



Climate Action and Human Rights

Scaling up the circular economy

In some sectors, scaling up the circular economy is a key activity in company strategies to reduce greenhouse gas (GHG) emissions, protect against biodiversity loss, and adapt to a warmer world. The circular economy is a model of production and consumption which involves sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products as long as possible.¹ The scaling up of the circular economy may have adverse human rights impacts on informal waste workers who are often already marginalised and vulnerable. In some geographies, companies will shift their supply chains away from the production of certain materials in favour of recycled materials. Closing loops in supply chains due to the scaling up of the circular economy may lead to additional adverse human rights impacts, particularly for the markets and geographies that are left behind.

Potential human rights risks

Scaling up the circular economy can pose human rights risks, including:

- hazardous labour conditions in recycling factories
- loss of livelihoods due to increased automation or artificial intelligence
- loss of livelihoods due to production or manufacturing centres shifting or closing
- impacts on Indigenous Peoples due to use of land and forests to scale up recyclable packaging
- unequal access to circular products and services, and privacy concerns for customers due to tech-enabled circular models
- loss of livelihood for workers who currently rely on the extraction and export of fossil fuels and other minerals and metals

New approaches to waste management, including formalising waste management and automation sorting processes, can lead to the following impacts on waste workers, particularly informal waste workers:

- displacement of informal waste workers
- loss of livelihoods, particularly for women
- health risks to workers and communities due to the chemicals present in recycling and reuse of products
- increased child labour

¹ European Parliament, [Circular Economy: definition, importance, and benefits](#), 24 May 2023.

Challenges to human rights due diligence

Human rights due diligence in scaling up the circular economy will require a particular focus on informal waste workers who may be significantly impacted by the increase in recycling. The conditions of informal waste workers are context specific and will vary significantly depending on the geography and waste management ecosystem for materials. Human rights due diligence should be particularly sensitive to the risks to often marginalised groups, including refugees, youth, minorities and women who often work informally in the waste management sector.

Additionally, companies will need to evaluate the potential human rights impacts of redesigning value chains from linear to circular. This may result in shifts away from suppliers and geographies. For example, in the fashion industry, a focus on circular fashion will cause a significant disruption to clothing manufacturing sites. Product design and decisions around use of products may also create challenges for business practitioners who might need to balance respecting human rights with climate mitigation.

Insights from business practice

- Product design in the circular economy is a critical opportunity for companies to identify human rights risks early, enabling companies to take steps to mitigate and address these risks before development.
- Because the human rights impacts to informal workers may be different for women, consider gender-responsive human rights due diligence to identify and address the human rights impacts to women of the scaling up of the circular economy.
- Consider ways in which workers can be re-skilled to respond to changes in production and manufacturing.
- Collective action amongst companies in the same sector can help companies to work together to identify and address some of the root causes of adverse impacts to informal waste workers.

