CREEL GARCÍA-CUÉLLAR AIZA Y ENRÍQUEZ

NEW GENERAL LAW ON CIRCULAR ECONOMY

General Law on Circular Economy (hereinafter, "GLCE") was published in the Federal Official Gazette. This law imposes mandatory obligations and compliance mechanisms mainly for companies, importers, and authorities at all levels of government.

1. **Purpose.** The GLCE is a law of public order and general application that promotes environmental conservation by applying circular economy principles throughout the entire life cycle of products and materials. It establishes key concepts and principles such as hierarchy, traceability, gradualism, reparability, and innovation, which guide both public policy and corporate obligations.

2. **Extended Producer Responsibility and Compliance.** Extended Producer Responsibility ("EPR") is the framework that holds manufacturers and importers environmentally accountable for the products they manufacture or place in the market, from design to the end- of- life.

3. **Obligations of Obligated Parties.** To comply with EPR, obligated parties must design, register, and execute a management plan approved by the relevant environmental authority. This plan must set goals and actions to prevent waste generation and facilitate reuse, repair, collection, recycling, and, where applicable, compensation measures. EPR complements, but does not replace, the obligations of consumers and government authorities.

   Additionally, companies can comply with EPR directly or indirectly through agreements with third parties. In cases of duly justified impediments, the authorities may authorize proportional environmental compensation measures, such as ecosystem restoration, conservation, damage remediation, reforestation, emissions reduction, or the use of certified financial instruments.

4. **Prohibitions for Obligated Parties.** The GLCE includes specific prohibitions aimed at combating "greenwashing". It penalizes, among other actions: (i) creating or using false information regarding the environmental characteristics of products or processes supposedly aligned with circular economy criteria; and (ii) the unauthorized use of environmental seals, logos, certifications, or labels that might mislead consumers. Consequently, obligated parties must ensure traceability and truthfulness in their commercial communications and regulatory compliance.

The GLCE establishes a new national standard that requires companies and regulated sectors to integrate circularity management as a core principle across all stages of the product and material life cycle. This standard affects operations from design and sourcing to labeling, marketing, public procurement and regulatory reporting.

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