

Challenges in financing recycling projects

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KfW – A bank with a wide array of functions

Financing and supporting sustainable change at home and abroad

We promote Germany.

SMEs

Retail
customers

Municipalities

Start-ups



KfW

KfW CAPITAL

We support the German and the European economy.

National / International
export and project finance



KfW IPEX-Bank

We finance development.

Developing and emerging countries



KfW
Entwicklungsbank

KfW DEG

Business environment

Selection

- Geopolitical landscape creates a stronger focus on resilience on the supply chain
- Reduction of dependence on primary raw materials and optimizing existing resources/environmental effects
- Legal Framework:
 - Critical Raw Materials Act and EU targets (...at least 25% from recycling in the EU...)
 - EU Circular Economy Regulation (adopted Q4 2026?) to support recycling of metals
 - Abfallrahmenrichtlinie, Elektro- und Elektronikgeräte-Richtlinie (WEEE)
- Battery Passport from 1.1.2026, supporting recycling
- EU Commission request for Trans-Regional Circularity Hubs for collaboration, know how transfer and network building
- EU Strategic Projects: recycling as separate category, 10 projects selected; priority status for administrative and legal actions, e.g. faster environmental permit process
- Germany has an established environment for collection and recycling of various metals
- Price level for primary material
- High energy costs

Challenges in evaluating recycling projects from a bank perspective

01

**Long-term
offtake?**

04

**Complex technical
processes & low
metal
concentration**

07

**Separation of
alloys**

10

**Profitability vs.
Primary sources**

13

**Often no classical
commodity**

02

**Regulatory
Issues**

05

**Technological
risk, scale-up &
new processes**

08

Side-products?

11

**Energy
consumption**

14

**High price
volatility and
current market
prices**

03

Start-ups

06

**„Social licence to
operate“ &
Environmental
issues**

09

**Limited
processing
capacity further
downstream**

12

**Collection system
and logistics**

15

**Quality of
product?**

Main scope of Due Diligence

Economic feasibility

**Market/feedstock and
offtake analysis**

Technology

Logistics

**Environmental and
social impact**

**Regulatory
framework**

Risk analysis

Management team

KfW Banking Group financing solutions Overview

Financing solutions & products of KfW Banking Group

Overview

KfW Promotional Bank		KfW IPEX-Bank
via house bank	direct	direct
KfW Promotional Loan Programs	German Raw Materials Fund: Equity or equity-like products < 50 Mio. – 150 Mio. EUR	loans: > 50 Mio. corporate loans > 100 Mio. bei project finance

Loan programs of KfW Promotional Bank (via house bank)

KfW Promotional Bank - programs for companies

Selection – potentially relevant for the recycling industry

Corporate Finance	ERP-Förderkredit KMU
	KfW-Förderkredit großer Mittelstand
Climate protection & Energy efficiency	Klimaschutzoffensive für Unternehmen
	KfW-Energieeffizienzprogramm
	Bundesförderung Energie- und Ressourceneffizienz in der Wirtschaft
Start-ups	ERP-Gründerkredit - Startgeld
Efficiency of resources	KfW-Umweltprogramm allgemein

KfW-Umweltprogramm (240/241)

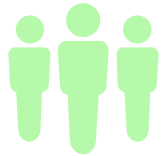
Main parameters



Financing of general environmental protection measures, such as measures to promote the circular economy, to improve climate protection or to adapt to the consequences of climate change



Favourable rates with long-term interest rate fixation



For mostly private companies and freelancers of all sizes



Up to 25 Mio. Euro loan volume (and 100% of the eligible expenditures)



For projects in Germany and abroad

Klimaschutzoffensive für Unternehmen (293)

Special feature: alignment with the EU Taxonomy; main parameters

Objective:

- Strengthening investments in Paris-compatible, climate-friendly economic activities

Actions funded:

- Investments in transformative and transitional technologies, addressing for the first time also the producers of green products and technologies ("enabling activities")

Funding conditions:

- Minimum technical requirements based on technical screening criteria for significant climate contribution according to EU taxonomy








Eligible:

- Commercial and municipal companies with projects within the EU

Type of support:

- low-interest loan up to 20Y duration, application via the house bank with short project description

Klimaschutzoffensive für Unternehmen (293)- What will be promoted?

Module A and Module A+: climate-friendly technology 	Module B: Climate-friendly production processes in energy-intensive industries 	Module C: energy supply 	Module D: Water, waste water, waste 	Module E: Transport and storage of CO ₂ 	Module F: Integrated mobility projects 	Module G: Green IT 
vehicle production	steel, cement	production of electricity / heat	sewage treatment plants	CCS	rail	servers, storage
production of renewable energy equipment	plastics	nets	drinking water supply		local public transport	air conditioning
Insulating materials, windows, doors	chemistry	fuel production	bio-waste		cars, trucks, e-bikes	power supply
household appliances, batteries	hydrogen	Storage/ hydrogen	recycling		ships	

Current SME funding programs

ERP-Förderkredit KMU & KfW-Förderkredit großer Mittelstand

ERP-Förderkredit KMU (365- 366)

- for **small and medium-sized enterprises** and professionals
- **Interest advantage** for young companies and projects in regional development areas

KfW-Förderkredit großer Mittelstand (375-376)











- for companies > SMEs up to a maximum of EUR 500 million in annual turnover

- Investments, warehouses and current costs (= operating resources), also for financing company succession
- Maturity variants up to 2/2/2, 5/1/5, 10/2/10, **20/3/10**
- **Risk-based interest rate system** for margin-based risk assessment
- Easy access to credit possible through **optional** 50% (> 2 years) indemnity

German Raw Materials Fund via KfW Promotional Bank (Equity)

KfW Promotional Bank: German Raw Materials Fund

Investing into raw material projects (2024 - 2028)

	Mandate KfW is mandated by the Federal Ministry for Economic Affairs and Climate Action to invest up to EUR 1 bn into equity of mining, processing and recycling companies to pursue the vision of the funds		Equity instruments Equity, quasi-equity (convertible bonds, subordinated loans, etc.)
	Vision Create more resilience of the supply chain of critical minerals by securing long-term offtakes to German industrial players and EU manufacturing sites, for the green and digital transformation, aviation and aerospace, and defense industry		Critical metals and prioritization EU Critical Raw Materials List 2023 + DERA classification min. group 2 but especially group 3
	Ownership Minority shareholding, leading industrial player as key investor		Geography Western industrialized countries, Americas, Africa, Asia, Australia and Europe. No sanctioned countries
	Investment focus Extraction, Processing, Recycling		Evaluation of potential offtake At least LOI-/MOU-status, further expert evaluation and dialogue with the offtaker required
	Ticket size EUR 50-150 million, recycling also < EUR 50 million		Process Application filed on KfW's website. KfW pre-selects viable projects for the Interministerial committee (IMC) for raw material projects which prioritizes for further DD and take the final investment decision for an investment by KfW

Financing solutions of KfW IPEX-Bank




KfW IPEX-Bank in the field of raw material projects

Focus: Support of exports and securing raw material for the industry

- Own Metals & Mining Team, active since 1960
- Own technical expertise within the team
- Corporate and project finance experts
- Worldwide activity with few exceptions in line with the risk strategy of the KfW banking group
- Financing of large-scale projects in the extraction and processing/recycling of raw materials (EUR 50 mn to multi billion borrowing requirements) & arranging financing consortia
- Historical financing of classical industrial base metals (iron ore, copper, etc.), today trend towards metals that are necessary for the transformation of the industry (copper, battery metals, rare earths)
- Important link between the interests of raw material companies and German/European industry
- Use of federal and other ECA cover instruments (export credit guarantees, import cover schemes)
- Compliance with the highest ESG standards

Our offering across the spectrum

Suitable requirements for different types of financing products

Corporate Financing	Project Financing	Structured Financing
		
<ul style="list-style-type: none">• Sound Corporate Financials• Proven operational track record• Accordance with Equator Principles	<ul style="list-style-type: none">• Proven bankability of the project confirmed by traditional due diligence assessment• Accordance with Equator Principles	<ul style="list-style-type: none">• Bankable financing structure confirmed by tailor-made due diligence• Accordance with Equator Principles

General: European link via European Investor, equipment/services supplier or offtaker

Thank you.