

Circularity Innovation Keynote

CE Implementation Reflections & the Edge Impact (CEP3) tool

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Prepared for:



About Edge Impact

Science. Strategy.
Storytelling.

We combine science, strategy and storytelling to help our clients deliver positive global impact. No matter what they want to achieve, or where they're starting from.

Science allows for robust data and evidence, strategy for a plan that works and storytelling to inspire and drive action.

It's this unique combination that sets us apart. It's the Edge way.



Agenda

CE implementation: current trends

CE implementation: gap analysis

Effective implementation: theory of change

Stakeholder Engagement to unlock results

Edge Impact's CEP3 Tool: the Circular Economy,
Procurement & Scope 3 Rapid Assessment Tool

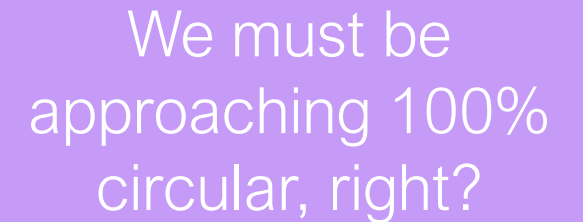


Circular Economy growth

Australian & New Zealand Advisory Services perspective.

We are seeing:

- new circular products and services are being introduced to the market
- An increase in level of public interest and engagement
- An increase in CE policy considerations (public and private sector)
- An increase in CE advisory services (>10% growth projected)
- An increase in University graduates with CE training
- An increase in Marketing related to CE benefits

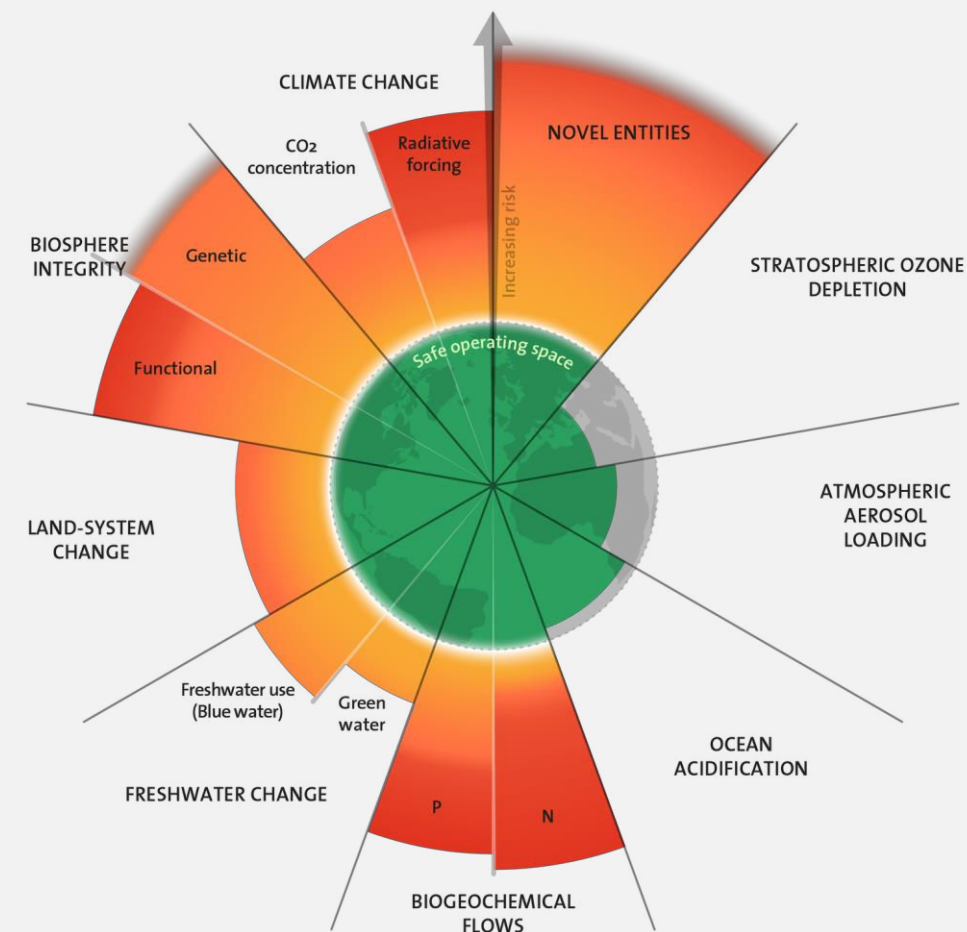


We must be
approaching 100%
circular, right?

Globally, we are getting worse at circularity

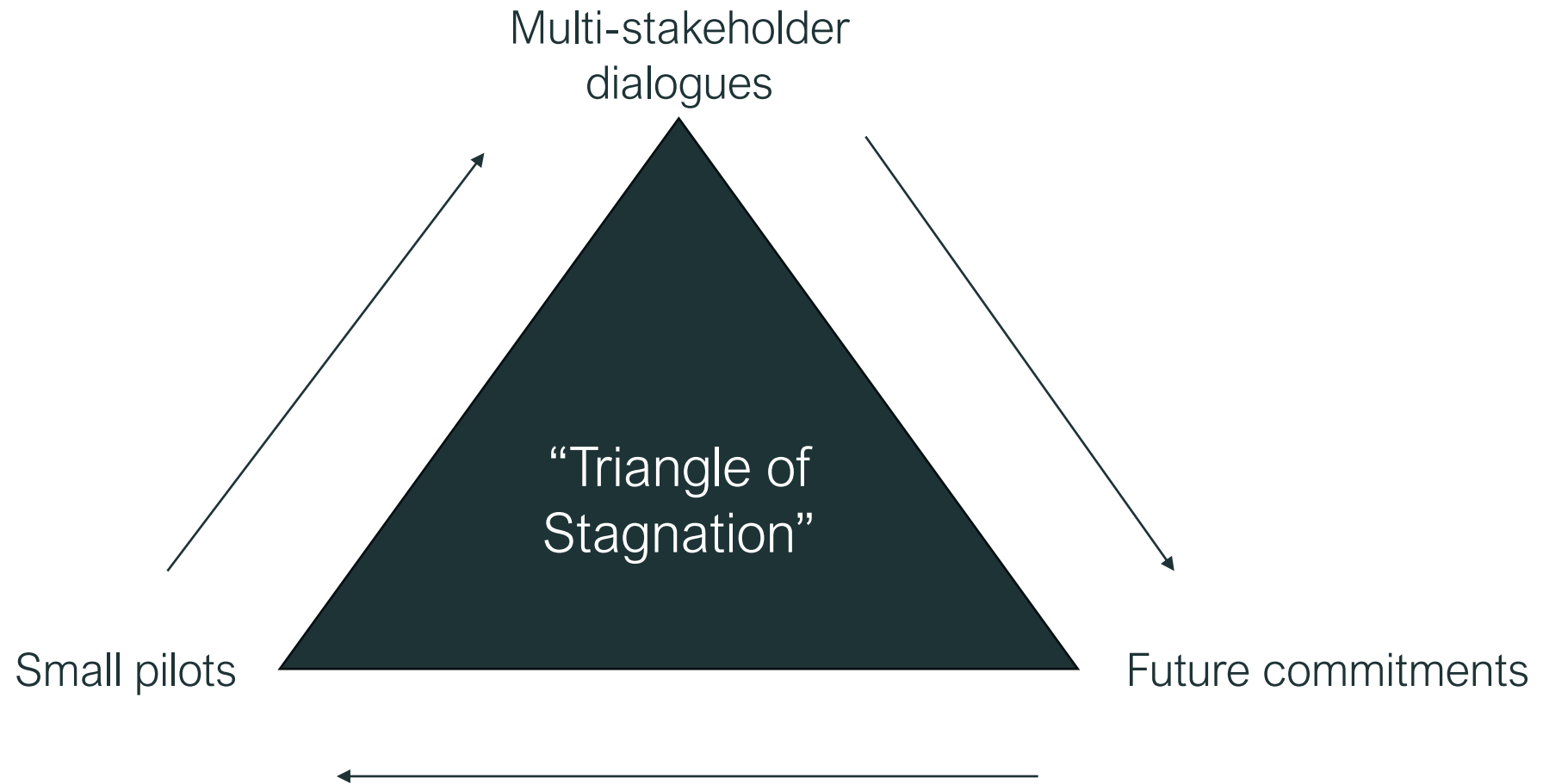
9.1% in 2018 to
7.2% in 2023

Source: 2023 Circularity Gap Report



Source: Azote for Stockholm Resilience Centre, based on analysis in Richardson et al 2023

How can we break the cycle?

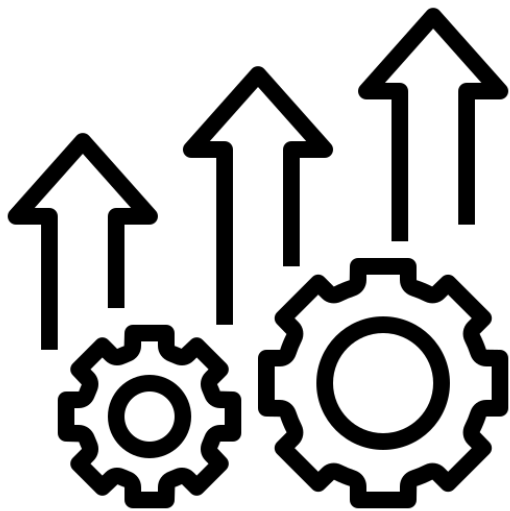


Source: Tom Szaky (TerraCycle and Loop) via Andrew Peterson (BCSD Australia)

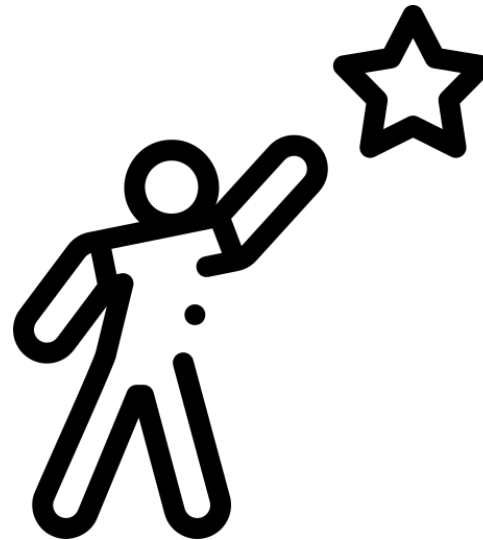
Private sector: CE Strategy & Target Setting

If organisations get as far as developing a CE Strategy they usually get to a point where they determine their level of ambition.

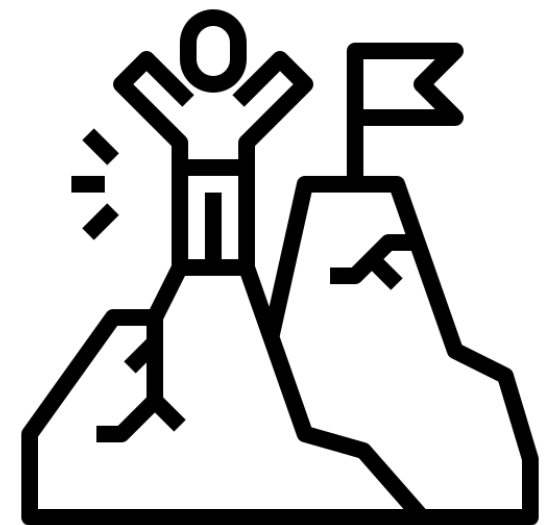
OPTION 1:
INCREMENTAL IMPROVEMENT



OPTION 2:
STRETCH TARGET



OPTION 3:
TRUE CIRCULARITY



What are some of the barriers?

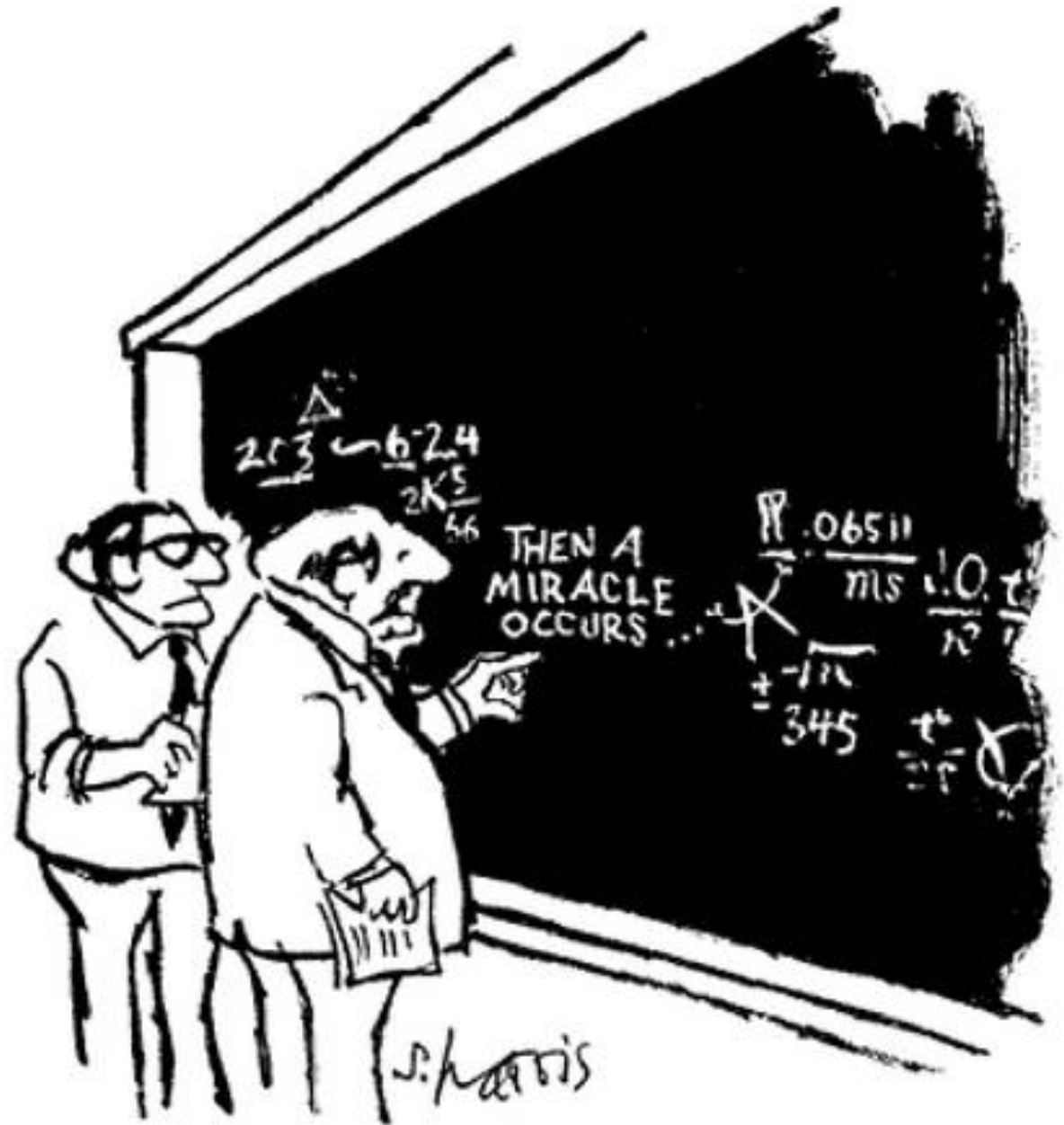
- Insufficient incentives to select the high ambition case (incl. low cost of virgin materials)
- Exclusion (or dilution) of ESG impacts analysis (externalities) in the decision-making process
- Anticipated challenges around implementation (reverse logistics, etc.)
- Insufficient competitor pressure ('we want to go second')
- Limited understanding of CE in relation to embodied emissions (incl. Scope 3) and other environmental impacts

What could have been done differently ?

1. Engage in broader stakeholder engagement
2. Demonstrate how CE relates to other ESG ambitions
3. Price in the 'true cost' of a product and service by including the nature impact

Stakeholder engagement

How can we achieve better CE outcomes through improved stakeholder engagement?



"I think you should be more explicit here in step two."

Stakeholder Engagement

Who's who in the zoo... and what do they do....

Must secure Executive support / endorsement. To be successful this must start and continue at the top table –

Meet with key internal stakeholders to understand sustainability:

- Expectations, Goals, Challenges

Identify champions and ask executive to nominate a team member (Potential future team members)

- Procurement (Sustainable Procurement, Modern Slavery)
- Operations (biggest source of emissions in B2B industrials)
- Legal / HR – contracts and policy creation.
- Sales / customer – what are your customers concerned about?
- Befriend your Comms team... you will need / be partnering with internal / external comms.... A lot!

Identify any resistance (there will be some)

- Drill down into what they are trying to achieve
- Find the solution in your ESG strategy
 - E.g., Reconciliation vs growth plan (gov contracts)
 - Emission reduction vs costs (renewable vs fossil)

Chief Sustainability Officer Survival Kit

The first 100 days.

The purpose of this CSO survival kit is to help someone new to the role, get runs on the board and make positive ESG change

Don't panic if it seems overwhelming, just take your first step.

Action will lead to traction

Traction will lead to positive ESG impact.

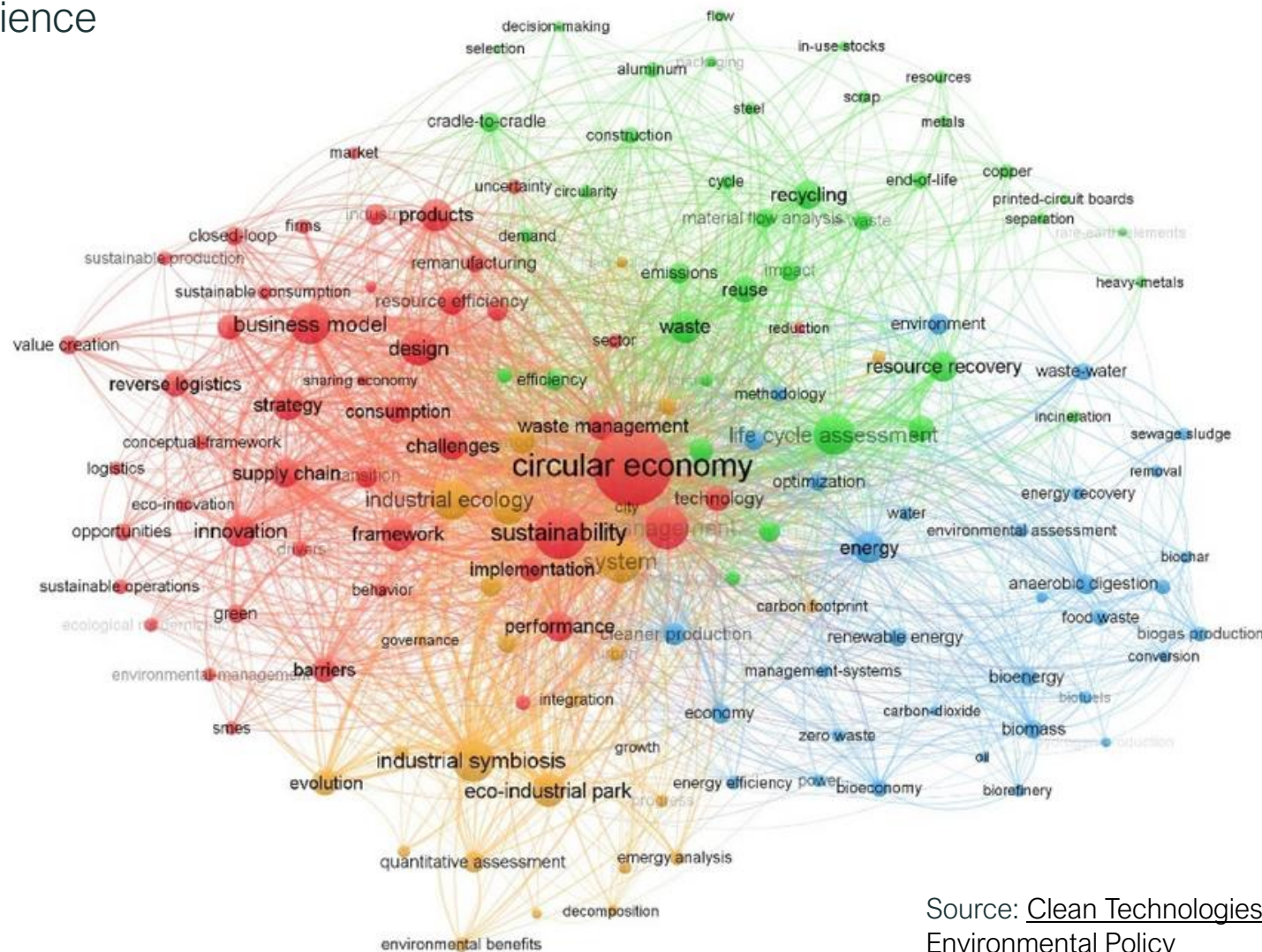
Positive ESG impact will lead to cultural change.

Your ESG strategy will, in time, become part of the company's DNA.



Sustainability can be overwhelming

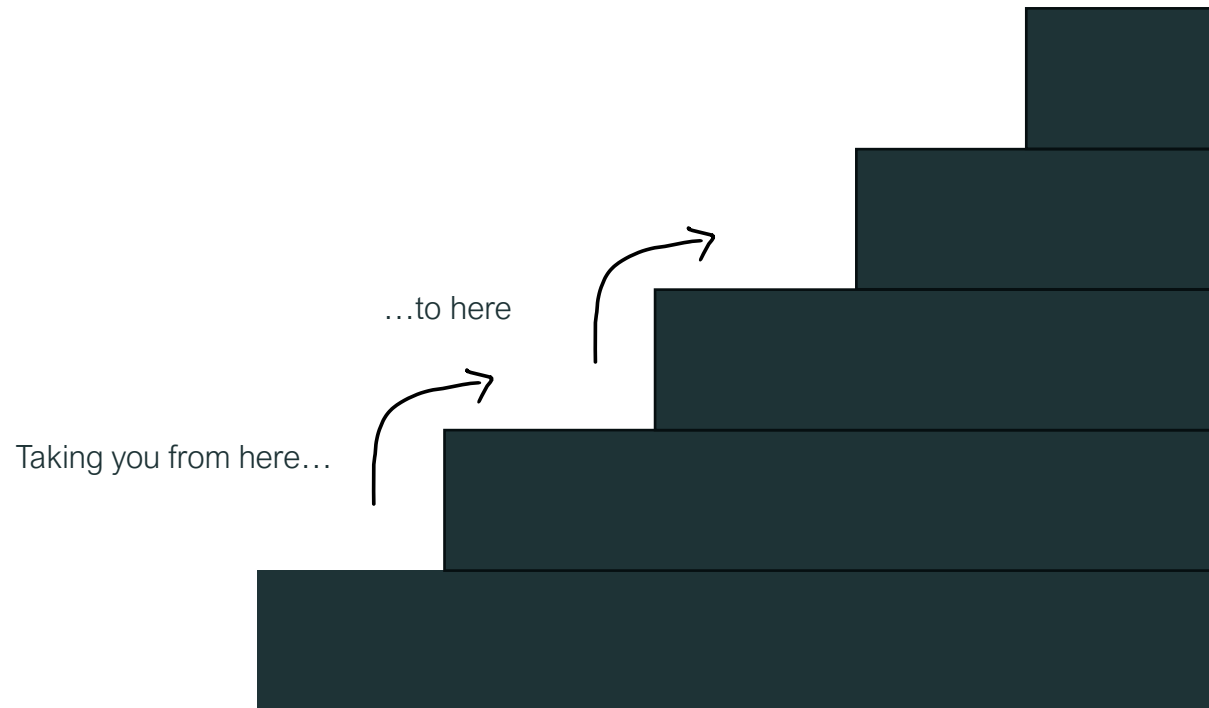
Know your audience



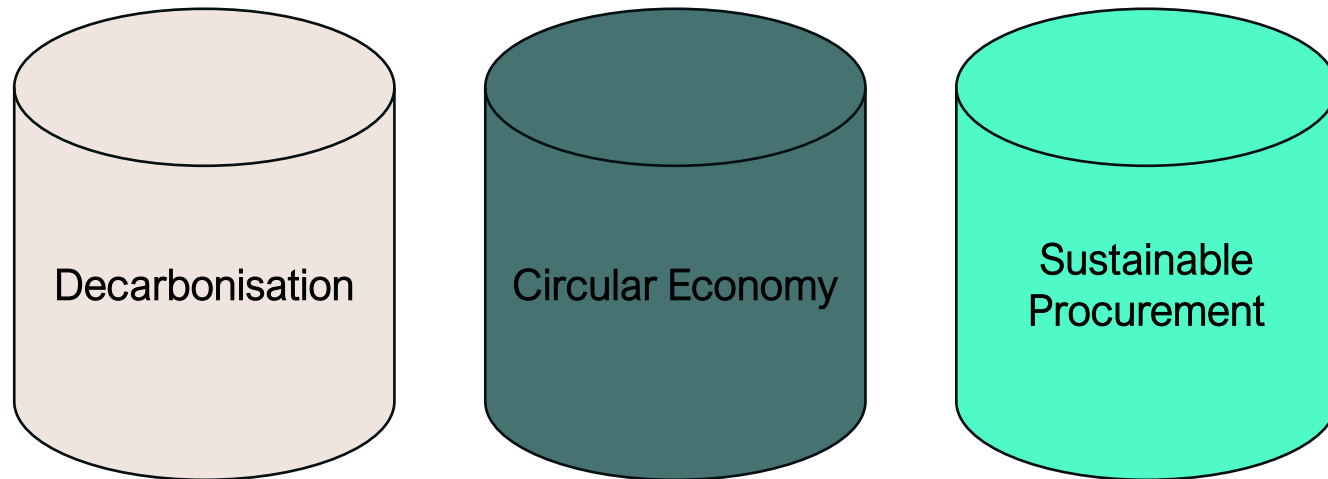
Source: Clean Technologies and Environmental Policy

CE Innovation – CEP3 Tool

*“Innovation is taking two things that exist and putting them together
in a new way.”
– Tom Freston*



The “silo effect”



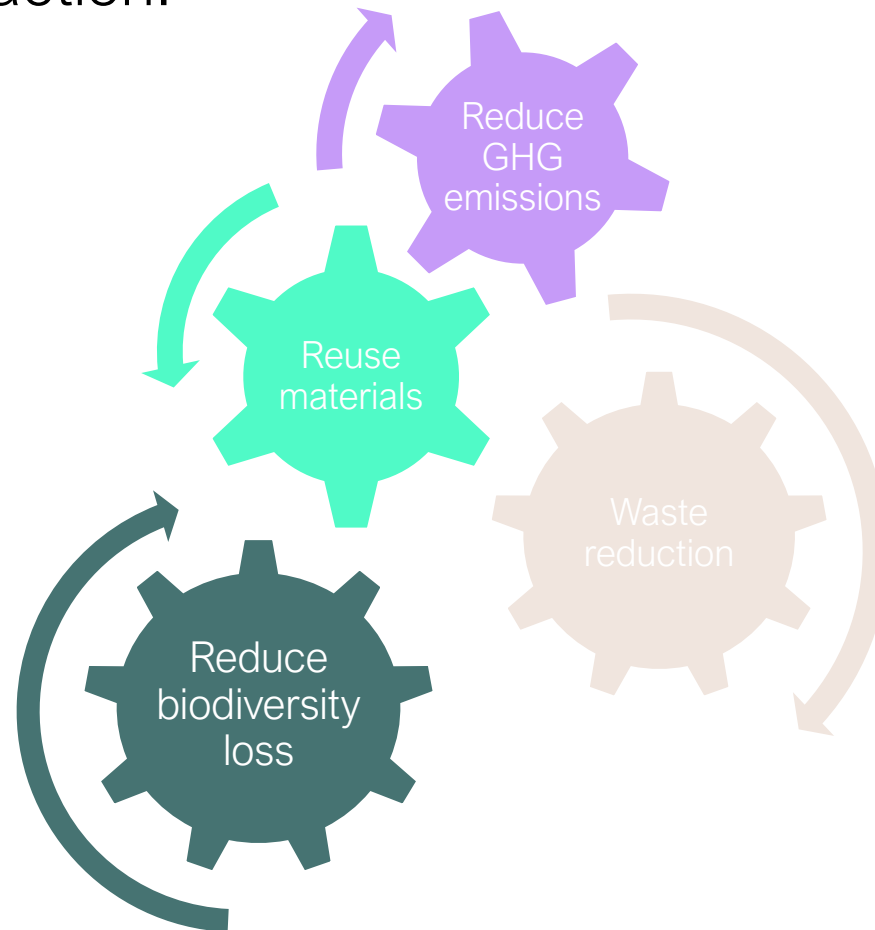
Circular economy and decarbonisation share the common goal of reducing environmental impact and promoting sustainability, but too frequently these critical transitions are decoupled.

Edge Impact's Circular Economy, Procurement & Scope 3 Rapid Assessment Tool (CEP3)

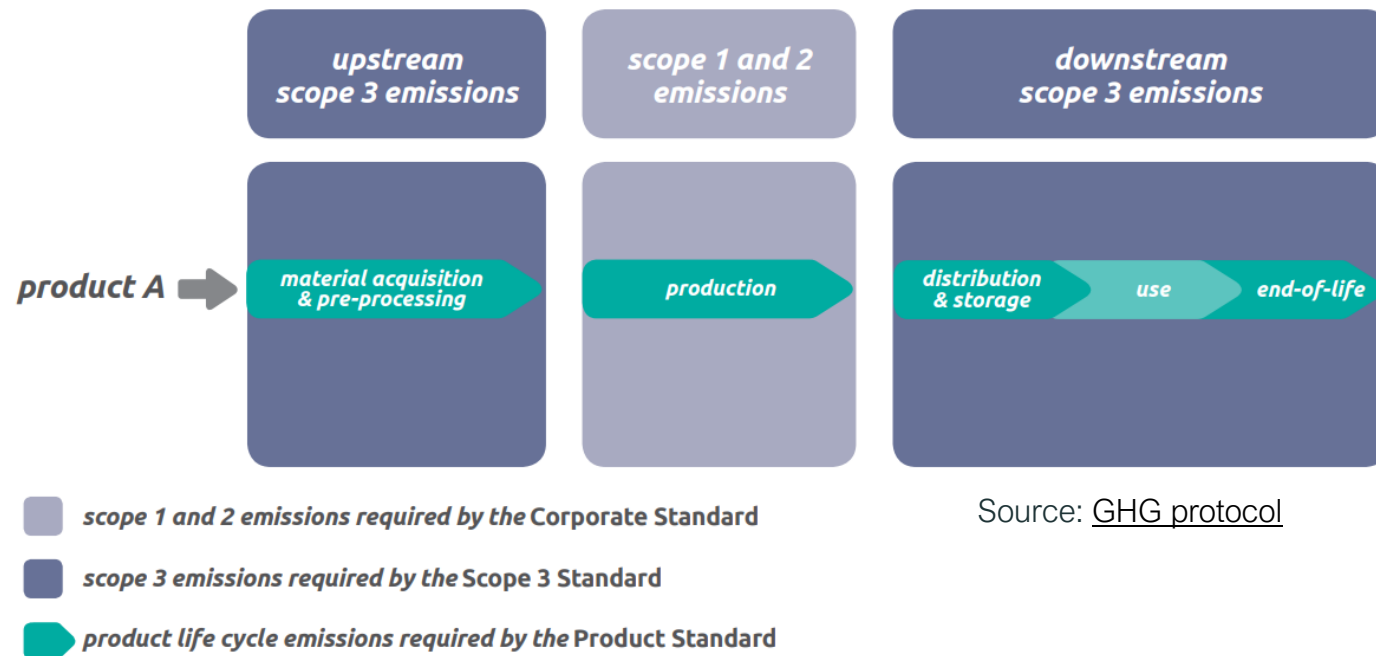
A practical way to enable organisations to transition from inertia to action within their decarbonisation and circular economy journey.

Optimising outcomes

A pragmatic rapid assessment must consider circular economy and scope 3 elements and their interaction:



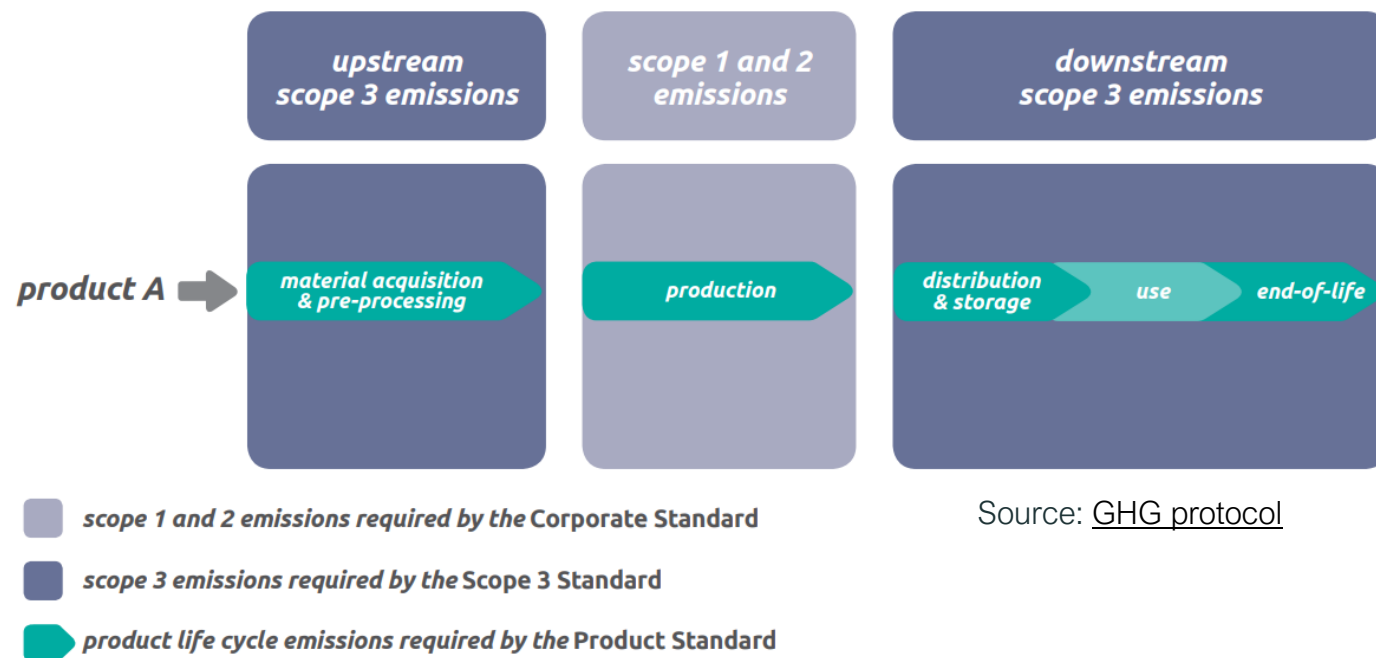
Rapid sustainability diagnosis – shifting your approach



Source: [GHG protocol](#)

The upcoming disclosure standards from the International Sustainability Standards Board, coupled with regulations such as the SEC's Climate-Related Disclosure regulation, will necessitate that companies report their scope 3 emissions.

Rapid sustainability diagnosis – shifting your approach



Source: [GHG protocol](#)

The new reporting requirements are a significant step towards enhancing transparency and accountability for the environmental impacts within organisations supply chains.

Key Assessment Areas



Rapid diagnostic tool - High-level approach

1. Document Review

Review of existing internal procurement and sustainability documents against key frameworks and standards (including ISO20400 Standard for Sustainable Procurement).

The documents reviewed may include artefacts such as:

- Sustainability strategy, action plan and roadmap
- Whistleblower Policy
- Independent contractor agreement
- Modern Slavery Statement
- Modern Slavery Questionnaire
- Sustainable Procurement Policy
- Supplier Code of Conduct
- Diversity and Inclusion Policy
- Strategy on a page

2. Stakeholder Interviews

Conducted a series of interviews with key managerial, sustainability and procurement staff with the purpose of validating the reviewed documentation and to understand how sustainability and carbon-related decision-making and procurement processes works in the day to day.

3. CE & ISO 20400 Benchmarking

An Edge Impact in-house gap and opportunity assessment framework would be used to evaluate the current as-is state of key governance documentation against key sections of the Sustainable Procurement – Guidance ISO 20400 standard and similar CE guidelines.

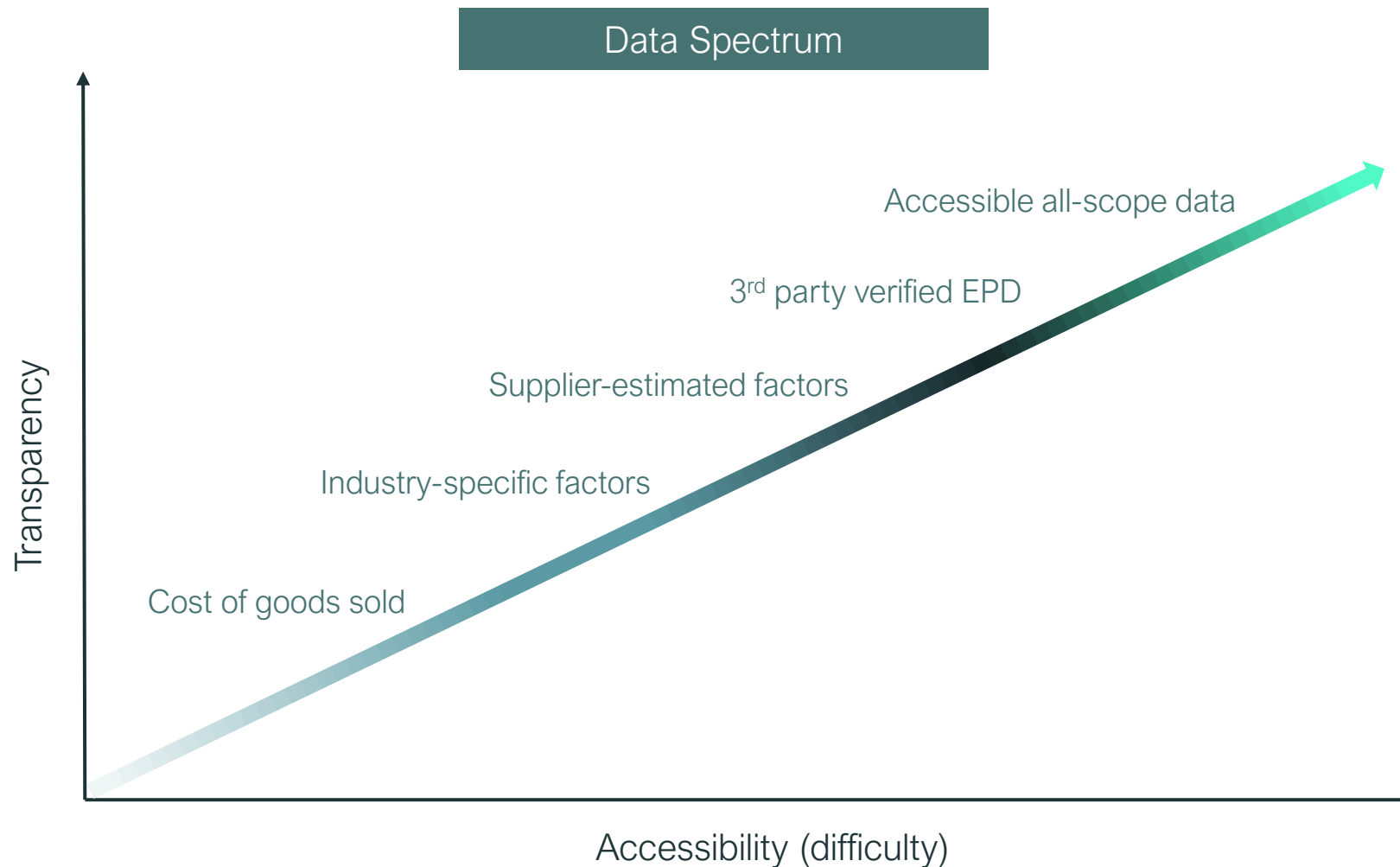
The Edge CEP3 Rapid Diagnostic Tool harnesses best practices from ISO20400 Procurement Standards, GHG Protocols, and Circular Economy Principles to quickly assess opportunities within your organisation.

Initial Findings Summary

Fundamentals	Procurement Policy & Strategy	Enablers	Procurement Processes
4.1 Concept of Sustainable Procurement	5.1 Committing to sustainable procurement	6.1 Governance	7.1 Building on the existing process
4.2 Principles of sustainable procurement	5.2 Clarifying accountability	6.2 Enabling people	7.2 Planning
4.3 Core subjects of sustainable procurement	5.3 Aligning procurement with organisational objectives and goals	6.3 Identifying and engaging stakeholders	7.3 Integrating sustainability requirements in the specifications
4.4 Drivers for sustainable procurement	5.4 Understanding procurement practices and supply chains	6.4 Setting sustainable procurement priorities	7.4 Selecting suppliers
4.5 Key considerations for sustainable procurement	5.5 Managing Implementation	6.5 Measuring and improving performance	7.5 Managing the contract
		6.6 Establishing a grievance mechanism	7.6 Reviewing and learning from the contract

Level 1	Level 2	Level 3	Level 4	Level 5
No Sustainability evident	Procurement function is in place but no reference to sustainability	Minimal sustainable procurement	Good practice sustainable procurement	Best practice sustainable procurement

Considering the entire supply chain



Scope 3 emissions pose a dual challenge: acquiring better supply chain data and improving supplier emissions performance.

Closing thoughts

- Great progress is being made on the Circular Economy front, but stretching ambition and implementation remain a challenge.
- Innovation is relative for each entity - How can we move *this* entity along the journey?
- Foundational skills (e.g., change management and stakeholder engagement) have never been more important.
- Just get started as there is no time to waste!

Want to learn more?

Read our article on our new tool below:



Thank you!