NEWCOMERS: THE GOOD FASHION FUND

The Good Fashion Fund will enable ambitious suppliers to make processes cleaner, fairer and more efficient.



Capital gains

There are an increasing number of technologies on the market that enable manufacturers to work in a cleaner and more sustainable way, but access to capital to invest in them is lacking, according to innovation hub Fashion for Good. To address this, it has teamed up with The Mills Fabrica and the C&A Foundation to launch an investment fund that will aim to "spearhead systemic change in the apparel and footwear supply chain".

The Good Fashion Fund has launched with initial funding of $13 million, but has a target of attracting new investors and raising $60 million within two years. It will be managed by specialist Amsterdam-based investment firm Fount.

An innovation associate at Fashion For Good, Emily Franklin, describes the Amsterdam-based hub as "a convener for change". She explains that it works by scouting innovators from across the supply chain, the way football clubs try to scout promising players from all parts of the globe. "We identify the most impactful aspects," she says, "such as the use of water, hazardous chemicals and so on, and try to find innovators who can really change things in the industry. What we want is to help them to scale up their ideas." She explains that Fashion For Good already has more than 80 innovators on its books.

Mills Fabrica has its own list of companies with ideas that can bring about change. According to the Hong Kong-based organisation's investment manager, Cherry Cheuk Yan Ho, brands are "eager to find innovation" and are aware of how much new thinking is going on. "We've come across start-ups who have a research background, with the founders starting off as students working on final-year projects only for them to see emerge from that a solution that the market can use. Our job is to help start-ups fund the cost of scaling their ideas up."

She explains that solutions that can help brands improve their sustainability credentials command particular interest. "The story is very important for brands," she observes. Ms Cheuk has no objection, as long as the story is true. "We have to act and we all have a contribution to make," she says. "If everyone takes little steps, we'll reach a sustainable world more quickly."

Fashion for Good has set up what it describes as 'the first interactive museum for sustainable fashion innovation'.

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Asia focus

An immediate aim of the Good Fashion Fund is to provide loans to allow suppliers in India, Bangladesh and Vietnam to invest in new technology that will deliver economic growth and good practice. This will help textile and footwear manufacturers to start using safe and recyclable materials, clean and efficient energy and closed-loop manufacturing practices. It will also help them establish a fairer work environment for the people they employ.

Improvements must be in line with the "five goods" stipulated by the founders: good energy, good water, good materials, good economy and good lives. Investments should at least lead to a reduction of a minimum of 50% on one of the first three "goods" and always have a positive impact on the latter two. "For Good Lives, for example, we will review compliance with minimum best practices for social and labour standards, gender justice, including equal pay, paid maternity leave and check if accessible grievance mechanisms are in place," they said.

Although the founders envisage some suppliers to C&A will be involved, they will not get preferential access to funding; all will be assessed on merit. Typically, a long-term loan (up to seven years) between $1 — $5 million is available to each manufacturer.

"We are investing in manufacturers that are willing to adopt technologies that have a significant environmental impact," Fashion for Good's marketing representative Earl Singh tells *WSA*. "We help manufacturers and operators in building a restorative and regenerative apparel supply chain. Technologies could typically relate to wastewater treatment, waterless dyeing and digital printing."

The fund manager will work with local experts on environmental and social (E&S) matters during the due diligence phase. An action plan will be prepared and monitored by the E&S expert, the fund manager and client.

"Impact will be monitored and measured on an annual basis. We will, amongst others, look at parameters such as percentage energy savings, water savings/reuse, treated wastewater, chemical savings, recycled and more sustainable fibres and reduced hazardous chemicals. Additionally, we look at social parameters such as the increase of number of jobs created. There will be regular reporting on these topics and we will be supported by local consultants."

Small and medium manufacturers who meet these criteria are eligible for funding. The fund will also support larger manufacturers committed to investing in what the founders refer to as "highly disruptive technologies", which means ideas that can quickly bring about substantial changes in the supply chain.

Managing director of Fashion for Good Katrin Ley said: "Disruptive innovation is needed to shift the fashion industry from a model of 'take-make-waste' towards a more circular and regenerative system. While the technology exists today to move forward towards circularity, it is not yet being scaled up."

Fount partner Bob Assenberg, who is a director of the Good Fashion Fund, added: "The fund demonstrates how to invest beyond sustainability towards a restorative and regenerative apparel supply chain. It addresses the need in local markets for long-term financing for manufacturers."

He said the work the fund will do will help the apparel and footwear sectors make an important contribution towards fulfilling a number the 17 Sustainable Development Goals that the United Nations has set out as targets for 2030.

In Ms Franklin's view, it's consumers who are driving this. "We've seen huge movement towards increased thinking about climate change and this, in turn, is driving movement towards more circular business models. There's a lot of technology out there that could be used; buy-in is what's holding people back." She says pioneering suppliers, as well as investors, should talk to the Good Fashion Fund.

Challenges* of the fashion supply chain

- 3,000 litres of water needed per kg cotton produced;
- > 100 litres of water per kg fabric polluted by hazardous chemicals;
- 20% of industrial water pollution is attributable to dyeing/finishing;
- Over 70% of textiles used end up in landfills;
- Low wages levels;
- Wide-spread gender inequality.

**according to the Good Fashion Fund*



At its Amsterdam headquarters in the centre of the city near the main railway station, Fashion for Good supports innovators through three programmes: the Plug and Play Accelerator, Scaling Programme and Good Fashion Fund.

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