

Impact Investing in the Creative Economy:

diving deep into Ethical Fashion, Sustainable Food and Social Impact Media

Creative people solve problems. Increasingly, they are doing it beyond the studio, the theater and the concert hall. Creative people are harnessing the power of business and the marketplace to scale and sustain their ideas.

Many of the businesses that artists, designers and other creatives start balance financial profitability with concern for the planet, their workers, and their community. These socially-focused companies seek capital from impact investors who understand the power of art, design, culture, heritage and creativity to drive positive environmental and social impact. Together, investors and entrepreneurs can grow the creative economy to become more inclusive, equitable and sustainable.

In an effort to demystify the creative economy for impact investors, impact fund managers and other stakeholders, this report dives deep into three large and growing consumer industries within the creative economy: fashion, food and media. These industries share the capacity to intrigue, engage, educate and activate more mindful consumers so that the benefits of ethical and sustainable supply chains and the full power of media to drive positive change can be realized.

Creative Economy Defined

The “creative economy” was defined by John Howkins in 2001 as a new way of thinking and doing that revitalizes manufacturing, services, retailing, and entertainment industries with

a focus on individual talent or skill, and art, culture, design, and innovation.

Today, creative economy definitions are typically tied to efforts to measure economic activity in a specific geography. A relevant set of art, culture, design, and innovation industries is determined, and the economic contribution of those industries is assessed within a region. A unique set of industries defines each local creative economy reflecting the culture, traditions and heritage of that place.

Based on industry research,¹ Upstart Co-Lab identified a set of industries comprising the creative economy using the North American Industry Classification System (NAICS). These NAICS codes describe businesses engaged in the inputs, production, and distribution of creative products, services, experiences, and platforms and can be summarized in five categories: Ethical Fashion, Sustainable Food, Social Impact Media, Other Creative Businesses and Creative Places.²

Please refer to page 5 for the definitions of these categories.

1 Including research by the Creative Economy Coalition (CEC), a working group of the National Creativity Network; the National Endowment for the Arts and the Bureau of Economic Analysis; Americans for the Arts; the U.K. Department for Culture, Media and Sports; Nesta, a UK-based innovation foundation; and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

2 www.upstartco-lab.org/creativity_lens/naics-codes-creative-businesses

The Opportunity

Concern by consumers about how their food, clothes and entertainment are produced has grown significantly in recent years. Human well-being and planetary health may have been niche issues in the past, but have evolved into mainstream trends. Consumers are demanding sustainable and ethical business practices from the companies they patronize and are voting with their wallets. Social media-driven transparency makes it more difficult for companies to hide unfair treatment of workers, perpetuate gender and racial bias, or mistreat the environment.

But it's not only about sustainability and ethics. Consumers are also demanding more engaging, more authentic and a wider variety of products, experiences, and entertainment. Changing demographics in the U.S. require companies to diversify their offerings to appeal to many more distinct audiences. Technology has redefined the marketplace and made it possible to profitably cater to a range of consumer preferences and offer customized products — with a compelling back-story to boot. Cross-cultural sharing spanning diverse traditions is recognized as a market opportunity.

By definition, Ethical Fashion, Sustainable Food and Social Impact Media businesses intentionally address the significant environmental challenges of their respective industries. They also offer safe and healthy economic opportunities for workers across

socioeconomic strata — from food workers to fashion designers, seamstresses to game developers, production crew to 4-star chefs. But unlike other social and sustainable companies, these businesses also delight consumers with beauty, deliciousness, and entertainment, connecting them to heritage, culture and community.

The Challenges

While enjoying significant market tailwinds, Ethical Fashion, Sustainable Food, and Social Impact Media also face similar challenges:

- The lack of agreed-upon standards, multiple conflicting standards, voluntary accountability, and marketing labels that sound like true environmental, health and impact standards can confuse consumers and generate skepticism.
- Transparency and accountability require effort and in complex industries can be difficult to ensure. (But are crucial to avoid customer critique of greenwashing or even worse — actual bad practices.)
- Consumer demand for rapid home delivery of unique products from around the globe raises environmental and sustainability questions in the food and fashion sectors.
- New products and services — especially in the media sector — raise questions of profitability and investor risk.

The Role of Impact Investing

The Ethical Fashion, Sustainable Food and Social Impact Media sectors are growing opportunities for impact investors. Dedicated incubators and accelerators are helping creative entrepreneurs develop and scale responsible and sustainable businesses. The expanding and improving universe of impact standards help investors to target and measure their environmental and social results. Nonprofit coalitions, industry groups and membership networks are building the ecosystem for impact-driven companies in these sectors. A growing body of academic studies, industry reports, and press coverage provide the fact base and stories to validate what's happening. So, it should not be surprising that more than 50 socially responsible and impact funds invested in food, fashion and media over the past 5 years.

Impact investors are attracted to the creative economy by its scale: global problems, big market opportunities, large consumer demand. Early impact investors in Ethical Fashion are trying to reinvent the global supply chain around sustainability and improved livelihoods. Sustainable Food investors are betting that new, delicious and exciting products and experiences will translate to healthy people and a healthy planet. Early movers in Social Impact Media see the power of stories from previously under-represented voices to shape opinions and drive action, while simultaneously creating quality jobs and economic opportunity.

Conclusion

Beyond direct financial, environmental and social benefits, the creative economy has its own unique capacity to drive even greater impact. Fashion enables creative expression and allows each of us to convey our individual identity. Food is a way we can share and blend our heritage and traditions. Film & TV and the new medium of video games help us tell stories that both reflect our history and shape the way we see our future.

Investing in Ethical Fashion, Sustainable Food and Social Impact Media allows impact investors to support the growth of companies that generate deep environmental and social impact — while joyfully inspiring us. It's time for impact investors to dive deep into the creative economy.

Upstart Co-Lab is connecting impact investing to the \$804 billion, 10 million-job U.S. creative economy. A key part of our field-building work is research on investment opportunities in the creative economy. Please visit the Research section of the Upstart Co-Lab website (www.upstartco-lab.org) to find our recent reports including:

HIDING IN PLAIN SIGHT: Impact Investing in the Creative Economy

looks at more than 100 funds with \$60 billion of aggregate assets that have been investing in the creative economy over the past 5 years.

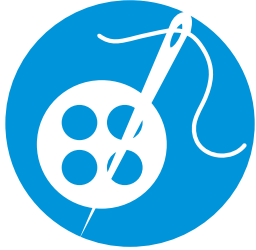
Creative Places and Businesses: Catalyzing Growth in Communities

reviews investable opportunities in the Creative Economy with the potential to stabilize threatened communities and benefit regions looking to attract and develop quality jobs.

The Community Reinvestment Act and the Creative Economy: Investing in Creative Places and Businesses as Part of Comprehensive Community Development

highlights the range of creative places and business activities which have benefited from CRA funding over the past 10 years.

THE CREATIVE ECONOMY DEFINED



ETHICAL FASHION

Companies producing clothes, shoes, jewelry and accessories that proactively address industry challenges related to labor, environmental impact, governance, and/or preservation of cultural heritage. (e.g. *fashion companies addressing job quality, working conditions and safety; fashion companies addressing resource conservation or toxin reduction; fashion companies facilitating local community engagement or cultural preservation*)



SUSTAINABLE FOOD

Producers and providers of food and beverage products and experiences that proactively address and raise consumer awareness of resource conservation, preservation of cultural heritage, and/or access to healthy food. (e.g. *artisan and sustainable food & beverage producers and brands; restaurants, caterers, and other hospitality companies focused on these issues; any of these companies prioritizing quality jobs*)



SOCIAL IMPACT MEDIA

Companies that leverage the power of communication, storytelling and technology to drive positive social outcomes at scale, give a platform to under-represented voices and/or build a diverse workforce. (e.g. *film and television, video games, apps, new and old media that build awareness, skills, or knowledge; create community or give voice to underrepresented and marginalized groups; preserve cultural heritage; offer quality jobs*)



OTHER CREATIVE BUSINESSES

Other facility, input, production, and distribution businesses in arts, design, culture, and heritage industries that are run sustainably, provide quality jobs and have a social impact. (e.g. *artisan handicraft businesses; sustainable tourism businesses engaged in cultural preservation and exchange; design-build firms offering quality jobs*)



CREATIVE PLACES

Real estate projects that are affordable, target creatives or businesses in the creative economy, and benefit their neighbors. (e.g. *mixed-use developments anchored in the arts; affordable housing or workspace for artists and creatives; offices for arts organizations and creative businesses; incubators and accelerators for creative economy businesses; fabrication and light manufacturing space; arts-based senior housing; or cultural venues*)



Ethical fashion defined

The fashion and apparel sector is comprised of companies and platforms that produce and sell clothing, footwear, jewelry, and accessories, as well as suppliers and partners working all along the supply chain of those industries.

Global fashion and apparel today represents \$3 trillion of economic activity. It is 2% of global GDP, 4% in the U.S. If ranked alongside individual countries' GDPs, the global fashion and apparel industry would be the world's seventh-largest economy.¹ A key supplier of jobs and economic development, fashion and apparel employs 60-70 million people globally, particularly in emerging economies.

The fashion and apparel sector is also one of the leading causes of pollution and environmental degradation worldwide, as well as poor working and living conditions:

- 8,000 harmful chemicals are used to turn raw materials into textiles²
- The 40 billion pounds of cotton produced each year are responsible for 11% and 24% of global pesticide and insecticide sales, respectively³
- 20,000 liters of water is used to produce the fabric for one t-shirt and a pair of jeans⁴
- Water-intensive production methods divert needed resources from local communities and account for 20% of global wastewater⁵
- The most popular fabric used for fashion, polyester, does not biodegrade; it also sheds microfibers, increasing levels of plastic in the world's oceans and threatening marine life;⁶ 1/3 of fish globally have ingested microplastics and other synthetic materials⁷
- Fashion & apparel accounts for 10% of the world's carbon footprint and will drain a quarter of the world's carbon budget by 2050⁸
- Each year, more than 120 million trees are cut down to make clothing, contributing to widespread deforestation⁹
- 15 million tons of textile waste are generated each year in the U.S.¹⁰
- The average American throws away nearly 70 pounds of clothing per year; globally 26



billion pounds of clothing end up in landfills annually¹¹

- Women — who make up 80% of the global garment workforce¹² — are disproportionately exposed to unsafe working conditions (lack of fire safety, verbal abuse)
- According to UNICEF and the International Labor Organization, an estimated 170 million children are currently working in the clothing industry all over the world¹³
- As one example, Bangladeshi women garment workers on average work 60 hours/week, earning the equivalent of \$0.95/hour¹⁴

Seeking to address the social and environmental problems created by the fashion and apparel sector's global footprint, the ethical and sustainable fashion movement focuses on energy usage, carbon emissions from production, water usage, solid waste associated with packaging, and the carbon footprint of shipping; job quality, working conditions and safety; preservation of cultural heritage; and corporate governance including oversight, accountability, and transparency.

The ethical and sustainable fashion movement

In the post-World War II consumer boom, advances in mass production technology filled homes and closets of 1950s America with an unprecedented amount of new goods. U.S. policies made domestic manufacturing more expensive, and international trade agreements

made outsourcing easier. As a result, the developing world was often exploited to meet ever-growing demand for cheap goods in the U.S.¹⁵

Starting in the 1960s, popular movements brought awareness to human impacts on the environment and exploitative conditions faced by farmers and factory workers around the world, culminating in the first Earth Day in 1970. These efforts eventually focused on the fashion and apparel industry.

In the 1980s, Patagonia (the outdoor apparel company founded in 1973) and Esprit (a fashion line founded in 1968) commissioned lifecycle assessments into the impacts of fibers used in their apparel. This catalyzed the practice of educating consumers about fashion and apparel supply chains and sustainability.

In 1991, Patagonia and Esprit co-founded the first organic cotton conference. Both companies became known for putting sustainability at the forefront of their products. Esprit's 1992 Ecollection featured organic cotton, recycled and naturally processed wool, low impact dyes, and natural colors. Patagonia began producing their polyester fleece from recycled plastic bottles and pushed consumer awareness through "don't buy this jacket," an ad campaign that targeted over-consumption. These efforts foreshadowed the backlash against "fast fashion," a contemporary retail strategy that encourages seasonal production and consumption to mirror the latest fleeting

fashion trend, straining global resources and resulting in unprecedented waste.

The 1990s also saw Nike as the target of mass protests and boycotts because of low wages and poor working conditions at their overseas factories. Growing public outcry from similar events at other major U.S. companies led President Clinton in August 1996 to convene the Apparel Industry Partnership, consisting of brands, NGOs, and trade unions, to develop industry standards to hold companies accountable for conditions in the factories where their goods were produced.¹⁶ Now known as the Fair Labor Association (FLA), the organization is currently comprised of 33 major companies (including Adidas, Hugo Boss, New Balance, Nike, Patagonia, PVH, and Patagonia) whose compliance programs are voluntarily accredited by the FLA, ensuring the “presence of systems and procedures required for successfully upholding fair labor standards’ throughout brands’ supply chains,”¹⁷ per FLA’s Code of Conduct.¹⁸

The early 2000s saw the first encounters or intersections of ethical and sustainable fashion with luxury and celebrity culture, with the introduction of New York Fashion Week’s Green Shows, as well as the birth of Livia Firth’s Green Carpet Challenge, utilizing the platform of award shows’ red carpets to bring ethical and sustainability issues into the mainstream.

Unfortunately, issues of poor working conditions persisted including negligence such

as non-existent or unenforced building and fire safety standards, best exemplified by two tragic events in Bangladesh: the 2012 garment factory fire at Tazreen Fashion which killed 112 women (while all 11 management employees were able to escape), and in 2013, the Rana Plaza building collapse which killed more than 1,100 garment workers. Created as a response to Rana Plaza, Fashion Revolution Week garners industry-wide participation in a campaign entitled “Who made my clothes?” to shine a spotlight on industry workers and their working conditions.¹⁹

Today, more than a dozen coalitions of business leaders, academics, and governments advance sustainability and ethical concerns within the global fashion and apparel industry. (See Appendix A.) The work of these organizations is complemented by regularly published research and reporting. (See Appendix B.)

These efforts have contributed to progress, particularly related to improving environmental sustainability. Companies are experimenting with a variety of options to address consumer demand for greater sustainability, such as developing new technology. Dupont has made a biodegradable polyester.²⁰ Modern Meadow has a leather made from yeast.²¹ Thread International supplies fabric made from discarded plastic bottles.²²

Big global companies have also been moving to more sustainable inputs. As one example, H&M (the Swedish fast fashion retailer) and Inditex (the parent company of Zara, the Spanish fast

fashion retailer) were among top five users of organic cotton²³ by volume in 2016.

Reducing waste and encouraging recycling are also part of the solution. Nike's Flyknit technology²⁴ produces 60% less waste than traditional cut-and-sew methods. Patagonia, Eileen Fisher, and Renewal Workshop all have programs in which they fix and resell used articles of clothing.²⁵ Companies like Ralph Lauren have recently hired Chief Sustainability Officers to link sustainability to business strategy.²⁶ Moreover, at the 45th G7 summit in Biarritz, France, Kering — along with 32 major fashion companies — presented sustainability commitments to French President Emmanuel Macron. The companies have committed to reduce carbon emissions by 2050, seek out sustainable sourcing of major raw materials and use 100% renewable energy for key manufacturing processes throughout their supply chain. They have also agreed to eliminate single-use plastic by 2030, invest in eliminating microfiber pollution and support moves to control the release of plastic pallets in their fibers and packaging.²⁷

While corporate innovation has led to improvements on the environmental side of the equation, less progress has been made regarding the social conditions of the global apparel workforce. Georg Kell, former Executive Director of the United Nations' corporate sustainability initiative, the UN Global Compact, has described that while leading brands have committed to safer factories, tracking

performance, and value chain transparency, studies (such as one by Oxfam Australia²⁸) illustrate how entrenched inequities are, and that little has changed regarding minimum wages to enable decent living conditions.²⁹

Relevant trends in fashion and apparel

Current changes in retail shopping will affect fashion and apparel. These changes include acquisitions of niche brands by industry leaders, personalization and customization of products, showroom-style storefronts to aid the online shopping experience, the rise of the private label, and online marketplaces functioning like brick and mortar malls by consolidating leading brands.³⁰

Equity analysts note good prospects for the U.S. fashion and apparel sector overall. The U.S. textile-apparel industry, currently ranked in the top 39% of all industries by Zacks Investment Research has “promising prospects for investors in 2019.”³¹ U.S. macro-economic conditions combined with company strategies of keeping pace with evolving consumer trends, international expansion, and brand enhancement efforts have resulted in “solid earnings trends” for many companies in the industry.³²

Women's Wear Daily noted strong stock price growth in recent years across a number of major U.S. companies, including Estée Lauder, PVH, Gap, Abercrombie, Guess, and Michael



Kors, even compared to the historically bull market overall.³³ As of June 27, 2019 each of these stocks were rated “buy” or “hold” as summarized from analyst guidance by Yahoo Finance.

Two trends currently shaping fashion and apparel overall put ethical and sustainable brands in a position to deliver superior financial and social returns for impact investors:

Consumer Experience: The choice and convenience of online commerce makes it all the more important that retailers differentiate themselves through unique concepts and memorable customer experiences. The fashion and apparel sector is already savvy to this, led by Rent the Runway, which brings the sharing economy to your closet; Birchbox, Trunk Club, and Stitchfix, which feature customized expert wardrobe curation on a subscription basis; and Bonobos’ showrooms which serve as personalized fitting rooms for the online store. Online marketplaces that gather together ethical and sustainable fashion brands provide convenience, create community, and help educate consumers on how to align their shopping with their values.

Story Behind the Purchase: Consumers are increasingly basing their purchasing decisions on the authentic story of a brand and its products. Ethical and sustainable fashion companies can bring consumers

the uniqueness of artisan production and stories of the origin of their clothes. Blockchain-enabled industry tools³⁴ that track goods through the production cycle, and consumer-facing tools such as those outlined in Mashable’s “5 tools to check if your clothing is ethically made”³⁵ make it possible for brands to back up their ethical and sustainable stories with facts. Brands that superficially appropriate culture or demonstrate cultural insensitivities are exposed to large consumer backlashes — such as when Gucci faced severe criticism for an oversized sweater collar that resembled blackface makeup.³⁶ Fashion has always been a vehicle for the wearer’s own creative expression. Social media is also opening up new avenues for visual storytelling and amplifying both the reach and speed at which information flows. Increasingly, fashion also reflects the customer’s ethical and sustainable lifestyle.

Challenges to scaling ethical and sustainable fashion

While there are compelling reasons for the fashion and apparel sector to adopt more ethical and sustainable practices — and there has been significant progress — there are still barriers that must be addressed:

Nascent Consumer Demand: Unlike organic and locally sourced food, which by 2015 had grown and democratized to almost \$40 billion in U.S. sales,³⁷ consumer demand for



ethically and sustainably produced fashion is still in early stages. Some estimates put the demand at \$5 billion, up from around \$1 billion just a decade ago. 65-70% of consumers under age 35 around the world report that they will choose brands or retailers based on their ethical practices.³⁸ There are indications that ethical fashion will become bigger than organic food,³⁹ but that time is still some way off. However, some studies are showing that consumers are willing to pay a premium for handcrafted, ethically produced or sustainable fashion.

Voluntary Accountability: Even members of the Sustainable Apparel Coalition⁴⁰ are slow to adopt impact measurement practices. Among fashion and apparel companies currently assessing their social and environmental impacts, there is little evidence that the information is being used to improve business practices. Since this company impact data is not publicly available, there is no real accountability.

On-line Shopping and the Environment: As consumer demand grows, the ethical sustainable fashion sector will need to address the inherent tension in shopping online for sustainably-produced products. Direct to consumer delivery creates significant negative environmental impacts due to packaging, air freight, and fossil fuel consumption.

Lack of data: It is complex to gather data

on the full environmental and social impact of the fashion and apparel sector from throughout the ecosystem of farmers, finishing mills, cut-and-sew factories and others.⁴¹ Sector organizations report radically different information based on their sources and collection methods. As a result, there remains a significant lack of reliable data which restricts the promulgation of ethical and sustainable fashion sector regulations and norms.

Impact investing in ethical and sustainable fashion

Impact investors who care about the environment, quality manufacturing jobs and fair trade; who are applying a gender lens focusing on benefits specific to women and girls; or who are employing the newly-introduced creativity lens⁴² spotlighting impact potential in creative places and businesses, can all agree on investing in ethical and sustainable fashion.

Upstart Co-Lab's recent landscape analysis of 100 impact investment funds active in the creative economy revealed that 27% invested in ethical and sustainable fashion. These funds represent an estimated \$7.6 billion in total AUM. A few notable examples include Alante Capital, a NY-based venture capital fund focused exclusively on sustainability in the textile & apparel industry; Fashion Capital Partners, a Parisian fashion-tech investment firm; Textile Innovation Fund, a Netherlands-based firm

focused on textiles; and Closed Loop Ventures, a venture fund promoting the circular economy whose portfolio companies include numerous fashion and apparel companies.

Ashoka and C&A Foundation recently announced a new seed fund for sustainable fashion.⁴³ Venture capital funds Patamar Capital and Kinara Indonesia are “finding value in companies that fight fast fashion, protect worker rights and pay workers well, are focused on environmental sustainability, use local talent and ensure the sustainability of culture, promote recycling, energy efficiency and waste elimination, and use innovative technology that help stakeholders be more efficient.”⁴⁴ Vinted, the international marketplace for second-hand fashion, recently announced a raise of €50 million as reported on ImpactAlpha.⁴⁵

Upstart’s analysis of more than 120 companies and funds raising impact capital with a focus on the creative economy includes 22 funds and companies with a focus on ethical and sustainable fashion, collectively raising more than \$208 million through 2019. This pipeline includes: Accompany, a multi-channel retail lifestyle brand marrying design and social impact; Himalayan Wild Fibers, producer of natural raw materials for textile supply chains that serve the high-end apparel industry; Ziel, featuring custom activewear collections designed and delivered on-demand reducing waste and excess inventory; and Etkie, a retailer of ethically handcrafted jewelry by

Native American artisans in the southwest.

The presence of 96 B Corporations in the U.S. in Apparel, Footwear, and Accessories suggests there may be more investment opportunities in the future for investors seeking to be socially responsible and have impact.

These B Corporations include the athleisure brand Athleta, shoe brand Allbirds, and popular clothing companies like Eileen Fisher and Patagonia. (See Appendix C for other examples of emerging ethical and sustainable fashion brands.)

Building the field are business accelerators preparing ethical and sustainable fashion entrepreneurs to attract impact capital. Fashion for Good’s Plug and Play Accelerator is a 12-week program for startups driving innovation in sustainability, circularity, and transparency. The Apparel Impact Institute — a collaboration of industry stakeholders co-founded by the Sustainable Apparel Coalition — selects, funds, and scales high impact projects. Angel networks focused on investing in ethical and sustainable fashion, such as the NEXUS Lab on Ethical Fashion for Next Gen impact investors, are also developing. Some investors, like the Cordes Foundation, are even making ethical fashion a pillar of their impact strategy.⁴⁶ (See Appendix D for more Funds, Accelerators and Angel Networks.)

The world’s largest annual conference for impact investors and social entrepreneurs, SOCAP,⁴⁷ consistently includes ethical and

sustainable fashion as part of its program. Past sessions have included: “The 2.5 trillion challenge hanging in our closets: Can the fashion industry become a source for good?” and “Ethical Fashion Meets Global Markets.” SOCAP18 featured the fashion ecosystem as a “massive investment opportunity” for a restorative and regenerative economy as part of a discussion on the Circular Economy.

Measuring the Impact of ethical and sustainable fashion

Coalitions of like-minded actors are helping to develop and implement measures for ethical and sustainable fashion in the U.S. and around the world. As part of these efforts, they are developing specialized metrics that touch on each stage in the fashion value chain, offering investors the opportunity to align with impact areas including climate change, water use, deforestation, soil degradation, animal welfare, consumer waste, corruption and more. These assessment systems are constantly evolving to reflect advancements within the fashion industry, as well as within environmental, social and governance (ESG) and sustainability reporting overall. (See Appendix E.)

Investors focused on ethical and sustainable fashion can use general impact assessment tools including IRIS,⁴⁸ B Analytics⁴⁹ and the GIIRS⁵⁰ portfolio ratings system. These tools focus on environmental impacts, fair trade and worker considerations, impacts on the local community, and governance and

accountability. Given that the majority of workers in the fashion and apparel industry are women, gender lens considerations are highly applicable as well.

Conclusion

Seasoned impact investors are already putting impact capital to work in ethical and sustainable fashion. The sector is widely recognized as an emerging frontier with massive impact and profit potential. Those who care about shaping a creative economy that is inclusive, equitable, and sustainable will find numerous opportunities to deploy their values-aligned capital in fashion across industry category (eg. apparel, footwear, accessories) and impact area (eg. environment, gender, human rights).

Ethical and sustainable consumer brands are creating the “storefront” into which the ethical and sustainable supply chain of farmers and other fashion and apparel producers sells. These companies play a crucial role in front-line consumer education, helping their customers understand and value the differentiation that comes from a production process that treats workers, the community and the environment well. Fashion and apparel items that are sustainably and ethically produced make it possible for customers to align their values with their wallets — and do it in style.

Appendix A: Ethical Fashion Organizations

Copenhagen Fashion Summit	<i>The world's largest event on sustainability in fashion for industry decision-makers</i>
Ecoluxe London	<i>A biannual exhibition during London Fashion Week showcasing sustainable and ethical designers</i>
The Ethical Fashion Initiative	<i>Program of the International Trade Centre, a joint agency of the United Nations Conference on Trade and Development (UNCTAD) and World Trade Organization (WTO) that works with artisans living in urban and rural poverty to connect with the global fashion chain</i>
Fair Fashion Center	<i>Organization seeking to prove the business case for sustainability in the fashion industry through its comprehensive fair fashion guide and analytical tool</i>
Fashion Revolution	<i>A global grassroots movement working to radically change the way clothes are sourced, produced and consumed</i>
Fashion Takes Action	<i>Canada's fashion industry organization focused on sustainability</i>
Greenpeace	<i>Transnational organization orchestrating research and activist campaigns, including Detox My Fashion</i>
Global Fashion Agenda	<i>Global leadership forum on fashion sustainability founded in 2016 anchored by founding strategic partners Kering, H&M, Target, BESTSELLER, Li & Fung and the Sustainable Apparel Coalition</i>
International Labour Organization & The Better Work Program	<i>UN agency that brings together governments, employers and workers to set labor standards, develop policies and devise programs promoting decent work for all people with substantial focus on workers in textiles, clothing, leather, and footwear sectors</i>
Labour Behind the Label	<i>Campaign that works to improve conditions and empower workers in the global garment industry</i>
Love Your Clothes	<i>UK-based campaign that supplies consumer information for each stage of customer and product lifecycle</i>
Clean by Design	<i>National Resources Defense Council's initiative to encourage textile manufacturers to reduce pollution</i>
Nest	<i>Nonprofit building a new handworker economy to increase global workforce inclusivity, improve women's wellbeing beyond factories, and preserve important cultural traditions around the world</i>



Appendix A continued

Remake	<i>Nonprofit sales and media platform igniting conscious consumer movement; Provides original documentary footage; shares facts and stories around fast fashion; sells curated collections focused on women and the planet</i>
Responsibility in Fashion	<i>Industry group working to end the industry's reliance on toxic chemicals, hazardous pesticides and inhumane practices</i>
Sustainable Apparel Coalition	<i>Global alliance of retailers, brands, suppliers, advocacy groups, labor unions and academics coming together specifically to develop an industry-wide index to measure the environmental and social impacts of the apparel industry. It counts more than 175 members in its ranks, or 40% of the global apparel industry</i>
Textile Exchange	<i>Global membership organization of textile suppliers, service providers, manufacturers, brands and retailers and farmers founded in 2002 driving industry transformation in preferred fibers, standards, and supply networks</i>
UN Alliance for Sustainable Fashion	<i>Initiative of UN agencies and allied organizations to drive coordinated action in the sector to make fashion a driver of implementation of the Sustainable Development Goals</i>
World Resources Institute	<i>Global research organization working on critical goals to secure a sustainable future regarding climate, energy, food, forests, water, cities, and transportation, with fast fashion and the global apparel industry as an emerging research focus</i>



Appendix B: Reports and Articles on the Impact of the Fashion Industry

Accenture in collaboration with the H&M Foundation, KTH Royal Institute of Technology, and the Global Change Award, **The Future of Sustainable Fashion**, 10 April 2017

Annual report concurrent with the award addressing the question: “What can we learn about the future of sustainable fashion by looking at disruptive ideas from 130 different countries?”

www.accenture.com/t20170410T044051Z__w__/us-en/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Consulting/Accenture-HM-Global-Change-Award-Report.pdf

Andrew Morgan, dir. **The True Cost**, Life is My Movie Entertainment and Bullfrog Films, May 29, 2015.

Groundbreaking documentary film about the clothes we wear, the people who make them, and the impact the environmental and social costs of the fashion & apparel industry

www.truecostmovie.com

Boston Consulting Group and Global Fashion Agenda, **The Pulse of the Fashion Industry**, 2018

Argues that improving social and environmental performance of the fashion industry would add €160 billion to the global economy by 2030

www.globalfashionagenda.com/pulse/

Deborah Drew and Genevieve Yehounme, **The Apparel Industry’s Environmental Impact in 6 Graphics**, World Resources Institute, 5 July 2017

Data visualizations illustrating why the apparel industry must embrace a new approach to sustainably meet demand in tomorrow’s markets

www.wri.org/blog/2017/07/apparel-industrys-environmental-impact-6-graphics

Gladys Lopez-Acevedo, Raymond Robertson, **Stitches to Riches? Apparel Employment, Trade, and Economic Development in South Asia**, World Bank, 2016

Report investigating South Asia’s potential for expanding and improving jobs in the labor-intensive apparel sector with specific policy recommendations

www.worldbank.org/en/region/sar/publication/stitches-to-riches-apparel-employment-trade-and-economic-development-in-south-asia

McKinsey & Company, **The State of Fashion**, 2018

Annual report on the fashion industry at large; cites “sustainability credibility” as a top industry trend with 42% of the top 100 large fashion brands already disclosing supplier information

www.mckinsey.com/industries/retail/our-insights/renewed-optimism-for-the-fashion-industry

Nature Climate Change, **The Price of Fast Fashion**, Editorial, Vol 8, January 2018

Editorial alerting consumers to the growing environmental footprint of fast fashion

www.nature.com/articles/s41558-017-0058-9



Appendix B continued

Sandra Roos, **Environmental assessment of Swedish fashion consumption**, Mistra Future Fashion, June 2015

PhD student at Chalmers Institute of Technology, Sweden; performed one of the most comprehensive life cycle analyses ever completed through evaluation and comparison of five different items: t-shirt, pair of jeans, a dress, a jacket, and a hospital uniform.

www.mistrafuturefashion.com/wp-content/uploads/2015/06/Environmental-assessment-of-Swedish-fashion-consumption-LCA.pdf

See also: Nathan Hurst, Smithsonian.com, 4 April 2017, "What's the environmental footprint of a t-shirt?"
www.smithsonianmag.com/innovation/whats-environmental-footprint-t-shirt-180962885/

Sarah Berner, David Dietz, **Fashion is Old Fashioned: Disruption, sustainability and investment opportunity in the fashion and apparel industry**, Gratitude Railroad and NEXUS Ethical Fashion Lab, January 2018

White paper geared towards investment audience describing the current state of the global fashion industry and highlighting key trends and companies that are pushing the industry towards a greater focus on sustainability

www.nexusglobal.org/wp-content/uploads/2018/01/Investing-in-Sustainable-Fashion_high-res.pdf

Sereen Sumner, **Fashion Industry's Carbon Footprint Wearing on Our Environment**, Climate Action Business Association, February 2018

Overview of environmental impacts of fashion and examples of eco-friendly brands

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Appendix C: Ethical Fashion Investment Funds, Accelerators, Investor Networks

Alante Capital	<i>VC fund backing companies that radically improve social and environmental sustainability in the textile and apparel industry</i>
Apparel Impact Institute	<i>A collaboration of industry stakeholders to select, fund and scale high-impact projects that improve the sustainability outcomes of the apparel and footwear industry; co-founded by the Sustainable Apparel Coalition</i>
Closed Loop Ventures	<i>VC investing in sustainable consumer goods companies, advanced recycling technologies, and services related to the circular economy</i>
Fashion Tech Lab	<i>Connects women-led, fashion-focused technology companies with fashion retailers</i>
Fashion Capital Partners	<i>Paris-based investment fund dedicated to fashion-tech</i>
Factory45	<i>Online accelerator program taking sustainable fashion companies from idea to launch</i>
Heva Fund	<i>Impact fund that invests in the transformative social and economic potential of the creative economy in East Africa with a focus on fashion</i>
Nexus Fashion Lab	<i>Forum for NEXUS members to learn more about ethical fashion</i>
Plug and Play - Fashion for Good	<i>Accelerator based in Amsterdam focused on social and environmental impact within the fashion industry</i>
Textile Innovation Fund	<i>Netherlands-based venture fund that focuses on innovative companies in the textile sector, including fiber technology, digital applications, and supply chain</i>

Appendix D: Representative Ethical Fashion Companies

A Peace Treaty	Brand	<i>NYC-based designer Dana Arbib, champion of slow fashion and collaboration with artisan groups</i>
Accompany	Platform	<i>Platform for artisan-made and fair-trade apparel, accessories and home goods. (B Corp)</i>
Ecoalf	Brand	<i>Transforms waste into fashion products; made from entirely recycled materials; 10% of sales goes to its clean oceans foundation</i>
Etkie	Brand	<i>Jewelry and accessories company celebrating traditional Native American craftsmanship. Working with women living on reservation communities in New Mexico, their collections are sold in over one hundred high-end boutiques across the globe</i>
Everlane	Brand	<i>Focused on a concept of “radical transparency” they brand works with the entire supply chain to source ethical and sustainable made garments for both men and women</i>
Evrnu	Supplier	<i>Textile R&D company that transforms post-consumer cotton waste into a high-quality cellulosic fiber, connecting textile waste stream to the supply chain</i>
Indigenous	Brand	<i>Artisan-made, luxury, eco-friendly fashion; a B Corp financed by RSF Social Finance, Root Capital, among others</i>
Intimately.co	Brand	<i>Startup designing lingerie for women with disabilities; part of growing ‘adaptive apparel’ movement⁵¹</i>
Izzy Lane	Brand	<i>British luxury brand focused on animal welfare, hand printed patterns and natural dyes</i>
Mara Hoffman	Brand	<i>Designer focused on sustainable materials, processes and production to improve and extend each garment’s life</i>
Maison du Mode	Platform	<i>Luxury ethical fashion retailer founded in 2012</i>
Melissa Joy Manning	Brand	<i>Earrings, rings, necklaces, and bracelets handcrafted by ethical artisans in CA and NY</i>
Naadam Cashmere	Brand	<i>Sources and produces luxury knitwear while preserving nomadic lifestyle in Mongolia</i>
Novica	Platform	<i>Online platform that connects artisans to a global marketplace of socially conscious customers in association with National Geographic</i>
Positive Luxury	Platform	<i>Curated platform for luxury brands that demonstrate social and environmental impact; developer of Butterfly Mark certification</i>

Appendix D continued

Reformation	Brand	<i>Sustainably and ethically produced womenswear</i>
Renewal Workshop	Supplier	<i>Manufacturer using discarded apparel and textiles to produce new articles at scale and generate data for brand partners</i>
thredUP	Platform	<i>Large online consignment and thrift store</i>
Veja	Brand	<i>Paris based brand of ecological and fair-trade footwear and accessories that works with producer cooperatives and social associations</i>

This is an illustrative — not exhaustive — sample of emerging brands, platforms and suppliers.⁵²



Appendix E: Ethical Fashion Measures and Standards

Fashion Revolution (www.fashionrevolution.org) produces a transparency index of the top 100 global fashion companies.

Good on You (www.goodonyou.eco) is an online resource and mobile app that provides ethical brand ratings for 2,000 fashion brands using a methodology⁵³ that rates brands on how they treat their workers, the environment and animals.

Nest (www.buildanest.org) has developed a set of standards⁵⁴ as well as a brand seal to ensure ethical compliance for workers in homes or small workshops including fashion, apparel and accessories. These tools are designed to further industry-wide transparency in a system of decentralized supply chains to make sure workers are treated fairly and that their cultural heritage is fully valued.

The **New Standard Institute** (www.newstandardinstitute.org) is a global community driving the fashion industry to achieve science-based environmental & social targets around climate change, production, consumption and waste, ocean pollution, and labor and gender issues. NSI's Information Platform is a web-based destination open to all that will serve as a global resource for the industry and its stakeholders which will include credible facts, research and reports, innovative companies advancing environmental and labor solutions, organizations in the space and industry conferences and events advancing sustainability. NSI was born out of the platform Zady, whose New Standard manifesto set out to revolutionize the fashion industry through consumer education behind common textiles and materials including cotton, linen, wool, alpaca, cashmere and polyester.

The **Sustainability Accounting Standards Board** (www.SASB.org) is an independent nonprofit that provides sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability information for the benefit of investors and the public. SASB identifies sustainability disclosure topics for the Apparel, Accessories & Footwear industry:⁵⁵ Management of chemicals in products, labor conditions in the supply chain, raw material sourcing & innovation, environmental impacts in the supply chain.

The **Sustainable Apparel Coalition** (www.apparelcoalition.org) Higg Index is a suite of tools that enables brands, retailers, and facilities to accurately measure and score sustainability performance. Scores are intended to incentivize businesses to take action protecting the well-being of factory workers, local communities, and the environment along each step of their value chain. The Higgs Index consists of product tools⁵⁶ to assess a product's sustainability; facility tools⁵⁷ to assess environmental and social conditions in manufacturing facilities; and a brand tool⁵⁸ to assess sustainability of product lifecycles, environmental performance, and impacts like greenhouse gas emissions, energy use, water use, water pollution, deforestation, hazardous chemicals, and animal welfare.



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Sustainable food defined

The food and agriculture sector includes farmers, ranchers, and fishers who grow crops, raise livestock, and harvest seafood. It also includes purveyors who create value-added food products, highlight the food experience as central to the hospitality sector, and celebrate food as part of community and lifestyle through services, channels, and platforms. These later activities connect consumers to the overall food and agriculture ecosystem and are the focus of this review.

The global food and agriculture industry is estimated to be worth at least \$8 trillion.¹ According to the United States Department of Agriculture (USDA), agriculture, food, and related industries contribute more than \$1 trillion to the U.S. economy annually, representing 5.4% of total annual GDP.² In 2017, 21.6 million full- and part-time jobs were related to these sectors, representing 11% of total U.S. employment.³ Of this 21.6 million, 19 million workers are employed within agriculture and food-related industries including food service, eating, and drinking places (12.5

million); food/beverage stores (3.2 million); and tangential jobs related to agriculture (3.3 million).⁴

In 2017, American households spent \$7,700 on food and beverage (in home and out the home) according to the Bureau of Labor Statistics.⁵ This includes \$4,363 average home food expenditures (7.8% growth over 2016) and \$3,365 spent on food outside the home (6.7% growth over 2016).⁶ With 128 million US households, this translates to \$1 trillion spent on food annually.

Despite increased interest in sustainable food in recent years, the food sector wrestles with its role in a range of social and health problems, in addition to being one of the world's largest polluters.⁷ For example:

Human health and well-being

- Over-use and misuse of antibiotics in animals and humans is contributing to the rising threat of antibiotic resistance in humans.⁸
- 12 million people worldwide died in 2015 from dietary risks “that arise from diets low in



vegetables, nuts, whole grains, and seafood or diets high in salt (mostly from processed food) and sugary drinks.”⁹

- On every continent over the past 50 years, there has been a common set of changes from savory foods to sweet ones, from meals to snacks, from small independent food shops to giant supermarkets, from dinners cooked at home to meals eaten out or as takeout.¹⁰
- Measurements of fruits and vegetables show that their mineral, vitamin and protein content has measurably dropped over the past 50 to 70 years.¹¹
- US agriculture ranks among the most dangerous industries for workers, with a work-related fatality rate of 21.4 deaths per 100,000 workers.¹²
- The meatpacking and poultry industries recruit and exploit vulnerable foreign workers, including refugees.¹³
- As of 2016, one-third of US farmworkers had family incomes below the Federal Poverty Level; the average family income was between \$20,000 and \$24,999.¹⁴

Planetary Health

- Second only to fossil fuels, livestock emissions — including carbon dioxide, nitrous oxide, and methane — are responsible for an estimated 18-20% of global annual greenhouse gases.¹⁵
- In 2017, United Nations (UN) experts declared pesticides a “global human rights concern,” with their excessive use “[contaminating] soil

and water sources, causing loss of biodiversity, destroying the natural enemies of pests, and reducing the nutritional value of food.”¹⁶

- Globally, there are 400 low oxygen (hypoxic) coastal ecosystem “dead zones” caused by fertilizers, affecting more than 245,000 square kilometers (roughly 95,000 square miles).¹⁷
- In 2015, 33% of global marine fish stocks were being harvested at unsustainable levels; 60% are maximally sustainably fished; and 7% are underfished.¹⁸
- Agriculture and irrigation consume 70% of the world’s freshwater resources, and irrigation is essential for 40% of the world’s food production.¹⁹
- The food we waste contributes 4.4 gigatons of carbon dioxide equivalent into the atmosphere each year — roughly 8% of total anthropogenic greenhouse gas emissions. Ranked with countries, food waste would be the third-largest emitter of greenhouse gases globally, just behind the United States and China.²⁰

The sustainable food and agriculture ecosystem depends on preserving biodiversity; supporting environmentally beneficial and low- to zero-carbon emission agriculture and fishing practices; protecting animal welfare; minimizing or eliminating non-recyclable or non-reusable packaging; preventing and mitigating food waste; ensuring equitable supply chains and labor practices; and supporting local economies. This paper will focus on products,



brands, restaurants, hospitality companies, food service providers, and others who deliver high quality products and curate experiences that advance heritage and culture, community-building, and environmental sustainability.

Creatives transform the ingredients produced by the food and agriculture ecosystem into something delicious and engaging, motivating customers to try new things and consider the impact of their eating and drinking habits on the global community, human health, and planetary health. Tasty food products and inspiring food experiences can engage consumers so that the larger investment in a sustainable food system pays off, both financially and in terms of its social and environmental impact.

The sustainable food movement

The modern sustainable food movement grew out of the post-World War II industrialization of agriculture. Chemical fertilizers and pesticides, combined with new government policies, yielded tremendous agricultural productivity.²¹ Along with advances in manufacturing, this meant buying and preparing food became cheap and convenient.

In the late 1960s and early 1970s, eating became a political and environmental act for the counterculture. Food had “to be grown differently, sourced differently, cooked differently [as compared to their parents’ generation]... no pesticides, no flavorings, no packages, no refined sugars or grains, and for

some, no meat.”²² The natural and organic food movement saw the rise of macrobiotic diets, vegetarianism, whole grains, back-to-the-land organic farming, and co-ops.²³

Increasing consumer awareness and concern about pesticides and food-borne illness scares (e.g. Mad Cow, listeria, E. coli, salmonella) throughout the 1980s-90s stoked organic food demand. In 1990, the Federal Organic Foods Production Act established “national standards governing the marketing of organically produced products, [assuring] consumers that organically produced products meet a consistent standard.”²⁴ Over time, certification membership organizations (e.g. Oregon Tilth, California Certified Organic Farmers) formed to ensure specific growing practices and prevent fraud within organics.²⁵

Beginning in 2006, Michael Pollan’s books *The Omnivore’s Dilemma: A Natural History in Four Meals*, *In Defense of Food: An Eater’s Manifesto*, and *Food Rules: An Eater’s Manual* gained widespread recognition for critiquing the food system at large. Throughout his books, he defined what he believes to be a holistic and healthy diet, popularizing the phrase: “Eat food. Not too much. Mostly plants.”²⁶

Food waste and its relationship to food insecurity entered the sustainable food agenda around 2010. According to the Natural Resources Defense Council (NRDC), up to 40% of the food in the United States is never eaten while, at the same time, one in eight Americans



is food insecure.²⁷ Increased awareness via an Ad Council campaign, coupled with the idea that wasted food equals wasted money, helped spark fast responses from businesses, nonprofits, foundations, and governments alike, even finding bi-partisan political support.²⁸

Labor

Cheap, often migrant labor was another input to the post-World War II era of industrialized food production in the U.S. In the civil rights era, farm workers' rights garnered attention and became a focus within the labor movement. In 1962, Cesar Chavez and Dolores Huerta co-founded the United Farm Workers (UFW) to address guest worker abuses and strike for higher wages, eventually forming as a union.²⁹

The 1970s saw the advent of the first fairly traded coffee from cooperatives of small farmers in Guatemala as part of a “trading partnership based on dialogue, transparency, and respect” to further sustainable development.³⁰ Fair-trade agriculture addressed the interdependency between working conditions, environmental stewardship, and quality food products. It also introduced the idea that consumers valued knowing where their food came from, and the conditions under which it was produced.

In 2001, the Coalition of Immokalee Workers (CIW) launched the Campaign for Fair Food to “[forge] alliances between farmworkers and consumers that enlist the market power of major corporate buyers to help end that

exploitation.”³¹ To date, the group has gotten fourteen multi-billion dollar food retailers — including Walmart, McDonald’s, Subway, Sodexo and Whole Foods — to establish third party-verified “Fair Food Agreements” that ensure more humane farm labor standards and fairer wages for farmworkers.³²

Focused on point of sale in the food supply chain, the worker-led “Fight for \$15” began in New York City in 2012 when 200 fast food workers walked off the job as a demand for a minimum \$15/hour wage and union rights.³³ This has grown to a worldwide movement that includes other low wage workers. California, Massachusetts, New York, Maryland, New Jersey, Illinois, and Connecticut now have a \$15 minimum hourly wage.

Food culture, products and enterprises

The international Slow Food movement began in Rome in 1989 with a manifesto for an “international movement for the defense of and the right to pleasure” that in part sought to “escape the tediousness of ‘fast-food’ [sic], [and] let us rediscover the rich varieties and aromas of local cuisines.”³⁴ Slow Food International found an early American ally in Berkley, CA chef Alice Waters, who became the group’s vice president in 2002. Waters’ restaurant Chez Panisse has championed the values articulated by Slow Food since its opening in 1971.

What started as a rebellion against the conventional food system of the 1950-70s



turned out to be a thriving market in its own right by the 1980-90s. In 1978, John Mackey and Renee Lawson founded the vegetarian and organic store SaferWay in Austin, TX which two years later became Whole Foods Market. Some of today's biggest organic brands — including Earthbound Farms, Organic Valley, Stonyfield Farms, and Horizon Organic among others — emerged during the subsequent decade.

Picking up that legacy, food businesses were among the first Certified B Corporations since the certification was established in 2006,³⁵ and now include Greyston Bakery, New Belgium Brewery, Stumptown Coffee Roasters, Danone North America, Back to the Roots, and Ben & Jerry's. As familiar and readily accessible brands, these companies have helped advance the idea of businesses that prioritize the environment, their workers and their communities.

In response to ideals of regenerative agriculture and fishing practices, animal welfare, recyclable and reusable packaging, zero food waste, equitable supply chains and labor practices, new enterprises of all sizes have launched in recent years. The rise of scratch cooking fast casual chains like Sweetgreen, plant-based and synthetic proteins such as Beyond Meat and Impossible Foods, and meal kits Blue Apron are some examples of businesses that have tried to respond to these issues. Others including Revolution Foods and Brigaid, which partner with K-12 school districts provide better school meals, address nutrition and obesity,

are stepping into what have historically been considered government services.

Preceded by craft beer, chocolate, and coffee, small and artisanal food and drink businesses have also launched across the country to offer “better” alternatives in almost every category, from pickles and granola to pasta and liquor. The San Francisco-based Good Food Awards (which has strict triple-bottom line criteria in addition to selecting “superior taste”) has grown to receive over 2,000 entries from “food crafters” across the country.³⁶ The farm-to table movement has become a mainstream trend, and the number of farmers markets in the U.S. grew from 2,000 in 1994 to over 8,700 in 2019.³⁷

As the food movement has grown, organizations including Stone Barns Center for Food and Agriculture,³⁸ Food Tank,³⁹ FoodCorps,⁴⁰ and Good Food Jobs⁴¹ have emerged to advance grassroots initiatives for a better food system. Environmental nonprofits like the NRDC and the Environmental Working Group (EWG) have started programs related to food systems reform, and universities have created food studies curricula — both looking at the deep interconnections among how food is grown and produced and environmental, social and human health.

Publications focused on a better food system such as *Edible Communities*, *Modern Farmer*, *Civil Eats* and *New Food Economy* have launched, and established news



outlets including *The New York Times* and the *Washington Post* have increased food systems coverage. Along with *Bon Appétit*, and the James Beard Foundation, mainstream media regularly highlights the diverse chefs, entrepreneurs and organizations seeking to make positive change through delicious food. The role of food to strengthen local economies and preserve cultural heritage is being demonstrated more often and in more innovative ways.

Relevant trends in food, beverage and restaurants

The 10 largest public food companies in the U.S. — Amazon, Walmart, McDonald's, Costco, Starbucks, Mondelez, Target, Kraft Heinz, Sysco, YUM!⁴² — are so diverse that a review reveals the dominant trends in today's rapidly changing food sector.

Consolidation characterizes the industry across the board; in particular it has signaled a revolution in where we buy groceries. Walmart is now the biggest grocer in U.S. and groceries represented 55% of all their 2018 U.S. sales in-store and online. Target and Costco are close behind.⁴³ Public equity analysts agree that in a high volume, low margin grocery industry, Walmart is expected to outperform over the long-term due to e-commerce plus delivery capabilities; Amazon (the second company to ever reach \$1 trillion in market cap) also continues to climb in value. The outlook is more divided among other top grocers: Costco relies

on its membership model as it sells all of its goods at a loss, and neither Kroger nor Sprouts has delivered for investors.⁴⁴

The power of large trusted food brands has diminished enormously as millennials — the largest consumer demographic in America — demand healthy, organic food from small local producers. Diversified food producers (like Kraft Heinz, Mondelez, Nestle) face challenges and, in response, these companies have gone on spending sprees acquiring fast-growing start-up brands.⁴⁵ Companies such as J&J Snack Foods, Flowers Foods, Hershey, Mondelez receive top ratings from analysts⁴⁶ as they acquire more brands and market share through economies of scale.

The U.S. restaurant industry — spanning fast food, fast casual and full-service — is a mature, highly competitive market. Despite the saturation, several large chains have recently experienced healthy growth⁴⁷ mainly driven by rewards/loyalty programs, partnering with food delivery companies, and opening convenient locations.⁴⁸ Their rising stock prices reflect the market's optimism over these trends. Projected annual sales in the restaurant industry for 2019 are \$863 billion; 4% of U.S. GDP.⁴⁹ Examples include Starbucks (9,000 locations) shifting away from urban centers to drive-thru and delivery capabilities; Dave & Buster's opening 16 new locations in 2019 in their model combining food and entertainment (and utilizing new arcade/VR technology); and Shake Shack which is up to 200 locations (up from 84 in 2016) fueled by



their IPO and growing consumer preference for quality ingredients.⁵⁰ Analysts say that the most successful newer restaurant stocks are those that hit on under-served consumer demand at scale, like Chipotle,⁵¹ and recent large private market valuations of chains like Sweetgreen (\$1.6 billion in September 2019)⁵² show that investors agree.

On the venture side, Food+Tech Connect's 2018 U.S. Food & Beverage Startup Investment Report⁵³ found \$1.45 billion invested across 247 food and beverage startup deals in 2018, with dairy and animal-based protein alternatives attracting one-third of that. Plant-based food sales grew 11% last year to \$4.5 billion, five times the growth of the overall food market.⁵⁴ UBS forecasts the plant-based meat market will grow by 28% a year and reach \$85 billion by 2030.⁵⁵

Four trends currently shaping the mainstream food industry overall put sustainable food brands in a position to deliver superior financial — plus social and environmental — returns for impact investors:

Transparency and authenticity: Consumers place increasingly high value on knowing where their food comes from, its journey to their plate, and the welfare of land, waters, farmers and animals behind it all. 60% of all US consumers say it is important that the food they purchase is produced in a sustainable way, up from 50% in 2017.⁵⁶ 51% are more likely to visit a restaurant that

offers environmentally friendly food items.⁵⁷ The concern for where food comes from is also an opportunity for the celebration of diverse cultures, with preference for global flavors and global cuisine on the rise. Authentic representations of heritage and tradition resonate in the market, while perceived cultural appropriators are punished.

Desire for new, delicious foods: There has been a rise of food media and entertainment taking viewers on a journey to far away countries and new neighborhoods. TV shows like Anthony Bourdain's *Parts Unknown* and viral videos from *Bon Appétit* have contributed to a ubiquitous "foodie" culture. As a result, consumers demonstrate a willingness to try new things: goat milk, dairy free yogurt, plant-based meats, cauliflower dough pizza. There is a growing obsession with deliciousness and the search for your city's best ice cream/pho/fried chicken/tacos/grilled cheese. As a result, craft products like beer, cheese, baked goods, condiments, and meats continue to be on the rise.⁵⁸ Craft breweries (approximately 7,000) in the U.S. are at an all-time high, and are being credited for reviving economically declining towns and playing a role in the revival of local foods.⁵⁹

Demand for unique food experiences: The desire for new foods crosses over to new food-related experiences, like gourmet



food trucks, pop-up restaurants, and cooking classes as team bonding. Eaters are connecting with their community through their food, and increasing globalization means more cuisines are available than ever before. 45% of diners go out to eat multiple times a week; another 20% going out to eat once a week.⁶⁰ Gathering places like craft breweries, coffee shops, and food halls serve as an antidote to digital social lives. 78% of millennials say they would rather spend money on an experience, such as a restaurant or other activity, compared to purchasing an item from a store.⁶¹

Customer convenience: The consumer food sector in the U.S. has been marked by rapid technology transformations in recent years including e-commerce⁶² and efficiencies in fulfillment, delivery, and customization. This goes beyond grocery shopping: meal kit companies make home-cooked family meals possible in a fraction of the time with customized services catering to different tastes, dietary needs, and preferences. Independent restaurants compete with chains by using partners like GrubHub to fulfill delivery orders.

Challenges to scaling sustainable food

Lack of information, policies favoring big agriculture, and on-line shopping habits pose challenges to scaling sustainable food. The role creatives play in informing and educating

consumers, and shaping tastes and habits, can help address these issues.

Lack of clear labeling: There are limited regulations placed on food labeling. “Certified Organic” is one of the only terms used to market food that has a clear legal definition — and even that certification has been expanded, watered down, and appropriated by conventional agriculture. Since there is no effective regulatory oversight, it is difficult to effectively communicate to consumers that all natural, healthy, local, grass-fed, and similar labels make unsubstantiated implicit or explicit health and environmental claims. As a result, consumers struggle to clearly differentiate sustainably raised/produced food and value-added products that have particular health or environmental virtues from conventional food or unhealthy food-like products promoted with confusing terms and well-funded marketing pitches.

Unfavorable public policy environment: The playing field is highly biased against the production of unique, regional products and specialty crops. Therefore, establishing competitive prices for good food grown well remains a challenge. Policies, subsidies, and long-standing governmental and market-based systems favor what is typically described as “Big Ag(riculture),” resulting in large-scale, extractive, chemically based agricultural practices to produce inexpensive fats, sugar, and meat. There is



no such support for farmers growing fruits and vegetables, organic or sustainably raised livestock, or small-scale localized production of value-added farm products. Less than 1% of farm subsidies support the kinds of regionally specialized ingredients that are used in food products that celebrate culturally diverse food traditions.

Environmental impact of on-line shopping:

As consumer demand for new, delicious food coupled with convenience increases, food purveyors will need to address the inherent tension in shopping online for products intended to be sustainable. Direct-to-consumer delivery creates significant environmental impacts due to packaging, transportation and fossil fuel consumption.

Impact investing in sustainable food

Impact investors are already well-attuned to opportunities in the large food and agriculture sector. According to the Global Impact Investing Network's most recent survey of impact investors,⁶³ 10% of all respondents' assets under management are in Food & Agriculture, with 58% of respondents allocating capital to the sector, making it the most common area for investment. Toniic's *Powered Ascent 2018: Insights from the frontier of impact investing* reported 6% of Toniic members allocated impact capital aligned with UN Sustainable Development Goal 2: to end hunger; improve nutrition; promote sustainable agriculture.⁶⁴

Trillium Asset Management's Framework⁶⁵ maps out how impact investors break down opportunities in sustainable food: sustainable production; sustainable consumption; sustainable agricultural technology; conservation and climate change; and social equity and sustainable livelihoods.⁶⁶ This reveals an unrealized opportunity for the food products and experiences that bring sustainable, ethically-sourced food to our plates, and educate eaters about the implications of the choices they make.

Plant-based meat alternatives, consumer packaged goods brands, and restaurants are growing in popularity among investors, including impact investors. For example, Impossible Foods raised more than \$750 million — from investors ranging from the sovereign wealth fund of Singapore to Katy Perry — at an approximate \$2 billion valuation at most recent close in May 2019.⁶⁷ Healthy fast-casual chain Everytable — which uses a sliding-scale pricing model⁶⁸ that lets restaurants in low-income neighborhoods charge less than ones in high-income neighborhoods — raised \$5.3 million from Kimbal Musk, Acumen and TOMS Social Enterprise.⁶⁹ And impact investors including donor advised fund sponsor Impact Assets benefited from Beyond Meat's successful IPO which resulted in a more than \$9.2 billion valuation. Plant-based egg alternative JUST employs innovative design and branding to help their impact brand go mainstream and counts Khosla Ventures and Radicle Impact as



investors. S2G invested in Ripple Foods (pea-based milk), which leverages its intellectual property, proprietary technology, and impact-forward design and branding efforts to bring consumer awareness to issues like the carbon, water and plastic saved by using their product.⁷⁰

Tanka is a native-owned meat protein bar based on traditional first nations *wasna* recipe, using food as a vehicle to bring new life and awareness of Oglala Lakota cultural heritage to the wider market.⁷¹

Upstart Co-Lab's recent landscape analysis of 100 impact funds investing in the creative economy revealed that sustainable food is the category with the most activity, with 49% of funds analyzed active in the sector. These funds, which represent an estimated \$9.8 billion, include RSF Social Finance Food Systems Transformation Fund,⁷² New Crop Capital,⁷³ Radicle Impact,⁷⁴ and PowerPlant Ventures.⁷⁵

Upstart's analysis of more than 125 creative economy companies and funds raising impact capital today includes 16 sustainable food examples collectively raising more than \$278 million. Examples include Greenbelt Hospitality, a community-oriented farm-to-table restaurant founded by artist Matthew Moore which is currently taking root in Los Olivos Park in Phoenix; and Coastal Enterprises, just one of many community development finance institutions lending to food businesses in their region.

The 208 U.S. B Corporations in sustainable

food represent more than 17% of all 1,200 B-certified companies domestically,⁷⁶ and include Bigelow Tea, Sir Kensington's, Stonyfield Farm, Luke's Lobster, Drive Change, Ox Verte, and artist-founded Jeni's Splendid Ice Cream. (See Appendix B for other examples of emerging companies.)

Building the field are startup accelerators preparing sustainable food entrepreneurs to attract impact capital. Food System 6 is a one-year program for sustainable food and agriculture entrepreneurs in San Francisco;⁷⁷ FoodFutureCo is a scale-up accelerator whose focus areas include local food, plant-based food, sustainable seafood, and food waste;⁷⁸ Social Enterprise Greenhouse Food Accelerator is a hub for food innovators in Providence, RI;⁷⁹ and Good Food Accelerator in Chicago, the nation's first accelerator focused on building supply chains for sustainable local food.⁸⁰

Impact-driven angel networks are pooling resources to seed innovative food businesses — including SLoFIG (Sustainable Local Food Investment Group) investing in Chicago's food shed,⁸¹ and Foodshed Investors, an Austin-based group of investors at the intersection of food, finance and social good.⁸² (See Appendix D for more Funds, Accelerators and Angel Networks.)

Measuring the impact of sustainable food

The creative economy engages the food



ecosystem where the milk becomes the cheese: where the raw products are transformed, value is added, and the results are presented engagingly and deliciously, and in community. Ultimately food products and food experiences have the potential to change consumer behavior and trigger action, ensuring there is strong demand for the sustainable food and agriculture ecosystem. But this means measuring the environmental and social impact of food products, brands, restaurants, hospitality companies, food service providers, and others is a layered process.

Does the food experience advance heritage & culture or community-building among participants? Does the food product contribute to environmental sustainability through education and activation of consumers? Are the farm and food industry workers producing and preparing these foods treated well? Is planetary health maintained through the growing, farming, fishing, production, and preparation of these foods?

Measuring the impact of food products and experiences sits adjacent to how impact is measured for the vast sustainable food and agriculture ecosystem, and will necessarily lead to some new ways to assess impact. Fair Trade certification for coffee, chocolate, and other food products has been the most prevalent metric for craft and artisanal food products applied by impact investors. Fair Trade certification ensures fairness at all points in the supply chain.⁸³ Certification

focuses on farmers receiving a fair price for their products, environmental and community benefits related to the farming and processing of those productions, and best practices for workers' rights, environment and community development. But the certification stops short of measuring uniqueness, deliciousness, tradition or artistry.

Uniqueness, deliciousness, tradition and artistry are exactly what is measured by standards for food products following specific preparation methods and specific to discrete bioregions which have existed for many years. Labeling and legal requirements are intended to protect the unique value of regional products, and set customer's expectations for quality, consistency, and tradition. These standards help create economic value for artisanal products using traditional place-based methods of production honed over generations. Standards like these — when coupled with concepts of Fair Trade, organic, sustainable — can begin to capture the whole power of food products and brands to engage, educate and spur eaters to ethical action.

For example, European law protects Italy's famed Parmigiano Reggiano cheese by limiting specific production to traditional areas in the provinces of Parma, Reggio Emilia, Bologna, Modena and Mantua. Under European Union law, only cheese produced by a certain method in these provinces may be labeled Parmigiano-Reggiano.



Rating food experiences has mainly been the purview of restaurant critics and lifestyle feature writers. But the growth of food with a focus on authenticity and regional relevance suggests there are new measures coming. For example, in 2003, Claus Meyer and Rene Redzepi opened the restaurant Noma in Copenhagen creating a multi-sensory dining experience and global sensation that uncovered and celebrated elements of local history and culture. This restaurant quickly became the standard for food experiences that celebrate place, elevate local cuisine, and embrace traditions and regional distinction. The Noma phenomena invigorated a discussion which resulted in the creation of an international standard for new Nordic cuisine.

In 2005, the Nordic Council's agricultural and food ministers from Denmark, Finland, Iceland, Norway, and Sweden launched the new Nordic Food Program defining "local." The Council also provided more than 3 million Euros to support development of food-related products and business that met standards for the new Nordic Environmental Sustainability. Establishing a legal framework and cogent definition for regional cuisine added value and cachet to an emergent eating experience and previously unrecognized and under-appreciated regional cuisine.

Other restaurants have started to promote environmental sustainability as part of their brand, providing a clear example of the food experience educating eaters about bigger

issues. In San Francisco, The Perennial, a restaurant dedicated to addressing climate change through delicious food (which operated from 2016-2019) set up its own aquaponic farm, used energy efficient appliances, recycled materials, baked with the only perennial grain on the market (Kernza), and purchased meat from carbon-friendly ranches. Founders Karen Leibowitz and Anthony Myint also launched the Perennial Farming Initiative, a non-profit dedicated to creating a renewable food system through Zero Footprint carbon neutral restaurants, by providing sustainability information for chefs like a Healthy Soil Guide, and with advocacy efforts like Restore California focused on restaurants, farmers and diners.⁸⁴

Conclusion

Understanding the power of food products and experiences will continue to evolve as customers demand and pay a premium to eat in a way that reflects their values from farm to fork and sea to spoon. There is opportunity for metrics to evolve, assigning even more measurable value to products and experiences that foster a diverse, culturally authentic, equitable, and sustainable economy.

What's clear now, however, is that impact investors who care about shaping a creative economy in these ways will find numerous opportunities to deploy their values-aligned capital in food across industry category (eg. food waste reduction, dining, consumer packed



goods) and impact area (eg. environment, labor rights, cultural heritage).

Creatives — whether they're chefs, artisanal food and drink makers, or entrepreneurs — have been essential in captivating and educating consumers around social, economic, and environmental issues for decades. This will continue, making it possible for consumers to act on their values without sacrificing pleasure.



Appendix A: Sustainable Food Organizations

Chefs Collaborative	<i>National nonprofit network with a mission to inspire, educate, and celebrate chefs and food professionals building a better food system</i>
The Climate Collaborative	<i>Manufacturers, retailers, distributors, brokers, suppliers and other concerned businesses from the natural foods industry working collaboratively to take bold action to reverse climate change</i>
Coalition of Immokalee Workers	<i>Worker-based human rights organization internationally recognized for its achievements in fighting human trafficking and gender-based violence at work</i>
Culinary Breeding Network	<i>Nonprofit building communities of plant breeders, seed growers, farmers, produce buyers, chefs and other stakeholders to improve quality in vegetables and grains</i>
Equal Exchange	<i>For-profit, Fairtrade, worker-owned cooperative headquartered in West Bridgewater, MA</i>
Fairtrade America	<i>The U.S. arm of Fairtrade International working to promote fair trade and ethical consumption in the US market</i>
Farm Labor	<i>FLOC represents thousands of seasonal farm workers, advocating for better working conditions and wages</i>
Fields Oceans Ranches Kitchens Steward (FORKS)	<i>Sponsored by the nonprofit Seattle Good Business Network, this volunteer organization engages chefs in promoting local and sustainable food purchasing</i>
Food Chain Workers Alliance	<i>Nonprofit uniting 31 organizations involved in the food system, working to improve wages and working conditions for their over 340,000 workers</i>
Food Policy Action	<i>Nonprofit whose goal is to change the national dialogue on food policy by educating the public on how elected officials are voting on these issues</i>
Food Recovery Network	<i>Nonprofit empowering students, communities, and food businesses to reconstruct their perceptions and habits around surplus food</i>
Food Rescue Locator	<i>Director of organizations in the United States that rescue, clean, transport, prepare, and distribute food to the those in need in their communities</i>
Food Tank	<i>Nonprofit food think tank focused on building a global community for safe, healthy, nourished eaters</i>
Global Alliance for the Future of Food (GAFF)	<i>Collaboration of over 20 philanthropic foundations that envisions healthy, equitable, renewable, resilient, and culturally diverse food and agricultural systems</i>
Good Food Foundation	<i>Organization celebrating taste-making crafters at the vanguard of deliciousness and social and environmental excellence</i>



Appendix A continued

GrowNYC	<i>New York City nonprofit providing free tools and services for New Yorkers to help improve access to fresh, healthy local food</i>
The Happy Org	<i>Happy Active Positive Purposeful Youth is a youth-led organization that addresses the physical, mental, emotional, and social health issues faced today</i>
Hungry Harvest	<i>Fights food waste by connecting customers with surplus fruits and vegetables that would otherwise go to landfills</i>
Hot Bread Kitchen	<i>New York City nonprofit social enterprise that creates economic opportunity through careers in food</i>
James Beard Foundation (JBF)	<i>JBF's mission is to preserve, nurture, and celebrate the diverse culinary heritage of the U.S.</i>
The Perennial Farming Initiative	<i>Nonprofit organization dedicated to building a renewable food system rooted in healthy soil</i>
Readers to Eaters	<i>Publisher working toward food literacy among children and families</i>
ReFED	<i>Data-driven guide for businesses, government, funders, and nonprofits to collectively reduce food waste at scale</i>
Refresh Working Group	<i>Research collaboration made up of over 30 farmers, small business owners, researchers, corporate partners, nonprofit leaders, educators, community organizers, and innovators working across the food system to examine the intersection of technological innovation and food</i>
Restaurant Opportunities Centers United	<i>Works to raise restaurant industry standards for working conditions, wages, and employee treatment.</i>
Slow Food USA	<i>Part of the global Slow Food network spreading a mission of good, clean, and fair food for all to over 100,000 members in more than 150 countries</i>
Small Planet Foundation	<i>Provides grants to visionary social movements and grassroots organizations working to transform the global food system</i>
Stone Barns Center for Food and Agriculture	<i>Nonprofit farm and educational center in New York focused on fostering young farmers; Blue Hill at Stone Barns is their partner restaurant</i>
Southern Foodways Alliance	<i>An institute of the Center for the Study of Southern Culture at the University of Mississippi, dedicated to the documentation, study and exploration of the foodways of the American South</i>



Appendix B: Reports and Articles on the Impact of the Food Industry

2019 Restaurant Success Report, Toast, July 2019

Industry report from restaurant software company Toast reporting data around restaurant best practices and diner preferences

www.pos.toasttab.com/resources/restaurant-success-industry-report

Andrea Strong, **Fancy Snacks Are Having a Moment. Venture Capital Wants In.** Eater, September 2019.

Article that chronicles investor interest in the rise of value-added artisanal snack products

www.eater.com/2017/9/6/16230534/artisan-food-funding-financing-venture-capital

Artisanal Trend Fuels Ingredient Innovation, The Ingredients Network, September 2018

Article outlining the rise of craft and artisanal food and drink launches, with suppliers responding by investing in authentic, clean label ingredients

www.ingredientsnetwork.com/artisanal-trend-fuels-ingredient-innovation-news074695.html

Boston Consulting Group, **Tackling the \$1.6 Billion Food Loss and Waste Crisis.** August 2018

BCG argues that there is \$700 of business opportunity embedded in solving the food waste challenge.

www.bcg.com/en-us/publications/2018/tackling-1.6-billion-ton-food-loss-and-waste-crisis.aspx

Food + Tech's **2018 U.S. Food & Beverage Startup Investment Report**, June 2019

Annual report examining U.S. based food and beverage investor trends, including a detailed overview of notable exits and investments.

www.foodtechconnect.com/2019/06/06/2018-u-s-food-beverage-startup-investment-report/

John Eligon and Julia Moskin, **16 Black Chefs Changing Food In America**, New York Times, July 2019

Editorial about chefs changing the culinary landscape through celebrating heritage and being the architects of a food future and culture that pushes past the Eurocentric traditions taught in culinary schools

www.nytimes.com/interactive/2019/07/16/dining/black-chefs-restaurants-food.html

Kristin Lang, Joshua Humphreys, and Andreea Rodinciuc, **Impact Investing in Sustainable Food and Agriculture across Asset Classes: Financing Resilient Value Chains through Total Portfolio Activation**, Trillium Asset Management, May 2017

A framework from leading impact investment firm for investors to invest in sustainable food systems across asset classes such as cash, public equities, and fixed income, as well as alternative asset classes such as private equity, venture capital, and real assets in sustainable farmland and timberland.

www.trilliuminvest.com/wp-content/uploads/2017/05/Investing-in-Sustainable-Food-and-Agriculture.pdf



Appendix B continued

Natural Marketing Institute, **Understanding the LOHAS Market Report**, March 2008

A landmark demographic marketing segment and marketing report which highlights market trends and size for healthy food, beverage, and organic foods; it details market size and shape and is a good indicator for the development of craft food markets

www.lohas.se/wp-content/uploads/2015/07/Understanding-the-LOHAS-Consumer-11_LOHAS_Whole_Foods_Version.pdf

National Academies Press, **A Framework for Assessing the Effects of the Foodsystem**, June 2017

Analysis of food's impact on health, environment, climate, economic inequality.

www.ncbi.nlm.nih.gov/books/NBK305181/

National Restaurant Association, **2019 Restaurant Industry Factbook**

Fact sheet of key stats in the U.S. restaurant industry around employment, consumer trends and economic impact

www.restaurant.org/Downloads/PDFs/Research/SOI/restaurant_industry_fact_sheet_2019.pdf

Nourish Food System Map

Infographic mapping circular food system inputs and impacts designed by Nourish, an educational initiative from WorldLink

www.nourishlife.org/pdf/Nourish_Food_System_Map_18x24.pdf

Scheherazade Daneshkhu, **Consumer Goods: Big Brands Battle “Little Guys,”** Financial Times, February 2018

Article covering the rise of artisanal and craft foods and consumer package goods companies' interest in acquiring craft brands

www.ft.com/content/4aa58b22-1a81-11e8-aaca-4574d7dabfb6

Stephanie Strom, **Small Food Brands Big Successes**, New York Times, August 14, 2015

Strom writes about the emergence and market power of small food brands, reporting craft and artisanal food and drink launches have seen a global CAGR of 28% over the past 5 years

www.nytimes.com/2015/08/26/dining/start-up-food-business-changing-appetites.html



Appendix C: Sustainable Food Investment Funds, Accelerators, Investor Networks

Accelerating Appalachia	<i>World's first nature-based business accelerator focusing on high-impact seed stage businesses in sectors including food, craft beverage, forest products, and soil and water health innovations</i>
AccelFoods	<i>VC fund focused on high growth packaged food and beverage companies</i>
AgFunder	<i>VC platform investing in technologies to rapidly transform our food and agriculture system; one of the most active agri-foodtech venture capitalists</i>
Anterra Capital	<i>VC fund investing in companies that are transforming the safety, security and sustainability of global food</i>
Armonia	<i>Fund investing since 2007 in sustainable and regenerative companies; also a pioneer investor in B Lab and founding member of the GIIN</i>
Austin Foodshed Investors	<i>Mission-driven investment firm local "good food" ecosystems by playing in the intersection of food, finance, and social good</i>
Better Food Ventures	<i>Exclusively invests in entrepreneurs that are leveraging IT to transform the food and ag sector</i>
BIGR Ventures	<i>Boulder, CO- based growth equity fund providing value-added, strategic partnership and capital to promising early-stage natural and organic products</i>
Boulder Food Group	<i>VC firm focusing on early stage organic, non-GMO, healthy food and beverage consumer product companies</i>
Branchfood	<i>Largest community of food innovators in New England; provides resources to founders launching and scaling transformative food-related businesses including co-working space, events, workshops, and mentorship</i>
Cascadia Foodshed Funding Project	<i>Collaboration of foundations, investors and NGOs targeting five impact areas: health, social equity, family wage job creation and preservation, rural community resilience, and ability to influence policy</i>
Colorado Food	<i>Supports a vibrant and healthy local food system by making small loans to farmers, producers, and food system entrepreneurs in Colorado who do not have access to traditional sources of growth capital; invests in sustainable food products and the communities that create and consume them</i>
Fair Food Fund	<i>Impact investing arm of Fair Food Network; investing in early stage entrepreneurs growing community "health and wealth"; focus areas: improving healthy food access, supporting American farmers, igniting local economies, and opening opportunities for more people in more places</i>



Appendix C continued

Food Angels	<i>Professional angel network of independent individuals with knowledge and expertise in food entrepreneurship</i>
Food Foundry	<i>Chicago-based growth accelerator program by Relish Works; supports, connects, and propels innovative startups who are reimagining the food industry with focus on vendors, distributors, and operators</i>
Food Hatch	<i>Food focused accelerator providing seed and early stage funding and connections to senior executives and successful entrepreneurs in the food industry</i>
Food System 6	<i>Accelerator building a more equitable and sustainable food and agriculture system by supporting entrepreneurs focused on health, sustainability, and justice</i>
Food-X	<i>A top food innovation accelerator out of SOSV; focus on innovations in food system; promoting health and sustainability; providing delicious, healthy, affordable, convenient food</i>
FoodBytes!	<i>A series of transformational events from Rabobank in the food, agribusiness, and technology space; designed to connect food industry leaders and investors with startup companies that are innovating and disrupting the food chain with groundbreaking ideas in food, agribusiness and technology</i>
FoodFutureCo	<i>Accelerator for established yet small organizations providing unique products and solutions across our food system; focus areas include: consumer products, local food, plant-based food, sustainable seafood, ag tech, food tech and food waste</i>
Foodshot Global	<i>Coalition of mission-aligned capital providers including Rockefeller Foundation and Generation Investment Management</i>
Greenmont Capital Partners	<i>Impact investments in high growth consumer products since 2004, based in Boulder, CO. In 2008, Greenmont II became a GIIRS Pioneer Fund</i>
InvestEco Sustainable Food Fund	<i>Impact investment fund focused on high growth North American companies that promote health and sustainability in the food & agricultural sector</i>
New Crop Capital	<i>Specialized venture fund investing in companies developing meat, dairy, eggs and seafood with plant-based ingredients or through cellular agriculture, as well as companies that promote and distribute these products</i>
PowerPlant Ventures	<i>Growth equity fund investing in emerging consumer food, beverage, and foodservice companies with focus on plant-centric brands</i>
Rural America Fund	<i>Chicago-based private equity firm targeting the agribusiness market; makes partnership investments in growing, lower middle-market operating businesses principally in agriculture or ag-related industries</i>



Appendix C continued

S2G Ventures	<i>Multi-stage healthy and sustainable food and agriculture venture fund</i>
SKU	<i>14-week accelerator for CPG companies</i>
Sustainable Local Food Investment Group (SLoFIG)	<i>Network of accredited independent investors who share the mission of using private investment to re-establish a robust and sustainable food system across the Chicago foodshed</i>
Social Enterprise Greenhouse Food Accelerator	<i>Provides social entrepreneurs with tools, networks and resources along health & wellness, food, and impact tracks</i>
Terra Accelerator	<i>Food and Ag tech accelerator from Rabobank and RocketSpace</i>
Union Kitchen Food Accelerator	<i>Washington DC-based food business accelerator building successful businesses that launch locally, grow regionally, and scale nationally</i>
Village Capital	<i>Investment firm focused on access to opportunity for all communities (supporting ventures in health, education, and financial inclusion) and resource sustainability of the planet (supporting ventures in energy and agriculture)</i>

Many corporations administer their own food incubator/accelerator programs and venture funds. Examples include: 301 Inc (General Mills), 7-Ventures (7-11), Acre Venture Partners (Campbell Soup), Canvas Food + Drink Lab (Marriott), Chobani Incubator, Eighteen94 Capital (Kellogg's), Tin Shed Ventures (Patagonia), Tyson New Ventures, Unilever Ventures, VEB Venture & Emerging Brands (Coca Cola), WeWork Food Labs Accelerator



Appendix D: Representative Sustainable Food Businesses

Back to the Roots	<i>Indoor garden kit and organic cereal maker whose products are in public school cafeterias across the country</i>
Basbaas Sauce	<i>Brooklyn-based, woman owned Somali hot sauce company</i>
Bavette	<i>Milwaukee, WI based woman owned butcher shop and restaurant serving local, sustainable meats and charcuterie</i>
Benne on Eagle	<i>Asheville, NC based restaurant paying homage to the Appalachian African-American culinary traditions</i>
Burlap and Barrel	<i>Direct trade, single origin, hand-harvested spices from around the world</i>
Brigaid	<i>K-12 school cafeteria chef-training program founded by former Noma head chef Dan Giusti</i>
Brightland Olive Oil	<i>Single-estate California olive oils; their farm partner is committed to organic practices and uses zero pesticides</i>
Brooklyn Delhi	<i>Condiments and sauces inspired by Indian culinary traditions</i>
California Olive Ranch	<i>Vertically integrated olive oil company using sustainable methods to make award winning, top quality oils</i>
Diaspora Co.	<i>Single origin, direct trade Indian spice purveyor</i>
Dig (formerly Dig Inn)	<i>Fast casual farm to table chain with its own farm in New York State</i>
Dripkit	<i>Pour-over instant coffee with biodegradable filter</i>
Dock to Dish	<i>International network of small-scale fishermen who pioneered the restaurant supported fishery model</i>
Eat Offbeat	<i>New York catering company employing refugees as chefs; chefs make signature dishes from their home countries for the catering menu</i>
EatsPlace	<i>EatsPlace is a neighborhood restaurant and bar that's a food incubator and restaurant accelerator</i>
Everytable	<i>Healthy fast food chain in LA serving low-income neighborhoods</i>
Farm & Sparrow	<i>Mars Hill, NC mill dedicated to expressing the regional terroir of American landrace grains and legumes.</i>
FoodtoEat	<i>Woman-owned corporate catering concierge service that focuses on working with immigrant, women and minority-run food businesses throughout New York City</i>



Appendix D continued

Greyston Bakery	<i>Yonkers, NY based bakery whose profits are directed back to the community via a foundation; also practice open hiring, which allows anyone to sign up regardless of background</i>
Jeni's Splendid Ice Cream	<i>Award winning Columbus, OH Certified B-Corp ice cream company using direct trade and fair trade ingredients</i>
Left Bank	<i>Saxapahaw, NC based butcher and charcuterie shop using sustainable meats</i>
Mermaid's Garden	<i>Sustainable seafood shop and community supported fishery share in Brooklyn, NY</i>
Ocean Hugger	<i>Plant-based protein alternative sushi/sashimi (made from ingredients such as tomato, eggplant) from Master Chef James Corwell</i>
Pineapple Collaborative	<i>Lifestyle and event brand for women who love food</i>
Proud Pour	<i>Wine and cider maker whose sales directly benefit environmental causes including oyster habitat restoration</i>
Rancho Gordo	<i>Napa County, CA based specialty producer and seller of heirloom beans</i>
Red Bay Coffee Roasters	<i>Ensures their coffee production is not only high quality and sustainable, but a vehicle for diversity, inclusion, social and economic restoration, and entrepreneurship</i>
Revolution Foods	<i>Certified B-Corporation helping schools serve compliant, delicious meals</i>
Seylou Bakery	<i>Washington DC bakery that partners with farmers for specific grains, which are milled on site and baked into 100% whole grain breads in a wood-fired oven</i>
Spare Food Co.	<i>Co-founded by former Blue Hill culinary director Adam Kaye, a food waste business using culinary innovation to create new products and processes that help design waste out of the food system</i>
Tanka	<i>Native-owned, Kyle, SD-based bison bar makers who base their recipe on Lakota food traditions</i>
Teatuila	<i>Denver, CO-based B-Corp single garden direct tea company that owns its own regeneratively farmed tea garden</i>
Teranga	<i>West African inspired, Harlem, NY fast casual restaurant inside The Africa Center making dishes inspired by traditional home cooking</i>
The Meat Hook	<i>Brooklyn, NY based whole animal butcher shop, restaurant, and sausage company sourcing sustainable meats</i>
Toast Ale	<i>Award winning beer brewed with surplus bread; 100% of profits go to charity</i>



Appendix E: Sustainable Food Measures and Standards

The **American Cheese Society Competition** (www.cheesesociety.org/competition) is the largest judging of American-made cheeses.

The **America Grassfed Association** (www.americangrassfed.org/become-a-certified-producer) certification program recognizes livestock producers that raise animals on pasture and use grassfed-finishing methods.

Animal Welfare Approved (www.agreenerworld.org/certifications/animal-welfare-approved) sets standards for human treatment of all species of animals and provides certification.

The Brewers Association's Craft Beer Seal (www.brewersassociation.org/independent-craft-brewer-seal) is dedicated to promoting and protecting America's small independent craft brewers.

Demeter Symbol (www.demeter-usa.org/about-demeter/biodynamic-certification-marks.asp) recognizes production based in biodynamic agricultural methods.

Fair Trade Certification (www.fairtradecertified.org) For coffee, tea, chocolate, cacao, mangoes, bananas, grapes, apples: third party certification process that evaluates farmer working conditions, access to capital and sustainable agricultural practices.

Global Animal Partnership (www.globalanimalpartnership.org) partners with Whole Foods and Amazon on a 5-point rating system.

The Good Food Awards (www.goodfoodfdn.org) recognizes food purveyors and products that use responsible practices and who celebrate craftsmanship and flavor.

The James Beard Awards (www.jamesbeard.org/awards) offer awards in a variety of food industry categories. Recognizes best chefs and restaurants in the United States.

The **Menus of Change** Initiative (www.menusofchange.org) co-founded by the Culinary Institute of America and the Harvard School of Public Health, recognizes institutions that serve healthy, sustainable, and delicious food.

Michelin Guide (www.guide.michelin.com/us) is a rating system to grade restaurants on their quality.

Monterey Bay Aquarium Seafood Watch (www.seafoodwatch.org) is a list of fish species that helps consumers and businesses make healthy choices for oceans.

The Non-GMO Project (www.nongmoproject.org) is advocating for transparency around products that are GMO-based.

OneHealthAg (www.onehealthag.com) aims to help producers and consumers raise and sell meat that aligns with social and environmental values.



Appendix E continued

Organic and Biodynamic Wines are made without the use of artificial pesticides, fungicides and herbicides according to rules established by organizations like the U.K.'s Soil Association (www.soilassociation.org/our-standards/what-are-organic-standards).

Refed is a non-profit dedicated to eliminating food waste. Refed tracks progress against 27 solutions to food waste: (www.refed.com/analysis?sort=economic-value-per-ton).

USDA Certified Organic (www.usda.gov/topics/organic): An agricultural product or food grown using methods approved by the U.S. department of agriculture.

World 50 (www.theworlds50best.com) is a list of the world's 50 best restaurants sponsored by San Pellegrino.

ZeroFoodPrint (www.zerofoodprint.org) is an organization recognizing or organizing restaurants that are taking direct action to address the climate crisis.



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Social Impact Media

Social impact media defined

The media sector includes music, literature, journalism, film & TV, emerging technologies like augmented reality (AR) and virtual reality (VR), video games, and more. Primary business opportunities are related to the content (i.e. the song, the book, the TV series), and the platform or channel through which audiences listen, read, or view content. While the sector is vast, this paper will focus on content creation and distribution platforms in film & TV and video games, and how social impact can be leveraged through these mediums.

Entertainment and media¹ represented 2.5% of global GDP in 2018² or approximately \$2.14 trillion. Global box office and home entertainment revenues were \$96.8 billion,³ while global revenues from traditional and over the top (i.e. streaming) TV reached \$265 billion.⁴ The global video game market is predicted to reach \$180 billion in 2021.⁵

At \$735 billion, the U.S. has the largest entertainment and media industry, representing one-third of the global market and 3.7% of

US GDP.⁶ The U.S. entertainment and media industry is expected to reach more than \$830 billion by 2022.⁷ In the US, film and video alone contribute more than \$100 billion to domestic GDP.⁸ The North American video game industry will generate \$39.6 billion of revenue in 2019 — a 11.7% increase from 2018, the fastest year-on-year growth rate of any global region.⁹ The global video game market — currently \$152 billion — is predicted to reach \$196 billion in 2022 with a 9% CAGR.

The economic size and projected growth of the sector is also reflected in its employment numbers. 2.6 million US jobs are supported by the film & TV sector according to 2018 data (up from 2.1 million in 2017), with 47% higher salaries than the national average for direct jobs.¹⁰ The US video game industry in 2018 employed 230,914 people¹¹ — representing 4.5% growth from 2017. In 2017, employment in the video game sector grew more than double the rate of the US job market overall.¹²

The reach of media is powerful. 74% of U.S. homes have a streaming device (up from 65% last year and 25% in 2010).¹³ Media use among



adults in the U.S. is 11 hours per day.¹⁴ 70% of Americans play video games.¹⁵ Given this significance, it is unfortunate that film & TV and video games have come under valid criticism — not just in recent years but for decades — around sexism and a lack of diversity. Regardless of the reasons why, the facts tell a striking story:

A review of the 100 top grossing films for each of the last 12 years revealed a significant lack of diversity.¹⁶

- Only 28% featured female leads/co-leads
- Only 16% featured leads/co-leads who were Black/African American, Hispanic/Latino, Asian/Asian American
- 71% of all speaking characters were white

A new in-depth review of films focusing on Latino representation¹⁷ showed only 4.5% of all speaking or named characters and 4% of directors were Latino.¹⁸

While 4.5% of U.S. adults identify as LGBT,¹⁹ only 1.1% of the 4,544 characters that could be evaluated for apparent sexuality across the top 100 films of 2016 were lesbian, gay, or bisexual.²⁰ There are only 17 playable black female protagonists in mainstream video games.²¹

Who is in front of the camera or the protagonist in the game may not be surprising once we realize who has creative control:

- In 2017, women held only 18% of key creative roles (i.e. directors, screenwriters, producers).²²
- The majority of people working in the US video game industry are white (65%) and male (74%).²³
- The Academy of Motion Picture Arts and Sciences — the voting body for the Oscars — is 89% white and 73% male, although recent commitments have been made to diversity.²⁴

Despite these limitations and challenges, media has demonstrated its potential to shift social norms and spur legislative change on issues of significance; to promote diversity, equity, and inclusion by featuring the work of creatives who reflect the diversity of society; and to reach large and heterogeneous audiences with the help of technology. Blockbusters like *Assassin's Creed III: Liberation*, *Atlanta*, *Black Panther*, *Black-ish*, *Coco*, *Crazy Rich Asians*, *How to Get Away with Murder*, and *Never Alone* have demonstrated that authentically-told, culturally-specific stories can attract large audiences, critical acclaim — and make money. Movements like #OscarsSoWhite, #TimesUp, #MeToo, and #WomenAreTooHardtoAnimate have positioned the media sector as ready for investors prioritizing social justice. Nearly all the major studios have diversity fast-track programs.²⁵ Given all these factors, it's not surprising that impact investors are beginning to take notice.



The social impact media movement

Film & TV

Film and television have always addressed major social issues of the day. Environmental awareness (*Soylent Green*, *China Syndrome*), women's empowerment (*Nine to Five*, *The Color Purple*), civil rights (*To Kill a Mockingbird*, *Guess Who's Coming to Dinner*, *A Gentleman's Agreement*), and the anti-war movement (*Deer Hunter*, *Platoon*, *Apocalypse Now*) are among the many topics tackled through narrative feature film of the past 60 years. Television has played a similar role featuring African Americans and women in roles that challenged stereotypes such as *The Mary Tyler Moore Show*, *Murphy Brown*, *Roots*, *The Jeffersons*, *Good Times* — even *Star Trek*. And there is no denying the role *Will and Grace*, *The Ellen Show*, *Brokeback Mountain*, and other titles played in advancing the gay marriage U.S. Supreme Court verdict.

Ultimately, the potential for media to have social impact depends on the stories being told, who gets to tell them, and how audiences see themselves portrayed on screen. Starting in the 1950s, film festivals²⁶ and the “New Hollywood”²⁷ movement created opportunities for a new generation of storytellers working beyond the major studios. In the 1980s, the Sundance Institute and Sundance Film Festival ushered in the independent cinema movement with a focus on diversity of perspective,

and festivals across the country connected audiences with films highlighting issues they cared about.²⁸

Since the 1990s, there have been training programs and similar initiatives designed to diversify the media industry such as the Sundance Institute's Diversity Initiative,²⁹ the City of Los Angeles's Evolve Entertainment Fund,³⁰ and the National Hispanic Media Coalition.³¹ More recently, industry standards like the Inclusion Rider³² (a clause included in contracts to “counter bias in interviewing/auditioning and hiring/casting in specific employment positions in the entertainment industry”), the ReFrame Stamp identifying gender balanced film and TV projects,³³ a pledge by leading film festivals to reserve press passes for critics of color,³⁴ and the British Film Institute's Diversity Standards outlining diversity requirements for consideration of a BAFTA award,³⁵ demonstrate a range of ways to encourage greater diversity in the media sector.³⁶

Video Games

While recently the potential for video games to promote violence, enable addictive behavior, and increase social isolation has received a lot of (often misplaced) attention, video games have always had the power to drive learning and develop problem-solving and critical thinking skills. Since the 1970s, games have been used to teach positive things like the basics of coding. In the 1980s, the proliferation



of personal computers and CD-ROMs in homes and classrooms led to an “edu-tainment” boom with titles like *Where in the World is Carmen Sandiego?*, *Reader Rabbit*, and *Math Blaster* focused on geography, reading, and math.³⁷ The 1990s saw titles that engaged players in real world simulations and cultural & civic issues, like *SimCity*, *Civilization*, and *Railroad Tycoon*. In 2006, the Nintendo Wii reached a broad audience by incorporating physical fitness applications and social play into video games.

In the 2000s, social impact video games really came into their own. Major philanthropic foundations began to fund research into the potential of games to drive social impact and make grants to the games themselves. Milestone philanthropically-supported titles showcase the range of social impact topics that can be the subject of a game: *Re-Mission* (2006) was developed by Pam Omidyar in collaboration with HopeLab Foundation as a game for young cancer patients;³⁸ *iCivics* (2009) from a team including the Honorable Sandra Day O’Connor centers around how different branches of government work;³⁹ *Participatory Chinatown* (2010) engages players in the master planning process of Boston’s Chinatown.

Games for Change was founded in 2004 “to empower game creators and social innovators to drive real-world change using games and technology that help people to learn, improve their communities, and contribute to make the world a better place.”⁴⁰ Academic centers

such as University of Southern California’s Game Innovation Lab (2004) and Arizona State University’s Center for Games & Impact (2011) launched with a focus to expand the body of research and talent pipeline leveraging games for the public good. These efforts were rewarded when in 2013 the American Psychological Association published research on the positive learning, health, and social benefits of video games.⁴¹

More recently, there are examples of successful commercial impact game companies, and a growing body of popular social impact video game titles with sustainable revenue models. The revolutionary *Oregon Trail* franchise (popular in the 1980s and 1990s) continues to evolve to the present day for mobile and other platforms. *Peacemaker* (2007) simulates resolving the Israel-Palestine conflict through a two-state solution. *Minecraft* (2011) promotes creativity, collaboration, and problem-solving, and its education edition (2016) integrates reading, writing, and math skills. E-Line Media’s *Never Alone* (2014) is an adventure game based on a traditional Iñupiaq tale developed in collaboration with the Cook Inlet Tribal Council of Alaska. *This War of Mine* (2014) is a war survival game based on the Siege of Sarajevo during the Bosnian War focusing on the civilian experience of war. *Papers, Please* (2013) puts the player in the role of an immigration officer in a dystopian geo-political landscape. *Akili Interactive*⁴² is currently in Food and Drug Administration trials for therapies fusing



neuroscience, technology and video game entertainment.

Today, commercial social impact video games span three categories:

- Learning across a range of subjects including science, technology, engineering and math (STEM)
- Health including physical fitness, cognitive skills, mindfulness, and disease management
- Broad social impact, including advocacy on topics such as civics, social justice, and environmental conservation, celebration of cultural heritage, conflict resolution, and more

Like in the film & TV sector, there are dedicated efforts to ensure video games reflect the stories and perspectives of a diverse community, that the industry offers a career path for a diverse workforce, and supports healthy gaming communities. Gameheads trains low-income students of color in game design and development.⁴³ Culture Shock Games develops narratives that accurately represent experiences of people of color.⁴⁴ Women in Games International is a membership organization promoting the inclusion and advancement of careers in the global games industry.⁴⁵ Black Girl Gamers builds community for black female gamers and promotes diversity in the gaming industry.⁴⁶ Fair Play Alliance is a coalition of more than 120 gaming companies focused on reducing toxicity in gaming culture and encouraging inclusivity in

the gaming community.⁴⁷ Unlike film & TV, the game industry has not yet come forward with voluntary standards reflecting goals of diversity, equity, and inclusion.

Relevant trends in film & TV and video games

The film & TV and video games industries are booming. On-line and mobile distribution of content and high rates of daily media consumption are dramatically affecting the media landscape in the US. Growing evidence suggests that entertainment investments are recession-proof; the entertainment industry saw notable success during and immediately after the 2008 recession.⁴⁸

Zacks Investment Analysis' review of companies within the Film and Television Production and Distribution Industry indicates that the majority beat earnings projections in the most recent quarter, with year-to-date total return outpacing iShares SP500.⁴⁹ The dominance of streaming platforms like Netflix indicates that companies producing and licensing original content with robust user data mining capabilities will have the edge in the future. Analysts note that success in the industry is now based on flexibility — responding to changing demographics and consumer demand — over efficiency. Even traditional providers (eg. Comcast, AT&T, Dish) which have been hit in the short-term by this transition are projected to deliver for investors as they leverage their strong assets and historical position to adapt to the new environment.⁵⁰



In 2018, the world's top 35 public game companies (eg. Tencent, Sony, Microsoft, Apple, Activision Blizzard) generated revenues of \$114 billion, representing 14% growth over 2017.⁵¹ That year the U.S. video game industry logged an 18% year-over-year increase in revenues. Goldman Sachs initiated coverage of five video game stocks in 2019 under expectations for high single-digit growth across the sector (including console, PC and mobile revenues), multiple upside opportunities, and a promising long-term outlook for the industry, citing the \$135b industry as one to watch.⁵² Analysts predict e-sports, mobile gaming, subscription models, streaming services, and significant penetration into new markets will act as long-term catalysts for gaming stocks.⁵³ The Motley Fool lists Take-Two Interactive, Tencent, Activision Blizzard, Electronic Arts, and Capcom as top gaming stocks for the long-term in their useful 2019 primer for investing in video games.⁵⁴

Two forces currently shaping the media sector put film & TV and video games in a position to deliver superior financial and social return for impact investors:

Changing distribution and consumption:

Content is increasingly delivered through the internet and mobile via an ever-growing array of channels and platforms. Binge watching⁵⁵ is commonplace, particularly among adults age 18-34 who consume 62% of their media via a streaming service.⁵⁶ Streaming platforms (like Netflix, Amazon, Hulu) are producing their own

content while traditional producers (like Disney, Viacom) have launched their own streaming services for the same reason: to be able to assess consumer preferences and respond quickly to consumer demand. Large video game companies are also rolling out subscription streaming services (e.g. Apple Arcade, Google Stadia) which will create high demand for new and differentiated game content. With the help of technology, distributors can profitably sell content designed for niche audiences into the long tail of the market as never before.⁵⁷ In addition, social media offers a promotional platform deepening viewer engagement to what they watch. With unprecedented choice, consumers have increased expectations for the media they consume, including its personal relevance and authenticity.

Growing diversity of viewers: A reflection of shifting population demographics, audiences and gamers in the U.S. are more diverse than ever. More than half of the gaming population in the U.S. between ages 6-29 will be people of color within 10 years.⁵⁸ African Americans, Asian Americans, and Latinos represent an outsized and growing share of filmgoers measured by yearly attendance, frequent attendance, and box office ticket sales.⁵⁹ So it's no wonder that the streaming giants are engaging diverse story tellers who can reach these audiences, such as Charles King and Shonda



Rhimes (Netflix⁶⁰), and bringing on C-suite executives like Albert Chang and Vernon Sanders (Amazon⁶¹) to lead an inclusive culture from the top. Similarly, leading video game companies like Riot Games and Twitch have brought on diversity executives,⁶² and popular titles like *Star Wars*, *Walking Dead*, and *Overwatch* feature multicultural characters and themes.⁶³ Celebrity influencers like Spike Lee, Lin-Manuel Miranda, and Ali Wong, and emerging community-specific platforms like BET+, Revry (LGBTQ), and Black on Purpose TV help ensure audiences find these new titles.

Challenges to scaling social impact media

Despite increased demand for content, decreased costs of distribution, and the ability as never before to target audiences looking to see their own diversity on screen, there are three major barriers to scaling social impact media:

Questions about profitability: Industry leaders point to a lingering misperception that content with a strong social value necessitates a trade off with entertainment value (and by implication profitability). Somehow social impact in media is often equated with “eating your vegetables” rather than a great story or engaging gameplay.⁶⁴ Similarly, stories from a specific community or culture are falsely viewed as niche, lacking mainstream appeal. This is

despite the success of a film like Pixar’s *Coco* which demonstrated how an investment in authentic storytelling can win an Oscar and set box office records in a range of markets including China, Mexico, and the United States.

Questions about risk: Most impact investors are not familiar with the media sector and allow that lack of industry knowledge to hold them back from investing. Like any sector impact investors are actively engaged in — from sustainable fisheries to wind power to cancer drugs — a combination of due diligence, working with experienced industry professionals, and common sense risk mitigation (like investing in a portfolio of opportunities called a “slate” in film & TV) can close the industry knowledge gap. While there are opportunities to invest in content (which may present a unique set of risk factors), there are also investment opportunities in distribution platforms (like Seed & Spark or Kweli.tv) and physical infrastructure (like sound stages) which share attributes with other investment opportunities familiar to impact investors (i.e. fintech platforms and community real estate).

Lack of standards: Despite emerging initiatives, there is a dearth of accepted industry-wide standards for diversity and sustainability in film & TV or in video games, especially when compared to other areas impact investors are focused on, like ethical



fashion and sustainable food. Measurement frameworks are emerging for distinct aspects of impact media, but there is not yet a single solution that cuts across the entire industry. Existing impact investing metrics designed for non-media businesses delivering products and services have limited applicability in the content-focused social impact media sector. This means that impact investors engaging in social impact media today need to be comfortable contributing to the development of relevant impact norms and metrics.

Impact investing in social impact media

40 years ago, philanthropic foundations recognized the power of TV: the Ford Foundation and the Carnegie Corporation helped bring *Sesame Street*,⁶⁵ *Mister Rogers' Neighborhood*, and similar programs to generations of kids. As part of its social justice mission, the Ford Foundation's JustFilms program has funded social justice storytelling and the arts infrastructure that supports it since 2011. Fifteen years ago, "film-anthropists" — philanthropists backing social issue documentary and independent film — started to blend concepts of philanthropic giving, investing, and producing by forming groups like Impact Partners⁶⁶ and Chicken & Egg.⁶⁷

Starting in 2004, the John D. and Catherine T. MacArthur Foundation pioneered grantmaking and research around Digital Media & Learning,⁶⁸

recognizing the power of interactive technology and games to prepare young people for success in school, careers and communities. Since then, other foundations including Omidyar Network, Robert Wood Johnson Foundation, the Knight Foundation, the Rockefeller Foundation, and the United Nations Foundation have made grants and program-related investments to specific games to promote goals related to health, education, empathy and empowerment.

As 21st century Silicon Valley entrepreneurs began to engage in philanthropy and impact investing, they gravitated to Hollywood. These new influencers understood the power of media to drive social change and recognized how technology was altering media consumption. eBay co-founder Jeff Skoll launched Participant Media to produce commercially-successful socially-driven films like *Spotlight*, *Roma*, and *An Inconvenient Truth*.⁶⁹ eBay's other co-founder Pierre Omidyar and his wife, Pam, launched HopeLab to bring health games like Re-Mission to cancer patients, and their financing of films such as *Merchants of Doubt* helped expose shadowy tactics employed by the tobacco industry.

In 2017, widow of Apple founder Steve Jobs, Laurene Powell Jobs, along with Ford, Kellogg, and other foundations, made a \$150 million program related investment to support a slate of six film and television projects by Charles King's MACRO, the production banner behind *Fences* and *Mudbound*. The goal of the investment was to support MACRO's mission



to create content “driven by people of color that encompass universal themes to which all people can connect and relate.”⁷⁰ This was a breakthrough example of an impact investment in a production studio (as opposed to a single title) where unlike Skoll and Omidyar, the investors did not take a creative role (effectively funding their own projects). Hopefully this signals an important milestone for the expansion of impact investing and social impact media.

Upstart Co-Lab’s recent landscape analysis of 100 impact investment funds active in the creative economy revealed that 24% invested in impact media.⁷¹ These funds, which represent an estimated \$25.7 billion, include New Media Ventures⁷² and Backstage Capital.⁷³ Building the field there are business accelerators preparing impact media entrepreneurs to attract impact capital, including Creative Startups,⁷⁴ the leading accelerator for creative companies; and New Inc.⁷⁵ the New Museum’s effort to help creatives develop sustainable business models. (See Appendix C for more Funds, Accelerators and Angel Networks.)

Upstart Co-Lab’s analysis of more than 125 creative economy companies and funds raising impact capital today reveals 18 media examples collectively raising more than \$232 million. This includes E-Line Media’s new Impact Slate Game Fund and kweliTV, an interactive streaming platform that celebrates the African Diaspora. The 122 media and communications B Corporations⁷⁶ in the U.S. — including Cage Free

Productions and Participant Media — suggest opportunities are growing for investors seeking to be socially responsible and have impact. (See Appendix D for other examples of emerging companies.)

Measuring the impact of social impact media

Current measures used in social impact media focus on audience engagement with the subject matter, and diversity of the creatives making — and the people represented in — the story. But impact investors can also consider good environmental practices and economic development impacts when assessing their investments in the media sector.

Audience Engagement

The Participant Index mines social media conversations and audience opinion data to determine audience reactions to film, TV, and video content. The Media Measurement Framework similarly looks at how individuals are changed from their experience (i.e. awareness, attitudes, behaviors), as well as whether there are societal changes such as policy change and resource allocation. While many academic and medical studies explore the positive psychological and cognitive effects of video games, a useful framework for measuring player engagement has not yet taken hold.

Diversity

UCLA (*Diversity in Hollywood*) and USC



Annenberg's Inclusion Initiative (*Inequality in Popular Films*) publish yearly studies on representation across the film & TV industry, connecting these trends to box office performance and profitability. The International Game Developers Association publishes an annual survey tying issues of diversity to the game industry's future success and growth prospects.⁷⁷

Environment

Investors can reward producers (like NBCUniversal, Fox, Warner Bros.) and projects (like *Marvelous Mrs. Maisel*, *The Amazing Spider-Man 2*, and Danny Boyle's *Yesterday*) that follow the Green Production Guide⁷⁸ from the Producers Guild of America, the Green Seal⁷⁹ certification scheme from the Environmental Media Association, or work with production sustainability consultants such as Earth Angel.⁸⁰ These efforts target the large ecological footprint of film & TV production which includes waste from sets, carbon emissions, film chemicals, and food waste. Young companies like Tandem Pictures are prioritizing environmental sustainability on set and developing new best practices to share what they learn with the field.

Economic Development

Film & TV production offers an economic development solution for states and regions willing to offer financial incentives⁸¹ and invest in the human capital and physical infrastructure required.

Following Hurricane Katrina, film & TV production was one of the few industries able to carry on in the devastation of New Orleans thanks in part to a robust tax credit program which incentivized hiring and spending locally. This effort was anchored by Second Line Stages which was founded in 2009 as the first independent green studio in the US. Today Second Line delivers 200-300 jobs per year and drives economic mobility and environmentally sustainability for the NOLA region.

In Georgia, film & TV represented \$9.5 billion of economic impact in 2017, including 85,300 jobs and \$4.2 billion in total wages (direct and indirect).⁸² This was the result of a conscious 15-year investment by the state to become a center for film & TV.

With more than 500 serialized shows in production in North America in 2018,⁸³ other regions with limited industry but lots of natural assets are looking to become media economies. In New York's Hudson Valley, Upriver Studios (a New York State benefit corporation) and Stockade Works (a non-profit) aim to create 2,000 quality jobs by following Georgia's example. Diversity in who gets these jobs can be linked to the government film tax credits, as California demonstrated in 2018.⁸⁴

Other

Investors focused on impact media can also use general impact assessment tools, including IRIS, B Analytics, and the GIIRS portfolio ratings system, which focus on the culture and



practices of a company. These tools focus on environmental impacts, worker considerations, impacts on local communities, and other areas relevant to media. Creativity and culture are also at the heart of four of the United Nations Sustainable Development Goals (SDGs): education, employment, sustainable cities, and sustainable production and consumption. Many impact investors align their strategy to the SDGs. (See Appendix E for a list of measurement systems and standards.)

Conclusion

Some impact investors see media as a means of communicating on a particular social issue. As an investor committed to the environment, they might invest in a game about oceans as part of a portfolio that includes sustainable fisheries and alternatives to plastic. Other investors see the power of media to be used limitlessly, as a tool for advancing the full complement of impact priorities: diversity, equity and inclusion; preserving culture and heritage; generating quality jobs and economic development; benefits for women and girls; and focusing on social justice.

Entertainment investments are uncertain by nature — but impact investors are in a unique position to drive their impact objectives and return expectations by focusing on diverse stories and new voices, emerging platforms and distribution channels, and the physical infrastructure for production and job pipeline for media careers.

Film & TV and video games have the power to change attitudes and behaviors and get people to care about issues on a deeply personal level. The stories they convey are powerful because they are personal, emotional, and make facts come to life. This golden age of storytelling is a critical moment for impact investors to not just harness the power of impact media to deliver social change, but also to help shape who the creatives, producers, and audiences will be in the media sector of the future.



Appendix A: Social Impact Media Organizations

Center for Games and Impact	Video games	<i>Launched by Professors Sasha Barab and James Gee in partnership with E-Line at Arizona State University</i>
Cinema of Change	Film/TV	<i>Maintains a Cinema of Change <u>ecosystem</u> which serves as a directory of the largest collection of 130+ major players in social impact entertainment</i>
Define American	Film/TV	<i>Nonprofit consultant to film/TV to humanize the conversation on immigration and fight anti-immigrant hate through storytelling; produces annual film festival about immigration and American identity</i>
Evolve Entertainment Fund	General	<i>LA public-private partnership that creates new career opportunities for communities that have been historically excluded from the entertainment industry — women, people of color, and low-income Angelenos</i>
Future of Storytelling	General	<i>Community of media, technology and communications professionals exploring how storytelling is evolving in the digital age; produces workshops, showcases, exhibitions and an annual summit</i>
Games for Change	Video games	<i>For more than 15 years has facilitated the creation and distribution of social impact games that serves as critical tools for humanitarian and educational purposes. Maintains a <u>database</u> of more than 175 games that engage contemporary social issues in a meaningful way</i>
MAKERS	General	<i>Media brand working to accelerate women's movement through stories of real-life experiences that ignite passion and action</i>
National Hispanic Media Coalition	General	<i>Media watchdog for the Latino community; ensuring that Latinos are fairly and consistently represented in news and entertainment and that their voices are heard over the airwaves and on the internet</i>
The Representation Project	Film/TV	<i>Founded by First Partner of California, Jennifer Siebel Newsom, focused on limiting gender stereotypes in media and society through films, programming, youth outreach and social media activism</i>
Skoll Center for Social Impact Entertainment	Film/TV	<i>Newly launched center at UCLA to advance the power of entertainment and performing arts to inspire social change</i>
Sundance Institute	Film	<i>Nonprofit dedicated to the discovery and development of independent artists and audiences; programs that seek to discover, support and inspire independent film, media and theater artists in US and around the world and bring new audiences into their work</i>
Women Make Movies	Film	<i>The largest distributor of films by and about women in the world; for more than 45 years has helped elevate diverse women directors and producers and improved equity in the film industry</i>



Appendix B: Reports and Articles on the Impact of the Media Industry

Cara Buckley, *New York Times*, **Article archive**

Cara Buckley is a leading journalistic voice on diversity and social issues in Hollywood with regular coverage on the topic.

www.nytimes.com/by/cara-buckley

Cynthia Littleton, **Is Hollywood Doing Enough to Fight the Climate Crisis?**, *Variety*, September 2019

The industry magazine Variety featured this cover story in its September 2019 issue exploring whether Hollywood can “muster its storytelling power and influence to sound the alarm on global warming” through content partnerships with organizations like the NRDC and sustainability practices on set.

www.variety.com/2019/biz/features/climate-crisis-hollywood-environment-movies-tv-1203329390

Dr. Darnell Hunt, Dr. Ana-Christina Ramón and Michel Tran, **UCLA Hollywood Diversity Report 2019**

Sixth edition of a series of annual reports examining relationship between diversity and profits in the entertainment industry. Offers comprehensive analysis of representation on-screen across demographic groups.

www.socialsciences.ucla.edu/wp-content/uploads/2019/02/UCLA-Hollywood-Diversity-Report-2019-2-21-2019.pdf

Ennel van Eeden and Wilson Chow, PwC, **Perspectives from the Global Entertainment & Media Outlook 2018-2022**

Annual report into data and analysis of 15 segments across 53 territories; this iteration spotlights a new wave of convergence across entertainment & media, technology and telecommunications.

www.pwc.com/gx/en/entertainment-media/outlook/perspectives-from-the-global-entertainment-and-media-outlook-2018-2022.pdf

Ian Simmons, **Spotlight on Impact Investing: In Hollywood, Big Issues Can Mean Big Business**, March 2016

Guest post from co-founder of Blue Haven Initiative which makes the case for attracting impact investment to film & TV by highlighting recent success of impact media companies.

www.forbes.com/sites/kerryadolan/2016/03/18/spotlight-on-impact-investing-in-hollywood-big-issues-can-mean-big-business/#3565c2bc730f

ImpactAlpha (impactalpha.com), the leading news publication for the impact investing industry, regularly features impact media as part of their Creative Economy beat.

Recent coverages on the film/TV side includes Charles King’s MACRO;⁸⁵ Queen Latifah,⁸⁶ who joined the investment committee for Essence Ventures which launched a \$20 million fund for film, TV and documentary productions by women of color; Laurene Powell Jobs and the Emerson Collective, “equal parts think tank, foundation, venture capital fund, media baron, arts patron and activist hive”;⁸⁷ Roshnee Desai,⁸⁸ the cartoonist using visual art to spark action around women’s right and social issues in India; all in addition to coverage of Upstart’s work⁸⁹ analyzing the current impact investing landscape.



Appendix B continued

Recent coverage of impact video game happenings include Enuma,⁹⁰ maker of educational games that cater to special needs students and others who face cultural and economic barriers to education, which received \$4m in new financing in April 2017; and Marcopolo,⁹¹ which raised \$8.5 million for early education apps in April 2017.

Liz Manne, Unbound Philanthropy and Nathan Cummings Foundation, **#PopJustice Report series**, March 2016

Serves as a guide for funders, advocates, and entertainment industry professionals interested in the promise and potential of popular culture as an agent of change, including Social Justice and the Promise of Pop Culture Strategies, Mapping the Players and Economic Data & Foundation Grantmaking.

www.nathancummings.org/popjustice-report-series

Neilsen, **Total Audience Reports (Quarterly)**

Measures and analyzes media audiences across platforms, providing key stats quarterly on demographics, consumer habits and tastes, and levels of engagement.

www.nielsen.com/us/en/insights/reports/2019/q3-2018-total-audience-report.html

UCLA Theater, Film and Television — **Skoll Center for Social Impact Entertainment – The State of Social Impact Entertainment** (www.thestateofsie.com), March 2019

Landmark report offering a comprehensive overview of the impact entertainment industry. Features a map⁹² of the key stakeholders behind successful works of impact entertainment — television, narrative film, documentary film, funders, impact agencies, conveners, and more — as well as a calendar⁹³ of relevant convenings across impact media.

Includes numerous articles by influencers such as the authors⁹⁴ of UCLA's Hollywood Diversity Report and leaders⁹⁵ of CAA, the first talent agency to develop a social impact department.

Peter Bisanz, executive director the center, explains in a blog post why social impact entertainment is ready for the spotlight in Hollywood⁹⁶ — that mass entertainment and deeper social messages are not exclusive.

USC Annenberg Inclusion Initiative, **Inequality Across 1,200 Popular Films** – Examining Portrayals of Gender, Race/Ethnicity, LGBT & Disability from 2007-2018

Leading think tank studying diversity and inclusion in entertainment through original research and sponsored projects; each year adds the top 100 films to the study to provide aggregate data.

www.assets.uscannenberg.org/docs/inequality-in-1200-films-research-brief_2019-02-12.pdf

USC Annenberg Norman Lear Center, **Hollywood, Health & Society**

Regularly publishes impact studies and content analyses on topics such as how TV storylines affect us and transgender portrayals.

www.hollywoodhealthandsociety.org



Appendix C: Social Impact Media Investment Funds, Accelerators, Investor Networks

Creative Startups	Video games	<i>Leading accelerator for companies in the creative economy including games and interactive media; based in Santa Fe with a footprint around the world</i>
Edge Creative Enterprise Fund	Video games	<i>Fund launched in 2015 providing capital and services to creative content-driven enterprises</i>
Endless Network	Video games	<i>Cultivates digital literacy among youth around the world; its Endless Studios is an incubator for “learn to code” games, enabling the coming generation to shape their technology instead of being shaped by it</i>
Essence Ventures	Film/TV	<i>Created the Essence Creators and Makers Fund, a \$20 million funding opportunity that will “create and finance film, television, digital and documentary-style content that reflect the lives and experiences of women of color.” The fund is also an effort to create additional revenue streams to reinvest back into the community to “black makers and creators so that we can own our content and not just be work for hire.”</i>
Matter	General	<i>Impact fund which includes a design thinking-oriented accelerator model to support early-stage media ventures “that have the potential to make society more informed, connected and empowered”</i>
Media Development Investment Fund	General	<i>Provides affordable financing and technical assistance to independent news and information businesses in challenging environments, helping them to become financially sustainable. They invest in media that provide the news, information and debate that people need to build free, thriving societies. Has invested more than \$172.5 million in over 115 independent news businesses in 40 countries since 1996.</i>
New Inc.	General	<i>Incubator out of the New Museum that helps creative practitioners across art, design and technology develop sustainable business models</i>
New Media Ventures	General	<i>An impact fund catalyzing progressive change; incorporates a seed fund and angelnetwork, as well as a structure that allows investment in both nonprofit and for-profit business models in advocacy, civic engagement, and voting systems, as well as the media and story-telling platforms</i>
Pop Culture Collaborative	Film/TV	<i>Philanthropic resource and funder learning community that uses grantmaking, convening, narrative strategy, and research to transform the narrative landscape around people of color, immigrants, refugees, Muslims, and Native people especially those who are women, queer, transgender, and/or disabled. Included are Unbound, the Nathan Cummings Foundation, Ford Foundation, Open Society Foundations, and W.K. Kellogg Foundation.</i>
Station 12	Video games	<i>Venture capital investment fund focusing on media, entertainment, gaming, and other related industries</i>
VR for Good	Video games	<i>Oculus-hosted Creators Lab leveraging VR to drive meaningful social change</i>



Appendix D: Representative Social Impact Media Companies

11 Bit Studios	Video games	<i>Polish development company whose seminal game <i>This War of Mine</i> focuses on the civilian experience of surviving war as opposed to frontline combat. Based on Siege of Sarajevo during the Bosnian War.</i>
Alucia Productions	Video games	<i>Media production studio — including video games — focused on oceans and environmental issues is part of a \$100m+ effort by the Dalio Family Foundation</i>
Anonymous Content	Film/TV	<i>Production and management company partially owned by Emerson Collective prioritizing projects that highlight issues of social justice and inspire change</i>
Archer Gray	Film/TV	<i>Hybrid production, finance and venture investment company with a film & TV arm that develops, produces and finances original stories and a venture arm which invests in innovative media companies; focused on amplifying diverse voices and promoting equality.</i>
Brainpop	Video games	<i>Creator of animated content covering topics within Science, Math, Social Studies, English Language Arts, Technology, Engineering, Arts, Music, Health, Reading, and Writing</i>
Cinereach	Film	<i>Independent film production company, financier and foundation dedicated to the support of vital, artful films. Helps expand films' creative potential through adaptive development, financing, production, and other support models that align with the unique vision of each supported filmmaker. Projects include <i>Sorry to Bother You</i>, <i>I Am Not Your Negro</i>, <i>Citizenfour</i> and <i>Beasts of the Southern Wild</i>.</i>
E-Line Media	Video games	<i>Double-bottom line video game developer and publisher harnessing the power of video games to help players understand and shape the world, including BAFTA-winning <i>Never Alone</i>. Key driver of impact game initiatives including National STEM Video Game Challenge, the Games and Learning Publishing Council, and the ASU Center for Games and Impact.</i>
Filament Games	Video games	<i>Production studio that exclusively creates learning games. The company's games combine best practices in commercial game development with key concepts from the learning sciences.</i>
First Look Media	Film/TV	<i>Launched by Pierre Omidyar; American media organization with award-winning entertainment studio, <i>Topic</i>, which develops, produces and finances content for all screens including feature films, television, digital series and podcasts.</i>
Groundswell Productions	Film/TV	<i>Independent film financing company behind many impact titles across film & TV</i>
Hello Sunshine	Film/TV	<i>Media brand founded by Reese Witherspoon focused on female authorship and agency</i>



Appendix D continued

MACRO	Film/TV	<i>Media company founded by Charles King representing the voice and perspective of persons of color. Creates and finances film, TV, digital content, technologies and brands that encompass universal themes to which all people can connect and relate.</i>
One Community	Film/TV	<i>Producer Scott Budnick's activist content company with \$50 million in slate financing for content seeking to increase diversity and representation in Hollywood; works with titles in various stages of development.</i>
Participant Media	Film/TV	<i>Founded by Jeff Skoll; annually produces up to six narrative feature films, five documentary films, three episodic television series, and more than 30 hours of digital short form programming (SoulPancake) all aimed at entertainment that inspires social awareness and engages audiences to participate in positive social change. Films have collectively earned 73 Academy Award nominations.</i>
Playmatics	Video games	<i>Playmatics specializes in creating digital and real-world interactive games and experiences for people all around the world. Founded in 2009, Playmatics has collaborated with PBS, AMC, the New York Public Library, and others to create unique experiences including from web games, museum installations, digital comics, storytelling games, and augmented reality.</i>
Prodigum Pictures	Film/TV	<i>Social impact digital cinema and video production company, including motion pictures, music videos and commercials</i>
Schell Games	Video games	<i>Full-service game design and development company specializing in creating transformational games and innovative, interactive experiences</i>
Second Line Stages	Film/TV	<i>New Orleans independent green film studio, the first in the US. Born in the aftermath of Katrina to help build the local economy through film production. Leverages traditional film industry tax credits in addition to New Markets Tax Credits, state and federal Historic Tax Credits — bedrocks of the community development field — to drive quality jobs, neighborhood revitalization, and education opportunities.</i>
Tiltfactor	Video games	<i>Designs games that use psychological principles to promote learning, attitude change, and behavior change; robust portfolio of commercial games and academic research</i>
Upriver Studios	Film/TV	<i>Forming as a certified B Corporation Limited Partnership to upfit and manage a total of 105,000 square-feet of state-of-the-art sound stage and post-production studios in New York's Hudson Valley. Will prioritize sustainability and inclusion, develop an efficient, environmentally innovative facility, and draw from a workforce trained through nonprofit partner Stockade Works' Crew Boot Camp program to help bring quality jobs back to the post-industrial Hudson Valley.</i>



Appendix E: Social Impact Media Measures and Standards

The **British Film Institute Diversity Standards** (www.bfi.org.uk/supporting-uk-film/diversity-inclusion/bfi-diversity-standards) serve as guidance policy for project funding that focuses on underrepresented groups in film and media. These standards include on-screen representation, themes and narratives; project leadership and creative practitioners; industry access and opportunities; and opportunities for diversity in audience development. Three major movie funders in Britain have signed on, as have the BAFTA Awards.⁹⁷

Deepening Engagement for Lasting Impact, a 2013 study from the Gates Foundation and Knight Foundation offers the industry standard **Media Measurement Framework** (www.dl.orangedox.com/Media-Measurement-Framework). Impacts are categorized as “direct” and “cumulative” and increase in scale at each level:

- Direct impacts (resulting in changed individuals): Awareness/knowledge, Attitudes/beliefs, Behaviors
- Cumulative impacts (resulting in changed groups, institutions and systems): Social norms, standards;
- Policies, public discourse, movements, resource allocation; Social or physical conditions (poverty, health, conservation)

Doc Society has the industry standard **Impact Field Guide & Toolkit** (www.impactguide.org) which is a comprehensive set of tools and guides designed for all those working in film to drive impact. Includes worksheets, impact plans, sample budgets + MOUs. Also includes the framework Analyzing the Story Environment⁹⁸ to determine which types of films are most successful and defining success.

E-line Media (www.elinemedias.com) has developed a worksheet⁹⁹ for creators of impact games which serves as a useful framework for determining where and how games drive outcomes which impact investors can track. Topics include: Impact objectives and assessment plan; target audience (demographic and psychographic); Context (consumer or institutional); Platform & distribution; Game design

The **Environmental Media Association’s Green Seal** (www.green4ema.org/ema-green-seal-production) is a recognition program honoring progress in sustainable production. Production companies are assigned ratings based on how well they comply with EMA’s sustainability criteria as well as the sustainability departments of the major studios.

The **Green Production Guide** (www.greenproductionguide.com) by the Producers Guild of America features a searchable database of recommended green vendors and two tools: the Production Environmental Accounting Report (PEAR) – a downloadable carbon footprint calculator — and the Production Environmental Actions Checklist (PEACH), which details best practices for sustainable film and television production.

Participant Media (www.participantmedia.com) developed The Participant Index (TPI), a media impact research system that examined the social impact of entertainment on its audience through a mixed dataset drawing on social media conversations, viewership information, and audience opinion data.¹⁰⁰

The **ReFrame Stamp** (www.reframeproject.org/stamp), co-created by Women in Film Los Angeles and the Sundance Institute and launched with IMDbPro, is a mark of distinction based on criteria¹⁰¹ that recognizes film & TV productions with women in key on- and offscreen jobs.¹⁰²

Dr. Stacy L. Smith at USC Annenberg developed an **Inclusion Rider** (www.assets.uscannenberg.org.s3.amazonaws.com/docs/inclusion-rider-template.pdf) — a “living” customizable template — to “counter bias in interviewing/auditioning and hiring/casting in specific employment positions in the entertainment industry.” This includes hiring people from underrepresented groups for roles on screen and behind the camera. (Warner Bros. is the only major studio to date to commit to using inclusion riders).¹⁰³



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Jonathan Law, *Partner, McKinsey & Company*
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Endnotes

- 1 Per PwC, accounts for 17 segments, including advertising, books, cinema, internet video, magazines, music, newspaper, TV, video games and virtual reality — www.pwc.com/gx/en/industries/tmt/media/outlook.html
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- 25 For example, NBC Universal has created an entire diversity division and hosts labs and contests like NBC ShortsFest and StandUpNBC to discover diverse and female creators
- 26 The Columbus International Film & Video Festival is credited as the first festival established in the US in 1953 — www.columbusinternationalfilmfestival.splashthat.com
- 27 Also called the American New Wave or Hollywood Renaissance, New Hollywood is a period from the 1960s-80s in which scores of new young voices and filmmakers came into prominence and the role of the major studio was deemphasized in favor of the director.
- 28 Frameline (founded 1976, the country's longest-running LGBT festival); Native American Film and Video Festival (founded in 1979); Philadelphia Jewish Film Festival (1981); Rocky Mountain Women's Film Festival (1987); Pan African Film Festival (founded 1992, the largest black film festival in US); Environmental Film Festival in DC (founded 1993, longest running environmental film festival); Slamdance; and Arab Film Festival (1996).
- 29 The Sundance Institute Diversity Initiative aims to increase diversity of projects submitted for consideration to Sundance programs — www.sundance.org/initiatives/diversity
- 30 Los Angeles public-private partnership that creates new career opportunities for communities that have been historically excluded from the entertainment industry – www.lamayor.org/mayor-garcetti-launches-evolve-entertainment-fund-boost-diversity-entertainment-industry
- 31 Media watchdog for Latino community focused on fair and consistent representation in media and entertainment — www.nhmc.org
- 32 Frances McDormand famously called out the Inclusion Rider during her 2018 Oscar's acceptance speech. Michael B. Jordan announced that his production company, Outlier Society Productions, would adopt the Inclusion Rider for its projects.
- 33 www.reframeproject.org/stamp
- 34 www.variety.com/video/brie-larson-crystal-lucy-awards-critics
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- 36 Inclusion has a snowball effect: according to a recent study “Indie Woman” from San Diego State, in films with at least one female director, women made up 72% of writers and 45% of editors versus films directed exclusively by men where women made up 11% of writers and 22% of editors. www.nytimes.com/2019/06/18/movies/women-filmmakers.html
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- 42 *Akili Interactive* is a project of Neuroscape, a transitional neuroscience center at the University of California – San Francisco engaged in technology creation and scientific research to better assess and optimize brain function of both healthy and impaired individuals.
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- 51 www.newzoo.com/insights/trend-reports/newzoo-global-games-market-report-2019-light-version/
- 52 www.finance.yahoo.com/news/zynga-two-top-picks-goldman-201504493.html
- 53 ETFs to watch include the industry’s first ETF dedicated to gaming, GAMR, which tracks the EEFund Video Game Tech Index holding 78 stocks from global firms that support, use, or create video games, as well as ESPO following the MVIS Global Video Gaming and eSports Index.
- 54 www.fool.com/investing/top-video-game-stocks-to-buy-2019.aspx
- 55 Binge watching, a modern habit facilitated by streaming and DVDs, refers to viewing multiple episodes of a particular program in rapid succession. According to a 2019 Deloitte study, 77 percent of Americans who watched streaming TV consumed an average of four hours per sitting (Digital Trends Survey, 13th Edition, March 2019).
- 56 Nielsen Total Audience Report 2018
- 57 www.nytimes.com/2019/07/10/magazine/streaming-race-netflix-hbo-hulu-amazon.html



- 58 www.qz.com/1433085/the-era-of-white-male-games-for-white-male-gamers-is-ending/
- 59 From 2017-2018, per capita cinema attendance increased for all ethnicity categories tracked, with highest growth in African American/Black, Asian, and Hispanic/Latino categories; Caucasian/White attendance represented the lowest growth. (Motion Picture Association of America, 2018 Theme Report, www.mpa.org/wp-content/uploads/2019/03/MPAA-THEME-Report-2018.pdf)
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- 63 www.thegamer.com/10-times-games-got-diversity-right-and-10-they-really-didnt/
- 64 As Alan Gershenfeld of E-Line Media explains of social impact video game developers, what you do not want is “chocolate and broccoli,” i.e. inorganic alignment of gameplay, entertainment and social impact.
- 65 It is worth noting that Sesame Workshop as a nonprofit generates sustainable revenue streams and employs high-end distribution.
- 66 Impact Partners uses an equity investing model to fund independent documentary storytelling – impactpartnersfilm.com
- 67 Chicken & Egg Pictures provides grants and resources to women nonfiction filmmakers catalyzing social change – www.chickeneggpics.org
- 68 www.macfound.org/programs/learning
- 69 UCLA’s new Skoll Center for Social Impact Entertainment in 2019 released a landmark report, *The State of SIE*, to document the current state of the field — www.thestateofsie.com
- 70 www.staymacro.com
- 71 www.upstartco-lab.org/wp-content/uploads/2018/10/Hiding-in-Plain-Sight-Imp-Inv-in-the-Creative-Economy-.pdf
- 72 VC fund that invests in media and tech startups disrupting politics and catalyzing social change – www.newmediaventures.org
- 73 VC fund that invests in early stage companies led by underrepresented founders – www.backstagecapital.com
- 74 www.newinc.org
- 75 www.creativestartups.org
- 76 B Lab industry categories counted include: Film & Music Production (9); Books & Media (6); Electronic Distribution (3); Marketing & Communications Services (101); Print Publications (3).



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- 78 www.greenproductionguide.com
- 79 www.green4ema.org/ema-green-seal-production
- 80 Earth Angel integrates a standardized method of environmental accountability throughout the entertainment industry – www.earthangel.nyc
- 81 There are more than 80 film &TV tax incentive programs in place nationwide according to Upriver Studios. See an overview of several of the major ones: www.hollywoodreporter.com/news/film-tv-tax-credit-battle-heats-up-us-1128027
- 82 Notably, the outsized contribution of the state to the country's film/TV industry has also exposed it to social and political backlash, as evidenced by the recent calls to boycott productions in the state due to the newly passed highly restrictive abortion legislation.
- 83 34% of these productions were filmed on the East Coast
- 84 California's renewed production tax credit program requires film and TV projects to report diversity statistics, designate people to handle sexual misconduct claims, and created the Career Pathways Training Program for training Californians in underserved communities for skilled production careers. See www.hollywoodreporter.com/news/california-extends-film-tax-credits-2025-1123674
- 85 www.impactalpha.com/fences-producer-macro-raises-150-million-to-diversify-film-e55b8141ed45/
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