

Amundi Hong Kong

Green Letter

Circular Fashion is the New Fad



RECAP

What is Circular Economy?

At Amundi, we consider Circular Economy as a change of economic model that allows producing sustainable consumer goods while protecting nature - by giving it time to regenerate - and ensuring the well-being of individuals.

Why the Fashion Sector?

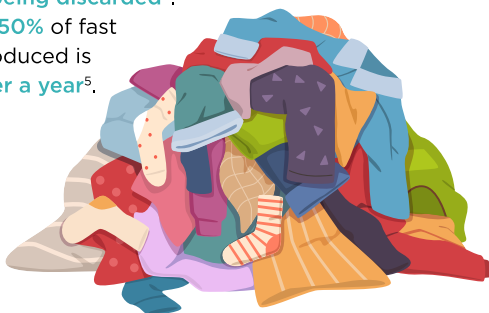
- In addition to Electronics, Fashion is another sector recognized by the European Commission **with the highest potential for Circular Economy¹**.
- In the meantime, Fashion is also one of the very few sectors for which **hard legislation regarding Circular Economy is almost non-existent.**



Currently only **1% of our clothes is recycled into new garments**, representing a lost opportunity of more than USD 100 billion annually².

The Emergence of Fast Fashion

- Characterized by the quick turnaround of new designs, it is argued that fast fashion companies can churn out **52 "micro-seasons"** per year.
- Clothing production worldwide therefore reaches **more than 100 billion units a year**, doubling the amount in 2000³.
- Nevertheless, clothes are now only **worn 7 to 10 times on average before being discarded⁴**.
- As a result, **over 50% of fast fashion items produced is disposed in under a year⁵**.



The Fashion Sector's Dirty Secrets on the Environment



CARBON EMISSION

Fashion now accounts for up to 10% of global carbon emissions, more than international flights and maritime shipping combined⁶.

INDUSTRIAL POLLUTION

Globally, 20% of industrial water pollution is attributable to fabric dyeing and treatment⁷.

MICROFIBER POLLUTION

The laundering of polyester and other synthetic garments releases 0.5 million tons of microfibers into the ocean each year, the equivalent of 50 billion plastic bottles⁸.

WATER USAGE

Every year the fashion industry uses 93 billion cubic meters of water — enough to meet the consumption needs of 5 million people⁹.

It takes **3,781 liters of water** to make a **pair of jeans**, from cotton production to delivery to store¹⁰.



How Can the Fashion Sector Integrate the Circular Economy Concept?

Proposed by the Ellen MacArthur Foundation, [the circular system for Fashion has 3 key principles](#)¹¹.

1 Design out waste and pollution

Design products without negative environmental impacts including GHG emission, hazardous substance, pollution, and excessive water consumption.

2 Keep products and materials in use

Design products for durability, reuse, remanufacturing, and recycling to keep products, components or materials circulating into the economy.

3 Regenerate natural systems

Avoid the use of non-renewable resources; preserve or enhance renewable ones such as by using nutrients to support soil regeneration or using renewable energy as opposed to fossil fuels.



Amundi, a key player in Responsible Investment

Amundi ranks among the top 10 fund managers globally¹², with assets of USD 1.86 trillion¹³, including over USD 753 billion in responsible investments.¹³



>USD 753 billion
in Responsible Investment
assets under management¹³



>13,500
issuers rated on the
basis of ESG criteria¹³



100%
of Amundi's open-ended
funds include ESG analysis¹³



7,309
general meetings of
shareholders where
Amundi voted in 2021¹⁴



2022 ESG Clarity Awards
Best ESG Active Fund House



2022 Asia Asset Management
– Best of the Best Awards
Best ESG Manager



2021 & 2022 Asian Investor
Asset Management Awards
Best ESG Strategy Advisor (2021)
**Best ESG Investment Strategy
Advisor for Private Markets (2022)**



2021 & 2022 Insurance Asia
News – Institutional Asset
Management Awards
Best ESG Strategy

1 Source: [European Commission](#).

2 Source: [McKinsey](#).

3 Source: [World Bank](#).

4 Source: [Bloomberg](#).

5 Source: [Nature](#).

6 Source: [World Economic Forum](#).

7 Source: [World Bank](#).

8 Source: [World Economic Forum](#).

9 Source: [World Bank](#).

10 Source: [United Nations Environment Programme](#).

11 Source: [Ellen MacArthur Foundation](#).

12 Source: IPE "Top 500 Asset Managers" published in June 2021 and based on AUM as at December 2020.

13 Source: Amundi. Data as of 30 September 2022.

14 Source: Amundi. Data as of 31 December 2021.

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