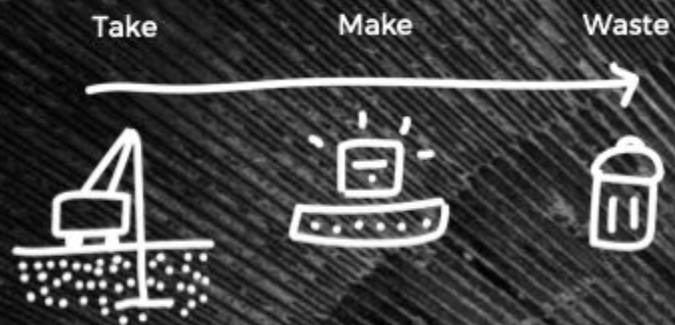


# Circular Economy - a key factor in Italy's economic future

Andrew Morlet, CEO







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# The current linear economy is massively wasteful

## Mobility

- The average car spends 92% of its life the time parked
- Car parking spaces in US = 1 billion = 4 x number of vehicles (50 - 60% of downtown areas in US = car space)

## Fashion

- Every second a dumpster of clothing is landfilled or incinerated

## Food

- 33% of all food is wasted
- Agriculture, farming, land use emissions = 20 - 30% of global total GHG emissions

## Plastic

- 86% of all plastic packaging is not recycled
- At current rates there will be more plastic than fish in the sea by 2050

## E-waste

- Annual e-waste production = 122k jumbo jets in weight = 3 x output of all world's silver mines... and 80% of this e-waste is not recycled



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# The definition of a circular economy

The circular economy is a framework for systems solutions and transformation that tackles global challenges like climate change, biodiversity loss, waste and pollution.

It has three principles, driven by design:



Eliminate waste  
and pollution



Keep products  
and materials  
in use



Regenerate  
natural systems

- It is based increasingly on renewable energy and materials
- It is accelerated by digital innovation
- It is a resilient, distributed, diverse, and inclusive economic model

## Completing the picture: tackling the overlooked emissions

TOTAL CURRENT GLOBAL  
GREENHOUSE GAS EMISSIONS



HOW THE CIRCULAR ECONOMY  
HELPS TACKLE CLIMATE CHANGE



Design out waste and pollution  
**to reduce GHG emissions**  
across the value chain



Keep products and materials in use  
**to retain the energy embodied**  
within them



Regenerate natural systems  
**to sequester carbon**  
in soil and products



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# The circular economy is gaining momentum

## Market growth

- Clothing resale expected to be nearly double the size of fast fashion by 2029
- The sharing economy is set to increase by 20x by 2025 (2015 baseline)
- EMF network grows to over 2000 companies 2010 - 2021

## Corporate commitments

- Over 20% of the global plastic packaging value chain (850+ companies) commit to 100% reusable, recyclable or compostable packaging by 2025
- Over 1,000 companies sign up to measure their circularity with EMF's Circulytics
- H&M Group launches clothing resale in 20 countries in June 2021

## Revenue targets

- Renault Group generates €500M+ of revenue a year from its circular economy activities (recycling, remanufacturing, 2nd hand part resale) and has set a goal of €1Bn per year by 2030
- Philips to sets target to reach 25% of its revenue from circular economy solutions by 2025
- Solvay sets target to triple its circular economy revenue to 15% by 2030



*The finance sector is mobilising ..*

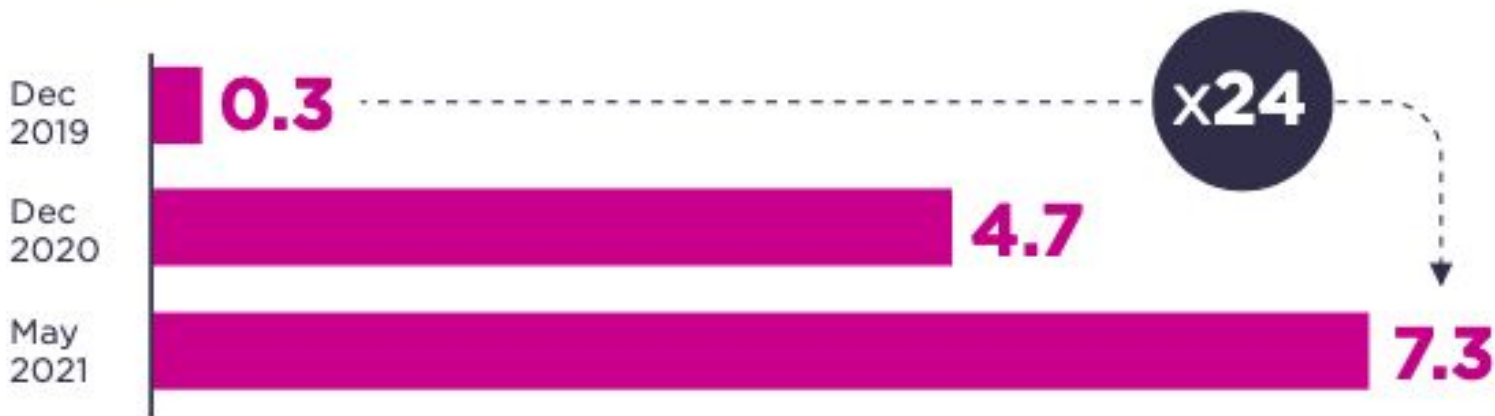
*“The concept of the circular economy is so important, it’s a foundational blueprint. If we could get more and more of the money owners to agree that this is a good way to invest, not just for social reasons, not just for environmental reasons, but for investment reasons, performance reasons”*

**Larry Fink, Chairman and CEO, BlackRock**

# Growth in circular economy investment funds is evident

**Assets under management in public equity funds with a circular economy focus have grown 24-fold since December 2019**

In USD Billion AUM





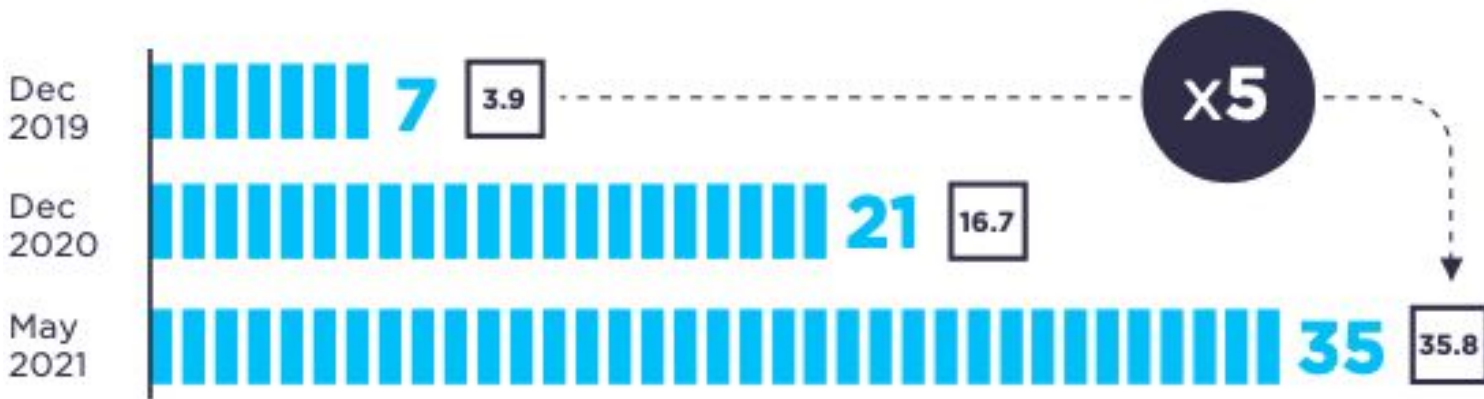


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# Growth in circular economy bonds is also building

**Corporate and sovereign bonds focussed on circular economy have grown more than five-fold since December 2019\***

■ Number of bonds (at least)    □ Cumulative issuance (USD billion)



\*Conservative estimate



# Public policies and public demand are evident

- **Policy**

- The circular economy is a key pillar of the European Green Deal
- The EU's recovery plan will now be guided by a green finance taxonomy, where the circular economy features

- **Consumer trends**

- **Fashion:** 71 % of customers are expressing a greater interest in circular business models such as rental, resales and refurbishment, as well as investing in higher quality apparel following the pandemic
- **Food:** 72% of Europeans have reported a greater willingness to put effort into healthier eating in the future

- **Italian context**

- Investments of 7 billion euros are planned for "green businesses and circular economy" as part of the the National Recovery and Resilience Plan
- The Circular Economy Alliance includes leading Italian companies and Ellen MacArthur Foundation Network members such as A2A, Aquafil, Enel, Grupo Hera, Intesa Sanpaolo, Novamont, Salvatore Ferragamo

**The vision and economic rationale  
for a circular economy are  
compelling and set the direction  
for better forms of growth.**



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# Italy is well placed to play a leading role

- **Design:** The circular economy renews and enriches Italy's natural flair for design
- **Materials:** Italy is the nation with the highest level of circular materials (secondary raw materials) used by the manufacturing system in Europe: almost a fifth of the total (18.5%)
- **Finance:** Intesa Sanpaolo: €6 Billion Euro Circular Economy Plafond, the largest of its kind in the world
- **Plastics and packaged goods:** Novamont is a world leader in bio-materials and a catalyst for Milan's world-class food waste collection system
- **Fashion:** Aquafil, a global leader in non-chemical nylon recycling with its ECONYL used by Adidas in its swimwear, Prato district pioneering wool recycling
- **Food:** Italy is the birthplace of the Slow Food movement
- **Built Environment:** Enel's Futur-e repurposes 23 power stations

**The circular economy is a solution  
for better growth.**