



Seizing the Sustainability & Circular Economy Opportunity in Manufacturing



Introduction



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Agenda

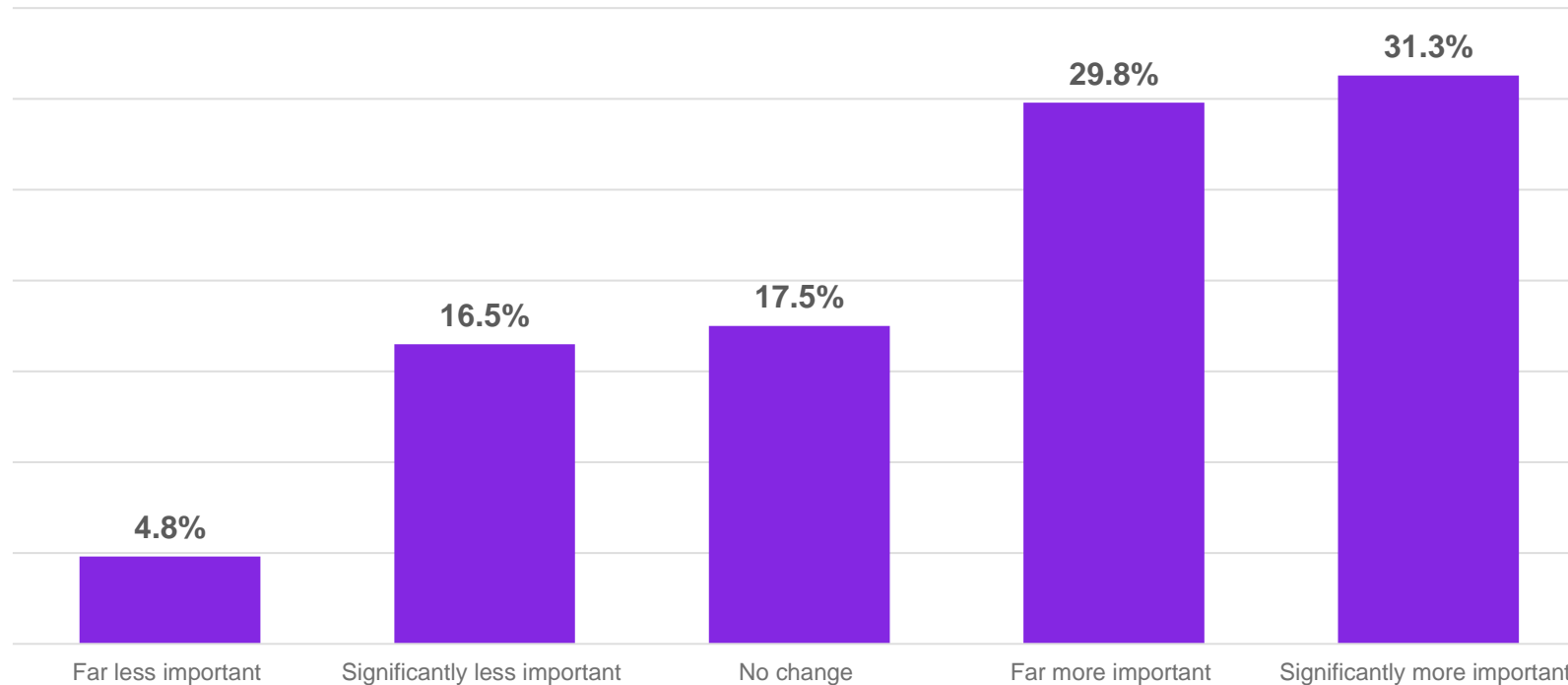
- 01 The new sustainability imperative
- 02 Transforming manufacturing with the Circular Economy
- 03 3 reasons why to adopt a Circular Economy strategy today

The new Sustainability Imperative

The pandemic was a turning point for sustainability

Defining a new sense of urgency

Q: How has the recent COVID-19 pandemic impacted your organization's view on the importance of sustainability and environment, health & safety?



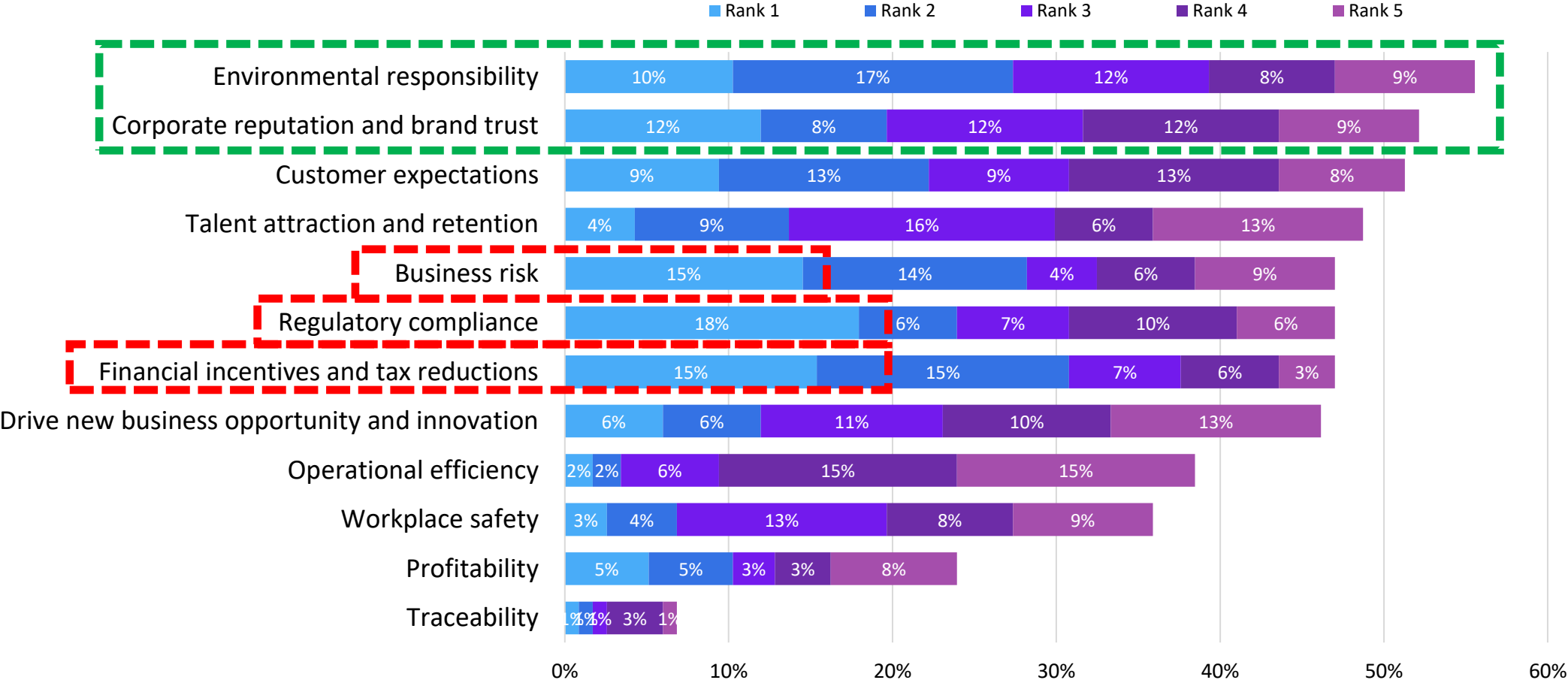
Sustainability has become an operating principle

Key Material Issues in Manufacturing Sustainability



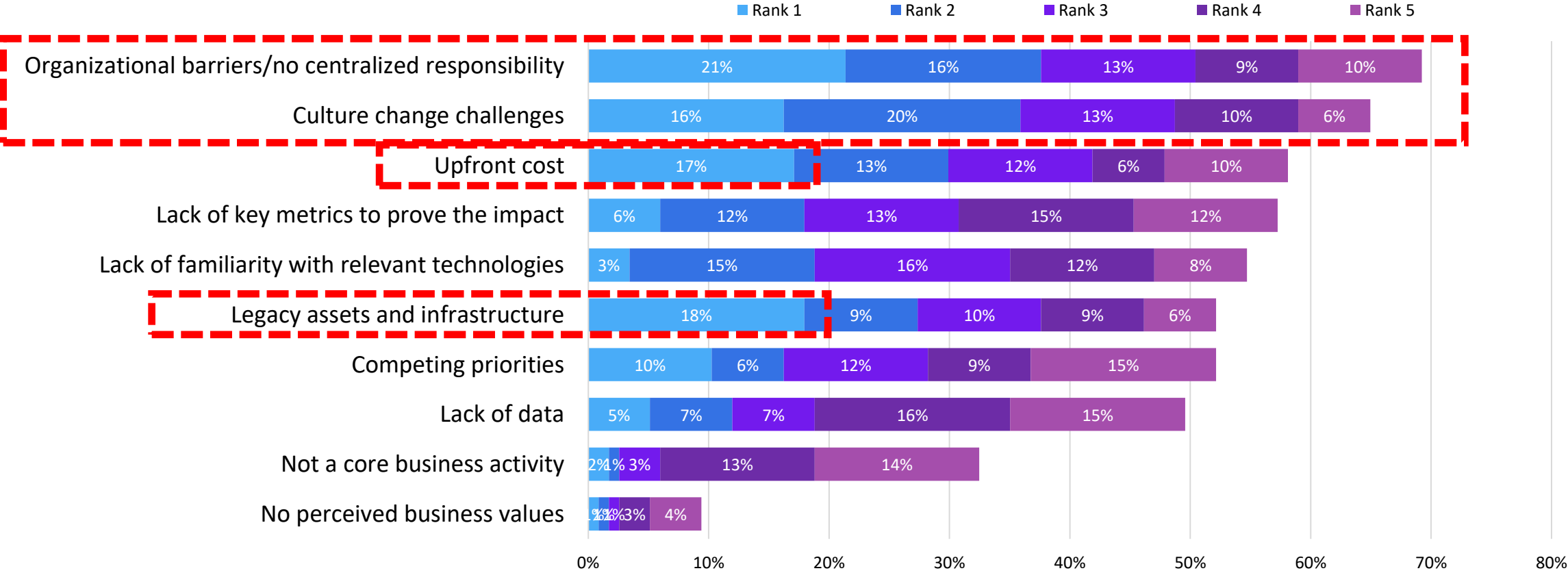
What are the real drivers of sustainability today?

Rank the driving factors for sustainability initiatives in your organization (Rank top 5, where 1 = top driver).



Barriers to adoption

Rank the leading barriers to investment in sustainability initiatives at your company (Rank top 5, where 1 = top barrier).



The climate change challenge for manufacturing



“In the US, manufacturing accounts for almost a quarter (23%) of direct carbon emissions.”

Source: World Economic Forum

Decarbonization has become a primary focus

Global goals



“Implementing circular strategies is essential to achieving decarbonization.”

World Economic Forum

Transforming manufacturing with the Circular Economy

The problem with manufacturing – as we know it

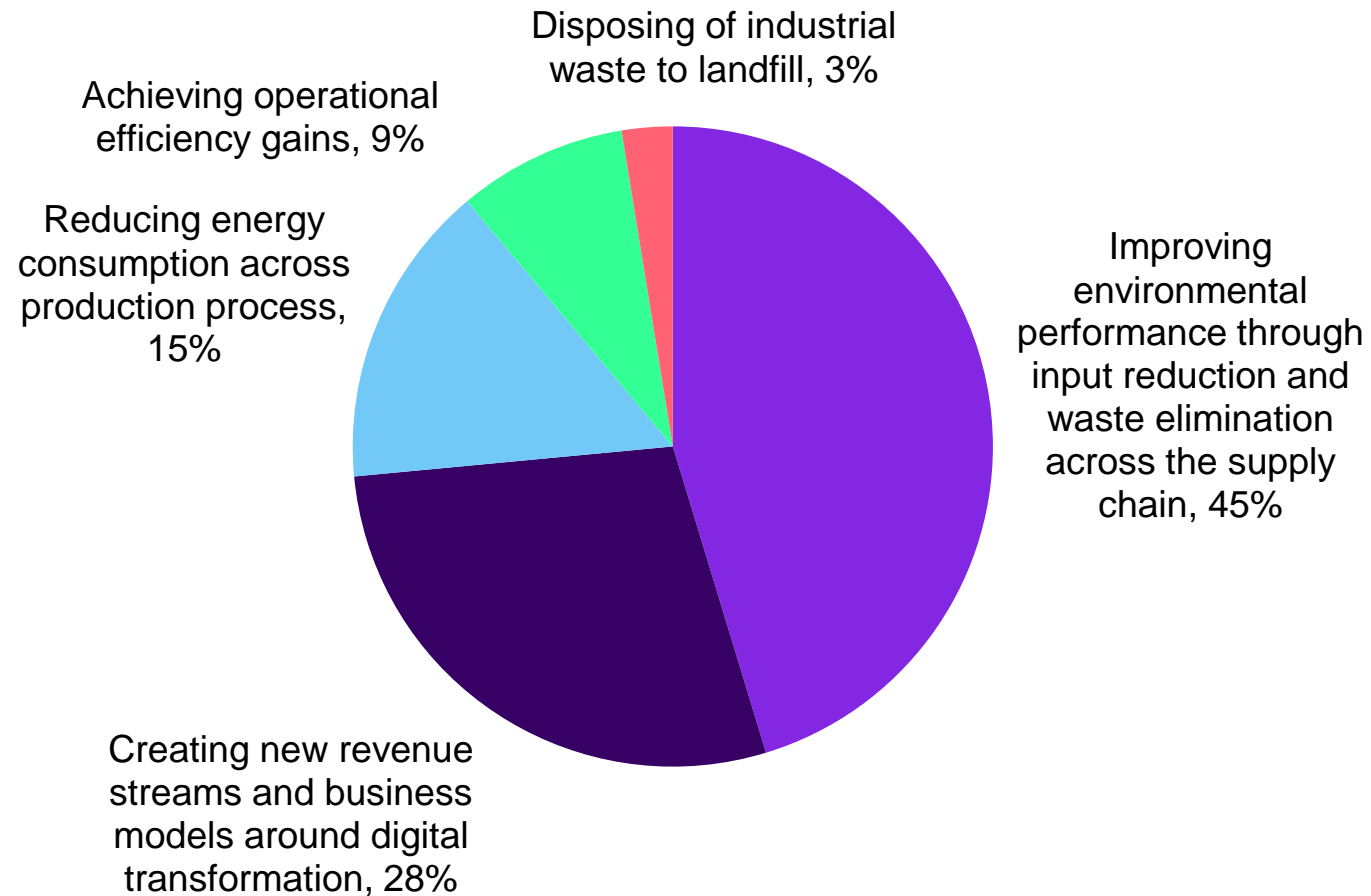


Why is it not sustainable?

- Volatility of resource prices
- Interruptions in raw material supplies
- Depletion or exhaustion of natural systems and reserves
- Increased regulation
- Increase in economic costs due to waste management and treatment
- Landfill costs increasing
- Doesn't fit the current ESG funding trends

The Circular Economy is an underestimated opportunity

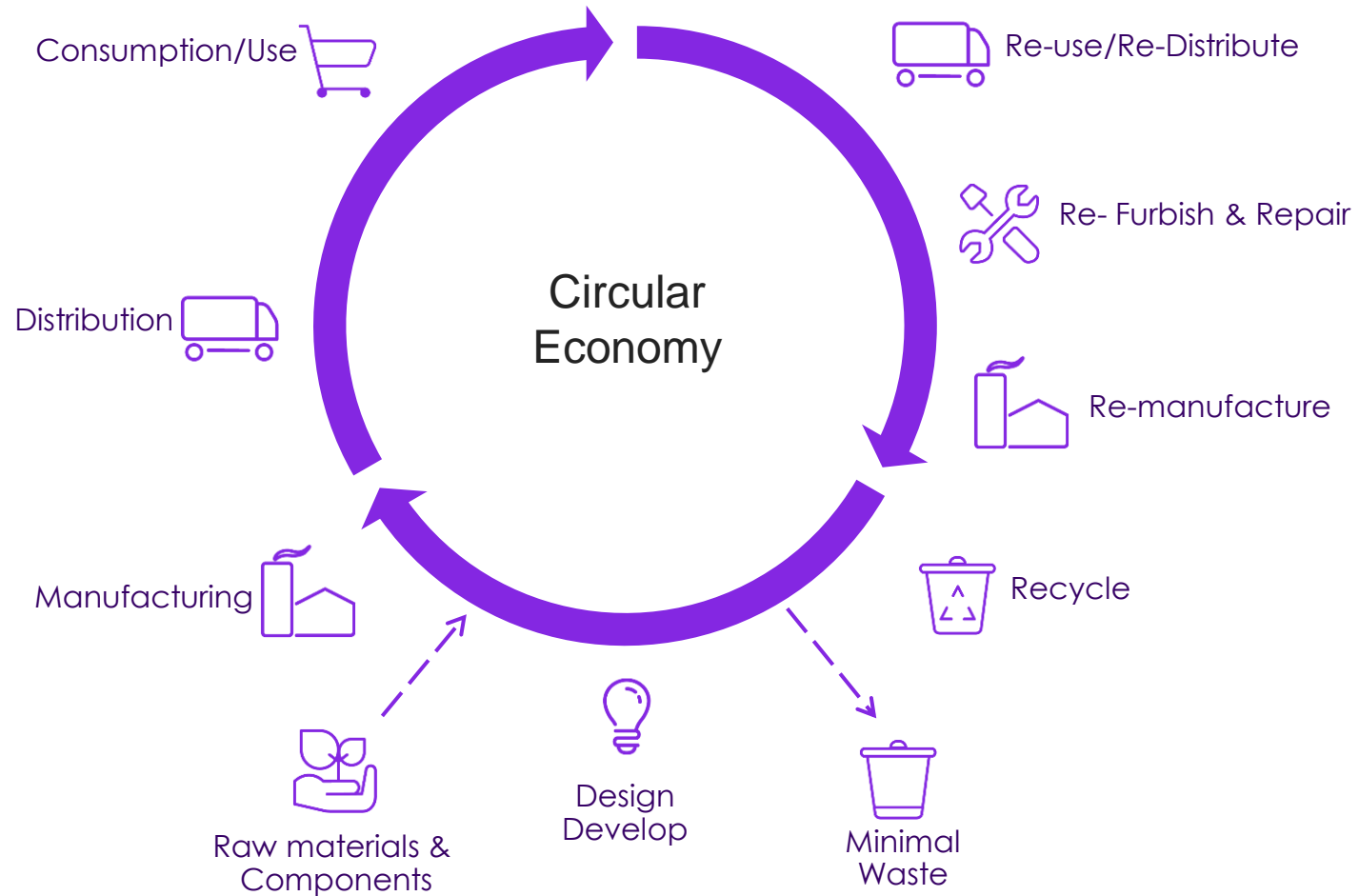
Which best reflect your understanding of what the circular economy is focused on?



... but it's difficult

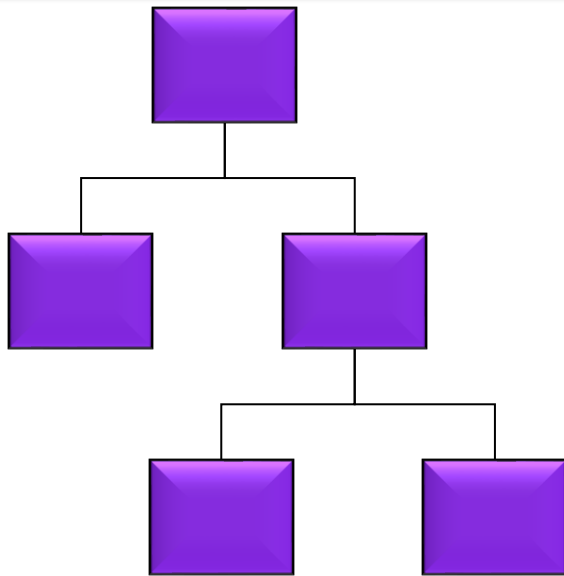


You need to build capabilities to support the circular flow



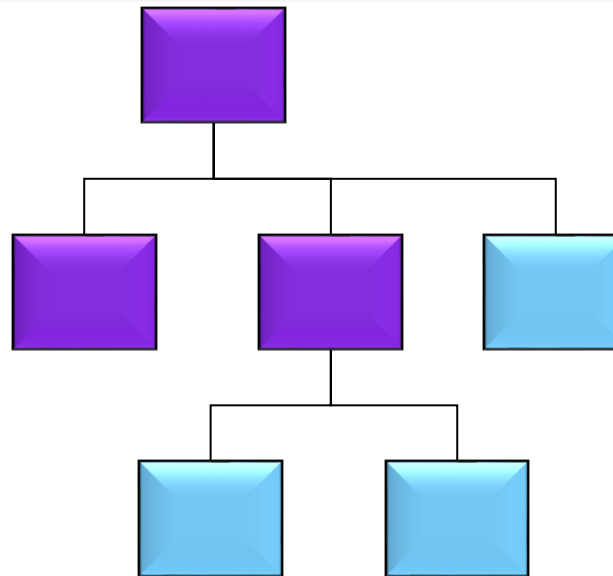
...which requires end-to-end traceability and data availability

**Design & Develop
(Engineered BOM)**



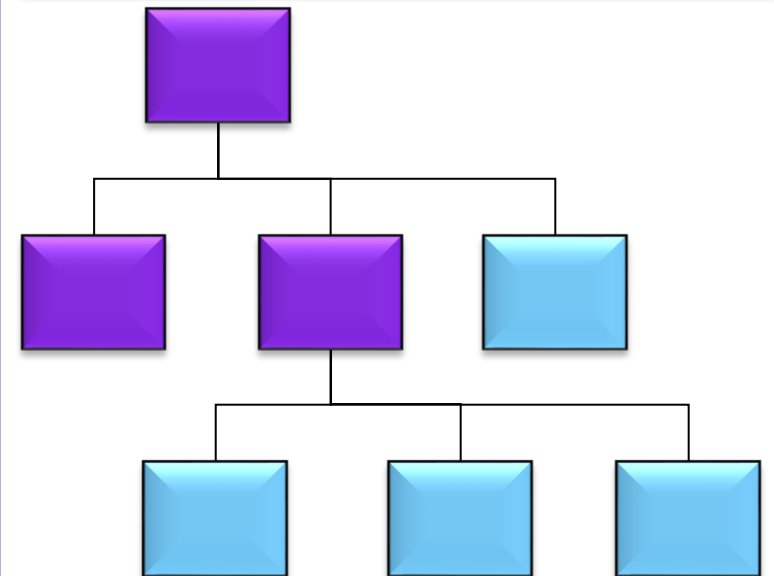
As Designed

**Deliver
(Manufactured BOM)**



As Built

**Spare Parts & Services
(As Maintained BOM)**



As Maintained

Customer in Action: **Volvo Trucks**



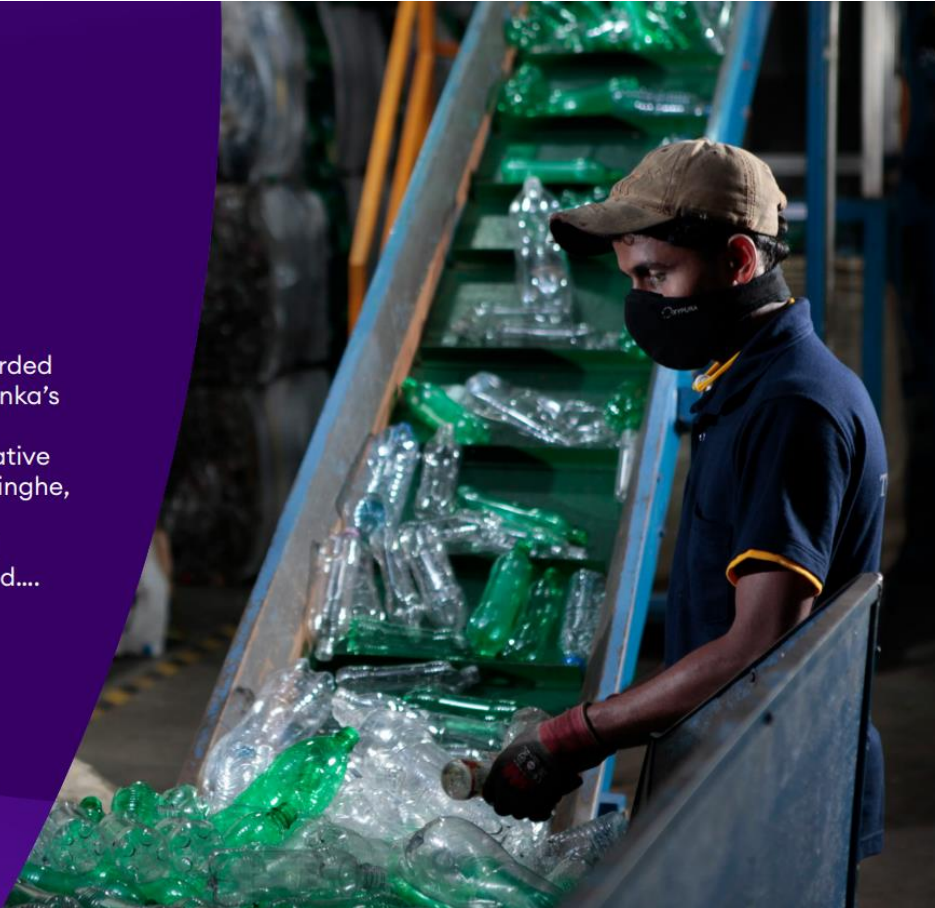
Volvo Remanufacturing → Volvo Circular Operations & Solutions

- Remanufacturing uses less energy than manufacturing a new component, while still meeting high quality demands
- 70-80% reused/refurbished material in a remanufactured engine
- 50-70% CO2 saving compared to a new engine
- Volvo's target is to increase the remanufacturing business by 60% by 2025, with 2018 as baseline.

Customer in Action: **Eco Spindles**

IFS Change for Good Winner: **Eco Spindles**

Part of a group recycling 7.5 million discarded PET bottles a month collected from Sri Lanka's coastline into innovative products, Eco Spindles is the winner for our 'Most innovative solution for sustainability'. Anush Amarasinghe, Managing Director, joins us to explore the world-leading recycling projects and innovative products they have established....



Eco Spindles is a pioneer in tackling the one of the biggest environmental challenges —plastic waste

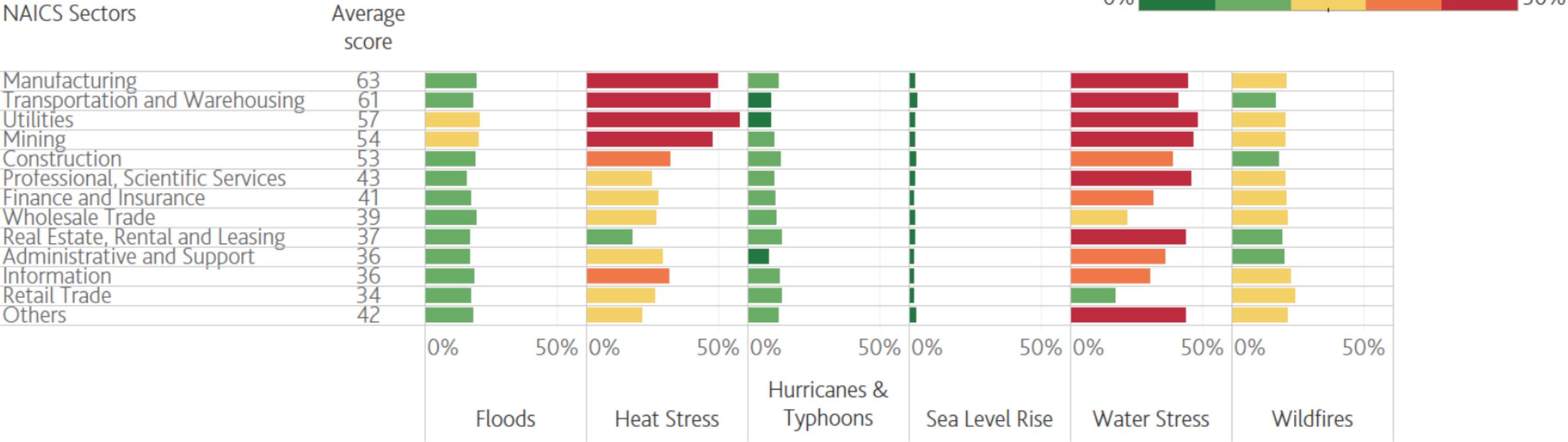
The company currently collects 7.5 million PET (polyethylene terephthalate) bottles a month that lay discarded on Sri Lanka's beaches. Each is then pioneeringly recycled into new products

Examples include: premium-quality monofilaments for cleaning tools, and yarn for fabric manufacturers worldwide

3 reasons why to adopt a Circular Economy strategy today

Reason 1: Mitigate risk

Exposure by Sector



Reason 2: Green incentives

GREEN TAXATION



Reason 3: Drive profitability

“The circular economy, which promotes the elimination of waste and the continual safe use of natural resources, offers an alternative that can yield up to \$4.5 trillion in economic benefits to 2030.”

World Resource Institute

“Manufacturers who put sustainability at the heart of their businesses have seen real benefits from doing so, with 40% reporting increased profit margins and 30% increased competitiveness as a result.”

Make UK, 2020

Food for thought

Commit to the future, even if it means short-term pain

Rather than ROI consider BVE (Business Value Engineering)

Hold your ecosystem to account



Thank you!

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