



# Getting ahead in the circular economy

**How KPMG can help**

[kpmg.com/sustainability](http://kpmg.com/sustainability)



# An opportunity to create value and build resilience

The circular economy is rising up the corporate agenda. Challenges like resource availability, volatile commodity prices, and changing consumer preferences are forcing us to rethink wasteful and inefficient models of production and consumption.

More companies are now designing products or services from the start for longer-term use, reuse and recycling. Markets are increasingly disrupted as leasing and sharing business models challenge traditional 'linear' models of product manufacture, ownership and disposal.

What's more, governments are recognizing the potential of the circular economy to drive business competitiveness, sustainable economic growth and job creation. China, Japan and the EU are among those with circular policy strategies and programs.

For businesses adopting circular models, benefits include greater efficiency and profitability, less waste and cost, better innovation and stronger relationships with customers. Research suggests the economic opportunity for business is huge. In Europe alone, adopting circular principles could generate net economic benefit of EU€1.8 trillion (US\$2 trillion).\*

However, unlocking these benefits demands a dramatic shift from business-as-usual to blue-sky circular thinking. Strong specialist capability in developing and implementing circular policies and strategies is critical.

KPMG circular economy teams combine skills in strategy, innovation, business modelling and finance to help you understand the challenges you face. They have the knowledge and experience to help you move from linear to circular.

\*Working Group FINANCE (2016) *Money makes the world go round*. Available from: <https://www.ellenmacarthurfoundation.org/assets/downloads/ce100/FinanCE.pdf>

**Contact us to find out how KPMG member firms can help you.**



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Arnoud plays a lead role in developing KPMG's circular economy services and leads the KPMG network of professionals who specialize in this space. With over 15 years of consulting experience, he has worked with numerous private and financial sector clients to implement circular business practices. He has also worked with governments including the EU on policy programs to strengthen the adoption of circular business models.

# How KPMG can help

**KPMG specialists can help your business no matter what stage you are at on your circular journey.**



## 01 Research and trends analysis

- **Analyze the market and conduct benchmarking:** KPMG analysts provide insights into how other businesses in your sector and beyond are approaching circularity and implementing circular strategies.
- **Understand regulatory trends:** KPMG professionals analyze the regulatory landscape and identify the risks and opportunities for your company.
- **Engage stakeholders:** KPMG member firms help you engage your stakeholders, both internal (e.g. senior management, business units) and external (e.g. suppliers, customers, investors) to identify their needs and expectations regarding circularity and your business.

## 02 Identify and assess circular risks and opportunities

- **Identify circular risks and opportunities:** KPMG specialists conduct a material flow analysis to identify and map circular risks and opportunities in your business. Based on this analysis, they identify the circular solutions – ranging from process, product, and business model innovation – that are most suitable for your company.
- **Model the impacts of the circular opportunities:** KPMG analysts use advanced modelling tools to assess the costs, benefits, risks and impacts of the identified circular solutions.
- **Measure the impact on your balance sheet:** KPMG professionals use financial modelling tools and simulations to help determine the financial implications of circular solutions to your business.

## KPMG specialists at the center of the business transition towards a circular economy

- KPMG professionals are working with the World Business Council for Sustainable Development (WBCSD) to develop a circular metrics framework to help companies measure and benchmark their circular performance. [Access further information](#).
- KPMG in the Netherlands and KPMG in Luxembourg are members of the international FinanCE Working Group of banks, investors, circular economy experts and others. The group, supported by the Ellen Macarthur Foundation, is focused on how the financial sector can accelerate the transition to a circular economy. [Access further information](#).

# How KPMG can help (continued)



## 03 Develop strategy

- **Select the most appropriate circular solutions to implement:** KPMG advisers work with you to identify which circular opportunities are strategically right for your business. They help you determine what is needed to implement these solutions, including skills and competencies.
- **Design the circular strategy and implementation plan:** KPMG professionals help you to design the strategic approach to make your business more circular. They work with you to quantify your ambition level and set goals, targets and performance monitoring metrics. They help you create an implementation roadmap for your circular strategy.
- **Build capability:** KPMG specialists help your business build its circular capabilities through internal training and education programs.
- **Collaborate with external organizations:** You can accelerate circularity in your business by collaborating with trusted universities, research bodies, NGOs, vendors and others. KPMG member firms can help you forge the right partnerships to drive your circular strategy forwards.



## 04 Implement strategy

- **Execute circular strategy across business functions:** KPMG advisers help you put your circular strategy into practice. This includes supporting change management activities.
- **Monitor, track and report on performance:** KPMG analysts use advanced digital tools to help you measure and report on the impact of your business's circular strategy.
- KPMG professionals can also measure and value the positive impacts your circular initiatives have on people and the environment using the KPMG True Value impact measurement and valuation methodology.
- **Continue to build capacity across organization:** KPMG member firms work with you to continue to identify training needs across your company and build on your circular capabilities.

# Client stories



01

## Helping a European telecommunications company develop a robust circular strategy

One of the leading European telecommunications companies has committed that by 2025 nearly 100% of the resources and parts it uses will be reusable or recyclable. To achieve this goal, the company asked KPMG in the Netherlands to help develop its circular strategy and implementation plan.

KPMG professionals performed industry benchmarking to identify circular market trends in telecommunications and other sectors. They identified the critical internal and external stakeholders that were pivotal for the client to achieve its circular ambitions (e.g. business unit heads, key suppliers), and developed a stakeholder engagement plan for its circular economy team to work with these stakeholders.

KPMG analysts conducted a material flow analysis to identify the circular opportunities in the business (e.g. refurbishing set-top boxes, digitizing network equipment, improving purchasing policies), and modelled the financial implications of these. Based on this analysis, they helped the client to build a robust circular strategy, program and roadmap to deliver on its 2025 ambition.

The new circular program centered on key focus areas such as integrating circular economy principles into procurement and operations practices. KPMG specialists helped the client to define KPIs and goals, measure and quantify the impacts of its circular activities, and to report on these. They held a workshop with critical internal and external stakeholders to ensure buy-in and agree the implementation plan.



02

## Helping the European Commission boost circularity among SMEs

The European Commission wanted to help boost the transition towards a circular economy among small and medium enterprises (SMEs), as part of its commitment to transition the EU to a circular economy, outlined in its Circular Economy Package.\*

KPMG in the Netherlands worked with 28 EU organizations that support SMEs to help them provide better advice on how to adopt circular business principles. KPMG specialists created materials and delivered training to build these organizations' knowledge, improve their understanding of the challenges SMEs face, and develop their circular economy support programs.

KPMG professionals supported a group of European SMEs that provide innovative solutions to help other businesses become more circular, e.g. waste minimization and recycling solutions. Their support included technical advice to help the SMEs refine their solutions and business plans, and promotional support via a dedicated website and an EU conference.

KPMG analysts advised several EU regional governments and agencies on how to encourage SMEs in their regions to adopt circular business models. They provided each government/agency with a comprehensive policy brief based on desk research and stakeholder engagement.

With the support of KPMG, the program reached over 800,000 SMEs, according to estimates by the European Commission. [Access further information](#).

\*Available from: [http://ec.europa.eu/environment/circular-economy/index\\_en.htm](http://ec.europa.eu/environment/circular-economy/index_en.htm)

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