

### The **advantages** of the circular paradigm.

Encouraging the support of all social actors, first and foremost companies, is crucial for a systematic change towards a **circular approach**.

Data and opportunities point towards an optimistic scenario.

The transition to the circular economy is now considered an inevitable step, yet it implies not only a change in business practices, but also a reconsideration of global production and consumption systems.

This requires the synergistic implementation of policies, laws, capital and business models, actively involving people and organisations. Companies are therefore called upon to change their mindset, to revisit their worldview and business philosophy: they must operate in a climate of cooperation, carefully weighing the upstream and downstream effects of each action. Collaboration must necessarily be understood in several directions, in particular between the companies themselves within the production chain and with institutions, **in an ongoing dialogue that is not always simple,** 

### but essential to create an environment conducive to the transition towards circular development models.

Coordination between the public and private sector must promote innovation and the adoption of sustainable practices, while institutions, for their part, should not only regulate business activities, but also act as mediators and promoters of a shared vision of sustainability.

In this overall change of vision that companies are called upon to undertake and which is underway, **technology and innovation play a key role. These are crucial elements in solving environmental challenges**, but need to be managed in an integrated manner to maximise their effectiveness. Companies must invest in research and development to design innovative solutions that reduce the





environmental impact of their activities and promote resource efficiency.

As we shall see, **all these key factors** – collaboration and dialogue together with technology and innovation – **emphasise the central role of partners like Interzero**, who act as facilitators and guides in these processes. The aim of such partnerships is to ensure not only social and moral benefits through the circular economy, helping to make an impact in the fight against climate change, but also extremely concrete benefits in business terms, improving corporate reputation and consumer confidence and also leading to cost savings and increased long-term market competitiveness.

Companies that incorporate future environmental and social regulations into their organisational model in advance can more easily protect themselves against potential legal, financial and reputational risks. Voluntary adherence to high sustainability standards can ensure greater long-term stability and create value for all stakeholders.

Choosing the right partner to guide companies along this path is crucial to maximise the positive impacts and ensure success in the transition to circular development models.







## Interzero's **research**: state of development, needs and trends in the **circular economy**.

Interzero is the partner of choice for companies embarking on a path towards the circular economy paradigm. Its consultancy method based on analysis has inspired the research presented here. Analysis plays a primary role in Interzero's work, enabling it to better support companies in adopting sustainable practices that are useful for business.

This established analytical method has enabled in-depth research to investigate sustainability trends, market expectations and the associated business decisions of medium-sized and large enterprises in Europe. Six countries were analysed: Italy, Austria, Poland, Slovenia, Croatia and Serbia.

### THE GOALS OF THE RESEARCH WERE:

- to understand and analyse market trends in the circular economy and eco-sustainability, examining possible barriers to the application of best practices in the different countries involved.
- to study the main sustainability needs of medium-sized and large

companies in the countries involved and analyse their willingness to adopt sustainable business models.

- to create a reference point on the state of development of the ecological transition in business models at a European level through a summary of data obtained from all analysed countries.

The research method included a desk analysis that involved gathering and reviewing existing documentation (such as press releases, newspaper and magazine articles and sustainability reports) and, most importantly, conducting interviews with C-level decision-makers in the relevant sectors and countries covered by the survey. This phase was implemented through a structured outline and a CAWI (Computer Aided Web Interview) or CATI (Computer Aided Telephonic Interview) methodology.

## **Sustainable initiatives** in companies: motivations to act and most common practices.



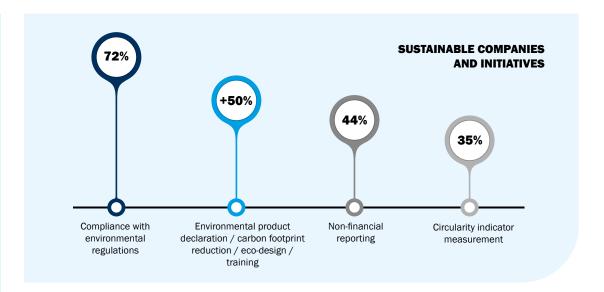
The first research objective focused on the motivations of the surveyed companies to implement sustainable initiatives. The picture that emerged from the responses puts the opportunity for companies to reduce waste and increase process efficiency at the top of the list.

Next comes the motivation related to implementation **costs**, then that related to the **expectations of customers**, investors and **financial institutions**, and, finally, the desire to anticipate or align with industry trends and standards.

Process efficiency is therefore the major driver for the implementation of sustainable initiatives, followed by reasons of communication and reputation towards stakeholders.

In view of the reasons listed above, the analysis focused on the choice of companies in terms of the type of sustainable initiatives adopted. From this second survey step, monitoring compliance with environmental regulations emerges as the most widespread practice (72% of companies). Next in order of preference (and with percentages always above 50%): the Environmental Product Declaration (EPD); the reduction of the carbon footprint, i.e. the greenhouse gas emissions that are generated during the life cycle of a product, service or organisation; eco-design initiatives, i.e. the design of recyclable, biodegradable or renewable products or packaging; and finally training on sustainability issues. At a slightly lower percentage (44%) is the share of companies that prepare a non-financial





report. A measurement of the circularity indicator is instead less implemented (only 35% of the companies surveyed included it among their adopted practices). This is due to the fact that some sectors are unable to obtain this index, the measurement of which is still difficult to determine in some industries or in the presence of specific situations concerning, for example, the production process.

Interestingly, the choices of companies regarding sustainable initiatives vary among the different samples surveyed based on the size of the companies.

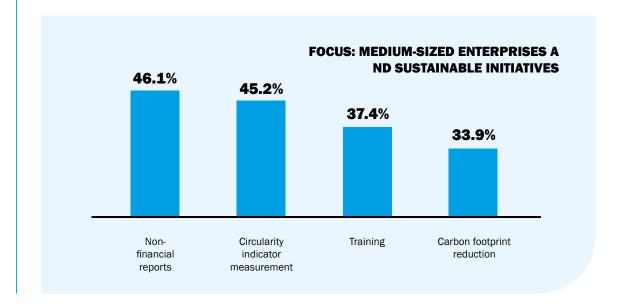
### Focusing on medium-sized companies,

for example, there is an average of 30% less frequent adoption of sustainable practices compared to large companies. Nevertheless, these companies also show a strong interest in investing in sustainability. **The greatest interest was shown in non-financial** 

**reporting** (46.1%) and in the measurement of circularity indicators (45.2%), in addition to training on sustainability issues (37.4%) and reducing the carbon footprint (33.9%).

Adding the percentage of all companies that have expressed interest in implementing sustainable actions to the percentage of those that are already taking such initiatives, the result is between 71.1% and 84.9%.

These are significant figures, which show a marked market trend towards sustainable initiatives.









## Reducing the **environmental impact**: emissions, packaging and other opportunities.

As seen above, the **transition to production systems with minimal polluting impact** – i.e. the opportunity to reduce waste, improve energy efficiency and use recycled raw materials – takes first place among the levers motivating companies to make the ecological transition.

This opportunity also offers a **valuable market advantage**: assessing the sustainability performance of one's own product or service with precision and clarity makes a company more competitive and is a key element of communication between the company and its stakeholders.

In addition, using sustainable materials in the production process can contribute to the circular economy by promoting the establishment of standards that certify the quality of recycled materials. Of all the actions

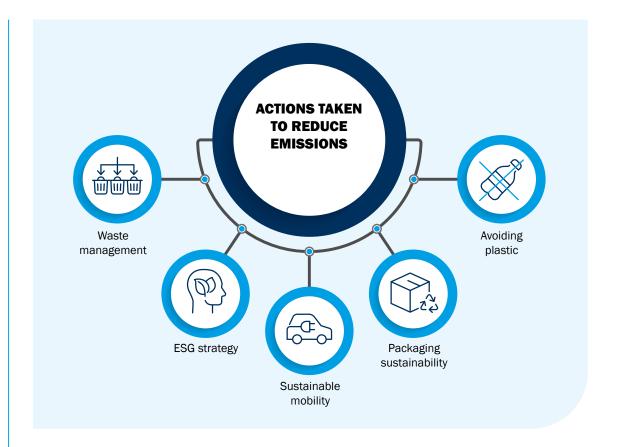
taken in pursuit of the objective described above, **reducing emissions** is by far the action most cited by respondents, as it is a goal that can be achieved through various initiatives.

Some of the companies interviewed were more specific, citing exactly what actions they had implemented, including: improving waste management, setting up and implementing an **ESG** strategy (i.e. covering environmental, social and governance factors), increasing sustainable mobility, avoiding plastic, producing and using more sustainable products and packaging.

During the course of the survey, respondents were presented with a list from which they could select the actions already taken by their company to reduce its environmental impact.

More than half of the companies stated

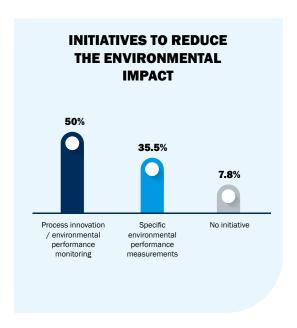




that they had already implemented process innovation actions to produce more sustainable goods, thanks to R&D activities; they had defined the company's vision and mission with a view to sustainability; they had implemented sustainable initiatives, an action plan or environmental performance monitoring processes.

Measurements on the specific environmental performance of products, services and processes were, on the other hand, the least frequent activities reported in the survey (35.5%). This is because this action merely assesses the level of sustainability of existing products and services, without providing a solution to the problem of environmental performance. This is why companies prefer to invest directly in innovation. On the other hand, without a proper sustainability impact assessment, companies risk misdirecting investments in production facilities or alternative energy technologies.

Regarding the **reduction of the environmental impact of packaging**, the use of recycled materials, the minimisation of non-sustainable materials and the use of biodegradable materials in packaging are among the most implemented practices by the companies surveyed (+50%).



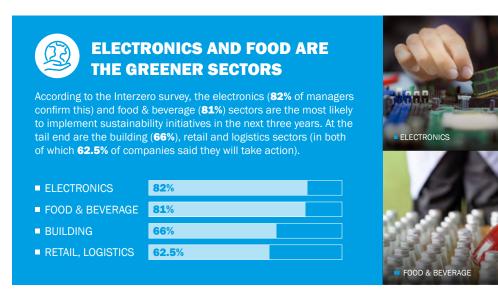
This is very encouraging, considering that only a few years ago the percentage of companies paying attention to the environmental impact of packaging in Europe was much lower. The reason for such an increase is certainly to be found in the implementation of EU policies, but the pressure exerted by the public opinion on this issue also played a decisive role.

On the contrary, as expected, the reuse of packaging to reduce its environmental impact turned out to be the least implemented



action, due to the difficulties associated with this practice (degradation, loss, etc.). However, almost 40% of the companies surveyed said they implement this solution as well.

Overall, only 7.8% of the companies in the sample state that they do not take any action in the field of the circular economy.





# Overcoming critical issues: environmental partners and the focus on Consulting Support Seekers.

While our survey so far has focused on the sustainable opportunities most frequently adopted by companies, equally important is the analysis of the critical issues hindering the ecological transition process. Many respondents claim that they are unable to reduce their environmental impact effectively for several reasons: because of production facilities that are difficult to convert and for which a lot of investment would be required; or because the use of more sustainable materials is not yet considered economically viable, also from the point of view of the technical performance of materials.

In the case of logistics companies, it is particularly challenging to reduce emissions. Most goods are still transported using traditionally powered trucks, with only a few

hybrid or electric models currently available, as the technologies have not yet matured. Additionally, rail transport is rarely used today, despite its potential to significantly reduce the overall emissions associated with transport, as well as alleviating road traffic.

However, in all the sectors surveyed, many companies expressed a desire to have better internal organisation on issues related to waste sorting and delivery and to the use of secondary raw materials (SRMs).

Those expressed by the interviewees are real sustainability needs, which cannot be met due to the (real or perceived) lack of adequate technology and infrastructure, the high cost of the necessary investments and the lack of funds and resources. Interestingly,





some respondents stated that they have no alternatives or that they cannot address the problem at this time, pointing to the presence of exogenous factors beyond the companies' control. **The lack of useful data and research** to address the environmental issue at company level is also a very interesting fact, **which demonstrates the need to invest in research and to rely on a partner such as Interzero, which specialises in sustainability**.

However, 60.4% of the companies in the sample said they have already formulated **strategies for achieving sustainability goals**. The strategy for reducing emissions is the most frequently cited, followed by the ESG strategy – which, as previously mentioned, measures a company's impact in the Environmental, Social and Governance areas – and the strategy for improving energy efficiency.

More than 75% of the companies surveyed have already set or achieved goals related to reducing environmental impacts (e.g. carbon neutrality), advancing the circular economy, promoting eco-design, or improving non-financial reporting.

The year 2030 is the preferred deadline for achieving sustainability goals, in line with the targets set by the European Union. Few companies, however, can claim to have already achieved these targets: the percentages range between 15.7% for the

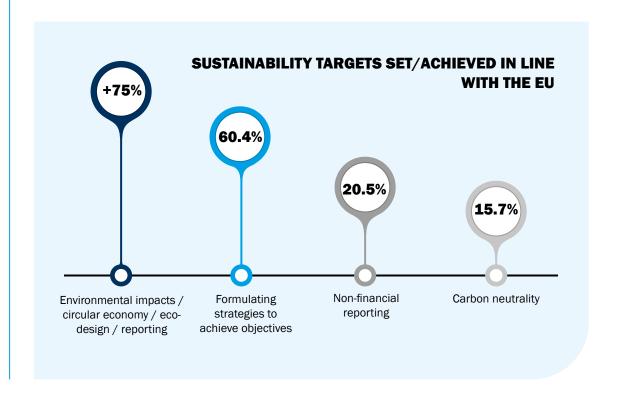
more burdensome goal of carbon neutrality, and 20.5% for non-financial reporting, the goal that is considered "easiest to achieve". This result is predictable, considering that **the real sustainable transition is taking place in these years**.

Another factor analysed relates to the selection **criteria that companies apply in relying on a consultancy** firm to implement their sustainable initiatives. The price of the services offered turned out to be the primary evaluation criterion, along with the integration of the proposed solutions with one's own business model, availability of other consulting services, variety and widespread availability of the services offered, as well as company reputation.

In particular, **the customisation of the solution offered** turned out to be a critical element for companies: many companies said that they are unable to integrate the solution provided by environmental consulting firms into their business models.

### The "Consulting Support Seekers"

**cluster** – which in Italy, compared to the other countries involved, is the widest sample – is characterised by a significant presence of large companies (with more than 250 employees) catering to the B2B and B2G markets. Many food and retail companies belong to it, with a higher prevalence than in the total sample. Focusing on this group, there is a noticeable







above-average presence of Chief Sustainability Officers (CSOs) and a higher number of companies with dedicated sustainability teams. In the decision-making process to implement sustainability initiatives, these companies are particularly interested in the sustainability trends and standards of the industry and compliance with the existing regulatory framework.

Companies in this cluster expressed a willingness to seek the support of a consultancy firm to which they can delegate certain strategic, management and operational functions; but they would rely on a firm with a good reputation that also offers all-round consultancy in different fields, not necessarily related to sustainability. When it comes to sustainable initiatives, however, this group of companies is very demanding in seeking consultancy services that enable them to remain within their allocated budget in the first place.

Overall, 66% of the cluster companies said they had a budget of up to €300,000 dedicated to sustainability initiatives on a three-year basis (compared to €50,000 or less as the

most commonly found budget within the sample). The budget reflects this cluster's stated willingness to adopt, implement and invest in sustainability initiatives over the next three years. The companies in this group are convinced of the added value generated by sustainable initiatives.

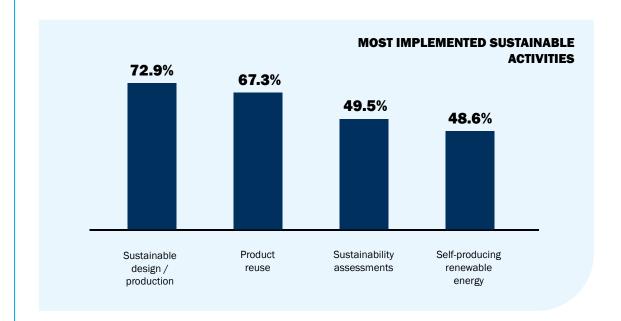
Consulting Support Seekers are also the companies that have already implemented the largest number of sustainability initiatives and are the most committed to the ecological transition to date. Among the most frequently adopted practices there are: environmental legislative compliance, eco-design, environmental product declaration (EPD), carbon footprint reduction.

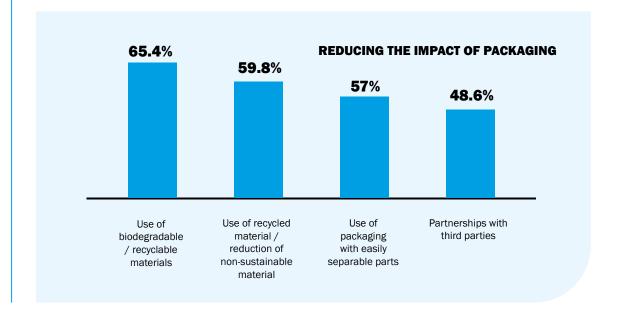
Furthermore, among the **key activities** implemented to achieve circular economy goals, Consulting Support Seekers list: sustainable design and production together with initiatives to reuse products (72.9%); initiatives to reuse products (67.3%); specific sustainability assessments for products, services or processes, e.g. Life Cycle Assessment (LCA) (49.5%); self-production of renewable energy (48.6%).



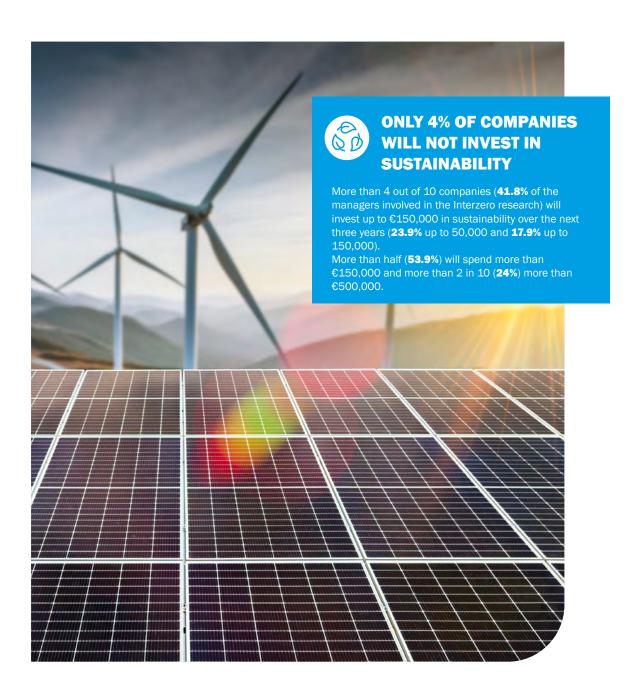
As regards **minimising the impact of packaging**, Consulting Support Seekers
indicated that they primarily address the issue
through the use of biodegradable or recyclable
materials in packaging (65.4%). They also
employ recycled materials and reduce "nonsustainable" materials (both at 59.8%), use
packaging made of easily separable parts
(57%), and finally, form partnerships with third
parties to develop more sustainable solutions
(48.6%).

Looking at companies that have not yet implemented sustainability initiatives, Consulting Support Seekers remain the most eager cluster to become active in this area.













## **Conclusion**: the circular economy as a competitive advantage.

The environmental transition is a process based on awareness.

As citizens become increasingly aware of their lifestyles and consumption patterns, the private sector, institutions and bodies are also showing full awareness of the need for a change of course.

What is the plan of action then? The data collected show **that companies are increasingly committed** to reducing waste, increasing efficiency, containing costs and aligning with the expectations of customers, investors and industry standards. **This process is supported by clear benefits, including increased competitiveness and business growth**.

Encouraging and supporting companies in this transition, considering not only the social and moral but also the business benefits, is therefore crucial to bring about a systematic change towards the circular approach.

This is where the key role of consultancy firms such as Interzero comes in, facilitating the ecological transition of the private sector, in line with EU objectives. A strategic partner for companies aiming at circularity, it offers integrated environmental solutions and leads companies towards concrete goals.

The consultancy service is customised to the specific needs of organisations, simplifying the processes of analysing and monitoring ESG indicators.

Interzero's Environmental Sustainability
Dashboard, for example, is a solution that
combines strategic consulting and a monitoring
tool: it involves the identification and analysis
of business needs, and the definition of
environmental goals supported by a web-based
platform for the assessment of relevant KPls,
such as energy consumption, emissions, water
consumption, waste management and many
others.

Relying on partners such as Interzero not only contributes to the fight against climate change, but offers concrete benefits such as reduced costs and improved corporate reputation.

Investing in sustainability responds to global challenges and creates value for companies, improving their performance and strengthening stakeholder confidence.



