THE EFQM CIRCULAR ECONOMY LENS
Glossary

N.B. This Glossary includes terms that are not included in the Diagnostic Tool. They have been included here for further information relevant to the world of the Circular Economy and we trust that Readers will find this extended list to be of value "

Agile: The organisation's ability to change direction/focus in response to an emerging opportunity or threat in a timely way. (Also, see Resource Fluidity below)

Alliances: A collaboration involving two or more organisations for mutual benefit, based on shared interests.

Analytics: The systematic, nowadays computer generated, analysis of data or statistics. It is used for the discovery, interpretation, and communication of meaningful patterns in data that can guide effective decision-making.

Approach: The overall way by which something is made to happen; an approach comprises processes and structured actions within a framework of principles and policies.

Benchmarking: A systematic comparison of approaches with other relevant organisations that gains insights that will help the organisation to take action to improve its performance.

Biodiversity: The term biodiversity (from "biological diversity") refers to the variety of life on earth at all its levels, from genes to ecosystems, and can encompass the evolutionary, ecological, and cultural processes that sustain life.

Biological Cycle: Biological cycle refers to renewable nutrients, i.e., natural resources which can be replenished, e.g. wood, cotton, agricultural products. The biological cycle also contains water and nutrient circulation.

Biomass: Organic non fossil matter used as a renewable energy source. The use of biomass fuels for transportation and for electricity generation is a means of avoiding carbon dioxide emissions from fossil fuel use.

Business & Governing Stakeholders: These are the individuals or groups to whom the organisation is accountable in relation to its fiscal legal, ethical and general stewardship requirements and obligations. In companies, this could be the owners, shareholders or investors. In the public sector, this could be the government, ministers, politicians and regional or local authorities.

Business Model: The elements of the business that create and deliver value; these elements normally include the value proposition, the customer segments and their associated relationships, the channels used to take products, services and solutions to market, the revenue & cost streams, partners, and the critical resources and processes of the organisation.

Business Model Transformation: where fundamental aspects of the business model - or the way in which they combine - are changed so as to affect a material shift, not incremental transition, in strategy, value proposition, markets and/or the organisation's operations.

By product(s): Excess materials and leftovers that come out of production processes in addition to the main products. In the Circular Economy all materials are valuable resources and these by products (a.k.a. sidestreams), should be used as materials to create other products.

Capabilities: The human capital and intellectual property represented by the People throughout the organisation.

Carbon Footprint: Amount of carbon emissions associated with all the activities of an entity (e.g., person, building, corporation, country, etc.).

Carbon Neutral: Having a balance between emitting carbon dioxide (CO_2) and absorbing carbon from the atmosphere in carbon sinks. Being classified as a a Carbon Neutral organisation means that the net amount of carbon dioxide or other carbon compounds emitted into the atmosphere by the organisation, is reduced to zero because it is balanced by actions to reduce or offset these emissions.

Carbon Offsetting: the action or process of compensating for carbon dioxide emissions arising from industrial or other human activity, by participating in schemes designed to make equivalent reductions of carbon dioxide in the atmosphere.

Circular Design: Design approach through which objects are designed in accordance with the principles of the Circular Economy. Circular design strategies include e.g. design for longevity, reparability, disassembly and recyclability. Circular design often also includes the design of ownership, business model and an enabling circular business ecosystem.

Circular Economy: A circular economy is an economic model which is a restorative and regenerative approach, in contrast to the traditional linear economy, which has a 'take, make, use, dispose' model of production. It is an economic system which can be achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling. Underpinned by a transition to renewable energy sources, it is based on principles such as design out waste and pollution; keep products and materials in use; and regenerate natural systems. Transforming to a circular economy requires the decoupling of economic activity from the consumption of finite resources and requires an organisation to take a systems thinking approach to its Direction, Execution and desired Results.
http://ec.europa.eu/environment/circular-economy/index_en.htm

Circular Economy business model: The operating model of an organisation to create, deliver, and capture value for its customers and other stakeholders in line with the principles of the Circular Economy.

Circular Economy network ecosystem: Network of organisations and other stakeholders, which together create products, solutions and services based on the principles of a Circular Economy, and jointly apply circular business models in their way of operating and doing business.

Circular Economy principles: The key principles of the Circular Economy are: 1) designing out waste and pollution 2) keeping products and materials in circulation 3) regenerating natural systems.

Circularity: A simple concept based on intelligent design thinking in which a product, service or solution is created with its own end-of-life taken into account and, once the user is finished with the product, service or solution it goes back into the supply chain instead of landfill. The motto of the circularity movement can be summarised in four simple words: Waste not, want not

Circular material: Materials which are either recycled and recyclable or renewable, and not based on non-renewable new virgin resources. Circular materials are safe and healthy and can be kept in continuous circulation either in technical or biological cycles.

Circular material use rate: An indicator for monitoring the development of the Circular Economy in the EU. The circularity rate is the share of material resources used in the EU coming from recycled products and recovered materials, hence saving primary raw materials from being extracted.

Closing the loop: Closing the loop refers to activities which enable circular product or material flow where products and materials do not end up as waste, instead they are reused, remanufactured or recycled into a new use-cycle.

Community: The term community typically refers to the various individuals, groups and institutions that have a vested interest in the welfare and success of the organisation, its associated neighbourhoods and the impact that it may have on the ecosystem.

Comparisons: Data used to compare the performance of one organisation or process with another.

Competence: The ability or skill to do something efficiently and effectively.

Continual Improvement: On-going improvement that leads to the achievement of higher levels of performance through incremental change over a period of time.

Cradle to Cradle: Refers to products and materials ending up at the start of a new life cycle instead of ending up as waste. It describes the safe and potentially infinite circulation of materials and nutrients in cycles, a circular design approach developed in the 1990s by Prof. Dr. Michael Braungart and William McDonough.

Creating Sustainable Value: This is the heartbeat of the EFQM Model. It is about the long term future of the organisation, as perceived by its various Key Stakeholders, i.e. its Customers, its People, the Business & Governing Stakeholders, its Community and its Partners & Suppliers.

Creativity: The generation of ideas for new or improved processes, products, services, solutions, systems or social interactions.

Culture: The specific collection of values and norms that are shared by people and groups within an organisation that influence, over time, the way they behave with each other and with Key Stakeholders outside the organisation.

Customer: The recipient of the products and/or services provided by the organisation. The Customer is one of the Key Stakeholders, in many cases the primary Key Stakeholder, for whom the organisation aspires to Create Sustainable Value.

Customer Behaviour (necessary changes of): The consideration, choices and purchasing patterns of customers reflecting individual and aggregated preferences and perceptions of value in a product, service or solution which can change or respond to changes in external conditions and environment."

Decoupling: In the world of Sustainable Development and the Circular Economy, the term refers to the aim of decoupling economic growth from the use of natural resources and environmental impact.

Dematerialisation: To convert physical substances to immaterial form and delivering the same product or service using a percentage or none of the mass or material types (e.g., a shift from products to services).

Disruptive thinking: Breaking free from the confines of routine thinking, getting a new, larger, different perspective, seeing things from another angle or in another light.

Due diligence: An investigation or exercise of care that a reasonable business or person is normally expected to take before entering into an agreement or contract with another party or an act with a certain standard of care.

Ecosystem: A fundamental principle of an ecosystem is the interdependence of its parts/components/elements, i.e., something that happens in one part of the system may affect other parts within the system. In the context of an organisation there are many factors external to it that affect how it operates, but over which it has no control. These can include government policy, the economic and societal make-up within its region and neighbourhoods, the prevailing religious and cultural expectations of its communities, demands for sustainability and available financing.

Employee: A person employed by the organisation (full-time, part-time, including volunteers), including leaders/managers on all levels.

Empowerment: The process by which individuals or teams are granted power, operate with a degree of autonomy in their actions, are able to take decision making responsibilities and have access to resources and control over their own lives. In doing so, they gain the ability to achieve their highest personal and collective aspirations and goals. When an individual feels empowered, they have a greater sense of motivation and self-confidence.

Environment: Within the context of the EFQM Model and the Circular Economy Lens, the use of the word refers to the natural world, the conditions that make up and act upon the everyday life of all living things such as air, climate, soil, sunlight, water and which includes both renewable and non-renewable resources.

Environmental Footprint: A term often used to refer to the environmental impacts on individuals, organisations or countries and often reported as a negative impact

Environmental Handprint: The counterpoint to Environmental Footprint, the term refers to the positive environmental impacts the organisation is able to create through its products, services and solutions.

Ethical behaviour: Ethics are well founded standards in a culture that make a person's actions right or wrong. They influence behaviour and help an individual to make the right choices and act responsibly.

Ethics: The moral principles that act as guidelines for a business to conduct itself and its transactions. Business ethics and the related principles are often described in an organisation's code of conduct.

Forecast: The ability to predict what will happen or be needed in the future as a result of the study and analysis of available, relevant data.

Global Reporting Initiative (GRI): An international, independent, standards organisation that helps businesses, governments and other organisations understand and take responsibility for their impacts on issues such as climate change, human rights and corruption, using a common language to communicate these impacts. https://www.globalreporting.org/standards/

Good Practice/Best Practice: Superior approaches, policies, processes or methods that lead to exceptional achievement. Since it is difficult to find out what is best, the term "good practice" is preferred by most organisations. Ways to find good practice outside the organisation can include benchmarking and external learning.

Governance: A framework of authority and control within an organisation used to help it fulfil its legal, financial, ethical and general stewardship obligations.

Green Deal: A contract or strategy where different parties engage to ambitious goals to mitigate climate change. Most often refers to the European Green Deal, which is a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral in 2050.

Green Technology: An umbrella term that describes a focus on sustainability through the combined use of technology and environmental science to reduce human impacts on the natural environment. It is also known as Environmental Technology and CleanTech.

Impact: A long-term change in an outcome caused by an organisation's actions or decisions either directly through its products, services, solutions or own operations; or indirectly through its supply and value chain(s). Impacts can be positive or negative, intended or unintended. An organisation should monitor, measure, and be accountable for how its actions affect their broader ecosystem.

Impact Assessment: A means of measuring the effectiveness of organisational activities and judging the significance of changes (both positive and negative), brought about by those activities.

Industrial ecology: A multidisciplinary field of study and a concept, in which an industrial ecosystem is viewed not in isolation from its surrounding system, but in concert with them. Based on taking a systems-view, it seeks to optimise the total materials cycle from virgin material, to finished material, to component, to product, to obsolete product, and to ultimate disposal.

Industrial symbiosis: Innovative form of collaboration and industrial ecosystem where unused or residual resources of one company are used by another company for mutual business interests and environmental benefits. Industrial symbiosis is a subclass of industrial ecology.

Innovation: The practical translation of ideas into new or existing products, services, solutions, processes, systems, organisational structures and ways of working or social interactions.

Integrity: The quality of having a strong moral or ethical code. This includes Values such as respect, fairness, trustworthiness and honesty.

Intellectual Property: The value of an organisation that is not captured in its traditional financial accounts. It represents the intangible assets of an organisation and is often the difference between market and book value.

International Financial Reporting Standards (IFRS): A single set of high-quality global accounting and sustainability disclosure standards.

Key Stakeholders: If stakeholders are a person, group or organisation that has a direct or indirect stake or interest in the organisation, its activities and performance, because it can either affect the organisation or be affected by it, then key stakeholders are those which have the greatest potential impact. This assessment may be different from time to time and between different units of the business or organisation depending on markets and environment. The assessment of who is considered to be a Key Stakeholder should be subject to periodic review.

Knowledge: The expertise and skills acquired by a person through learning, experience and education, involving the theoretical and/or practical understanding of a subject. While data are raw facts and information is data with context and perspective, knowledge is information with guidance/ability for action.

Learning: The process of gaining skills, knowledge and understanding through study and experiences.

Learning Networks: A group of people with a common goal or interest who pool their individual information, knowledge and experience to actively learn together.

Linear economy: Economic model which is based on a take/make/use/waste model, that requires new natural resources and produces waste.

Manage Change: An approach for leading the transition of individuals, teams and organisations from their current state to a defined, desired future state. It is an organisational process aimed at helping those stakeholders affected by the change to understand, accept and embrace it.

Management System: The framework of processes, related performance/result indicators and process management and improvement systems used to ensure that the organisation can fulfil its Purpose and Vision.

Materiality: A concept that defines why and how certain issues are important for an organisation or a business sector because they have a direct or indirect impact on an organisation's financial, economic, legal, and reputational affairs, including Environmental, Social, and Governance (ESG) issues, as well as on the system of internal and external stakeholders of that company.

Megatrends: Topics that are expected/predicted to be global influences in the coming years. A Megatrend is a long-term, transformational process with global reach, broad scope, and a dramatic impact. They are the topics that Thought Leaders see as being the dominant factors that any organisation, regardless of size, reach or Private/Public status should heed in the 3–5-year time horizon if they are to remain relevant.

Multiple lifecycles: In a current linear economy most products are designed for only one lifecycle, after which they become waste. In a circular economy, products are designed to cycle endlessly without losing value. Therefore, the design process should ensure that safe circulation of the product is possible.

Net Zero: Refers to the balance between the amount of greenhouse gas produced and the amount removed from the atmosphere. A net zero organisation will set and pursue an ambitious 1.5°C aligned science-based target for its full value-chain emissions. Although offsetting is a less preferred option, any remaining hard-to-decarbonise emissions can be compensated using certified greenhouse gas removal.

One planet logic: The current linear economy uses around four planet's worth of resources. The Circular Economy aims to create a system in which ecological capacity (both land and ocean ecosystems) of the earth would not be exceeded, i.e., it is based on one planet logic.

Parastatal: A company, an agency, an intergovernmental organisation which is owned or controlled, wholly or partly, by a country's government and often has some political power. It is separate from the government, but its activities serve the state, either directly or indirectly.

Partner: An external party with whom the organisation strategically chooses to work with to achieve common objectives and provide long term mutual benefit.

Partnership: A durable working relationship between the organisation and one or more partners that creates and shares greater value for both parties. Partnerships can be formed with, for example, suppliers, distributors, customers, educational establishments, consultancies or research organisations.

People: All individuals employed by the organisation (full time, part-time, including volunteers), including leaders at all levels.

Performance Management System: A framework of objectives and related metrics, generally cascading from the organisation's strategic priorities, which determine business unit, team and individual expectations and agreed performance indicators.

Planetary boundaries: A concept that presents a set of nine planetary boundaries within which humanity can continue to develop and thrive for generations to come: climate change, biodiversity loss, ocean acidification, nitrogen and phosphorus flows, land use change, freshwater use, chemical pollution and ozone depletion, atmospheric aerosol loading, and the release of novel entities, such as plastics, into the environment. At the time of writing, a fifth boundary, Novel Entities, has been transgressed.

Predictive Models: By analysing both historical and current data, organisations can use predictive models, a form of data-mining technology, to increase the probability of forecasting future outcomes e.g., customer behavior, as well as financial, economic, and market risks.

Process: A set of activities, repeated over time, that interact with one another as the output from one activity becomes the input for another activity. Processes add value for external or internal customers by transforming inputs into outputs, using resources. Typically, there are three types of processes: main or 'core' processes, management processes and support processes.

Products: A product can consist of goods, services or solutions that are the result of work performed by an organisation. Products are then distributed, often via a distribution channel, before being consumed or used.

Profound knowledge: Profound emphasises that something is very great or intense. Deming's Theory of Profound Knowledge. i.e., the appreciation for a system, a knowledge of variation, the theory of knowledge and psychology is a well-respected articulation of what is meant by profound knowledge.

Prosumers: A way of segmenting an organisation's customers beyond the more traditional definitions. The digital and online world of the 21st century offers significant potential for an organisation to engage its customers in designing the products, services or solutions they wish to consume.

Purpose Statement: A statement that describes the raison-d'être of an organisation i.e., what it does and why it does it and which is understood by its stakeholders. It provides an inspirational motive for the importance and value of the organisation's work and offers a framework in which it takes responsibility for its contribution to, and impact on the ecosystem in which it operates.

Recycling: The process of reducing a product all the way back to its basic materials, (either mechanical or chemical), reprocessing those materials, and using them to make new products, components or materials. . (See Upcycling below)

Regenerative: Ability to renew or restore, especially after being damaged or lost. Often refers to regenerating natural systems. The Circular Economy is an economic model that aims to regenerate the planet's natural systems.

Remanufacturing: Rebuilding of a product to specifications of the original manufactured product using a combination of reused, repaired and new parts.

Resource Fluidity: Involves the internal capability to reconfigure business systems and redeploy resources speedily, supported businesses processes for operations and resource allocation, people management approaches, mechanisms and incentives for collaboration.

Science Based Targets initiative (SBTi): A World Resources Institute (WRI) activity, its aim is to help organisations transition to a low-carbon economic profile by setting Greenhouse Gas (GHG) emission reduction targets in line with climate science. Through Science Based Targets (SBTs), organisations express their intention to reduce their GHG emissions to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. A Circular Economy strategy can contribute to achieving SBTi's.

- https://sciencebasedtargets.org
- https://www.unglobalcompact.org/take-action/action/science-based-target

Sell the Value: Regardless of whether the organisation is private or public sector, its value proposition, its offering, still has to be 'sold' to Key Stakeholders so that they will decide to use the product, service or solution on offer.

Sentiment Analysis: The ability to extract insights from data using techniques such as text analysis and natural language processing to systematically identify, extract, quantify, and study affective states and subjective information. It is the process of determining the emotional tone behind a series of words and is used to gain an understanding of the attitudes, opinions and emotions expressed and quantified between +1, 0 & -1 dependent on whether the expressed opinion is positive, negative or neutral?

Society: The social infrastructure outside the organisation that can be affected by, or, equally, can impact on the organisation. This can be representatives of the immediate Community or the Wider Society, including, for example, Special Interest Groups.

Stakeholder: Person, group or organisation that has a direct or indirect stake or interest in the organisation, its activities and performance, because it can either affect the organisation or be affected by it. Examples of external stakeholders include owners (shareholders), customers, suppliers, partners, government agencies and representatives of the community or the society. Examples for internal stakeholders are people or groups of people. An outstanding organisation considers its stakeholders' needs, demands, requests and expectations, balances them, and evaluates its performance in relation to its most important (Key) stakeholders.

Strategy: Derived from a careful analysis of its ecosystem, the way an organisation intends to achieve, over a particular time period, its strategic priorities, moving from where it is now to where it wants to be in the future whilst remaining true to its Purpose.

Suppliers: Any organisation or individual the organisation can procure from.

Sustainable Development: Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. *World Commission on Environment and Development, Our Common Future aka the Brundtland Report (1987).* Sustainable Development can be segmented into four dimensions: Economic, Environmental, Social & Governance (EESG). The Economic dimension of Sustainability aims to improve people's economic situations and conditions. The Environmental dimension of Sustainability is concerned with the preservation of the natural environment. The Social dimension of Sustainability focuses on enhancing human well-being. The Governance dimension of Sustainability focuses on how the organisation polices itself, focusing on factors such as accountability, ethics, transparency, diversity of membership

Synergy: The combined power of two or more organisations, working together to produce outcomes that are greater than the total that may be achieved by each working separately.

Systems thinking: A holistic approach to analysis that focuses on the way that a system's constituent parts interrelate and how systems work overtime and within the context of larger systems. It is a way of making sense of the complexity of the world by looking at it in terms of wholes and relationships rather than by splitting it down into its parts. It demands a deeper understanding of the linkages, relationships, interactions, and behaviours among the elements that characterise the entire system.

Technical Cycle: Refers to non-renewable nutrients, such as various metals and minerals. As the term 'non-renewable' states, there is a finite stock of these materials on the planet.

Transparency: The situation in which collaboration, cooperation and collective decision making happens in an open manner and people can trust that business is being conducted fairly and honestly

United Nations Global Compact: Launched in 2000, the United Nations Global Compact is a call to companies around the world to align their strategies and operations with ten universal principles in the areas of human rights, labour, environment, and anti-corruption, and to act in support of broader UN Goals https://www.unglobalcompact.org

United Nations Global Compact Ten Principles:
https://www.unglobalcompact.org/what-is-gc/mission/principles

United Nations Sustainable Development Goals: The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice. https://www.un.org/sustainabledevelopment/sustainable-development-goals

Upcycling: Increases the value of the "waste" material or product through improving it in various ways and providing a new use-cycle to it.

Value Proposition: The differentiating value the organisation's products, services and solutions offer to customers.

Values: Operating philosophies or principles that guide an organisation's internal conduct as well as its relationship with the external world. Values provide guidance for people on what is good or desirable and what is not. They exert major influence on the behaviour of individuals and teams and serve as broad guidelines in all situations.

Vision: Set within Planetary Boundaries, it is a description of what the organisation is attempting to achieve in the long-term. It is intended to serve as a clear guide for choosing current and future courses of action and, along with the organisation's Purpose, it is the basis for strategies and policies.

Waste: Unwanted materials or substances. In a circular economy, waste is designed out.

World Resources Institute (WRI): A global research non-profit organisation established in 1982 with funding from the MacArthur Foundation. WRI's activities are focused on seven areas: food, forests, water, energy, cities, climate and ocean. It has responsibility for the SBTi project mentioned above.