

Materials and Products Taskforce - How the new EU institutions can kickstart the circular economy

8th April 2024

Notes

Introduction and Welcome

Martin Porter, Executive Chair, CISL Europe

Presentation about CISL, CLG Europe and Taskforce:

- **Porter** introduced CISL, CLG Europe and Taskforce.
- He explained the role of CLG Europe (Corporate Leaders Group Europe) in advocating for sustainability and engaging with policy audiences. He also highlighted the Materials and Products Taskforce's focus on circularity and industrial decarbonization.

Session 1: Stocktake of EU circular economy policies from the past 5 years

Diana Potjomkina, Project Manager, CISL Europe

- **Potjomkina** described the Taskforce's research project for 2024, which aims to set the political agenda for the EU transition to circular economy for the next five years.
- The importance of circular economy in the EU was emphasized, with aspects covered in the circular economy action plan EU policy document including:
 1. resilience in the context of international growth and competition for raw materials
 2. climate objectives
 3. broader environmental impact, including biodiversity
 4. creation of jobs
 5. sustainable macroeconomic growth and long-term competitiveness
 6. microeconomic benefits such as increased profitability and resilience of companies.
- **Potjomkina** gave an overview of the circular economy general timeline in the EU. Since the first circular economy plan was adopted in 2015, its importance has seen significant uptake. Circular economy has been included as a priority in the European Green Deal in 2019, resulting in the adoption of national circular economy strategies by 23 EU Member States from 2015 to 2022.
- The adoption of the second circular economy action plan in 2020 and potential for a new plan in 2025 were noted. From 2020 the European Commission systematically mainstreams circular economy in its legislative proposals.
- Positive trends in the EU regarding circular economy were made but patchy progress was noted. There is increasing interest from policymakers, investors, businesses, and consumers around circularity. Moreover, there are positive examples and policy advancements on the European level, addressing “before use”, “during use” & “after use”, such as eco-design

requirements for sustainable products (including a Digital Product Passport), green claims, and right to repair, as well as some sectoral advancements such as the PPWR.

- Some of the challenges identified include a largely linear economic model, growing consumption levels, and slow growth in circular material use rate. Additionally, there are discrepancies among Member States and insufficient demand-side measures. Therefore, the need for ambitious targets, maintaining progress, and engaging citizens and consumer was emphasized.
- **Potjomkina** urged for increased focus on competitiveness aligned with climate action and circularity. Where more ambitious targets and citizen engagement are needed to address societal disruptions.

Session 2: Towards EU climate neutrality: progress, policy gaps and opportunities

Pieter-Willem Lemmens, Expert, European Scientific Advisory Board on Climate Change (ESABCC)

Key Points Summarized

- **Lemmens** summarized his message into four main points:
 1. Circular economy can significantly contribute to achieving climate objectives.
 2. Progress in circular economy has been limited so far.
 3. Steps have been taken in the right direction.
 4. Implementing improvements outlined on paper is essential.

Reports Used in Presentation

- **Lemmens** based his presentation on two major reports:
 1. Advisory Board's advice on a recommended 2040 objective.
 2. Towards EU Climate neutrality: progress, policy gaps and opportunities.

1. 2040 Objective Recommendation

- Advisory Board recommends reducing greenhouse gas emissions by 90 to 95% by 2040 compared to 1990.
- Additional support for action outside the EU may be needed to bridge gaps.
- Pathways to Achieve Objectives
 - **Lemmens** discussed three differentiated pathways: demand-side measures (which focuses on a less resource intensive approach), high renewable energy (higher focus on supply), and mixed options pathway.
 - The assessment emphasized the higher co-benefits and lower risks associated with demand-side measures.

2. Towards EU Climate neutrality: progress, policy gaps and opportunities report

- Advisory Board identifies 13 key recommendations to keep the EU on track toward climate objectives.
- The report urges better addressing of energy and material demands to align with circular economy principles. As contrasted to the high supply-side focus that has been experienced until now.
- Progress has been assessed over a wide range of indicators. On demand-side indicators, progress is either considerably off track or going in the wrong direction. This is occurring consistently across different sectors.
- Sector-Specific Recommendations
 - The report identified that in the industry sector, the circular material use rate has been improving only marginally in the last 10 years. Circular economy measures as part of the solution in the industry sector to achieve 2030 and remain on track for 2050 targets include lower demand for GHG-intensive materials and low carbon production processes. To achieve these, key policy recommendations comprise the operationalization of the 2020 Circular Economy Action Plan and phasing out free allocation under EU ETS.
 - For the building sector, circular economy measures include reduced energy and material demand, as well as efficient and decarbonized energy supply. Reducing buildings' energy and material demand over its lifetime (pre-use and use-phase) is a policy recommendation, with policy tools involving spatial planning, building codes, and price signals as land value taxes.
 - Reducing demand for energy-intensive transport and low-emission, energy-and-resource-efficient vehicle fleet are possible circular economy measures as part of the solution for the transport sector. With recommendations highlighting the need for adjustments in EU legislation to prioritize resource and energy-efficient zero-emission vehicles.

Q&A Session

- Question: *Are there any principles in the ESABCC's work that would help to better coordinate or harmonize the current approach around circular economy?*
- Answer: not specifically for circular economy, but more in a broader climate perspective, the ESABCC has recommended that according to for the European climate law, there is an obligation for the Commission to assess the climate consistency of every measure they propose. It has been found that this has been done quite effectively with primary legislation, or regulations and directives. However, for secondary legislation (delegated and implementing acts), which often include very important details, the ESABCC saw the commission is not doing this consistency check.
- Question: *What do businesses need to consider regarding the demand-side discussion?*

- Answer: The reports are primarily aimed at policymakers. They touch on what policymakers should do to incentivize businesses to leverage these demand side measures. One of the topics in the report is the important role of green public procurement, which is not yet being done or used as it could be used. Another one which is prominent throughout the report is making price signals consistent. As well as other non-price variables, such as permitting and product standards. The main message throughout the report is that policymakers need to make sure that the framework is such that it makes economic sense for businesses to do this.
- Question: *Are there any forthcoming ESABCC publications coming out this year?*
- Answer: There are two major reports on the agenda for this year, one on carbon removals and one for agriculture. One interesting topic that might be brought to you in 2025 is how to decarbonize energy intensive industries and that could include the big role of circularity.

Session 3: Views from business representatives

Claudia Bierth, European Public Affairs & Sustainability Manager, Ball Corporation

- Company Overview
 - Ball Corporation specializes in manufacturing aluminium beverage cans, bottles, and aerosols.
 - **Bierth** highlighted the company's focus on the impact of the circular economy and key initiatives around the topic.
- Legislative Initiatives
 - **Bierth** emphasized the importance of the Packaging and Packaging Waste Regulation (PPWR) for her company and industry.
 - The PPWR is in Ball's eyes a good compromise setting key minimum requirements for recyclability, separate collection systems and deposit return schemes, and labelling. There is a need to close the circularity gap which will then substantially help with the decarbonization of Ball products. That means high collection rates and recycled content across Europe e.g. around 50% of Ball's carbon reduction pathway to 2030 will come from reaching a recycled content of 85% that can only be achieved with a above 90% recycling rates, they need a systemic change with DRS (deposit return schemes) in Europe to achieve that.
 - According to a report by the International Aluminium Institute, Ball has around 44% of aluminium beverage cans already being recycled in a closed product loop, but still 26% are ending up in open loops, 11% are still being landfilled. Which Ball considers a waste of valuable resources - DRS offers the chance to close that gap.
- Importance of Circular Economy
 - More than half of Ball's GHG emissions come from material use.
 - **Bierth** stressed the significance of circularity for decarbonization, citing that achieving high recycling rates and recycled content is crucial for reducing emissions

in the aluminium packaging industry. As highlighted by an EEA report, per capita global aluminium consumption must drop by approximately 17% by 2040.

- Acting soon on circularity is key to reach the EU climate targets, for EU's material security, boosting employment, expanding resource productivity, and reducing costs.
- Policy Recommendations
 - **Bierth** highlighted the need for a clearer vision and strategy for a circular economy agenda that also outlines a clearer resource and materials strategy, getting away from a waste mindset to a materials and resource mindset acknowledging the contribution of materials to tackling the climate crisis.
 - She mentioned a report from UNEP titled "Managing Materials for 1.5 Degrees Celsius," which proposes policy recommendations to foster prosperity and competitiveness in Europe while reducing material consumption.
 - Ball's suggestions include:
 - Replacement of Waste Framework Directive (WFD) with a Materials Framework Directive.
 - Material footprint targets / material taxation at EU level.
 - Products taxation / incentives for low-emission products.
 - Harmonizing EPR schemes and products covered across EU.
 - Redefining the waste hierarchy through more granularity.
 - More integrated policy approach from Commission (DG ENVI + DG CLIMA).
 - Reframing green agenda in terms of material /supply / economic security and motor for peoples' prosperity.
- Business Case for Circular Economy
 - **Bierth** emphasized the need to make a stronger business case for industrial and economic innovation opportunities arising from the circular economy. Engagement with trade unions and demonstrating the benefits of circular economy measures for job creation and prosperity are suggested.

Céline Carré, Head of Public Affairs, Saint-Gobain

- Challenges and Drivers
 - The construction sector is the first consumer of raw materials and the first producer of solid waste.
 - Challenges include reducing dependence on non-renewable resources, increasing recycling and reuse, and addressing policy and demand drivers.
 - Global drivers such as scarcity and climate challenges emphasize the need for circularity in materials. A recent study from the World Economic Forum says that circularity of materials in the building sector can reduce up to 75% of emissions.
- Circular Economy Action Plan and Way Forward

- **Carré** discussed policy developments within the framework of the Circular Economy Action Plan that are progressing but where more work is needed.
- On the Waste framework directive, target is set for construction demolition waste. However, the challenge is around the weight approach, as the drive is less relevant for lightweight materials such as mineral wool. Lack of harmonization around definitions of recycled content or recyclability could also be clearer.
- The revision of the Waste Shipment Regulation is seen as positive. Nevertheless, implementation might take time and the question remains on whether it is enough to tackle some of the typical challenges Saint-Gobain faces such as different classifications and administrative burdens.
- On the PPWR challenges remain on implementation and visibility on what is recyclable and reusable packaging.
- The Construction Products Regulation has high aspirations, but implementation will take time, so full administrative capacity is needed. Furthermore, it does not seem like circularity elements will have to be implemented first. Reuse and legal framework are still challenging.
- The level(s) systematic framework is a very powerful driver, also for the uptake of circularity in the sector. Important questions include impact and the driving wall, as well as how it can better interact with new initiatives such as the recent European Bauhaus.
- On EU taxonomy, there are new criteria on building circularity. Here, it is important to track the impact on how much is it driving for sustainable finance to incentivize circularity and where to put that incentive (at building level, manufactures level, etc.)
- **Company Strategy**
 - The company's strategy was outlined to integrate circularity into its operations, aiming to reduce pressure on natural raw resources, to optimize the use of resources from their extraction to their end of life, and to accelerate the transition to a circular model.
 - The objectives are completely embedded in their 2030 objectives, and all actions are directed towards three different levels. First, improving circular flows. Then, strengthened operational performance and innovation. Lastly, managing waste.
 - These three levels are to be injected into all the life cycle stages of Saint-Gobain products and materials. In all dimensions, Saint-Gobain considers the level of maturity of the local ecosystem. For example, the incorporation of recycled content is very much linked to their ability to collect secondary raw materials, which in turn is linked to how mature the sorting and collecting ecosystem is.
 - Incorporation of recycled content, modular and adaptable solutions, and waste management strategies are highlighted.
- **Continuity and Building Ecosystems**
 - **Carré** emphasizes the importance of continuity in the circular economy agenda to build capacity and create impact.
 - Regulatory drivers need to be complemented by improving the economics of landfilling for recyclable products, empowering the sorting, and collecting

ecosystems, thinking long term, clarifying recyclability definitions and lifting the administrative burden.

- The need to link and complement existing initiatives to create meaningful impact in the circular economy is highlighted.

Caterina Rocca, Group Regulatory Affairs Director, ROCKWOOL

- Introduction to ROCKWOOL Products
 - **Rocca** introduced ROCKWOOL as the largest producer of stone wool, a type of mineral wool.
 - Stone wool is used for insulation applications (ROCKWOOL), precision growing (Grodan), exterior cladding (Rockpanel), engineered stone wool for composite applications (Lapinus), and acoustic ceiling solutions (Rockfon).
 - Circular initiatives span across various brands within ROCKWOOL.
- Circularity in ROCKWOOL
 - **Rocca** emphasized that circularity is ingrained in ROCKWOOL's DNA, with a history of taking back stone wool from the market for over two decades.
 - The Rockcycle program facilitates stone wool recyclability, preventing it from ending up in landfills.
 - The expansion of the Rockcycle program to additional countries, such as India, China, and Slovenia brings the total number of countries reached by the program to 21 in 2023. Therefore, getting very close to the target of having this take back system offered in 30 countries in 2030.
- Challenges and Solutions
 - **Rocca** outlined challenges and solutions divided into three phases: building side problems, logistics, and end-use.
 - Inadequate construction practices (demolition instead of deconstruction) are a challenge, with solutions such as looking into waste as a resource. Also, there is a lack of clear targets for recycling and reuse, these are needed to be able to set requirements for each of them.
 - A clear revision on the separation of waste codes is a must. Today, there are only two waste codes for all insulation products, and this is creating big problems.
 - For the Construction products regulations, there is a need for clear definitions of what is recyclable.
 - **Rocca** discussed logistics challenges such as landfill costs (which need to be higher), the imperative of progressively introducing landfilling bans for recyclable materials, transportation costs and the need for fast-tracking permits for recycling processes.
 - Extended Producer Responsibility (EPR) and industrial symbiosis are highlighted as mechanisms to facilitate waste management and resource utilization.

- **Rocca** emphasized the importance of setting requirements for minimum recycled content to drive the production of recyclable materials.
- Lack of harmonized standards for reuse and durability of construction products presents challenges for circularity.
- Introduction of durability definitions for construction products is proposed to enable informed decision-making regarding reuse.
- ROCKWOOL's Circularity Dashboard
 - **Rocca** mentioned ROCKWOOL's circularity dashboard on their website, which highlights indicators and targets for their circularity initiatives, providing transparency and accountability.

Session 4: Views from the civil society

Edoardo Bodo, Environment Policy Officer, RREUSE

- Introduction to RREUSE
 - **Bodo** introduced RREUSE as the European association representing over 1000 social enterprises engaged in circular activities.
 - Examples of member activities include thrift shops in France, second-hand clothing stores in Brussels and Wallonia, and Oxfam shops in the UK and Ireland.
- Defining RREUSE's Focus
 - RREUSE merges social and circular aspects, emphasizing its members' work with marginalized individuals and the reuse, repair, and recycling of various waste streams.
 - The organization aims to give both people and things a second chance since its inception in 2001.
- Advocacy Priorities
 - **Bodo** discussed RREUSE's advocacy priorities focused on aligning circular economy legislation with waste hierarchy principles.
 - The organization advocates for increased emphasis on reducing and reusing waste, highlighting their environmental and social benefits.
 - Social and circular elements are integral to RREUSE's advocacy efforts.
- Legislation and Initiatives
 - **Bodo** outlined legislative initiatives in the circular economy, focusing on:
 - Eco-design for sustainable products, since up to 80% of environmental impacts can be prevented through better design. RREUSE believes that extending the eco-design framework from electronic goods to virtually almost all products in the EU market and setting specific parameters for circularity, as well as establishing the digital product passport, would be a game changer if implemented properly.

- The right to repair directive, where repair should be made more visible and attractive to all EU citizens.
 - Revisions to the Waste Framework Directive. As social circular enterprises, RREUSE asks for recognition of the role of social enterprises to be enshrined in this legislation. The association believes that some success has been achieved as the term social economy was only mentioned two times in the previous revision. It is now mentioned 11 times in the Commission's proposal and 17 times in the Parliament position.
 - These initiatives aim to promote sustainable design, facilitate reparability, and address end-of-life waste management.
- Challenges and Future Demands
 - Despite progress, **Bodo** acknowledged the need for further action in transitioning to a circular economy.
 - Key demands include revising public procurement directives, implementing reuse targets, and promoting sufficiency to reduce resource consumption.
 - **Bodo** highlighted the importance of considering social and economic factors in environmental policies for a successful transition to a circular economy.
 - Holistic environmental policies that consider social and economic aspects are imperative.
 - He acknowledged the challenges of implementing environmental legislation but sees it as an opportunity to ensure a successful transition to a circular economy.