BEYOND INCREMENTALISM

A pulse check on India's circular transition

EXECUTIVE SUMMARY

FICCI CIRCULAR ECONOMY SYMPOSIUM 2021



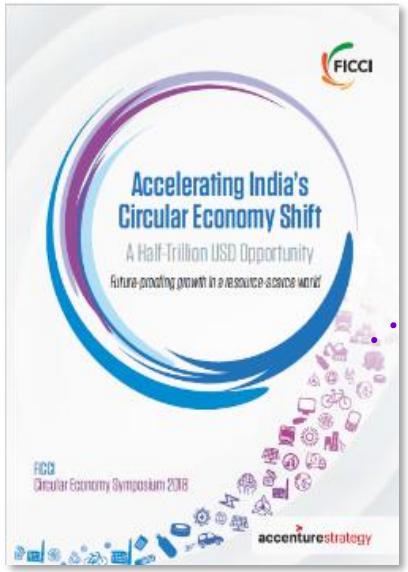
accenture

Azadi Ka Amrit Mahotsav

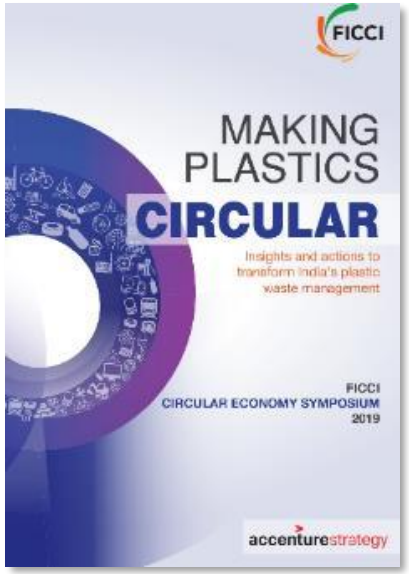
FICCI

Warming Stripes for India (1901-2020) adopted from the work of Professor Ed Hawkins at University of Reading (https://showyourstripes.info/)

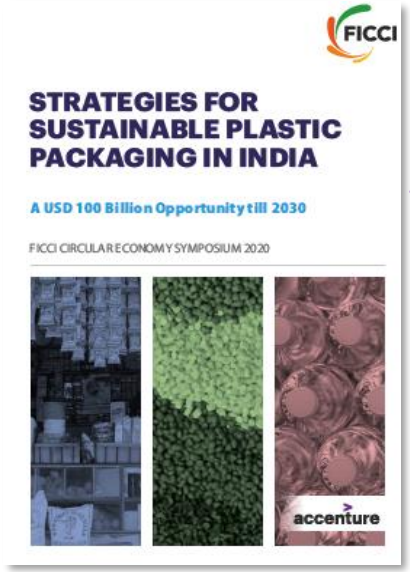
FOR LAST FOUR YEARS, FICCI AND ACCENTURE HAVE COLLABORATED TO ACCELERATE CE AGENDA IN INDIA



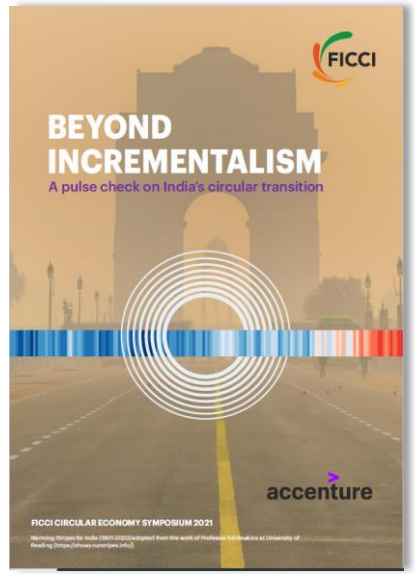
Accelerating India's CE Shift
2018



Making Plastics Circular
2019



Sustainable Plastic Packaging in India
2020

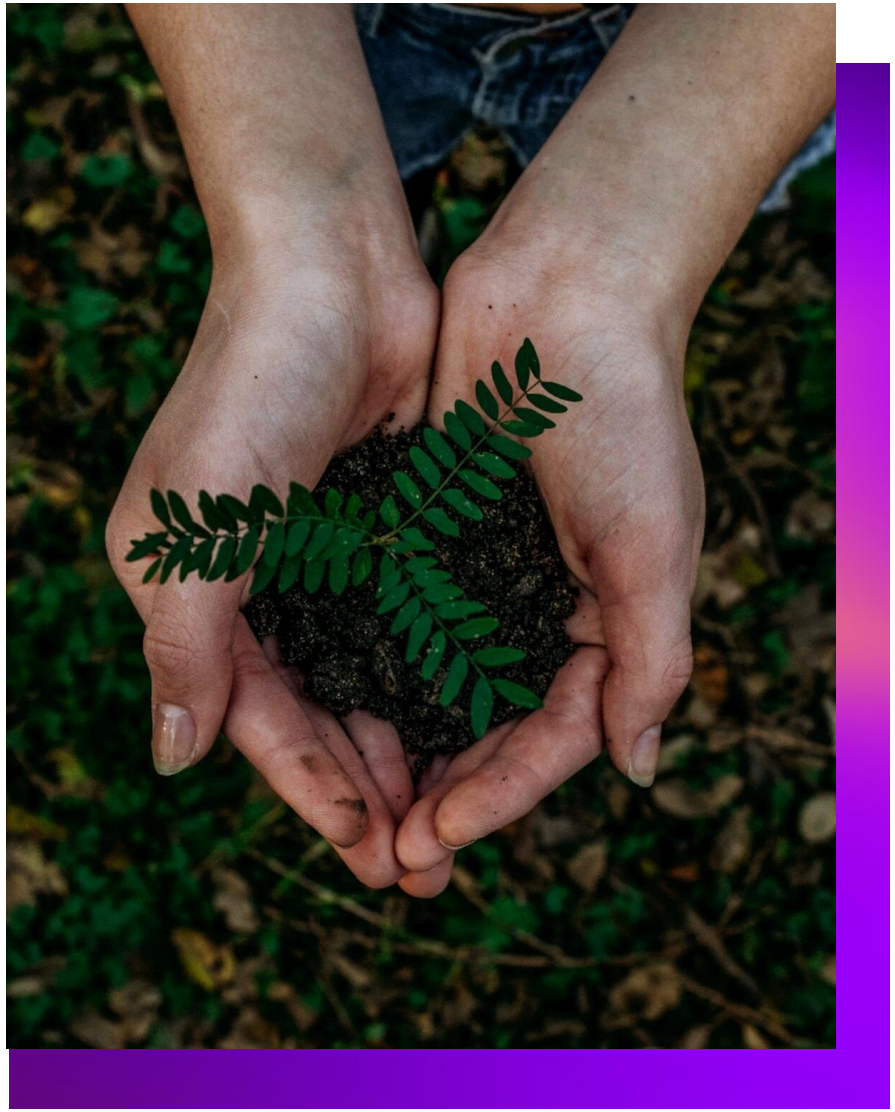


Beyond Incrementalism
2021

STUDY OBJECTIVES

a. What do business leaders think about the current status and outlook of CE?

b. How can CE help India meet its Net Zero by 2070 ambition?



OUR METHODOLOGY

50

respondents to the survey

Analysis of survey response from over 50 business and sustainability leaders. Survey consists of 18 questions and encapsulates the current and outlook of circular economy in India

10

one-on-one interviews

More than 10 in-depth one-on-one interviews to validate the survey findings and to get a nuanced view of key topics

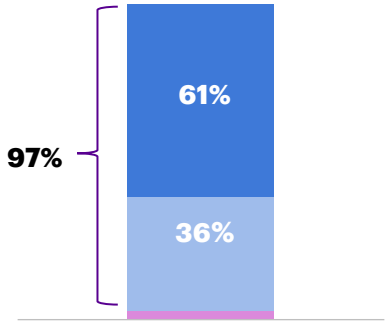
100

top Indian companies by market capitalization

Analysis of top 100 Indian companies by market capitalization to benchmark CE practices and check the overall understanding of organizations towards CE

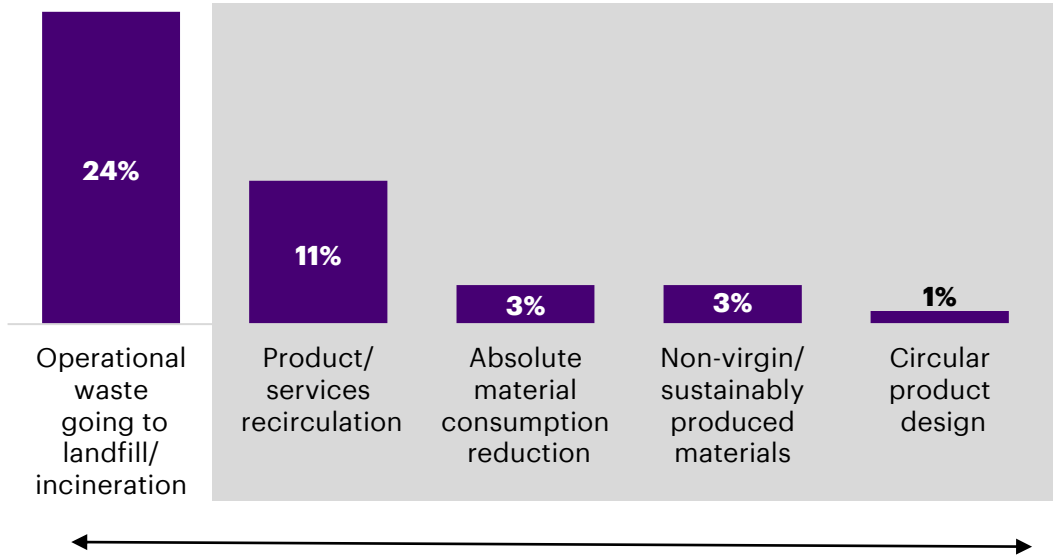
1 INDIA INC. IS BULLISH, NOW IS THE TIME FOR AMBITIOUS TARGETS AND COMMITMENTS

High on awareness...



Our organization understands the link between company's financial performance and sustainability performance

..But low on commitments



- Strongly agree
- Agree
- Neither disagree nor agree
- Disagree

Survey Question: To what extent do you agree with the following statements on the circular economy?

Note: KPIs based on Ellen MacArthur Foundation's Circulytics framework

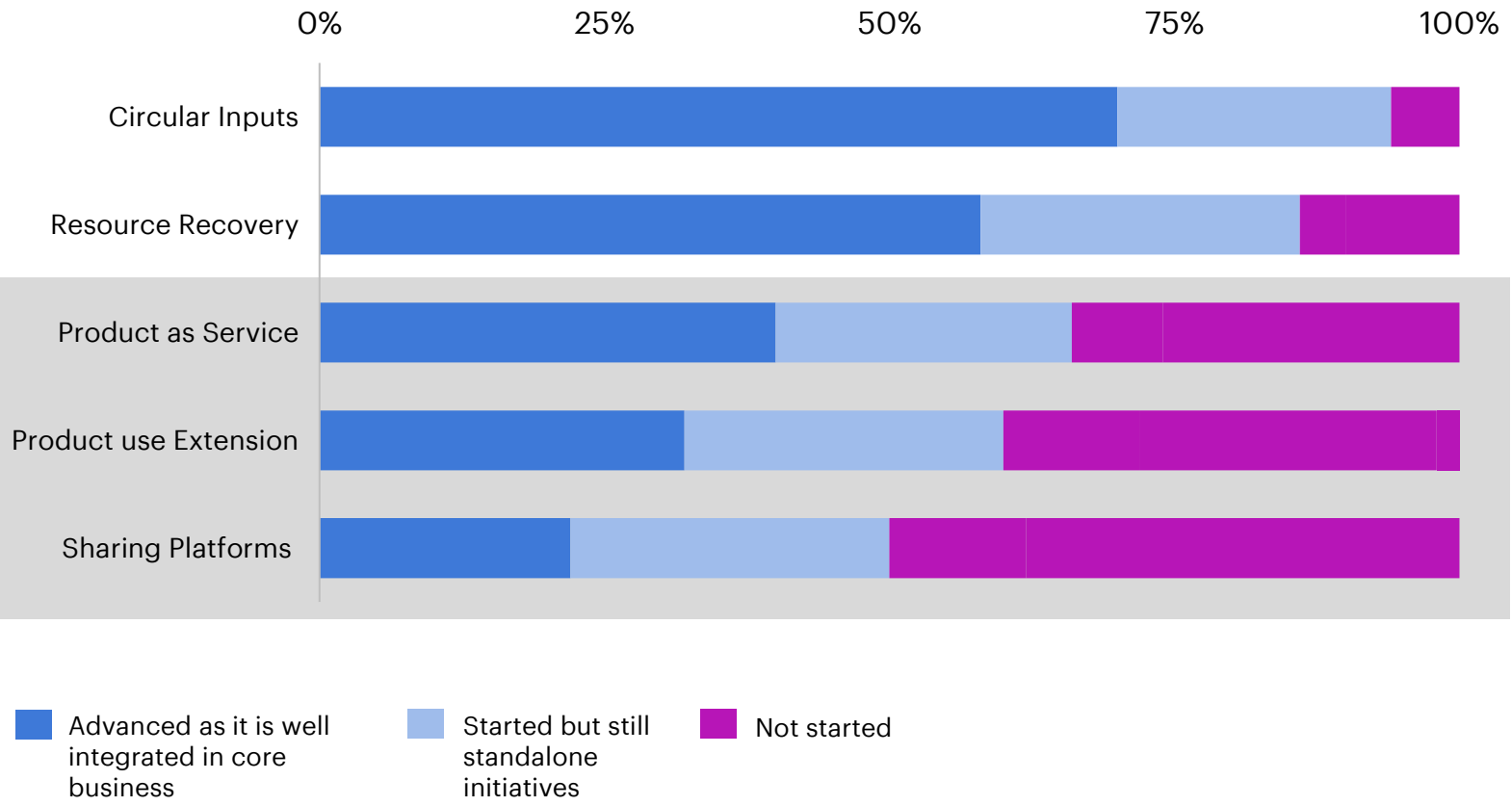
Key takeaways

1 **97%** organizations surveyed understand the link between **company's financial and sustainability performance**

2 But there is a **lack in the adoption** of CE-related targets and commitments. Of the top 100 Indian companies by market cap, **only 7 companies have comprehensive public disclosure of CE KPIs**

2 GOOD PROGRESS ON MATERIAL-BASED MODELS, PRODUCT-BASED MODELS NEEDED TO UNLOCK FULL VALUE

Adoption of five CE business models



Survey Question: To what extent are the following business models adopted in your organization?

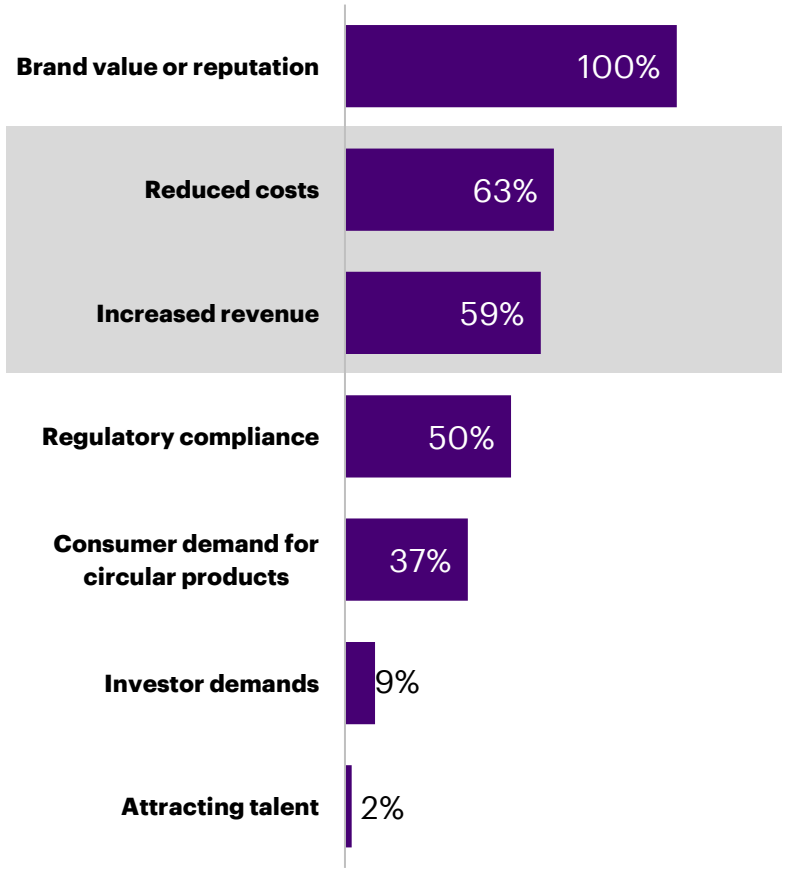
Key takeaways

1 Adoption of material-based CE business models, namely, **Circular Inputs and Resource Recovery** is quite prevalent

2 Product-based CE business models such as **Product use Extension, Product-as-a-service, and Sharing Platforms** have some catching up to do

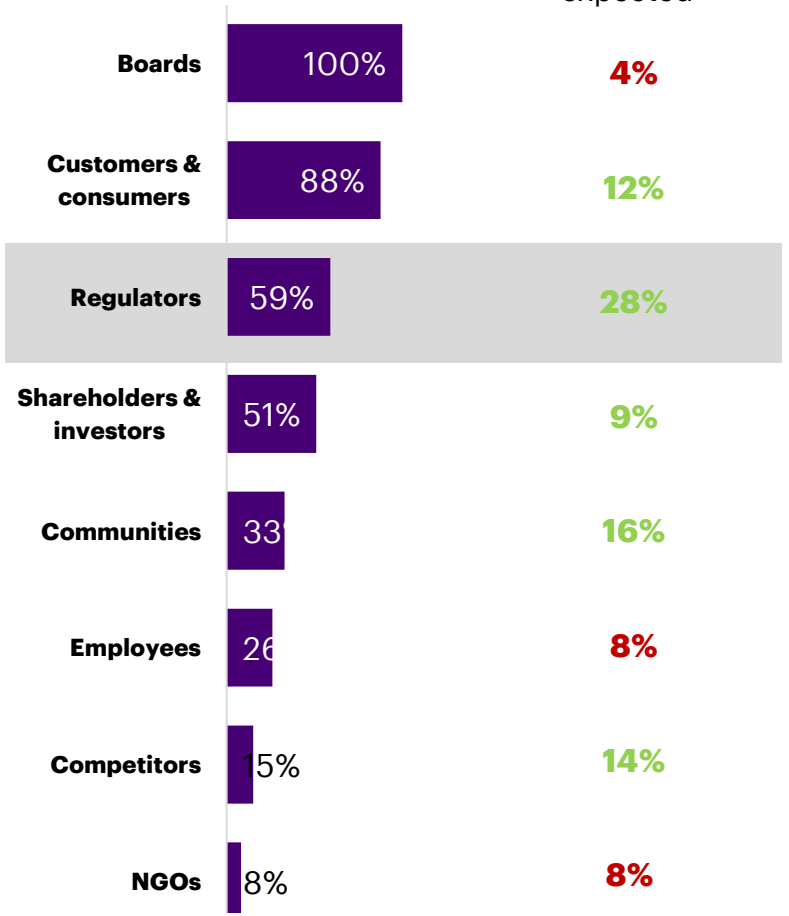
3 PROFITABILITY AS THE DRIVER OF CIRCULARITY, PUSH FROM INVESTORS MISSING

Business value lens



Survey Question: What are the key drivers of circularity at your organization?

Stakeholder lens



Survey Question: Which stakeholders will have the most influence over the circularity agenda?

Key takeaways

1 **Brand value and Reputation** ranked 1 in key drivers of circularity within the organization

2 In near term, it is expected that the **policymakers will be playing a much more significant role**

4 CIRCULARITY IN PRODUCT AND SERVICES NEEDS MORE FOCUS IN COMING 3-5 YEARS

Four CE fundamental dimensions

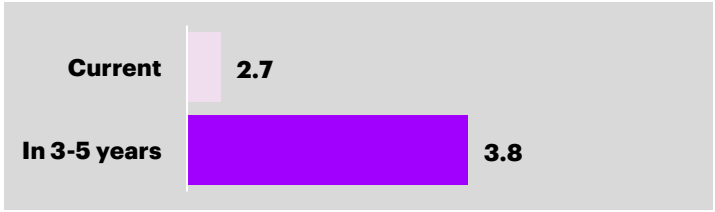
1. OPERATIONS

- Energy
- Waste
- Emissions
- Water



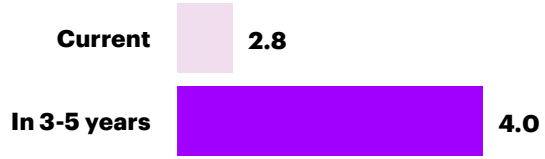
2. PRODUCTS & SERVICES

- Design
- Use
- Use Extension
- End of use



3. CULTURE & ORGANIZATION

- Vision
- Innovation
- People
- Governance



4. ECOSYSTEMS ENGAGEMENTS

- Sharing
- Collaboration
- Investment
- Policy



Survey Question: What is your organization's current maturity across the four fundamental dimensions of circular economy transition and investment priorities in next 3-5 years?

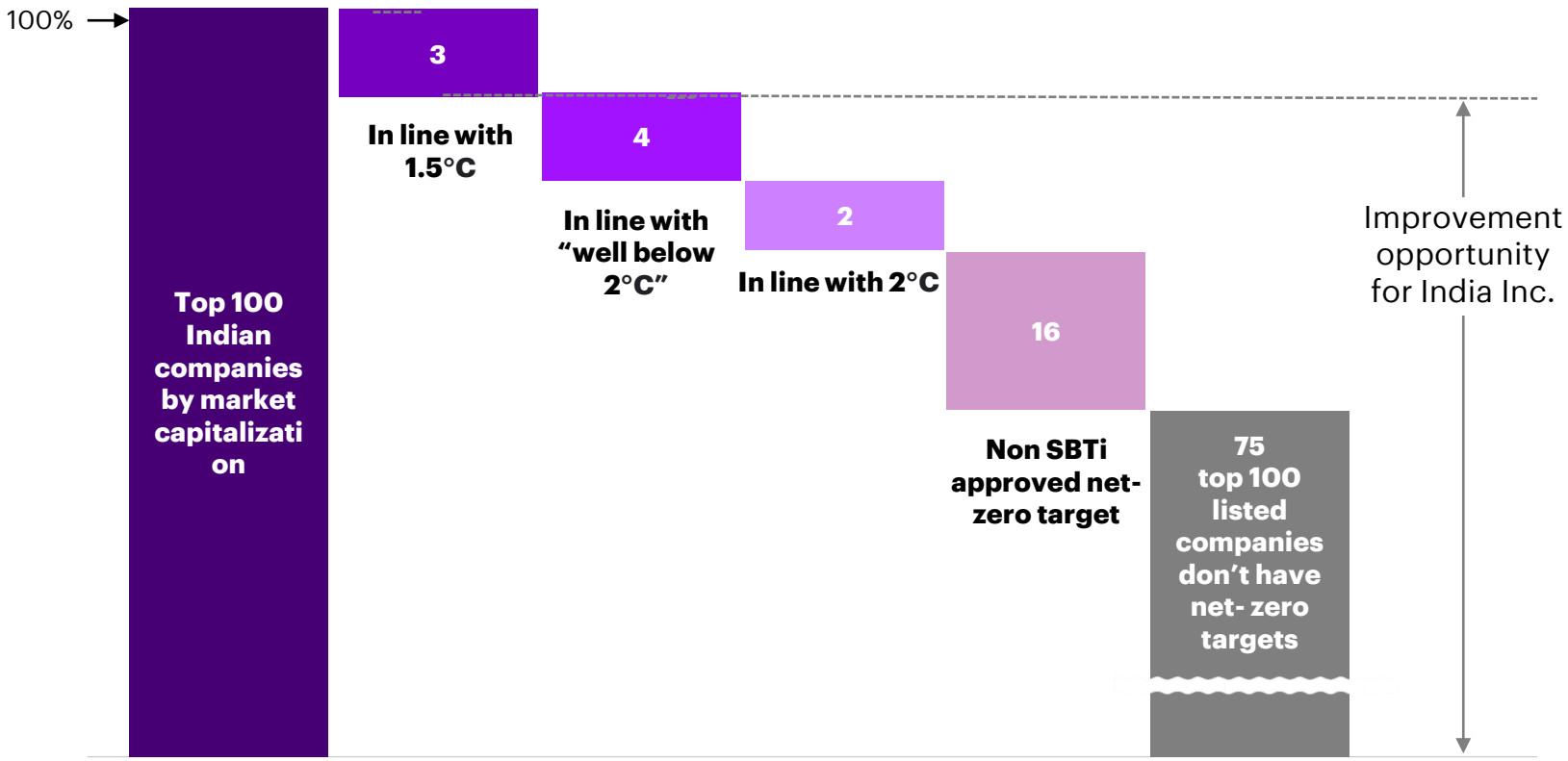
Key takeaways

1 Currently, Indian businesses have **high maturity on Operations and Ecosystem** and **low on Products and Culture & Organization**

2 In next 3-5 years, while **prioritization of culture & organization ("soft wiring") will increase**, it is **expected to remain low for circularity of product design ("hard-wiring")**

5 COUNTRY'S NET ZERO BY 2070 GOAL IS A BIG OPPORTUNITY, INDIA INC. NEEDS TO RAPIDLY READY ITSELF

Assessment of decarbonization commitments of top 100 Indian companies by market capitalization



Note: Based on public disclosures, doesn't take into account internal targets

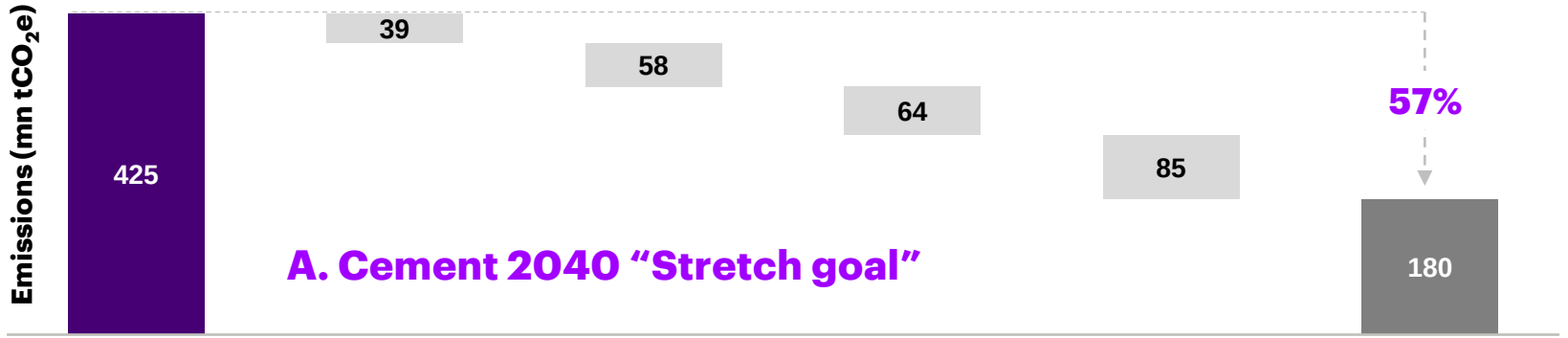
Key takeaways

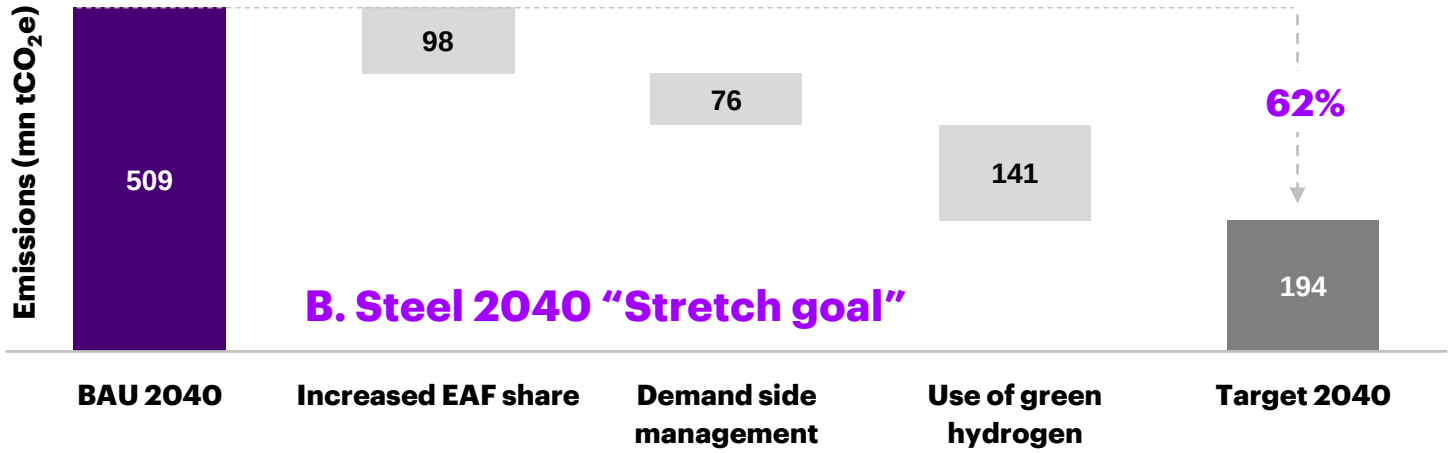
1 **Only 9%** among top 100 companies by market capitalization **have SBTi approved net-zero targets**

2 **75% companies of top 100 companies by market capitalization** have not committed to any net-zero targets so far

6 EVIDENT THAT CIRCULARITY CAN PLAY A CRITICAL ROLE IN THIS DECARBONIZATION JOURNEY

Accenture's modelling of CE-based decarbonization pathways





Source: Accenture analysis

Key takeaways

1 Various simulations show **India needs to peak its emission by 2040** to be able to meet the Net Zero by 2070 ambition

2 **50-60% reduction in CO_2 possible** through a combination of CE interventions between 2020 and 2040

CALL TO ACTION

01 Establish a national CE framework

- Unified framework for CE and carbon measurement
- Standardised reporting and benchmarking

02 Strengthen the CE ecosystem

- Pre-competitive initiatives at scale
- Joint product development and route-to-market
- Open source knowledge sharing

03 Accelerate technology adoption

- Indigenization of OEMs
- Increased R&D investments in physical (e.g., low-carbon materials) and biological (e.g., plant-based proteins) technologies

04 Supercharge the operating model

- Circularity in product and service by design
- Ring-fenced funds for CE and net zero projects
- CEO-sponsored governance with participation of CFO, COO, CTO and CMO etc.

05 Invest in creating a market demand

- Circular consumer value proposition with minimal green premium
- Consumer communications and national level awareness campaigns

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"Adopting policy recommendations that takes into consideration the lifecycle perspective is necessary to accelerate the transition towards a circular economy."

Ashok Menon, Director of Sustainability & CE, SABIC

"We started with ensuring zero waste to landfill and have added focus on resource efficiency in product design. Circularity by design could add 100x higher value over the life cycle compared to creating value from waste."

Anirban Ghosh, Chief Sustainability Officer, Mahindra Group

"We have estimated that resource efficiency levers can directly impact 15 – 20% of the overall decarbonization goal for industries like steel, manufacturing, chemicals."

Alka Upadhyay, AVP, Tata Sustainability Group

"The key task is to communicate the value of sustainability initiatives to the internal stakeholders. Things fall in place when you get the buy in. Even financing is no longer a challenge once the value proposition is communicated effectively."

Prabodha Acharya, Chief Sustainability Officer, JSW

"Measurement of circularity is definitely critical, at the level of products, at the level of BUs, and at the level of organization. But the approach needs to be simple and versatile enough that it is applicable to all sectors and industries."

Dr. Pradeep Panigrahi, Head, Corporate Sustainability, Larsen & Toubro

"In order to be successful, typical CE initiatives need the whole ecosystem to develop concomitantly. Singularly, the initiative would achieve little. Ecosystem-level alignment would ensure speed and scale."

Yogesh Bedi, Chief, Steel Recycling Business, Tata Steel

"There is a direct linkage between circularity and decarbonization. CE transition enables greater resource efficiency and helps avoid emissions for virgin materials."

Arvind Bodhankar, Jt. Executive President & Chief Sustainability Officer, UltraTech Cement

"OEMs will have to start working with their design partners to bring circular metrics like % of recycled components in the drawing itself. Once these metrics are accepted at that stage rest of the value chain follows."

Rajesh Sharma, AGM Sustainability, Hero MotoCorp

"We foresee the need for standardized and unified CE measurement and reporting framework which is locally customizable and relevant for India."

Naresh Tyagi, Chief Sustainability Officer, Aditya Birla Fashion and Retail Ltd.

"Shift in consumer habit is most difficult to achieve and brands need to do more on making consumers aware and conscious of their buying decision. Key is to find a right solution which doesn't compromise on quality and price but is still sustainable."

Willem Uijen, Executive Director, Supply Chain, HUL

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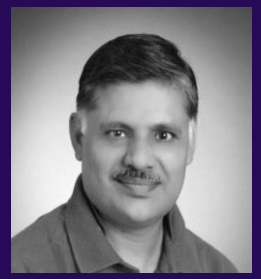
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Aarti Industries
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Apar Industries
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Banka BioLoo
Cambi ASA
Carbon Masters India
Celanese Chemicals India
CMR Green Technologies
Dabur India
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Yes Full Circle Solutions

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