

## Materials and Products Taskforce - Business perspectives on EU Circular Economy policy

17<sup>th</sup> November 2023

*Notes*

### Introduction and Welcome - Tahmid Chowdhury, Programme Manager, Materials & Products Taskforce Lead, CISL Brussels

Presentation about CISL, CLG Europe and Taskforce:

- Tahmid discussed their focus on policy and advocacy in the Brussels office. He introduced the goal of discussing EU policy and circular economy, emphasizing their partnership with businesses and government.
- Tahmid explained the role of CLG Europe (Corporate Leaders Group Europe) in advocating for sustainability and engaging with policy audiences.
- He highlighted the Materials and Products Taskforce's focus on circularity and industrial decarbonization.
- Tahmid expressed the growing interest in the circular economy and the aim of the event to share insights from different sectors and regions.
- Tahmid emphasized the importance of sustainability for businesses and dispelled the notion that businesses are dragging their feet on sustainability.

### Session 1: Policymaking in the EU context - Krisztina Zalnoky, Senior Research Project Manager, Materials and Products Taskforce, CISL Brussels

- Krisztina highlighted the importance of the implementation of policies and the need for coherence between policies, especially considering the upcoming European elections and the new Commission being set up.

*European policy framework for circular economy:*

- **European Green Deal (EGD):** one of the 6 headline ambitions under the current European Commission for the period 2019-2024, the aim of the EGD is to transform the EU into a modern, resource-efficient and competitive economy, and efficiency is one of the key element which is connected to the next elements;
- **New circular economy action plan (CEAP):** comprehensive and multiple plan made of legislative proposals that enable the EU to transition towards a circular economy, a key emphasis is to enable consumers to make sustainable choices; another goal is to ensure that there is less waste and making sure that circularity work for people, regions and cities in order to lead the global efforts on circular economy;
- **Ecodesign for Sustainable Products Regulation (ESPR):** it aims to reduce waste and ensure that products made/sold in Europe are fit for a climate neutral, resource-efficient and circular economy;
- **Substantiating Green Claims:** linked to the ESPR, it's tackling the pressing issue of greenwashing by requiring companies to substantiate environmental claims about their products with a standard methodology to assess their impact on the environment;
- **Packaging and Packaging Waste Regulation:** key file, aims to prevent the production of packaging waste and promote the reuse of packaging and recycling;

- **Critical Raw Material Act (CRMA):** growing demands for critical raw materials, so this file aims to ensure that the EU has access to a secure and sustainable supply of critical raw materials, in order to enable Europe to meet its 2030 climate and digital objectives.

#### Future outlook and challenges

- *Implementation and coherence of these policies:* maximising alignment and synergies between policies on digitalisation, nature, climate and circular economy
- *Upcoming EU elections:* future priorities of next EU institutions and what role will circular economy have
- *International collaboration and industrial decarbonisation:* essential to incentivise industrial decarbonising by creating demand and enabling the global transition towards circular economy
- Krisztina also described the activities of the Materials and Products Taskforce, including policy briefings, high-level events, and publications.
- She showcased a specific example of how the task force engages with European policy by discussing their report titled "Embracing Circularity: A pathway for strengthening the Critical Raw Materials Act" and the launch event in the European Parliament on 17 July 2023.

#### Session 2: Reflections from business panel

##### ***Anthony Abbotts, Director Group Public Affairs & Sustainability, ROCKWOOL Group (Danish manufacturing and construction company)***

Anthony Abbotts discussed several important points regarding circularity and the challenges faced in the construction industry:

- Around 90% of their products are classified as taxonomy-eligible, contributing to the green transition and making circularity important for their business;
- Circular practices are crucial for minimizing environmental footprints and decarbonization.
- Key aspects of their products include durability, an average lifetime of 50 years, and an average recycled content of around 25%.
- They aim to drive more recycling in the construction industry, as there is currently a significant amount of waste ending up in landfills.
- They are working towards offering take-back systems in 30 countries by 2030 and have achieved this in 19 countries.
- There are two main challenges: one is the price, as in the construction field margins are tight, and this is connected to the low value of waste, leading to the choice of landfill over recycling in some cases. High landfill prices can make their take-back system more competitive and encourage recycling. There are also regulatory issues, such as the need for high landfill prices and banning the landfilling of recyclable products. Another challenge is reverse logistics, streamlining the process of getting materials back from demolition, renovation, and construction sites in a cost-effective and user-friendly way.
- Collaboration with waste companies is essential for optimizing this process.
- These challenges and solutions highlight the complexities and practical aspects of implementing circular economy practices in the construction industry.

**Jørgen Hanson, Corporate Social Responsibility Manager (Norks Hydro, Global aluminium and energy company)**

Jørgen Hanson discussed the approach to circularity in the context of metal production:

- There are three interlinked flows: the circularity approach is divided into three main flows—upstream, midstream, and innovation for circularity, which are all interconnected
- 1. Upstream focus: In the upstream phase, which includes mining, refining, and primary metal production, the focus is primarily on waste reduction and reusing waste materials that always exist in these processes.
- Waste to value: In the reduction phase, waste streams are examined to transform them into valuable resources. For example, alumina residue, a waste generated in aluminium production, can be repurposed for use in other industries or in different metal production.
- 2. Mid and downstream: Recycling, sorting, and reuse are crucial to secure access to post-consumer scrap and avoid downgrading of aluminium. However, this process is complicated by the contamination of materials in products.
- 3. Innovation for circularity: The third pillar focuses on developing products and solutions in collaboration with partners and customers that encourage circularity. This can involve designing products for easier recycling, refurbishment, or reuse, with the aim of promoting every aspect of the product's lifecycle in a financially sound manner.
- Example: One example discussed was a process used in the Building Systems business unit to extract valuable aluminium from window frames and door systems in buildings before demolition, simplifying the recycling process and making it more cost-effective.
- Emphasis on collaboration: The approach involves partnerships with authorities and customers to develop solutions that improve circular footprints and create a framework for incentives, such as tax incentives for landfill reduction.
- Jørgen highlighted the importance of technology advances and partnerships to drive these efforts, and the company's commitment to investing time and resources into advancing circularity practices.
- Tahmid expressed his appreciation for the insights provided by Jørgen and Anthony, particularly regarding the technical details and challenges of recycling aluminium. He mentioned that people often take aluminium for granted without understanding the technicalities involved.
- He posed a broader question about why businesses are advocating for sustainability and circular economy practices, even when they could potentially be seen as to their interests.
- Abbotts responded by explaining that using secondary raw materials and recycling makes business sense due to cost and energy efficiency benefits. He highlighted that recycling has been part of their production process for decades and noted that their materials have a competitive advantage.
- Anthony also mentioned that market signals, such as procurement guidelines and waste-free construction site initiatives by the public sector, play a crucial role in driving circular practices.
- Jørgen discussed the importance of making a level playing field for all companies and individuals involved and noted that while taxes or incentives are not perfect, they serve the purpose of encouraging efficient and innovative practices. He gave examples of countries that have introduced taxes or incentives and observed that they lead to a positive change in behaviour and accelerated progress. Jørgen also emphasized that looking at the true cost of using landfills is essential to encourage businesses and individuals to rethink their practices.
- Both speakers agreed on the importance of architects and designers taking a proactive approach to designing products with recyclability and circularity in mind.

- They emphasized that working collaboratively in both the private and public sectors is key to driving the circular economy agenda.