



VILDNIS

ANNUAL REPORT 2017-2018

INTRO

OBJECTIVE

The objective of VILDNIS' annual report is to provide you, our customer, with transparency on our performance so you can make an informed choice when purchasing fashion from us.

VILDNIS was launched with the aim to change the norms in the fashion industry - one of the most polluting industries at present and known for its malpractices towards both workers and animals in the supply chain. We have a strong belief that all fashion can be produced in a sustainable manner with respect for both people, animals and the planet – without compromising on style or quality.

All change takes time and resources – especially the development of new materials and processes – and we recognise that we are unable to meet all of our long-term goals overnight. Instead, we break them into smaller yearly goals and endeavour to make considerable positive progress year by year.

We value honesty highly, and this means that we will share both our successes and failures with you.

This report covers our performance from May 2017 – May 2018.

TRIPLE BOTTOM LINE

VILDNIS operates with a Triple Bottom Line, meaning that success is being measured on both social, environmental and economic areas. The main principles of our Triple Bottom Line are explained below.

SOCIAL	ENVIRONMENTAL	ECONOMIC
<ul style="list-style-type: none">• Treat workers in supply chain fairly• Do no harm to animals• Promote a healthy body image	<ul style="list-style-type: none">• Use environmentally friendly materials including fabrics, trims and packaging• Use environmentally friendly production methods• Aim to be carbon neutral; use environmentally friendly modes of transport• Support initiatives towards creating a circular economy	<ul style="list-style-type: none">• Offer our customer affordable retail prices and value for money• Pay our suppliers fair cost prices• Aim for VILDNIS to be a profitable business that creates jobs in local communities

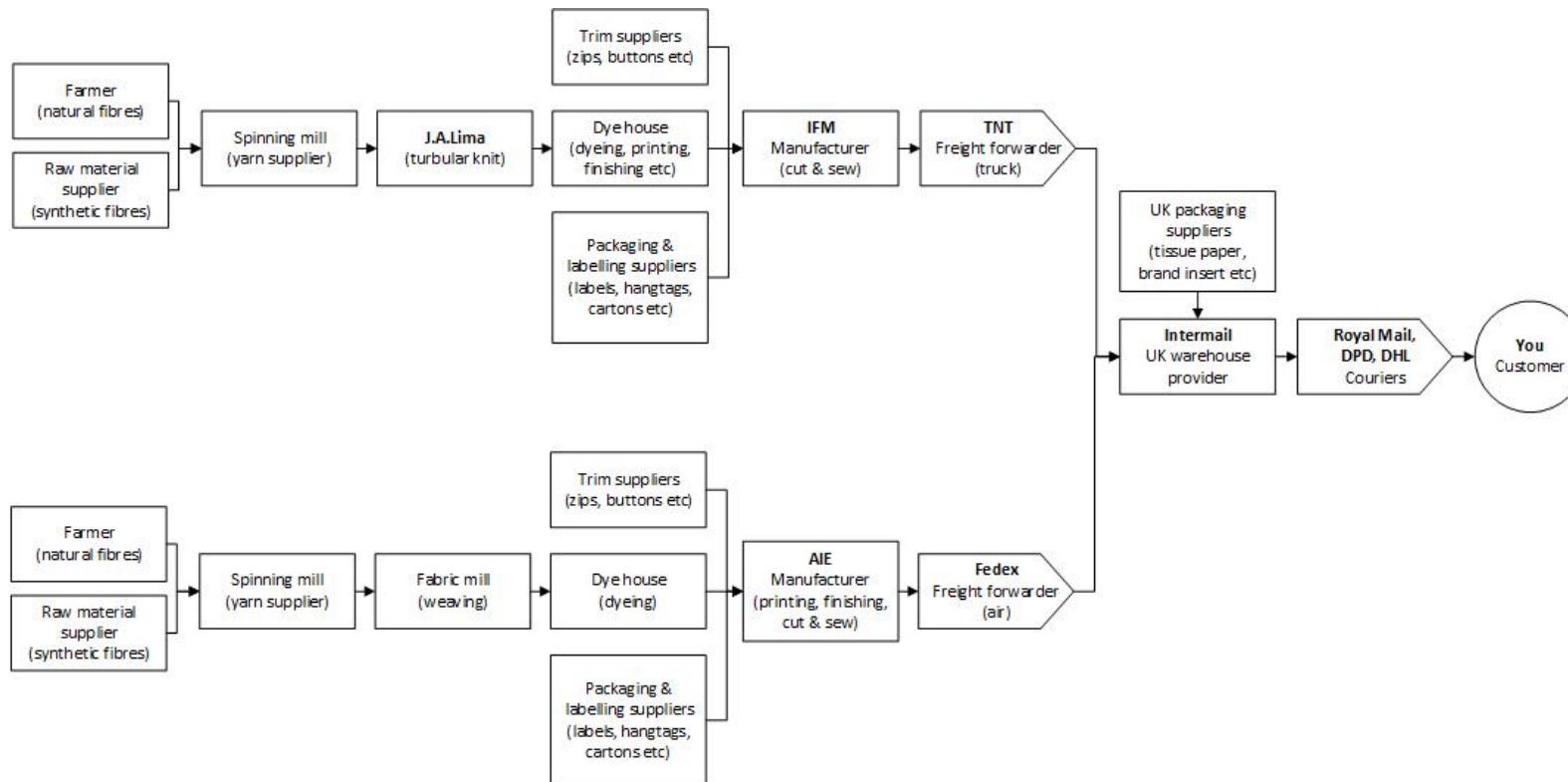
SOCIAL GOALS

LONG TERM: Have full visibility of the entire supply chain

2017/2018: Map the supply chain. Provide full visibility of the manufacturing link and warehouse.

RESULT:

A map illustrating the current supply chain is available for customers to view on our website and provides full visibility of the manufacturing link as well as the third party warehouse storing our goods in the UK.



LONG TERM: All workers in the supply chain to have good working conditions and be treated fairly

2017/2018: All manufacturers (sewing) adhering to VILDNIS' ethical code of conduct

RESULT:

All factories have signed VILDNIS' Ethical Code of Conduct, which can be found here: <https://vildnis.co.uk/pages/ethical-code-of-conduct> .
Furthermore, all of our Portuguese factories including subcontractors have been audited by VILDNIS.

Status on our current manufacturers:

- IFM (Portugal): this manufacturer started the process of getting SEDEX certified when we began working with them in 2016, and they are currently waiting for the final SMETA audit and SEDEX certification to take place in July 2018. This is exactly what we are aiming for, i.e. helping more factories get certified.
- AIE (India): this manufacturer holds both SEDEX and SA8000 certification, with the latest audit taking place in April 2018.

LONG TERM: All workers in the supply chain to be paid a living wage

2017/2018: Workers in the manufacturing link to be paid living wage

RESULT:

All employees working for our Portuguese manufacturer are paid above the minimum wage in Portugal and above the living wage.

All employees working for our Indian manufacturer are paid above the living wage in India. Ensuring workers are paid a living wage is part of the SA8000 certification.

LONG TERM: All fabrics and yarns containing animals fibres to be certified, guaranteeing that no animals were harmed in the process

2017/2018: N/A

RESULT:

All of our fabrics are made from either organic natural fibres, closed-loop regenerated natural fibres or recycled synthetic fibres. None of the collections so far contain fabrics made from animal fibres.

We do however stock leather jackets from the Swedish brand DEADWOOD, who uses recycled leather found in vintage markets for its jackets. It makes good sense to us to recycle such a valuable material as leather and prevent further animals from being harmed in the process of making jackets.





LONG TERM: Models used for imagery must be a size 10 to promote a healthy body image

2017/2018: Photoshoot model at least a size 8. Fit model a size 10/S

RESULT:

It has proved difficult finding a true size 10 photo model. Most models are a size 6 or 6-8.

We did, however, manage to meet our short-term goal, using the same two models for our first three campaigns: Anna and Ariana.

Anna is a size 8-10 and Ariana a size 10. Both models have a healthy relationship with food and exercise and are great role models for younger girls wanting a modelling career.

We use professional fit models when we fit the garments, and they are all a true size 10.

LONG TERM: Models must look natural in imagery, e.g. no retouching of body shapes

2017/2018: No retouching of model's body shape

RESULT:

To achieve this goal, we have to change the mindset and ways of working with photographers and retouchers. This has proved harder than we initially thought.

We failed in the first season, with some photos being fairly heavily retouched despite our request not to. The second season was better, and we are pleased to report that there has been no retouching of the models in our third season. This is how we expect to continue.

ENVIRONMENTAL GOALS

LONG TERM: 100% of fabrics are environmentally friendly (from MADE-BY.org's A and B category only)

2017/2018: 90% of the main fabrics and 100% of lining fabrics to be from category A and B

RESULT:

For our SU17 collection, we achieved 95.57% on main fabrics and 100% on lining fabrics.

For our AW17 collection, we achieved 90.58% on main fabrics due to introducing the eco-friendlier PU version which, although better for the 'wearer' and the environment than traditional fake leather, is found in category D. No lining fabrics were used.

For our SU18 collection, we are proud to have achieved 99.30% on main fabrics and 100% on lining fabrics.

Overall, across the three collections launching in the first year, we achieved 95.88% on main fabrics and 100% on lining fabrics.

LONG TERM: 100% of trims are environmentally friendly (made from recycled, organic or otherwise eco-friendly materials)

2017/2018: N/A

RESULT:

We are currently lacking resource to source environmentally friendly trims. We have however slowly started to source eco-friendly buttons and building a portfolio of suppliers. Our aim is to set a target for 2019/2020.

LONG TERM: All dyestuff used to dye fabric fully compliant with REACH legislation

2017/2018: All fabrics to be dyed in Europe under EU law and fully compliant with REACH legislation

RESULT:

At the time of setting our initial goals, we expected our supply base to be exclusively based in Portugal. We have, however, taken an Indian supplier on board. This supplier is a vertical operation, with their own dyeing/laundry facility.

In our first year, all fabrics except three have been dyed in Europe and are fully compliant with REACH.

The remaining three fabrics have been dyed in India with dyestuff supplied by Huntsman, a Swiss company. Huntsman is fully committed to REACH, and their vision resonates well with us: “To provide innovative solutions, which enrich lives through innovation, and help create a sustainable future, with no harm to people or the environment”.

LONG TERM: All dyestuffs and print inks to be Oekotex certified

2017/2018: All print inks to be Oekotex certified

RESULT:

All print inks are Oekotex certified.

LONG TERM: Print methods to be environmentally friendly

2017/2018: All prints to be digital

RESULT:

All prints are digital with minimal impact on the environment.

LONG TERM: Dye methods to be environmentally friendly

2017/2018: N/A

RESULT:

The majority of our garments are garment dyed due to small quantities. Due to limited resources, this goal is out of the scope for this report. We will slowly start conversations on dye methods and will set the first target in this area in 2019/2020.

LONG TERM: Fabric finishing methods to be environmentally friendly

2017/2018: N/A

RESULT:

From SU18 onwards, our denim will be finished using the G2, E-flow and laser technology from Jeanologia, and we are thereby saving significant amounts of water. As an example, using the G2 machine to give the garments a 'worn effect' saves approximately 200 litres of water per pair of jeans.

Our manufacturer in India has all above-mentioned technologies in-house, meaning that we have full control over the finishing process on fabrics/garments finished in-house.

We will slowly start conversations on fabric finishing methods with dye houses on fabrics finished externally and will set the first target in this area in 2019/2020.

LONG TERM: All labelling to be made of environmentally friendly materials (recycled, organic)

2017/2018: Hangtag, hangtag string and main label made from recycled or organic materials

RESULT:

The VILDNIS hangtag is made from recycled paper, the hangtag string is organic cotton, and the main label is made from recycled polyester.

We have reached our short-term target, but we want to do more and have been trying to source care labels in recycled polyester and barcode stickers on recycled paper since we started this journey.

Unfortunately, we are up against very large minimum order quantities on the care labels – and need more buying power to change the quality of the barcode stickers used by our label supplier.

We will, therefore, wait another year to widen the target, and meanwhile, we will continue the conversation with manufacturers to ensure that they keep pushing their suppliers on this area too.

LONG TERM: All packaging to be environmentally friendly (recycled, biodegradable)

2017/2018: Cartons, tissue paper, brand sticker, brand insert, returns form and mailing bag all made from recycled materials

RESULT:

The cartons used to deliver the product from our Portuguese manufacturer to our third party warehouse are made from recycled cardboard. The cartons from our Indian manufacturer are, however, made from 'virgin' cardboard at present while they are sourcing cartons from recycled cardboard.

The printed tissue paper used to wrap the garments at our warehouse is made from 100% recycled paper, as is the brand sticker, brand insert and the returns form.

The mailing bag used to send packages to our customers is made from 100% recycled polyurethane.

The only non-eco-friendly component in the packaging process is the polybags used for protection of the garments during transport and storage. At present these polybags are made from virgin materials and are recycled at our warehouse. While we would like to get rid of them, we recognise that they have an important function in protecting the individual garments from mould, stains etc..

The minimums on polybags made from recycled materials are currently much too high in Portugal, and we have made it a priority to identify more eco-friendly types of packaging with the same function. Going forward, our Indian manufacturer will be using polybags made from recycled materials, and we will set a target in this area.

LONG TERM: All factories to have an environmental policy

2017/2018: Manufacturers to have a recycling policy

RESULT:

Our Portuguese manufacturers have a recycling policy.

However, due to the absence of any state/area run recycling programmes in Delhi, our Indian manufacturer is yet to introduce this. They are currently looking into their options with regards to arranging collection of the recycled materials. There is a willingness to make it happen, and we will continue the conversation.

LONG TERM: All factories to hold an environmental certification

2017/2018: N/A

RESULT:

The factories we work with have ethical certifications (SEDEX and SA8000).

None of them is holding any environmental certifications at present. It is something that we will discuss with them and slowly work towards as we and they grow. Going through a certification is quite demanding resource-wise, and the manufacturers we work with are relatively small.

The majority of the fabrics and yarns we are using are, however, GOTS (Global Organic Textile Standard), OCS (Organic Content Standard), GRS (Global Recycling Standard) certified or branded. A few blends have no certification and are made using unbranded yarns, and in these cases, we have documentation that proves the organic content.

We believe that the materials we use, as well as the way the workers are treated in our supply chain, is the most important thing. This is where we can really make a difference.

Going forward we will add a measure for certified fibres/fabrics.

LONG TERM: All couriers to be carbon neutral and have an environmental policy

2017/2018: All couriers to have an environmental policy. 50% of our couriers to have a carbon neutral programme

RESULT:

When sending samples to us, our suppliers are using TNT, DHL and UPS.

When we send packages to them, we are using UPS and pay an extra carbon-neutral fee on all shipments.

When shipping packages from the warehouse to our customers we are using Royal Mail, DPD and DHL.

All of these courier companies have an environmental policy.

Most impressive is DPD's, which is why we have chosen them as our next day courier as well as European deliveries. Every package that DPD delivers is carbon neutral.

DHL is only used on international shipments, which is currently a very small portion of our sales. As with UPS, DHL has a carbon neutral programme.

Royal Mail does not have a carbon neutral programme at the moment. We acknowledge though that free or low-cost delivery is an important factor for our customers which is why we have chosen Royal Mail to deliver our standard packages.

LONG TERM: Modes of transport to be the most environmentally friendly and carbon neutral

2017/2018: All transport to be by road. 50% of transporters to have a carbon neutral programme

RESULT:

The majority of our goods in the first year have been shipped by road (TNT). Out of 67 products, six products coming from India have been shipped by air (FedEx), and we have therefore failed to meet our target.

While we initially wanted all deliveries by road or sea, the sea is not the best option at present for our limited quantities. Instead, we have offset the two tonnes CO₂ used on the airfreight from India through CLIMATECARE.

Going forward, we will have to change our short-term goal in this area to be 100% carbon neutral as we will have more air freight.

LONG TERM: Minimise the number of returns from customers to keep our carbon footprint as low as possible

2017/2018: Stay below 30% returns rate (the normal online retail returns rate is between 25-40%)

RESULT:

In 2017, our returns rate was 34.7% and in 2018 to the date of this report, it is 28.2%.

When setting this target, we underestimated the importance of our customers trying on the clothes before buying.

Add to this that we got the sizing slightly wrong in the first season (products with highest returns rate are from the first season), and we struggled to keep below our short-term target.

We will continue to work on ways to make it easier for our customers to get a feeling for the styling, fabric and fit prior to ordering.



LONG TERM: VILDNIS HQ to have an environmentally friendly office policy

2017/2018:

All paper, cardboard and plastic to be recycled. 50% of the lightbulbs to be low energy and 50% of our folders to be made from recycled materials.

RESULT:

All paper, cartons, plastic and glass is being recycled through the council's (Westminster) recycling scheme. 90% of our folders are made from recycled materials.

Only 25% of our light bulbs are low energy as we are changing them gradually as and when they pop. As a result, we are not meeting our target. We have, however, installed a meter to measure our energy usage and help us reduce this by highlighting the sources consuming the most energy.

Additionally, we have invested in a small portable solar panel for charging our mobile phones etc..

LONG TERM: All support to charity go to initiatives preventing climate change and preserving nature

2017/2018: N/A

RESULT:

Instead of participating in the Black Friday promotions, we donated all of our profits that weekend to the charity Friends of the Earth.

We believe that climate change can do great damage to humanity, including leading to huge migrations of people due to natural disasters and wars. As a result, we are prioritising donations to charities with an environmental cause to help prevent future tragedies.

ECONOMIC GOALS

LONG TERM: Business to be profitable

2017/2018: N/A

RESULT:

The business is yet to become profitable. This is expected to happen within 3-5 years.

LONG TERM: Business to grow organically

2017/2018: N/A

RESULT:

The business has grown organically since launch e.g. without any cash injections from outside investors.

LONG TERM: Founders to maintain the share majority

2017/2018: Founders maintaining 75% of the shares

RESULT:

The founders have maintained their 75% shares, with the remaining of the shares being owned by two Directors of the board.

LONG TERM: Investment only accepted from individuals who share our vision & values

2017/2018: Shareholders found within the circle of family and friends

RESULT:

The original group of shareholders hasn't changed. It consists of the founder, her husband, her sister and a good friend.

LONG TERM: Business to create jobs

2017/2018: Offering regular work to at least 3 freelancers

RESULT:

The business is working with seven freelancers on a regular basis: four designers, one graphic designer, one copywriter and one digital marketing consultant.

LONG TERM: Business paying corporate tax in the countries it operates in

2017/2018: Fully compliant with UK tax regulations

RESULT:

The business is currently filing quarterly VAT returns.

The first corporation tax return is taking place in July 2018.

LONG TERM: Suppliers paid fair prices for their products and services

2017/2018: Suppliers to be paid fair prices for their products and services

RESULT:

We trust that our partners have given us reasonable prices and have only negotiated prices in instances when they didn't make sense.

Furthermore, we have paid any freelancers a fair amount for their services. This includes two instances where the freelancer didn't deliver what we wanted, and we decided to reimburse them for some of their time after all. What goes around, comes around!

LONG TERM: Customers offered an affordable product and value for money

2017/2018: Prices are kept at a mid-level price point

RESULT:

We believe that we are offering the customer good value for money, using bespoke sustainable fabrics and prints, as well as producing all garments ethically. While still at a start-up stage and unable to reach any economies of scale, the target has primarily been achieved through maintaining a low-profit margin.

LONG TERM: Business to encourage customers to consume less fashion by limiting the number of promotions

2017/2018: Minimising promotions and avoid participating in events that encourage overconsumption such as Black Friday and Cyber Monday.

RESULT:

Our product is designed with timeless style in mind, and we believe that it is valid across several seasons. As such, we see no reason to participate in the traditional 'end of season' sales to get rid of perfectly good stock. Instead of participating in the Black Friday and Cyber Monday overconsumption feast, we donated all profits during the Black Friday weekend to the charity 'Friends of the Earth'. A couple of short and flash sales have been held to free up cash to buy new stock.

CONCLUSION

We have spent the first year in business finding our footing with regard to the supply base. Initially, it was based on favours as few factories are interested in working with small start-up companies. We were, unfortunately, forced to make some changes to our suppliers after the initial two seasons because it became evident that our small quantities didn't fit their business model.

Today's supply base consists of two factories who really want to work with us and share our values. This has enabled us to meet the majority of our targets, and we are especially proud of our achievement when it comes to treating the workers in the supply chain ethically, do no harm to animals and using environmentally friendly materials and production methods.

The areas where we didn't meet our short-term targets were on the recycling policy of one of the factories, the shipping method and to some extent the number of returns from customers. We will focus our attention on these areas over the coming months.

There is still some way to go before we reach all of our long-term goals. We are, however, confident that we will meet them within a foreseeable future given the progress we have made in our first year. As the business grows, so will our buying power and human resources, meaning that we can move even faster.

Thank you for supporting us and our mission to make sustainable fashion the norm!

Ulla, Line, Francis & Mark