

Building a value-chain for hard-to-recycle flexible plastics

Circularity requires re-imagining business models and re-architecting supply chains.

This is easier said than done when end-of-life treatment options were designed to be linear.

Making that leap requires driving change through clear market signals and active value-chain orchestration.



Photo by Tom Fisk

THE CHALLENGE

Despite the hype, there so very few cases where businesses successfully close the loop on their products and packaging.

The challenge facing two corporates that we work with was - how do I meet my recycled content commitments in packaging for flexible polyolefins? The market for it had simply not existed and so neither did the value chain for sourcing the feedstock or recycling the material.

OUR SOLUTION

Anchor is collaborating with an F&B brand and a petchem to solve this, by launching two projects to build the value-chain that will deliver the needs of these partners and customers.

In both cases, the corporate partner provides the initial market demand for the desired material through off-take agreements. This is not unlike the advance market commitment (AMC) mechanism that was used to great effect to deliver drugs for under-researched problems in healthcare.

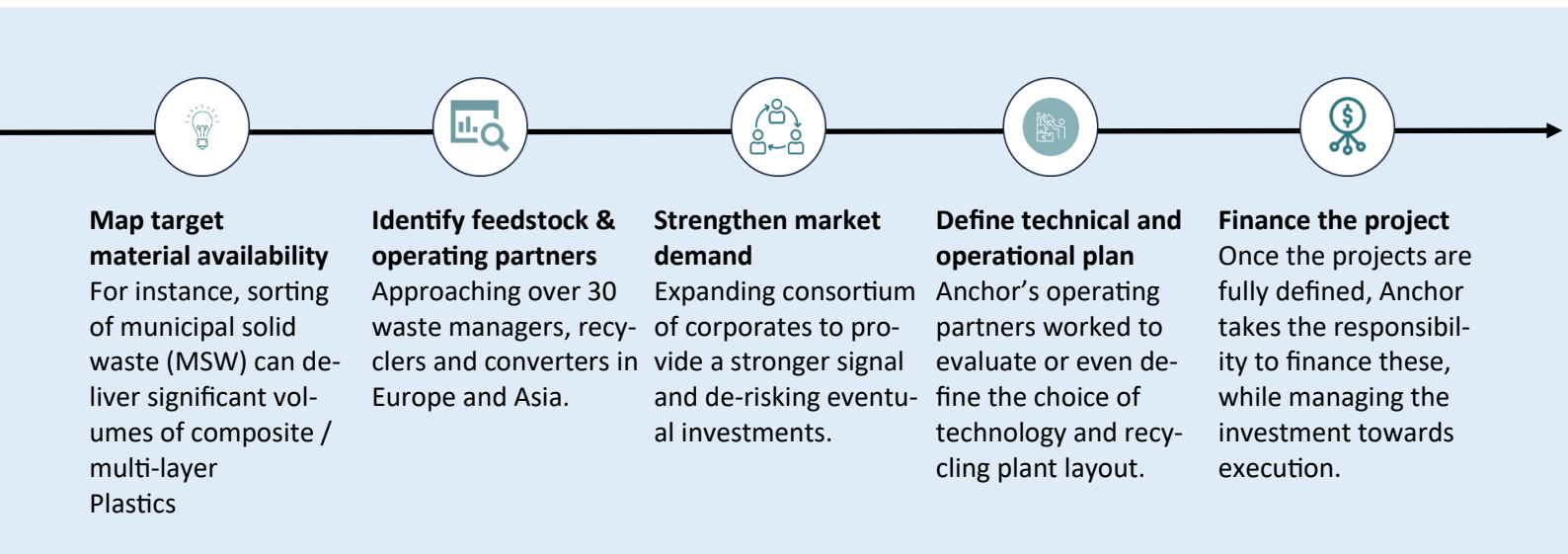
THE INDUSTRY PROBLEM

There is almost no recycling of plastic films from household and food packaging. This is especially true for polypropylene (PP) film (35% of food packaging), and multi-material films (20% of food packaging).

The problem is the diversity in food packaging with a lot of hard-to-recycle films; in addition, the waste collection and sorting infrastructure sorts only for one type of film (LDPE or low-density polyolefin) - the rest is disposed due to no historical market demand.

This is a problem for the food and beverage (F&B) industry, that is committed to achieve up to 100% recycled content in its packaging.

Anchor brings the rest of the pieces together to link the value-chain towards concrete projects:



We take a two-track approach, identifying small volume, near-term off-take options, while working towards a larger project for long-term off-take security. This provides early results, building confidence in the delivery capability of the entire project, which is critical to ensuring continued engagement of the value-chain.

THE RESULTS

When we started, our partners had a broad idea of what they wanted, and had explored a few partnerships—but had no concrete options on the table.

Six months into this process, we have mapped the entire universe of off-take possibilities in Europe and India, tested material from 8 different providers, and narrowed down on four concrete project partners that fit end-market and operational requirements. Plant layouts are defined or being defined. Business modeling will follow.

1.2 million tons

Plastic feedstock
identified

8 samples

tested and evaluated

4 projects

identified and in
development

About Anchor Group

Anchor Group is a Swiss investment & corporate development firm operating across Europe, India and the Middle East since 2009. We build, finance, and scale new investment strategies and businesses together with the world's largest corporates, families, institutional investors and entrepreneurs.

More at www.aii-group.com

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