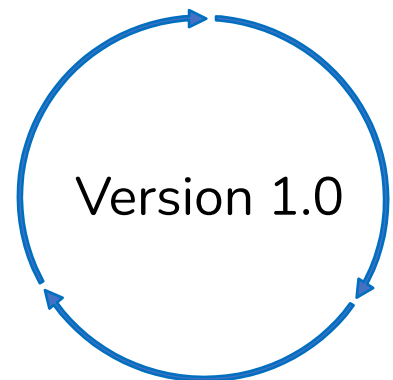




**Terms and Definitions of the  
Voluntary Programme on  
Circular Economy**



## Terms and Definitions of the Voluntary Programme on Circular Economy



## Foreword

The terms and definitions document has been prepared by Basura Cero Global and Cercarbono to facilitate the understanding of the terms or definitions used in the documents produced under their voluntary certification programme on circular economy.

This document is aimed primarily at the clients and users of Cercarbono and Basura Cero Global for the formulation and development of Programmes or Projects on Circular Economy (PMEC) and the issuance and registration of Circular Economy Credits (CEC) in various economic sectors.

For the preparation of this document, the ISO/DIS 59004, ISO 472:2013, ISO 15270:2008, ISO 14006:2011, ISO 14009:2020 standards were consulted, as well as the definitions of the United Nations Framework Convention on Climate Change (UNFCCC), Intergovernmental Panel on Climate Change (IPCC), Environmental Protection Agency (EPA), version 5.0 of the Zero Waste Management System, and the latest version of the Voluntary Programme on Circular Economy Protocol.

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## Abbreviations and acronyms

<b>CEC</b>	Circular Economy Credit
<b>PCEM</b>	Programme or Project on Circular Economy Materials
<b>PDD</b>	Project Description Document
<b>SDGs</b>	Sustainable Development Goals
<b>VPCE</b>	Voluntary Programme on Circular Economy
<b>VVB</b>	Validation and Verification Body

## A

### Accreditation

In the context of the VPCE, a process requested voluntarily by an organization to be accredited as being able to measure the quality of services or products and the performance offered by a specific site, area, or facility; thereby generating recognition or assurance under a programme, standard or regulatory framework.

### Accreditation period

The period during which the materials reduced or recirculated by a PCEM are eligible for the issuance of CECs.

### Additionality

Requirement imposed on PCEM so that, in its absence, the amount of waste would not have been reduced, recycled, or reintroduced into the value chain. The criteria for additionality are described in VPCE methodologies.

### Assurance level

The degree of detail that a VVB uses to determine whether there have been errors, omissions, underestimations, overestimations, or misinterpretations in the validation or verification process of a PCEM. It is the degree of confidence given by the client to the VVB for the PDD or monitoring report.

## B

### Baseline scenario

Hypothetical reference case that best represents the conditions most likely to occur in the absence of a proposed material reduction or recirculation programme or project.

### Biological cycle

Includes food and biomass that feed the system through processes such as composting and anaerobic digestion, with the aim of regenerating living systems that provide renewable resources for the economy. Biological cycle activities are primarily framed within biological recycling, which is a process of transforming waste involving the action of microorganisms or molecules produced by them into usable resources such as compost or biogas.

### **Biological recycling**

Aerobic (composting) or anaerobic (digestion) treatment of biodegradable waste in controlled conditions using microorganisms to produce, in the presence of oxygen, stabilized organic waste, carbon dioxide, and water or, in the absence of oxygen, stabilized waste, methane, carbon dioxide, and water.

### **Biomass**

Biodegradable fraction of products, waste, materials, and biological origin waste from agriculture, including plant and animal substances, forestry and related industries, fishing and aquaculture, as well as the biodegradable fraction of industrial and municipal waste of biological origin.

### **Bundled project**

Projects implemented under one or more methodologies (but without using parts or calculation or monitoring methods of several methodologies for the same programme or project activity), focused on material reduction or recirculation in a specific area or facility and a specific period, structured to allow for the adding of one or more instances of reduction or recirculation activities or their subsequent expansion after the initial validation.

## **C**

### **Capacity increase**

In PCEM, action taken to increase the capacity for recycling or recirculation of materials by adding new generation units to existing plants or facilities.

### **Causal relationship**

In the context of contributions to the SDGs, the link between the SDGs and the PCEM, showing how the impact was achieved.

It is the relationship of the activities that had to be carried out to contribute to each specified SDG.

### **CEC emission**

Credits issued by the VPCE that have been previously validated, verified, and certified.

### **CEC ownership**

Legal right to possess the CECs generated by the PCEM. It is defined in the emission certificates and in the CEC withdrawal certificates.

### **Certification**

In the context of VPCE, the process by which a PCEM is certified to meet the requirements set forth in the voluntary material certification process established in its protocol.

### **Certification programme**

Voluntary national and international system that includes a set of principles and requirements for the formulation, development, validation, and verification of the results in the design and implementation of PCEMs.

### **Certifying user**

In the context of VPCE and EcoRegistry, a user type with the ability to certify the implementation results of a PCEM.

### **Circular economy**

Economic system that uses a systemic approach to maintain a circular flow of resources, recovering, retaining, and adding value while contributing to sustainable development.

### **Circular Economy Credit (CEC)**

Tradable and intangible instrument representing a metric tonne of materials that have been reduced or recycled through a circular economy programme or project and have been verified and certified.

### **Circular economy credit emission certificate**

In the context of VPCE, a document issued by the programme that certifies that a PCEM meets the requirements of the voluntary circular economy certification process. The document lists the Circular Economy Credits (CEC) generated by the programme or project with a unique serial number.

### **Circular economy credit registry**

Physical or virtual place where programmes and projects on circular economy materials, developed under a specific programme or standard, are registered, along with their corresponding emissions, monitoring, transfers, and withdrawals of circular economy credits.

### **Client**

In the context of VPCE, a person or organization that needs to register a PCEM or certify the emission and registration of their CEC. In validation, verification, and certification processes, the client represents the holder of the initiative requesting validation, verification, or certification.

### **Collection**

Logistical process of transporting materials from their origin to the place where they can be recovered or used.

### **Commercializing user**

In the context of VPCE and EcoRegistry, a user type created when opening an account in EcoRegistry, with the authority to buy or sell CECs.

### **Commitment**

In validation and verification processes, it is the agreement (usually specified in the form of a contract) between a VVB and a client, with the terms for performing services, including the requirement that the client must report to the VVB any facts that could affect the validity of an issued opinion.

### **Commitment term**

Agreement between the holder of a PCEM and a VVB to carry out the validation or verification processes.

### **Compensation mechanism**

In the context of VPCE, a system designed to offset the material footprint of a person, entity, or project by financing activities that remove waste from the environment or prevent it from being disposed in landfills or sanitary landfills.



### **Composting**

Process of biochemical degradation of organic waste under aerobic conditions to obtain humus.

### **Conflict of interest**

A situation in which a person or organization is or could be involved in multiple interests, financial or otherwise, and in which serving one interest may involve working against another. Normally, this refers to situations where personal interest leads to decisions and actions in one's own or a third party's favour.

### **Contract**

In the context of VPCE, an agreement or covenant that establishes the conditions for the voluntary circular economy certification service and the holder or representative of the PCEM.

## **D**

### **Developer user**

In the context of VPCE and EcoRegistry, a user type responsible for uploading PCEM design information and supporting documentation to the EcoRegistry platform.

### **Double accounting**

A scenario in which a CEC generated by a PCEM is accounted for separately by two different entities. This also includes double claiming when PCEM activities are used more than once to demonstrate compliance with material circularity objectives.

## **E**

### **Eco-design**

Integration of environmental aspects into the design y development of products, with the aim of reducing negative environmental impacts throughout a product's lifecycle.

### **Electronic signature**

In the context of VPCE and EcoRegistry, authentication parameters (username and password) assigned by EcoRegistry to a specific user, allowing for the identification of the authorship of messages and the data generated or uploaded to the platform.

### **Eligibility**

Determination that a material reduction or recirculation activity complies with the required conditions to be included in a PCEM.

### **Emission factor**

In the context of PCEM, a coefficient that relates specific data of programme or project activities to their respective GHG emissions.

### **Evaluation**

Process that a PCEM undergoes in the validation and verification stages by a VVB.

### **Evidence**

In the context of VPCE, reporting contributions of material reduction or recirculation activities to the Sustainable Development Goals, especially decent work and economic growth, responsible consumption and production, and climate action. Support that shows the reported contributions, either through publicly accessible referenced documents, internal documents, or formal documents issued by third parties.

### **Ex-ante evaluation**

Evaluation of the PCEM design prior to its implementation.

### **Ex-post evaluation**

Evaluation of the ongoing implementation of a PCEM and the monitored results of its activities.

### **External transfer**

Transfer of a CEC from one account in a registry to another.

## F

### **First of its kind**

In the context of VPCE, a PCEM that, due to its characteristics, is considered new or innovative in a specific geographical area.

### **Formal waste sector**

Waste management activities planned, sponsored, financed, performed, regulated, or recognized by local authorities or their agents, usually through contracts, licenses, or concessions.

## G

### **General account user**

In the context of VPCE and EcoRegistry, a user type responsible for PCEM registration and CEC withdrawal. This user type can send and receive CEC transfers.

### **Governance**

All the processes of interaction, whether through laws, standards, power, or language of an organized society over a social system, carried out by the government of a state, by a market, or by a network.

## I

### **Impartiality**

Decisions based on objective evidence obtained through the validation and verification processes that are not influenced by other interests or parties.

### **Independent reviewer**

Competent person who is not a member of the validation or verification team and who reviews the verification or validation activities and conclusions.

### **Informal waste sector**

Individuals or groups of individuals involved in waste management activities but not formally registered and not formally responsible for providing waste management services.

### **Installed capacity**

Potential production or maximum production volume that a particular company or facility can achieve using resources over a specific period.

### **Instance**

In the context of bundled projects, each occurrence in which productive units or participants are added to the projects.

### **L**

### **Leakage**

Any loss of material during the execution of the reduction or recirculation activities of the programme or project compared to the baseline scenario.

### **Legal representative of the PCEM**

Individual who, by legal provision, is responsible for acting on behalf of a PCEM.

### **Lifespan of equipment, machinery, and technology**

Period during which it is expected that equipment, machinery, and technology can fulfil the function for which they were designed or created.

### **Lifespan of the PCEM**

Period during which a PCEM is expected to fulfil the function for which it was created.

### **Local government**

Generic term for the lowest levels of public administration within a specific sovereign state. The level of administration that is both geographically localized and has limited powers.

## M

### Managed sanitary landfill

Type of sanitary landfill that provides controlled waste disposal, with waste directed to specific disposal areas, with a level of collection control and fire control, including at least one of the following: (i) cover material, (ii) mechanical compaction, and (iii) waste levelling. In the context of VPCE, a sanitary landfill that does not meet this definition is considered an unmanaged sanitary landfill.

### Material

Substance or mixture of substances within a product or part of a product.

### Material circularity initiative

Refers to the proposals, actions, procedures, programmes, or projects that are voluntarily developed under the circular economy principles.

### Material offset

Action or activity that compensates for the material footprint. It occurs when an individual or organization, either directly or indirectly (through funding activities elsewhere), removes waste from the environment or prevents it from being disposed of in landfills.

### Mechanical recycling

Physical-mechanical process that adds value household, industrial, commercial, official, and agricultural waste, allowing it to be used to produce new products.

### Methodological tool

In the context of VPCE, a type of module used by a methodology that provides a procedure to perform a specific analysis.

### Methodology

A specific set of criteria and procedures applied to specific activities to quantify, ex-ante and ex-post, the material reduction and recirculation and specify the monitoring procedures and other relevant aspects for the issuance of CECs.

### Misstatement

Error, omission, misstatement, or misrepresentation of an environmental information.

### Monitoring

Set of measurement and control activities that allow for the verifiable quantification and recording of all technical aspects of the PCEM, especially those related to the execution of material reduction and recirculation activities.

### Monitoring report

Document that describes how the program or project has been implemented according to its validated PDD and records data to allow the evaluation of material reduction or recirculation activities generated by the PCEM during a specified period, following the established monitoring plan.

## O

### Open burning

Combustion of unwanted materials, such as paper, wood, plastics, textiles, rubber, used oils, and other waste outdoors (open air) or in open landfills, where smoke and other emissions are released directly into the air without passing through a chimney or duct. This waste management practice is used in many developing countries, while in developed countries, open burning of waste may be strictly regulated or may occur more frequently in rural areas than in urban areas.

## P

### Plastic market

Trading system where governments, companies or individuals can buy or sell Circular Plastic Credits (CPCs), equivalent to a metric tonne of material, to offset their plastic footprint.

### Plastic material

Element or combination of elements that contains a high polymer as an essential ingredient and that, at some stage in its processing into finished products, can be moulded by flow.

### Previous commitment

In validation and verification processes, it is the prior agreement between a VVB and a client, with the terms for performing services. For this, the VVB requests sufficient information from the client to carry out a preliminary review prior to the validation or verification commitment. The previous commitment may include validation, verification, or both.

### Principle

Foundation or rule that allows holders, developers or VVBs to justify or make decisions in unforeseen situations in the formulation, implementation, auditing, and certification of PCEMs.

### Processing/manufacturing plant

Includes industrial processes to transform recyclable materials obtained from the recycling plant into intermediate or finished products.

### Programme activity

In the context of VPCE, a specific set of technologies, measures, and results (described in one or more methodologies) for a specific project, implemented in a coordinated manner, with the common goal of material reduction or recycling.

### Programme or Project on Circular Economy Materials (PCEM)

Implementation of an initiative for the general recovery of products and materials along the value chain with which CECs, that finance environmental reduction and recirculation services, are traded, its purpose is extended to the elimination of waste and pollution, extension of products and materials lifespan, and the regeneration of natural systems.

### **PCEM area**

Geographical extent in which the material reduction or recycling activity is implemented.

### **PCEM developer**

Natural or legal person directly responsible for designing, formulating, implementing, or supervising a PCEM.

### **PCEM duration**

Period during which the PCEM is operational, from the start date to the end date of the last accreditation period.

### **PCEM holder**

Natural or legal person, whether public or private, who has legal representation of a PCEM. In some cases, the proponent or developer of the program or project may act as the holder through a special power of attorney.

### **PCEM operator**

Natural or legal person responsible for the execution of the activities carried out in a PCEM.

### **PCEM start date**

Date on which the first activity of a programme or project leading to material reduction or recycling was implemented or is planned to be implemented.

### **Project activity**

In the context of VPCE, a specific set of technologies, measures, and results (described in a methodology applied to the project) that alter the conditions identified in the baseline scenario and result in material reduction or recycling by the project.

### **Project cycle**

A series of phases that a PCEM goes through, from its conception and design to the attainment of credits.



### **Project description document**

In the context of VPCE, a document that describes a material reduction or recirculation project and how it complies with each requirement of the VPCE Protocol and methodologies used.

### **Project ownership**

Legal right to control and operate the project activity.

### **Project proponent**

Individuals, organizations, or a combination of both that supervise the project's control and commitments and can demonstrate the project ownership.

### **Project scenario**

Hypothetical reference case that best represents the events or conditions of planned activities to be implemented as a material reduction or recirculation programme or project.

### **Project stakeholders**

The various participants in a project.

## **R**

### **Raw material**

Natural resource or energy used as an input in a process or to create a product for the first time.

### **Reasonable assurance**

Level of assurance in which the nature and the scope of the verification activities have been designed to provide a high, but not absolute, level of security in the data and historical information.

### **Recirculation**

Set of activities that includes reuse, repair, restoration, remanufacturing, recovery, and recycling to promote efficiency in the use of materials, extension of their lifespan, and reincorporation in the technological and biological cycle.

## Recover

Separation and treatment of waste to obtain materials that can be reused or recycled.

## Recovered material

Material that has been separated, diverted, or removed from the mixed solid waste stream destined for the final disposal for recycling or used as a substitute for virgin raw materials.

## Recyclability

Ability of components, materials, or both to be separated and reprocessed from products and systems and used again as material input for the same or a different use or function.

## Recycled material

Material transformed in the recycling process that could be used either directly or after additional processing to manufacture other products.

## Recycling

Act of processing a discarded or used product, component, or material for use in a future product, component, or material.

## Recycling facility

Facility used to classify, segregate, process, or treat waste or any other material with the principal goal of recycling or preparing them for reuse.

## Reduction

Set of activities aimed at improving the efficiency of product manufacturing by using less raw material. It directly refers to the activities of rejecting, rethinking, and reducing. It involves designing products with an environmental criterion that seeks to generate less waste, and it is applicable to all raw materials.

## Reject

Eliminate or substitute a resource that is consumed and does not generate value or cannot be recirculated in subsequent processes (e.g., single-use items).

### **Remanufacture**

Process of creating a product as new by disassembling, cleaning, recovering, and replacing worn components before reassembling and testing.

### **Remote audit**

Audit conducted outside the site, area, or facility, and that can be total or partial; it is performed when a physical visit to the site is not possible and technological tools are used for its development.

### **Repair**

Action to restore a product to a condition necessary for the product to function according to its original purpose.

### **Requirement**

In the context of the VPCE, a request established in its protocol or accepted by Cercarbono and Basura Cero Global in the methodologies, which guides the validation and verification processes and supports the certification process.

### **Resource**

In the context of VPCE, it refers to the physical resources such as natural, virgin, recoverable, and recovered resources.

### **Restore**

Restore an element, during its intended service life, to a useful state for the same purpose with quality and performance characteristics at least similar.

### **Rethink**

Application of design with ecological and sustainability criteria, making the use of the resource more intensive (e.g., maintaining in use, extending its lifespan, application of eco-design, sustainable purchases, responsible consumption).

### **Retroactivity period**

In the context of VPCE, maximum period before the registration of the programmes or projects that is allowed as the start of the implementation of materials reduction or recirculation activities to be registered.

## Reuse

Use an object or material again, either for its original or similar purpose, without significantly altering its physical form.

## Risk assessment

Evaluation to identify a misstatement or non-compliance with the criteria by the VVB.

## Risk mitigation

In the context of PCEMs, action taken to contribute to counteract, reduce, or eliminate risk.

## S

### Sanitary landfill

Well-designed and administered facilities for the elimination of solid waste. Sanitary landfills are located, designed, operated, and monitored to ensure compliance with state regulations. The definition covers both landfills at internal sites, where a waste generator conducts its disposal at the generation site, and landfills at external sites.

### Scope of validation and verification

Identification of:

- The statement that is the subject of validation or verification, including its scope.
- The applicable validation or verification programme.
- The standards and other normative documents, including their publication date, in which the statement is validated or verified.

### SDG indicator

Metric that allows to determine the contributions to a specific SDG during the reporting period.

### Serial

Sequential code for the identification and attributes of CECs generated as a result of certification.

### Solid waste

Solid element, material, piece, or product generated in extraction, transformation, manufacturing, or consumption activities that is discarded, is not considered an asset, and loses value to its possessor (an individual, process, or organization), but generates value or utility for another (resource).

### Stakeholder

In the context of PCEM, person or organization that could affect, be affected, or perceive themselves as affected by a decision or action of a programme or project.

### Start date of the accreditation period

Date on which the programme or project activity begins in a particular accreditation period.

### Sustainable development

Practice of maintaining the productivity by substituting used resources with others of equal or greater value without degrading or endangering natural biotic systems.

## T

### Technical expert

Person that provides specific knowledge or experience to the validation, verification, or certification team. A technical expert does not act as a certifier, verifier, or validator in the validation/verification/certification team.

### Technological cycle

Includes activities related to reusing, repairing, restoring, remanufacturing, recovering, and recycling of materials, products, and components with the aim to maintain them intact to preserve the maximum possible value.

### Test

**Statistical.** Technique used to assess the characteristics or elements of a sampled population of data and information against verification and validation criteria.

**Control.** Test conducted by the auditor to obtain evidence that provides reasonable assurance that internal controls established by the audited PCEM are being applied correctly and are effective.

**Analysis.** Detailed study or examination to identify fluctuations or relations that are inconsistent with other relevant information or differ significantly from the expectations.

## U

### Unbundled

A large-scale circular economy program or project that has been divided into smaller distinct parts.

### Uncertainty

Parameter associated with the result of a measurement that characterizes the dispersion of values that could reasonably be attributed to the measured quantity.

### Uncontrolled landfill

Site lacking the necessary technical and administrative conditions for the disposal of solid waste. Such disposal typically occurs in open areas.

## V

### Validation

Systematic, independent, and documented process carried out by a third party to evaluate the design of a PCEM and its baseline scenario according to the selected methodology, the current regulations and legislation, and the process requirements established by the VPCE.

### Validation and verification body

In the context of VPCE, independent entity authorized by the VPCE that performs validation and verification processes of a PCEM as established in the protocol and other regulatory documentation of the programme, as well as the methodology and tools applicable to the initiative.

### **Validation and verification body user**

In the context of VPCE and EcoRegistry, a user type established when opening an account in EcoRegistry, which evaluates and supports the information of the validation or verification process of a PCEM.

### **Validation opinion**

Formal written statement to the intended user on the reasonableness of the assumptions, methods, and limitations used to develop forecasts and projections in the PDD. This opinion supports the validation statement.

### **Validation or verification team**

One or more individuals that perform the activity or process of validation or verification.

### **Validation report**

PDD evaluation document prepared by an authorized validation entity in accordance with the validation process requirements established by the VPCE.

### **Validation statement**

Document issued by an authorized VVB that references the validation report containing a unilateral statement that the VVB has validated the compliance of the PCEM with the requirements of the validation process and has issued a positive or modified opinion.

### **Validator**

A competent and impartial individual from a VPCE-recognized VVB responsible for conducting and reporting on the validation process of a PCEM. This person or the team leader may sign the validation statement.

### **Verification**

Systematic, independent, and documented process carried out by a third party to assess the methodological consistency of the reduction and recirculation actions of the PCEM, as well as the quality and functionality of the monitoring methods in line

with the chosen methodology, current regulations and legislation, and the process requirements set by the VPCE.

### **Verification opinion**

Formal written declaration to the intended user on the reasonableness of the methods and calculations in the monitoring report and the implementation of the project during the monitoring period that supports the verification statement.

### **Verification period**

Period specified in the verification report during which material reduction or recirculation was generated and verified by a verification body.

### **Verification report**

Programme or project implemented activities evaluation document prepared by an authorized verification entity in accordance the verification process requirements established by the VPCE.

### **Verification statement**

Document issued by an authorized VVB that references the verification report containing a unilateral statement that the VVB has verified the compliance of the PCEM with the requirements of the verification process and has issued a positive or modified opinion. In this statement, the VVB must have verified the annual breakdown of material reduction or recycling achieved by the PCEM.

### **Verifier**

Competent and impartial individual from a VVB responsible for carrying out and reporting on the verification process of a PCEM. This person or the team leader may sign the verification statement.

### **Voluntary certification protocol**

Set of requirements that PCEMs must meet to obtain the issuance of CECs through a voluntary certification programme. It defines the general conditions for conducting validation and verification processes, focused on the principles that govern the registration of PCEMs, certification of emissions, and registration of credits.



### **Voluntary circular economy market**

Trading system where individuals or institutions can buy or sell CECs related to material reduction and recirculation activities to remove waste from the environment or prevent it from being disposed in landfills and sanitary landfills.

### **Voluntary Programme on Circular Economy (VPCE)**

International instrument of voluntary certification in which programmes or projects on circular economy that reduce or recirculate materials are certified.

## **W**

### **Waste management**

Activities and actions necessary to manage unwanted or no longer useful materials, from their inception to their final disposal, including their collection, transporting, treatment, and disposal, along with the monitoring and regulation of the management process and related laws, technologies, and economic mechanisms.