

Why Businesses Must Lead the Charge in Advancing the Circular Economy

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As the global economy increasingly embraces sustainable models, the circular economy is emerging as a critical framework for reducing waste and enhancing resource efficiency. The Circularity Gap Report 2024 indicates that the circular economy is anticipated to create nearly 2 million jobs and grow into a \$2-3 billion market in the near future.

The discussion surrounding the concept has surged, with the volume of related debates and articles tripling over the past five years. However, despite this increased attention, global circularity continues to decline as consumption rates accelerate.

Individual businesses' efforts are not enough to drive substantial change. The Ellen MacArthur Foundation has highlighted several major businesses that are pioneering efforts in the circular economy by developing products and services designed to support this transition.

Related: [How to Eliminate Waste by Creating a Circular Economy](#)

However, to truly advance the circular economy on a societal, national and global level, businesses must adopt innovative practices aligned with national policies, actively participate in setting industry standards and foster cross-sector collaboration.

By embracing these strategies, businesses can play a pivotal

role in transforming industries and creating a sustainable future.

1. Innovating to align with green policies

Governments worldwide are increasingly implementing green policies aimed at balancing economic growth with sustainability. Businesses must respond proactively by innovating in marketing, technology and product development to align with these policies.

Complying with governmental green initiatives not only contributes to environmental sustainability but also offers economic benefits, such as cost savings and enhanced brand reputation.

Major automakers such as Tesla, Volvo and Volkswagen are implementing gig casting, a large-scale high-pressure die-casting (HPDC) method, to maintain their competitiveness under the EU Carbon Border Adjustment Mechanism (CABM) while simultaneously achieving carbon emission goals to reduce climate impact. This innovative approach enables the production of lightweight vehicles while significantly reducing assembly costs.

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2. Industry standardization

As the importance of fostering a circular economy gradually increases, businesses worldwide are increasingly recognizing the value of adopting industry standards that promote sustainability and resource efficiency. Standardization drives industry-wide change by streamlining processes and ensuring consistency and quality by establishing unified guidelines and

protocols within an industry. By engaging in these industry standardizations, businesses demonstrate a commitment to sustainability that can inspire other businesses to follow suit, fostering a global movement towards a more sustainable and resource-efficient future.

A prime example of this is the LEED (Leadership in Energy and Environmental Design) certification, a prestigious green building rating system that evaluates sustainable practices in the design, construction, operation and maintenance of buildings, aiming to enhance energy efficiency and utilization of sustainable materials. Buildings of esteemed organizations such as the Times Square Tower in New York, the Bank of America Headquarters and the Apple Headquarters exemplify the integration of LEED standards, leading the way to accelerate the adoption of green building standards worldwide.

Similarly, NYSE-listed recycler ATRenew, China's largest secondhand electronics recycling platform, has been actively engaged in contributing to the development and adoption of unified standards for the inspection and grading of used electronic devices. By setting benchmarks for quality and operational procedures in the second-hand electronics recycling industry, ATRenew is enabling more players to enter the sector, thereby helping to mitigate the e-waste crisis.

Related: [How to Unlock Your Company's Value in the 'Circular Economy'](#)

3. Collective strength

Businesses contribute to circular economy development through individual initiatives, alliances and partnerships formed to cultivate best practices. While individual initiatives are important, businesses can significantly amplify their impact by forming alliances and partnerships across sectors, organizations and countries. Collaborative endeavors across sectors, organizations and countries could harness concerted

expertise to amplify the impact of sustainability initiatives across industries. Becoming part of these networks enables businesses to yield leadership in relevant agendas and gain access to the support and resources needed.

The Global Plastics Action Partnership (GPAP) is a notable example. It unites diverse parties and stakeholders, such as the governments of the UK and Canada, businesses like Nestlé, Unilever, Coca-Cola, Nike and Morgan Stanley, and non-profits such as the World Bank, UNEP and WWF, aiming to promote reusable and biodegradable plastics and enhance plastic recovery and recycling efforts.

This collaborative approach has yielded many successful projects across Asia, Africa and the Americas. By pooling resources and expertise, these collaborations address plastic pollution and set a precedent for future industry-wide sustainability initiatives.

Businesses should fully acknowledge their pivotal role in the circular economy. Innovative steps to comply with national green policies and global green policy trends drive changes that align with environmental goals, industry standards serve as basic guidelines for actual changes to be implemented, while sharing expertise and experience with diverse bodies maximizes the impact of these changes. By doing so, they ensure their long-term benefits and growth and generate positive impacts on society and the environment, collectively advancing the goal of a more sustainable future.

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