

Including just transition and due diligence in the Circular Economy Bill



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A **just transition** is where people are supported to make changes in the ways they live and work, such as those needed to create a circular economy in Scotland, in a fair way. **Due diligence** (also known as Human Rights and Environmental Due Diligence or HREDD) requires organisations to take steps to prevent, address and remedy social and environmental harm in their activities and global supply chains.

Currently, the way we use materials in Scotland causes much harm to people and the environment, in Scotland and across the world. This is a barrier to creating a truly circular economy. If the cost of creating a circular economy in Scotland is rising inequality, the lives of people in the Global South, higher global carbon emissions and destroying the natural world, we will not achieve a better future.

Scotland's Circular Economy Bill is an opportunity to fundamentally change the way that we use materials by creating the legislative framework needed to develop a circular economy. The Bill must install principles of fairness and care at the heart of our approach to material consumption. However, the draft Bill will not do this. It does not mention just transition or due diligence. This briefing note explains why and how these concepts must be embedded in the Bill.

Why does the Circular Economy Bill need to be fair and just?

An opportunity for decent, green jobs

The circular economy could create many jobs in Scotland, for example through developing reuse and repair opportunities. It is estimated that preventing 10,000 tonnes of waste bound for incineration would lead to the loss of one incineration job and the creation of 386 jobs in circular businesses.¹

The Scottish Government must ensure that these are decent, fair and high-value jobs and support people towards these opportunities. This means investing in training, skills and education, and developing clear pathways which lead people to more circular jobs. One opportunity is to facilitate better gender balance in the circular economy, as only 1 in 4 circular jobs in the UK are held by women, predominantly in low-paid or voluntary roles.²

Bringing equity to waste management

Low-income and other vulnerable groups are disproportionately impacted by poor waste management systems in Scotland. Incinerators are three times more likely to be in poorer areas³ and people in rural areas and tenement properties in Scotland often have poorer access to recycling services. The transition to a circular economy is an opportunity to bring equality to waste management services. To do this, the needs to all citizens must be recognised in the transition. Indeed, this is vital if citizens are expected to play their part – asking people to reuse and recycle more when they do not have access to these services would be an unacceptable failure of government.

Supply chain justice

From toxic mining practices,⁴ to the cruelty of sweat shops and the dumping of waste in our oceans⁵, supply chains cause global harm. The people of Scotland recognise this and so should our policy makers. In April 2024, Friends of the Earth and the Corporate Justice Coalition published polling by YouGov which shows support for due diligence. In Scotland, over 80% of people would support a due diligence law preventing human rights abuses and serious environmental damage.⁶

If the global impacts of Scottish demand are not considered, Scotland cannot create a truly circular economy. Developing a net zero economy within Scotland will be in vain, if this is done at the expense of people in the Global South and rising global emissions and resource extraction.

¹ ReLondon (2022) [The Circular Economy at Work report](#)

² WRAP (2023) <https://wrap.org.uk/media-centre/press-releases/circular-economy-prejudiced>

³ Greenpeace (2020) [Unearthed](#)

⁴ FoES (2023) [Unearthing Injustice https://foe.scot/resource/unearthing-injustice/](https://foe.scot/resource/unearthing-injustice/)

⁵ For example, Friends of the Earth Europe (2021) [The Green Mining Myth](#)

⁶ FOE and CJC (2024) YouGov polling on due diligence support <https://yougov.co.uk/topics/politics/survey-results>

How to make the Bill fair and just

Include just transition and due diligence principles in the CE Bill

The Circular Economy Bill does not mention a just transition or due diligence directly. There is a requirement that the circular economy strategy “must be prepared with a view to achieving consistency, so far as practicable, between the objectives and plans set out in the strategy and the climate change plan prepared under section 35 of the Climate Change (Scotland) Act 2009”. Section 35 requires Scottish Ministers have regard to the principles of just transition and climate justice in their climate plans.

This is insufficient to ensure circular economy developments properly embed these principles. The indirect and caveated language risks these principles being overlooked, as climate justice has largely been in Scottish climate policy to date. Also, the Climate Change Act relates to climate justice, rather than due diligence. Any injustice around materials that does not relate to climate change would be overlooked.

The Bill should be amended to include just transition and due diligence principles. The amendments below have been suggested for inclusion in the Bill:

After 1(2)(c), insert:

“(d) must-

- (i) have regards to the just transition principles as set out in Section 35C of the Climate Change (Scotland) Act,
 - (ii) explain how the proposals and policies set out in the strategy are expected to affect different sectors of the Scottish economy and different regions in Scotland, including how they are expected to affect employment in those sectors and regions,
 - (iii) set out the Scottish Ministers' proposals and policies for supporting the workforce, employers and communities in those sectors and regions.
- (e) sets out an estimate of the costs and benefits associated with the policies set out in the strategy.”

After 1(2)(d) and a new (e):

“(e) must set out human rights and environmental due diligence principles relating to developing a circular economy,
(f) In subsection (2)(e), the “human rights and environmental due diligence principles” is the importance of taking action to prevent, address and remedy social and environmental impacts in the production, distribution, use and disposal of all Scottish consumed goods, products and materials, including those in global supply chains.”

Due diligence reporting for public bodies

Standards of fair supply chain practices are known as **due diligence standards**. Voluntary due diligence standards have failed to protect people and the environment and cannot replace binding, democratically developed legislation with mandatory compliance for organisations. In 2022, the European Commission adopted a proposal on a Corporate Sustainability Due Diligence Directive⁷.

The Circular Economy Bill should require due diligence compliance for all public bodies and encourages the private sector to do the same. An amendment to introduce requirements, through regulations, on public bodies to comply with due diligence standards, as well as guidance and reporting measures, has been suggested for inclusion in the Bill.

Scope three emissions reporting for large companies

Organisational climate emissions are split into three categories. Scope 1 emissions are any emissions that occur onsite, Scope 2 emissions are energy emissions and **Scope 3** are emissions from the rest of the supply chain. All organisations in Scotland are required to report scope 1 and 2 emissions.

Last year, the UK Government called for evidence on Scope 3 emissions reporting in the UK.⁸ The EU Corporate Sustainability Reporting Directive will require large, listed companies to begin reporting Scope 3 emissions in 2025.⁹ **Scotland should keep pace with these developments by including mandatory Scope 3 emissions reporting for large companies in the Circular Economy Bill.**

The focus should be on large companies, which often have the most far reaching and impactful supply chains, as well as the resources to build on their current Scope 1 & 2 carbon accounting and reporting practices rapidly. An amendment to introduce, through regulation, a requirement for large companies to report scope 3 emissions has been suggested for inclusion in the Bill.

⁷ EC (2022) https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en

⁸ UK Government (2023) <https://assets.publishing.service.gov.uk/media/652ea475697260000dccb9db/scope-3-emissions-in-the-uk-reporting-landscape.pdf>

⁹ https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en