UNFCCC COP 25

Outcome Document
Roundtable:
"Circular Economy (Packaging and Business Models)"

Achieving 1.5°C: The role of Circular Packaging and Business Models

Marrakech Partnership for Global Climate Action

Tuesday, 10 December 2019
11:30 – 13:00

Organised by the World Business Council for Sustainable Development

Supporting Organizations:
FAO, ICC

Key Messages

The circular economy is a systems-level approach to economic development designed to benefit businesses, society, and the environment, that will play an important role in achieving the ambitious climate objective of 1.5°C that is needed to secure a safe operating space for humanity and the planet.

Applying circular economy strategies in just five key areas of the economy (cement, aluminium, steel, plastics, and food) is estimated to eliminate almost half of the remaining emissions from the production of goods **– 9.3 billion tonnes of CO_2e in 2050** – equivalent to cutting current greenhouse gas (GHG) emissions from all transport to zero.

Achieving a truly circular economy will **require active participation and collaboration** between businesses both small and large, policy instruments, and from countries and cities to local communities and the people within them.

Circular economy and its contribution to climate change needs to be addressed in the broader context of **efficient resource use.** Applying the principles of circular economy to radically transform the way goods and materials are produced, used and consumed in the economy, would offer significant potential to reduce GHG emissions.

However, in certain cases, these solutions are not always beneficial for the environment and for the climate. Some smart policy instruments and transformative business models which avoid the need for single use packaging are also increasingly attractive.

It's critical for business, governments and civil society to work together on **finding innovative design solutions and business models** to ensure system wide transformation that is appreciated by society and ensures a **Just Transition** towards a circular, net-zero emissions and climate resilient economy.

Session Outcomes

The **Roundtable on Circular Economy (Packaging and Business Models)** was organized at COP25 as part of the calendar of events under the Marrakech Partnership for Global Climate Action. It convened leading government, private sector, and civil society stakeholders to highlight the role of circular economy action in driving systems transformation to a net-zero and climate resilient economy.

Emphasizing the importance of adhering to the recommendations of science, the Roundtable saw participants highlight concrete examples of actions that have been undertaken to implement circular economy principles and business models across value chains, and their contribution to achieving the objectives of the Paris Agreement.

High-level speakers from business, governments, academia and civil society highlighted the indispensable role that the circular economy can play in tackling the climate crisis.

In his opening keynote remarks **Peter Bakker, CEO and President of the World Business Council for Sustainable Development (WBCSD)**, explained that while moving to renewables can address 55% of global GHG emissions, in order to achieve the 1.5°C target of the Paris Agreement, circular economy will have a critical role to tackle the remaining 45% of emissions reduction.

Gonzalo Muñoz, Chilean High-level climate champion, also urged speakers to think through how to create innovative business models set a real momentum for circular economy to be at the center of climate action.

Throughout the session high-level participants spoke on a variety of issues that could be summarized under the following consistent themes:

1. **Defining the Circular Economy (A Systems Approach)**

   The circular economy is a systems-level transformation to economic development designed to benefit businesses, society, and the environment. It is therefore imperative to address circular economy through a systems and life-cycle approach to avoid unintended consequences.

   Throughout the session, many speakers explained the core principles of a circular economy beyond the commonly used definitions. **Professor Pere, Fullana, Director of the UNESCO Chair in Life Cycle and Climate Change** explained the need to "Reject" unwanted materials and energy flows that do not support the circular economy and "Rethink" how business models and services are developed in the current business models.

2. **Efficient use of resources and materials**

   Circular economy and its contribution to climate change needs to be addressed in the broader context of efficient resource use. Applying the principles of circular economy to radically transform the way goods and materials are produced and used in the economy would offer significant potential to reduce GHG emissions. In that regard, businesses can decouple economic activity from the consumption of raw materials vulnerable to climate risks, and therefore build greater flexibility.

   During the session, **Ulrike Sapiro, Senior Director, Global Sustainability of Coca-Cola,** highlighted the role of packaging in the circular economy and how the company is managing resourcing e.g. transforming PET bottles to reduce color contamination during recycling.

   Lena Pripp-Kovac, Head of Sustainability, Inter IKEA Group, also highlighted innovative design elements the company is employing to improve recyclability and repurposing of products, as well as working through the supply chain and network to ensure circularity through the value chain of the business. Some questions addressed the issue of possible toxicity of recycled materials for food applications as a subject which will get increased attention with the increased recycling content.

3. **Fundamentally changing business models**

   Harnessing the power of circular economy to achieve the goals of 1.5°C can be realized through business models that keep assets, products, and components in use while making productive and efficient use of resources. During the discussion business leaders highlighted tangible

transformations within business models through innovative design approaches, supply chainand consumer engagements.

Petar Ostojic, CEO, Neptuno Pumps elaborated on how the company is disrupting a rather mature industry through innovative and efficient designs of pumps as well as transitioning towards a service-based business model. This has resulted in cheaper cost to costumers, reduction in waste materials for the company and an overall reduction in energy use and net emissions from the production.

Change in business models can be achieved also by life cycle thinking and also leveraging already existing and emerging technologies to reduce waste and ensure the efficient use of materials and resources.

4. Enhanced collaboration and partnerships

As circular economy aims to decouple economic growth from the consumption of finite resources and build economic, natural, and social capital, it will require active participation and collaboration between businesses both small and large, and from countries and cities to local communities and the people within them. The transition to a more circular economy will require enhanced collaboration between governments, the investment community, industries, companies, academia, and civic organisations.

Claire Kneller, Head of Food Waste and Resource Action Program (WRAP), highlighted a practical example of how system wide collaboration can lead to increased resource efficiency and greater emission reduction. She explained the "farm to fork" initiative that has seen UK's largest retailers, food producers, manufacturers, and hospitality and food service companies commit to reducing food waste. Through by leveraging the principles of circular economy, and working through the supply chains of these businesses, the project resulted in a 20% reduction in emissions.

Vicente Inglada, Vice President of Cauce (Spanish confederation of user and consumer co-operatives) highlighted how consumer organizations can be effective bridges between companies and citizens to find the right balance between minimizing food loss and minimizing packaging waste.

5. Leveraging smart regulation and enabling policy instruments

A circular economy presents solutions to some of the world's most pressing global challenges, meeting multiple policy objectives. During the session, speakers demonstrated how they are leveraging domestic policies to enable circular economy.

Nobert Kurilla, Slovakia State Secretary and Deputy Minister of Environment and Climate Change explained how Slovakia is striving for a low carbon and resource efficient society high level policy and regulations e.g. Deposit-refund scheme for PET bottles and aluminium cans, ban on single-use plastics, a charge for plastic bags and others. Additionally, Slovakia is striving to be a regional leader in circular economy by providing support for knowledge and cooperation with

key stakeholders. The country has now established a business-driven platform know as Circular Slovakia - an enabling platform that is connecting public, private and non-profit actors to collectively drive the transformation to a circular economy.

Within the same umbrella, **Guillermo González, Head of the Office of Circular Economy at the Ministry of Environment, Chile**, also highlighted the Circular Economy Roadmap being developed for Chile as a policy enabler to address the issue of plastic waste and to introduce innovative policy instruments such as eco-modulation, eco-labelling mechanisms and plastic pacts to address the issue of plastic waste.

6. Addressing the social impacts of circular economy

Societal priorities and behavioral change will have a key role to play within the entire systems transformation towards a circular economy. It will companies, it is highly important that they engage with the public and consumers of products as the develop products of enhance recyclability and circularity as they consumers will have a key role in ensuring that the resources and materials are disposed in the right way that allows recovery of those resources.

Kayven Macedo, Head of Sustainability at Natura explained how the company is leveraging eco-design guidelines and bio-based materials in place of plastic packaging, however he mentioned that for the company, the consumer is the key to accelerate this transformation because the consumers have the power to put pressure on the companies to search for new innovations. Other solutions as products sold in refill portions for refillable packages were also mentioned as an example of the efforts to save resources.

Brendan Edgerton, Director of Circular Economy at WBSCD also stressed the need to address the issues of Just Transition in the transition towards a more circular economy. He mentioned the need to ensure responsible handling of materials along the value chain.