

CHALLENGES & HURDLES IN IMPLEMENTING CIRCULARITY

Successful implementation requires a broader perspective ...



Implementation challenges & hurdles in standard circularity approaches ...

- **To a large degree driven by physical climate considerations** – neglecting standard day-to-day management routines
- **Disregard or neglect ...**
 - **Trade-offs and conflicts** of CE measures with financial performance
 - **Transformational journey(s)** required innovating the business and “maintaining the license to play”
 - **Organisational implications** for transitioning towards a **sustainable AND profitable** business
 - **Learnings how to improve a companies' operational performance** – in this case “**sustainable profitability**” and **increase resilience**
 - **Implications on performance management** and alignment of incentives

... do not factor in the impact on financials or facilitate alternative thinking how to monetize “sustainability”

Circularity should not only address climate BUT ALSO financial performance ...

„**CIRCULARITY-2-PERFORMANCE**” (C2P)
approach

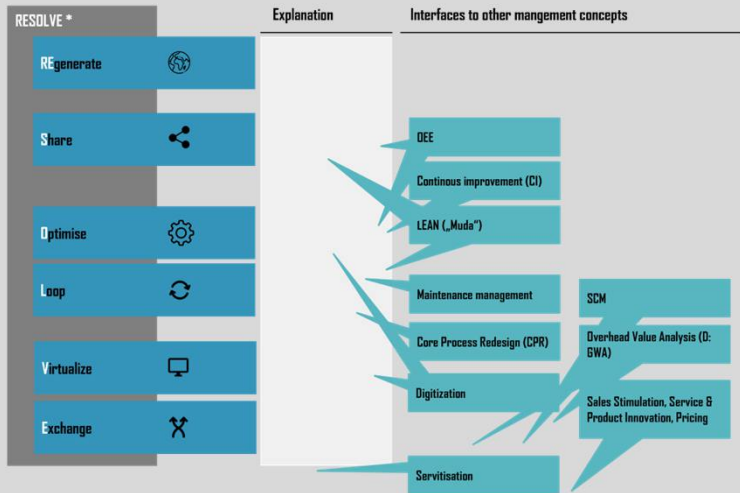
... integrated into robust implementation planning

*see one-page aggregator
(next exhibit)*

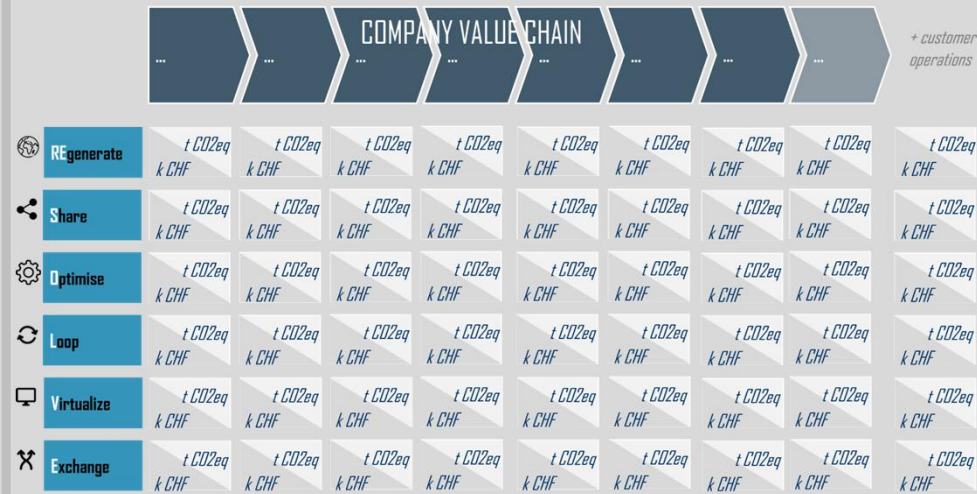
MANAGING “CIRCULARITY-2-PERFORMANCE” (C2P) ... in support of a future-proof sustainable profitable business



Identify circularity levers, ...



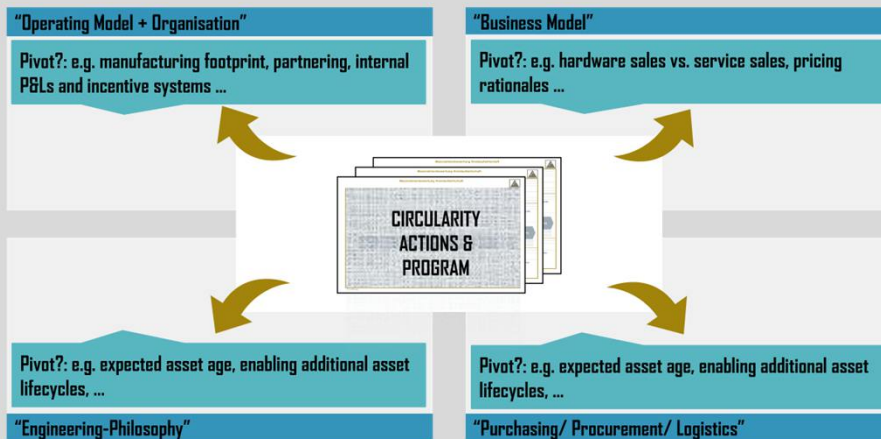
... evaluate climate and financial implications across the value chain ...



Benefits

- Resolves conflicts between climate & financial targets
- Tangible & traceable
- Helps to identify new profits pools
- Facilitates organizational alignments
- ...

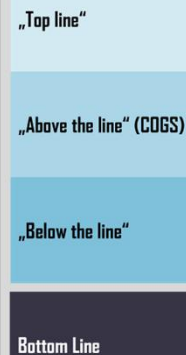
... pivot towards future-proof sustainable business ...



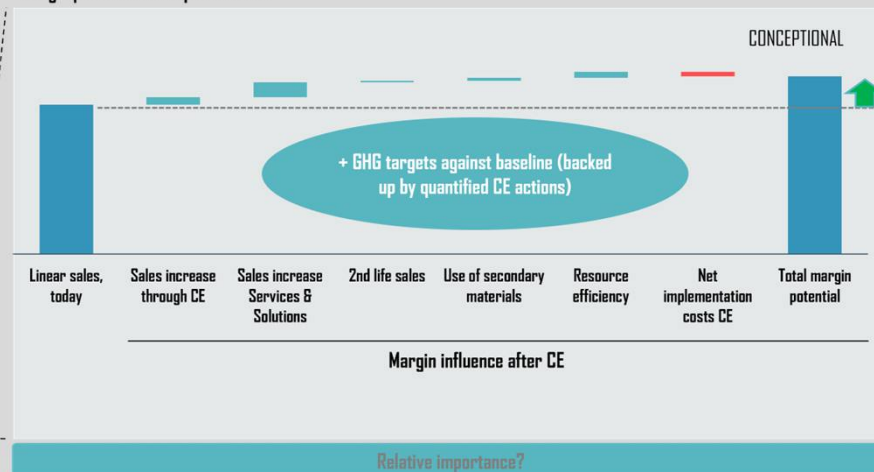
Source: *Ellen MacArthur Foundation, Silverbergh
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... tying actions to sustainability and financial targets

P&L dimensions



Margin potential and improvements



PERFORMANCE OVER TIME

Initiation and continuous transformation



Climate performance
Financial performance

