

Luxury fashion label Chanel invests \$25m in new climate adaptation fund

By [Michael Taylor](#)

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French fashion house Chanel is backing a new climate adaptation fund that aims to raise \$100m by 2025 to invest in projects to promote sustainable agriculture, protect forests and support small-scale farmers in developing countries.



People walk past a Chanel display window at a shopping district in Singapore on 3 November 2008. Reuters/Jacinta Goh (Singapore)

The Landscape Resilience Fund (LRF) was developed by green group WWF and Swiss-based social enterprise South Pole and is starting with \$25m from luxury brand Chanel and \$1,3m from the Global Environment Facility.

An independent nonprofit, the LRF aims to attract a further five to 10 additional investors to help finance small businesses and projects that foster climate-resilient agriculture and forestry practices, and protect natural systems.

Martin Stadelmann, a senior director at South Pole, which will manage the LRF, said it was a pioneering way for a major multinational company to invest in adaptation to climate change. "As (with) other companies, some of their supply chains are under threat because of climate change," he told the Thomson Reuters Foundation.

Improving conservation, restoration and management of natural areas

One million animal and plant species are at risk of extinction due to humankind's relentless pursuit of economic growth, scientists warned in a 2019 landmark report on the devastating impact of modern civilisation on the natural world.

Environmentalists largely blame production of commodities like palm oil, beef and minerals for destruction of forests, as they are cleared for plantations, ranches, farms and mines.



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Cutting down forests has major implications for global goals to curb climate change, as trees absorb about a third of the planet-warming emissions produced worldwide, but release carbon back into the air when they rot or are burned. Forests also provide food and livelihoods, and are an essential habitat for wildlife.

Better conservation, restoration and management of natural areas, such as parks, forests and wildernesses, is seen as key for nations to meet targets to reduce planet-heating emissions and reverse the loss of plant and animal species.

Closing the investment gap

Global annual spending to protect and restore nature on land needs to triple this decade to about \$350bn, a U.N. report said in May, urging a shift in mindset among financiers, businesses and governments. Presently, only about 5% of total climate finance goes to adapting to a warmer planet, with most of that coming from public funds, South Pole officials said.

"The fund really targets the 'missing middle' where there is currently no commercial financing," said Urs Dieterich, a fund manager at South Pole and managing director of the LRF.

The fund will provide cheap loans and technical assistance to small businesses that work with smallholders in vulnerable landscapes – such as cocoa or coffee growers and rattan harvesters – and help them access better farming inputs, such as drought-resistant seeds, as well as training and finance.

Repaid loans will be re-invested in other small businesses working on climate adaptation.



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Projects can apply online for funding or approach the LRF directly, and will be assessed for their climate change exposure and adaptation plans. Their progress will be tracked by local staff and published in annual reports, fund officials said.

"There has never been a more critical time for the private sector to step up and help close the investment gap needed for effective climate adaptation," Andrea d'Avack, chief sustainability officer at Chanel, said in a statement.

The LRF offers an opportunity to "explore different approaches that could help advance changes in our own supply chain and business practices", d'Avack added.

Source: Thomson Reuters Foundation

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