

# Circular Businesses Guideline



Conducted by:  
*Build Green Group*

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### Executive Summary

This report provides an overview of the Circular Economy (CE) model and its increasing popularity in the Western Balkans as an alternative to the traditional linear model of production and consumption. It is a detailed presentation of circular economy principles, business models, the transition towards a circular economy, greenwashing and green claims. Furthermore, this guideline provides specific Western Balkans and international case studies and best practice, emphasising the proactive approach of Western Balkan countries in addressing challenges such as climate change and environmental protection. It serves as a promising framework for sustainable development and highlights the potential benefits of transitioning to a circular economy, not only for the Western Balkans but at a larger scale as well.

The guideline was developed by Build Green Group through a combination of expert consultations, review of best practices at a global scale, and iterative feedback sessions with potential business users to ensure relevance and applicability. This report comes within the framework of a regional initiative funded by **The Balkan Forum**, during which various organisations including: universities, academics, civil society organisations and business from the Western Balkan region, members of the **LogEx community**, hold a series of parallel activities aiming to promote good practices and share knowledge, and discuss challenges and possibilities of the circular economy in the region. The Circular Economy Week is now a every year tradition, in the format of an open forum were all relevant stakeholder gather in May, from all Western Balkan countries.

The main aim of this guideline is to provide businesses in the Western Balkans with practical steps to transition towards circular economic models, aiming to equip businesses with the knowledge and tools needed to adopt sustainable practices that reduce environmental impact and enhance economic sustainability.

### ***About us:***

***Build Green Group*** is a non-governmental NGO which started as an environment movement in since 2015. It was officially registered as a non-profit organization, with a court decision on 07.11.2017, in Tirana, Albania. Our main scope of work involves research and environment with more than 7 years of experience in management of projects in the field of environment with a special focus on adaptation to climate change, environmental digitalization, environmental law, the circular economy in the region, and the overall objective to bring forward the green transition and sustainable development for Albania, within the regional context. The organization's efforts in the field of the environment, have been appreciated by UNIDO, the United Nations for Industrial Development and Advantage Austria, which awarded it the Energy Globe 2020 award for sustainability nationally.

### INTRODUCTION

At the beginning of the 21<sup>st</sup> Century, authorities of the European Union realised that a linear economy cannot be sustainable in the long run. As early as the 1960s, scientists from several fields in developed countries began to highlight the linear economy's negative impact on natural resources and the environment.<sup>1</sup> The necessity for a gradual transition from the Linear Economic Development model to a newer one with more emphasis on nature's resource needs, which should be maintained in future generations, has been driven by increasing ecological concerns that have emerged over time.

The Western Balkans region involving Albania, Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, North Macedonia, and Serbia, has been gradually embracing the concept of a Circular Economy as a means to address environmental challenges, promote sustainable development, and drive economic growth. The Western Balkans face various environmental challenges, including pollution, inadequate waste management systems, resource depletion, and high levels of energy consumption. These issues pose significant threats to public health, ecosystems, and overall sustainability. Governments, businesses, and civil society organizations in the region are increasingly recognizing the importance of transitioning to a Circular Economy model. This involves shifting from the traditional linear 'take-make-dispose' economic model to one that emphasizes resource efficiency, waste prevention, reuse, and recycling.

Several countries in the Western Balkans have begun to develop policy frameworks and national strategies to support the transition to a Circular Economy<sup>2</sup>. For Example, in Albania now there is a public institution “General Directorate of Environment and Sustainable Development - Tirana Municipality” which regulates: Drafting of policies, strategies and

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<sup>1</sup> Millar, N., McLaughlin, E., & Börger, T. (2019). The circular economy: swings and roundabouts?. *Ecological economics*, 158, 11-19.

<sup>2</sup> Nadazdi, A., Naunovic, Z., & Ivanisevic, N. (2022). Circular economy in construction and demolition waste management in the western balkans: A sustainability assessment framework. *Sustainability*, 14(2), 871.

programs aimed at environmental protection and sustainable development, and the use of natural resources, for the fields of environment, biodiversity, forests and pastures, waters and nature, ensuring a better quality and standard of living. Absorption of funds for the realization of a series of projects with foreign financing or the state budget, for the improvement of standards and the achievement of objectives in the field of the Environment.

Furthermore, Albania is implementing Extended Producer Responsibility (EPR) in relation to EU legislation and the necessary measures for the creation of the EPR system in Albania took place on October 17, 2019. EPR is an obligation for producers, which are companies that are placing on the market internal Albania products which, after being used, generate waste belonging to one of the special waste streams, such as packaging, batteries and accumulators, waste of electronic and electrical equipment and end-of-use vehicles. These companies, under EU waste legislation, become producers and have additional obligations and responsibilities to manage the waste produced by their products. Their obligations are regulated in a special legislation at the EU level. Some of the main obligations of the manufacturer are to finance and create a system for the collection, transport, recycling or another way of handling the waste generated by their products that they put on the market in Albania and to fulfil some important goals for the collection, their recycling and treatment, as defined by EU or national legislation. These frameworks typically include measures to promote eco-design, extend product lifecycles, improve waste management, and incentivize sustainable production and consumption practices.

Circular Economy (CE) is a model of production and consumption, involving several elements such as: sharing, leasing, reusing, repairing, refurbishing and recycling of existing materials and products as long as possible. In this way, the life cycle of products is extended<sup>3</sup> (European Parliament, 2023). The concept of a CE is becoming increasingly popular in the Western Balkans as an alternative to the traditional linear model of production and consumption. This new approach seeks to reduce waste, reuse resources, and create a sustainable system for economic growth. Countries in the Western Balkans are proactively addressing the challenges

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<sup>3</sup> European Parliament. (2023). *Circular economy: definition, importance and benefits*. Retrieved from <https://www.europarl.europa.eu/topics/en/article/20151201STO05603/circular-economy-definition-importance-and-benefits>

posed by increasing climate change vulnerabilities, reliance on imported raw materials, and increased waste, which significantly impact their pursuit of regional integration and alignment with the European Union.

Efforts to promote the Circular Economy in the Western Balkans have been supported by domestic and international investment, as well as funding from organizations such as the European Union (EU) and international financial institutions. Investments are directed towards projects aimed at improving waste management infrastructure, promoting renewable energy sources, and fostering innovation in resource-efficient technologies. Collaboration between governments, businesses, academia, and civil society is essential for the successful implementation of Circular Economy initiatives. The exchange of knowledge, best practices, and technologies both within the region and with international partners can accelerate progress towards a more sustainable and Circular Economy.

Embracing the Circular Economy offers numerous opportunities and benefits for the Western Balkans, including job creation, enhanced resource security, reduced environmental impact, improved public health, and increased competitiveness in the global markets. By harnessing the region's natural resources more efficiently and reducing reliance on imports, countries can build more resilient and sustainable economies.

Despite progress that has been made, there are still significant challenges and barriers to be overcome in the transition to a Circular Economy in the Western Balkans. These may include limited financial resources, inadequate infrastructure, and regulatory obstacles, lack of awareness and education, and resistance to change from certain sectors of the society. The Western Balkans region has the potential to become a leader in the transition to a Circular Economy, leveraging its strategic location, natural resources, and growing commitment to sustainability<sup>4</sup>. Continued investment, innovation, and collaboration will be crucial in realizing this vision and creating a more prosperous and resilient future for the region.

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<sup>4</sup> Toto, R., Imami, F., Poro, E., Garvanlieva, V., Jeftić, M., Gjoka, R., & Bejko, A. (2023). D4. 1-Report on Western Balkans Just Green Transition Conceptualisation.

This guideline on Circular Economy provides an overview of this emerging model and outlines what businesses need to do in order to make it functional. It also discusses the benefits that can be achieved by implementing a CE, including environmental sustainability and cost efficiency. Additionally, the guideline provides guidance on the transition from a linear economy to a circular one.

Furthermore, this guideline provides insights on Western Balkans strategies and laws on CE, for example Green Agenda in Western Balkans<sup>5</sup>, and its 5 main pillars:

1. **Climate action:** decarbonisation, energy and mobility;
2. **Circular Economy:** addressing waste, recycling, sustainable production and efficient use of resources;
3. **Biodiversity:** aiming to protect and restore the natural wealth of the region;
4. Fighting **pollution** of air, water and soil;
5. Sustainable **food systems and rural areas**;

It also takes into consideration the principles of the European Green Deal, transforming EU into a modern, resource-efficient and competitive economy, ensuring:

- no net emissions of greenhouse gases by 2050;
- economic growth decoupled from resource use;
- no person and no place left behind.

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<sup>5</sup> Implementing a Green Agenda for Western Balkan

### 1. CIRCULAR ECONOMY PRINCIPLES

The Circular Economy Principles form a critical foundation for transitioning from the traditional, unsustainable *'take-make-waste'* model to a more sustainable and resource-efficient approach. In the Western Balkans, these principles are particularly relevant given the region's high levels of resource intensity and low recycling rates. For instance, Albania's National Strategy for Development and Integration (2022-2030)<sup>6</sup> emphasizes the need for an integrated approach to waste management to transition from a linear to a CE. In the Western Balkans, the principles of circularity are gaining traction, especially among small and medium-sized enterprises, which make up approximately 99% of all businesses and contribute significantly to employment and economic output. However, the transition is hampered by several barriers, including financial constraints, lack of skills and experience, and inadequate regulatory frameworks.

This paradigm shift to CE is deeply rooted in environmentalism, economics, and industrial design, addressing the pressing need for a sustainable alternative to linear economic practices. The Circular Economy is inherently regenerative, aiming to minimize waste, utilize resources effectively, and rejuvenate natural systems. Key strategies involve human-centred design, reducing waste and pollution, using sustainable materials, enhancing resource efficiency, extending product lifespans, and designing for natural regeneration. These principles collectively foster a sustainable, resilient economic model, offering innovative opportunities for economic growth within environmental boundaries. They represent a transformative approach, aligning economic activities with environmental stewardship and social equity, and encapsulate the essence of a CE.

The Circular Economy approach emerged as a response to the unsustainable linear model of *'take-make-waste,'* which has increasingly strained our planet's resources.

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<sup>6</sup> National Strategy for Development and European Integration 2022-2030

In terms of historical context and emergence<sup>7</sup>, the Circular Economy concept has its roots in multiple schools of thought, including environmentalism, economics, and industrial design. It gained traction as awareness of environmental degradation and resource depletion grew, highlighting the need for a sustainable alternative to the traditional linear economy.

At its core, the Circular Economy is a regenerative approach designed to minimize waste, keep resources in use, and restore natural systems. It's a model that rethinks production and consumption patterns, focusing on long-term sustainability rather than short-term gains. The Ellen MacArthur Foundation<sup>8</sup>, a leading proponent of this model, emphasizes its potential to address global challenges like climate change and biodiversity loss.

### 1.1 Strategies for reducing negative impact

1. **Human-Centred and Iterative Design.** This approach is based on solutions developed with a focus to meet human needs and are continuously improved. Human-centred<sup>9</sup> design is crucial in ensuring accessible and inclusive products, services, systems, and environments to a wide range of users. The aim in using these principles into the design process is to create usable, useful and desirable solutions for diverse individuals without the need for specialized designs. By placing users at the core of design activities, the resulting products, services, systems, and environments are better equipped to meet the needs of a wide variety of individuals. Iterative design<sup>10</sup>, on the other hand, is a valuable approach for continuously improving digital experiences. By embracing the cycle of prototyping, testing, and refining, businesses can boost user feedback, identify

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<sup>7</sup> Nikolaou, I. E., Jones, N., & Stefanakis, A. (2021). Circular economy and sustainability: the past, the present and the future directions. *Circular Economy and Sustainability*, 1, 1-20.

<sup>8</sup> Ellen MacArthur Foundation. Retrieved from: <https://www.ellenmacarthurfoundation.org/network/overview>

<sup>9</sup> Vezzoli, Carlo & Ceschin, Fabrizio & Osanjo, Lilac & M'Rithaa, Mugendi & Moalosi, Richie & Nakazibwe, Venny & Diehl, Jan Carel. (2018). Design for Sustainability: An Introduction. 10.1007/978-3-319-70223-0\_5.

<sup>10</sup> Enginess. (2021). *What is Iterative Design? (and Why You Should Use It)*. Retrieved from: <https://www.enginess.io/insights/what-is-iterative-design>

problems at an early stage, improve usability, and achieve efficiency in the design process, leading to an effective and satisfying experience for users.

2. **Designing Out Waste and Pollution.** The goal is to prevent waste and pollution from being created in the first place. CE is based upon principles of eliminating waste and promoting sustainability. It emphasizes the design of products using high-quality materials to minimize waste. Unlike traditional disposal and recycling methods, which result in the loss of significant energy and labour, the circular economy aims to create systems that preserve and enhance natural resources. By prioritizing the control of finite resources and the balance of renewable resource flows, the main goal of CE is to minimize environmental impact and promote a more sustainable approach to production and consumption.<sup>11</sup>
3. **Lower Impact/Renewable Materials.** Utilization of sustainable materials to reduce environmental footprints. Even though the maximisation of recycling is really important, the reduction of the need for or production of new material is also important. Innovative bio-based and renewable materials are emerging as more sustainable substitutes. This includes: plastics, chemicals, and fibres coming from fossil fuels.<sup>12</sup>
4. **Resource Efficiency.** Enhancing efficiency in the use of materials and energy, including the adoption of digital technologies. Production companies are required to have high managerial decision-making standards in order to improve resource efficiency. Principles of CE<sup>13</sup> should be considered while using modern methods and tools to manage the consumption and supply of resources. Digitalization directly contributes to the implementation of resource efficiency and resource conservation.
5. **Extended Product Life.** Strategies like modularity, repairability, and remanufacturing are employed to extend the lifespan of products. This strategy of designing products that

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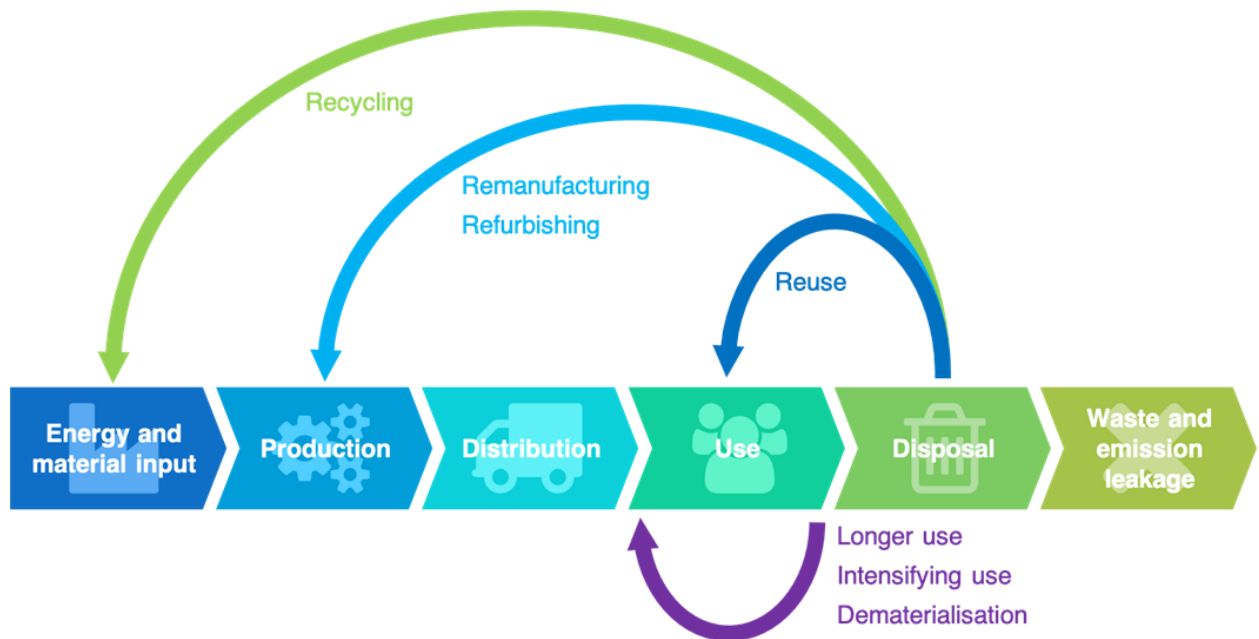
<sup>11</sup> youmatter. (2024). *Circular Economy: Definition, Principles, Benefits And Barriers*. Retrieved from: <https://youmatter.world/en/definitions/definitions-circular-economy-meaning-definition-benefits-barriers/>

<sup>12</sup> Future Bridge NetZero. *Scope 3 Emissions: Understanding the Carbon Impact of Materials*. Retrieved from: <https://netzero-events.com/can-recycled-and-renewable-materials-reduce-scope-3-emissions/>

<sup>13</sup> Vazhenina, L.; Magaril, E.; Mayburov, I. Digital Management of Resource Efficiency of Fuel and Energy Companies in a Circular Economy. *Energies* **2023**, *16*, 3498. <https://doi.org/10.3390/en16083498>

are durable in terms of time and lifespan, are not only beneficial in reducing waste, but also create new opportunities for companies in the market. Through durability, companies can set themselves apart from competitors and justify the price of their products. Therefore, this approach does not only align with sustainable practices and CE principles, but it also offers strategic advantages in terms of customer loyalty and market differentiation.<sup>14</sup>

Figure 1: Circular economy Source: Geissdoerfer et al. (2020).



6. **Design for Natural Regeneration**<sup>15</sup>. Designing processes and products in a way that they contribute to the regeneration of natural systems. Regenerative development and design focus on creating sustainable and resilient systems that are beneficial for both people and the environment. This approach aims to restore and enhance the natural environment while also improving human well-being. Through the incorporation of regenerative principles into urban planning, architecture, and infrastructure, communities can reduce their ecological footprint and promote a more holistic and

<sup>14</sup>Harvard Business Review. (2021). "The Circular Business Model" Retrieved from: <https://hbr.org/2021/07/the-circular-business-model>

<sup>15</sup> Mang, Pamela & Reed, Bill. (2012). Regenerative Development and Design. Encyclopedia Sustainability Science & Technology. I. 8855. 10.1007/978-1-4614-5828-9\_303.

balanced way of living. Some of the key aspects of regenerative development include renewable energy, water conservation, waste reduction, and the use of natural materials. Natural regeneration enables sustainable and equitable future.

These strategies collectively contribute to a more sustainable, inclusive, and resilient economic model. The Circular Economy not only seeks to mitigate environmental impacts but also presents opportunities for innovation and economic growth within planetary boundaries.

The Circular Economy's evolution reflects a paradigm shift towards sustainable development, reimagining our relationship with resources. It integrates principles of ecology into economics, emphasizing that economic activity should not compromise environmental integrity. The focus on human-centred design considers the end-users' needs and societal wellbeing. By designing out waste and pollution and prioritizing resource efficiency, the Circular Economy promotes a systemic change in how we view and utilize materials. The adoption of renewable materials and the extension of product life underscore a commitment to reduce the ecological footprint and foster a balance with nature. This model, therefore, serves as a transformative approach, aligning economic activities with environmental stewardship and social equity.

Furthermore, the Circular Economy approach is closely tied to the idea of a closed-loop system. In a closed-loop system, resources are continuously recycled and reused, minimizing the need for extracting new raw materials. Not only does this reduce the pressure on ecosystems, but it also mitigates the social and environmental consequences often associated with resource extraction, such as deforestation, habitat destruction, and water pollution. By shifting towards closed-loop systems, industries can significantly decrease their reliance on virgin resources, thereby reducing their carbon footprint and overall environmental impact.

One key aspect of the Circular Economy is the emphasis on collaboration and partnerships between various stakeholders, including businesses, governments, NGOs, and communities.<sup>16</sup> These collaborations are essential to creating the necessary infrastructure and regulations to

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<sup>16</sup> Veleva, V., & Bodkin, G. (2018). Corporate-entrepreneur collaborations to advance a circular economy. *Journal of Cleaner Production*, 188, 20-37.

support the Circular Economy transition. For instance, governments can incentivize sustainable practices through policy measures, such as tax incentives for eco-friendly products and regulations that encourage the use of recycled materials. Businesses, on the other hand, can play a pivotal role by adopting circular business models, such as product-as-a-service or take-back programs, which encourage the return and refurbishment of products at the end of their life cycles.

In addition to its environmental and economic benefits, the Circular Economy also has the potential to address social issues, such as unemployment and income inequality. The Circular Economy model promotes the creation of new jobs in sectors related to recycling, repair, and remanufacturing, which are often labour-intensive. Moreover, it encourages the development of local economies, as recycling and reusing resources locally can reduce the reliance on global supply chains, making communities more self-sufficient.

In conclusion, the Circular Economy is more than just an environmental or economic strategy; it represents a fundamental shift in the way we think about and interact with our planet's resources. By embracing principles of sustainability, collaboration, and innovation, the Circular Economy offers a holistic approach to addressing the complex challenges of our time. It not only strives to reduce negative impacts but also holds the promise of creating a more equitable and prosperous future for all.<sup>17</sup>

## 1.2 Eliminate waste and pollution

The "Eliminate waste and pollution"<sup>18</sup> principle in the Circular Economy advocates for designing products and processes that minimize the creation of waste and pollution from the outset. This approach challenges the traditional 'end-of-pipe' waste management by integrating waste

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<sup>17</sup> Note: For more information, you can check some resource centre such as:

Ellen MacArthur Foundation. (2024) *It's time for a circular economy*.

Retrieved from <https://www.ellenmacarthurfoundation.org/>

FACCSF. (2023). *Sustainability Webinar - Circular Economy*. Retrieved from: <https://www.youtube.com/watch?v=Uc3azii3EHk>

World Resources Institute. (2021). *Opportunities of a Circular Economy*. Retrieved from: <https://www.wri.org/insights/5-opportunities-circular-economy>

<sup>18</sup> Ellen MacArthur Foundation. (2024). Eliminate Waste and Pollution. Retrieved from: <https://www.ellenmacarthurfoundation.org/eliminate-waste-and-pollution>

reduction strategies into the design phase. Examples include companies developing packaging from biodegradable materials or creating products that can be fully recycled. This principle emphasizes innovation in design and materials to ensure that waste and pollution are not just managed, but fundamentally avoided.

This principle advocates for a proactive approach in product design and process management. It involves rethinking how products are made, used, and disposed of, focusing on using materials that are biodegradable or can be perpetually recycled. This shift from traditional waste management to pre-emptive waste minimization calls for innovative solutions in manufacturing and supply chain operations. It also encourages a systemic change in consumer habits and corporate policies, fostering a culture where waste reduction is a primary goal, not an afterthought. This principle is fundamental in transitioning to a sustainable, Circular Economy that prioritizes environmental health and resource conservation.

One of the key strategies within the "Eliminate waste and pollution" principle is the concept of "cradle-to-cradle"<sup>19</sup> design. This approach envisions products and materials as part of a continuous cycle, where the end of one product's life serves as the beginning of another. In cradle-to-cradle design, waste is not seen as a by-product but rather as a valuable resource that can be reutilized or upcycled into new products. This represents a departure from the traditional linear model, where products are designed with a one-way trajectory towards disposal. Cradle-to-cradle design encourages product designers to consider not only the functionality and aesthetics of their creations but also their environmental impact throughout their entire life cycle.

Additionally, the elimination of waste and pollution requires a deeper understanding of material flows and supply chain management.<sup>20</sup> Companies need to trace the origins of their materials, assess their environmental impact, and work towards sourcing materials that are both sustainable and recyclable. This necessitates transparency in supply chains and a

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<sup>19</sup> European Commission. (2024). *Supporting Policy and Scientific Evidence*. Retrieved from: [https://knowledge4policy.ec.europa.eu/glossary-item/cradle-cradle\\_en](https://knowledge4policy.ec.europa.eu/glossary-item/cradle-cradle_en)

<sup>20</sup> CAN Insider. (2022). *Rethinking The World's Waste: Circular Economy | Climate For Change: Closing The Loop | Ep ½*. Retrieved from: <https://www.youtube.com/watch?v=0EfsD7xNLlo>

commitment to responsible sourcing practices, which can lead to increased accountability throughout the production process.

Furthermore, the "Eliminate waste and pollution"<sup>21</sup> principle encourages a shift towards a circular mindset in consumers as well. It promotes awareness about the environmental consequences of products and encourages consumers to make more informed choices<sup>22</sup>. In a Circular Economy, consumers play a crucial role by actively participating in practices such as recycling, repair, and sharing economies. This shift towards conscious consumption not only reduces waste but also empowers consumers to make environmentally responsible decisions.<sup>23</sup>

Finally, we can state that this principle is a pivotal element in the transition to a sustainable and Circular Economy. It challenges traditional notions of waste and pollution by emphasizing proactive design, responsible sourcing, and consumer engagement. By embracing this principle, businesses and individuals can contribute to a more resilient and environmentally friendly economic model that prioritizes the health of our planet and its resources.

### 1.3 Circulate products and materials<sup>24</sup>

The principle of "*Circulate products and materials*" in the Circular Economy focuses on keeping products and materials in use for as long as possible. This is achieved by designing for longevity, repairability, and recyclability, ensuring that products can be reused, remanufactured, or recycled, thus extending their life cycle. Examples include initiatives for electronics recycling where components are reclaimed for new devices, and the fashion industry's adoption of fabric

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<sup>21</sup> For more information, you can check:

Ellen MacArthur Foundation. (2024). *Eliminate Waste and Pollution*. Retrieved from:

<https://www.ellenmacarthurfoundation.org/eliminate-waste-and-pollution>

MassGeneralHospital. (2022). *Waste Reduction, Recycling and Circular Economy Opportunities*. Retrieved from:

<https://www.youtube.com/watch?v=zB9NubenZr8>

What Are the Environmental Benefits of a Zero Waste Circular Economy? <https://www.greencitytimes.com/circular-economy/>

<sup>22</sup> Waste Reduction, Recycling and Circular Economy Opportunities: <https://www.youtube.com/watch?v=zB9NubenZr8>

<sup>23</sup> What Are the Environmental Benefits of a Zero Waste Circular Economy? <https://www.greencitytimes.com/circular-economy/>

<sup>24</sup> Ellen MacArthur Foundation. (2024). *Circulate Products and Materials*. Retrieved from:

<https://www.ellenmacarthurfoundation.org/circulate-products-and-materials>

recycling. This approach underlines the transition from a disposable culture to one where resources are valued and conserved.

One critical aspect of the "*Circulate products and materials*" principle is the concept of product modularity and disassembly<sup>25</sup>. Designing products with modular components that can be easily replaced or upgraded not only extends the product's lifespan but also reduces the overall waste generated. For example, in the smartphone industry, some companies have started designing phones with easily replaceable batteries, screens, and other components. This approach not only allows consumers to keep their devices longer but also reduces electronic waste, as individual components can be replaced when they become obsolete or damaged.

Moreover, the principle of "*Circulate products and materials*"<sup>26</sup> extends beyond just physical products. It also encompasses the sharing economy and the idea of access over ownership<sup>27</sup>. Services like ride-sharing, bike-sharing, and co-working spaces exemplify this shift towards maximizing the use of existing resources. By allowing multiple users to access and utilize the same product or space, these services reduce the need for the production of new items and infrastructure, ultimately contributing to a more sustainable and resource-efficient society.

Another important aspect is the development of reverse logistics systems. These systems focus on efficiently collecting, refurbishing, and redistributing products and materials at the end of their life cycle<sup>28</sup>. Companies can establish take-back programs where consumers return used products for refurbishment or recycling, reducing the burden on landfills and promoting the circulation of materials. For example, some automotive manufacturers have implemented take-back programs to recycle or remanufacture parts from old vehicles.

Furthermore, the adoption of digital technologies, such as the Internet of Things (IoT) and blockchain, plays a significant role in enabling the effective circulation of products and

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<sup>25</sup> Riesener, M., Kuhn, M., Kelbel, N., & Schuh, G. (2023). Concept And Exemplary Application Of Industrialized Re-Assembly To An Automotive Use Case In The Context Of Circular Economy. *ESSN: 2701-6277*, 882-892.

<sup>26</sup> Ellen MacArthur Foundation's webpage on circulating products and materials:  
<https://www.ellenmacarthurfoundation.org/circulate-products-and-materials>

<sup>27</sup> Belt, B. (2023). Transforming the Built Environment through Product Service Systems: A Path towards a Circular Economy: "Exploring the Key Characteristics, Challenges, and Solutions in Implementing PSS in the Built Environment.

<sup>28</sup> Hanafi, J., Kara, S., & Kaebernick, H. (2008). Reverse logistics strategies for end-of-life products. *The International Journal of Logistics Management*, 19(3), 367-388.

materials. IoT sensors can provide real-time information about the condition and usage of products, allowing for predictive maintenance and better resource allocation<sup>29</sup>. Blockchain technology can create transparent and immutable records of a product's history, facilitating the tracking of materials and products throughout their life cycle, which is crucial for effective recycling and remanufacturing.

"*Circulate products and materials*" principle in the Circular Economy is about reimagining our relationship with products and materials. It encourages a shift from a disposable culture to one that values resource conservation, longevity, and responsible consumption. By incorporating modularity, sharing economy concepts, reverse logistics, and digital technologies, the Circular Economy can optimize the use of resources, minimize waste, and contribute to a more sustainable and resilient economic model.

### 1.4 Regenerate nature<sup>30</sup>

The "Regenerate nature" principle in the Circular Economy is about shifting from an extractive industrial model to one that restores and regenerates natural systems. This principle emphasizes practices that not only minimize harm to the environment but also have a positive impact, such as enhancing biodiversity, improving soil health, and restoring ecosystems. It involves innovative approaches that go beyond sustainability, aiming to actively rejuvenate the environment.

One critical component of the "Regenerate nature" principle is the adoption of regenerative agriculture practices. Conventional agriculture often depletes soil health and leads to chemical runoff, negatively impacting ecosystems and waterways. In contrast, regenerative agriculture focuses on restoring soil health, increasing organic matter, and enhancing biodiversity on farms. Techniques like crop rotation, cover cropping, and no-till farming reduce erosion, sequester

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<sup>29</sup> Magrini, C., Nicolas, J., Berg, H., Bellini, A., Paolini, E., Vincenti, N., ... & Bonoli, A. (2021). Using internet of things and distributed ledger technology for digital circular economy enablement: The case of electronic equipment. *Sustainability*, 13(9), 4982.

<sup>30</sup>Ellen MacArthur Foundation. (2024). *Regenerate Nature*. Retrieved from: <https://www.ellenmacarthurfoundation.org/regenerate-nature>

carbon in the soil, and promote the overall well-being of the land. These practices not only protect natural systems but also contribute to food security and the long-term sustainability of agriculture.

Additionally, the restoration of urban and peri-urban ecosystems is a growing focus within the Circular Economy. Cities are hubs of economic activity and consumption, but they also impact the environment through urbanization, pollution, and resource consumption<sup>31</sup>. The "Regenerate Nature" principle promotes urban planning and development that prioritizes green infrastructure, such as parks, green roofs, and urban forests. These green spaces improve air quality, reduce heat islands, and provide habitats for wildlife, enhancing the overall quality of life for urban residents.

The concept of biomimicry is also closely aligned with the "Regenerate nature" principle. Biomimicry involves designing products and systems that emulate nature's processes and patterns.<sup>32</sup> By observing and learning from the efficiency and sustainability of natural systems, industries can develop innovative solutions that reduce their negative impact on the environment. For example, the design of energy-efficient buildings inspired by termite mounds, or the development of materials that mimic the self-cleaning properties of lotus leaves, can significantly contribute to a more regenerative and sustainable future.

Moreover, this principle highlights the importance of restoring and preserving natural habitats and ecosystems, especially in the face of biodiversity loss and habitat destruction. Conservation efforts, reforestation, and habitat restoration projects are crucial in promoting the regeneration of ecosystems and the protection of endangered species.<sup>33</sup> By actively engaging in these initiatives, businesses and communities can not only mitigate their environmental footprint but also contribute positively to the recovery of ecosystems and the species that depend on them.

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<sup>31</sup> Lucertini, G., & Musco, F. (2022). Circular City: Urban and territorial perspectives. In *Regenerative Territories: Dimensions of Circularity for Healthy Metabolisms* (pp. 123-134). Cham: Springer International Publishing.

<sup>32</sup> Habib, M. K. (2022). Ecomechatronics and bioinspired design ecology, circular economy, and sustainability. In *EcoMechatronics: Challenges for Evolution, Development and Sustainability* (pp. 49-64). Cham: Springer International Publishing.

<sup>33</sup> Gann, G. D., McDonald, T., Walder, B., Aronson, J., Nelson, C. R., Jonson, J., ... & Dixon, K. (2019). International principles and standards for the practice of ecological restoration. *Restoration ecology*, 27(S1), S1-S46.

"Regenerate nature" principle within the Circular Economy signifies a profound shift towards harmonizing human activities with the natural world. It emphasizes proactive measures to restore and enhance ecosystems, from agricultural practices and urban planning to biomimicry and habitat conservation. By embracing this principle, society can transition from an extractive model to one that actively contributes to the regeneration and well-being of our planet's natural systems, ensuring a more sustainable and resilient future.

## 2. CIRCULAR ECONOMY BUSINESS MODELS

The concept of Circular Economy Business Models is pivotal in transitioning towards sustainable development. "Product as a Service" (PaaS) epitomizes this shift, where products are provided as services, enhancing their lifespan and fostering recycling. In the Western Balkans, initiatives such as Albania's Business Investment and Development Strategy (2021-2027)<sup>34</sup> focus on promoting green investments and changes in supply chains to support more circular products and services.

This strategy also aims to empower eco-innovation in key economic sectors, highlighting the region's commitment to sustainable development. Businesses in the Western Balkans, however, face significant challenges such as high implementation costs and the need for substantial initial investment. These financial barriers are more pronounced in sectors like manufacturing and construction, where the adoption of circular practices requires significant changes to existing processes and technologies.

This model drives innovation in product design for durability and reparability, promoting sustainable consumption and reducing environmental impact. Examples like Philips' lighting services and Rolls-Royce's engine maintenance programs illustrate this transformative approach, highlighting the shift from ownership to access, underpinning the principles of circularity in economy and resource management.<sup>35</sup>

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<sup>34</sup> Albania's Business Investment and Development Strategy (2021-2027)

<sup>35</sup>Check the following materials for further information:

PA Consulting. (2024) *Circular Business Design*. Retrieved from: <https://www2.paconsulting.com/Sustainability-EMF-BDG-2020-download.html>

State of Green. (2024). *10 Examples of Circular Economy Solutions*. Retrieved from: <https://stateofgreen.com/en/news/10-examples-of-circular-economy-solutions/>

### 2.1 Product as a Service (PaaS)

"Product as a Service"<sup>36</sup> (PaaS) is a Circular Economy business model where products are offered as services rather than sold outright. This model encourages durability and recycling, as the ownership and responsibility for the product's life cycle remain with the manufacturer or service provider.<sup>37</sup> Examples include Philips' "Lighting as a Service," where customers pay for lighting services instead of purchasing light bulbs, and Rolls-Royce's "Power by the Hour" for aircraft engines. These examples illustrate the shift from product ownership to accessing services, promoting resource efficiency and sustainability.

One of the key advantages of the "Product as a Service" (PaaS) model is its potential to drive innovation in product design. When manufacturers retain ownership of their products and are responsible for their maintenance and longevity, they have a strong incentive to create products that are not only durable but also easily upgradeable and repairable.<sup>38</sup> This encourages a shift away from the planned obsolescence often associated with traditional product sales, where companies design products to have a limited lifespan to drive future sales. In contrast, PaaS fosters a culture of continuous improvement and innovation to extend the lifespan and functionality of products, resulting in higher-quality, longer-lasting, and more sustainable goods.

Furthermore, the PaaS model can significantly reduce waste and resource consumption. When products are designed for extended use and returned to the manufacturer for maintenance, refurbishment, or recycling, it reduces the need for the constant production of new items.<sup>39</sup> This, in turn, decreases the demand for raw materials and energy, ultimately lowering the carbon footprint of the product. For example, in the automotive industry, PaaS can involve leasing electric vehicles (EVs) where the manufacturer retains ownership and responsibility for

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<sup>36</sup>Circuly Blog. (2024). *Product-As-A-Service: Everything You Need to Know in 2024*. Retrieved from: <https://www.circuly.io/blog/product-as-a-service-everything-you-need-to-know>

<sup>37</sup> Kandpal, V., Jaswal, A., Santibanez Gonzalez, E. D., & Agarwal, N. (2024). Circular Economy Principles: Shifting Towards Sustainable Prosperity. In *Sustainable Energy Transition: Circular Economy and Sustainable Financing for Environmental, Social and Governance (ESG) Practices* (pp. 125-165). Cham: Springer Nature Switzerland.

<sup>38</sup> Bertassini, A. C. (2023). *Proposal of a roadmap for culture change towards a circular economy: application in a product-as-a-service business model* (Doctoral dissertation, Universidade de São Paulo).

<sup>39</sup> Korra, C. (2022). Navigating the Environmental Footprint: Pathways to a Circular Economy. *International Journal of Research Radicals in Multidisciplinary Fields*, ISSN: 2960-043X, 1(2), 83-92.

maintenance and recycling. This approach not only promotes the adoption of EVs but also ensures that end-of-life batteries are properly managed and recycled, addressing concerns about electronic waste.

Moreover, the PaaS model can lead to a more circular supply chain, as manufacturers have a vested interest in recovering and reusing components and materials from returned products.<sup>40</sup> This encourages the development of efficient reverse logistics systems, recycling infrastructure, and partnerships with recycling facilities. Companies may also explore remanufacturing, where products are disassembled, refurbished, and returned to the market as good as new. This not only reduces waste but also offers cost-effective alternatives for consumers and businesses.

Additionally, the PaaS model has the potential to democratize access to high-quality products. Instead of the high upfront cost associated with purchasing a product, customers can pay for the use of the product over time. This can make advanced technologies and sustainable products more accessible to a wider range of consumers, including those who may not have the financial means to buy such products outright. It also aligns with the sharing economy ethos of maximizing resource utilization and reducing overconsumption.

The "Product as a Service" model is a powerful tool within the Circular Economy framework that promotes durability, resource efficiency, and sustainability. It encourages innovation in product design, reduces waste, fosters circular supply chains, and makes high-quality products more accessible. As this model continues to gain traction, it has the potential to reshape the way we consume and interact with products, leading to a more sustainable and resilient economic future.

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<sup>40</sup> F. H. Beuren, M. G. G. Ferreira and P. A. C. Miguel, "Product-service systems: a literature review on integrated products and services," *Journal of Cleaner Production*, vol. 47, pp. 222-231, 2013.

### 2.2 Circular supply chains<sup>41</sup>

"Circular supply chains" as a business model in the Circular Economy focuses on redesigning traditional supply chains to minimize waste and maximize the reuse and recycling of materials. This model entails sourcing sustainable materials, implementing recycling systems, and designing products for easy disassembly and reassembly. Examples include companies in the electronics sector using recycled materials in their manufacturing processes and fashion brands incorporating recycled fabrics into their clothing lines.

One crucial aspect of circular supply chains is the concept of closed-loop systems. In a closed-loop supply chain, products and materials are continually cycled back into the production process after their initial use. This approach reduces the need for extracting new resources and minimizes waste generation, as products are designed and manufactured with the end goal of reusing or recycling in mind. Closed-loop systems can be seen in various industries, such as automotive, where manufacturers take back and refurbish used vehicles or components, extending their life and reducing the demand for new production.

Furthermore, circular supply chains require a high degree of collaboration and transparency among stakeholders. Manufacturers, suppliers, consumers, and recyclers need to work together to ensure the efficient flow of products and materials throughout the system<sup>42</sup>. This often involves the development of clear standards, certification processes, and traceability mechanisms to track the provenance and quality of materials. For example, the Responsible Down Standard (RDS) in the fashion industry certifies that down and feathers used in clothing products come from ethically sourced and traceable supply chains, promoting transparency and responsible sourcing.

In addition to sourcing sustainable materials, circular supply chains also place a significant emphasis on product design. Products must be designed with disassembly and reassembly in mind, allowing for easy separation of components and materials. Design for disassembly

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<sup>41</sup> Roy, T., Garza-Reyes, J. A., Kumar, V., Kumar, A., & Agrawal, R. (2022). Redesigning traditional linear supply chains into circular supply chains—A study into its challenges. *Sustainable Production and Consumption*, 31, 113-126.

<sup>42</sup> *Supply chain traceability and transparency for a global circular economy*. (2023, June 13). Circular Economy. <https://circulareconomy.earth/publications/supply-chain-traceability-and-transparency-for-a-global-circular-economy>.

ensures that valuable materials can be efficiently recovered and reused, reducing the need for new resources. The automotive industry provides an excellent example of this approach, as some car manufacturers design their vehicles with modular components that can be easily replaced, reducing repair time and the overall environmental impact.

Circular supply chains also benefit from the integration of digital technologies and data analytics. IoT sensors, blockchain technology, and advanced data analysis can provide real-time information about the condition, location, and history of products and materials within the supply chain.<sup>43</sup> This data can be used to optimize logistics, track the environmental impact of products, and improve the efficiency of recycling and remanufacturing processes. For instance, sensors in packaging materials can help monitor the condition of products during transit, reducing damage and waste.

In conclusion, circular supply chains represent a fundamental shift in the way we design, source, and manage products and materials within the Circular Economy framework. They require collaboration, transparency, and a strong focus on sustainable sourcing, product design, and the integration of digital technologies. By redesigning supply chains to minimize waste and maximize resource efficiency, businesses can contribute to a more sustainable and resilient economic model that addresses the challenges of resource scarcity and environmental degradation.

### 2.3 Sharing platforms and collaborative consumption

"Sharing Platforms and Collaborative Consumption"<sup>44</sup> is a Circular Economy business model where resources are maximized through shared access and usage. This model disrupts traditional ownership models by encouraging people to rent, share, or exchange goods and services. Examples include ride-sharing services like Uber, which reduces the need for individual

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<sup>43</sup> Meier, O., Gruchmann, T., & Ivanov, D. (2023). Circular supply chain management with blockchain technology: A dynamic capabilities view. *Transportation Research. Part E, Logistics and Transportation Review*, 176, 103177. <https://doi.org/10.1016/j.tre.2023.103177>

<sup>44</sup> Manninen, J. (2023, September 13). *CIRCULAR ECONOMY: Sharing Platforms as a Business Model*. <https://www.businessmadeagile.com/en/blog/business-made-agile/circular-economy-sharing-platforms-as-a-business-model>.

car ownership, and Airbnb, which maximizes the use of existing housing. This model not only conserves resources but also fosters community engagement and accessibility.

One of the key drivers behind sharing platforms and collaborative consumption is the idea of underutilized assets<sup>45</sup>. Many of us possess items or assets that are only occasionally used, such as power tools, vacation homes, or even our own vehicles. By sharing these resources with others when we're not actively using them, we optimize their utilization and reduce the overall demand for new production. This, in turn, can lead to significant resource savings and a decrease in the environmental impact associated with the manufacturing and transportation of new goods.

Moreover, the sharing economy can have a positive impact on local economies and communities. When individuals and businesses participate in sharing platforms, they often connect with others in their community. This sense of community engagement and interaction can lead to stronger social bonds and a more vibrant local economy. For example, when people rent out their homes on platforms like Airbnb, they can support local businesses by recommending nearby restaurants, shops, and attractions to their guests. This not only generates income for the hosts but also benefits the local economy as a whole.

Additionally, the sharing economy is closely linked to the concept of access over ownership. Instead of owning a physical item, individuals can access it when needed, reducing the burden of maintenance, storage, and depreciation. This can lead to a shift in consumer behavior, where people place more value on the utility and experience of a product or service rather than the ownership of it. This shift can result in reduced consumption and less pressure on the planet's resources, aligning with the Circular Economy's goal of resource conservation.

Furthermore, sharing platforms often leverage technology to create efficient and transparent marketplaces. Advanced algorithms and user reviews help match supply and demand, ensuring that resources are used to their full potential. This level of efficiency contributes to the economic viability of the sharing economy and encourages its growth. It also facilitates

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<sup>45</sup> Bell, I. (2016). *UK sharing economy 'booming'* - PwC. <http://www.icas.com/ca-today-news/sharing-economy-to-boom-within-next-10-years-pwc>

responsible sharing practices, as users are incentivized to maintain the quality and condition of the shared items to receive positive reviews and maintain trust within the community.

Sharing platforms and collaborative consumption are at the forefront of the Circular Economy movement, reshaping how we access and utilize resources. By unlocking the value of underutilized assets, fostering community engagement, promoting access over ownership, and leveraging technology for efficiency, this business model contributes to resource conservation and sustainable economic development. As it continues to evolve, the sharing economy holds the potential to transform how we think about consumption and ownership, ultimately leading to a more sustainable and resilient future.

### 2.4 Product life extension<sup>46</sup>

"Product Life Extension" in the Circular Economy focuses on extending the lifespan of products, thereby reducing waste and resource consumption. This model emphasizes repair, maintenance, refurbishment, or remanufacturing to keep products in use longer. An example is Patagonia's Worn Wear<sup>47</sup> program, which repairs clothing to extend its life. Another is the practice of remanufacturing in the automotive industry, where parts are refurbished and reused. This model challenges the throwaway culture and promotes a more sustainable approach to consumption.

One of the key drivers behind the "Product Life Extension" model is the recognition that many products are discarded prematurely due to minor issues or wear and tear that can be easily addressed. By promoting repair, maintenance, and refurbishment, this model empowers consumers to make more sustainable choices by extending the life of their belongings. Repair cafés, for example, have emerged as community spaces where individuals can learn to repair

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<sup>46</sup> The Ellen MacArthur Foundation. (2013). *Towards the Circular Economy: Economic and Business Rationale for an Accelerated Transition*. Retrieved from <https://www.ellenmacarthurfoundation.org/publications/towards-the-circular-economy-vol-1-an-economic-and-business-rationale-for-an-accelerated-transition>

<sup>47</sup> Patagonia. (n.d.). *Worn Wear*. Retrieved from <https://www.patagonia.com/worn-wear.html>

household items, from clothing to small appliances, reducing the need for replacement and lowering waste.

Furthermore, the "Product Life Extension"<sup>48</sup> model can lead to economic benefits for both consumers and businesses. For consumers, repairing or refurbishing products can be more cost-effective than purchasing new ones, especially for high-quality items. It can also create a sense of attachment and emotional value towards products that have been with them for a longer time. For businesses, offering repair and maintenance services can create new revenue streams and foster customer loyalty. In addition, remanufacturing and refurbishment can reduce the demand for new materials, cutting production costs and potentially increasing profit margins.

Additionally, the concept of "right to repair" has gained traction within the Product Life Extension model.<sup>49</sup> Advocates argue that consumers should have access to information, parts, and tools necessary to repair their products. This movement seeks to challenge manufacturers' practices that make it difficult for consumers to repair their own devices or take them to independent repair shops. Legislation and consumer pressure aimed at securing the right to repair have the potential to further strengthen the Product Life Extension model.

Moreover, the Product Life Extension model aligns with the principles of the Circular Economy by reducing waste and the environmental impact associated with the disposal of goods. It addresses the growing problem of electronic waste (e-waste), where electronic devices are often discarded when they could be repaired or refurbished. By keeping products in use for longer, this model conserves the resources and energy that would have been used to manufacture new items and reduces the negative environmental consequences of waste disposal.

The "Product Life Extension" model represents a shift away from a throwaway culture towards a more sustainable approach to consumption. It encourages repair, maintenance, refurbishment, and remanufacturing to extend the lifespan of products, resulting in economic

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<sup>48</sup> Mont, O. K. (2002). Clarifying the concept of product-service system. *Journal of Cleaner Production*, 10(3), 237-245. [https://doi.org/10.1016/S0959-6526\(01\)00039-6](https://doi.org/10.1016/S0959-6526(01)00039-6)

<sup>49</sup> PwC. (2017). *Repair, reuse, recycle: A profitable proposition in a circular economy*. Retrieved from <https://www.pwc.com/us/en/advisory-services/publications/assets/pwc-repair-reuse-recycle.pdf>

benefits, reduced waste, and a lower environmental footprint. As consumers and businesses increasingly embrace this model, it can contribute significantly to a Circular Economy that prioritizes resource conservation and sustainable consumption.

### 2.5 Resource recovery and regeneration

"Resource Recovery and Regeneration" as a Circular Economy business model focuses on extracting value from waste materials. This model involves processes like recycling, composting, and converting waste into energy, thus turning waste streams into resource streams.<sup>50</sup> Examples include companies that transform food waste into biogas or agricultural by-products into new materials.<sup>51</sup> This model not only reduces landfill use but also creates new value chains from what was previously considered waste.

One key aspect of the "Resource Recovery and Regeneration" model is the concept of the circular supply of materials. Instead of viewing waste as a dead end, this model considers waste materials as potential inputs for new production processes. By identifying and developing markets for recycled or upcycled materials, businesses can create closed-loop systems where waste materials become valuable resources.<sup>52</sup> For example, in the fashion industry, companies are exploring the use of recycled textiles to create new clothing items, reducing the need for virgin materials and promoting resource efficiency.

Moreover, resource recovery and regeneration can have significant environmental benefits, particularly in reducing the extraction and processing of natural resources.<sup>53</sup> The extraction of raw materials often leads to habitat destruction, biodiversity loss, and increased greenhouse gas emissions. By diverting waste materials from landfills and incineration and incorporating

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<sup>50</sup> Ellen MacArthur Foundation. (2015). *Towards the Circular Economy: Accelerating the Scale-Up Across Global Supply Chains*. Retrieved from [https://www.ellenmacarthurfoundation.org/assets/downloads/publications/TCE\\_Report-2015\\_2.pdf](https://www.ellenmacarthurfoundation.org/assets/downloads/publications/TCE_Report-2015_2.pdf)

<sup>51</sup> European Commission. (2020). *A New Circular Economy Action Plan*. Retrieved from [https://ec.europa.eu/environment/circular-economy/index\\_en.htm](https://ec.europa.eu/environment/circular-economy/index_en.htm)

<sup>52</sup> Geissdoerfer, M., Savaget, P., Bocken, N. M. P., & Hultink, E. J. (2017). The Circular Economy – A new sustainability paradigm? *Journal of Cleaner Production*, 143, 757-768. <https://doi.org/10.1016/j.jclepro.2016.12.048>

<sup>53</sup> Stahel, W. R. (2016). *The Circular Economy*. *Nature News*, 531(7595), 435–438. <https://doi.org/10.1038/531435a>

them into production processes, this model conserves natural resources and reduces the overall environmental impact. For instance, recycling aluminium cans requires significantly less energy than producing new ones from bauxite ore, resulting in lower carbon emissions.

Furthermore, the "Resource Recovery and Regeneration" model can contribute to the development of a Circular Economy ecosystem.<sup>54</sup> It encourages the growth of industries and businesses specializing in waste management, recycling, and upcycling, thus creating new economic opportunities and jobs. This model can also foster innovation, as companies explore novel technologies and processes to recover and regenerate resources efficiently. For example, the emergence of advanced recycling technologies, such as chemical recycling and bioplastics, is reshaping the way we handle and reuse plastic waste.

Additionally, the concept of resource recovery extends beyond just materials; it also includes the recovery of energy and other valuable resources from waste streams. Waste-to-energy technologies, such as anaerobic digestion and waste incineration with energy recovery, can convert organic waste into biogas or electricity.<sup>55</sup> This not only reduces the volume of waste destined for landfills but also provides a renewable energy source, contributing to the transition to a more sustainable and circular energy system.

The "Resource Recovery and Regeneration" model is a pivotal component of the Circular Economy that transforms waste materials into valuable resources. It promotes closed-loop systems, reduces environmental impacts, stimulates economic growth, fosters innovation, and even contributes to renewable energy production. As society continues to grapple with resource scarcity and environmental challenges, this model offers a sustainable and resilient approach to managing waste while simultaneously conserving natural resources and creating new value chains.

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<sup>54</sup> Ellen MacArthur Foundation. (2013). *Towards the Circular Economy: Economic and Business Rationale for an Accelerated Transition*. Retrieved from: <https://www.ellenmacarthurfoundation.org/publications/towards-the-circular-economy-vol-1-an-economic-and-business-rationale-for-an-accelerated-transition>

<sup>55</sup> United Nations Environment Programme (UNEP). (2015). *Global Waste Management Outlook*. Retrieved from: [https://wedocs.unep.org/bitstream/handle/20.500.11822/28166/9789280715885\\_eng.pdf](https://wedocs.unep.org/bitstream/handle/20.500.11822/28166/9789280715885_eng.pdf)

### 3. CASE STUDIES

There are many examples which illustrate successful implementations of Circular Economy principles in various sectors, both internationally and within the Western Balkans. For example, Albania's efforts to develop eco-industrial parks and promote sustainable production processes in the textile and footwear industries showcase regional initiatives aimed at reducing environmental impact and fostering economic resilience.

#### 3.1 International case studies<sup>56</sup>

##### 3.1.1 Nike

Nike, a multinational footwear and apparel company, has achieved a number of successes in material innovation with its own Nike Grind materials, which generate inputs for new footwear, apparel, and surfaces in sports facilities. Using a collection of “waste” materials (recycled athletic footwear and surplus manufacturing scraps), the company has been able to develop new high-performance products. Roughly, 73% of all Nike shoes and apparel contain some recycled material, while 98.2% of manufacturing waste is diverted from landfills. Nike’s Fly leather material, for example, is made with at least 50% recycled natural leather fiber from leather scraps, with a similar look, feel, and even smell of virgin leather. Moreover, the material allows for a more efficient cutting process, generating less waste compared with traditional leather. Even more impressive, 100% of the polyester fibers in Fly knit yarn is recycled.

##### 3.1.2 eRENT

eRENT, a Finnish start-up, offers a Sharing Platform for managing construction equipment and machines. The platform allows users to rent and manage various types of equipment pooled across the country via a single digital channel, aligning idle assets with fresh demand and

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<sup>56</sup> Lacy, P., Long, J., & Spindler, W. (2019). *The Circular Economy Handbook*. Springer Nature. [http://books.google.ie/books?id=h37HDwAAQBAJ&printsec=frontcover&dq=Peter+Lacy+%C2%B7+Jessica+Long+%C2%B7+Wesley+Spindler+The+Circular+Economy+Handbook+Realizing+the+Circular+Advantage&hl=&cd=1&source=gbs\\_api](http://books.google.ie/books?id=h37HDwAAQBAJ&printsec=frontcover&dq=Peter+Lacy+%C2%B7+Jessica+Long+%C2%B7+Wesley+Spindler+The+Circular+Economy+Handbook+Realizing+the+Circular+Advantage&hl=&cd=1&source=gbs_api)

increasing the productivity of inefficient industry operations. The service, which comprises both heavy-duty equipment and smaller handheld tools, is designed to meet the needs of complete building sites. On average, eRENT clients save 20% on equipment and machinery expenditures, owing to different technologies such as Internet of Things (IoT) tracking.

### **3.1.3 Dell**

Dell's "PC-as-a-Service" offering is a comprehensive solution that combines hardware, software, and lifecycle services, all available through monthly fees. Additionally, Dell's commitment to sustainability is evident through their asset resale and recycling initiative. At the end of a product's use, Dell offers options to resell, recycle, or return hardware, ensuring that it is handled in an environmentally conscious manner. With Dell Reconnect, a partnership with Goodwill in the United States that accepts any brand or type of computer for free, working assets are responsibly refurbished, and others are recycled. Also, a buyback option is offered in some regions for customers to trade in eligible devices from any manufacturer in exchange for payment. When it comes to recovery, the returned plastics are shredded at the manufacturing facilities, melted, and blended. Currently, about 35% of this content is recycled and molded into new parts. As of June 2017, these so-called closed-loop plastics were being used in parts for more than 90 different Dell products. The net benefits of these recycling efforts are estimated at \$2 million in savings so far.

### **3.1.4 IKEA**

IKEA is trailing strategies to fundamentally transition its model to be more circular and shift the consumption model for how consumers buy and use furniture. IKEA has progressed from designing for recyclability to enabling a circular flow of materials to fostering a culture of recycling among its customers. Throughout this ongoing journey, the company has evolved from an emerging circular company to a leading organization. Early on that journey, IKEA designed an approach to identify and give priority to materials valuable for recycling seen through an environmental perspective. This approach concluded with a selection more than 25 materials suitable for circular resource chains. Next, the company incentivized customers to return old IKEA furniture and textiles via reward mechanisms and set up the collection infrastructure to enable the reverse flow of its products. For instance, customers can email

photos of their old IKEA furniture so that it can be assessed for recyclability. They can then drop off their used or broken damaged IKEA furniture at the store and receive a voucher for the value of the old furniture in return. IKEA then re-sells these used products at a fraction of the original price. In 2018, the dedicated teams of “Recovery” at IKEA franchisee Ingka Group, managed to repair and repack 8.7 million damaged products which were not wasted but re-sold. Given IKEA’s scale, if concepts such as these are extended across the business, they could have an enormous impact via reducing end-of-use waste. In the recent years, IKEA announced that they will start leasing furniture-as-a-service. This is a significant transition from the traditional model, which contributes in prolonging the product lifespan. Furthermore, this year, IKEA launched a new circular store, which includes learning dedicated space in which the customers can learn about product use extension, upcycling and reducing waste. Through such efforts, IKEA is bringing customers on their journey to becoming a circular and climate positive business.

### **3.1.5 SmartMan**

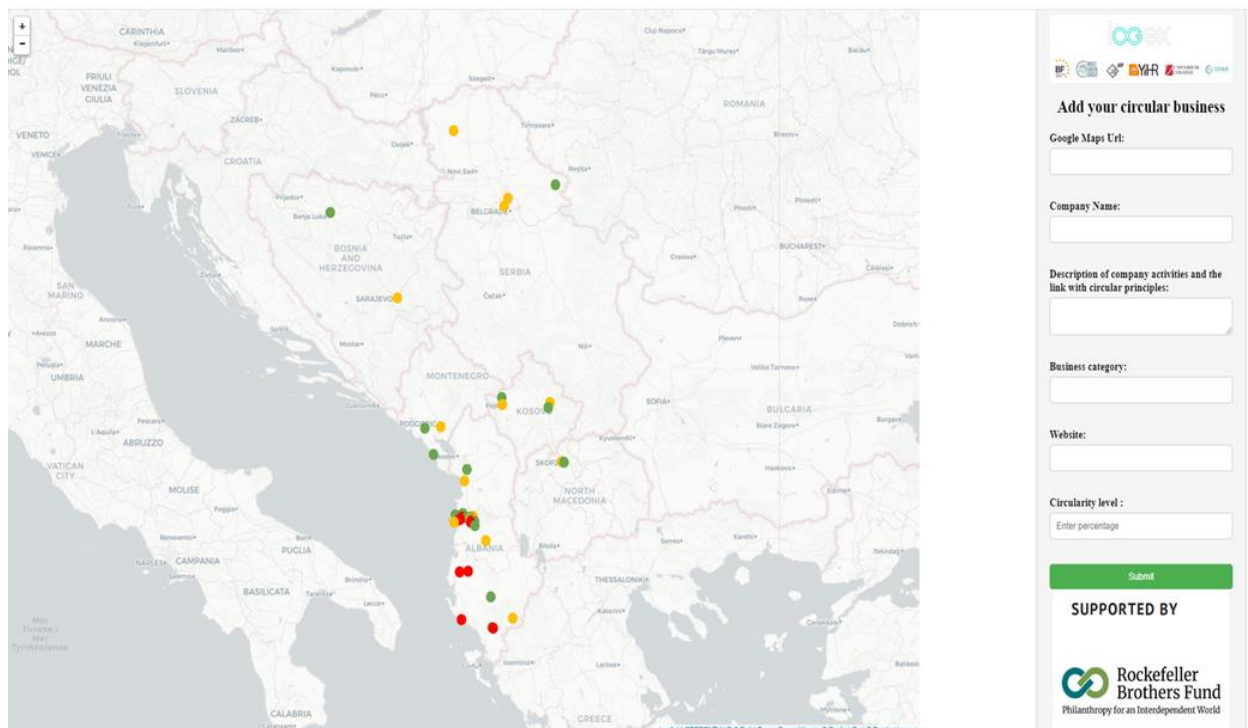
SmartMan, a specialized German smartphone manufacturer, considers the Circular Economy to be a core skill and a vital component of brand positioning. SmartMan stated making their phones repairable and providing moderately priced spare parts and in-house repairs. They extend the product's life through a strong user-product relationship, such as by facilitating do-it-yourself repairs via online repair instructions. They devised a first-of-its-kind deposit scheme to boost phone returns. SmartMan remanufactures these phones and resells them to consumers who have lower performance needs. SmartMan handles the majority of Circular Economy activities internally, however in order to comply with European recycling regulations, the company employed a non-profit reverse logistics specialist. SmartMan employees increase internal capacity by attending Circular Economy trainings and employing circular specialists.

### 3.2 Western Balkan case studies

#### 3.2.1 An introduction to the Circular Business Map<sup>57</sup>, a repository for circular businesses in WB

[Circular Business Map](#) has been created by Build Green Group as a Circular Economy initiative for the *Logex Community*. Registering on the Circular Business Map initiative offers businesses increased visibility, networking opportunities, and access to valuable resources, showcasing their commitment to sustainability. It fosters collaboration with like-minded organizations, academics, and civil society groups, creating a supportive environment for navigating the challenges of sustainable business practices in the Western Balkans and beyond.

Figure 2. Circular Business Map, Build Green Group



#### How to register?

In order to register your business in the Circular Business Map, you should follow the following steps:

<sup>57</sup> Build Green Group. *Circular Business Map*. Retrieved from: [https://buildgreenalbania.org/circular\\_businesses\\_wb.html](https://buildgreenalbania.org/circular_businesses_wb.html)

*Please, complete requested information about your business on the right side of page\*.*

### **I. Step One**

- Google Maps URL: *[Add your business address here.]*

### **II. Step Two**

- Company Name: *[Add your Company/Business name here.]*

*Add more details and information according to the following sections\*:*

### **III. Step Three**

- Description of company activities and the link with circular principles: *[In this section you should shortly explain your business and its connection with circularity.]*

### **IV. Step Four**

- Business category: *[Add your business category, commerce, factory, industry, store, service or other category your business belongs to.]*

### **V. Step Five**

*In this section you should provide your company's official links of website and/or social media\*.*

- Website: *[Add your website or any social media you have.]*

### **VI. Step Six**

*Almost done.... Please add few more details for your business in this last section.\**

- Circularity level: *[If you have measurement of circularity for your business you can add that level, or you can add your perspective about your business. Low Circularity, Moderate Circularity, High Circularity.]*

Once you have completed these steps, your business will be registered on the Circular Business Map, providing you with increased visibility, networking opportunities, and access to valuable

resources. You are welcomed to join to our community committed to sustainable business practices.

### **3.2.2 “Mrizi i Zanave” Agritourism, Albania.**

Mrizi i Zanave, located in Lezhë; is a restaurant, is promoting sustainability and supporting the local community through various initiatives. Firstly, local sourcing is one of the key elements, which is not only beneficial for the local farmers but it also helps in reducing the environmental impact associated with long-distance transportation of goods. Secondly, it is known for *farm-to-table* approach, which emphasizes the usage of ingredients directly taken from their own garden or nearby farms which encourages sustainable farming practices. Thirdly, it uses waste reduction practices through careful menu planning to minimize food waste and the responsible disposal of organic waste through composting or recycling, contributing to the reduction of the overall environmental impact of operations. Furthermore, the restaurant prioritizes energy efficiency and conservation by using renewable energy sources. In addition, by sharing their knowledge and expertise, “Mrizi i Zanave” Agritourism contributes to the broader goal of promoting sustainable practices within the community and beyond and serves as a model for responsible and impactful business practices.

### **3.2.3 Greenhouse Kosovo**

Greenhouse Kosovo is a wood-processing company which offers new and innovative concept of eco-friendly and high-quality prefabricated wooden houses for the local and international market. Firstly, the company prioritises eco-friendly materials and responsible forest management, which ensures that the raw materials being used are renewable sources and do not contribute to deforestation. Secondly, the prefabrication process significantly reduces waste. Thirdly, the long-lasting quality of the products offering a 10-year warranty promote discourage waste production, disposable consumerism. Additionally, the company is established in a strategic location, which minimizes environmental impact that is associated with transportation. Embracing circular economy principles, such as recycling and responsible waste disposal, further enhances the usage and promotion of green and circular business model.

### 3.2.4 Kips Montenegro

Kips Montenegro is one of the biggest suppliers regarding building materials and tools, with a commitment to sustainability and environmental responsibility, established since 1990. The company also focuses on promoting eco-friendly practices and products, including sustainable building materials, energy-efficient tools, and eco-friendly household essentials. The company prioritizes responsible material sourcing by using recycled and recyclable materials like concrete, steel, and insulation, and pays special attention to effective waste management and recycling on construction sites. To further enhance its green initiatives, Kips Montenegro invests in energy-efficient technologies, adopts newest technologies, promotes eco-friendly alternatives, and tracks and monitors progress and impact. These steps do not only contribute to the company's commitment to sustainability and environmental responsibility, but they also set an example for other companies with the same profile in the industry.

## 4. TRANSITIONING TO A CIRCULAR ECONOMY FOR BUSINESSES

### 4.1 Why shifting to circular model?

Many believe that the Circular Economy<sup>58</sup> is the future of sustainability. This is due to the Circular Economy's ability to keep resources and goods in use through repair, reuse, and recycling. Used items are not just discarded, as in the old "linear" economy, but are a useful resource.

In today's quickly changing global landscape, the need for organizations to adopt sustainability has never been greater. As environmental concerns grow and consumers demand eco-friendly practices, the decision to "go green" becomes not only a moral imperative, but a strategic requirement. In this context, shifting to environmentally friendly operations is more than just an ethical choice; it is also a practical commercial decision with far-reaching implications. Adopting sustainable practices has numerous and unquestionable benefits, including improving brand reputation, spurring innovation, and ensuring long-term survival. This section provides 6 (six) detailed benefits on why and how can businesses go circular.

#### **1. Cost savings**

One of the most obvious benefits of going green for company is cost savings. Implementing energy-efficient practices can lead to considerable long-term electricity bill reductions. Simple adjustments, such as installing LED lighting, purchasing energy-efficient equipment, and properly insulating buildings, may provide big savings. Furthermore, establishing trash reduction, recycling, and repurposing initiatives may considerably lower waste management expenses. Businesses that implement recycling programs may be able to generate revenue by selling recyclables.

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<sup>58</sup> Ellen MacArthur Foundation. (n.d.). *What is the Circular Economy?* Retrieved from <https://www.ellenmacarthurfoundation.org/circular-economy/what-is-the-circular-economy>

### ***2. Improved brand reputation***

More than ever, consumers are concerned about the environment. Going green enhances a company's reputation while also bringing it into line with public opinion. Companies that support sustainability initiatives are usually seen as conscientious, moral, and caring..

### ***3. Building a competitive edge***

Neglecting sustainability puts businesses at risk of falling behind as eco-friendly alternatives gain popularity. Companies may be able to become leaders in their respective sectors by implementing green initiatives early on and being innovative. By cooperating and building connections with other companies that have similar goals, this proactive strategy could assist you in expanding your network and breaking into new industries.

### ***4. Regulatory compliance***

Government regulations pertaining to the effects on the environment are getting stricter. By going green, companies may adhere to rules and stay out of trouble with the law and penalties. Businesses that use sustainable practices and lessen their environmental impact demonstrate that they are committed to conducting business responsibly.

### ***5. Talent attraction and retention***

Employees are increasingly looking for opportunities to work for environmentally friendly organizations. Going green allows firms to attract and retain top personnel, improving worker quality. Job applicants recognize that working for a sustainable firm may better match with their personal beliefs and provide a feeling of purpose. A green workplace can build a positive company culture by increasing employee engagement, contentment, and productivity.

### ***6. Access to financial incentives***

Governments and organizations provide a variety of financial incentives and subsidies to support sustainable companies. These incentives can assist to offset the costs associated with adopting green initiatives, making it more affordable for businesses to adopt environmentally friendly practices. From tax advantages to subsidies for energy-efficient upgrades.

The Municipality of Tirana, within the project “Financial support (Grant) for new “green” businesses aims to provide support to new businesses which are based on an eco-friendly model, or existing businesses, that have taken the initiative to transform into “green”.<sup>59</sup>

Since 2012, *Partners Albania, NGO*; has launched the *Green Business Competition*. This activity aims to stimulate and encourage innovation for green business ideas at the local level and involve the local communities to provide green business ideas making use of local resources and traditional chains in the local markets. The target group includes: *NGOs, social enterprises, small businesses, as well as individuals*. This initiative supports in creating sustainable enterprises and is in line with the principles of building a peaceful, competitive, and prosperous Western Balkans and Greece region in line with the seven (7) Sustainable Development Goals of the 2030 Agenda.<sup>60</sup>

Another financial initiative is the IPARD II program, grant financing from 50% to 70% of the investment value for the renewable start-up in the agriculture sector". This is a very good way to save electricity and reduce farmers' costs through photovoltaic panels in rural enterprises, saving up to 90% of electricity consumption.

### 4.2 How to go circular?

Circular business models have become increasingly important as a global effort in reducing emissions and promoting sustainability. By implementing circular business models, companies can keep products and materials in use for as long as possible, and as a consequence reduce the overall environmental impact. This process helps in minimizing waste and contributes to the regeneration of nature.

One of the key benefits of a circular economy is offering durable and long-lasting products to consumers which aligns with environmental goals, creates a more sustainable and cost-

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<sup>59</sup> Funds for NGOS. (2024). *Applications open for “green” Business Grant – Albania*. Retrieved from: <https://fundsforcompanies.fundsforngos.org/grant/applications-open-for-green-business-grant-albania/>

<sup>60</sup> Partners Albania for Change and Development. (2022). *Green Business Competition*. Retrieved from: <https://www.partnersalbania.org/News/green-businesses-competition/>

effective model for businesses and increases customers' credibility. Furthermore, embracing circular business models can significantly reduce pollution by minimizing the extraction and processing of raw materials. The transition to a circular economy is not limited to specific industries or regions, but it is a global movement that encourages collaboration and knowledge sharing across sectors and geographies, driven by the urgent need to address environmental challenges while unlocking new opportunities for businesses and economies.<sup>61</sup>

The transition from linear to circular economic models requires significant effort and investment from businesses. It involves changing processes, products, supply chains, and customer behaviours. You can read the following key steps businesses can take to embark on this transition:

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<sup>61</sup> Sustainability Magazine. (2022). *How can I transition to a circular economy, and why should I?*. Retrieved from: <https://sustainabilitymag.com/sustainability/how-can-regenerative-transition-to-a-circular-economy-circular-business-models-sustainability>

### 1. *Assess Your Current State:*

Initiating the transition to a Circular Economy begins with a thorough assessment of existing operations. Companies should delve into the intricacies of their processes, product life cycles, supply chains, customer behaviors, and waste management practices. This comprehensive analysis serves as the foundation for identifying inefficiencies, waste streams, and opportunities for circularity

### 2. *Set Clear and Measurable Goals:*

Following the assessment, businesses must establish precise and measurable goals aligned with Circular Economy principles. These goals act as beacons, guiding efforts and providing a means to measure progress. Goals may include reducing waste generation, enhancing resource efficiency, or redesigning products to facilitate reuse or recycling.

### 3. *Develop Tailored Strategies:*

Customized strategies are pivotal for achieving Circular Economy objectives. Businesses must devise plans tailored to their unique operational landscape and available resources. Strategies may encompass redesigning products for durability or recyclability, rethinking supply chain models to promote circularity, or adopting innovative business models centered around reuse or sharing.

### 4. *Implement Solutions Across Operations:*

The implementation phase is critical and requires businesses to put their strategies into action. This involves changes across various aspects of operations, such as altering production methods to minimize waste, incorporating recycled materials into manufacturing processes, engaging customers to encourage product reuse, and reconfiguring supply chains for better resource optimization.

### 5. *Monitor Progress and Adapt:*

Continuous monitoring and assessment of progress are imperative. Businesses need to establish clear metrics and indicators to gauge the effectiveness of their Circular Economy initiatives. Regular evaluations enable companies to track performance, identify bottlenecks or inefficiencies, and make necessary adjustments to strategies for continual improvement.

Businesses in the Western Balkans face various challenges such as limited financial resources, inadequate infrastructure, and regulatory obstacles. However, there are several strategies that businesses can employ to overcome these challenges and contribute to a cleaner and healthier environment at the same time. Here are some tips:

- ✓ ***Leverage funding opportunities from the European Union and international financial institutions*** Businesses can search for funding opportunities from the European Union and other international financial institutions. These sources of funding can provide the necessary resources to invest in sustainable infrastructure and technologies, ultimately reducing energy consumption and environmental impact.
- ✓ ***Collaborate with local governments and civil society organizations to improve infrastructure and regulatory frameworks*** Collaboration and joint action with the local government and the civil society organizations is also crucial. By working together, businesses can advocate for improved infrastructure and regulatory frameworks that support sustainable practices. Furthermore, this collaboration can lead to the development of more environmentally friendly policies and initiatives through joint initiatives of the relevant actors and stakeholders at the local and higher levels as well.
- ✓ ***Take part in and implement educational programs to raise awareness and drive the adoption of circular practices*** Another effective way for businesses to drive the adoption of circular practices is to be involved in educational programs. This includes awareness-raising activities about the benefits of sustainability and the organization of training, workshops, and informing sessions on diverse topics such as: eco-friendly technologies, businesses can encourage the widespread adoption of environmentally friendly practices.
- ✓ ***Encourage stakeholder engagement and develop partnerships to share knowledge and best practices*** In order to share knowledge and best practices, stakeholders' engagement and partnership building becomes essential. By involving employees, customers, suppliers, and other stakeholders, businesses can foster a culture of

sustainability and innovation. Developing partnerships with other organizations also provides valuable insights and resources for the implementation of effective sustainable solutions in the long run.

It is essential for businesses to recognize the importance of sustainability and take proactive steps towards implementing eco-friendly practices for the benefit of both their bottom line and the environment. Through the implementation of these recommendations, taking advantage of funding opportunities, collaborating with local stakeholders, implementing educational programs and investing in technologies such as energy-efficient lighting, renewable energy systems, and waste management solutions, businesses can reduce costs by saving money on energy bills and contribute to a cleaner and healthier environment. These technologies can help reduce energy consumption, minimize waste, and lower greenhouse gas emissions, leading to a more sustainable future for the Western Balkans.

### **4.3 Use of Sustainable Energy Sources**

In addition to the above-mentioned recommendations, businesses can also make use of energy sources for sustainable results. Here, you can find some recommendations on how to do it:

- Implementing renewable energy sources such as solar panels or wind turbines to power manufacturing facilities and reduce reliance on fossil fuels;
- Investing in research and development of innovative energy technologies to improve efficiency and reduce environmental impact;
- Collaborating with energy suppliers to ensure a transition to clean energy sources for operations;
- Educating employees and stakeholders on the importance of sustainable energy and promoting energy conservation practices within the organization;
- Implementing strict energy management systems and monitoring tools to identify and

address areas of energy waste and improve overall energy efficiency;

- Encouraging employee engagement by incentivizing sustainable practices, such as carpooling or using public transportation, to reduce carbon emissions from commuting;
- Engaging with local communities and organizations to raise awareness about sustainable energy practices and actively participate in community initiatives to promote renewable energy adoption;
- Setting clear sustainable goals and regularly monitoring progress to ensure continuous improvement in minimizing environmental impact and promoting a greener future;
- Investing in energy-efficient<sup>62</sup> technologies and appliances to reduce energy consumption and promote a more sustainable lifestyle (upgrading to LED lighting, installing smart thermostats, and utilizing energy-efficient appliances);
- Implementing renewable energy sources such as solar panels or wind turbines can further reduce reliance on fossil fuels and decrease the carbon footprint;
- Implementing recycling and waste reduction programs to minimize landfill waste and encourage a Circular Economy;
- Encouraging employees to telecommute or work remotely to reduce the need for transportation and further decrease emissions;
- Collaborating with suppliers and partners who prioritize sustainable practices and sourcing materials from environmentally responsible sources.

#### **4.4 Promotion of energy conservation measures among employees and customers**

Check the following steps in order to gain some insights on the energy conservation measures for your employees and customers:

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<sup>62</sup> International Energy Agency. (2020). *Renewable Energy Market Update*. Retrieved from <https://www.iea.org/reports/renewable-energy-market-update>

- Implementing energy-efficient technologies and practices in company operations, such as using LED lighting and installing motion sensors to reduce electricity usage;
- Offering incentives and rewards for employees who actively participate in sustainability initiatives, such as carpooling or using public transportation;
- Collaborating with local communities and organizations to organize clean-up events and other environmentally focused activities;
- Conducting regular audits and assessments to monitor and reduce the company's carbon footprint;
- Supporting and investing in renewable energy sources, such as solar panels or wind turbines, to power company facilities;
- Offering incentives for employees and customers to use public transportation, carpool, or use electric vehicles to reduce carbon emissions from commuting;
- Investing in renewable energy sources, such as solar panels or wind turbines, to power company facilities and reduce reliance on fossil fuels
- Implementing waste reduction and recycling programs to minimize the amount of waste sent to landfills and promote the reuse of materials;
- Encouraging the use of sustainable packaging materials and reducing packaging.

### 4.5 Waste management and recycling

Waste management and recycling is another element to be considered for your business. Below you can find some strategies on how to incorporate this principle in your business approach:

- *Adopting a comprehensive recycling program within the business that includes proper sorting and disposal of different types of waste, such as paper, plastic, and electronic waste:* This program would also involve educating employees on the importance of recycling and providing them with convenient recycling bins throughout the workplace.

- *Implementing waste management strategies, such as composting organic waste and reducing food waste, can further minimize the environmental impact of the business<sup>63</sup>:* By taking these measures, the company can contribute to a more sustainable and Circular Economy while also reducing their carbon footprint. For example, a technology company could implement a program where they partner with local electronic recycling centres to properly dispose of old computers, smartphones, and other electronic devices. They could organize regular pickup days where employees can bring in their unwanted electronics, and the company would ensure that these items are recycled responsibly.
- *Additionally, organizing training sessions or workshops to educate employees on the process of recycling electronic waste and the potential environmental hazards associated with improper disposal:* This would not only encourage employees to recycle their own electronics. One detailed example could be a tech company implementing a program where employees can bring in their old smartphones and laptops for recycling. On designated pickup days, employees would be able to drop off their unwanted electronics at a collection point within the company premises. The company would then partner with certified recycling facilities to ensure that these devices are properly dismantled and recycled, minimizing the environmental impact of electronic waste.
- *Reducing packaging waste and encouraging reusable materials are also important steps in promoting sustainability.<sup>64</sup>:* By working with suppliers to minimize excessive packaging and seeking out alternatives to single-use items, businesses can significantly reduce their contribution to landfill waste. Furthermore, encouraging employees to bring their own reusable containers and bags can further reduce the amount of packaging waste generated. These small changes can have a significant impact on the environment and demonstrate a commitment to sustainability to both employees and customers. For example, a grocery store can collaborate with its suppliers to implement

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<sup>63</sup> Food and Agriculture Organization of the United Nations. (2018). *Reducing Food Waste in Business Operations*. Retrieved from <http://www.fao.org/3/ca2079en/ca2079en.pdf>

<sup>64</sup> GreenBiz Group. (2020). *Reducing Packaging Waste in Business Operations*. Retrieved from <https://www.greenbiz.com/article/reducing-packaging-waste-business-operations>

bulk purchasing options, allowing customers to bring their own containers and fill them with items like grains, nuts, and spices. This eliminates the need for individual packaging for each product, reducing waste and promoting sustainability. Additionally, the store can provide incentives for employees who bring their own reusable bags by offering discounts or rewards, further encouraging the adoption of sustainable practices. This not only reduces packaging waste but also sets an example for customers to follow.

- Implementing composting initiatives for organic waste is another effective way for businesses to reduce their landfill waste.<sup>65</sup> By diverting food scraps, coffee grounds, and other organic materials from the trash, companies can help create nutrient-rich compost that can be used to enrich soil and support local agriculture. Not only does this reduce the amount of waste sent to landfills, but it also helps to combat greenhouse gas emissions, as organic waste in landfills produces methane, a potent greenhouse gas.<sup>66</sup> By implementing composting initiatives, businesses can take a proactive approach in reducing their environmental impact and promoting a more sustainable future.

### 4.6 Sustainable supply chain

Evaluating and selecting suppliers based on their environmental practices is another important step in creating a sustainable supply chain. By partnering with suppliers who prioritize eco-friendly practices, businesses can ensure that their products and services are produced in an environmentally responsible manner. This includes sourcing materials from sustainable sources, minimizing waste and pollution during production, and promoting fair labour practices. Additionally, implementing measures such as supplier audits and certifications can help monitor and improve the sustainability performance of the supply chain. By integrating sustainability into the selection and evaluation of suppliers, businesses can contribute to a more sustainable and resilient global economy.

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<sup>65</sup> Sustainable Brands. (2019). *Employee Engagement in Sustainable Practices*. Retrieved from <https://sustainablebrands.com/read/marketing-and-comms/new-research-employee-engagement-in-sustainable-practices>

<sup>66</sup> United Nations Environment Programme. (2018). *Greenhouse Gas Emissions from Landfills*. Retrieved from [https://wedocs.unep.org/bitstream/handle/20.500.11822/25496/landfill\\_emissions.pdf](https://wedocs.unep.org/bitstream/handle/20.500.11822/25496/landfill_emissions.pdf)

Promoting local sourcing to reduce transportation emissions is another effective strategy for sustainable supply chain management.<sup>67</sup> By sourcing materials and products from local suppliers, businesses can significantly reduce the carbon footprint associated with long-distance transportation. This not only helps to lower greenhouse gas emissions but also supports local economies and communities. Furthermore, promoting local sourcing can enhance supply chain resilience by reducing dependence on distant suppliers, thereby mitigating the risks of disruptions caused by natural disasters, geopolitical tensions, or other unforeseen events. In addition, sourcing materials and products locally can lead to better quality control as businesses have more direct oversight and communication with suppliers.<sup>68</sup> This allows for quicker response times and the ability to address any issues or concerns promptly. Lastly, by supporting local suppliers, businesses can foster stronger partnerships and collaborations within their community, leading to a more vibrant and sustainable local economy. Overall, promoting local sourcing is not only environmentally beneficial but also economically advantageous for businesses and their surrounding communities.<sup>69</sup>

Implementing sustainable procurement practices and choosing eco-friendly products can have a significant impact on reducing a company's carbon footprint. By opting for products that are made from recycled materials or are produced using renewable energy sources, businesses can contribute to the preservation of natural resources and the reduction of greenhouse gas emissions. Additionally, sustainable procurement practices can also enhance a company's reputation and brand image, as consumers are increasingly demanding environmentally friendly products and services. This can lead to increased customer loyalty and market share, as well as attracting environmentally conscious investors. Moreover, implementing sustainable procurement practices can also result in cost savings for businesses in the long run. By choosing products that are more energy-efficient

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<sup>67</sup> Carbon Trust. (2020). *Promoting Local Sourcing for Sustainable Supply Chains*. Retrieved from <https://www.carbontrust.com/resources/guides/strategy/supply-chain/local-sourcing/>

<sup>68</sup> Sustainable Brands. (2019). *Improving Quality Control through Local Sourcing*. Retrieved from <https://sustainablebrands.com/read/supply-chain/improving-quality-control-through-local-sourcing>

<sup>69</sup> Forbes. (2021). *The Economic Benefits of Local Sourcing*. Retrieved from <https://www.forbes.com/local-sourcing-economic-benefits/>

### 4.7 Employee engagement and training

Employee engagement and training are crucial aspects of sustainability initiatives within a company. Engaging employees in sustainable practices can help foster a culture of environmental responsibility and ensure that sustainability efforts are effectively implemented throughout the organization.<sup>70</sup> Training programs can provide employees with the necessary knowledge and skills to incorporate sustainable practices into their daily work routines, ultimately leading to more efficient operations and reduced environmental impact. Additionally, employee engagement and training can also contribute to improved employee morale and job satisfaction, as individuals feel empowered and proud to be part of an organization that prioritizes sustainability.<sup>71</sup> Furthermore, when employees are trained in sustainable practices, they become ambassadors for the organization's environmental initiatives. They can educate their colleagues, customers, and even their friends and family about the importance of sustainable living and the positive impact it can have on the planet. This ripple effect can extend far beyond the workplace and create a broader awareness and commitment to sustainability in the community. Ultimately, employee engagement and training in sustainability can enhance the organization's reputation, attracting like-minded individuals and customers who value environmental responsibility.

Educating employees about the importance of sustainability and their role in the green business movement can also lead to increased job satisfaction and motivation. When employees understand how their individual actions contribute to the overall sustainability goals of the organization, they are more likely to feel a sense of purpose and pride in their work. This can result in higher levels of engagement and productivity, as well as a stronger sense of loyalty and commitment to the company. Additionally, providing training and resources for employees to adopt sustainable practices in their personal lives can further reinforce the message of environmental responsibility and create a culture of sustainability both inside and outside the

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<sup>70</sup> Burke, R.J., & Cooper, C.L. (2008). *The Organization in Crisis: Downsizing, Restructuring, and Privatization*. John Wiley & Sons.

<sup>71</sup> Dietz, G., & Gillespie, N. (2018). *Employee Engagement, Commitment, and Turnover: A Test of the Contingency Framework Using Longitudinal Data*. *Journal of Management*, 44(1), 247-270.

workplace. By investing in employee education and engagement in sustainability, organizations can not only reduce their environmental impact but also contribute to a more sustainable future.<sup>72</sup> Moreover, employees who are actively involved in sustainable practices are more likely to become advocates for environmental stewardship, both within and outside the company. This can lead to positive brand reputation and attract like-minded customers, further enhancing the organization's sustainability efforts. Ultimately, the collective actions of employees can make a significant difference in achieving long-term environmental goals and fostering a culture of sustainability.

Encouraging employee involvement through suggestions and feedback can also lead to innovative ideas and solutions for sustainable practices. By creating a culture that values and rewards employee input, organizations can tap into the creativity and expertise of their workforce to drive meaningful change. Additionally, providing opportunities for employees to participate in sustainability initiatives, such as volunteering for environmental causes or participating in company-wide sustainability challenges, can foster a sense of pride and ownership in the organization's environmental efforts. This sense of purpose can not only boost employee morale and engagement but also create a ripple effect, inspiring others to take action and contribute to a more sustainable future. By encouraging employees to actively engage in sustainability initiatives, organizations can create a culture of collective responsibility towards the environment. This can lead to a higher level of commitment from employees, as they feel they are part of something greater than themselves. Furthermore, when employees see the positive impact their actions have on the environment, it can motivate them to adopt sustainable practices in their personal lives as well. Thus, by empowering employees to be agents of change, organizations can make a significant contribution towards building a more sustainable future.

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<sup>72</sup> Schyns, B., & von Collani, G. (2002). *A new occupational self-efficacy scale and its relation to personality constructs and organizational variables*. *European Journal of Work and Organizational Psychology*, 11(2), 219-241.

### 4.8 Getting started with small steps

Every business can start with small steps to go green. Here are some tips on what a business can do to go green.<sup>73</sup>

**Use Less Paper.** The cloud allows organizations across sectors to reduce their use of paper files. Rather of printing paper copies, store and distribute materials online. Cloud-based and digital storage choices can also help to manage data and protect important information.

**Limit "Vampire Power".** Vampire power refers to any devices or machinery that are plugged in but not in use, resulting in wasted electricity. Unplugging any gadgets while not in use saves energy, reduces electricity bills, and limits vampire power.

**Decorate with plants indoors and out.** Employee productivity increases in a workplace with live plants because they provide a calm environment. Green encourages creativity, which enables group members to generate fresh concepts and find quicker solutions to problems..

**Use Energy-Efficient Light Bulbs.** Use energy-efficient light bulbs as you switch to more environmentally friendly lighting sources. Switch out an 84-watt lightbulb for a 36-watt one to keep the office's lighting at the same intensity. Over time, energy-saving lighting help companies save money by using less electricity.

**Turn off the lights.** Instead of utilizing artificial lighting, workplaces may use natural sunshine to provide passive illumination. Natural light may brighten a place for visual appeal while also saving businesses money on power bills. Additionally, sunshine can improve employee morale and productivity.

**Recycle more.** Many businesses use a lot of paper, cardboard, and plastic, so it's necessary to locate recycling bins throughout the office. Recycling receptacles serve as a motivating tool for staff members to divert recyclables from landfills.

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<sup>73</sup> VPS Insights. (2023). *15 Ways Businesses Can Go Green*. Retrieved from: <https://www.vpslp.com/about/insights/15-ways-businesses-can-go-green>

**Donate Items.** Rather than tossing away items that are no longer required, donating is an excellent way to give back and live more sustainably. Landfills are full with objects that may have been useful. Giving like-new gifts to charity helps organizations become green while also positively impacting their communities.

**Reduce Your Use of Single-Use Products.** Instead of purchasing single-use things, consider multi-use products. This includes reusable silverware for staff, refillable soap dispensers and spray bottles, and environmentally friendly workplace supplies such as reusable sticky notes instead of paper ones that are easily discarded.

**Create Go-Green Activities for Employees.** Engaging employees is an excellent method to build an environmentally friendly work environment. Work together to develop recycling and composting activities to guarantee that everything is properly sorted. Companies might also organize team-building events centred on volunteer possibilities, such as improving a local neighbourhood or planting trees in a nearby park.

**Allow Remote Work.** Companies may contribute to the reduction of greenhouse gas emissions by offering opportunities for workers to work from home or to take public transportation or cycle to work. Companies may reduce their monthly property expenses, energy costs, and electrical bills by allowing employees to work remotely.

**Improve packaging.** Plastic is a major source of pollution and greenhouse emissions. Brands may enhance their packaging by using sustainable materials like paper, hemp, or cornstarch. Another objective may be to design packaging that can be reused, refilled, or recycled after use.

**Support Green Suppliers.** Businesses may work with suppliers and distributors that have the same environmental aims. The goods and services that these firms offer can assist brands in developing their own eco-friendly solutions to further support their green ambitions.

**Use Alternative Energy.** Any energy source that doesn't rely on fossil fuels, which release greenhouse gases, is referred to as alternative energy. These alternatives include powering equipment and electronics across a commercial area using solar, hydroelectric, or wind energy.

**Install Solar Panels.** Parking structures with solar panel covers installed help reduce greenhouse gas emissions and monthly energy and power expenses. These solutions are excellent for corporate parking lots or rooftop parking since they provide renewable energy while shielding patrons and employees from hail and other inclement weather.

## 5. CERTIFICATIONS FOR YOUR BUSINESSES

These are many environmental certifications available for businesses and products or services they provide. Each certification has a set of standards and requirements to be completed or prove that you complete. The certification, will provide be a guarantee for your customers that your business, products and services you offer fulfil the set standards and criteria. Even though each certification might be diverse in terms of standards and criteria, they all share the common goal of promoting environmental sustainability and responsibility.

### 5.1 Environmental Certifications

There are many environmental certifications available to companies and products known worldwide. Even though each certification has its own set of standards and requirements, they all share the common goal of promoting environmental sustainability and responsibility. Below, you can find several environmental certifications for your business

1. **LEED (*Leadership in Energy and Environmental Design*)** for buildings, widely recognized as a symbol of sustainability achievement.
2. **Energy Star** awarded to products and buildings that meet energy efficiency and environmental performance standards, provided by the Environmental Protection Agency (EPA).
3. **Fair Trade Certified** ensures that products have been produced in a socially and environmentally responsible manner, focusing on the well-being of farmers and workers.
4. **Forest Stewardship Council (FSC) Certification** ensures that products come from responsibly managed forests that provide environmental, social, and economic benefits.
5. **Cradle to Cradle Certified** assesses products and materials across five categories material

health, material reutilization, renewable energy and carbon management, water stewardship, and social fairness.

6. **USDA Organic** ensures that agricultural products have been grown and processed according to federal guidelines addressing, among many factors, soil quality, animal raising practices, pest and weed control, and use of additives.

In the pursuit of identifying and engaging with credible green businesses, this manual advocates for a thorough verification process encompassing certifications, governmental resources, and reputable industry publications. By adhering to these recommended practices, companies can ensure the authenticity of environmental claims and establish meaningful partnerships that align with sustainable objectives.<sup>74</sup>

Certifications from esteemed environmental organizations serve as a cornerstone for validating green business practices. For instance, businesses emphasizing sustainable forestry should possess the Forest Stewardship Council (FSC) certification, indicating a commitment to responsible wood sourcing. Similarly, the Leadership in Energy and Environmental Design (LEED) certification is pivotal for those focused on green building practices, while the Global Organic Textile Standard (GOTS) ensures the authenticity of organic textiles. Companies are encouraged to cross-reference claimed certifications with official databases and records provided by these organizations to confirm compliance.

Governmental agencies and regulatory bodies play a pivotal role in upholding environmental standards. Companies are advised to consult agencies such as the Environmental Protection Agency (EPA) in the United States or the European Environmental Agency (EEA) in Europe for comprehensive information on businesses adhering to environmental regulations. These official bodies offer transparent insights into a company's commitment to sustainability and adherence to regional environmental standards.

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<sup>74</sup> *Research Guides: Green Business: Sources of Information: Standards and Certifications*. (n.d.). <https://guides.loc.gov/green-business/businesses-going-green/standards-certifications>

Determining<sup>75</sup> whether a business is environmentally friendly or "green" involves assessing various aspects of its operations, policies, and practices. Here are some ways to tell if a business is committed to sustainability and environmentally conscious practices:

1. **Certifications** - You should look for certifications such as ISO 14001 (Environmental Management System) or LEED (Leadership in Energy and Environmental Design), which indicate that a business has met specific environmental performance standards.
2. **Sustainability Reports** - This is a practice used by many companies nowadays. Many businesses are following this approach and are publishing sustainability or corporate social responsibility (CSR) reports to outline their environmental initiatives, goals, and achievements.
3. **Green Products and Services** - Your products and services should be accessible by your customers and should clearly indicate your commitment to environmental responsibility and commitment. Focusing on eco-friendly, sustainable, or energy-efficient products, are good indicators of your commitment.
4. **Energy Efficiency** - A green business should invest in energy-efficient technologies, usage of renewable energy sources, and implementation of conservation measures. Paying attention to energy-efficiency practices is also important for a green business.
5. **Waste Management Practices** - Recycling, waste reduction, and proper disposal methods are crucial factors for waste management in a business. Maybe this is the last thing you considered before establishing your business since your main focus was on the product and service you would be offering to your customers, but waste management has a crucial importance as well. A green business must prioritise the provision of relevant recycling bins, implementation of waste reduction programs, or establishment of partnerships with eco-friendly waste management companies.
6. **Supply Chain Transparency** - A green business should also be transparent about its supply chain. You must be careful in materials responsibly, while choosing eco-friendly suppliers, and ensuring ethical labour standards throughout your supply chain.

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<sup>75</sup> *What Is Greenwashing and How Can Businesses Avoid It? - Persefoni - Persefoni.* (n.d.). <https://www.persefoni.com/blog/what-is-greenwashing>

7. **Transportation Policies** - Another thing to be considered is to evaluate the company's transportation practices. This is really important in large businesses that might use transportation means more often for their goods and services. You should be careful in taking into consideration eco-friendly transportation means but also encourage your customers to do so by promoting public transportation, cycling, and use fuel-efficient or electric vehicles for the transportation of the products or while visiting your environments.
8. **Water Conservation** - Green businesses often implement water-efficient technologies, capture rainwater, or have policies in place to reduce water consumption. This is an approach your business should also adopt in opting for a sustainable environment approach.
9. **Employee Engagement** - Your company should also be committed to environmental awareness among your employees. As a green business, or if you aim to become one, you are advised to promote sustainability education and encourage your employees to participate in eco-friendly initiatives.
10. **Community Involvement** - You can search for opportunities in the local community and be involved in environmental initiatives. Businesses that actively participate in or support local environmental projects, tree planting programs, or community cleanups are more likely to be considered as environmentally conscious.
11. **Carbon Footprint Reduction** - Offsetting carbon emissions, investing in renewable energy sources, or implementing energy-efficient practices is also important to reduce the company's carbon footprint and contribute to a green business approach.

## 5.2 Environmental Dimension

Albania has developed several strategic documents to guide local actions in line with its commitments as a signatory of international climate change agreements such as the Paris Agreement and the Glasgow Climate Pact. Key references include the Nationally Determined Contributions (NDC) Action Plan, which outlines local actions reflecting global climate agendas,

and Law No. 155/2020 "On Climate Changes." This law provides a national framework for addressing climate change, including an institutional system for monitoring greenhouse gas emissions. Additionally, as part of the Energy Community and in line with the Green Agenda for the Western Balkans, Albania has drafted the National Energy and Climate Plan (NECP). This plan outlines the country's climate and energy goals, policies, and measures from 2021 to 2030, with specific requirements for companies across various sectors. While some reporting requirements are not yet mandatory, early compliance can enhance long-term benefits and shareholder value. This can be seen in two dimensions, social and governance.

### 5.3 Social Dimension

The primary document regulating labour agreements between employers and employees in Albania is the Labor Code. This code also sets the standards for internal policies related to human capital. Two other important legislative references framing corporate social responsibility initiatives are Law No. 7892/1994 "On Sponsorships" and Law No. 9901/2008 "On Merchant and Commercial Companies." These laws provide guidance for sponsorship activities conducted by individuals and companies.

### 5.4 Governance Dimension

For companies not regulated by specific governance laws (e.g., banks), governance metrics are often determined by the organization's leadership. However, international standards such as the OECD Principles of Corporate Governance and various guidelines developed by the World Bank Group are generally followed in Albania. Non-financial reporting became mandatory in Albania in 2018 with the amendment of Law No. 25/2018 "On Accounting and Financial Statements." Article 18 of this law requires companies with more than 500 employees to include a non-financial report in their Activity Report. This report should cover key ESG metrics, including environmental, social, employment, governance, and anti-corruption policies.

## 6. GREENWASHING AND GREEN CLAIMS

### 6.1 Greenwashing

Greenwashing refers to a deceptive, misleading, or untrue action or set of claims made by an organization about the environmental benefits of a firm, product, or service.<sup>76</sup> In an era where more customers and governments are interested in implementing environmentally responsible acts, there has been a growing emphasis on environmental, social, and governance (ESG) initiatives in business. Due to the necessity to demonstrate ESG efforts, numerous organizations have made environmental claims that have proven to be greenwashing. Greenwashing isn't always an outright fraudulent assertion; it can also be a claim that isn't completely factual or is deceptive or misleading. For example, the European Commission found in a 2020 study of 150 corporate environmental claims that 53% gave vague, misleading or unfounded information and 40% had no supporting evidence -- data it cited in proposing a new law on green claims by companies in March 2023. A survey of company executives in 16 countries, conducted by The Harris Poll for Google Cloud and released in April 2022, found a similar level of greenwashing. Fifty-eight percent of the 1,491 respondents said their organization had engaged in the practice.

Greenwashing<sup>77</sup> happens when a company makes an environmental claim about something the organization is doing that is intended to promote a sense of environmental impact that doesn't exist. Typically, the greenwashing refers to a favourable environmental impact. It may have some truth but fails to assess the whole impact. For example, a car dealer may say that a vehicle is eco-friendly because it is more fuel-efficient, but fails to discuss or consider the greater industrial impact of vehicle manufacturing on the environment.

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<sup>76</sup> de Freitas Netto, S. V., Sobral, M. F. F., Ribeiro, A. R. B., & Soares, G. R. D. L. (2020). Concepts and forms of greenwashing: A systematic review. *Environmental Sciences Europe*, 32, 1-12

<sup>77</sup> Seele, P., & Gatti, L. (2017). Greenwashing revisited: In search of a typology and accusation-based definition incorporating legitimacy strategies. *Business Strategy and the Environment*, 26(2), 239-252.

Companies can also greenwash efforts by making imprecise promises without providing any genuine data or scientific support. Using phrases like sustainable, green, or eco-friendly—or simply claiming to be "good for the planet" or "better for the environment"—can help firms appear greener. However, the reality of such vague statements is that they can and frequently are used without supporting information or facts that can be effectively communicated to the consumer. As a result, a company is just labelling or pushing a product or service as "green," when there is no indisputable, verifiable evidence that it is more environmentally sustainable.

### **6.1.1 Effects of greenwashing**

Greenwashing has numerous effects on consumers, companies, green industries and the planet itself.<sup>78</sup> There is a growing body of evidence indicating that consumer attitude is tilted toward being environmentally friendly. Individuals want to do the right thing and assist alleviate the long-term effects of climate change. When a firm, product, or service is uncovered or discovered to be greenwashing, a general sense of suspicion arises. Consumers will no longer believe the brand or product in question, and they may begin to question other claims.

Consumers will reject corporations that participate in greenwashing in favor of more ethical enterprises. Greenwashing may reduce customer happiness, weaken brand loyalty, and potentially influence repeat purchases. Consumers will spend their money on products and services that do not try to fool them with greenwashing. Companies also face sanctions from governments and regulatory authorities throughout the world.

Greenwashing poses a risk to green sectors by reducing customer confidence. If there is a lot of greenwashing, customers will simply not trust green promises from anyone, even really green companies, because they won't know who to believe.

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<sup>78</sup> Szabo, S., & Webster, J. (2021). Perceived greenwashing: the effects of green marketing on environmental and product perceptions. *Journal of business ethics*, 171, 719-739.

### 6.1.2 Why does your business need to avoid Greenwashing?

Avoiding Greenwashing is not only important regarding negative environmental effects but it is also important for the credibility of your business and avoiding potential legal issues. While making carbon claims, you can be misleading, disingenuous, unverifiable, and volatile, which increases the potential negative impacts your business might face. In order to avoid Greenwashing and these potential risks, you are advised to insure transparency in your communication to your customers<sup>79</sup>.

How to do this? Firstly, you should be explanatory enough and give details, and not just simply provide final results. You should provide enough details to explain all the challenges you might have faced as well as the steps and procedures you took to address them. Secondly, while stating that your products are sustainable, you should provide background and arguments to support this claim. Once again, this emphasizes the fact that providing enough information and data about your business, products and approach is really important. Thirdly, you should constantly make updates on your products and procedures and most importantly share the information on these updates with your customers periodically. It is also important to state that there are certain flaws or things that need to be improved about your business or products. Accepting imperfections and working towards constant improvement helps to increase customers' trust. Finally, building communication bridges with your customers is also important. Through open dialogue you can receive feedback on your work and the things you need to improve. It will also help you receive questions, which will establish a sense of transparency and trust with your customers.

### 6.1.3 How to avoid or prevent greenwashing?<sup>80</sup>

Businesses and their leaders should take proactive approaches and measures in order to avoid Greenwashing and ensure that their action is really based on environment protection principles

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<sup>79</sup> EcoCart. (2024). *How To Avoid Greenwashing As An Ecommerce Business*. Retrieved by: <https://ecocart.io/how-to-avoid-greenwashing/>

<sup>80</sup> Feinstein, N. (2013). Learning from past mistakes: future regulation to prevent greenwashing. *BC Env'tl. Aff. L. Rev.*, 40, 229.

and ensure their commitment. In order to achieve this final result, here are a few things you can do

- Firstly, you should be specific. What do we mean by being specific? It means you should avoid using general statements and phrases that do not convey a clear and specific meaning to your customers and any targeted audience or the general public. For example, if you state that your company produces eco-friendly products, it is not enough. You should provide a description of the specifications and why your services should be considered as green. Only making a general claim is vague and not enough.
- Secondly, you should not only be as specific as possible in making your assertions, but you should also provide enough data, information and arguments to support your claim and illustrate the impact that your product has in the market. For example, you should share information on reduced waste production, lower energy consumption, or the use of renewable resources; depending on your product or the type of service your business offers. Providing qualitative and quantitative data is a core element of the information you will be sharing to your customers and highlights the positive effects of their initiatives; organizations can demonstrate their genuine commitment to sustainability.
- Lastly, you should not only pay attention to the information you will be sharing, the information you will use to support your claims but you should also pay attention to the images and visuals. The visuals should be a clear representation of the environmental efforts you are doing and being cautious of their usage and if your customers perceive them correctly is a must. However, even though your image might be conveying clear messages, it should also be supported by accurate statements.

Therefore, there should be a combination of various elements in order to avoid greenwashing phenomena in your business strategy. Taking careful consideration of the above-mentioned steps, you can prove your environmental commitments and build trust and credibility with consumers, relevant actors and stakeholders and the general public, avoiding any misleading and potential negative risks.

### 6.2 Green Claims

By adopting a proposal for the **Directive**<sup>81</sup> on Green Claims, in March 2023, the European Commission aimed at empowering consumers in the green transition through the establishment of clear criteria for companies to prove their environmental claims and labels, ensuring that the information provided to consumers is reliable and comparable. It also includes requirements for independent verification of these claims and labels, as well as new rules for governing environmental labelling schemes to enhance their transparency and reliability. The proposal mainly targets environmental claims by businesses to consumers, covering a product's environmental impacts, aspects, or performance that are not currently regulated by other EU rules.<sup>82</sup> This was a significant step towards consumers' empowerment in the green transition, which of course is directly linked to businesses. With the establishment of clear criteria for companies to prove environmental claims and labels, consumers can make informed choices and drive the demand for sustainable products and practices. Furthermore, the new rules demand transparency and reliability to be ensured by businesses to their customers and the general public.

This proposal comes as a sequence of **Article 114**<sup>83</sup> of the Treaty of the Functioning of the European Union (TFEU), which aims to ensure the functioning of the internal market based on environmental protection.

Furthermore, the European Parliament has also been emphasizing the importance of informing customers on sustainable choices. Therefore, furtherer to the above actions, the European Parliament has taken action by proposing '**Green claims' Directive Protecting consumers from**

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<sup>81</sup> European Commission. (2023). *DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on substantiation and communication of explicit environmental claims (Green Claims Directive)*. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52023PC0166>

<sup>82</sup> European Commission. *Green Claims*. Retrieved from: ([https://environment.ec.europa.eu/topics/circular-economy/green-claims\\_en](https://environment.ec.europa.eu/topics/circular-economy/green-claims_en))

<sup>83</sup> Official Journal of the European Union. (2020). *Notification pursuant to Article 114, paragraph 4 of the Treaty on the Functioning of the European Union – Authorisation to maintain national measures which are more stringent than provisions of an EU harmonisation measure*. Retrieved from: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0417\(03\)#:~:text=Article%20114\(4\)%20provides%20that,shall%20notify%20them%20to%20the](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020XC0417(03)#:~:text=Article%20114(4)%20provides%20that,shall%20notify%20them%20to%20the)

**greenwashing**<sup>84</sup>, which aims to ensure that consumers are protected from misleading information and greenwashing practices by establishing specific rules for companies making voluntary green claims about their products, to make these claims reliable, comparable, and verifiable across the EU. In addition to protecting consumers, it ensures equal standards for all companies making green claims.

### 6.2.1 What should businesses do to incorporate green claims?

Companies have increasingly been using the “green claim” principle to label and promote their products/services as sustainable or eco-friendly. However, this concept might be misleading. Therefore, this section will provide you with data on how to properly formulate your claims and use them in your business strategy or approach.

It is important for your claims to be<sup>85</sup>

#### 1. True and accurate

Environmental claims are essential to help consumers make informed choices about the products and services they are buying and also build trust in your brand. As a consequence, it is essential that these claims are truthful and accurate. What this means is you have to make sure that the information you are sharing is not misleading consumers or giving them inaccurate information about the product or service. By being true and accurate you can help your consumers make well-informed decisions based on their preferences and principles. This also helps your brand have a more sustainable future for your company as well as positive impact on the planet.

#### 2. Clear and unambiguous

You should also make sure to avoid ambiguity in your claims. This emphasises the importance of using transparent and straightforward language so that it can be easily understood by your customers. You should pay special attention to vague or general statements that might be

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<sup>84</sup> European Parliament. (2024). *'Green claims' Directive Protecting consumers from greenwashing*. Retrieved from: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753958/EPRS\\_BRI\(2023\)753958\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753958/EPRS_BRI(2023)753958_EN.pdf)

<sup>85</sup> CMA. (2021) *Making Environmental Claims on Goods and Services*. Retrieved by: <https://www.gov.uk/government/publications/green-claims-code-making-environmental-claims/environmental-claims-on-goods-and-services#principles>

misleading. Therefore, the claims must include specific, measurable, and verifiable elements; which will help you ensure the communication of environmental claims in a way that is honest, transparent, and easily perceived by consumers.

### **3. Meaningful**

As a business leader you should be aware of the fact that you should take careful consideration in making fair and meaningful comparative claims. This approach aims to ensure that your business understands and implements a truthful approach and that this approach is clearly stated to citizens, ultimately enabling transparency and promoting informed consumer choices.

### **4. Substantiated**

Your claims should be backed up by evidence. This highlights the fact that serving claims without supporting information and evidence is not likely to be accepted as accurate and true by your customers. Therefore, careful attention must be paid in providing background information that proves your statements.

### 7. CONCLUSIONS

In nowadays rapidly developing business situation, the imperative to adopt sustainable and environmentally conscious practices has never been more pressing. This manual serves as a comprehensive guide for businesses seeking to transition towards becoming green enterprises. It is evident that businesses, regardless of their size or industry, possess the possibility to wield a substantial influence on the general sustainability goals of the enterprise.

The most foundational principles emphasized throughout this manual is the empowerment of employees through an understanding of their crucial role in resource conservation and waste reduction. This awareness instils a sense of purpose and pride in their work, creating a workforce that is not only engaged but also aligned with the organization's sustainability objectives. When employees recognize the direct impact of their actions on the environment, they are more likely to adopt and champion green practices within their respective roles.

Furthermore, the adoption of principles from the Circular Economy framework is highlighted as a pivotal strategy for businesses aiming to enhance their sustainability efforts. This approach entails reimagining and redesigning supply chains to minimize waste and optimize resource utilization. By identifying opportunities for closed-loop systems and circular value chains, businesses can not only reduce their environmental footprint but also unlock economic benefits.

This shift towards a circular model has the potential to lead to increased revenue, improved operational efficiency, and enhanced brand reputation.

Encouraging recycling both within the operations of the business and among customers is another critical aspect of the green transformation. Implementing effective recycling programs not only diverts waste from landfills but also conserves valuable resources. Businesses can educate their employees and customers on the importance of proper recycling practices, providing clear guidelines and convenient facilities for recycling. Additionally, by incorporating

recycled materials into their products and packaging, businesses can contribute to the reduction of overall resource consumption.

The adoption of sustainable practices is a cornerstone of any green business strategy. This manual emphasizes the importance of integrating sustainable principles into every facet of operations, from procurement to production, and from distribution to disposal. By selecting environmentally friendly materials, minimizing water and energy consumption, and implementing efficient waste management systems, businesses can significantly reduce their environmental impact. Moreover, embracing sustainability can lead to cost savings through reduced resource usage and increased operational efficiency.

Transitioning to renewable and circular resources represents a critical step towards environmental stewardship. By harnessing the power of solar and wind energy, businesses can substantially reduce their reliance on fossil fuels and decrease their carbon emissions.

Investing in waste-to-energy solutions further underscores a commitment to sustainability, as it transforms waste materials into valuable sources of renewable energy. These initiatives not only benefit the environment but also position businesses at the forefront of the transition to a low-carbon economy.

Incorporating energy-efficient features and practices in the construction process of circular businesses is a pragmatic approach to sustainable development. From designing energy-efficient buildings to implementing smart technologies that optimize energy usage, businesses can significantly reduce their overall energy consumption. This not only contributes to a more sustainable operation but also leads to long-term cost savings. Additionally, businesses can explore renewable energy solutions such as on-site solar installations or partnerships with local renewable energy providers to further enhance their green credentials.

Finally, the manual underscores the critical importance of waste reduction and capitalizing on untapped resources, capacity, lifecycles, and embedded value. Recognizing that waste is not an end point, but rather a potential resource, is fundamental to achieving further progress in sustainability. Businesses can implement strategies such as material recovery and remanufacturing to extract maximum value from their products and processes. By adopting a

holistic approach to resource management, businesses can unlock hidden efficiencies and drive positive environmental outcomes.

In summary, this manual provides a comprehensive roadmap for businesses seeking to embark on the journey towards becoming green enterprises. By embracing sustainable and circular practices, businesses not only contribute to environmental preservation and resource efficiency but also position themselves for long-term success in a world where sustainability is a paramount consideration. Through the concerted efforts of employees, strategic adoption of Circular Economy principles, and a commitment to sustainable practices, businesses have the power to be leaders in the global movement towards a greener future.

### ANNEX 1: USEFUL TERMS



**Green Economy** an economic framework and approach that prioritizes sustainable development by integrating environmental considerations into various aspects of economic planning, policy-making, and practices. It seeks to enhance human well-being and social equity while concurrently reducing environmental risks and ecological footprints. Key features of the green economy include resource efficiency, reliance on renewable energy sources, and a commitment to minimizing carbon emissions. This model promotes biodiversity conservation, Circular Economy principles, and the adoption of eco-friendly technologies. A cornerstone of the green economy is the creation of green jobs and the encouragement of innovation in sectors that contribute to environmental sustainability. Social inclusion is also a crucial aspect, ensuring that the benefits of a sustainable economy are distributed equitably across diverse segments of society. Ultimately, the green economy envisions a harmonious balance between economic growth, social welfare, and environmental preservation to build a resilient and sustainable future.

Green economy is a comprehensive framework for sustainable development that considers environmental, social, and economic aspects. The Circular Economy, on the other hand, is a specific strategy within the green economy that concentrates on the responsible use of resources and the reduction of waste through a more circular approach to production and consumption. While they overlap, the Circular Economy is a subset of the broader green economy concept.

A green business is an enterprise committed to operating in an environmentally responsible and sustainable manner, aiming to balance economic success with ecological and social considerations. These businesses prioritize practices that minimize their impact on the environment, encompassing initiatives such as energy efficiency, waste reduction, and the utilization of renewable energy sources.



**Circular economy** an economic system that seeks to reduce waste and increase efficiency by reusing resources. It is based on the idea of keeping materials in use for as long as possible, extracting the maximum value from them while minimizing negative environmental impacts. The goal of this approach is to create sustainable economic growth without relying on finite resources or causing environmental harm. In contrast, traditional linear economies rely on the “take-make-dispose” model, where resources are extracted from nature, used to produce goods and services, and then discarded.

With a focus on the entire lifecycle of their products, green businesses engage in sustainable practices like recycling and Circular Economy principles to minimize waste. Many seek certifications to authenticate their commitment to environmental stewardship, and some extend their responsibility to social aspects, including fair labour practices and ethical sourcing. Embracing innovation, green businesses explore sustainable technologies and practices that contribute to both environmental preservation and business efficiency. In essence, these enterprises demonstrate that economic prosperity and environmental consciousness can coexist, exemplifying the viability of a more sustainable and responsible business model.

Circular economy is an economic model which is deeply rooted in the understanding that our old system which was linear is not working. We can see it in climate change and other global issues that lead back to the linearity of the economy. The Circular Economy can be considered a tool for systemic change to transform to a sustainable way of living. The Circular Economy is a global economic model that progressively decouples economic growth and development from consumption and finite resources. A Circular Economy is grounded in the study of feedback loops within non-linear systems as exemplified by ecosystems.

**Circularity** a property of products that all materials used in a product can be recycled several times and kept in almost closed loops.

**Design for Circularity** a holistic design approach that aims to design products stay in economic use forever and will neither harm the environment nor the users or other species. Design for

Circularity takes into account the entire life cycle of products. Prof. Dr. Michael Braungart invented the principle, which differentiates between the biological and the physical cycle for consumption and investment goods, materials or fluids.

**Design for Recycling** aims to support the recovery of materials for further use. This means that the recyclability of the material used is already taken into account during design and production.

**Do no harm strategy** means that we should think deeply of what we currently do, what we plan to, and how we do it. It entails a focus on critically view our actions and make sure there is no harm in the process.

**Downcycling** refers to the reprocessing of materials, although the original quality is not retained. The material segregates in quality and declines downward in a cascade of uses until it can't be used anymore and becomes waste.

**Ecosystem thinking** the mentality of eco-system thinking includes being able to see the system, the parts and your place and function within this system.

**Economic process** meaning the activities involved in the production of goods and services.

**Economic Model** a theoretical construct that allows us to make sense of, observe and predict an economic behaviour. Moreover, it allows us to understand economic processes.

**Efficiency** not wasting time, energy or money. Efficiency refers to a special production factor. But it does not necessarily cause positive impact. It might even drive a negative impact.

**Effectiveness** refers to more than one element in the system. Within the system the cause of effectiveness can be described as useful, suitable, convenient, advisable, and even efficient. It causes positive impact on the system's environment. An effective strategy avoids negative rebound effects!

**Recyclability** ability of a product or its components to allow collection, sorting and separation of product materials for subsequent recycling. Properties that facilitate recycling include, for example, grade purity or ease of separation of the materials used.

**Sustainable Development Goals (SDGs)** a universal set of 17 interconnected goals established by the United Nations to address global challenges and achieve a better and more sustainable future for all by 2030.

**Waste hierarchy** a method and model that is used to guide and rank decisions related to waste management and this cover both the individual and organizational level. The hierarchy consists out of 5 steps that are ranked with number 1 being the most important one to consider before climbing up higher in the hierarchy 1. Prevention (Reducing waste at the source), 2. Reuse of materials, 3. Recycling, 4. Recovery, 5. Landfilling.

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## END NOTE



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