



Corporate Governance and Sustainability in the Space Economy: From “Mere Compliance” to “Strategic Asset”

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In summary / Key Takeaways:

- **Regulatory Developments:** The Space Economy is transitioning into an era of structured governance and compliance. Security, resilience, and sustainability are no longer optional; they are fundamental requirements that operators at all levels must integrate.
- **Competitive Advantage:** Compliance and corporate governance, often viewed as formal obligations, can be levers for strategic advantage. When properly tailored and proportional to activity and risk, they not only meet the requirement for authorizations but also serve as a core differentiator for accessing capital, participating in public tenders, and qualifying within the supply chain. Thus, strong governance can transform compliance from a burden into a source of competitive strength.

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The year 2025 marked significant milestones for the space sector at both the Italian and European levels. With the introduction of the Italian Space Law on June 13, 2025 (“**Italian Space Law**”) and the proposal for a European Space Act on June 25, 2025, the space industry is entering a phase of structured governance and compliance.

1. The Role of Corporate Governance: The “Engine” of Sustainability and Business

The concept of corporate sustainability today reconciles several dimensions:

- **economic sustainability** (internal perspective).
- **environmental and social sustainability** (external/stakeholder perspective).

The modern enterprise is understood as an entity that must consider these dimensions jointly, orienting itself towards **ESG** (Environmental, Social, and Governance) criteria and **SDGs** (Sustainable Development Goals).

In this context, corporate governance plays a crucial role, serving as the tool to:

- balance the different dimensions of sustainability.
- reduce the company’s and its directors’ liability risks.
- facilitate access to capital.

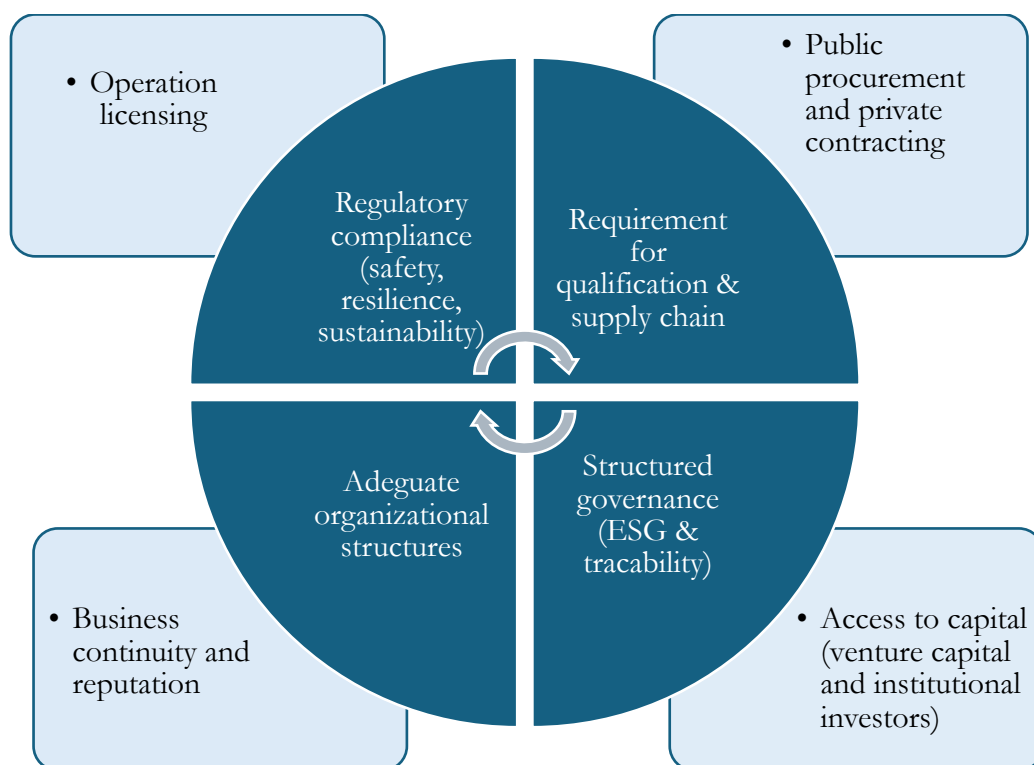
Companies in the Space Economy are not exempt from these dynamics. In the space sector, sustainability is not limited to **space debris**; it encompasses all ESG dimensions, and **security** and **resilience** should also be considered.

Corporate governance thus becomes an evaluation factor:

- for obtaining **authorization** to carry out space activities.
- for participation in and awarding of **public procurement** contracts.
- in **private contracting**, both for prime contractors (who must guarantee the sustainability of the entire mission) and for the supply chain, becoming a de facto qualification requirement.

For start-ups and SMEs, governance also constitutes a key credential to attract venture capital and institutional investors who, during due diligence, carefully assess risk management and corporate structure. It is therefore not solely a matter of meeting mandatory compliance; adopting effective governance can become a deliberate “competitive strategy”.

Important: Governance does not mean heavy bureaucracy/burdening the company. Governance should be **proportionate** to size, activities, and risks. **SMEs and start-ups** must not necessarily adopt large enterprise models: governance must remain “light” yet “robust” and “scalable”, with essential mechanisms and procedures that do not slow down operations but ensure traceability to support growth, capital entry, and reassure industrial partners.



2. The International Context

Sustainability. While the key principles of international treaties regarding outer space remain firm - primarily the 1967 Outer Space Treaty (“**OST**”) regarding freedom of exploration, use, non-appropriation, and due regard - the issue of sustainability has been addressed in the last two decades mainly through legal non-binding instruments (soft law), including:

- the IADC (2002/2007) and COPUOS (2007) guidelines for space debris.
- the 21 guidelines for the Long-term Sustainability of Outer Space Activities (“**LTS Guidelines**”) adopted by COPUOS in 2019.

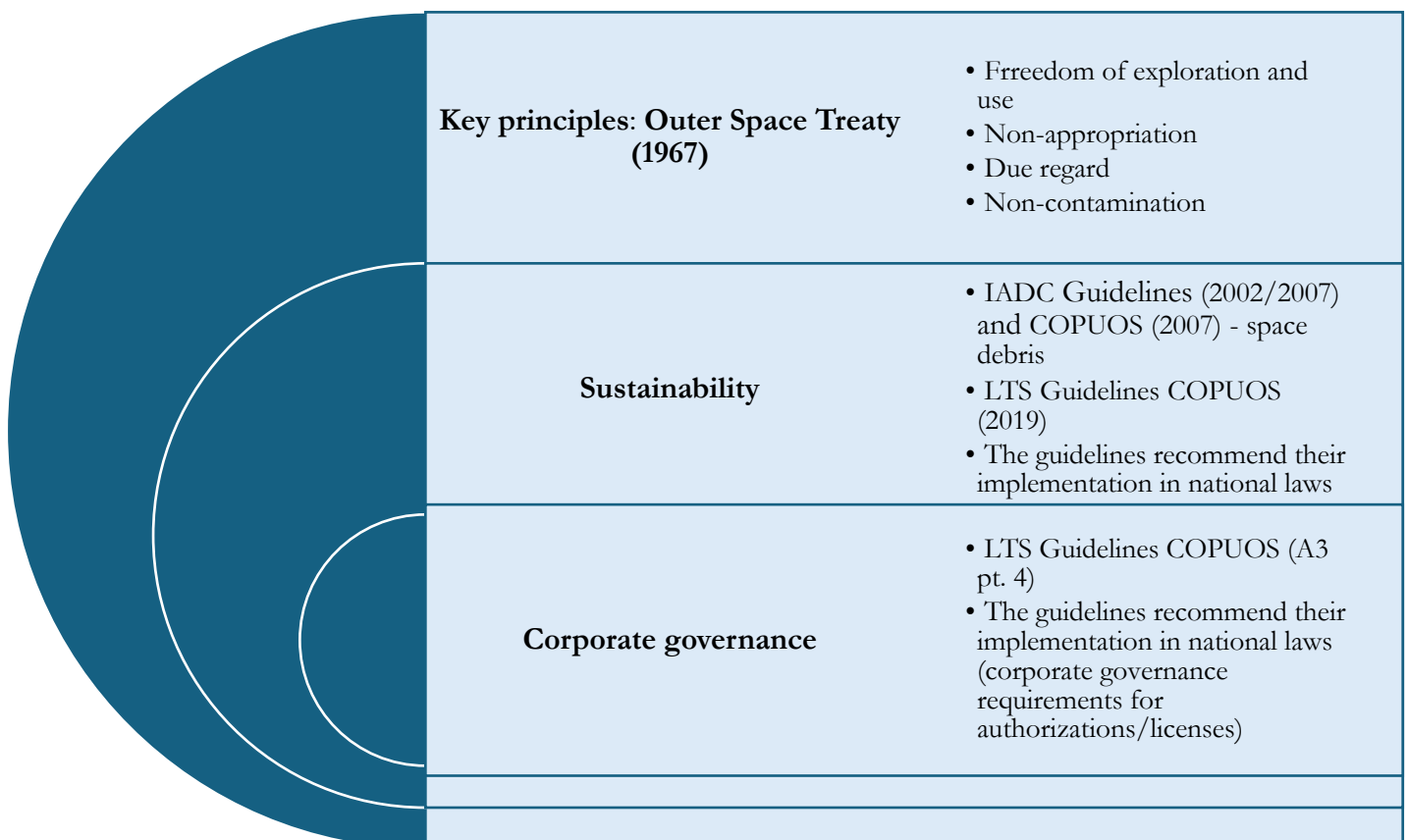
Corporate Governance. Although not specifically addressed in international treaties, corporate governance is today considered an enabling factor:

- **Internationally**, the LTS Guidelines (A.3, pt. 4) require States to ensure that operators’ management adopts structures and procedures to support the long-term sustainability of activities.
- **Nationally**, States – which are responsible under international law for national space activities in terms of both accountability (Article VI of the OST) and liability (Article VII of the OST) - require governance prerequisites to issue authorizations.

The most recent national regulations (approx. 50 States, including 13 EU Member States) require the adoption of corporate governance models that provide for:

- specific powers/duties for management regarding the safe and sustainable conduct of activities.
- concrete procedures (not just generic ethical codes) implemented at all corporate levels.
- reporting systems to enable supervision by the national authority.
- supply chain control.

*(For further details, please refer to Chiara Biella’s speech at the VIII National Conference of the Italian Society for Research in Comparative Law (13 September 2024), published in *Opinio Juris in Comparatione*, Vol. 1, no. 1/2025: <https://www.opiniojurisincomparatione.org/articles/la-sostenibilita-nel-settore-spaziale-limportanza-del-fattore-governance/>)*



3. The New Italian Law on the Space Economy

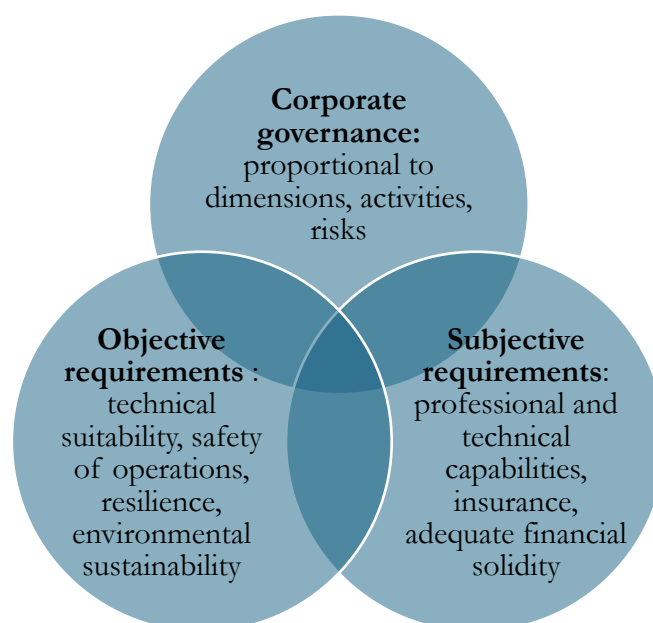
The Italian Space Law has introduced a regime of authorization and continuous supervision which, to become fully operational, requires the issuance of implementing decrees. To conduct space activities, the operator must meet:

- **objective requirements**, such as technical suitability, operational safety, resilience, and environmental sustainability (including mitigation of space debris and light/radio pollution).
- **subjective requirements**, such as professional and technical capacity, insurance coverage, and adequate financial solidity, commensurate with the risks of the space activity and the size of the company.

Although technical details are deferred to implementing decrees, it is already clear from the Italian Space Law that corporate governance and compliance are essential requirements to be considered a “**reliable**” operator. A diversified application is emerging:

- **Upstream Operators:** These are the entities directly obliged to request authorization (launch, in-orbit operation, in-orbit servicing, etc.; see definition of “space activity” in the Space Law). For them, structured governance - pending the specifics of the implementing decrees - is destined to become a stringent legal requirement.
- **Downstream Operators and Supply Chain:** Although not currently directly subject to authorization, these operators are nonetheless affected by the regulation. On one hand, the Space Law defers specific obligations regarding space data management and infrastructure to decrees. On the other hand, they are indirectly involved in supply chain dynamics: *prime contractors*, to comply with their legal obligations (including Article 27 on sub-contracting), will have to select their supply chain by verifying status and compliance, requiring adherence to quality, safety, and sustainability standards.

The Space Law also provides specific evaluation criteria for SMEs and start-ups (e.g., financial solidity evaluated considering the presence of institutional investors or participation in incubators/accelerators), confirming the need for “**scalable**” governance.



4. Towards the European Space Act

The picture is completed by the proposed European Space Act, which aims to create a Single European Space Market. Notably, the Commission chose to base its legislative competence on Article 114 of the TFEU (single market) rather than on Article 189 TFEU (space policy) - precisely to overcome the fragmentation of different national laws hindering the industry and to create a common baseline of standards on security, resilience, and sustainability.

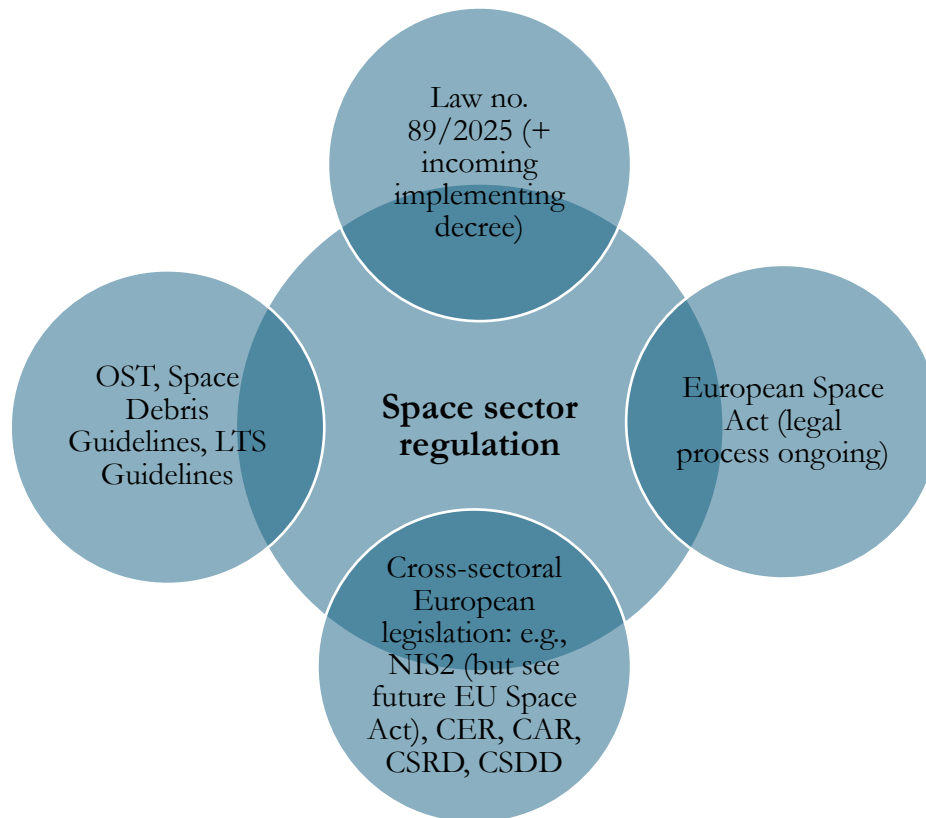
The debate is ongoing: the Commission's first draft (June 2025) was followed by a compromise text from the European Council Presidency (December 2025). The process highlights a trend introducing a “**distributed governance**” between national and EU authorities:

- **Authorization:** The Act establishes an “EUSA Authorization” to guarantee uniform safety, resilience, and sustainability standards across the EU. This creates an EU-level requirement, although its administration is embedded within national authorization systems. National Competent Authorities remain the issuing bodies of authorizations for private operators, acting as the interface that incorporates these EU standards into the national frameworks. For Union-owned assets, the European Commission is the authorizing authority. It relies on a mandatory technical assessment by the EU Agency (EUSPA). In all cases, Qualified Technical Bodies (QTBs) – which can be national, international (e.g., ESA), or the EU Agency itself – support the process by providing technical opinions on compliance.
- **Environmental Footprint:** The obligation to assess the Environmental Footprint (EF) throughout the lifecycle of a space mission remains in place. Union space operators are responsible for the calculation, while the verification and validation of the EF study and related datasets are entrusted to QTBs as part of the technical assessment for authorization. The Commission is tasked with maintaining a centralized Union database to store and manage the aggregated and disaggregated datasets collected during the process.
- **From Security to Resilience:** The shift from the European policy of the “3Ss” (Safety, Security, and Sustainability) to Safety, Resilience, and Sustainability is consolidated. Security (understood as national defense) falls outside the EU jurisdiction and is replaced by the concept of *resilience* (industrial operational continuity). For dual-use systems, the European Space Act application will be “case-by-case”: applicable if the system is used for civil purposes, but not during use for defense or national security.
- **SMEs and Start-ups:** There is a call for fair and reasonable certification fees, along with a reiteration of the proportionality principle. The goal (at least on paper) is to calibrate verifications and administrative burdens to the mission's actual risk level, aiming to avoid creating additional market-entry barriers.

The European Space Act, like the Italian Space Law, transforms safety, resilience, and sustainability into market-access requirements (a license to operate). This directly impacts corporate governance: these requirements are not mere technical bureaucracy but must be integrated into top-level decision-making processes, mandating the adoption of governance capable of mapping and managing operational and environmental risks.

Coordination with general EU sustainability regulations (such as the **CSRD** and **CSDDD**) is necessary for space companies exceeding certain size and turnover thresholds.

Thus, the map of sector regulations regarding compliance, standards, and governance envisages multiple levels that are not always (currently) aligned or communicating with one another.



5. What Changes for Companies? Corporate Governance as a Strategic Asset

The ongoing regulatory evolution is forcing a rethink of the approach to governance and compliance, requiring strategy and intervention across several fronts.

1. **Integration of Risks into Information Flows and Decision-Making.** Safety, resilience, and sustainability are no longer just engineering parameters. They must exit technical departments and formally enter governance frameworks. Non-compliance results not only in sanctions but also in the risk of authorization denial or revocation, exclusion from public tenders or the supply chain, and thus a risk of **business continuity** loss. Corporate governance must evolve to include specific frameworks, plans, and procedures for mapping and managing operational risks of space activities.
2. **Contractual Compliance.** The entire set of contracts (toward suppliers, partners, and customers) requires alignment with the new safety, resilience, and sustainability standards. Regulatory evolution is pushing toward translating obligations into contractual clauses, also considering the entity best able to evaluate, monitor, and manage the risk, as well as the allocation/distribution of the cost.
3. **Record-keeping.** In a regime of authorization and continuous supervision, the ability to provide documentary proof of decisions made becomes central.
4. **Finance and insurance.** In an increasingly selective capital market, governance and compliance become evaluation metrics. The company's ability to demonstrate traceable decision-making processes and structured risk management is a key element in facilitating access to capital, tenders, and insurance coverage.
5. **Start-ups and SMEs.** Governance must be proportionate and ready to support growth and capital entry. Overly complex frameworks are unnecessary; rather, compliance, risk monitoring and management, and traceability can be achieved through lean procedures, without burdening the structure.

Ultimately, what is perceived today as “bureaucracy” and cost must be transformed into governance tools that translate into **reputation and value**.

Summary Checklist Table: Action Required and Competitive Advantage.

Area	Action required	Competitive advantage
Governance	Mapping and integration of specific risks of space activity (safety, resilience, sustainability) into organizational structures and information flows to directors.	Obtaining authorizations, tenders, and contracts, protection against liability for both the company and directors, prevention of business loss and reputational damage risk.
Contracts	Verify and align contracts (toward suppliers, partners, and customers) to new safety, resilience, and sustainability standards. Verification/revision/introduction of clauses for monitoring/managing compliance, risks, and costs.	Qualification as reliable suppliers/partners/operators.
Access to capital and insurance coverage	Ensure compliance and structure a governance proportionate to size, activities, and risks. For SMEs and start-ups, a “light” but “robust” and “scalable” governance to have control without burdening the structure.	Facilitated access to the capital market, venture capital, institutional investors, and insurance coverage.
Record-keeping	Draft and preserve documentation that provides protection in case of inspections and/or litigation.	Reduction of risks of authorization revocation, sanctions, and/or damages.