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## **House of Hackney and Triodos Webinar – summary of questions covered**

### **What is the origin of House of Hackney?**

The natural world has always been the biggest muse to myself and my husband Javvy. When we couldn't find the type of beautifully made product inspired by Nature we were looking for to bring into our own home, we decided to create it ourselves, and in 2011, House of Hackney was born.

From the start we knew the world didn't need yet another interior brand, we wanted to build a company with purpose at its heart; one that honoured British craftsmanship and worked in harmony with the natural world.

We spent 6 months before we launched driving around the UK on a mission to find British manufacturers - we were very excited to find these generational factories still in existence in historic areas of manufacturing around the UK. 14 years on, we are a successful B Corp brand, and have largely the same portfolio of heritage factories; they are an important part of our team, we have all grown together and they are now joining us on our journey towards becoming regenerative, meaning, instead of simply "sustaining" the planet, we work to actively make it better.

We see House of Hackney as an incubator for testing out ideas and solutions across materials, operations and governance, and in these emergent times, we feel a sense of urgency to update the traditional business model to one that honours people and planet.

### **What is the purpose of the raise?**

House of Hackney's term with our private equity partner is coming to an end at the same time that we are gearing up to start a new chapter.

Like most early-stage companies, we needed growth capital to keep the wheels turning in our formative years. This came in the form of private equity, whose model is built around short-term, high growth returns (often at the exploitation of all other stakeholders).

We've come to realise that this is a model that is misaligned with our mission, so the proceeds of this raise will help buy out our Private Equity shareholders. This will allow us to have more autonomy in accelerating our regenerative mission to leave our touchpoints better than we found them, while continuing a purposeful growth trajectory with a focus on the US as a market of opportunity for us.

Our vision is to have a business with an end to end regenerative production cycle, where our fibres are grown regeneratively, our products are made locally and our business improves the lives and restores the Nature of the communities it touches. This is our definition of a regenerative business.

### **How do you balance profitability with a purpose led strategy?**

Ultimately we feel that business doesn't have a choice but to become purpose-led, both for the future of the planet and the benefit of the business.

It should never be a choice between profitable or purposeful, it should be both. What's good for the planet is good for business. It's important for us to walk the talk and we have a slow and steady trajectory with a focus on purposeful growth, not just growth for growth's sake.

### **Can a luxury brand really lead the way in sustainability?**

At House of Hackney, rather than focusing on the term "luxury", we prefer to focus on beautifully made products that are designed with purpose and made to last.

Naturally, with skilled craftsmanship, quality materials, and respect for our suppliers and factory workers, the price point will be more expensive than a high street product, but ours is a qualitatively better product. Considering people and planet at every touchpoint in our business means we are well placed to lead in sustainability. We want to reframe business as a force for good.

### **What does creating a business that values nature as an important stakeholder mean in practice?**

Traditional business, as we know, values shareholder primacy and a short-term return on investment at the expense of all other stakeholders.

As a business that takes endless inspiration from Nature we feel passionate about ensuring that our impacts on the natural world are not just mitigated, but reconciled. We are moving from a place of exploiting Nature to a place of actively using our profits to restore it. The following actions have started us on this journey:

1. In 2024, we appointed Mother Nature and Future Generations as a legal director of the company. This was to formalise the importance we place on Nature and the responsibility to consider Nature in everyone's day to day actions regardless of their role.
2. We locked our mission into our company articles to safeguard House of Hackney's purpose.
3. We worked with the True Price agency to calculate the societal and ecological cost of our products. This is the hidden cost (on the wellbeing of people and planet) that no one pays for when you make a product.

Starting with our two biggest product categories, fabric and wallpaper, we gathered impact data. This helped us to quantify the price we should pay for our products, taking their social and environmental impact into account.

We will use these results to help highlight our impact hotspots and set targets for future product improvements so that we continue our trajectory of moving from doing less harm to using production methods that actively restore.

4. This True Cost research gave us the accurate information to create a Profit & Loss model that sees Nature as a stakeholder. We then asked ourselves, how do we move from mostly quantitative business targets and results to more qualitative ones that focus on improving our people and planetary communities. This highlighted the need for new metrics of success, beyond profitability; where success means that we have made a positive impact on these touchpoints.

We are currently collecting data which by early summer will inform our final structure for our new success metrics, which will give us a holistic picture of the business health, success and areas where we need to improve.

### **What does having Mother Nature as a director actually mean?**

The Mother Nature & Future Generations Director has an independent, non-executive director role on our board. Their overall responsibility is to ensure that we stay on track with a mission and they sense check our work, holding us accountable for exactly that.

- They attend every board meeting in an observer capacity and bring observations to senior team meetings.
- They attend monthly strategic advisory meetings with the founders, Managing Director and Head of Regeneration, discussing and advising on key short, medium and long term plans, decisions, challenges and opportunities. Other Heads of departments, for example, Finance, are brought in when discussions are relevant for their work.
- It audits us as a management team; keeping us in-line to the mission and making sure the bigger picture from a perspective outside of the business is brought to the table consistently.
- They give updates to the wider team about our progress and their estimation of it. Working for a business that has a Nature Director at the top helps to define each employee's role and purpose at work. It aids making day-to-day decisions and gives each person the power and autonomy to make those decisions.
- They also have a right of reply to our Impact Report, stating whether they agree or not with our claims.

### **Is the true cost exercise simply offsetting? Is the identification of the hidden social and ecological costs of production about trying to then transform those processes or simply about compensating for this behaviour by putting money into good causes? Will customers bear extra costs as a result?**

No, exactly the opposite. The True Costs analysis helps us to target impacts that are specific to our business, rather than just investing in general projects or causes.

We feel that to demonstrate that a Nature-centred business model is possible, we need to run our business in a way that has the minimum impact on Nature possible and the ability to restore more than we extract for production. It is very much about changing processes.

A good example of this is our current work behind the scenes on minimising the impact of our wallpaper production. A sizable portion of our 1% fund has historically gone to the World Land Trust, while they are an excellent organisation, their tree and habitat conservation projects are not in areas where we extract trees for production, which is Northern Europe.

Our wood fibre is currently FSC Mix certified, a mix of recycled and new wood fibre, we want to get a better understanding of where that new wood fibre is coming from and what we need to do locally to compensate for that extraction and how we can replenish more than we use in the immediate location it is coming from. This will mean bringing together our supplier, their supplier, FSC Sweden and working out how best to invest from our 1% fund.

Ultimately, if we are able to bring our True Cost into a positive, this is when we know we are achieving our regenerative goals. Also, as storytelling is a key part of our brand DNA, we have agreed that 80% of the 1% will go towards tackling our direct impact and 20% will be spent on our Activism and Influence pillar to amplify pioneering causes and campaigns in markets where we operate.

### **What is your business model?**

- House of Hackney is a £10million business that has been delivering good, consistent EBITDA for the past 3 years of around £1million.
- We have a worldwide multi-channel business, including showrooms, and a global digital presence consisting of a website, subscriber email database and social media platforms.
- We cater to both retail and trade consumers.

- Both our Business to Business ("B2B") and Business to Consumer ("B2C") customers shop through our website, which benefits from a trade specific portal.
- We have two flagship showrooms, one in London and one in the New York Design Centre.
- Our online sales and trade sales together make up 75% of the business.
- We have a small wholesale presence in global department stores (Liberty, Harrods, Bergdorf Goodman, Anthropologie), which predominantly serve for marketing and customer acquisition.
- The US is our biggest market at over 60% of business and growing.
- Despite the US being our largest market, we have not reached the point to move production to the US. Therefore products are currently dropshipped by air to customers from their production site. Production of our product is localised, meaning the materials needed to produce the finished item are sourced without having to ship them too far. Moving finishing production to the US would currently mean we would need to ship raw materials to the US, negating the benefit of localising production in the US. We are continuously reviewing this with our suppliers, and when new developments are impact implications will be weighed up for the best manufacturing location. With the US market so vast, the reality of having production in the US will still mean products will still need shipping across the country in most cases.
- To support improving our shipping emissions we are also rolling out sea shipments for customers who are happy to elect this shipping method, the downside for the customer is the added lead time to arrive with them. Some customers are happy to wait and we have successfully run trials.

## **How are you considering the impact of your biggest product categories and how are you working with your suppliers?**

As a company that sells physical products, we know that our biggest social and environmental impact is in these product supply chains. To reduce the negative impacts we have embarked on a two year plan to improve them in our three biggest categories: wallpaper, fabric and paint. This means going to the root of these industries as this is where the change needs to happen to be able to ultimately supply our factories and the rest of our industry.

We started two years ago with an annual supplier summit, bringing our suppliers and top industry experts together, regardless if they are competitors, to help make these shifts a reality. More recently our Nature Director took part by supporting critical dialogue between everyone.

In the last year, we have set goals to reduce our negative impacts in these categories.

**For wallpaper**, we are working with the paper industry to make our wallpaper, (and packaging) free from forest fibres by 2030. While at the same time restoring the amount of trees we have used historically, (around 1500) and protecting at least 1500 square metres of forest annually, (to match our annual land use for wallpaper) by 2026.

**For fabric**, we are switching our cotton supply to regeneratively grown fibres straight from farmers by 2026. And converting the equivalent land used historically by House of Hackney to regeneratively farmed land by 2028.

**For paint**, we are in the process of shifting an acrylic binder to a bio based binder by 2026.

With all of these initiatives, we will open source findings in the hope that other businesses and industries will be inspired to move the dial towards business models that harm less and protect more.

## **How do your production and stock model work?**

We have built a very efficient backend system, with a very lean stock position, where over 2/3rd of orders are produced to order. We then drop ship for suppliers directly to customers so we also have very fast and efficient delivery for customers post order. Dropshipping means that the customer places and pays for an order, this order auto generates a purchase order for the supplier, and the supplier produces and then ships directly to the customer. This usually happens within a 3 day time period.

These operating qualities mean we are always agile and reactive to business and consumer trends and turbulence. It also means we have very little waste in our business from a cash and materials point of view.

## **What does being a B Corp mean to you? Is it a badge or a way of doing business?**

A B Corp certification means a business meets the highest verified standards of social and environmental performance, transparency and accountability. It is a good tool for businesses to get started on making positive changes. It helps highlight and measure different areas of a business and their impacts with regards to governance, workers, customers, community and environment.

Ultimately, we need to and are going beyond B Corp; it's just one part of a bigger mission. Our intention in becoming a B Corp certified business was never to just get the accreditation and move on, that was just the beginning.

## **Is the use of paper in wallpaper ever going to be a good thing?**

Ideally what the paper industry needs to get to is a global use of fibres that works in balance with Nature's cycles and takes pressure off the world's forests. There will be many solutions to this: wood fibres from sustainability managed forest sources, a big increase in recycled wood fibres use and an uptake of new innovative fibres, for example from made from agricultural waste. We are partners with Canopy, an amazing global NGO who are working with a huge number of businesses in paper, packaging and fabric supply chains to solve these issues. Canopy has just launched a new Eco Paper Database that lists the very best recycled and innovation options and we are working closely with them on a solution for our wallpaper.