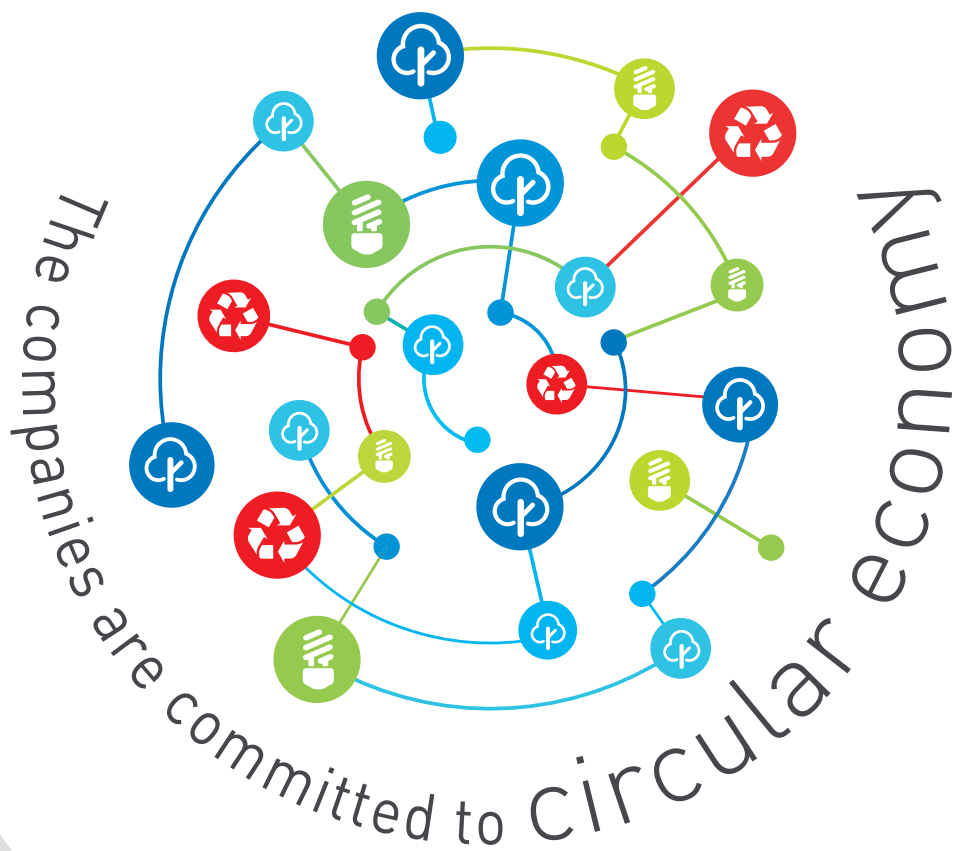




Circular economy is underway!

Thanks to circular economy, our companies create wealth in more sustainable ways, by preserving limited natural resources and by reducing the greenhouse gas emissions. The mobilisation of all the operators will speed up the transformation.

November 2015



Circular economy is a progressive approach supported and implemented by the Afep member companies

Many companies have already implemented circular economy. Over the last few years, several concepts have been added to recycling, such as eco-design, reuse of end-of-life products and materials, reuse of resources, servicizing and product-service systems.

Circular economy is based on **new collaborations** between industrial and local players, and between the operators of a product's value chain. It contributes to the emergence of **new economic models** presenting competitive advantages, because it ensures the security of supply of raw materials and the extension of their use. It is also a source of innovation, as it entails the enhancement of the products' design together with the implementation of new services. This leads to a reduction of the inputs (materials,

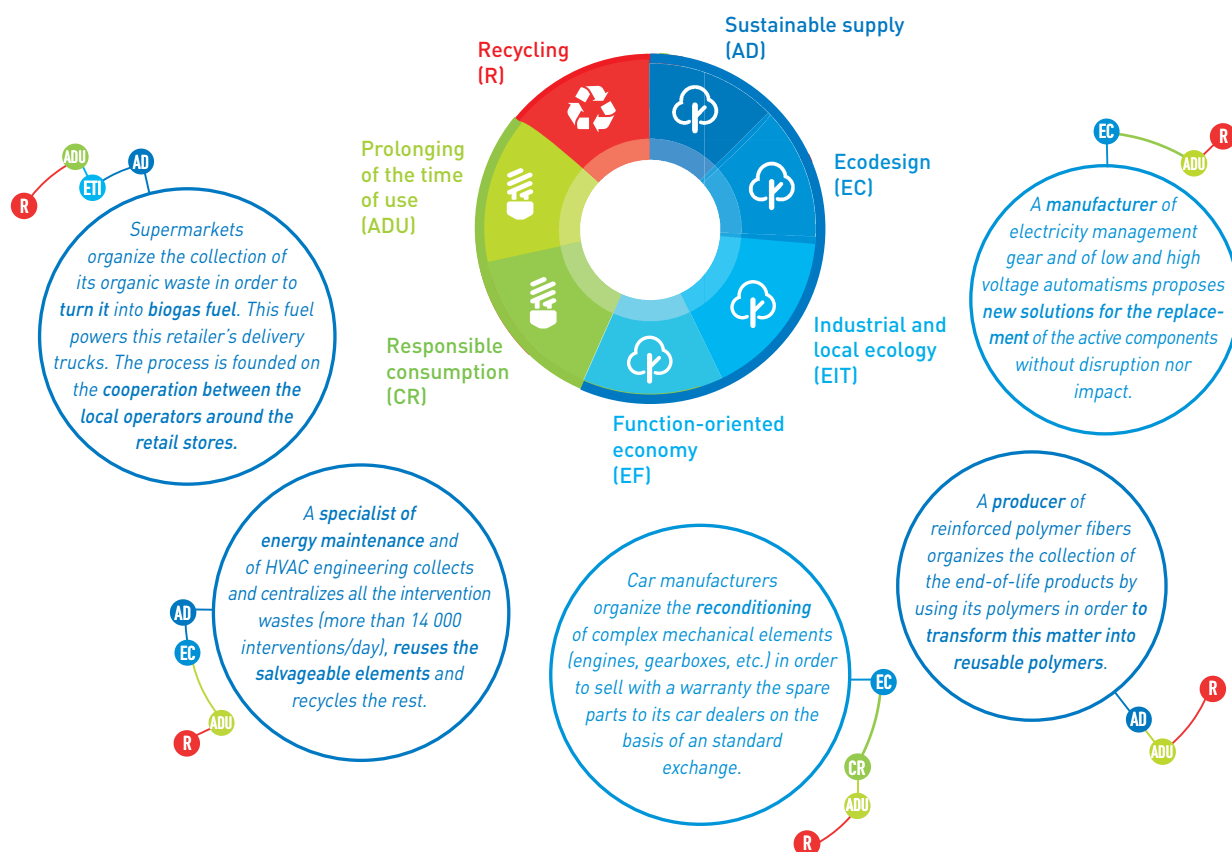
energy, water...) and of the product's impacts, and to the transformation of the customers/suppliers relations.

In this context, **Afep member companies have decided to strongly commit themselves to support circular economy**. A working group dedicated to this subject, chaired by Jean-Louis Chaussade, managing CEO of SUEZ, has brought together 75 company representatives and around twenty experts in 2015. The group focused on three key themes: feedbacks from inter-company cooperation; voluntary, legislative and regulatory tools of circular economy; recommendations. The report and its recommendations are available on the website (www.afep.com).

Applications in different economic sectors

Afep report (www.afep.com) showcases more than 30 examples of practical applications of circular economy implementing the cooperation of many actors and using several levers.

For each example, the main levers of circular economy are shown by the following symbols:



Circular economy contributes to reduce greenhouse gas emissions

Circular economy has a major role to play in order to overcome the climate challenge: CO₂ is emitted at every step of the use of products and services, from the extraction of the raw materials necessary to their manufacture, to their disposal. All the operators of the value chain have their share of responsibility in those emissions: from the manufacturer extracting the raw materials, through the retailer selling the finished product, and to the consumer, end user of the product or service.

Circular economy is **part of the low-carbon strategies** and enables to decrease the domino effect of greenhouse gas emissions at every step of the product life (design, production, consumption).

Greenhouse gas emission reduction is estimated to 500 Mt of CO₂/year for the recycling of metals and paper, that is around 1% of the annual worldwide volume of the GES emissions (London Imperial College, « *Report on the environmental benefits of recycling-2008* »). Compared to a linear model, circular economy enables substantial greenhouse gas emission reductions, going up to 34% of the emissions (2015 Ernst & Young study produced for the Circular Economy Institute).

Introducing a carbon pricing system could boost new economic models and a more circular economy.

Our recommendations in order to develop circular economy

From the experiences of its members, Afep lays down recommendations in order to strengthen the **economic cost-effectiveness of circular economy**, and its **environmental sturdiness**.

Five national and European priority actions:

- 1 **Adopt a European strategy** on circular economy ensuring a level playing field between players. The package of the European Commission will have to be based on a coordinated approach of circular economy along the whole value chain, and lead to the adoption and the sharing of **ambitious goals**, notably concerning the use of product optimization, and recycling.
- 2 Harmonize at a **European level**, the **measurement methods of the resource and waste flows**, and of the **life cycle analysis tools** that enable to evaluate the environmental and energy impacts of the products, upstream and downstream of the manufacturing process. This would facilitate the deployment of international processes and exchanges.
- 3 **Promote the extension of the products' lifespan** and replace the "end of pipe" waste management logic by a **reprocessing of the resources** through ecodesign, reuse and recycling, then by an energy from waste recovery of non-recyclable waste. With this in mind, an harmonization of the end of waste criteria in the EU is required.
- 4 **Involve the state as a circular economy projects facilitator**, in order to reach common objectives to companies, states and local communities, such as the concerted deals set up in the Netherlands. This entails that the increase of the right to experiment, notably with the territorial reasoning, must be widely increased.
- 5 **Increase the efficiency of the fight against illegal waste management behaviours**, and implement more deterrent sanctions. Regulatory and fiscal terms deserve to be reinforced in order to support the best European practices. In addition, trust between the operators in circular economy processes must imperatively be built on the guarantee of their performance, by developing certifications and agreements.

Companies call to a global mobilisation to speed up transformation

In June 2015, the G7 created the *G7 Alliance for an efficient use of resources*, a forum promoting the sharing of information on the basis of voluntary participation.

For its part, the **European Commission** will, in December 2015, present package of proposals that intend to give momentum to the propagation of the process in Europe. Among the rallying countries, the **Netherlands**, that will hold the **Presidency of the EU Council** during the 1st semester of 2016, have developed a circular economy policy and also established since 2010 **joint agreements with companies**, in order to develop innovative habits in this field.

The companies are convinced that by combining their actions in support of circular economy, they will enforce the viability of new business models

They urge all the operators (economic, of the Union, associative, etc.) **to rally in order to demonstrate that large scale innovative solutions are within easy reach. This cooperation will help facilitate and speed up this transformation !**



The companies are committed to **circular economy**

Companies that are part of the working group:



Afep wishes to thank the following experts and keynote speakers:

A. GELDRON – ADEME ; C. DADOU-WILLMAN – 2ACR ; X. BONNET, R. ROUQUET – MEDDE/CGDD ; C. LEVY, B. PERRET – CGEDD ; S. COQUELIN – COSEI ; P. ANGOT, I. CAMILIER, M. DUFEAU, C. FREITAS SALGUEIREDO – MEIN/DGE ; P. BLANC, C. CROS – MEDDE/DGPR ; H. LEROY, D. LEMOINE – ECDYS ; C. ENCKELL – ENCKELL AVOCATS ; E. MUGNIER – EY ; F.M. LAMBERT, G. GIAVARINA – INSTITUT ECONOMIE CIRCULAIRE ; F. DESPORT – LES ACTEURS DE L'ECOLOGIE INDUSTRIELLE ; J.C. LEVY – MAE/DAECT ; N. BUTTIN – WITHAA

And H. VALADE and S. PELLION of SUEZ

Presentation of Afep

Afep, the French association of large companies, gathers the largest companies operating in France. It has 113 members and is present in Paris and Brussels.

Afep aims to foster a business-friendly environment based on sustainable development and to present the company members' vision to French public authorities, European institutions and international organisations.

Afep works in particular on European and French cross-sectorial legislation. Afep has initiated several project in the field of sustainable development, such as Sustainable cities for French and export markets, youth employment and commitment of international business leaders to combat climate change.



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