



Ecoterms[®] on Circular Economy

Common definitions for business

Version 1.0



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Background

The ICC Ecoterms® project was launched in 2024 to address the lack of universally agreed-upon definitions of the key terms at the intersection of trade and environment. Such terms are increasingly used in international contracts to describe the environmental attributes of goods and services traded across borders in response to various international and national legal requirements and business commitments. Without common definitions and a shared understanding, businesses are exposed to higher supply-chain risks and misunderstandings, while struggling with regulatory fragmentation.

ICC Ecoterms® draw inspiration from [Incoterms® rules](#), created and maintained by the International Chamber of Commerce (ICC), in their objective of providing clarity through a common language for international trade. However, unlike Incoterms® rules, which allocate rights and obligations between buyers and sellers, ICC Ecoterms® do not define contractual responsibilities. Instead, they provide clear, practical definitions of environmental trade-related terms to support consistency, transparency and shared understanding across global supply chains.

Purpose and scope

ICC Ecoterms® aim to provide clarity through a common language and definitions that businesses can use.

Regulatory requirements differ across countries and do not always follow standard definitions like those of ISO. As a result, there may be gaps between the regulatory language and how businesses understand and apply those regulations. ICC Ecoterms® are intended to bridge this gap by providing definitions that are practical and easily understood by businesses.

Use cases

Business scenarios where the use of ICC Ecoterms® will be beneficial include:

- communication of regulatory requirements from the business compliance office to the operations team, which is responsible for ensuring that operational processes comply with applicable regulations for delivery to the customer;
- communication from the compliance office to procurement functions, which liaise with the suppliers and define contracts accordingly;
- communication from the compliance office to sales teams to work with clients and agree contractual terms related to ICC Ecoterms®.

Development and methodology

Overall approach to the ICC Ecoterms® project

Against this background, the ICC Ecoterms® project was designed to establish a common approach to environmental terminology, primarily by adopting and adjusting suitable existing definitions.

At the outset, potential ICC Ecoterms® were clustered into the following four areas:

- i. Circular economy / waste / pollution;
- ii. Environment (general, climate change, nature / biodiversity loss and deforestation);
- iii. Social (including labour and human rights); and
- iv. Governance (corporate responsibility and due diligence).

To operationalise this approach, ICC focused first on the circular economy / waste / pollution cluster, using it as a pilot to test and refine the ICC Ecoterms® methodology before expanding the work to the other clusters.

ICC Ecoterms® will be reviewed and updated periodically to reflect regulatory developments, evolving business practices, and user feedback.

The circular economy cluster

Building on the ICC-EY report, Putting the circular economy into motion, the ICC Ecoterms® on Circular Economy were prepared in four stages:

- i. identification of the first set of relevant key terms in consultation with the ICC Ecoterms® Working Group and ICC Circular Economy Working Group;
- ii. mapping relevant terms and definitions in international standards (relevant ISO standards, the Basel Convention) and in the legislation of selected jurisdictions (Australia, Brazil, Canada, China, European Union, Switzerland and the United States);
- iii. proposing definitions, taking into account, where available, existing definitions; and
- iv. refining the proposed definitions based on the comments received from the ICC Ecoterms® Working Group and the ICC Circular Economy Working Group, as well as broader ICC membership through the ICC Global Trade and Investment Commission, the ICC Global Customs and Trade Facilitation Commission, and the ICC Global Environment and Energy Commission.

The proposed first set of ICC Ecoterms® on Circular Economy is limited to 16 terms with a view to test the feasibility of the approach and of the project as a whole. This set of terms remains a work in progress and will be further developed, improved and expanded as the project evolves.

The initial set of ICC Ecoterms® on Circular Economy comprises the following terms:

<ul style="list-style-type: none">• By-product• Circular economy• Compostable• Construction and demolition waste• Eco-design <p>Alternative terms:</p>	<p>environmentally conscious design or ECD, design for environment or DfE, green design, environmentally sustainable design</p> <ul style="list-style-type: none">• Life cycle• Recyclable batteries• Recycling	<ul style="list-style-type: none">• Secondary raw material <p>Alternative terms: secondary resource, recovered resource</p> <ul style="list-style-type: none">• Waste• Waste batteries• Waste recovery
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Where relevant legal requirements in the field of circular economy exist and affect the use of terminology and definitions in specific commercial situations, such legal requirements will prevail over ICC Ecoterms®. When circular-economy-related terms are used in advertising or marketing communications, users should consult the [ICC Advertising and Marketing Communications Code](#) and the updated [ICC Framework for Responsible Environmental Marketing Communications](#), which provide clear standards and practical advice for environmental claims.

Note for users

ICC Ecoterms® provide standardised definitions of selected trade- and environment-related terms that are increasingly used in commercial contracts, supply-chain communications and internal business processes. Their purpose is to support a common understanding of environmental terminology across global value chains.

ICC Ecoterms® do not create legal obligations, allocate contractual rights or responsibilities or override applicable laws or regulations. Where relevant legal or regulatory requirements apply, including jurisdiction-specific definitions, those requirements prevail.

ICC Ecoterms® are intended to be used as a reference tool by businesses, including compliance, procurement, operations, and sales functions, to support consistent internal and external communication, reduce misunderstandings, and manage supply-chain risks arising from divergent or unclear terminology.

From a policy perspective, ICC Ecoterms® can also serve as a common reference point to support dialogue between policymakers and businesses, and to improve mutual understanding of how environmental terminology is used in commercial practice, including when designing or implementing regulatory frameworks.

ICC Ecoterms® may be incorporated by reference into contracts or other business documents, where appropriate, but users should assess their use in light of applicable law and the specific commercial context.

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Term	Definition
By-product	A substance or object, which is incidentally or not intentionally produced, resulting from a production process of another product.
Circular economy	An economic system that maintains a circular flow of resources, from raw material extraction to recycling, for as long as possible through addition, retention and recovery of their value, while contributing to sustainable development.
Compostable	Organic material that biodegrades in industrially controlled conditions or that is capable of undergoing biological decomposition through aerobic or anaerobic digestion.
Construction and demolition waste	Waste generated by construction, renovation and demolition activities. This includes a wide range of materials such as concrete, wood, metal, glass, bricks, and other construction-related substances that are discarded or left over from construction, renovation and demolition activities.
Eco-design Alternative terms: environmentally conscious design (ECD), design for environment (DfE), green design, environmentally sustainable design	The integration of environmental aspects into product design and development with the aim of improving the environmental performance of the product throughout and beyond its life cycle.
Life cycle	The consecutive and interlinked stages of a product from raw material acquisition or generation, design, production, transportation or delivery, use, reuse, remanufacturing and recycling, to end-of-life final disposal. Within a circular economy, a life cycle can consist of several end of use (e.g. multiple use cycles) that eventually end at the ends of life.
Recyclable batteries	Batteries of any type that can undergo recycling, with a view to obtain/recover products, materials or substances for original or other purposes.
Recycling	Any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes, except reuse and energy recovery.

Term	Definition
Refurbishing	A process by which a product, during its expected service life, is restored to a useful condition for the same purpose and with at least similar quality and performance characteristics. It can include repair, rework, replacement of worn parts, update of software and hardware, but does not cover activities resulting in significant changes of product performances and activities after the expected service life.
Remanufacturing	An industrial process by which a product is returned to a condition equal to or better than its original condition ("as-new") from quality and performance perspective.
Repurposing	The use of a discarded product or its parts for a purpose or application other than they were originally intended for without making major modifications to physical or chemical properties.
Reuse	The use of a product or its component parts after their initial use, without their biological, physical or physical-chemical transformation, except for minor treatment (e.g. cleaning) for the same purpose for which they were originally designed, whether once or multiple times.
Secondary raw material Alternative terms: secondary resource, recovered resource	Materials and resources that have been obtained through recycling or other recovery processes (e.g. waste recovery), have undergone all necessary procedures, and can substitute primary raw materials.
Waste	Any substance or object which the holder discards or intends or is required to discard, unless that substance or object is assigned value based on the need from another interested party (e.g. used goods).
Waste batteries	A battery which the holder discards or intends or is required to discard, and which has not been assigned value based on the need from another interested party (e.g. used batteries). Waste batteries can be recyclable and non-recyclable.
Waste recovery	Process of obtaining useful products, including materials or energy, from solid waste that can replace other materials which would otherwise have been used to fulfil a particular function.

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