



Circular Economy Summit

Trends in financing Circular Economy

ING Wholesale Banking | Sustainable Finance | Joost van Dun

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Trends in Circular Finance: 4Rs which impact our clients and form part of sustainable finance discussions

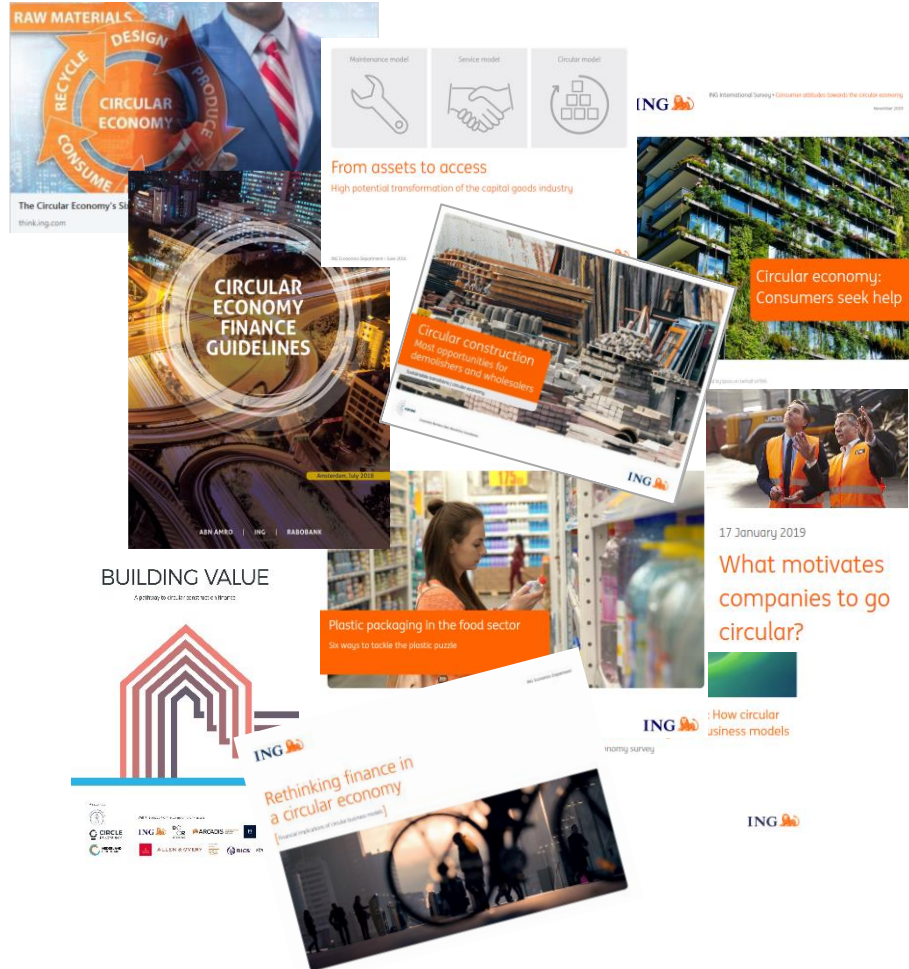
- 1 Reduction of emissions
- 2 Regulation
- 3 Redirection of financial flows
- 4 Reporting

Circular Economy at ING: from thought leadership to action

intro

Building knowledge

ING has published several leading reports on the circular economy



Bring it in action

Circular Economy embedded in ING's Sustainability direction

'Empower our clients and business to reach net zero by 2050 or sooner'

Financing circular propositions



Ecosystem and co-creation

- Development of Circular Economy Finance Guidelines together with peers ABN Amro and Rabobank
- Working together with parties like WRI (Pace), WEF, Circle Economy and Signatory of EMF New Plastics Economy Commitment
- Member of UNEP FIs Plastic Finance Leadership Group

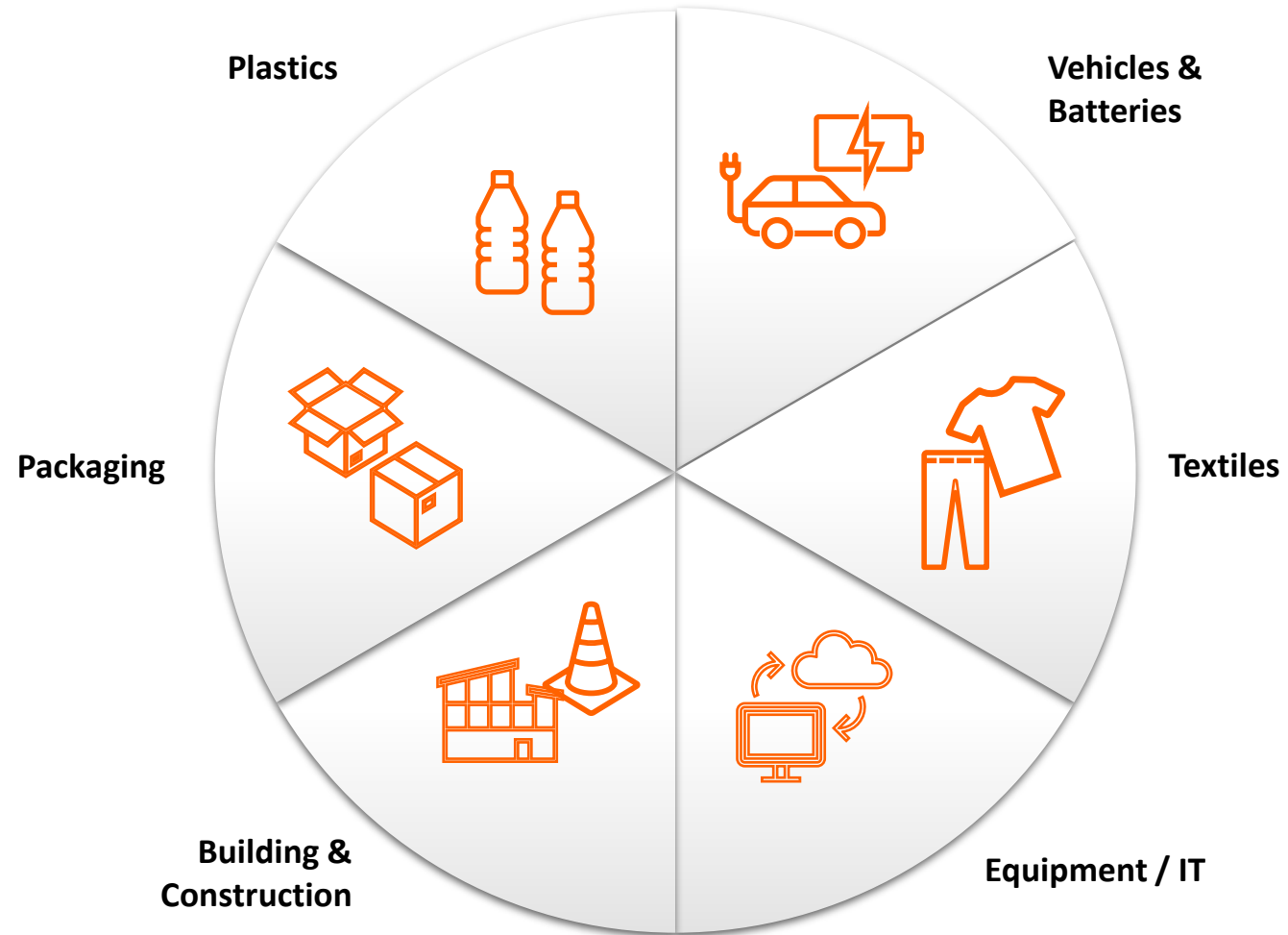


Own operations

- ING strives to maximally apply circularity in its own buildings and with suppliers (equipment, office furniture)

For Circular we focus on resource intensive value chains

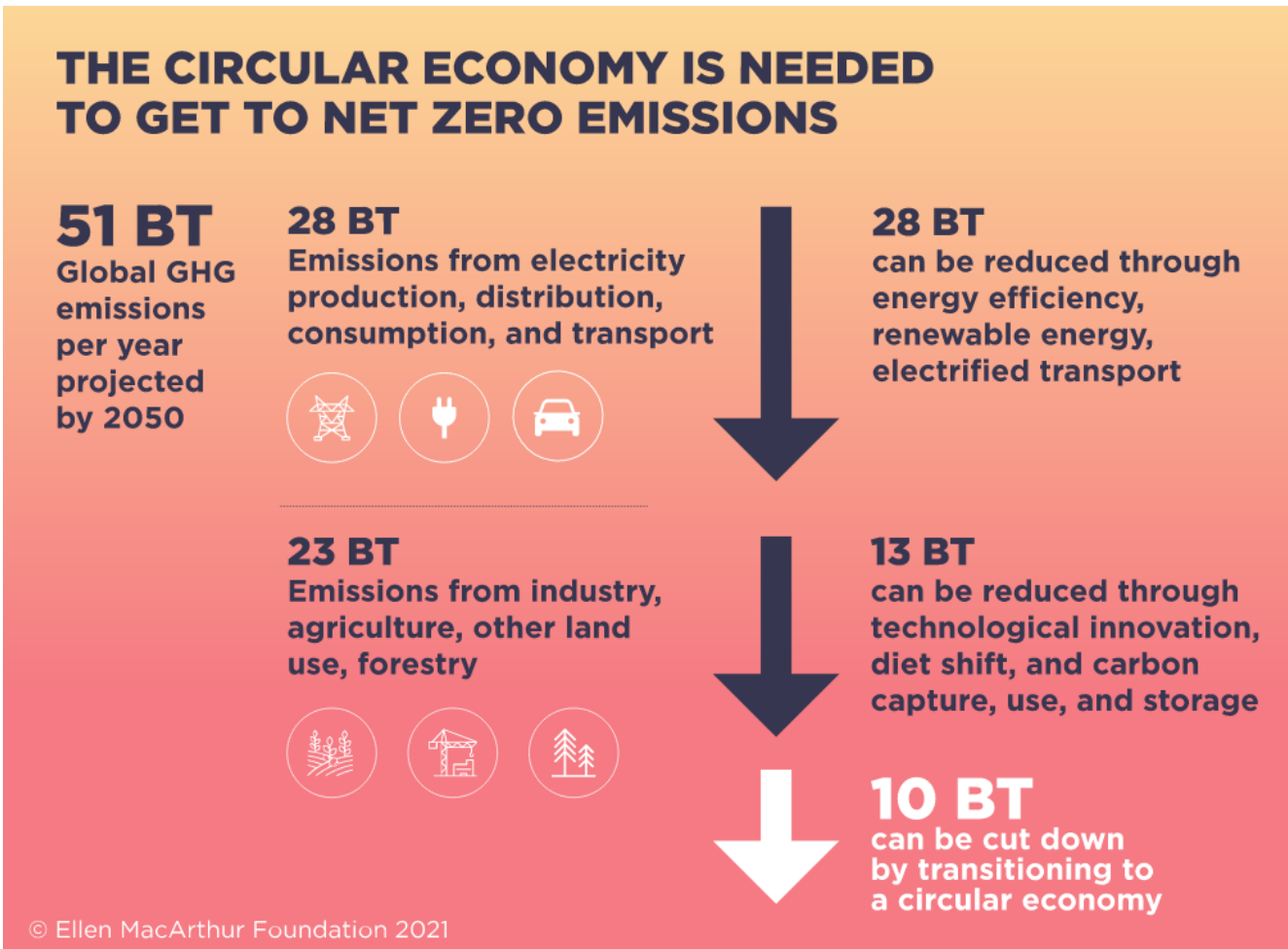
Focus on those value chains where we are well positioned, where resource consumption is high and opportunity for CE is high



Reduction of emissions : Circular Economy can address ~20% of reduction of GHG

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Renewable energy and energy efficiency can only address 55% of global greenhouse gas emissions. A circular economy is crucial to tackling hard-to-abate emissions from industry and agriculture



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can be cut down by transitioning to a circular economy

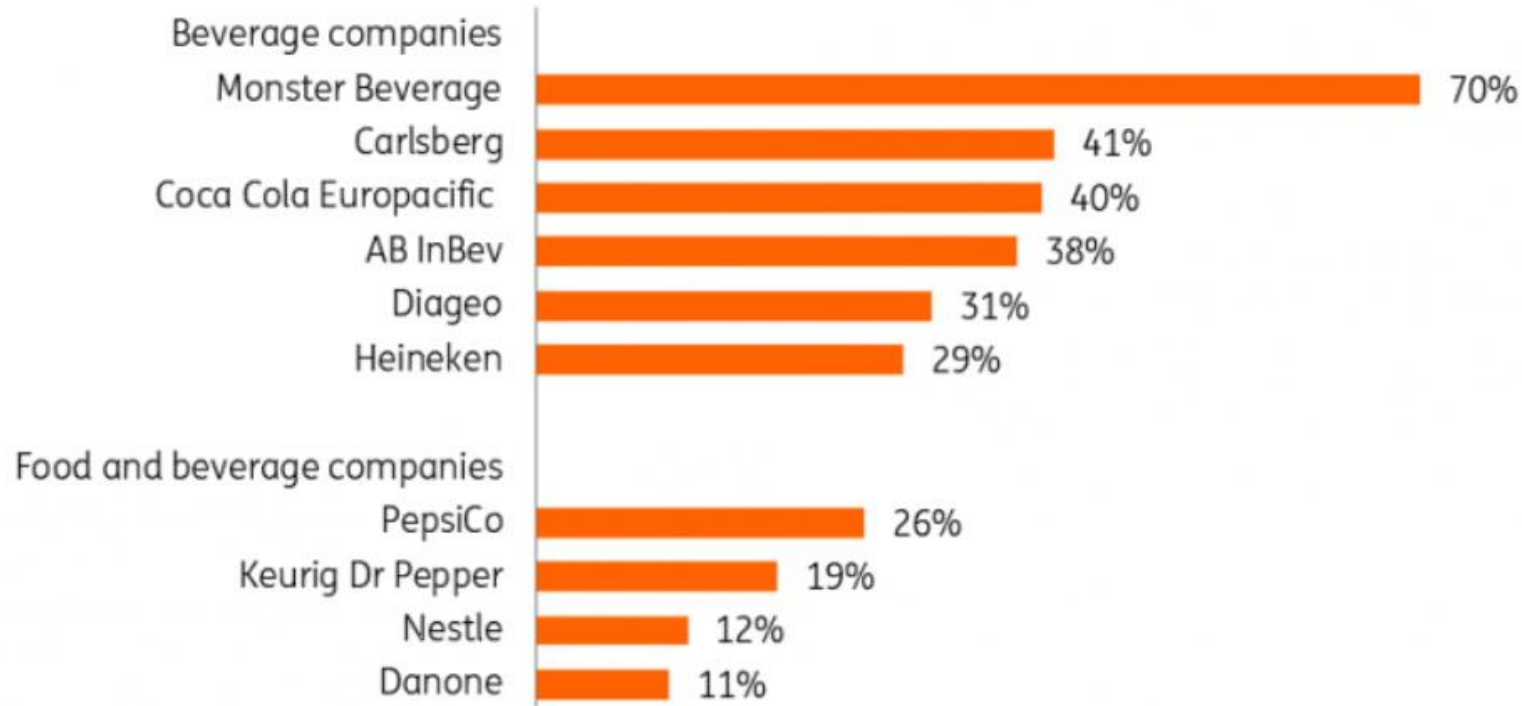
How?

- 1) By eliminating waste and pollution,** we reduce the emissions associated with the production of the materials that go to waste.
- 2) By keeping products and materials in use,** we retain the embodied energy in products and materials, *instead of producing new materials and products, which generates greenhouse gases.*

Packaging is a major part of the carbon footprint of F&B companies

1

Packaging related emissions as a percentage of total scope 1,2 and 3 emissions



Company information, calculations made by ING Research based on most recent reported data

Emissions can be lowered by a.o.

:

- Switching to alternative (recycled) materials to replace virgin plastic
- Making sure packaging waste is collected, sorted and recycled at end of life (such as deposit return systems)

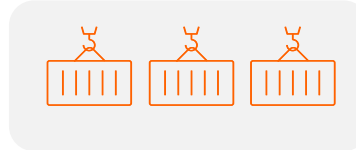
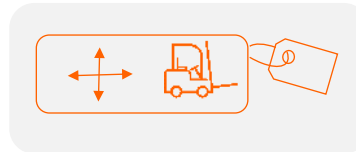
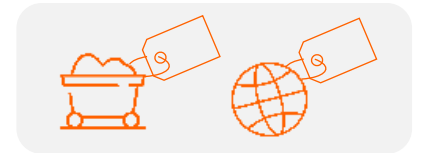
Role of Regulation: Market in favour of the 'linear' over circular economies

1. Negative environmental externalities not priced in, making conventional goods look cheaper than they actually are
2. Transaction and operational costs are higher in the circular economy
3. Volumes too low for circular markets to emerge

Linear economy



Circular economy



Regulatory support important to create level playing field for circular markets!



EU Green Deal – New Circular Economy Action Plan – Making sustainable products the norm

Mandatory requirements with regard to use of recycled content, extension of lifetime (repair, reuse) and recycling at End of Life.

Examples of regulation which will stimulate transition to CE

EU Single Use Plastic Directive:



Product bans:

- Like bans on cutlery, plates, straws, stirrers

Design requirements:

- 25% recycled content in PET beverage bottles by 2025 and 30% in all plastic beverage bottles by 2030

Extended Producer Responsibility Schemes per 31-12-2024

Collection targets:

- 77% separate collection target for plastic bottles by 2025 – increasing to 90% by 2029

EU Packaging and Packaging Waste Regulation (a.o):

- National recycling targets for the material streams remain
- 10% goal for reusable packaging for alcoholic and non-alcoholic beverages by 2030.
- **Deposit Return Systems** for those countries that are not collecting 80% of containers separately by 2026. End goal: 90% in 2029 diverted from waste.

Hungary introduces new DRS for drink containers

2 JANUARY 2024

Hungary has launched its new deposit return scheme (DRS) for single-use drink containers in a collaboration between **TOMRA** and central system administrator **MOL Hulladékgazdálkodási Zrt. (MOHU)** – a move hoped to optimize the process of returning used packaging for new recyclers.

Redirection of financial flows

Redirection of financial flows asks for guidance on what good circular practices are



Examples of redirection needed to end plastic pollution

A new UN treaty to address plastic pollution
Supporting the transition to a circular economy for plastics

- Raise USD 600 billion to **support reuse** and new delivery models
- USD 300 billion for **collection, sorting and recycling**
- USD 1.7 trillion for production of **sustainable substitution materials**

Examples:

- **Reduce financial investment for virgin plastic production by USD 2.2 trillion.**

Measuring circularity and guidance on what good circular practices are, are needed to redirect financial flows



Reporting: ESG disclosure requirements are increasing, also on CE

Under the EU Green Deal, a plan has been set, which includes detailed disclosure requirements

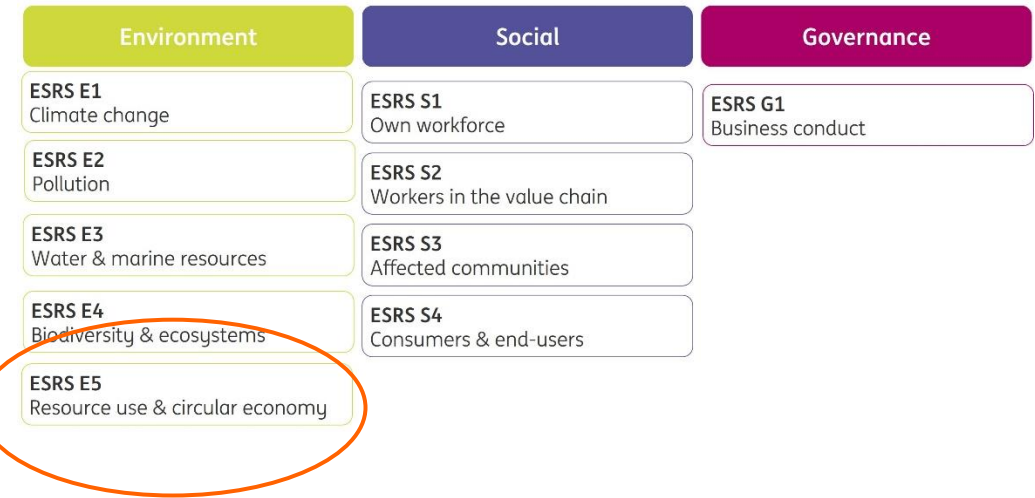
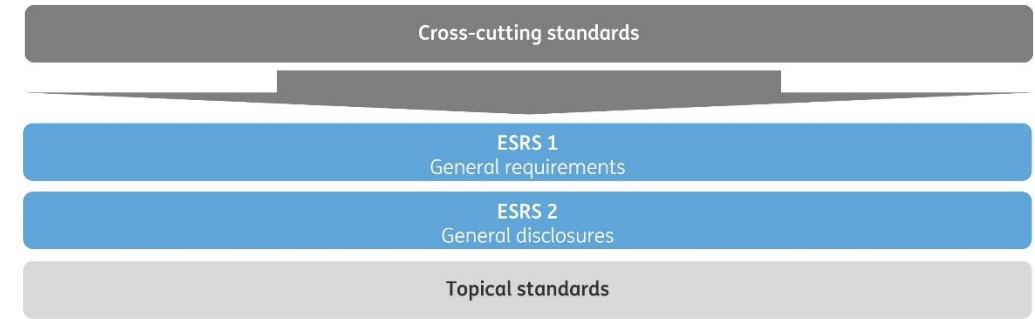
What is the CSRD?

New, **detailed sustainability reporting requirements** which **aims** to ensure that **companies** publicly **disclose** adequate information about the **sustainability risk and opportunities**, as well as their impact on people and the environment.

Who has to disclose and when is it applicable?

	FY24	FY25	FY26	FY27	FY28	FY29
Large public EU companies	●	Reporting in 2025				
Other large EU companies		●	Reporting in 2026			
Listed SMEs			●	Reporting in 2027		
Non-EU parent companies					●	Reporting in 2029

Key Building blocks of CSRD





ESRS E5 – Resource Use & Circularity

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What do companies need to disclose?

- 1. Policies:** how do you manage risks, impacts and how do you want to transition away from virgin
- 2. Actions:** how are you transitioning your business strategy from linear to circular
- 3. Targets:**
 - for mitigating risks & impacts,
 - Set specific targets on inflows and outflows (material use, design, how to reduce virgin, waste management etc)
- 4. Inflows:** measure and manage absolute and intensity of renewable and recycled products and materials
- 5. Outflow:**
 - Design (durability, reusability, recyclability etc)
 - Waste management
- 6. Potential financial effects:** -effects of material risks and opportunities arising from resource use / circular approaches

These 4Rs will contribute to accelerate (financing) the transition to a circular economy!

Thank you!

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