

5 principles to create value from circularity

How businesses can make circularity
work profitably

Sancroft.

Introduction

Circularity is often talked about, but less often successfully implemented. While over 70% of companies include the circular economy in their strategies¹, progress on delivery remains limited. Recent research shows that just 7.2% of the global economy is circular, down from 9.1% in 2018².

While some organisations are emerging that embed circularity in their thinking from the outset, most still approach it as a siloed project focused on recycling, waste diversion, or adapting packaging rather than a set of principles that drive value.

This is a missed opportunity.

Circularity is not merely an environmental issue. As resource volatility increases, regulation tightens and investors demand greater transparency, the ability to keep materials and products in use by design is becoming central to business resilience, efficiency and growth.

The World Economic Forum has highlighted the scale of the potential, indicating circular economy strategies could generate

up to \$4.5 trillion in economic benefits globally by 2030³.

For individual companies, the prize includes better control over input costs and resource availability, creating new revenue streams, and increasing profitability.

This report explores how organisations unlock that value. Based on our work with clients across sectors, plus consultation with industry experts, we outline five core principles that help businesses move from one-off projects to enterprise-wide advantage.

These are not abstract ideas. They are actionable shifts in mindset, design, operations, and governance that make circularity commercially meaningful.

We're grateful to the following for their insights and contributions:

Amir Afshar, Co-Founder, Shellworks

Guy Wakeley, Chief Executive, Reconomy

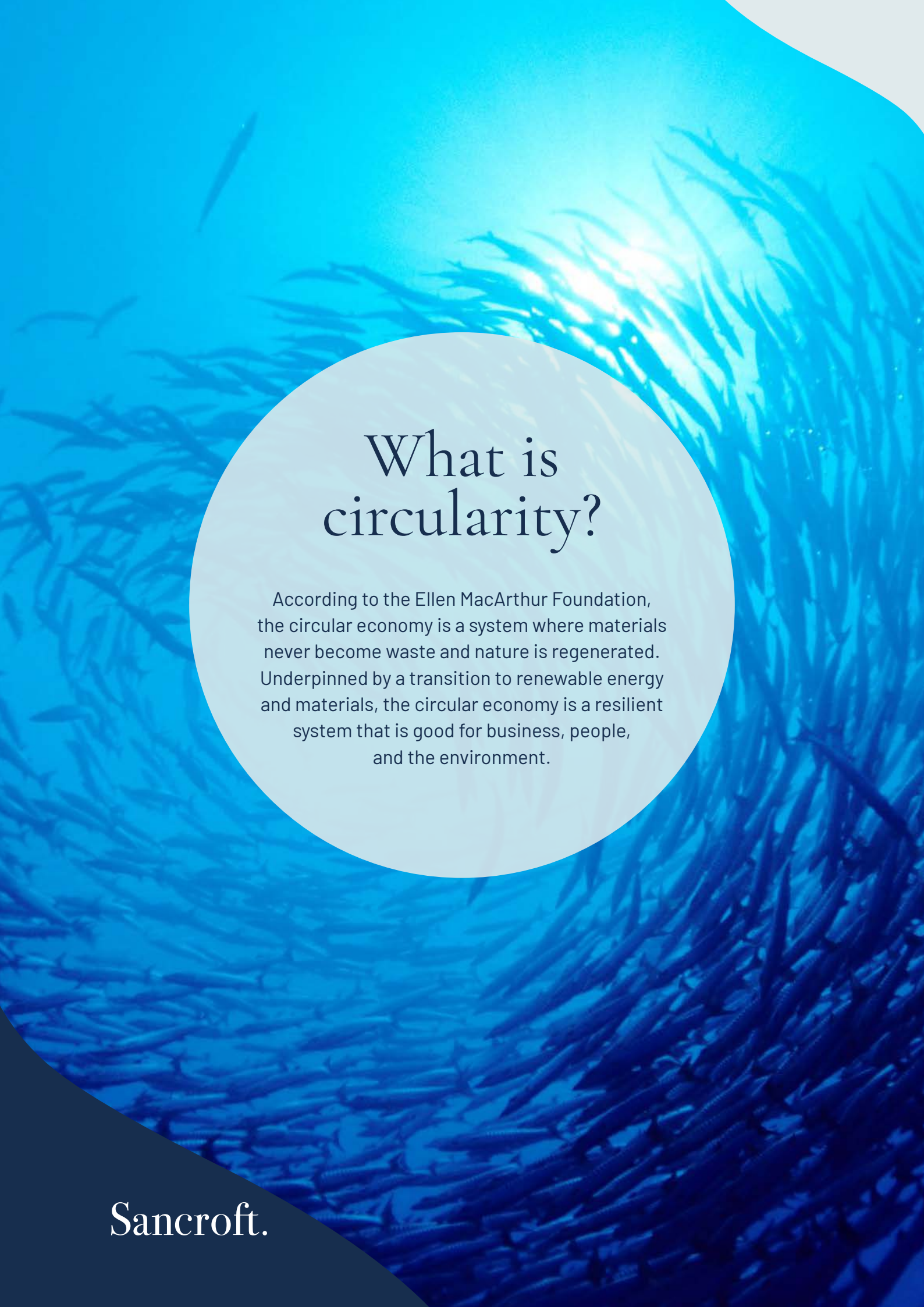
Lynne Walker, Director of Primark Cares

Victoria Brownlie MBE, Chief Policy and Sustainability Officer, British Beauty Council

¹ Capgemini Research Institute, 2022

² Circle Economy Circularity Gap Report 2024

³ World Economic Forum, Making the \$4.5 trillion circular economy opportunity a reality, 2025



What is circularity?

According to the Ellen MacArthur Foundation, the circular economy is a system where materials never become waste and nature is regenerated. Underpinned by a transition to renewable energy and materials, the circular economy is a resilient system that is good for business, people, and the environment.



From end-of-life to strategic design

Circularity is too often treated as an afterthought. Something to be addressed at the end of a product's life through tackling inefficiencies in recycling systems, or introducing take-back schemes. While these are important, they miss the far greater opportunity that lies upstream: in the design phase.

Around 80% of a product's environmental impact is locked in at the design stage⁴. This is also where you can most easily define long-term costs, material dependencies and potential for value generation. Businesses that prioritise maintenance, reuse, refurbishment, remanufacture and recycling don't just reduce waste; they also decouple economic growth from the consumption of finite resources, unlock new revenue models and can deepen customer engagement.

Designing for disassembly, for instance, opens the door to refurbishment pathways that extend a product's lifecycle across multiple users. Standardising components cuts inventory complexity and enables faster, more affordable repairs or upgrades.

The value of this approach is multifaceted: it reduces material and production costs through smarter product development; creates repeatable revenue streams from repairs and reuse; and drives customer retention by enabling service-based offerings.

But none of this happens by accident. It requires embedding sustainability criteria into core functions, from design to engineering, through to procurement and marketing. And also, reimagining circularity as a catalyst for innovation, not a compliance requirement.

On another level, new materials are emerging that are designed from the outset to eliminate end-of-life ambiguity. For example, products from Shellworks behave like plastic during use but with radically different outcomes after disposal. These materials are home-compostable, microplastic-free and safe for general waste or recycling streams, largely removing the burden of disposal choices from consumers, but with the option to dispose responsibly still there. Organisations that take this path should have ongoing consumer engagement and communication to mark them out as different to competitors from the outset. The key takeaway is that circularity should be addressed at the design stage, redefining what sustainable materials can be.

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If it can't be recycled, then let's rethink the material from the start. Designing products that don't rely on complex disposal systems makes circularity much more achievable.

AMIR AFSHAR, CO-FOUNDER, SHELLWORKS

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Principles, not projects

Circularity often begins with good intentions but limited scope: a reuse pilot, increasing recycled packaging on individual SKUs or localised refill projects in distinct regions. These projects will generate learnings, but without wider operational integration, they rarely scale or create lasting impact.

To drive real value, circularity must evolve into a shared business principle, one that informs decisions at every stage, from sourcing and design to distribution and end-of-life. This means aligning circular goals with broader organisational aims such as cost efficiency, innovation, or supply chain resilience. When this happens, circularity becomes a strategic enabler rather than a siloed experiment.

The payoff can be significant. With materials accounting for as much as half of production costs, even small gains in resource efficiency can unlock major savings and reduce exposure to volatile inputs. A unified, principle-based approach also minimises duplication, and accelerates learning across teams. It's not just about using less. It's about doing better, together.

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To scale circularity across a business of our size, you need more than ambition. You need consistent standards that everyone can follow. Our Circular Product Standard is an evolving set of circular design principles that we developed in 2023, and acts as a guide for our product teams to design and make more of our products with the future in mind.

LYNNE WALKER, DIRECTOR OF PRIMARK CARES

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Circularity as first mover advantage

Circularity is no longer just about sustainability, it's now presented as a commercial advantage. When implemented effectively, circular business models can improve margins, enhance market differentiation and generate new revenue streams.

Circular approaches have already demonstrated improved profitability in sectors such as construction and retail. In housebuilding, for example, waste intensity metrics and reuse protocols have helped reduce landfill waste from over 50% to less than 3%, cutting disposal costs and increasing asset value⁶.

Models such as product-as-a-service, subscription access, leasing, refurbishment and incentivised take-back all enable companies to monetise value beyond the first sale. These approaches also help reduce exposure to volatile commodity markets and material scarcity by limiting reliance on virgin inputs. At the same time, transparent circular initiatives resonate

with customers and investors seeking tangible evidence of sustainability.

The regulatory tide is turning too. Circular policies are favouring businesses that act early. Those that position themselves as leaders in circular design and delivery are more likely to access finance, meet procurement criteria and shape emerging standards.

This creates a triple advantage: stronger top-line growth through new offerings, deeper brand trust through visible sustainability and a head start in markets shaped by circular regulation. Circularity, when treated strategically, isn't just efficient and good for the planet, it's transformative.

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Circular models don't just reduce waste, they improve margins and create competitive advantage. More circular processes often turn out to be more profitable, for us and for our customers.

GUY WAKELEY, CHIEF EXECUTIVE, RECONOMY

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Standards and KPIs

Without clear metrics, circularity risks remaining vague and hard to manage. Effective measurement turns goals into action, revealing where value is lost and where it can be recovered.

Metrics such as waste intensity per product, per site, or per home built help organisations benchmark performance and identify priority areas for intervention. Tracking circularity across different material streams allows companies to target improvements that move waste up the hierarchy.

Metrics help companies track material efficiency, identify underused assets and understand where product failures or waste occur. Tools such as the Digital Product Passport, lifecycle assessment data and material flow analysis are making these insights more precise.

A shift in mindset is also required. For many businesses, sustainability targets often focus on carbon reduction. Circularity demands a broader view of resource flows, material use and product lifespan. Internally, this means the most useful indicators are those that tie circular performance to business outcomes: cost savings, risk mitigation, revenue generation and stakeholder engagement.

Done right, measurement goes beyond compliance to become a decision-making tool. It guides investment, signals where to intervene and enables clear communication of progress to regulators, partners and customers. As the maxim goes, what gets measured gets managed. In the context of circularity, it's what sustains momentum and sharpens strategy.

In sectors like grocery retail, data tracking at scale, covering packaging flows across tens of millions of products has enabled suppliers to redesign packaging and reduce environmental and cost impacts. In construction, metrics tied to waste reduction and reuse have become standard components of client sustainability reports and procurement practices.

When businesses define and track circular KPIs consistently, they earn greater investor trust, make smarter decisions and drive meaningful accountability. This isn't about knowing where you are. It's about knowing where you're going, and how to get there.



Collaboration as a driver of organisational and systemic change

Circularity challenges cut across functions by nature. Waste in manufacturing may originate from decisions made in product design. Customer returns may be handled by logistics, but stem from unclear instructions provided to consumers or product failure.

Companies that lead in circular transformation create cross-functional teams that break down silos and build shared ownership. They connect procurement with product design, sustainability with operations, and marketing with legal teams. This ensures everyone is part of the same system, working toward the same goals. These teams are empowered with shared KPIs, accessible data, and a focus on collective impact rather than departmental wins.

But this level of integration cannot stop at the organisational boundary. True transformation requires sector-wide collaboration: between manufacturers and recyclers, between retailers and suppliers, and between compliance experts and policymakers. At Sancroft, we recently partnered with

Reconomy on an engagement-led project designed to bring industry and government together around 10 common principles. The ultimate goal of these principles is to help move the entire UK waste system toward better circular outcomes⁷.

By pursuing shared goals and codifying learnings into sector frameworks, organisations can accelerate impact and reduce duplication. This is essential, because waste and resource challenges are not company-specific or even country-specific. They are global issues that demand shared responsibility, aligned incentives, and cross-sector leadership. It's only by working together that we'll achieve circularity at the scale the planet needs.

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Circularity isn't a company issue, it's a national and global challenge that demands collaboration. Only by working together can we build scalable, affordable circular systems. If we get this right in the UK, it's an opportunity for the country as a whole to lead.

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VICTORIA BROWNIE MBE, CHIEF POLICY AND SUSTAINABILITY OFFICER, BRITISH BEAUTY COUNCIL

Making circularity work for your business

Circularity isn't a side project, it's a business strategy. But making it profitable requires concerted and coordinated effort. It demands coherence between design, operations, strategy and measurement.

The five principles outlined in this report offer a pathway to unlock real commercial benefit. The opportunity exists, too, for organisations to collaborate with each other and government to create solutions, services and processes that could boost the national economy as a whole.

At Sancroft, we work with companies to build this alignment. We help translate circular ambition into strategy, and strategy

into action. Whether it's designing KPIs, running cross-functional workshops, or identifying where circularity can create margin, our goal is the same: to help you find the version of circularity that works for your business.

The opportunity is not just to reduce waste, or harmful impact on the planet. It's to build smarter, more resilient and more valuable businesses.

If you want to rethink your approach to circularity, contact us at **hello@sancroft.com**.

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About Sancroft

Sancroft is a leading sustainability consultancy founded and chaired by Lord Deben. We help businesses turn environmental and social risk into resilience, strategy, and leadership, through expert advice, practical frameworks, and long-term partnerships.

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