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Leading with Integrity

Workshop 5: The Circular Economy

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Today

Topic	Additional Readings
The Circular Economy	Understanding Circular Economy in Retail. Available HERE Finding a Common Language – the circular economy glossary – Ellen MacArthur. Available HERE Why the circular economy is all about retaining value – McKinsey. Available HERE

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Intended Session Learning Outcomes

By the end of this session, you should be able to :

1. Understand the features of the circular economy and its impact on the retail sector.
    - Principles of the Circular Economy
    - Managing the Retail Supply Chain
    - Circular Business Models
    - Innovation in Corporate Sustainability
    - Sustainability In Action



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The Circular Economy

Firstly, Let's CHECK IN...

Please share your understanding of the following questions using the Mentimeter link below:

1. **What word comes to mind when considering the circular economy? (Word Cloud)**
2. **Why did you choose that word? Please share a brief explanation of what it means to you in the context of the circular economy.**





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The Circular Economy

- Definition: A circular economy keeps resources in use for as long as possible, minimising waste and regenerating natural systems.

- Key Benefits:
  - Reduces environmental impact.
  - Promotes sustainable business practices.
  - Generates economic value.



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The Circular Economy....what is it?

Video Link: https://www.youtube.com/watch?v=lhMooyLGWkc

Video Link: https://www.youtube.com/watch?v=L_PcJwF81t8

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Video Review: Circular Economy

After watching Marlene Johler's video on building the circular economy of the future:

1. What was your biggest takeaway or any surprising insights you gained?
2. How do you think these ideas could be applied in our current context?

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Relevance for Retail

- Shifting Consumer Demand
- Mounting Regulatory Pressure
- Emerging Business Opportunities & Investor Focus
- Resource Constraints



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The linear economy is..

- A traditional economic model characterised by a "take-make-dispose" approach. It involves the extraction of raw materials, the production and consumption of goods, and the eventual disposal of products as waste. This system is unidirectional, assuming unlimited resource availability and neglecting sustainability practices such as reuse or recycling.



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Key Features of the Linear Economy

1. Resource Extraction and Production:

- Relies heavily on virgin raw materials, often at the expense of ecosystems.
- Focuses on mass production and efficiency, with minimal consideration for environmental impact.

2. Consumption:

- Products are designed for short-term use, emphasizing low costs and high turnover rates.
- Economic growth is driven by consumer demand but generates significant waste.

3. Disposal:

- Products are discarded after use, typically ending up in landfills or incinerators.
- Waste management is limited, leading to resource wastage and environmental pollution.

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Problems with the Linear Economy

1. Environmental Impact:	• Depletes non-renewable resources and contributes to habitat destruction, biodiversity loss, and pollution. • Generates large amounts of waste, with global waste expected to increase by 70% by 2050.
2. Economic Inefficiency:	• Dependence on finite resources creates vulnerabilities in supply chains. • Short product lifespans lead to increased costs over time due to constant production.
3. Social Inequality:	• Concentrates wealth in specific sectors while neglecting long-term societal benefits

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The circular economy is....

- An alternative economic model designed to address the shortcomings of the traditional linear economy. It focuses on creating a closed-loop system where resources are continuously reused, repurposed, and recycled, minimising waste and environmental impact while regenerating natural systems.



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Core Principles of Circular Economy

1. Eliminating Waste and Pollution:
   - Products are designed to avoid waste generation during their lifecycle.
   - Pollution is reduced by using sustainable materials and renewable energy sources.
2. Keeping Products and Materials in Use:
   - Emphasises reuse, repair, refurbishment, remanufacturing, and recycling to extend the life cycle of products and materials.
   - Waste is transformed into secondary raw materials for new production processes.
3. Regenerating Natural Systems:
   - Ensures that resources used in production contribute positively to ecosystems (e.g., composting organic waste).
   - Encourages practices that restore biodiversity and reduce environmental degradation.

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Examples in Practice in Retail

1. Eliminating Waste and Pollution

2. Keeping Products and Materials in Use

3. Regenerating Natural Systems

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Examples in Practice in Retail

Marks & Spencer’s Launches Clothing Repair Service to give quality clothes ‘Another Life’

Ebay promotes circular fashion with new ‘resell on eBay’ feature.

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Examples in Practice in Retail

TOO GOOD TO WASTE

HOW TO DONATE USING OUR POST-BACK TRIAL

OXFAM

M&S

When you are donating your items, make sure to separate good condition and reusable clothing and textiles from anything damaged or in poor condition. These items can still be donated! Just pop them in a separate bag before they go in the postal bag.

Use the handy guide below to find out which of your donations go in each bag...

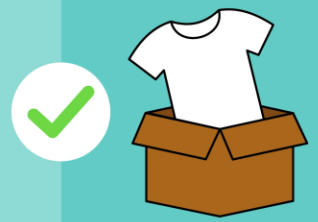
POSTAL BAG

'WEARABLE' CLOTHES & TEXTILES

Clothes and textiles that are no longer wanted but could be worn by someone else.

STILL NOT SURE? ARE THEY:

Clean, dry, in good condition, ready to wear.



SEPARATE BAG

'UNWEARABLE' CLOTHES & TEXTILES

Clothes and textiles that can't be worn or used again but could be recycled, or used to help mend something else.

STILL NOT SURE? ARE THEY:

Torn, stained, marked, stretched, shrunk, damaged, broken.



NOT FOR DONATION

WASTE/CONTAMINATED TEXTILES

Clothes or non - clothing items that are soiled (dirty, wet, contaminated) and could contaminate other textiles and prevent them from being reused and recycled.



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Transforming how we Obtain, Use and Reuse our Planets Resources.

What is your Retail Store Doing?



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Mapping the Journey: Linear vs Circular Product Lifecyle

Map the **Linear Journey** of a Coffee Machine

And identify the **Circular Pathways**



See Activity Handout 5.1: Mapping the Journey

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Key Features of the Circular Economy: Circularising the Retail Supply Chain

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Closed-Loop System: Resources are cycled back into production rather than discarded as waste.



Renewable Energy: Transitioning to energy sources that do not deplete finite resources.



Design-Based Approach: Products are created with modularity and durability to facilitate repair, reuse, or recycling.

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Business Models

Business Model	Primary Goal	Ownership	Revenue Stream	Key Operational Needs	Key Challenges	Retail Examples
PaaS/ Subscription	Access to Function/ Outcome	Provider	Subscription/ Usage Fee	Asset Management , Maintenance, Repair, Reverse Logistics	Investment, Pricing, Logistics, Customer Acceptance, Service Quality	Philips Lighting,
Rental/ Leasing	Temporary Access/ Variety	Provider	Rental Fee	Inventory Mgmt, Logistics (Delivery/ Return), Cleaning, Repair	Logistics, Damage, Quality Maintenance, Pricing, Seasonality (Fashion)	Rent the Runway, Home Depot (Tools), IKEA

Business Models (Continuted)

Business Model	Primary Goal	Ownership	Revenue Stream	Key Operational Needs	Key Challenges	Retail Examples
Resale/ Recommerce	Lifecycle Extension / Access	Customer/ Platform	Commission/ Margin/ Listing Fee	Authentication, Quality Control, Logistics, Platform Mgmt	Authentication, Logistics, Quality, Pricing, Cannibalization, Trust	Patagonia Worn Wear, Apple Refurb, IKEA Buyback
Repair/ Refurbish	Lifecycle Extension / Durability	Customer/ Provider	Service Fee/ Margin (Refurbished)	Repair Skills/Parts, Logistics, Quality Control (Refurb)	Cost vs. Replacement, Skills Gap, Parts Availability, Logistics	Patagonia Repairs, Apple Repairs

Sustainability in Action



Sustainability in Action (Continued)

Retailer	Sector	Key Circular Models Used	Key Innovations/ Strategies	Notable Challenges	Key Results/Impacts
IKEA	Furniture/ Home Goods	Buy-back/Resale, Repair (Spare Parts), Design for Disassembly	Renewable/ Recycled Materials Goal, Democratic Design Integration, Exploring Leasing	Scaling Buy-back, Improving Recycling Rate	High % Sustainable Materials, Growth w/ Footprint Reduction
H&M Group	Fashion	Take-back/Recycling, Resale (Sellpy), Rental (Pilots)	Sustainable Materials Targets, Investment in Recycling Tech, Supply Chain Decarbonization	Greenwashing Claims, Fast Fashion Conflict, Scope 3 Emissions	High % Sustainable Materials, Scope 1/2 Reductions

Sustainability in Action (Continued)

Retailer	Sector	Key Circular Models Used	Key Innovations/Strategies	Notable Challenges	Key Results/ Impacts
Apple	Electronics	Trade-in/Refurbishment, Recycling, Design for Durability	Recycled Material Use (Rare Earths, etc.), Supplier Clean Energy, Disassembly Robots (Daisy)	E-waste Volume, Recycling Complexity, Global Supply Chain	Significant CO2e Reductions, High Recycled Content, Reuse Volume
L'Occitane	Beauty/ Wellness	Refills, In-store Recycling, Sustainable Sourcing	Biodiversity Focus, Agroecology, Eco-Design Formulas/Packaging, B Corp Certification	Ingredient Traceability, Scaling Refills	B Corp Status, High Renewable Electricity Use
Adidas	Sportswear	Recycled Materials Use, Design for Circularity, Resale	Three-Loop Strategy, Parley Ocean Plastic, Futurecraft Loop	Scaling Closed-Loop Footwear, Performance Balance	Leader in Recycled Polyester, Innovative

Key Take Aways

Despite the clear benefits, the transition to a circular economy is not without significant challenges for retailers:

- **Cost**
- **Logistics Complexity**
- **Consumer Behaviour**
- **Supply Chain Integration**
- **Technology & Data**
- **Policy & Regulation**
- **Ethical Considerations**



Actionable Steps for Retailers

1. Assess & Strategise
2. Start Small & Pilot
3. Prioritise Design
4. Build Partnerships
5. Invest in Technology & Data
6. Engage Consumers
7. Foster Ethical & Empathetic Leadership



Reflect as you go....

- Thinking about your current role or retail environment, what is **one practical change** you could champion or implement within your team or store this month to move towards greater circularity?



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