The circular economy:
Creating effective business models and supply chains

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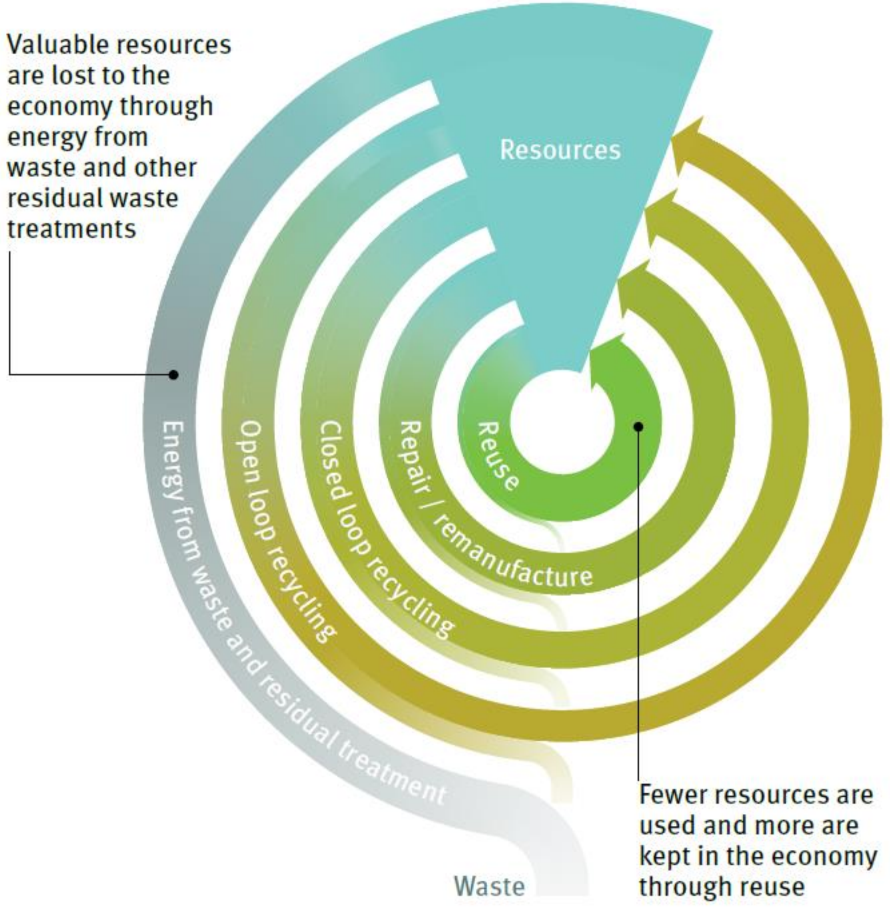
What do we mean by 'circular economy'?:

- Resources kept in highest productive use as long as possible
- Reduction is the bull's eye



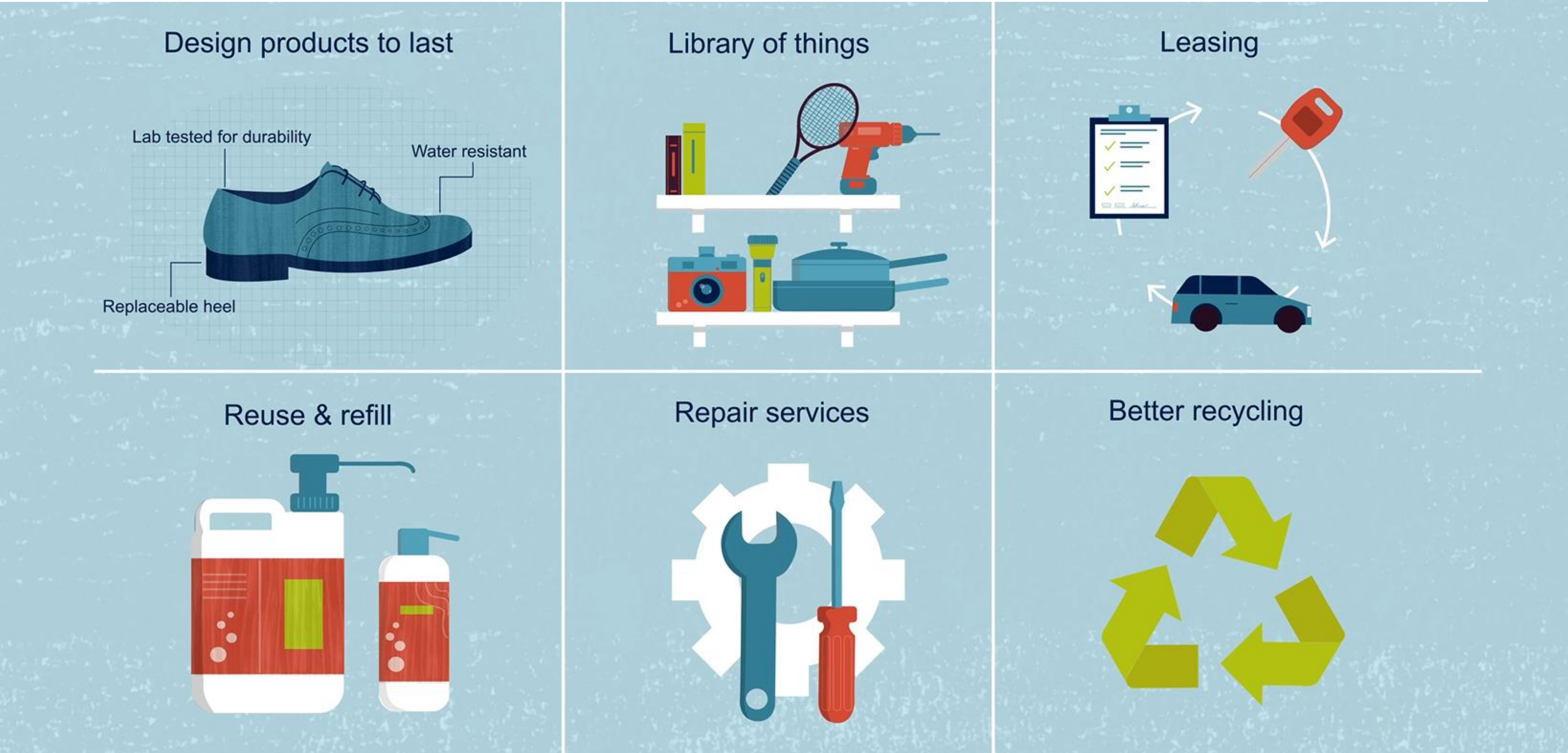
And why do we need it?

Resource use is responsible for:

50% of climate emissions

90% of biodiversity loss

We already have all the solutions



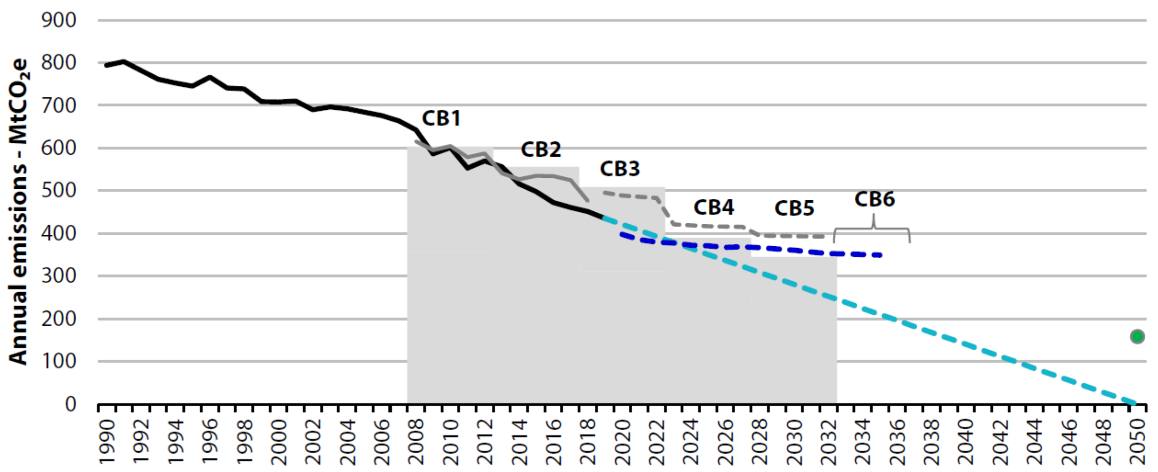
But we lack a clear vision and plan

1. An ambitious target for cutting resource use

2. Plans for specific sectors and materials

3. Binding interim goals

Figure 1.1. Emissions pathways to carbon budgets and the Net Zero target



Source: CCC, 2020, *Reducing UK emissions: progress report to Parliament*

We don’t yet have the right targets…

England’s resources and waste strategy ambitions:

KEY MILESTONES

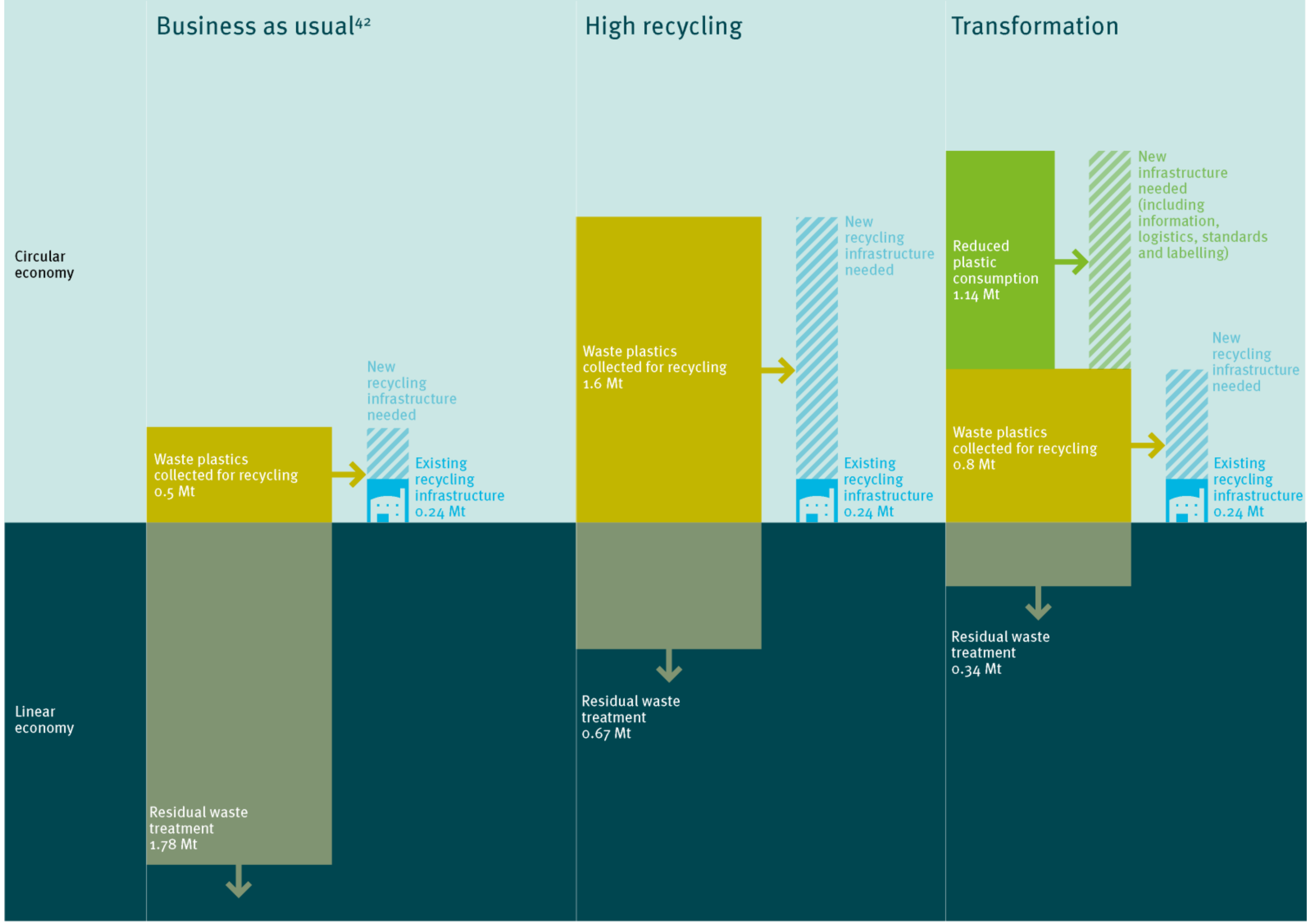
- Double resource productivity by 2050
- Eliminate avoidable waste of all kinds by 2050
- Eliminate avoidable plastic waste over the lifetime of the 25 Year Environment Plan
- Work towards eliminating food waste to landfill by 2030
- Work towards all plastic packaging placed on the market being recyclable, reusable or compostable by 2025

- Additional legally binding targets:
  - 50% household waste recycling by 2020 (missed – 44.4%)
  - 65% municipal waste recycling by 2035
  - waste minimisation through the Environment Act
    - legally binding deadline missed (October 2022)
    - resource efficiency target dropped for now

…and policy development has stalled

- Recycling reforms originally due for 2023 will not happen until late 2024, if at all
- Waste prevention plan, due in 2019, still in draft form

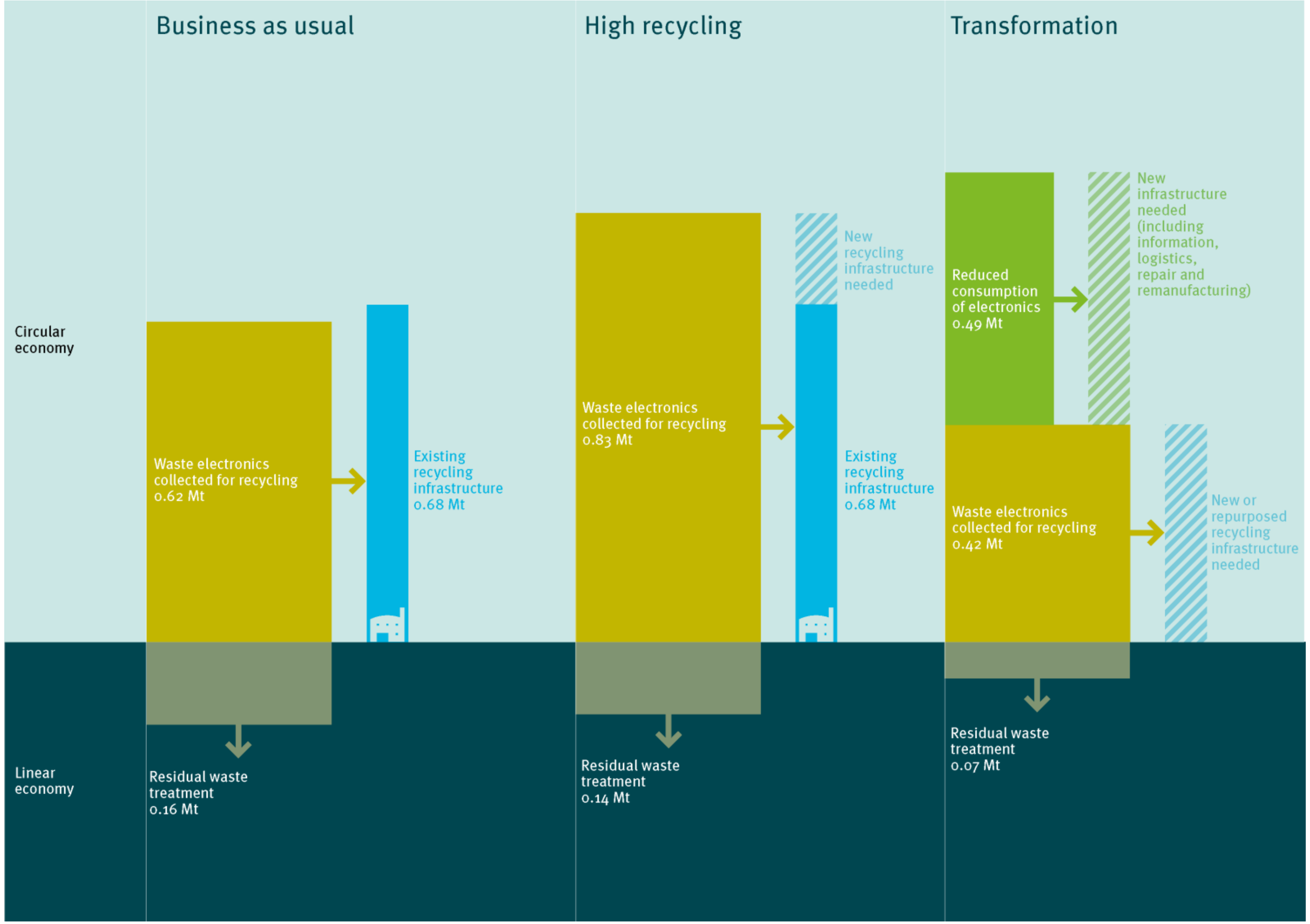
Supply chains/business models are not circular



Plastics require:

- DRS, reorientated for reuse
- Standardised collection
- Standards/labelling
- Refill logistics and infrastructure

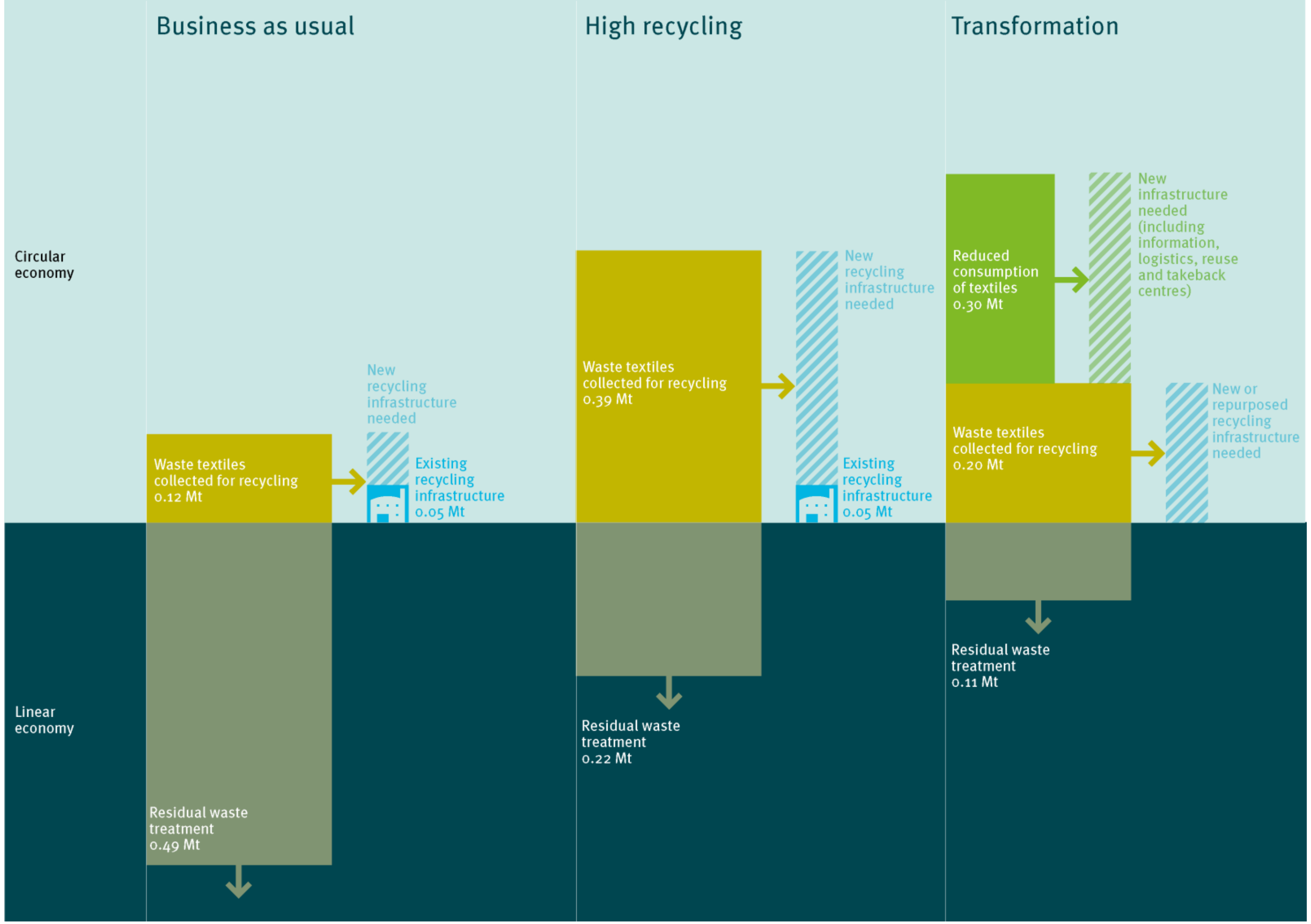
Supply chains/business models are not circular



Electricals require:

- Better product design
- Information, guidelines and education
- Take back centres, special logistics
- Reuse, repair and remanufacturing centres

Supply chains/business models are not circular



Textiles require:

- Information and education
- Reuse and leasing
- Improved take back and leasing

Some businesses are getting on with it...

- Carbon reporting drives circularity
- Firms reducing carbon actively influence clients and suppliers
- There are growth opportunities in circular models, but economic benefits are poorly understood
- Supply chain risks are driving circular business approaches.

Some businesses are getting on with it…

"Our company has targets for cutting emissions so, even for the teams working on the circular economy, carbon is a preoccupation. We use carbon as reason to go further on circularity, and circular materials as a tool to reduce our carbon footprint."
Construction firm

"Resale is growing fast as brands are realising they can monetise existing stock."
Circular fashion services supplier

"Leasing makes our products affordable to businesses who wouldn't have the budget to buy them outright".
Household appliance manufacturer

Some businesses are getting on with it…

"The key is the loyalty that comes with reuse. If a customer returns an item to you, you can guarantee them the same material price for the life of the product and you can sell them recycled product at a discount. At that point no competitor can undercut you."
Circular packaging service supplier

"Supply chain risks and fluctuating costs have strengthened the appeal of takeback and reuse. You can make huge savings in the cost of inputs, as well as in embodied energy."
Construction products supplier

Factors driving more circular models

	Construction products	Electronics	Fashion and textiles
External reporting requirements on carbon			
Internal carbon targets			
Other internal targets on waste and environment			
Commercial concerns about supply chain resilience			
Opportunities for business growth			

How government can help

- Introduce embodied emissions reporting and circular economy statements
- Standardise emissions accounting
- Stimulate circularity through planning rules
- Strengthen reporting requirements for large public contracts

green alliance…

Thank you