

# Circular economy

## Decarbonisation case in practice



Treasury Forum 2024 – Eva Bucova, Zdenek Matousek  
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# What is on the agenda?

- 1 What is the role of Circular Economy in the transition to net zero?
- 2 How can Circular Economy initiatives be supported by bank financing?





*5 years and 47 days*

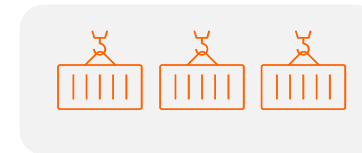
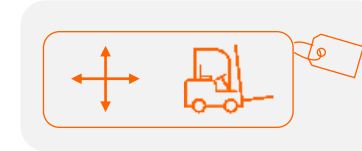
# Market in favour of the 'linear' over circular economies

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

# Circular economy concept is one of the main building blocks of EU's sustainable development: Share, lease, reuse, repair, refurbish and recycle in a closed loop.

## Benefits

? why do we need to switch to a circular economy ?

- To protect the environment
- Create jobs
- Reduce raw material dependence
- Save consumer money



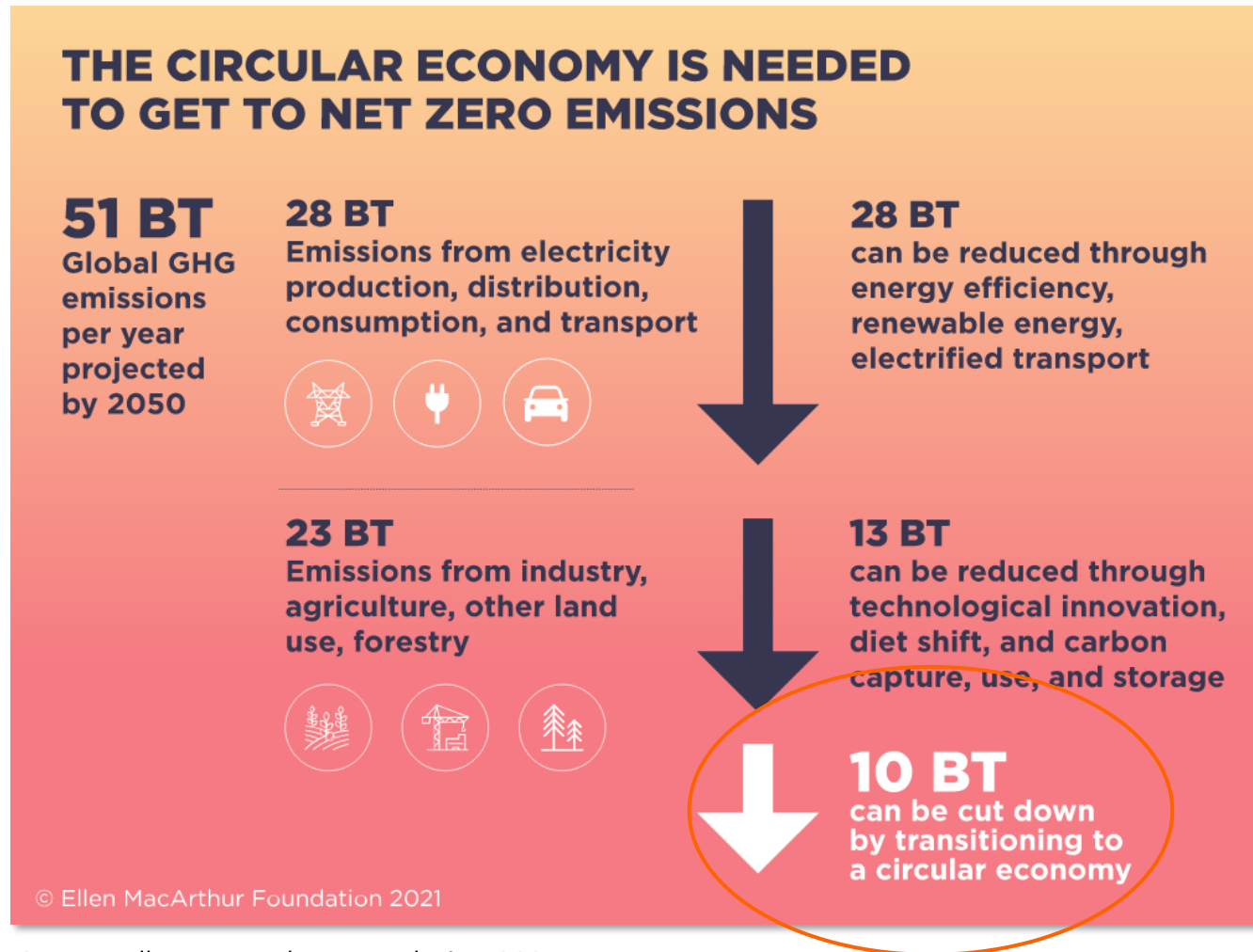
## European Commission's new Circular Economy Action Plan

- Focus on sectors with highest circularity potential
- Make sustainable products the norm
- Ensure less waste
- Empower Consumers



# Circular Economy can address ~20% of reduction of GHG

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



**10 BT**  
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.*

# Unlocking financing to support circular models

## 1 Green Financing



## 2 Sustainability Linked Financing



### Methodology

- ✓ **Dedicated Use of Proceeds** based on **green activity / assets, incl. Circular**
- ✓ Possible as **Loan, Bond, Framework**
- ✓ **Most popular product** in the Bond Market
- ✓ **No pricing** incentives (sometimes indirect)

- ✓ Intends to **incentivize behaviour**
- ✓ **General Corporate Purpose Loan**: no dedicated assets/activities
- ✓ **Linked to the ESG performance** of companies
- ✓ And improvement in predetermined performance leads to a **discount** on the margin, while a deterioration leads to a **premium**

### Examples in the market



# Panel discussion: circular economy in practice



**Vesselin Barliev**, Head of Public Affairs & Communication, ERM and Social Impact Manager  
*Cemex Czech Republic, s.r.o.*

- Mr. Barliev gained his university degree in international law, and since 2002, he has been working for several multinational corporations.
- Since 2016, Mr. Barliev joined Cemex Czech Republic, where he is currently managing the department responsible for public affairs, environmental risk management, and social impact management.
- Cemex is a multinational producer of construction materials. With over 43,000 employees, Cemex belongs to one of the largest players in the industry, and is committed to providing innovative and sustainable solutions for the construction sector.



**Zdeněk Havlík**, Head of Health, Safety and Environment Department  
*Porr a.s.*

- Mr. Havlik gained his university degree at CVUT, and since 2009, he has been working for PORR a.s., where he held several positions.
- At present, Mr. Havlik is heading the HSE Department, which is responsible for work safety and health, environmental protection, energy management, and ESG.
- PORR is one of the leading construction groups, operating in more than 70 countries and active in building and infrastructure construction. Motto for the way business is done at PORR: intelligent building connects people.







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