;
- (g) promoting energy transition in the different sectors of economic activity, notably in industry;
- (h) improvement of air quality indices;
- (i) compliance with the principle of climate neutrality in public procurement and tender specifications;
- (j) tackling energy poverty with a view to eradicating it.

Article 40

Electricity generation system

1 – The State shall encourage the decarbonisation of the electricity generation system by ensuring:

- (a) the production of electricity from renewable sources;
- (b) a ban on the use of coal to generate electricity from 2021 onwards;
- (c) a ban on the use of fossil natural gas to generate electricity from 2040 onwards, provided that security of supply is ensured.

2 – The State shall promote an electricity generation policy from renewable sources, by ensuring:

- (a) the decentralised and democratic production of electricity, including microgeneration and own use of renewable energy;
- (b) research and technological development;
- (c) the unfolding of new low-carbon solutions;
- (d) the development of criteria for granting green certificates attesting the renewable source of electricity and gases;
- (e) certification of the origin of residual forest biomass and regular monitoring of the nature of biomass used to generate electricity;
- (f) a ban on the use of quality wood, energy crop biomass and residual biomass from distant territories to generate energy from biomass;
- (g) the use of the sea as a preferred space for the purpose of exploiting renewable energy sources to generate electricity.

3 – The Portuguese State shall cooperate with the Spanish State in setting up the electricity interconnections needed for the proper functioning of the Iberian Electricity Market.

4 – The use of residual forest biomass for energy purposes shall be combined with rural fire prevention and territorial management instruments, in particular the Integrated Rural Fire Management System and the regional forestry management plans.

5 – Territorial management tools in maritime and terrestrial space should be revised to include the fulfilment of national energy potential, particularly renewable energy sources.

Article 41

Energy storage

The State promotes the deployment of energy storage technologies, adding value to the technological process developed in Portugal, with a view to:

- (a) differentiating between energy generation and storage;
- (b) introducing real-time mechanisms to monitor supply and demand.

Article 42

Energy transmission and distribution networks

1 – The State shall ensure the development of electricity transmission and distribution networks, across the various forms of electric voltage, with a view to:

(a) promoting a smart and efficient network, capable of integrating electricity generation from increasingly renewable sources and storage and demand management solutions;

(b) streamlining network access costs;

(c) providing the ability to rationally inject electricity from renewable sources into the power grid.

2 – The State shall regulate the development of a transmission and distribution network for other energy products, with a view to:

(a) ensuring the safe, cost-efficient and socially fair supply of energy products;

(b) promoting the proper functioning of energy markets, in particular minimising regional price discrepancies;

(c) promoting the transition to energy products and distribution methods in line with the State's decarbonisation objectives.

Article 43

Energy efficiency

1 – The State shall promote the energy efficiency of buildings, by prioritising urban rehabilitation in housing and urban planning policies, in order to reduce energy poverty and ensure the thermal comfort of citizens.

2 – The State shall value the protection of people and property from climate change, in particular as regards buildings' resistance to extreme events, and prioritise seismic safety, durability, fire resistance and thermal inertia.

3 – The State shall promote energy efficiency in public or public-interest services and infrastructure and state-owned enterprises, and may develop investment plans and programmes and set up energy efficiency transparency and incentive mechanisms.

4 – The State shall adopt a system of tax or financial benefits for those proving that they have cut their energy consumption.

Article 44

Fuel and gas policy

1 – The State shall promote the replacement of fuels, in particular fossil fuels, with electricity or renewable gas as a source of energy.

2 – The State shall regulate the production, sale and use of fuels tailored to reduce greenhouse gases, notably biofuels, by ensuring:

(a) the mitigation of the environmental and climate-related impact of crops of plant material used in biofuels;

(b) the restriction of the production and sale of fuels or biofuels containing unsustainable palm oil or other food crops from 1 January 2022 onwards;

(c) the implementation of a comprehensive system for the collection of used cooking oil and its recycling and processing into biofuels.

3 – The State shall promote the incorporation of renewable sources into fuels, in particular the renewable component of biofuels and high-efficiency gases.

4 – The State shall encourage the production, distribution and use of renewable gases.

Article 45

Prospection and exploration of hydrocarbons

The granting of new concessions for the prospection or exploration of hydrocarbons in Portuguese territory is prohibited.

Article 46

Mining

- 1 – The Government shall set out areas where the extraction of mineral resources is banned and make large-scale mining projects subject to strategic environmental assessment.
- 2 – The Government shall subject mining in maritime areas to environmental regulations, ensuring the rigorous protection of the marine environment.

SECTION II

Transportation

Article 47

Public transportation

- 1 – The State shall develop a public transportation network that tendentially integrates low-emission and zero-emission vehicles, with the aim of reducing emissions from this sector, ensuring that citizens have access to sustainable mobility and making cities less congested.
- 2 – The State shall foster integrated and multimodal mobility services.
- 3 – The State shall regulate the shared mobility ecosystem, ensuring its trend towards decarbonisation and the development of a circular economy vision.
- 4 – The autonomous regions and local authorities shall develop sustainable urban mobility plans incorporating sustainable mobility services within their territories.

Article 48

Car fleet and circulation

- 1 – The State shall encourage the purchase and use of vehicles that are electric, hybrid or powered by renewable gases or other fuels which do not emit greenhouse gases.
- 2 – The State shall develop a public charging network for electric vehicles. To that end, it may cooperate with the private, social and cooperative sectors.
- 3 – The State, the autonomous regions and local authorities may set limits on the circulation of motor vehicles on particular roads or areas, on account of climate impacts, noise or air quality.
- 4 – The reference date for the end of the sale in Portugal of new cars powered solely by fossil fuels is 2035, under the terms to be defined by law.

Article 49

Freight transport

- 1 – The State shall encourage the decarbonisation of freight transport in its various modes, including road, rail, water and air transport.
- 2 – Without prejudice to the foregoing paragraph, the State, the autonomous regions and local authorities shall ensure the timely provision of freight transport services throughout Portuguese territory.

Article 50

Sustainable mobility

The State shall promote active cycling and pedestrian mobility, in particular by:

- (a) drawing up and implementing strategies at national, regional or local level for active cycling and pedestrian mobility;
- (b) developing intermodal collective public transport, accommodating for the use of bicycles;
- (c) encouraging the purchase and use of bicycles;
- (d) offering public shared bicycle systems;
- (e) providing safe cycling networks and infrastructure.

SECTION III

Materials and consumption policy

Article 51

Circular economy

- 1 – The State shall promote the circular economy as a fundamental axis of decarbonisation.
- 2 – As part of the policy to boost the circular economy integrated into a mobility and public transport policy, the State shall develop shared mobility systems and encourage citizens to use them.
- 3 – The design of products, packaging, infrastructure and buildings must follow an ecodesign logic, minimising the consumption of resources and emissions generated in their production and maximising their lifespan and/or recycling.
- 4 – The State shall promote the most efficient ways, in technical, climate and economic terms, of reusing waste from the forest industry, in particular residual forest biomass.
- 5 – Local authorities shall promote, in land management instruments, the transformation of urban areas and services-oriented buildings into multifunctional spaces.
- 6 – The State shall promote dematerialisation and digitalisation in public services and the private economy, ensuring the use of digital services wherever possible.
- 7 – The State, the autonomous regions and local authorities shall promote a maintenance economy and trade in second-hand products, in particular through the supply of spare parts, with a view to extending the lifespan of products.

Article 52

Water and waste

- 1 – The State shall promote the efficient use of water and the enhancement of waste water treatment systems, in particular by:
 - (a) implementing water planning and management to ensure water security, biodiversity protection and socio-economic activities, in accordance with fair use, reducing exposure and vulnerability and increasing resilience to climate change;
 - (b) establishing a system to monitor large-scale water consumption for various purposes at local level, including human consumption, consumption in national hydro-agricultural areas and industrial consumption, in order to analyse water efficiency measures in each sector;
 - (c) upgrading waste water treatment and distribution systems, so as to produce quality waste water that can be used for various purposes;
 - (d) ensuring a policy of constantly informing consumers to increase the perception of water as a scarce resource and to raise awareness of the need to reduce consumption;
 - (e) adoption of a tax or financial benefit scheme for those who prove their water consumption savings.
- 2 – The State shall adopt a national strategy to reduce leakage in both multi-municipal and municipal distribution networks.
- 3 – The State shall promote sustainable waste management based on preventing waste generation, increasing recycling rates and significantly reducing waste disposal in landfills, in particular by ensuring:
 - (a) the development of synergies in the collection and recovery systems for the various re-used materials;
 - (b) the adaptation of new technologies that make each area more efficient, in particular through:
 - (i) enhancing selective collection by implementing collection methodologies that prioritise the principle that the polluter should pay;
 - (ii) the increased incorporation of waste into recycling and the promotion of incentives for biodesign with a view to avoiding over-packaging;
 - (c) a deepening of the legal framework to foster ecodesign and consumer awareness of their consumption decisions and attitudes as regards waste treatment;
 - (d) the adoption of:

- (i) systems for the collection of industrial, construction and demolition waste, electrical and electronic equipment and hazardous municipal waste in a safe and controlled manner, free of environmental liabilities;
- (ii) a model for the collection and recovery of bio-waste;
- (iii) by 2025, incentive and returnable systems for packaging waste, effectively recovering plastic packaging from municipal waste.

Article 53

Climate impact information

The State supports informed and conscious consumer decision-making by promoting transparency about the carbon or ecological footprint of goods and services through a certification system to be implemented in conjunction with the various economic sectors.

SECTION IV

Agri-food chain

Article 54

Low-carbon agriculture

- 1 – The State shall promote sustainable and resilient agriculture, tackling desertification and pursuing climate neutrality, territorial cohesion and biodiversity protection objectives.
- 2 – The decarbonisation of the agricultural sector shall be developed through policies that:
 - (a) accelerate the transition towards more sustainable and resilient productive systems and cultures;
 - (b) improve animal feed and have a holistic approach to livestock farming, including by using technologies that reduce greenhouse gas emissions;
 - (c) promote an increase in organic soil matter content, in particular through improved permanent pasture and the use of organic compounds;
 - (d) improve livestock effluent management systems;
 - (e) promote more efficient use of fertilisers, energy and water;
 - (f) promote the replacement of synthetic chemical fertilisers for organic fertilisers;
 - (g) significantly expand organic, conservation and precision farming;
 - (h) stimulate technological development and innovation in the agricultural sector;
 - (i) promote agroecology.

Article 55

Fisheries and aquaculture

- 1 – The State shall promote environmentally sustainable and efficient fisheries and aquaculture activities, pursuing objectives of climate neutrality and biodiversity protection.
- 2 – The decarbonisation of the fisheries and aquaculture sectors shall be advanced through policies that:
 - (a) encourage the use of green and/or renewable technologies and fuels in fisheries and aquaculture activities;
 - (b) promote the implementation of integrated multitrophic aquaculture systems, boosting low-carbon production, improving water quality and reducing the pollution load;
 - (c) stimulate the technological development of the fisheries and aquaculture sectors.
- 3 – The State shall promote policies to involve the fishing community in preventing and tackling marine waste by setting up incentive systems for the purpose.

Article 56

Food

1 – The State shall promote sustainable and healthy eating habits, in particular through:

- (a) taxes and incentives that align the price of food goods and services with their full cost, including environmental costs;
- (b) regulations on food, its packaging and labelling;
- (c) awareness and information on food products;
- (d) education on more sustainable and healthier eating habits, practices and patterns;
- (e) a trade policy promoting food sustainability;
- (f) inclusion of more sustainable and healthier food in the menus of cafeterias managed by the State, state-owned enterprises and local authorities;
- (g) promotion of the consumption of food products and goods from short supply circuits with a lower ecological footprint.

2 – The State shall develop a policy to safeguard food security, in particular by:

- (a) planning the risks to food supply posed by climate change;
- (b) planning the adaptation of the food system to the risks identified;
- (c) developing a strategy to reduce food waste, which, among other resources, uses technology to inform and support smart trade and consumption, such as large-scale data processing (big data).

SECTION V

Carbon sequestration strategies

Article 57

Forests and green spaces

1 – The State shall promote sustainable and resilient forests, with a view to increasing their carbon sequestration capacity and reducing the risk of rural fires, namely through:

- (a) reforestation, particularly in burnt areas;
- (b) woodland management, ensuring that the land register is kept up to date;
- (c) increased investment in and knowledge of the management of forest stands and their value chain;
- (d) advancement of more sustainable and resilient forest crops, including indigenous, oak and broadleaved forest crops;
- (e) prevention and fight against rural fires;
- (f) enhancement of ecosystem services;
- (g) measures for forest conversion and landscape transformation;
- (h) maintenance and incorporation of residual forest biomass in soils, safeguarding the role of residual organic matter in preserving ecological integrity and providing ecosystem services such as carbon sequestration, habitat formation or water erosion prevention.

2 – The State, in conjunction with the autonomous regions and local authorities, shall promote the development of green spaces with the aim of increasing the green cover and mitigating the heat-island effect of urban centres.

Article 58

Ocean and carbon stores

The State shall develop a sea-related policy that protects the state of the marine and coastal environment and develops a sustainable blue economy, namely through:

- (a) sustainable management of marine ecosystems, in particular populations of commercially-exploited species consumed by humans;
- (b) sustainable management of human intervention in the ocean, encouraging sustainable fishing and aquaculture activities;
- (c) incentives for electric production by harnessing marine and offshore energy;
- (d) assessment of needs and consequent implementation of actions for ecological restoration and sustainable

development of coastal and marine ecosystems, including marshes, seagrass beds, reefs and algae forests;
(e) classification of marine protected areas for the conservation of vulnerable ecosystems that are essential to the good environmental status of marine waters.

Article 59

Carbon capture technologies

- 1 – The State shall analyse, monitor and support the development of carbon capture, storage and use technologies.
- 2 – The State, the autonomous regions and local authorities shall promote pilot projects to implement carbon capture, storage and use technologies in national territory areas with the highest emissions.

SECTION VI

Climate education

Article 60

Climate education policy

- 1 – The Government shall incorporate climate education into primary and secondary education curricula.
- 2 – The Government shall promote the development of academic content on climate change in higher education, while respecting the institutions' autonomy.
- 3 – The Government, in conjunction with the autonomous regions, local authorities and other entities, shall promote climate education actions aimed at raising awareness among the general population.
- 4 – Climate change knowledge tools shall be made available to museums, science centres, libraries and other communication and dissemination media, where appropriate.

Article 61

Support to environmental associations

The State supports associations that work to protect the environment, by facilitating their contribution to building societal awareness of the importance of tackling climate change.

SECTION VII

Research, development and innovation

Article 62

Climate change research, development and innovation

The State shall promote climate change research, development and innovation, using CAC recommendations on an advisory basis.

SECTION VIII

International cooperation

Article 63

Principles for supporting climate change cooperation projects

- 1 – The Portuguese State must honour its commitments in international climate cooperation, at European and international level.
- 2 – The Government shall encourage participation in delegated cooperation projects in Portuguese-speaking countries.

Article 64

International cooperation on climate change

1 – The State shall promote international cooperation programmes, projects and actions in the field of climate change, in particular leading to mitigation, adaptation and resilience, with a focus on cooperation with neighbouring, Portuguese-speaking and Mediterranean countries.

2 – In the context of international scientific cooperation, notably as a member of the European Union and the Atlantic Axis, the State shall ensure that there is a research centre based in Portugal to promote scientific research and technological development on climate change.

Article 65

Types of climate change cooperation projects

International cooperation projects on climate change lead to climate change mitigation and adaptation and can take on the following forms:

- (a) climate change capacity-building;
- (b) transfer of climate change mitigation or adaptation technologies;
- (c) climate change mitigation actions;
- (d) climate change adaptation actions.

Article 66

International articulation on climate change research and development

The Portuguese State, within the types of projects laid out in the previous Article, shall participate in research and development actions at European and international level.

SECTION IX

Green economy and fair transition

Article 67

Green economy principles

Economic and social policies are subject to the following climate balance principles:

- (a) designing energy and climate policies that focus on citizens and their well-being;
- (b) creating and benefiting from a concept of shared and sustainable prosperity;
- (c) promoting intergenerational fairness, by ensuring an inclusive and equitable economy within each generation;
- (d) fostering economic growth within the limits of the planet, recognising and investing in nature's functional, cultural and ecological value;
- (e) promoting sustainability in production and consumption and a circular economy;
- (f) aligning prices minus subsidies, taxes and other incentives with the real costs of goods and services production and consumption;
- (g) ensuring social fairness of the climate transition, by supporting the reskilling of workers and the economic and social restructuring of affected regions;
- (h) a long-term perspective in pursuing economic and social policies.

Article 68

Green industrial strategy

1 – The Government shall draw up and submit the green industrial strategy to the Assembly of the Republic, no later than 24 months after the entry into force of this Law.

2 – The green industrial strategy aims to provide a strategic framework that supports firms during the industrial sector's climate transition and in meeting the objectives set out in this Law, enhancing their sustainable

competitiveness.

3 – Before submitting the draft green industrial strategy, the Government shall consult the CAC and take account of its opinion, which shall be published at the same time as the draft is presented to the Assembly of the Republic.

4 – The CAC shall issue an opinion on the green industrial strategy within 20 days of being consulted.

5 – The Government shall submit a draft green industrial strategy for public consultation, accompanied by the relevant opinion of the CAC, and shall ensure that the following entities are heard:

- (a) autonomous regions;
- (b) regional coordination and development committees;
- (c) National Association of Portuguese Municipalities;
- (d) Associação Nacional de Freguesias (National Association of Civil Parishes);
- (e) Economic and Social Council;
- (f) National Council on Environment and Sustainable Development;
- (g) Confederação Empresarial de Portugal (Confederation of Portuguese Business).

6 – The Government shall couple the innovation and development agenda to tackle climate change with the green industrial strategy.

Article 69

Fair transition

The State shall promote a fair transition to a carbon-neutral economy, including by:

- (a) establishing a green growth agenda for the Portuguese society and jobs for the climate;
- (b) tackling energy poverty;
- (c) supporting the existing economic fabric to adapt;
- (d) progressively distributing climate transition costs and benefits;
- (e) reskilling workers whose jobs are eliminated or significantly transformed by decarbonisation;
- (f) reducing the impacts of climate change on public health, biodiversity and ecosystems;
- (g) rehabilitating territories, activities, equipment and infrastructure affected by climate change;
- (h) promoting sustainable mobility, without prejudice to safeguarding territorial and social cohesion;
- (i) protecting people and regions most vulnerable to the impacts of climate change;
- (j) supporting projects to decarbonise industries with high carbon emission levels in conjunction with their corporate sector.

Article 70

Clean technologies

Clean technologies or technologies contributing to the fight against climate change are considered to be those that comply with the taxonomy principles of the European Union's environmentally sustainable activities.

SECTION X Oversight

Article 71

Oversight and inspection

The State shall oversee and inspect activities likely to have a negative impact on the climate, ensuring compliance with the conditions set out in environmental and climate regulatory instruments.

Article 72

Liability and sanctioning framework

- 1 – Harmful actions and omissions that accelerate or contribute to climate change give rise to a liability.
- 2 – An administrative offence framework is outlined in a separate legal act as a deterrent and sanctioning instrument for:
- (a) climate-damaging actions and omissions;
 - (b) practices in breach of laws and regulations relating to climate;
 - (c) misuse or abuse of natural resources.

CHAPTER VII

Transitional and final provisions

Article 73

Mitigation of the carbon impact of the Assembly of the Republic

- 1 – The Assembly of the Republic aims to achieve climate neutrality by 2025.
- 2 – The Assembly of the Republic shall draw up and publish, in the first year of each parliamentary cycle and by reference to the previous parliamentary cycle, a report assessing the carbon impact of its activity and operation, identifying the measures adopted and defining measures to be adopted to mitigate that impact.

Article 74

Approval of sectoral plans

Sectoral mitigation plans and sectoral climate adaptation plans for priority sectors shall be adopted by the end of 2023.

Article 75

Initial climate impact assessment report

Within one year of the entry into force of this Law, the Government shall submit a report identifying the legislation which may differ from the climate targets and instruments of this Law to the Assembly of the Republic. To this end, the following must be examined:

- (a) rules conferring the right to implement projects which, in their value chain, make a net contribution to greenhouse gas emissions at national or international level;
- (b) rules governing investment in infrastructure whose impact has not been considered in the 2050 Carbon Neutrality Roadmap;
- (c) the Portuguese Procurement Code.

Article 76

Regulation of risk and climate impact on financial assets

Within one year of the entry into force of this Law, the Government shall regulate information sharing on the integration of climate impact and risk when building up financial assets.

Article 77

Report on public goods, investment, shareholdings and subsidies

The Minister responsible for Finance shall, within one year of the entry into force of this Law, draw up and release a report on public goods, investments, shareholdings or financial or economic subsidies as set out in Article 36.

Article 78

Revision of corporate governance rules

- 1 – Within one year of the publication of this Law, regulatory and supervisory authorities shall identify the legislative and regulatory changes necessary for firms to integrate exposure to climate scenarios and the potential financial

impacts resulting therefrom on corporate governance, following the recommendations of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on disclosure of non-financial and diversity information by certain large undertakings and groups, the taxonomy principles on the European Union's environmentally sustainable activities and international recommendations and best practices.

2 – Within one year of the entry into force of this Law, the Government shall submit to the Assembly of the Republic a report containing the necessary revisions to bring Portuguese Company Law and other legislation into line with the provisions of this Law.

Article 79

Revision of the legal framework governing hydrocarbons

Within one year of the entry into force of this Law, the Government shall submit to the Assembly of the Republic a revision of the rules governing the licensing, prospection and exploration of hydrocarbons in Portugal, which shall be periodically reassessed in accordance with climate targets and objectives.

Article 80

Repeal

Law No 93/2001 of 20 August 2001 establishing instruments to prevent climate change and its effects is hereby repealed.

Article 81

Entry into force

This Law shall enter into force on the first day of the second month following that of its publication.

Approved on 5 November 2021.

The President of the Assembly of the Republic, Eduardo Ferro Rodrigues.

Promulgated on 13 December 2021.

Let it be published.

The President of the Republic, Marcelo Rebelo de Sousa.

Countersigned on 23 December 2021.

The Prime Minister, António Luís Santos da Costa.