



## INTRODUCTION

The **Good Fashion Fund (GFF)** is a **first-of-its-kind** initiative to create systemic change in the **textile and apparel industry** by **financing** the implementation of **highly impactful** and **disruptive production technologies** in **Asia**. This impact will significantly benefit the environment and livelihoods of the local population and the workers - of which a high percentage are women.



## PARTNERS

Laudes  
Foundation

**FOUNT**  
SHAPING IMPACT SOLUTIONS

Sustainable  
Apparel Coalition

the  
mills  
fabrica  
南豐作坊

**FASHION  
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## CHALLENGES

01

The current processing garment supply chains have severe **negative environmental and social impacts**. At present, fashion supply chains are heavily **polluting and wasteful**. Widespread social issues such as **low wage levels, forced labor** and **gender inequality** exist, and circular innovations are not yet being adopted at scale by manufacturers. There are sustainable solutions available, but they **lack the capital to scale up their technologies** within existing supply chains.

02

Textile manufacturing is the second biggest polluter of freshwater resources. Clean water is essential for the health and wellbeing of Asia's population and the negative effects of manufacturing must be tackled immediately. The demand for improvements is every increasing, as a 60% increase in demand for clothing is forecasted by 2030.

03

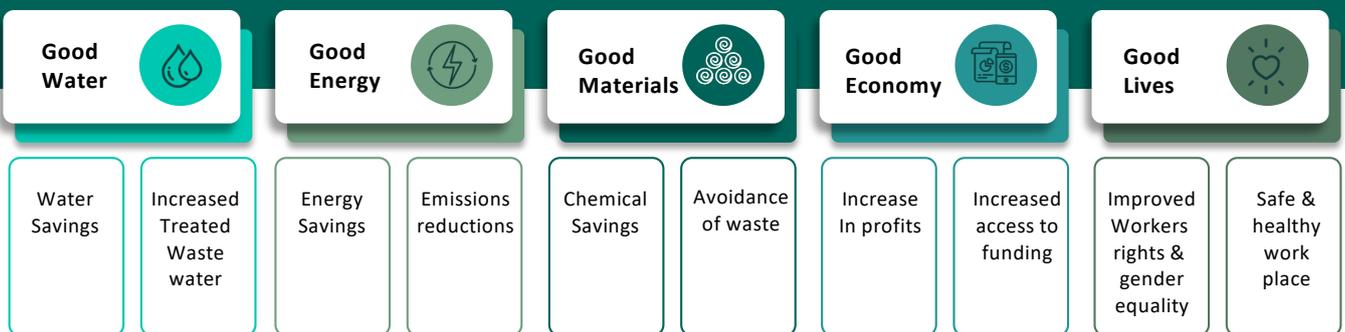
Existing technologies are unsafe and unhealthy and expose workers and the environment to considerable damage. GFF's loan should result in at least a 50% reduction for one of the three relevant goods - materials, energy and water.



## OBJECTIVES

- GFF addresses the above challenges by **connecting the most promising impact technologies with the industry** to collaboratively tackle the challenges. Typically, investments relate to capital-intensive and high-impact equipment for **dyeing, washing, printing and wastewater treatment** which has a positive impact on the workforce and surrounding eco-systems. GFF provides long term USD loans to manufacturers in the apparel supply chain in Asia (mainly India, Vietnam and Bangladesh) enabling these to invest in impact technology, delivering **economic growth, and social and environmental improvements through good fashion practice**.

Which is illustrated below across the Five Goods:



- The Fund aims to demonstrate how to invest beyond sustainability and the goal is the adoption of recyclable and safe materials using renewable and efficient energy. **Closed-loop manufacturing, waterless dyeing, digital printing and wastewater management** greatly support the creation of **fair jobs and growth** by apparel manufacturers.



## FUND CAPITAL STRUCTURE AND ANCHOR INVESTORS

- The GFF, established as a Dutch limited partnership, has a blended capital structure comprising of three different risk/return layers: Junior Equity/First Loss, Senior Equity (preferred return of 2%) and a Senior Debt tranche. The Fund has a 2:1 equity to debt ratio. GFF is now looking to raise additional senior equity which will directly mobilize additional senior debt.
- Laudes Foundation** (formerly C&A Foundation) is an anchor investor alongside **The Mills Fabrica**, with an initial 'close' in September 2019 of USD 12.4m Junior Equity capital. The GFF term is ten years with an investment period of five years. With **Rabobank** as an additional investor, the Fund's size is currently around USD 19m, the target size is USD 60m.
- GFF provides long term USD loans , plus Environmental & Social expertise, to exporting manufacturers in the range of USD 1 to 5 million.
- As part of the investment process, GFF creates an Environmental and Social action plan with the investees to improve social and environmental matters during the term of its loan, this plan is part of the loan documentation.



## KEY RATIONALE TO INVEST IN JUNIOR OR SENIOR EQUITY TRANCHE

- Substantially contributing to the social and environmental impact of apparel and footwear manufacturing, contributing to a significant number of SDGs including;



- Contributing to systemic change in the apparel and footwear supply chain.
- Enabling manufacturers in Asia to invest in the implementation of high impact and disruptive technologies.
- Unique industry network securing strong deal flow.
- Unmatched access to relevant SME manufacturers and cutting-edge innovations.
- Catalytic, blended fund capital structure.
- Every Equity investment immediately catalyzes additional Senior Debt (2:1 ratio). (Senior debt investor is identified)



## IMPACT



Our impact methodology is based on the best market standards, thanks to partnerships with leading organizations in the field of environmental and social impact. GFF uses **the Higg Index**, a widely accepted and adopted environmental index for the apparel industry in its assessment.



A key objective of the Fund is to contribute to the improvement of workers' conditions and workers' rights and gender equality within the industry, to start with the demonstration of improvement within GFF's investees. We work with **Fair Wear Foundation** to implement, measure and monitor the improved social conditions for the long term of our investment.



**Sector Engagement:** GFF aims to demonstrate that it is possible for manufacturers to become more sustainable by adopting new impact technology. The team engages with brands and investors to share its key learnings, knowledge and best practices to unlock additional funding and replication and scale up of the investment model.



## THE GENERAL PARTNER

The GP is Good Fashion Fund GP B.V., a Dutch private limited liability company incorporated in the Netherlands, 100% owned by FOUNT. FOUNT, the Fund Manager provides ample investment and fund management expertise in emerging markets and partners with Fashion For Good as Sub Advisor.

We closely collaborate with our partners including brands, manufacturers, E&S experts, NGOs, technical experts and Sustainable Apparel Coalition.

## FOR MORE INFORMATION, PLEASE CONTACT

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