Inclusive Circularity
Creating decent and fair jobs in the EU
The University of Cambridge Institute for Sustainability Leadership

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Key terms and concepts

Circular economy is an “economic system that uses a systemic approach to maintain a circular flow of resources, by regenerating, retaining or adding to their value, while contributing to sustainable development.”¹

Decent jobs/work “involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for all, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.”²

Informal economy “refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.”³

Net job creation represents the difference between job creation and job destruction.

Social economy “encompasses a variety of businesses, organisations and different legal entities. They share the objective of systematically putting people first, producing a positive impact on local communities and pursuing a social cause.”⁴

Social economy organisations can include non-profit associations, cooperatives, mutual societies, associations and foundations and social enterprises.”⁵

Social justice “denotes the fair and just relationship between the individual and society.”⁶

Social market economy is “generally understood to refer to a compromise between free markets on the one hand and social-oriented policies (including social dialogue) on the other.”⁷
Executive summary

The adoption of a circular economy is essential for reaching climate neutrality by 2050. The roll-out of critical renewable energy infrastructure, decarbonising transport and improving energy efficiency have been major EU priorities. These measures play a critical role in the climate transition, but they most directly address only 55% of emissions. The circular economy tackles the remaining 45% of emissions deriving from material production—these emissions come from producing the cars, clothes, food and other products we use every day.

The European economy is going through a profound shift towards sustainability to achieve its ambition for climate neutrality. One of the key levers of this transition is the circular economy. Circular economy refers to the reorganisation of how we consume and use materials and products more efficiently, keeping them in use for longer and repurposing them innovatively.

The demand for raw material extraction has tripled since the 1970s to 92 billion tonnes in 2017. Reaching the ambitious climate goals set by the Paris Agreement will be impossible unless global resource emissions from excessive production and consumption are addressed.

The need to prioritise the circular economy is gaining traction among European policymakers due to the opportunity it offers to reduce raw material extraction, consumption, waste and emissions. The transition to a circular economy also brings the opportunity to create new jobs for Europeans. However, the nature and quality of these jobs has not been examined in much detail. In particular, there is little analysis around the potential distributional impacts and social implications of the transition to a more circular economy within the EU borders.

Moreover, the ripple effects of circular economy policies, adopted in the EU, on jobs globally must be closely considered. Resources and capacity building should be deployed to support the transition of countries in the Global South. Without clearly addressing these impacts and implications for people, we risk hampering progress towards global climate goals.

Businesses and financial institutions have become increasingly engaged on the importance of addressing the social aspects of a circular economy, particularly on creating decent jobs and ensuring inclusive employment both in the EU and globally. To address this momentum and scale up their action, comprehensive, coherent and clear policies are needed.

This policy briefing provides an overview of the types of jobs that are needed in a circular economy, the opportunities and barriers around creating decent and inclusive jobs, the links between circular economy and social policies, and the private sector’s views on this topic.

This briefing puts forward the following policy recommendations:

Assess the distributional impacts of an increased share of circular economy policies on the employment of all workers, including vulnerable workers, with gender disaggregated data. Following the example of the Netherlands, a social impact assessment of EU circular economy policies could enable policymakers to identify the risks and opportunities of circular jobs undertaken by vulnerable workers in key circular sectors within and outside the EU.
Identify the characteristics of a socially just circular economy and integrate these considerations into the monitoring of the impact of a circular economy, including employment. Having a shared understanding of what a socially just circular economy entails will be pivotal to make this transition work for all. The monitoring framework for a circular economy needs to be improved to better evaluate and monitor how the circular economy is contributing towards creating more decent and inclusive jobs.

Secure adequate financing of the transition towards a socially just circular economy. Forward-looking policies are needed to scale up financing towards the circular and just transition. These would, for example, include creating a social taxonomy, strengthening and making compulsory the qualifying social and environmental criteria for public procurement and EU funds, and financing education and training to address potential skills mismatches. These could help give a clear signal and certainty to investors and businesses to scale up their action.

Enhance synergies between business and government to ensure that circular policies contain strong social safeguards. Business and governments need to work closely together to embed social considerations in circular economy practices and implementation and jointly increase ambition. This could be through focused stakeholder fora and an increase in public–private partnerships. Governments must promote labour rights, education and training policies that enable workers to thrive in the circular economy, offer capacity-building for businesses, and create a conducive environment for scaling up circular economy startups and innovative technologies. Meanwhile, businesses should be encouraged to demonstrate how circularity and decent work can be effectively combined.

Strengthen the coherence between social and circular economy policies. Certain circular economy and social policies have strong synergies. However, more explicit and measurable linkages between circular economy and social policies, particularly on the social economy, are needed to fully leverage the positive synergies between these policies to ensure a socially just transition to a circular economy.

Ensure that the transition to a circular economy is globally fair and just. Circular economy policies have impacts beyond the EU’s boundaries. The trade of secondary products and materials, discarded products and waste can affect workers in the countries where these flows are currently directed, particularly in the Global South. Integrating circular economy objectives in customs and trade policies could help prevent some of these ripple effects. Supporting these countries in implementing and scaling up their own circular economy legislations, such as Extended Producer Responsibility schemes, could also help avoid job displacement.

Agree a shared definition of circular jobs that takes into account core, enabling and indirect circular jobs across the formal, informal and social economies. A shared definition set in legislation that is inclusive of all types of relevant jobs can provide a clear picture of the net employment gains in a circular economy. Such a definition could also help identify the categories of workers that can benefit from additional support during the transition.
1. Introduction

The adoption of a circular economy is essential for reaching climate neutrality by 2050. The roll-out of critical renewable energy infrastructure, decarbonising transport and improving energy efficiency have been major EU priorities. These measures play a critical role in the climate transition, but they most directly address only 55% of emissions, and have less impact on the remaining 45% of emissions.

The circular economy tackles the remaining 45% of emissions deriving from material production – these emissions come from producing the cars, clothes, food and other products we use every day.

A circular economy has been defined in many ways. Some of these definitions include the need to align this new “economic system that uses a systemic approach to maintain a circular flow of resources, by regenerating, retaining or adding to their value” to the Sustainable Development Goals (SDGs). Such an approach would help to draw more attention to the social implications.

Relentless demand for raw material extraction has reached 92 billion tonnes in 2017, a rate that has tripled since the 1970s. This is predicted to increase even further, while total emissions are expected to reach approx. 50 Gt CO₂ equivalents as the global raising population requires access to housing, food and other basic services. Global emissions from excessive resource production need to be addressed if we are to reach the climate goals set by the Paris Agreement and stay within the safe limits of our planet’s boundaries.

Within the EU, scaling up circular economy approaches is a political priority under the European Green Deal and essential for achieving its climate goals. This is due to the opportunity it offers to reduce raw material extraction, consumption, waste and emissions, contribute to restoring nature and strengthen the competitiveness of the economy. The European Green Deal sets a common ambition for Member States to reach climate neutrality by 2050 in a way where no one is left behind. The transition to a climate neutral Europe is also anticipated to create a more resilient and thriving labour market in the face of globalisation, technological and demographic change and resource scarcity. The circular economy is playing a key role in how the EU is addressing the systemic shift towards climate neutrality and a sustainable and equitable future for all.

In the last decade, the EU has introduced numerous pieces of legislation through its Circular Economy Action Plans. The Ecodesign for Sustainable Products Regulation sets requirements for specific products to improve their circularity and energy performance. The Right to Repair Directive introduces common rules to increase access to product repairs for consumers. The revision of the Packaging and Packaging Waste Regulation addresses the increased production and usage of single-use packaging.

Meanwhile, many Member States have welcomed greater focus on the circular economy, with 20 EU countries adopting national circular economy strategies, roadmaps and action plans between 2016 and 2022. One of the examples is Spain, which has adopted a national Strategy setting a number of goals to be achieved by 2030 such as reduction in the use of materials and in the amount of generated waste. The first triennial action plan under the Strategy sets creation of new jobs and improvement of the quality of employment in the circular economy as one of the “lines of action”, with the aim of ensuring a balanced and fair transition.

The circular economy has also attracted attention from private sector businesses, trade unions and social economy entities. Rising energy costs resulting from Russia’s war on Ukraine alongside supply shortages...
of raw materials have attracted growing interest in the circular economy. This is partly due to the environmental, energy-saving and security of supply benefits resulting from retaining existing products and materials in use for as long as possible. \(^{25,26,27}\) The circular economy is also expected to deliver social benefits, primarily through net gains of up to 700,000 jobs across Member States by 2030. \(^{28}\)

**While circular jobs are being created, little is known about the quality of these jobs.** The circular economy may help create high-quality jobs, as we move towards circular activities that extend the life of products. \(^{29}\) Progressive policies can help to ensure that the new jobs in a circular economy are predominantly decent. For example, collaboration and social dialogue can improve labour conditions, upskill workers and facilitate inclusive practices in the labour market. \(^{30,31}\) However, without focus on the quality of the new jobs, adverse labour practices that currently exist in the fringes of the linear economy may become the new norm in some of the sectors that grow as a result of the transition to a more circular economy. These practices include marginalisation, unsafe and precarious working conditions, poor pay, gender inequality and limited access to formal employment. They are currently more common in sectors where a large share of the employees are unskilled and low-skilled workers, migrants, or women – with migrant women working in low-skilled jobs being at a particularly high risk of adverse employment practices. \(^{32}\)

**Progressive policies that focus on the quality as well as the quantity of new jobs can deliver multiple social benefits.** Decent and inclusive circular jobs, alongside inclusive formalisation of certain jobs in the fringes of the linear economy, can provide new opportunities for economic inclusion among marginalised workers. As such, a socially just transition to a circular economy could help reduce inequalities, strengthen social cohesion and improve labour market participation, with a positive impact on the EU’s overall economy.

**To maximise the social benefits from the circular economy, policymakers would need to direct their focus on the social implications of the transition to a circular economy, such as labour practices and decent work, human rights, social equity and the final cost to consumers.** \(^{33}\) With some exceptions, \(^{34,35}\) to date, their focus has been more on issues related to economic growth, environmental concerns and supply chain risks. \(^{36}\) Better understanding of the socio-economic impacts, such as those on the labour market, is paramount to maximise the benefits of the transition to a circular economy, and to avoid unintended consequences including exacerbated marginalisation, exclusion, poverty and gender inequality.

**Greater insight is needed on the quality and inclusivity of the new jobs created in a circular economy and the spillover effects of job displacement.** It is also important to examine the direct and indirect impacts on different categories of workers, such as low-, medium- or highly-skilled, particularly in sectors that are expected to benefit the most from the transition including repair, recycling and waste management sectors.

**As our understanding of a circular economy evolves, there is a time-limited opportunity to make new circular jobs decent and inclusive for all.** EU policymakers need to maximise the opportunities inherent in the process of circular job creation, and to recognise and address the risk of these adverse societal impacts to ensure that the transition to a circular economy is socially just. A key aspect discussed in this policy briefing is the need for policymakers to consider the potential negative impacts of increased circularity on the most vulnerable social groups (e.g. migrant, women, people with disabilities, informal workers), while also ensuring that the costs and benefits of the transition are equitably distributed across society. \(^{37}\)
Purpose and structure

Following the introduction, Section 2 of this policy briefing first sets out the context of the types of jobs needed to support the circular economy transition. Section 3 examines the current gaps in research within the EU in addressing the creation of new jobs, employment conditions and inclusion of workers in repair, recycling and waste management sectors in the transition to a circular economy. Section 4 illustrates the links between circularity and social policies in the EU through reviewing some of the key related policy files. Section 5 presents how businesses in these industries can help create inclusive and decent jobs. Section 6 provides policy recommendations for a socially just circular economy, with a focus on jobs and employment.

2. Jobs needed to support the transition to a circular economy

The European Commission estimates that the shift to a circular economy could result in the net gain of up to 700,000 jobs by 2030 across Member States, especially in waste management and repair services. This figure also takes into consideration the loss of jobs in sectors such as extractive industries, manufacturing of primary raw materials and the automotive industry. However, even in the sectors that are expected to gain jobs in the short term, some workers may be adversely affected in the longer term as we reach a more advanced adoption of the circular economy. For example, the demand for waste management services may decline as products are designed to be more reparable and to last longer.

Some of the studies seeking to quantify the employment opportunities created by the transition to a circular economy acknowledge the potentially contradictory impact of other drivers of labour market change, such as the adoption of automation and digitalisation, but their impact is not explored in much detail. Another trend that may affect employment creation is the significant reduction in consumption as consumers shift their purchasing behaviour (e.g. from prestige/hedonistic consumption to needs-based consumption).

A key limitation of the attempts to quantify the employment impacts of the circular economy transition is the lack of a shared definition of ‘circular jobs’, an aspect also reflected in EU policies. As a result, circular jobs are often considered to represent only activities that have obvious outcomes for the circular economy (such as recycling, repair or reuse activities) or are labelled as “green jobs”, while ignoring enabling jobs that directly support a circular economy but also serve non-circular activities (e.g. lawyers, architects, data analysts). To overcome this challenge, the United Nations Environment Programme (UNEP) and Circle Economy developed a definition and categorised the types of jobs required for the transition to a circular economy as follows: core circular jobs ensure the closure of raw material loops, enabling circular jobs accelerate and upscale circular activities and indirect circular jobs provide support services (Table 1). Based on this work, they developed a methodology to monitor the circular employment level of municipalities across different geographies.

In their analysis, UNEP and Circle Economy recognise that informal workers tend to be excluded from most quantitative assessments of ‘circular jobs’. The lack of reliable and accessible data on the informal sector makes it difficult, if not impossible, to create a full picture of the circular economy transition.

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1 Meaning that these jobs have a direct aim to conserve, restore and protect the environment.
Impacts for this group. In the EU, informal employment constitutes only 16.8 per cent of total employment,\textsuperscript{46} representing a small proportion when compared to the global average of 61.2 per cent.\textsuperscript{47} Yet, these workers are important because some are directly involved in \textit{core circular jobs}, such as recycling of waste or reuse activities (eg active in second-hand markets, flea markets, antique stores).\textsuperscript{48} Informal workers often come from marginalised or vulnerable groups and are more likely than average to experience poor working conditions, lack of social protection or decent pay.

\textit{Table 1: Definition of jobs in a circular economy}

<table>
<thead>
<tr>
<th></th>
<th>Core circular jobs</th>
<th>Enabling circular jobs</th>
<th>Indirect circular jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Circular economy principles</strong></td>
<td>Prioritise regenerative resources Use waste as a resource Extend the lifetime Rethink the business model**</td>
<td>Incorporate digital technology Design for the future Strengthen and advance knowledge Collaborate to create joint value Rethink the business model*</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Type of activities/sectors</strong></td>
<td>Repair, renewable energy, waste and resource management, leasing or rental services**</td>
<td>Design, digital technology, professional associations, education,** information services,** leasing or renting services*</td>
<td>Logistics, public sector services, education,* information services*</td>
</tr>
<tr>
<td><strong>Examples of professions</strong></td>
<td>Repair technicians Process operators Solar panel installers Recycling operatives Hazardous materials removal workers Cleaners of vehicles and equipment</td>
<td>Circular equipment engineers Demand planners Building information managers Data analysts Architects Conservation scientists</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Predominant level of skills required</strong> (Burger et al., 2019)</td>
<td>Manual skills Technological skills</td>
<td>More complex cognitive skills (eg technical, resource management or social skills)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Note: Some circular economy principles and types of activities/sectors with asterisks appear in more than one column due to a distinct categorisation by the authors of the two studies listed below.

Source: Circle Economy & UNEP (2021)\textsuperscript{49} and Burger et al. (2019)\textsuperscript{50}

Although it is not possible to accurately estimate the number of circular jobs in the informal economy due to the absence of granular statistics, the informal economy overall was estimated to represent an average of 17.3 per cent of gross domestic product (GDP) in Europe\textsuperscript{ii} in 2021, with higher levels of informality in eastern, central and southern European countries.\textsuperscript{51} The key barriers for entering the formal economy

\textsuperscript{ii} Average figure includes Norway, Switzerland, Turkey, countries outside the EU.
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include tax burden, high levels of self-employment, distrust in public institutions and high levels of unemployment.  

An alternative way to classify circular jobs has been proposed by Burger et al. (2019), with a specific focus on the level of skills that are required for jobs in each category. According to this study, core circular jobs tend to require more manual and technological skills, while enabling circular jobs require more complex skills, including technical, resource management or social skills. These views are echoed in other studies that recognise that core circular jobs, such as manual collection, sorting and processing of waste or product repairs, tend to be more labour intensive than jobs involving primary processes in the current economy, while the level of skills required for such activities is fairly low.  

For example, an empirical study from the Flemish region of Belgium shows that between 65 and 70 per cent of workers involved in core circular jobs are low- or medium-skilled, while only approx. 50 per cent of workers in the overall economy are in this category.  

However, an important question within this context – and often overlooked by research and policy – is whether locally born workers are willing to engage in lower skilled, manual activities.  

For example, the waste management sector in Germany struggles to attract German young people, thus relying heavily on migrant workers coming predominantly from Eastern Europe. As a result, migrant workers are disproportionately affected by the low pay and poor working conditions in this sector, enabled by the limited bargaining power and access to representation from trade unions.  

Yet, by improving working conditions and creating labour insertion programmes, it can support employment opportunities for those who would otherwise struggle to find it. Since 2020, the Brussels region of Belgium has developed a skills certification for collection, sorting and dismantling of products and materials to increase people’s opportunities for access to circular jobs.  

While the employment implications of the transition to a circular economy have started to gain some traction in the last few years, there is a pressing need for further research on critical and insufficiently studied aspects. Some of these include the involvement of social economy actors, working conditions, informal employment and inclusion of marginalised workers. The next section will explore in further depth the current state of knowledge of these aspects.

3. Decent and fair jobs in the circular economy

To avoid adverse social impacts, policymakers need to pay more attention to employment quality, working conditions and fair inclusion of existing workers in all circular activities, especially in areas such as recycling, reuse, waste management and repair. Based on currently available literature, a lack of carefully designed policies to ensure an equitable and inclusive transition to a circular economy risks disadvantaging some workers. This risk is greater among those who currently work in the informal economy, vulnerable and marginalised populations (such as the Roma, migrants, and women, who are generally affected by intersecting forms of discrimination), and people with disabilities.

This section provides a literature review on decent and inclusive jobs in the circular economy, focusing on the role of the social economy, how to ensure decent work for ‘circular’ workers, the importance of ensuring that informal workers benefit from the transition, as well as perspectives on how to support decent and inclusive jobs outside of the EU.
Enabling positive contribution by social economy actors in circular markets

Purpose-driven social economy organisations (e.g., associations, co-operatives, social enterprises) can play an instrumental role in delivering a socially just transition to a circular economy. These organisations are often recognised for providing decent work conditions and for fostering social inclusion of the most vulnerable groups through up-skilling and re-skilling. Moreover, these organisations are generally well connected and recognised by their local communities, making them well placed to facilitate behavioural change.64

The European Commission estimates that 10 per cent of all EU businesses are social economy entities, which employ 13.6 million workers, the equivalent of approx. 6.2 per cent of the EU’s employees.65 The concentration of the labour force in the social economy is higher in countries such as Spain, France, or Italy, accounting for up to 10 per cent of national employment, and lower in Eastern Europe, representing less than 2 per cent of employment.66

A study from the European Commission and the Organisation for Economic Co-operation and Development (OECD) emphasises that the social economy organisations in the EU, such as associations, co-operatives, foundations, mutual organisations and social enterprises are involved in a variety of circular activities across sectors. These activities include reuse (e.g., second-hand economy), repair and recycling, which enable the integration of vulnerable groups, including workers in the informal economy.67 For example, a French social enterprise ENVIE employs vulnerable people on a short-term basis to train them in the recycling and repair of waste electrical and electronic equipment (WEEE) for re-sale, supporting their reintegration into the labour market.68

Although several studies explore the benefits of integrating the circular and social economies, only one study takes a more critical view regarding the potential negative implication of existing circular economy policies on social economy organisations and, implicitly, on workers in the social economy.69 The study identifies a number of risks that may impact social economy organisations, including:

- exclusion from repair activities of electrical and electronic goods (if licensing, warranties and access to spare parts are retained by large businesses)
- marginalisation as a result of the harmonisation and standardisation of waste treatment, and professionalisation of the sector
- limited access to textile goods for second-hand retailers as a result of Product as a Service models or return schemes of large businesses
- concentration of building disassembly and demolition waste recycling activities in the hands of large private companies due to price competition.

These risks also likely apply to small and medium enterprises (SMEs) in general. Empirical studies should further investigate the above-mentioned risks to better understand the implications, while policymakers could better align the Action Plan for the Social Economy and the Circular Economy Action Plan to prevent such ripple effects. The European Commission’s recent proposal for a Council Recommendation on developing social economy framework conditions encourages Member States to create coherent measures for circularity and social policies, and regulatory frameworks that ensure the access of social economy entities to secondary materials.70
However, such recommendations should become binding to ensure that measures are adopted consistently across the EU. Similar recommendations should be developed under the Circular Economy Action Plan to recognise and address the impact of circular economy policies such as Extended Producer Responsibility schemes or the Right to Repair.

**Ensuring decent work for all ‘circular workers’**

Several studies offer insights into the quality of jobs and working conditions. This is especially the case for low-skilled formal workers, in key sectors such as textiles, waste management, packaging, manufacturing and recycling, where circular net employment gains are expected.\(^1\)

In the waste management sector, private companies often pay wages that are 20 per cent lower than those in the public sector,\(^2\) while providing poorer working conditions and poor or no pensions, alongside longer working hours and limited training opportunities.\(^3\)

Meanwhile, low-skilled line-workers in textile remanufacturing or textile waste sorters in the Netherlands are predominantly women, often immigrants, who are employed part time, with minimum wage salaries, often earning less than their male counterparts.\(^4\)

Improving working conditions and ensuring living wages will help tackle increasing social inequalities that affect workers’ health, living standards and access to essential needs that put a strain on public expenditure and the subsequent risks of low social cohesion.\(^5\) This also provides benefits for businesses, including a more stable workforce, better productivity and resilient value chains.\(^6\)

In the waste management sector, public procurement can be an important driver of socially just transitions towards circularity. While EU rules allow for the inclusion of social and green criteria in public procurement procedures of services such as municipal waste treatment and disposal, these are underutilised, especially the social criterion.

Many public bodies carrying out public procurement are often unaware of the rules, afraid that adopting social criteria will breach the EU’s competition law or operating within limited budgets, therefore prioritising cost over other criteria. As a result, awarding public contracts based on the lowest price criterion may often drive down quality of employment as public authorities are not legally required to consider bidders’ compliance with fundamental labour rights.\(^7\)

**Ensuring informal workers benefit from the transition**

Given the high levels of EU waste exports, the recycling and waste activities undertaken by informal workers in the Global South and the precarious working conditions they experience have often been given great attention.\(^8\) However, such workers are also present in many European countries but go predominantly unnoticed by research and policies on the circular economy. According to some estimates from 2016, up to one million informal workers may be involved in recycling and reuse activities of municipal and electrical and electronic waste across the European continent, predominantly in Bulgaria, Greece, Italy, Romania, North Macedonia and Serbia.\(^9\) In Serbia, the recycling system relies significantly on the informal sector to keep waste out of landfills, with 62.3–80 per cent of recycling being carried out by some 47,000 informal workers.\(^10\)

EU-level circular economy policy tools, such as Extended Producer Responsibility (EPR) schemes, have led to a significant shift of workers from informal to formal waste recovery activities across Europe. Formal
Activities provide a more valuable source of income for these workers as well as social protection for them and their families. Many of them are generally unskilled, with only elementary education completed, and come from vulnerable and sometimes marginalised groups (including Roma people, irregular migrants, refugees or young people), and often find it difficult to access formal employment.\textsuperscript{84,85} However, depending on the waste streams covered by the EPR scheme, informal workers may still be excluded from the design processes and might come into conflict with Producer Responsibility Organisations, waste companies, or local and national authorities.\textsuperscript{86,87}

Despite a limited assessment of how circular economy policy interventions directly impact informal workers in the EU, a study on working conditions in the waste management sector notes that these workers tend to be more exposed to health and safety hazards (e.g., from sharp objects, toxic and contaminated waste) due to a lack of protective equipment.\textsuperscript{88} Women, especially those who work in waste collection, may also be exposed to sexual harassment.\textsuperscript{89} The lack of representation — with only a small number of informal workers actively organising in associations, co-operatives or trade unions — exacerbates these problems, adversely impacting their workplace safety and quality of life.\textsuperscript{90} The rise of automation and digitalisation may also impact the demand for informal workers in the waste sector as technological solutions spread across EU countries in the coming decades, restricting their access to a source of income.\textsuperscript{91}

Circular economy policies should recognise informal workers as valuable actors, while implementing measures (including through supporting actors such as social economy organisations) to create labour market inclusion opportunities for informal workers, helping them transition to the formal waste sector and preventing social unrest. Moreover, a recent study emphasises that EU funding, with a large proportion provided via the Cohesion Fund and the European Regional Development Fund, was used for the development of waste management infrastructure between 2014 and 2020.\textsuperscript{92} These types of financial instruments could be used to promote social inclusion, not just environmental protection, by financing projects that establish collection centres or that explore technologies to connect informal workers with waste companies and collection centres. For example, the Association of Waste Pickers (AMELIOR) that represent informal and formal workers has developed accessible weekend collection centres for waste pickers in collaboration with the local authority in Paris, France (Est Ensemble).\textsuperscript{93} Facilitating the informal workers’ access to the formal labour market could help monitor their contribution to the circular economy and, in turn, ensure better workplace safety and fair compensation.

**Supporting decent and inclusive jobs outside the EU**

Although this policy briefing mainly concentrates on the impacts of the transition to a circular economy on workers within the EU, consideration needs to be given externally. Low- and middle-income countries do not always benefit from stringent environmental regulations, while the costs are more easily externalised on the environment and their citizens. For example, significant amounts of waste, sometimes of lower quality,\textsuperscript{94} flow from Europe into these countries.\textsuperscript{95} Often this is managed by informal workers and may involve improper management due to adequate enforcement of regulations or infrastructure. These workers might suffer adverse health consequences, not have access to social protection or decent work, respect for the right to form/join trade unions or be included in decision-making mechanisms; they also often live in poverty.\textsuperscript{96,97,98,99} However, in places where recycling infrastructure is being developed, countries such as Brazil, Chile and South Africa have taken steps to recognise informal waste pickers in EPR
regulations, leading to the formalisation of these workers and ensuring better working conditions and fair pay.  

When developing waste management policies, due attention must be given to the needs of the partners from the Global South. For example, increased circularity may lead to significant net potential employment losses from primary production in Asia and the Pacific, Africa and the Middle East, even if the work may be precarious. The principle of proximity, embedded within policies such as the Waste Framework Directive, is another example that can lead to unintended negative social consequences. Specifically, some valuable waste management jobs in third countries may be lost due to the relocation of operations and the attempt to create closed-loop value chains within the EU, albeit this can also lead to decrease in high-risk jobs and environmentally harmful waste management practices outside the EU. If such implications are not considered closely, we risk designing a circular economy that creates winners and losers, with the latter representing those most vulnerable in our society.

The Netherlands has already taken steps in this direction by conducting an impact assessment to understand the potential social and environmental effects of circular economy policies on low- and middle-income countries, with a focus on textile and electric and electronic equipment (EEE) products. Among the main findings, the increase of repair and product life extension of EEE in the Netherlands will likely reduce the export of EEE second-hand products, negatively affecting jobs in the repair sector, and the access to quality secondary products for consumers in countries such as Nigeria and Ghana. On the other hand, the export of post-consumer textiles sent for recycling to countries such as Pakistan is expected to perpetuate poor working conditions, low wages or gender discrimination if circular economy policies do not pay due regard to existing labour practices. The flow of second-hand clothes is already affecting the competitiveness of local businesses, while consumers often have access to poor quality clothes. The solution is not necessarily to halt second-hand product exports to the Global South, but to integrate obligations in customs and trade policies, and design EPR schemes that extend the scope for producers outside the EU boundaries and account for the needs of those affected throughout the value chains.

4. The links between EU policies on circularity and social issues

The circular economy is a key lever towards achieving climate neutrality. The importance of circularity policies has been reflected in EU policies over the past years, particularly in the Circular Economy Action Plan. While a circular economy has significant social impacts, including on employment, this area has been covered only tangentially. Similarly, social policies have key implications, particularly on skills, for a circular economy. The social economy can help address the challenges of the circular economy, for instance through increasing social cohesion and inclusion, improving the social acceptance of circular products, and promoting more sustainable and circular behaviours.

This section aims to illustrate the links between circularity and social policies through reviewing some of the key related policy files. To unfold the connection between these policies, this section first reviews key EU circular economy policies, including how social considerations are included therein. Second, it turns to social policies, including on social economy and employment, and focuses on how circular economy-related considerations are included. Social issues in this review primarily cover employment, skills and links to the social economy. Therefore, it is not a systemic review of all relevant EU policies.
4.1. EU headline ambitions

In 2019, the European Commission laid down six headline ambitions for the period of 2019–24 with the aim to create “A Union that strives for more”. Two of these ambitions are the ‘European Green Deal’ (EGD) and ‘An economy that works for people’.

The EGD aims to drive the EU’s transformation towards a competitive, modern and resource-efficient economy. With its core objective of achieving climate neutrality by 2050, the EGD identified key action areas to deliver on this target. A circular economy is key to delivering the EGD as the objective “Mobilising industry for a clean and circular economy” underlines. The communication highlights that the circular economy has great job-creating potential; however, it does not detail the sectors nor the type and quality of jobs. On the social considerations, the communication highlights the importance of reflecting the need for a socially just transition both in national and EU policies. While there is great potential for the social economy to help drive the EU’s transition towards a climate-neutral and circular future, the EGD communication does not reference the social economy.

The ambition An economy that works for people aims to create a thriving EU economy that works for businesses and individuals. It sets out the importance of supporting small businesses, which are core to the social economy, and also puts forward the plan to implement the European Pillar of Social Rights. This ambition refers to the social market economy as the foundation of the transition towards climate neutrality and a driver towards reducing inequalities and poverty.

4.2. Social aspects of EU circular economy policies

The Circular Economy Action Plan (2020) is one of the key building blocks of the European Green Deal and aims to drive the EU’s transition towards a more circular economy. The plan focuses on:

- making sustainable products the norm in the EU
- empowering consumers and public buyers
- ensuring less waste in resource-intensive sectors where the potential for circularity is high
- making circularity work for people, regions and cities
- leading global efforts on the circular economy

The Circular Economy Action Plan (CEAP) underlines the importance of “making circular economy work for people, regions and cities” and the links with the social economy and related mutual benefits of contributing to the green transition and enhancing social inclusion. On specific links to social policies, the Plan lists the Action Plan to implement the European Pillar of Social Rights, the Skills Agenda, the Pact for Skills, the Action Plan for Social Economy as well as the European Social Fund Plus.

On the employment benefits, the Plan mentions how new sustainable economic models can lead to new employment opportunities globally and support the creation of approximately 700,000 new jobs in Europe by 2030. However, the document does not engage in any assessment of the broader social or distributional impacts of the transition to a circular economy, or how it can be ensured that the new jobs are decent and inclusive and any job losses related to the circular economy are addressed.
To track the EU’s progress on a just and circular transition, strong metrics and an adequate monitoring framework are needed. The EU published a revised version of the circular economy monitoring framework in 2023. The new iteration of the framework has been improved by also measuring ‘global sustainability and resilience’. However, in terms of employment, it only includes the percentage of total employment in the sectors of recycling, repair, reuse, rental and leasing without sharing details on the quality of the jobs and looking in depth at areas such as upskilling and reskilling trends.

The proposal of the Ecodesign for Sustainable Products Regulation (ESPR), published in March 2022, is one of the key files under the CEAP, seeking to reduce waste and ensure that products that are either made or sold in Europe are fit for a climate-neutral, resource-efficient and circular economy.

The ESPR has significant implications for employment and job creation in recycling, waste management and product repair. However, the European Commission’s proposal does not detail its impact on inclusive and decent jobs beyond mentioning that the application of the ecodesign approach will support “job creation and social inclusion.” Based on the impact assessment informing the proposal, the legislation proposes that eight years following the application of the ESPR, the inclusion of ‘social requirements’ will be considered. The European Parliament’s adopted position suggests considering the inclusion of social sustainability after four years, which would accelerate the process. Timely implementation and the inclusion of social sustainability is pivotal to build an overarching and responsible framework for product design and processes. As one of the key and most comprehensive files under the CEAP, the ESPR has the potential to pave the way to enhanced social considerations, particularly on jobs and working conditions, in a circular economy.

Proposed in March 2022 as part of the CEAP and the New Consumer Agenda, the Right to Repair Directive aims to reduce waste and ensure that products that are either made or sold in Europe are fit for a climate-neutral, resource-efficient and circular economy. The European Commission proposes a new ‘right to repair’ both within and beyond the legal guarantee.

Similarly to the ESPR file, the proposal mentions that a circular economy can contribute towards increased employment in the repair services sector but without detailing how to ensure that the jobs created are decent and inclusive. Next to the potential positive spillover effects of job creation in the repair sector and its contribution to growing the social economy, it can have prospective negative spillover effects as well as potential job losses in given sectors, particularly along the Electrical and Electronic Equipment value chains, as the demand for new devices is expected to decline.

The Packaging and Packaging Waste Regulation aims to prevent the production of packaging waste, promote the reuse of packaging and recycling and other forms of recovering packaging waste, as well as setting the requirements for packaging that the EU market must meet.

In the legislative proposal by the European Commission, there is no mention of just transition and, broadly, of working conditions. The explanatory memorandum underlines that embracing a circular economy in the packaging sector can have a net positive employment impact, and particularly references its importance in the social economy, “by creating more ‘green’ quality jobs provided the necessary investment in skills is put in place and considers the specificities in the Member States, regions, and types of work.” The expected impact of the proposal includes an estimated net increase of approximately 29,000 “‘green’ jobs”.126
The construction sector in Europe signifies around 18 million direct jobs and contributes to approximately 9 per cent of the EU GDP. The new Regulation on Construction Products aims to harmonise the rules for construction products in the EU. The regulation is being revised to also enable the construction ecosystem to contribute to the EU sustainability and climate targets, and to enhance the sustainability performance of construction products.

The legislative proposal by the European Commission does not discuss the employment implications of the proposal and references only the Clean Energy for all Europeans Communication from 2016, which mentions the importance of improving the functioning of the fragmented single market for construction products to unleash the jobs and growth potential.

4.3. Circular economy aspects of EU social policies

The European Pillar of Social Rights Action Plan, published in 2021, outlines 20 principles across equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion. The aim of the Action Plan is to guide the EU towards “a strong Social Europe and set the vision for our new ‘social rulebook’.” It sets targets for 2030 on EU-wide employment, training participation and the number of people at risk of poverty or social exclusion.

The Plan underlines the important role businesses and entrepreneurs play in supporting employment and workers. In this regard, the document refers to the CEAP and the New Industrial Strategy as innovative and competitive industrial systems that are essential for creating new jobs.

The Action Plan for Social Economy “seeks to enhance social innovation, support the development of the social economy and boost its social and economic transformative power”. The Action Plan references the circular economy on a number of occasions. It underlines that the social economy contributes towards the green transition, particularly through developing goods and services for industrial development and evolving sustainable business practices, for instance in the field of circular economy or agriculture.

The European Social Fund Plus (ESF+) aims to support European regions and Member States to boost employment and achieve “fair social protection and a skilled and resilient workforce ready for the future, as well as inclusive and fair societies that aim to eradicate poverty and deliver on the principles set out in the European Pillar of Social Rights”. Furthermore, the ESF+ strives to “support, complement and add value to the policies of Member States to ensure equal opportunities, equal access to the labour market, fair and quality working conditions, social protection and inclusion”.

Under the specific objectives of the ESF+, the regulation mentions that the ESF+ should be contributing to further policy objectives including in relation to “a greener, low carbon Europe through [...] the creation of new jobs in sectors related to the environment, climate, energy, the circular economy and the bioeconomy”.

The EU’s Skills Agenda is a five-year plan that aims to support businesses and individuals to “develop better skills and put them to use”. Two of the key levers of the agenda are enhancing sustainable competitiveness and ensuring social fairness, building on the European Pillar of Social Rights. The communication makes several references to the circular economy; for instance, in reference to circularity in the construction sector and how upskilling is needed. The document also emphasises the importance of the social economy in creating jobs, particularly in the circular economy.
The Pact for Skills, which is one of the key elements of the Skills Agenda, has been set up to connect private and public sector organisations and support them in upskilling and reskilling adults.137 The Pact has numerous large-scale partnerships138 focused in the construction sector, skills across digitalisation, energy efficiency and the circular economy, among others.139

Finally, 2023 is the official European Year of Skills in the EU, which seeks to demonstrate the importance of ensuring EU citizens have the skills needed for quality jobs, and aims to support companies in tackling skill shortages.140

4.4. Evaluation of links between circular economy and social policies

In the circular economy files reviewed, social aspects particularly around employment and job creation are generally mentioned. However, there are no clear provisions in the policies on how the distributional impacts and employment impacts will be measured and how a socially just implementation of these policies will be ensured.

Similar to the circularity files, the social files reviewed reference their impact on circular economy and potential job and new business model creation in the sector. Although, the issue on how best to ensure strong coherence between these policies is yet to be better addressed.

Future policies can build a solid framework, however further work is needed to drive impactful action towards a socially just and circular transition. This includes for instance:

- enhanced policy coherence between circular economy and social policies
- a strengthened impact assessment of the distributional and employment impacts of circularity policies
- a more comprehensive monitoring framework for the social impacts of the EU’s circular economy.

Table 2: Policies and policy documents reviewed

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4.5. Financing a socially just circular economy

Stronger coherence between finance and investment and circular economy will be pivotal to scale up the transition.141 To achieve this, we need increased understanding of the importance of circular practices within the finance community.

The EU has been mobilising significant funds towards a circular economy. For instance, the Joint Initiative on Circular Economy is a partnership between the European Investment Bank and the EU’s largest national promotional banks to invest at least EUR 10 billion in the circular economy by 2023.142 However,
as the transition to a circular economy requires significant restructuring, including implications for employment, how investments in circular economy can contribute towards a socially just transition must be considered. The EU needs to ensure that investment in the circular economy results in quality jobs. There is a strong moral and financial case for investing in quality jobs as it “maximises corporate profitability, reduces litigation risk and ensures long term economic stability thereby contributing to positive financial returns for investors.”

The EU’s taxonomy aims to direct investment towards the green transition via providing a “classification system for sustainable activities.” In the related Delegated Act, it has defined specific criteria for investing in the circular economy. However, the Delegated Act does not reference the employment implications of investment in the circular economy. The Act only mentions that the impact assessment of the Packaging and Packaging Waste Regulation concerning how the Commission “[…] introduced new targets based on environmental, social and economic impacts”. Further to the taxonomy, companies subject to disclosure requirements under the revised EU Non-Financial Reporting Directive, including large banks and insurers, will need to make disclosures with reference to the taxonomy. Once the objectives pass into law, more financial instruments can be issued that comply with the EU taxonomy, enlarging the pool of money available for the transition to a circular economy. However, in its current format the taxonomy does not provide clear guidance on socially just investments in the circular economy.

Creating a social taxonomy that addresses how to channel private investment towards just and fair economic activities has been debated in the EU over the past years. However, there are no upcoming policy proposals. The Platform on Sustainable Finance published a report in 2022 that proposes a structure for the social taxonomy. One of the three key objectives proposed by the platform is decent work, with the four pillars of “employment creation, social protection, rights at work and social dialogue” as defined by the International Labour Organization’s (ILO’s) Decent Work Agenda.

The European Pillar of Social Rights Action Plan also mentions the possible extension of the EU Taxonomy, underlining how it would enable investors and businesses to identify investments which are socially sustainable and “increase transparency on the social finance markets.” A social taxonomy that strongly builds on, and links with, the EU taxonomy for sustainable activities could help unleash investment towards a social circular economy by creating certainty and helping de-risk investments labelled as socially sustainable. There is a strong need signalled by European financial institutions to create a social investment framework in the EU.

Ensuring a strong understanding across different policymaking institutions of the benefits that fiscal instruments can play in increasing circular practices is key. Improved fiscal measures to accelerate the transition to a circular economy can include for instance taxes, tax relief, and charges.

Furthermore, innovative financial instruments such as tax levies, consumption charges and debt mechanisms can also help scale up circular practices. An example of an innovative financial instrument is the European Circular Bioeconomy Fund, which is the first venture fund to specifically focus on circular and bio-based industries in Europe.

Public procurement could also be used to drive better employment and work conditions in the EU. According to the European Commission, the total volume of public procurement in the EU amounts to approximately EUR 2 trillion per year, or 14% of the EU’s GDP. However, currently social criteria can be disregarded in tendering. There is no uniform and consistent way to collect data on Socially Responsible
Public Procurement (SRPP) in the EU,¹⁵⁴ but a recent European Parliament study, quoting the Single Market Scoreboard, estimates that “at least two thirds of contracts do not have any social aspects”; in some countries, as many as 95% of all contracts are awarded solely on the basis of price or cost.¹⁵⁶ SRPP, building on how the Green Public Procurement concept was strengthened, has the ability to generate favourable social results, advocate ethical business conduct and maintain elevated labour standards.¹⁵⁷ This, in turn, contributes to enhanced working conditions, equitable wages and improved employee benefits.¹⁵⁸

Overall, there is increasing investment in the circular economy, as well as growing interest in scaling up investing in socially responsible projects. An EU social taxonomy can assist with promoting socially sustainable circularity investments.¹⁵⁹

5. The role of private sector businesses in creating decent and fair jobs

In 2020, the EU’s business economy employed over 130 million people and consisted of 26.3 million active enterprises.¹⁶⁰ As businesses cover a large share of EU employment, they have significant responsibility towards improving current employment conditions, meeting labour demand needs, promoting trade union rights at company level, and supporting the creation of decent and inclusive jobs in the transition towards a circular economy.

Some businesses are already exploring such opportunities by reskilling and upskilling their workforce to support their competitive position, phasing out harmful processes to ensure a healthy and safe environment for workers, or opening up social dialogues with employees and their representatives to better understand the implications of transitioning to more circular business models.¹⁶¹ Nonetheless, challenges remain as not all businesses understand the relevance of assessing the employment implications across their supply chains, the assumption being that the legal standards within the country of operation are strong enough to protect workers.¹⁶² Moreover, those that understand the imperative often lack the necessary knowledge to assess the social impacts of the circular economy, and even if some of that knowledge exists in-house, the process involved might be too complex or not represent standard practice.¹⁶³

There has also been significant investment in startups with innovative and circular solutions. Additionally, small ventures are willing to rapidly adopt radical shifts in business models, making them well positioned to accelerate the transition to a circular economy. This surge of startups also creates high-income and skilled jobs. Furthermore, a recent study on innovation and circular economy startups underlines the important role the circular economy can play in community building and increasing local employment.¹⁶⁴

Below we provide examples of business perspectives and case studies, and how circular economy actions can be implemented in a way that support a just transition.

We need ambitious climate and circular economy policies to ensure the world is fit for future generations. When it comes to circularity, the focus is on keeping materials and other resources in the economy for as long as possible, and thus the focus tends to be on the technical and logistical aspects, and not on the social impact. ‘Upskilling’ of the work force is often highlighted as a positive social outcome of the green
transition, but we also need to ensure that vulnerable groups are not left behind, such as migrant workers and people with disabilities. If we come together to focus on equity and inclusion, we are simultaneously also fostering more robust circular jobs and ultimately a more robust circular economy.’

Katarzyna Wilkołaska, Group Sustainability Partner/Social Impact, ROCKWOOL

MUD Jeans, based in the Netherlands, is a circular denim brand that explores an alternative process to phase out toxic waste from the production of jeans. In this process, MUD regularly undertakes audits to ensure that their partners and suppliers adhere to the same high standards. They have also developed procedures to ensure that workers have limited contact with harmful substances during the denim production processes (eg dry indigo, laser, ozone).

‘Inclusive, decent jobs are vital for the future of our economy. We need to increase the growth of clean jobs by equipping workers with the skills for the challenges of tomorrow. We must start with shifting our education system to equip young people with the right skills. This will go hand-in-hand with other policy initiatives such as circular procurement to create the demand for circular products, which will in turn create more circular jobs.’

Harry Verhaar, Head of Global Public and Government Affairs, Signify

As part of its Roadmap to zero emission aluminium production, Hydro aims to not only decarbonise its operations but also influence a broader societal shift. Apart from growing its recycling capability and capacity to increase use of end-of-life waste across its aluminium business, Hydro is constantly delivering on the ambition to recycle more locally sourced scrap to ensure market-leading sustainability performance. The expansion of Hydro’s aluminium recycling plants in Germany, Spain and Poland is just one of several investments in best-in-class recycling technology to serve growing demand and the regulatory push for low carbon aluminium. These expansions are generating new direct jobs at Hydro, in addition to indirect jobs in the scrap-related and adjacent industries. Recycling jobs at Hydro generally fall into one of the following categories: production operators and supervisors, maintenance technicians, material handling, production planners, process engineers, and administrative positions such as accounting and purchasing staff.

The JUST2CE project’s goal is to investigate the circumstances in which a responsible, inclusive and socially equitable shift to a circular economy can be both achievable and favourable. One of the project’s case studies is on e-waste management in Italy’s Campania region, as it is a pressing issue with high e-waste production and low collection rates. The region also faces challenges from illegal e-waste trade and informal collection, causing environmental harm, disruption to recycling systems, job losses, and hindering economic growth. To tackle these problems, adopting a circular economy-based e-waste management system is crucial, emphasising recovery, reuse, remanufacture and recycling to reduce environmental impacts and conserve resources. The case study examines the performance of various stakeholders in the e-waste management system in the Campania region, including companies handling e-waste, research centres, environmental organisations, public administrations, schools and citizens. It assesses the overall system performance, identifies key factors influencing its improvement, and explores the adoption of just circular economy principles.
‘To be effective, the transition towards decarbonised economies must be circular, not linear. Beyond its evident contribution to our climate targets, circular economies are job rich and, in order to fully realise their potential on employment, we must acknowledge the need for fairer and more equitable conditions in the sector. Businesses have an important role to play in promoting and creating opportunities for work that is productive and delivers security and social protection as a key driver for sustainable development, while working with policymakers to assess the skilling, upskilling and reskilling need across core and enabling circular jobs.’

*Ramon Arratia, Chief Sustainability Officer, Ball Corporation*

Further to private businesses, the public sector plays a pivotal role in creating inclusive and decent jobs in the circular economy. For instance, in the waste sector, public sector employment is significant. Therefore, close co-operation between the private and public sectors is essential for creating decent and inclusive jobs. Business action can be used by governments as a signal of support for ambitious policies, which in turn provide enabling environments for companies to go further, faster. According to the ambition loop theory, bold government policies and private sector leadership reinforce each other for accelerated and more ambitious climate action. This theory can be applied to the circular economy as well as in scaling up ambition. Businesses and governments need to show a strong commitment to put forward policies that unreservedly benefit the provision of public goods, both social and material.

Addressing climate change is critical and the circular economy is an essential lever, but as we pull it, we must do so in a way that works for everyone and does not create new social and economic problems. We know that circular economy initiatives have the potential to create new inclusive jobs, but we have to make sure they are good jobs in the right place and accessible to the people that need them. We need everyone to be able to share in the benefits across society, and to make sure we don’t make life harder for those least able to cope. As the EU builds a circular economy we have to make sure it is a just, fair and inclusive one.

*Eliot Whittington, Chief Systems Change Officer, Cambridge Institute for Sustainability Leadership*

Action towards a socially just circular economy from the business community is steadily gaining some momentum. More and more businesses are interested in understanding and contributing towards creating inclusive and decent jobs in the circular economy. However, social considerations are not yet core to developing and implementing circular economy practices. Clearer policies can enable and scale up business action and unlock the necessary finance towards a socially just circular economy.

EU policies on circular economy and employment must address questions of fairness to ensure no-one is left behind in the green transition. Businesses in every community should create inclusive and decent jobs while investing in sufficient training measures that can embed a fair-minded transition alongside worker safety. Policymakers need to guarantee that negative labour practices are not inherited from our present throw-away production system, and that the costs and benefits of the move to a green economy are distributed fairly across society.

*María Mendiluce, CEO, We Mean Business Coalition*
6. Conclusion and policy recommendations

The transition to a circular economy will be critical for reducing waste and emissions and increasing security of supply, while retaining the value of products and materials in use for as long as possible. However, we can make this transition go hand-in-hand with creating decent and inclusive jobs for all, supporting the ambition of the European Green Deal to achieve climate neutrality by mid-century and leave no person and place behind. A socially just circular economy has multiple benefits, including those that could help reduce inequalities, strengthen social cohesion and improve labour market participation, with a positive impact on the EU’s overall economy. Not addressing the social impacts of a circular economy could have significant unintended negative consequences, particularly for vulnerable and marginalised groups within Europe and beyond.

While additional research is needed to further clarify some of the implications discussed in this policy briefing, it is clear that circular economy policies require careful assessment and design as well as strong political and business commitment to ensure an equitable and inclusive transition, especially for those most vulnerable. As such, we provide some recommendations for policymakers as a starting point:

- **Assess the distributional impacts of an increased share of circular economy policies on the employment of all workers, including vulnerable workers, with gender disaggregated data.** Following the example of the Netherlands, a social impact assessment of EU circular economy policies could enable policymakers to identify the risks and opportunities of circular jobs undertaken by vulnerable workers in key circular sectors within and outside the EU.

- **Identify the characteristics of a socially just circular economy and integrate these considerations into the monitoring of the impact of a circular economy, including employment.** Having a shared understanding of what a socially just circular economy entails will be pivotal to make this transition work for all. The monitoring framework for a circular economy needs to be improved to better evaluate and monitor how the circular economy is contributing towards creating more decent and inclusive jobs.

- **Secure adequate financing of the transition towards a socially just circular economy.** Forward-looking policies are needed to scale up financing towards the circular and just transition. These would, for example, include creating a social taxonomy, strengthening and making compulsory the qualifying social and environmental criteria for public procurement and EU funds, and financing education and training to address potential skills mismatches. These could help give a clear signal and certainty to investors and businesses to scale up their action.

- **Enhance synergies between business and government to ensure that circular policies contain strong social safeguards.** Business and governments need to work closely together to embed social considerations in circular economy practices and implementation and jointly increase ambition. This could be through focused stakeholder fora and an increase in public–private partnerships. Governments must promote labour rights, education and training policies that enable workers to thrive in the circular economy, offer capacity-building for businesses, and create a conducive environment for scaling up circular economy startups and innovative technologies. Meanwhile, businesses should be encouraged to demonstrate how circularity and decent work can be effectively combined.
Strengthen the coherence between social and circular economy policies. Certain circular economy and social policies have strong synergies. However, more explicit and measurable linkages between circular economy and social policies, particularly on the social economy, are needed to fully leverage the positive synergies between these policies to ensure a socially just transition to a circular economy.

Ensure that the transition to a circular economy is globally fair and just. Circular economy policies have impacts beyond the EU’s boundaries. The trade of secondary products and materials, discarded products and waste can affect workers in the countries where these flows are currently directed, particularly in the Global South. Integrating circular economy objectives in customs and trade policies could help prevent some of these ripple effects. Supporting these countries in implementing and scaling up their own circular economy legislations, such as Extended Producer Responsibility schemes, could also help avoid job displacement.

Agree a shared definition of circular jobs that takes into account core, enabling and indirect circular jobs across the formal, informal and social economies. A shared definition set in legislation that is inclusive of all types of relevant jobs can provide a clear picture of the net employment gains in a circular economy. Such a definition could also help identify the categories of workers that can benefit from additional support during the transition.
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