



UNDUST BUSINESS PROPOSAL JUN 2020

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UNDUST

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WHO ARE WE

WHAT IS UNDUST?

UNDUST is a **textile waste management company**. We are conscious and enthusiastic about environmental and social challenges. Our main goal is to bring a brighter future.

SPOTTING THE CHALLENGE IN SPAIN

According to ASIRTEX, clothing and footwear are one of the worst treated urban residual waste. Furthermore, there is a lack of information that prevents adequate traceability of the textile waste.

90% of garments that are discarded end up in landfills, this equals an approximate total of 800,000 tons of textile waste per year.



Figure 1: <https://www.ecotextile.com/2019/07/20/4522/materials-production-news/811-increase-in-textile-waste-since-1993.html>

OUR VALUE PROPOSITION

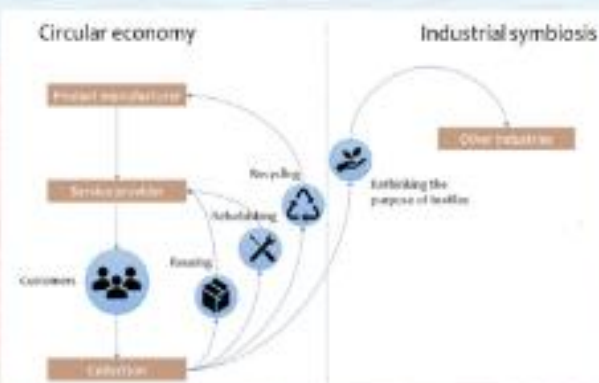


Figure 2: Own elaboration.

UNDUST was born as the first Integrate Management System for the textile industry. We give value to a residue that would have ended, in its majority, in landfills. We collect, classify and optimize redistribution of all textile waste. Our business model is based on the Butterfly Diagram of circular economy; trying to give the highest value possible to textile waste.

OUR VALUES

We are sustainability, We are commitment, We are transparency, We are accountability, We are innovation, We are professionalism, We are efficiency, We are teamwork, We are inclusiveness, We are equity, We are integrity.

OUR VISION

Our vision is to be a leading textile waste management company by implementing a textile waste valorization process.

We will therefore generate benefits not only for our company, but also for the environment and society, placing sustainability and circular economy at the heart of our business.

In addition, we would like to be a key partner for public administrations in complying with the European Union and national statutory obligation to collect textile separately by 2025, ensuring like so that waste collected separately is not incinerated or landfilled.

OUR MISSION

Our mission is to carry out a textile waste valorization process to ensure that the waste collected is reintegrated in the market through second-hand shops, direct consumers, recycling plants or producers of recycled material.

Like so we will extend the life of textile product to give them the maximum possible value.

We want to play a key role in the transition to a more sustainable textile industry and in contributing to the achievement of the Sustainable Development Goals.

SUSTAINABLE DEVELOPMENT GOALS

8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION



13 CLIMATE ACTION



OUR BUSINESS MODEL

PHASE 1: Textile waste collection

UNDUST proposes a collection system from B2B and NGOs, while we are developing agreements with Madrid city hall and local establishments of Madrid.

PHASE 2: Valorization of the textile waste

We will classify every type of textile received in a batch system (up to 4 stages of classification based on different criteria) and condition it for its immediate use after these processes.

PHASE 3: Sell the valorized textile waste

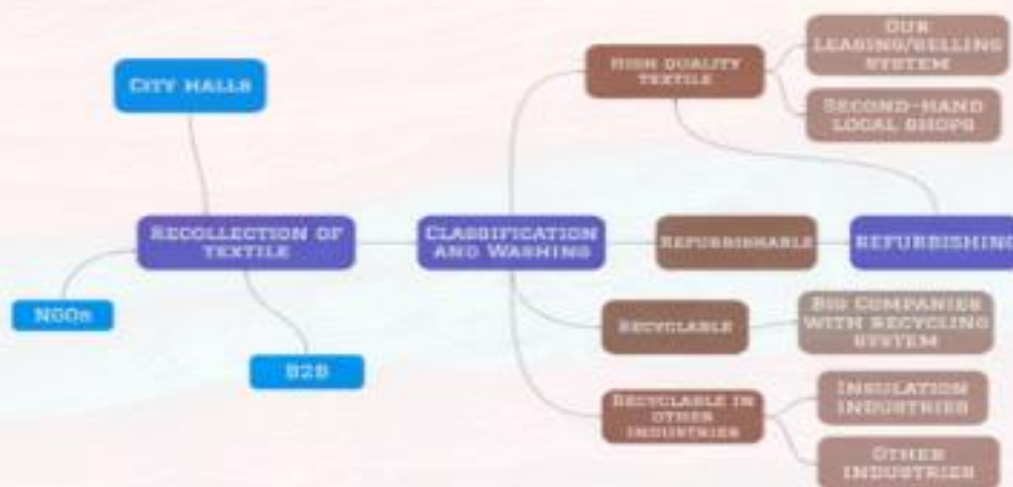
Through multiple partners, we will sell our products. We will dispose our own lease/sale system, allowing customers to adapt their wardrobe to each season, eliminating bad habits in overall society consumption.

PHASE 4: Add social and environmental value

Sociolaboral Insertation: UNDUST promotes access to employment for people in situations of vulnerability and/or risk of exclusion.

Collaboration with Non-Governmental Organisations: UNDUST provides donations according to the amount of textile waste collected each month.

We want to be an active vector in a new way of thinking and contributing to a better world, supporting NGOs aligned with SDGs.



COMMUNICATION CHANNELS



UNDUST APP



UNDUST WEBSITE



SOCIAL NETWORKS

OPPORTUNITIES

- Low cost waste
- Promoting circular economy
- Low level of competition
- Young team with a firm mission

CHALLENGES

- Dependence of external partners
- Low value product
- Low barriers of entrance
- Unawareness of overall population

Are we a firm proposition?

Initial investment: **120.498,90€**

- 30.000,00€ from own capital (6 founder partners)
- 40.000,00€ from business angels
- Bank loan for the rest of the initial investment

	Before Activity	Year 1	Year 2	Year 3	Year 4	Year 5
<i>By Cash</i>	0,00€	3000,00€	32.079,36€	131.963,22€	238.709,10€	362.302,54€
<i>Cash Flow</i>	3000,00€	29.079,36€	99.865,86€	106.772,77€	123.593,44€	146.314,79€
<i>AY Cash</i>	3000,00€	32.079,36€	131.936,22€	238.709,10€	362.302,54€	508.617,33€

IRR: 58% MIRR: 33% VAN: ≈ 200.000,00€ ROI: 198% ROA: 28%

1. Who are we?

In 2020 six enthusiastic students from Escuela de Organización Industrial came together to contribute with their knowledge and training to a more sustainable textile industry creating like so UNDUST.

UNDUST is a textile waste management company, born as the first Integrated Management System for the textile industry. UNDUST is conscious and enthusiastic about environmental and social challenges. Our main goal is to bring a brighter future.

2. Market analysis

As recognized in the Asociación Iberia de Reciclaje Textil (ASIRTEX) report *“La Ropa Usada. Tendencias de un mercado emergente. El residuo olvidado en el siglo XXI”* and quoting textual words from the document: *“Used clothing and footwear is the great neglected waste of Spanish urban waste. Some of the reasons why it does not appear in public administrations official statistics are the following: it is not recognized as an independent faction, there is a lack of regulation on its recovery and a lack of data on its traceability since it leaves households. However, in recent years used clothing has appeared in the media being qualified as a big business for companies that are not very transparent and that take advantage of the solidarity and generosity of Spanish citizens”*.

It should be noted that in Spain, 90% of the textile waste that is discarded ends up in landfills, which equals to a total amount of 800,000 tons of textile waster per year. A large amount of waste does not receive any kind of treatment, which translates into a negative effect both environment and the economy.

Within the sector, there are many stakeholders that come into play in the recovery of textile waste, including the public sector, private companies and non-profit organizations. This creates enormous tensions regarding the competencies of the different operators. There is a need for regulation in the field of textile waste in order to face the challenges posed by the sector.

According to ASIRTEX, 70% of the discarded textiles recollected is managed by companies in the social organizations sector, while the remaining 30% is managed by private companies. Within social organizations, one stands out above all others: Caritas. Contacting people from the sector (see Annex 1), our team realized that Caritas carries out a magnificent social work; however, from an environmental perspective its activity has negative consequences: for instance, Caritas keeps the best quality clothing and puts the worst quality clothing in containers. Therefore, it cannot be considered to close the typical cycle of the circular economy.

Following the results of the same study, 80% of the recovered clothing that is in a condition to be reused goes to the African continent. This can cause certain problems, such as countries with less resources finally having to deal with the waste.

The idea of textile waste did not appear in Spain until the beginning of the 1990s. The career of brutal consumerism had not yet started, and therefore this type of waste did not cause a recycling problem. Textile waste was valued as a raw material for papermaking and since there was not such a large consumption of textile products, the paper industry could absorb this type of waste. The subsequent economic growth caused an increase in purchasing power as well as an increase in the consumption of clothing. This ended up creating a problem in the treatment of textile waste. All this was supported by a new culture in which "being fashionable" and taking care of the image, became important characteristics to be socially accepted.

The following table shows sales in millions of euros of textile products, as well as the evolution of household spending on textiles. A huge drop can be seen in 2008 due to the global economic crisis. After it, the figures have been kept constant having a slight increase in the last year studied (2015). It follows from the first column that the textile industry is a sector that moves a lot of money and therefore generates a lot of waste.

EVOLUTION OF THE TEXTILE TRADE IN FIGURES

	Sales in million €	Evolution of family spending on textiles
2006	22 460	1 881
2007	22 083	1 853
2008	19 847	1 348
2009	18 300	1 237
2010	17 373	1 190
2011	17 189	1 130
2012	16 472	1 118
2013	15 850	1 109
2015	16 473	1 138

Source: ACOTEX 2015

Although the family budget has decreased and has stabilized in recent years, the volume of clothing owned by the Spaniards has increased and also the textile waste of Spanish homes.

According to a study by *Compañía Española de Seguros de Crédito a la Exportación* in 2015, Spanish citizens have changed their consumption patterns whereas before they were looking for expensive and high-quality clothing. Today 65% of them prefer not to pay much for the latest trends in clothing. This results in two consequences: quasi-monopoly of low-cost chains in the consumption of clothing in Spanish households and a reduction of the life cycle of clothing.

The average consumption of garments is 34 per person. This figure is similar to that of 2001, but the annual cost has decreased from € 583 (2001) to € 437 (2015). That is, the same number of garments are purchased, but at a lower price. This translates into a decrease in the quality of the garments purchased, and therefore in a shorter life span

In Spain, new clothing collections offered by low-cost multinational retail chains, such as INDITEX, has had an impact in the increase in the amount of textile waste generated by each household. Forecasts estimate an increase in the number of garments that Spanish citizens buy throughout the year due to the change in consumption habits. This reality, of course, has a very important and concerning impact on the environment.

In conclusion to this market analysis, we generated the following main ideas:

- The largest generators of textile waste are textile manufacturing companies as well as households
- The dominance of large fast-fashion brands with low-cost products and a shorter life cycle has meant that the volume of clothing consumed by the population has not been reduced, despite having a lower budget allocated to purchase them.

2.1 Textile waste generated and recovered in Spain

There is a large gap in terms of information, but ASIRTEX estimates will be taken as correct values given the lack of information.

The following table presents an estimate of the textile waste generated according to the Ministry of Agriculture, Fisheries and Environment of Spain (*Ministerio de Agricultura, Pesca y Alimentación, MAGRAMA*).

ESTIMATION OF TEXTILE WASTE ACCORDING TO MAGRAMA	
The average textile waste generated per person/ year of clothing	7 - 10 Kg
The average textile waste over the total municipal waste	5%
% Textile on the composition fraction rest	5.5%

Source: MAGRAMA, 2015

PERCENTAGES OF RECYCLING BY OBJECTIVES FOR THE YEAR 2020

	Rest fraction composition (%)	Total quantities by FR materials (t)	Recycling target in 2020 (%)	Materials recycling target amounts 2020 (t)
<i>Bioresidues</i>	47.2%	8 449 811	50%	4 224 905
<i>Metals</i>	3.4%	613 104	60%	367 862
<i>Plastics</i>	8.9%	1 594 206	55%	876 813
<i>Paper / Cardboard</i>	10.5%	1 881 491	70%	1 317 043
<i>Glass</i>	4.9%	885 735	60%	531 441
<i>Wood</i>	2.0%	362 692	55%	199 480
<i>Bricks</i>	1.2%	215 698	55%	118 634
<i>Textiles</i>	5.5%	983 384	50%	491 692
<i>Others</i>	9.1%	1 636 936	10%	163 694
<i>Humidity</i>	7.2%	1 288 408		
<i>Total</i>	100%	17 911 465	50%	8 291 566

Source: MAGRAMA, 2015

With the above table we can conclude that Spain generates more than 800 million kg of used clothing. Considering a population in Spain of 47 million inhabitants and estimating an average of 8 Kg of discarded clothing, Spanish households rot about 373 million Kg a year. The huge difference from the previous number suggests that each Spaniard produces a figure greater than 10 kg/year. For example, in the Basque Country, the only Spanish community that considers clothing as a separate fraction and pays for its collection, calculates that a person produces 14.8 kg person/year.

According to data from ASIRTEX and entities of the *Asociación de Empresas de Reciclaje Sociales* (AERESS) the recovered clothing is found between 1.5 kg/year, for those autonomous communities with the least recovery, and 2.5 kg person/year for what else (Basque Country). Taking an average of 2 kg person/year and assuming that there is an adequate container network in all Spanish municipalities, there would be a potential collection volume of approximately 93 million kilos in Spain.

The following table shows the collection percentage of different private companies and TSAS (Third Sector of Social Action) in Spain:

2016 ENTITY TYPE COLLECTION VOLUME PERCENTAGE

TSAS entity	Estimated kg	% of total sector	Percentage of total
CARITAS and other social organizations	3.356.809	25,14	18,57
CÁRITAS RED KOOPERA	4.371.481	32,73	24,18
CÁRITAS ROBA AMIGA	2.241.400	16,78	12,4
CÁRITAS-DEIXELLES	841.950	6,3	4,66
ASOC. MADRE CORAJE	1.178.379	8,82	6,52
IBS PADRE RUBINOS	780.000	5,84	4,31
HUMANA	92.648	0,69	0,51
JOVENES UNIDOS ACVIG RECUPERALIA	492.169	3,69	2,72
TOTAL	13.354.836	100	73,86
Private companies	Estimated kg	% of total sector	Percentage of total
EAST WEST SL	620.449	13,13	3,43
ECOTEXTIL SOLIDARITY	1.527.420	32,32	8,45
RECUP.OASIS	237.000	5,02	1,31
MARTINEZ CANO SA	344.000	7,28	1,9
PINILLA TRASMONTE SL	1.839.000	38,91	10,17
TEXLIMCA S.A	158.000	3,34	0,87
TOTAL	4.725.689	100	26,14
TOTAL CAPITALES DE PROVINCIA	18.080.525		100

Source: MAGRAMA, 2015

As it can be seen, TSAS hold the major share in the collection of textile waste . At this point it is worth remembering that, although TSAS play an important role in the social field, their activity is more than debatable from an environmental perspective (among other reasons because they do not follow the standards of circular economy) and that they are not professionalized.

Therefore, it can be seen that there is a business niche, since the companies that receive the most textile waste do not carry out a complete collection and valorization process, which is the service that our company wants to offer.

2.2 Madrid's case scenario

The project mentioned in this document is intended to be carried out in the city of Madrid. That is why, in this part of the report, certain data from the community of Madrid is presented.

MADRID. CONTRACTING ENTITY AND ESTIMATION OF KG COLLECTED. 2016

City	Nº Inhab.	Selective Collection Service	Nº Cont.	Kg.	Kg./Inhab.	Inhab./Cont.
Madrid*	3 141 991	ECOTEXTIL SOLIDARITY SL	150	1 400 000	0.45	20 497
TOTAL	3 141 991		150	1 400 000	0.45	9 215

* To the number of containers in the table, we must add 25 mobile containers installed in the different weekly markets.

Source: MAGRAMA, 2015

The table above shows that in the community of Madrid there is only one winning entity. It can be seen the kg collected of textile waste, and the kg that are collected per inhabitant. It is appreciated that despite being one of the most populated communities in Spain, the number of kg per inhabitant collected (0.45 kg / inhabitant) is much lower than the aforementioned estimates of textile waste production per inhabitant (which is assumed to be more than 10 kg per inhabitant). The value collected in the table is even lower than the estimated average of textile waste collection in Spain, which is estimated at 2 kg / inhabitant.

It is evident therefore that in the Community of Madrid there is a great deficiency in terms of collection of textile waste. That is why we see a good opportunity to enter into this particular market.

2.3 Business model and strategic plan

We have designed our business model and our strategic plan based on the market study explained above and the lessons learned in the process of validating our idea (the interviews and surveys used to validate our business are explained in Annex 1).

2.4 Mission, vision, values

2.4.1 Mission

Carry out textile waste valorization processes to ensure that the textile waste that we collect is put back on the market (circular economy) by being sold to second-hand shops or direct consumers through our leasing services or to recycling plants or producers of recycled material

In other words, our mission is to follow a basic principle of circular economy: to extend the life of textile products for as long as possible and to give them the maximum possible value. All of

this to provide a solution to the following issue: textile waste is being given zero or a very low value as most of it ends up in landfills or is used for energy recovery.

UNDUST also aims at playing a key role in the transition to a more sustainable textile industry and sustainable development by:

- Reducing the amount of textile waste that ends up in landfills
- Changing consumption habits through raising awareness regarding the negative impact of the “fast-fashion” model and the need to buy second-hand clothes or clothes made with recycled fibers
- Contributing to the achievement of the Sustainable Development Goals.

2.4.2 Vision

We want to expand our business and become a leading company in textile waste valorization management by delivering a professional and efficient solution faced by our clients and society.

Along the way, we want to earn this leading position by generating benefits not only for our company but also for the environment and the society, placing sustainability and circular economy at the heart of our business.

Moreover, we want to become a key partner for public administrations in complying with the EU and national statutory obligations to collect textiles separately by 2025 and to ensure that waste collected separately is not incinerated or landfilled.

2.4.3 Values



3. General description of our service

The service offered by UNDUST can be divided into three phases:

1. Obtain and separately collect the textile waste

A huge amount of textile waste is not being separately collected and therefore any change of extending the life of these textile products disappears. We aim at reaching as much textile waste as possible by:

- raising awareness among population
- managing the separated collection of textile waste in the city
- directly reaching textile companies and Non-Governmental Organizations (NGOs)

2. Valorization of the textile waste

Our main value proposal is tackling the lack of proper textile waste valorization processes, which results in textile residue being inadequately treated.

By following waste valorization processes, we will give the maximum value to a waste that currently is being given zero value. The textile waste we receive will be classified and used as follows:

- prepare good quality products for being reused.
- refurbish good quality products if necessary, for making them suitable for being reused
- prepare worse quality product for being recycled.

3. Sell the valorized textile waste

We will put back on the market textile waste received after being treated by selling it as follows:

- Textile products suitable for second-hand use by:
 - Selling them directly to second-hand shops.
 - Through our online store for renting and leasing clothes with a purchase option
- Non-reusable textile residue by:
 - Selling it to recycling plants or producers of recycled materials.

3.1 Market need satisfied

Following our previous analyses, we believe that there is a market necessity in Spain:

- Huge amounts of textile waste are discarded and end up in the landfills. Beyond the environmental problem that this issue generates, this reality is also negative from an economic perspective: a huge amount of money is lost as the lack of reutilization and recycling translates into giving textile waste a very low value or zero value.
- 70% of the textile waste collected is managed by social organizations which do a wonderful social job, but their model does not comply with the circular economy standards (they discard textile products in a bad condition) and is not efficient from an economic standpoint. Therefore, we see a huge room for improvement here.
- There is lack of knowledge and concern among the population as regards the reality of textile waste and the need to transition from a fast-fashion model to a more sustainable one. There is a need to raise awareness to foster a transformation that is ineluctable and that will boost circular business models as ours.

3.1.1 Target market segment

- City halls: city halls are in charge of taking care of the waste generated in the city. Generally, this service is delegated to a waste management company which manages all the waste. The city hall pays the company an amount per kg of waste managed. In this context, city halls will be interested in our company undertaking the management of textile waste as this means less kg of waste managed by the waste management company and, therefore, less expenses for the city hall. Moreover, public administrations have a positive willingness to support initiatives that have a beneficial impact on the environment as ours.
- Textile companies: there is currently a positive sensitivity of the market towards the increasing concern about environment. In this context, we will contact textiles companies interested in making their business model circular and reach agreements so that they give us the textile waste they produce.
- Second-hand shops and recycling companies: we will carry out a professionalized valorization process of the textile waste that we receive. Therefore, second-hand shops and recycling companies will be interested in buying our product as they will receive it ready for being reused or recycled.
- Citizens: our target segment of clients are those individuals concerned and generally well informed about the negative effects of the human activity in the environment. If we launch raising awareness campaigns to inform about the reality of textile waste (which

is widely unknown among population) it will be relatively easy to attract this profile of citizens.

3.1.2 Business model ECOcanvas

We have used the “Eco Canvas” template created by Nicola Cerantola to describe and validate our business model. This new methodological approach is focused on prototyping, developing and testing business models within the new circular economy paradigm. It includes the elements foreseen in the so called “Business Model Canvas” template (proposed by Alexander Osterwalser in 2005) adding the environmental and social foresight and impact of the business and the circular business model (highlighted in Annex 4).

3.1.3 Strategic plan: short term and long-term objectives

To draft our strategic plan we have defined specific, measurable, attainable, result-oriented and time-bound objectives:

Short term objectives

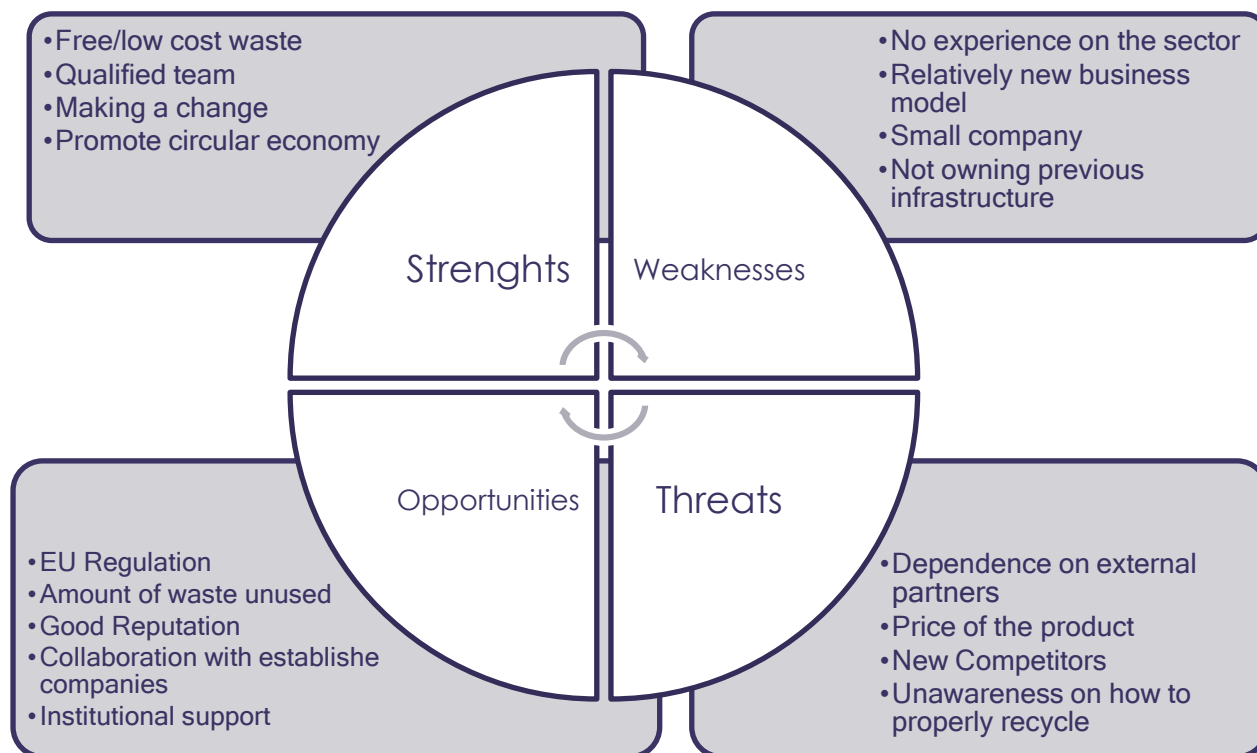
- In the first year, collect an amount of textile waste up to 65 tons which equals to 0.14% of the textile waste generated in Madrid and 3% of the amount of textile waste separately collected annually. We expect to increase the Kg of textile waste collected at an annual rate of 12%.
- Increase the volume of sales at an annual rate of 12% (we have also used this percentage in the amount of sales to be prudent).

Long term objectives

Our main long-term objectives are the following:

- Ensure a sustained growth in the amount of textile waste collected and sales volumes.
- Expand our business to other cities: reach agreements with more city halls.
- Inasmuch as electric and/or hydrogen-powered vehicles become usual in the market, we will externalize the collection of textile waste with a specialized company in residue transportation using this type of vehicles to reduce the GHG emissions derived from our business activity.

4. SWOT Analysis



4.1 Strengths

One of the biggest strengths of our business model relies on the price at which we will obtain the waste. This residue has a low purchase value in the market. Furthermore, there is a high demand for the treatment of textile waste that is not currently covered.

Our team is enthusiastic and thriving. We would like to make this business a success while applying a circular economy business model to the waste textile sector.

4.2 Weaknesses

We are a young group that has no previous experience in the textile waste management industry. We will have to learn by doing. Implementation of a relatively new business model while creating a new company.

We do not own previous infrastructure for the process we are trying to implement. We will need time and resources to build this company from scratch.

4.3 Opportunities

The incoming regulation of the European Union and Spain for textile residue states that “Hazardous household waste will have to be collected separately, textiles by 2025”. Given that our business will provide this specific service, we will have a differentiation factor to the rest of companies. In addition, the amount of textile waste we will obtain will be large.

4.4 Threats

A lack of awareness as well as an inadequate education, leads to part of society not knowing how to properly dispose this type of residue. Society lacks knowledge on how to properly recycle. Due to this, the price of our product might be affected since there is a lack of a market willing to pay for our products.

Even though we do not have many direct competitors we still consider they are our biggest threat. With the new regulation above mentioned, new competitors might appear in the sector trying to get part of the market share.

Some textile manufacturers could develop a parallel system of recollection creating like so a direct competition. These already have a prevalent spot in the market, meaning they could reach the population more easily, while providing extra features.

5. PESTEL Analysis

5.1 Political dimension

In recent years Spanish politics has experienced an environment of uncertainty, with numerous election processes, during an economic recovery and slight political instability. However, governance within the European framework is assured and does not affect our business model.

Referring to the textile sector, as we are in a global market, our raw material is not difficult to obtain, we do not have a high dependency from other countries. Our supply chain is characterized for a numerous quantity of providers and potential consumers. This can be considered as a positive aspect for our business model.

Spanish politics, motivated by political principles of the European framework, is in a process of adapting their policies to the circular economy, which greatly favors our purpose and the creation of startups in accordance with the sustainable development goals.

5.2 Economic dimension

We are in a period marked by a slow economic recovery with constant and safe growth, around 1.5% GDP growth for the European Union. However, the current situation relative to CoVID-19 has decelerated this growth, which may affect purchasing power. Previsions today are still

marked by uncertainty, the real consequences CoVid-19 may have are not clear. However falls in the demand for domestic products, according to the lack of mobility of consumers, can seriously affect our startup.

Countries from the European Union, in differentiation to many others around the globe, have quality standards that are easily traceable and legally accountable. This would translate into high cost of machinery technology, and labor.

5.3 Social dimension

Society is experiencing a clear and growing awareness regarding recycling and environmental issues. There is a positive trend in the amount of clothing donated and/or recycled, hence favoring our business model. The textile sector is not well known for the public, however there is a wide awareness of the damage that textile industries cause to the environment. If we add to this the political trends, which are focusing on advertising and promoting recycling, we can conclude that right now is the perfect timing to start and develop our business.

Our society is a compulsive user of social networks and mobile applications, which provides an opportunity to reach the general public through these.

In the Spanish social context, there is no trends towards the reuse of clothing. However there are already markets that are seeking to resell second-hand clothing. These business models are more common in other developed countries, so it is not an unattainable model to implement in Spain.

Spain has an aging population and a regressive growth pyramid. In general terms, elderly people have a lower consumption rate, meaning it has a negative impact for business based on clothing sales.

5.4 Technological dimension

Companies in the textile sector, with large turnover volumes, usually own standard technologies. Each type of fabric has a unique methodology of recycling, making it impossible to standardize the recycling process by machinery. To adapt the infrastructures, a prior classification system is required. As there is no machinery capable of doing this, we have to consider human labor for this specific process.

5.5 Legal dimension

We will have to request to the relevant regional authority an environmental permit/authorization to start carrying out waste management activities. Therefore, we will have to contact such public authority and prepare the documentation that needs to be submitted to obtain the mentioned permit.

On the other hand, both at a European and at a national level there is a favorable evolving legislative framework in the field of circular economy. The Green Deal and the Spanish Circular Economy Strategy will boost business models as ours based on the circular economy principles. Moreover, we can also support this project based on the EU Waste Framework Directive (2018), that introduces statutory obligations to collect textiles separately by 2025 and to ensure that waste collected separately is not incinerated or landfilled. Our company aims to be a key partner for public administrations in complying with these legal requirements.

Finally, we have to bear in mind the health and customer protection policies that we have to comply with in order to develop and commercialize our product.

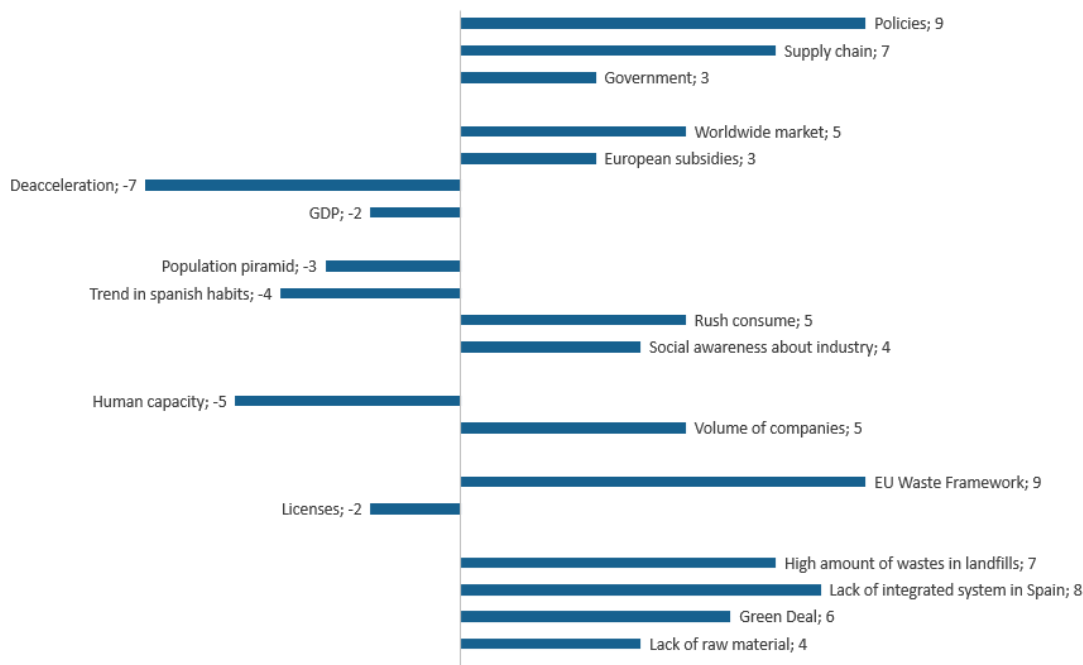
5.6 Environmental dimension

We are experiencing a lack of raw material that is forcing us to change our model of production and consumption. The European Commission bet for this new model, giving priority to sustainable industries over traditional industries. Fashion industry needs to be aware of such environmental risks and create awareness in production units. For instance, growing non-organic cotton requires a big amount of chemicals, water and pesticides, which harm human health and have a significant impact. This remarks the importance of a business like ours.

As we mentioned before, Green Deal Agreement is boosting activities focused on the improvement of the supply chain, according to the 2030 objectives. An integrated system is necessary for achieving them, as at the moment there is no specialized system for this business in Spain. As a part of this, there is high pressure for adapting production models to circular economy.

Institute of Appropriate and Sustainable Technology has observed that the globalized market for fashion manufacturing is working according to a fast fashion phenomenon; a proliferation of cheap clothing, with quick turnover that encourages consumers to keep buying. We need a model that encourages to reuse and buy fewer clothes, and think about giving a proper treatment. 300,000 tons of fashion waste goes into landfills each year in UK. We need to find a new way able to manage these wastes.

PESTEL ANALYSIS



6. Corporate Social Responsibility

The Corporate Social Responsibility (CSR) strategy of UNDUST is composed of four main pillars: our stakeholder relationship, our contribution to the sustainable development goals, our policy for the respect and promotion of human rights, and finally, our social and environmental initiative.

6.1 Stakeholder Relationship

We aim to maintain a constant dialogue with stakeholders based on the principles of transparency and accountability.

Stakeholders are vital for UNDUST. Understanding their needs and expectations will help us create value in a sustainable manner. Indeed, the material issues identified and prioritized by our stakeholders are essential to build our sustainability strategy.

6.2 Sustainable Development Goals

UNDUST CSRs strategy is to contribute to the achievement of the Sustainable Development Goals (SDG). We are committed to promote SDG number 12: Responsible Production and Consumption. That is, to ensure a more sustainable consumption and production patterns in the textile sector.

Our contribution to achieving SDG number 12 is embodied in the following 3 indicators as defined in the Agenda for Sustainable Development: “(i) 12.2 By 2030, achieve the sustainable management and efficient use of natural resources; (ii) 12.5 By 2030, substantially reduce

waste generation through prevention, reduction, recycling and reuse; and, (iii) 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature. “

UNDUST also contributes to making society resilient and sustainable, through taking part in the achievement of SDG number 11: “Sustainable cities and communities”. Furthermore, our socio-labor integration program aims at promoting full and productive employment and decent work for all, thus contributing to the achievement of the SDG number 8: “Decent work and economic growth”. Finally, through our awareness raising and citizens sensitization campaigns we aim at having a positive impact on SDG number 13: “Climate action aimed at combating climate change and its impacts”.

6.3 Promotion and Respect of Human Rights

UNDUST’s CSR strategy is based on one the respect and promotion of human rights. We are committed to doing so using as reference the United Nations Guiding Principles on Business and Human Rights.

Respecting and promoting human right will be considered as a core company policy as it is crucial to avoid infringing human rights of others. For this reason our human rights policy will include our commitment to identify, prevent, mitigate and account for any adverse impact on human rights that may occur as a result of our operations. Access to effective remediation will be guaranteed in case any adverse impact materializes.

6.4 Social and Environmental Initiative

We will collaborate with NGOs. As a company committed to society and the environment, we will make an additional contribution by collaborating with social and environmental initiatives launched by NGOs. We will fund this initiative in a lesser or higher extent depending on the amount of textile waste that is collected each month. In particular, we will donate one euro per each five kilograms of textile waste collected to the selected initiative.

It is important to highlight the fact that through these monthly collaborations UNDUST contribution to the SDGs will be further strengthened as we will fund project aimed at contributing to its achievement.

UNDUST considers access to employment of vital importance. However, in our society there are many individuals who bear a high risk of exit from the labor market and social exclusion. UNDUST aims at combating this problem by giving employment opportunities to these people. Access to employment is a central element of autonomy and social inclusion, and therefore UNDUST believes that public and private initiatives are essential in this area. A protective action is required.

In this sense, we will integrate socio-labor insertion into the heart of the company reason to be. We will promote access to employment for people in situations of vulnerability and/or risk of

exclusion; by, on the one hand, stimulating their insertion in the labor market, and, on the other hand, promoting their autonomy by offering training programs, on-going support and structures that are adapted to their needs.

7. Marketing plan

7.1 Client segmentation

Our core business model is based in a circular economy. Our goal is to give value while helping the environment. Our customers can be part of a movement where not only they are helping the environment but they are also contributing to a greener economy. Our potential users will deposit their textile waste in containers strategically placed throughout the capital of Madrid and the interested businesses will directly manage the collection with us. Both our company empathy map and client segmentation are in Annex 4.

The customer segment we have identified are as follow:

- **Users/Clients:** People who want to get rid of the textile they no longer use.
- **Companies:** Companies with textile waste that is poorly managed and therefore is not adequately recycled.
-

7.2 Competitors and positioning

7.2.1 Competitors

Our main competitors are all those who may have an impact on the company's daily procedure. Companies dedicated to the collection of textile waste are competitors of our company. However, we have identify as main competitors those companies dedicated to the collection, treatment, classification and sale of the textile waste.

Aeress. Aeress is a non-profit association dedicated to the recycling of different urban wastes, including textile waste. Aeress has containers for the selective collection of textile waste, for its posterior classification. The destinations of the textile waste depends on its quality, including their own second hand shops. Furthermore, Aeress aims to promote social transformation and socio labor insertion of risk of exclusion.

Caritas. Caritas constituted the company *Textil Empleo*. This company's objective is to collect and treat textile waste to then deliver it to people in need or to sell it in second hand shops. Furthermore, its aim is to foster socio-labor insertion.

Humana. Humana is the pioneer entity in Spain with regards to selective collection and sustainable management of textile waste. After its selective collection, the ending product is prepared and its destination will depend on the quality of the textile, including their second hand shops. Humana also promotes sociolaboral insertion.

Ecotextile Solidarity. Among our competitors we highlight Ecotextil Solidarity given that it is the waste manager authorized by the Community of Madrid. It is dedicated to the selective collection of the textile waste. After its selective collection, it classifies the textile waste so as to return the textile to the market.

7.2.2 Positioning

UNDUST is a textile waste manager in charge of the selective classification and valorization. We are an awareness raising agent, bringing citizens of the world closer to unknown realities, and promoting sustainable habits through individual and collective learning experiences.

UNDUST is sustainable, is committed and is transparent. Sustainability is our core strategy of circular economy, advocating for sustainable development strategies that ensure the needs of the present without compromising the needs of future generations. We are committed to our duty with society and the environment. We are transparent in all our operations guaranteeing the traceability of all our products and services, and always holding accountable.

7.3 Branding

The vision, mission and values that build our brand are the foundation of our core strategy, it is our reason to be and to operate. Through branding we will bring closer our value proposition to our stakeholders. To this end, on the one hand, we will design a website and a mobile phone application, and on the other hand, we will be active on the main social networks. Through these channels we want our clients to know what UNDUST is like, what characterizes us and what differential value proposition we bring. However, the first thing that we have designed is our logo because is the instant image that characterizes and represents us in a blink of an eye.

7.3.1 Logo



Our logo it's composed of two strands joining together that are horizontally woven, weaving the present to create a new future, a promise to generate future lives for the textile waste. The central circle represents the circular economy, the values of Reduce, Reuse and Recycle. Likewise, that same circle represents the union of a society committed to the environment. In its entirety, our logo represents the citizens of this world building a brighter future for all.

7.3.2 Website and mobile application



UNDUST APP



UNDUST WEBSITE



SOCIAL NETWORKS

7.4 Action plan: **MARKETING MIX**

As plan of action we are planning to implement a plan in our business model in which we will consider four variables: Product, Price, Promotion and Distribution.

7.4.1 Product: Phases

We will offer a service of collection of the textile waste which will include cleaning and treatment of the textile waste. We will then sell it through our leasing service or it will be redistributed to its optimal destiny. Further information will be disposed in the operational plan.

7.4.2 Promotion

Awareness campaigns: we will raise consciousness about textile waste and its related problems. City halls will support our campaign, this will have a greater impact on society
 Social Media promotion: through our social networks we will promote our brand and purpose. The majority of our campaigns will be carried out in Facebook, Twitter and Instagram.

7.4.3 Price

Our main source of revenues will come from the sale of the residue previously collected, classified and treated. We will analyze current textile prices and then add a margin corresponding to the specialized treatment operations given to the residue. This information is recollected further on in the finance plan.

7.4.4 Distribution

We will have three differentiated channels:

- **Containers on the streets:** After reaching agreements with city halls we plan to place textile containers on the street. These containers will be strategically placed in order to bring closer the collection points to the consumer
- **Web page:** We will use it to display information about our company, the problem with textile waste and the location of our containers.
- **APP web:** As with the web page, people will find interesting information about the problem of the textile waste, the different locations of the textile containers and information about the company.

7.4.5 Communication plan

As follows are the communication channels that will be used:

Instagram, Facebook and Twitter. Awareness raising and communication channel. Basic information about the company will be provided and will respond to requests for information from interested parties. In the same way, fields will be shared that stimulate awareness and increase the information of the followers.

Linkedin. Transparency and communication channel. Through this channel we will share our annual and sustainability reports. In the same way, articles/news/data that are related to UNDUST or news/data/articles that may be of interest to our interest groups will be shared.

Youtube. Awareness raising channel. Upload of documentaries with the objective of raising awareness around the reality of the textile waste. These documentaries are uploaded once a week. The message area will be used as a forum format enhancing collective learning.

Webinar. Awareness raising channel. Once a month, there will be a forum cinema in which a video, documentary or movie will be previously viewed. After reflecting on the visualized field individually, thoughts will be shared later in a group. From these reflections a list of improvable habits in our day to day will be drawn.

Also, the social awareness campaign will include the collaboration of the city council in order to have a better impact on society.

7.4.6 Calendar

The schedule of use of the different communication tools that have been aforementioned is set out as follows:

Lunes	Martes	Miercoles	Jueves	Viernes	Sabado	Domingo
						

7.5 KPI'S

UNDUST business model is based in one of a circular economy by raising awareness within society. Key Performance Indicators (KPI) will help us ensure that the best practices are being used in order to meet our current marketing initiatives and see the real awareness we are raising. To do so, we have decided to analyze the following KPIs:

- **Brand Awareness:** by tracking how customers are hearing about our brand we can adjust our marketing strategy and make it more efficient.
- **Total Mobile app downloads:** this metric is simple and takes into consideration the number of times the app has been downloaded. However, we will also take into consideration not only if they are being downloaded but how many have been installed and uninstalled. This will give us a more real value.
- **Total Visits:** by measuring total visits, in our website, mobile application, social media and webinars, we can measure the awareness we are raising and follow the leads of interest of our potential customers.
- **Social Media Reach and engagement:** we will track growth within all social media platforms. We will measure comments, clicks, shares, like and number of followers.
- **Return of Marketing investment:** this metric will help us analyze how much revenue each marketing campaign is generating.

7.6 Marketing budget

This budget has a total duration of twelve years. After four years we will analyze the situation of the company and textile waste, and from this consideration take different actions. In addition, the marketing plan will be annually revised to adequately modify KPIs. Our communication plan will be based in two main activities: social media and awareness campaigns. The financial plan is displayed in Annex 3.

8. Operations plan

8.1 Separated collection of textile waste

Development of strong alliances with key partners. We need a constant flow of textile waste in order to operate our business model. For this reason, we will develop strong alliances with key partners to ensure that we get the largest possible amount of textile waste.

Agreements:

- **City halls:** right now, city halls are in charge of taking care of the textile residue produced in the city. This service is usually delegated to waste management companies which do not follow specialized processes to treat this kind of waste. Due to this lack of specialization, most of the collected textile residue ends up in landfills or being used for energy recovery which means that its useful life ends.
 - In order to change this situation UNDUST will enter into agreements with city halls to undertake the management of textile waste and ensure that the useful life of textile products is extended following the principles of circular economy. These agreements will also be an effective way to ensure that UNDUST gets a constant flow of textile residue to manage.
- **B2B:** as incoming regulations show, textile industries will need to manage all textile residues that they generate. For this reason, UNDUST will negotiate agreements with textile companies so that the textile waste that they produce is destined to UNDUST's operations. This agreements will be an effective way for UNDUST to obtain textile waste. On the other hand, they will help the textile companies to manage their textile residues by giving them a second life and also to build their reputation as sustainable companies that promote circular economy.
- **NGO:** UNDUST will also reach agreements with NGOs in order to obtain the textile products that they do not use for social purposes. The company will give them a longer life and avoid that they end up in landfills.

9.1.1 Containers and training

According to the terms and conditions of the agreements reached with city halls, UNDUST will manage textile containers placed in the city. In order to bring the collection points closer to the users, UNDUST commits to place more textile containers on the street and at municipality facilities to facilitate and promote the proper way of throwing textile residues.

As it is explained in the marketing plan, to promote proper recycling habits UNDUST will create social awareness campaigns with the help of the city halls in order to raise social awareness regarding the concerning situation of the textile residue.

8.1.2 User Recruitment

We will ensure our credibility and earn our users' trust through two main ways:

1. **Marketing plan:** UNDUST will raise awareness about the impact of textile waste in the environment through social media marketing campaigns and sensibilization campaigns launched in collaboration with the city halls. The aim of this campaigns will be to educate society on how to recycle the textile waste correctly.
2. **App development:** we will develop a mobile app to inform the users about the concerning situation of textile waste and about the actions that we as society should take to solve the problem. This app will also provide users the possibility to search and geolocate textile containers so that they can choose the one that fits them best to throw away their residue.

With these two actions we expect to make society aware of the importance of recycling textile products properly. Indirectly, this will result in users throwing more textile waste to our containers and us getting more residue to run our business.

8.1.3 Collection of textile waste

- **Transport:** the collection of waste will be completely externalized. We will outsource this service to a company specialized in transporting waste.
- **Storage:** once the textile residue enters our facilities, our employees will store it for its further classification and treatment.

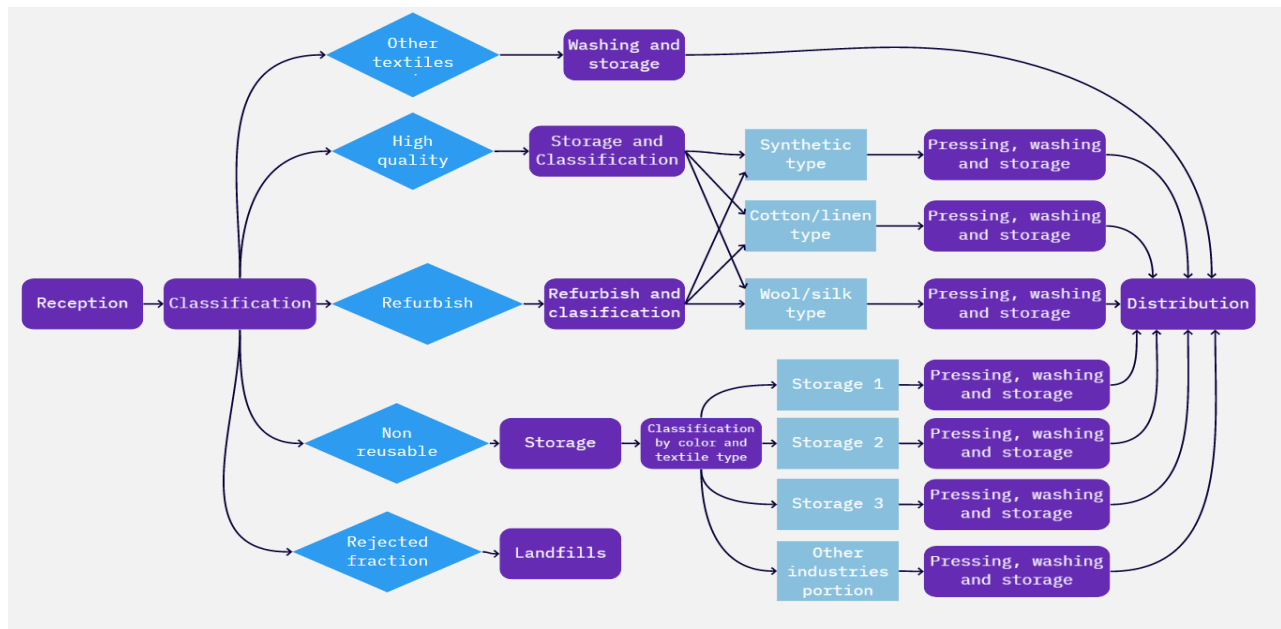
8. 2 Classification

We will rent an industrial plant with an office included. Once received the textile waste, we will store it in a main container. Then the following process will be carried out:

1. The textile will be transported via conveyor belt for a first manual separation. We will classify and differentiate between 4 main groups: high quality textile, textile for refurbishing, other textile/footwear, and non-reusable textile. Once classified, with the conveyor belts, we will transport the material to their respective storage.
2. High quality textile will be separated based on quality standards and kind of fibers.
3. Not reusable textile will be separated by kind of fiber, and later on divided by colors This process will make it easier for our customers to obtain new fiber in a cradle to cradle process. Non-recyclable textile will be redistributed to other industries that can take advantage of it. We are going to classify and use a batch methodology, adjusting the storage of these materials based on the demand.
4. Other textile & footwear will be washed and distributed.

- Clothes will be repaired and combined with high quality textile. We will provide sewing machines, tables and material for refurbishing.

Before the distribution and after the classification, we will wash and dry all textiles using our industrial equipment. In addition, we will press the material for their transportation in boxes. Shelves for high weight boxes will be provided in a storage place. Personal Protective Equipment's (PPE) will be provided to our operators for their safety. Summarized, our diagram flow in the industrial plant will be the following



8.3 Selling, renting and distribution

Our main clients will be:

- Large business and enterprises: with the capacity to recycle textile provided by us.
- Second hand stores and small to medium enterprises (SME) that can resell part of our high quality textile.
- We will create an online store where we will rent and lease clothing. Our clients will be able to rent seasonal clothes distributed through an outsourced transportation service that will cover the entire national region.

9. Human resources plan

Our company is going to be privately financed by all six partners of UNDUST. Each one of us will contribute initially to a total amount of 30.000,00 euros.

Out of the six investors, three will remain anonymous to the company's operations. Starting we will have an Executive Manager, Operational Manager and Communications Manager. In addition one Factory manager and three recycling technicians operating at the recycling facility. In accordance with our business model and CSR policies, we will hire workers at risk of exclusion.

9.1 Profiles and competencies

The Chief Executive Officer will be in charge of the following functions: lead, create and implement UNDUST missions; Develop a high quality strategy in accordance with all partners; Must be a leader who builds and motivates a thriving team; oversee strategic planning and all operations to ensure desired results in accordance with the company business strategy; evaluate if goals are being achieved; will be point of contact with key partners and stakeholders; will be in charge of financial operations.

The Executive Manager must be passionate and understanding of Circular Economy and its context. He/she must have a multidisciplinary profile. Must have professional financial control, as well as conflict resolution and analytical skills.

The Operations Manager will be in charge of the following functions: Lead purchasing and supply operations; analyze, along with the Chief Executive Officer, the impact of purchases on the company's treasury; manage and control supply and stocks; define, implement and follow the "purchasing" plan from the suppliers; define, select, evaluate and approve processes with suppliers; oversee plant operations and its correct functioning.

The Operations Manager will have strong communication, negotiation and organizational skill. As well, he/she must be a great leader with conflict management skills.

The Communication Manager will be in charge of the following functions: Must implement a cross-functional communication system between all different departments; he/she will be responsible for promoting UNDUST through social media, websites and other marketing strategies; Implement an effective communication strategy to build brand awareness and customer loyalty.

The Communications Manager must have strong communication and organization skills; As well he/she must have strong written and oral abilities.

The Factory Manager will oversee that all operations are being carried on adequately. He/she will also supervise recycling technicians, as well as classify and organize.

The Recycling Technicians will classify and organize textile waste accordingly to our established process. Each of our workers will receive training prior to their employment. They will work under the operations manager supervision.

9.2 Collective bargaining agreement

The Collective Bargaining agreement (CBA) applicable to the company's employees is the CBA for the recovery and recycling of waste and secondary raw materials. This is due to the fact that the geographical scope of this CBA covers all the national territory including Madrid and also because according to its functional scope it is applicable to those companies, factories or waste managers that, as UNDUST, classify, cut, press, transform and/or valorize any kind of waste or secondary raw materials, including their transport and commercialization.

9.3 Remuneration policy

Employees will be paid an annual fixed salary according to their professional category (a breakdown of the specific amounts paid by position is included in Annex 2). The amounts paid meet the minimum salaries per professional group set forth in the CBA salary scales.

If the company performs well in the following years, we will implement a variable remuneration system according to which the employees will be entitled to receive a bonus depending on the company's yearly financial results.

9.4 Social security costs

In calculating the costs of operating our business, beyond salaries we have to consider social security contributions that we have to pay per employee. In Spain, the employer's contribution to the social security scheme is as follows:

Common contingencies	23.6%
Unemployment	5.5%
Wage guarantee fund	0.2%
Professional training	0.9%
Total	29.9%

10. Legal plan

10.1 Legal form

UNDUST will be duly incorporated and registered in Spain as a private limited liability company (*sociedad de responsabilidad limitada*, "S.L.").

We have chosen this form of company because shareholders' liability is limited to their capital contributions (i.e. they are not personally liable for corporate debts) and also because it offers the following advantages compared to public limited companies (*sociedad anónima*) (which is the other main type of company in Spain):

- The minimum capital required to set up an S.L. is € 3,000 while in the case of S.A. is € 60,000.
- The operational costs of a S.L. are generally lower than those of a S.A.
- S.L.'s are suitable to develop business projects with a small number of shareholders as their legal regime allows to give relevance to such shareholders' personal conditions (e.g. their capacity to decide on the business project). On the contrary, S.A.'s legal regime is more restrictive in this sense.
- S.L.'s equity is divided into shares which are not freely transferable. As opposed to S.A.s, S.L.s are characterized per having a closed character (i.e. the associative relationship between shareholders as well as the identity of the shareholders is very important).

10.2 Setting up of the corporate entity

Incorporation formalities

1. We will request the Spanish Central Commercial Registry to issue a company name certificate to check out that the corporate name "UNDUST, S.L." is not yet registered.
2. Next, we will open a bank account in the name of the company and deposit a minimum € 3,000. The relevant bank will issue a certificate that we will need to submit to the notary public.
3. The setting up of the corporate entity will require the execution of a deed of incorporation before a public notary including, among others, the company's articles of association, the identification of the shareholders and the contributions made by each of them as well as the initial management body.
4. The deed of incorporation will have to be registered with the Commercial Registry. Once registered, the company will acquire its legal status, however, from the moment in which the deed of incorporation is granted, UNDUST may start its business activity.
5. We will set up the company electronically, in a single procedure, by using the so called "Single Electronic Document (DUE)" including all the data which has to be sent to the Registries and Public Administrations in order to set up the company.

Articles of association

The articles of association include the data to identify the company and its business activity:

- **Corporate name:** UNDUST, S.L.
- **Registered office:** Los Rosales, Industrial site of Móstoles, Madrid.
- **Corporate purpose:** textile waste management

Moreover, its drafting is particularly important as they establish the terms and conditions for the operation of the company as well as they regulate the corporate governance as explained with greater detail in next point.

10.3 Corporate governance

Shareholding structure

Founders or major shareholders: When established, UNDUST, S.L. will have a registered capital amounting to € 30,000, divided in 3,000 shares with face value of € 10 each fully subscribed and paid out as follows:

Founder	Share capital (€)	Number of shares	Face value per share (€)	Ownership
Josune	5,000	500	10	Josune 100%
Nagore	5,000	500	10	Nagore 100%
Xabi	5,000	500	10	Xabi 100%
Pablo D	5,000	500	10	Pablo D 100%
Pablo L	5,000	500	10	Pablo L 100%
Lara	5,000	500	10	Lara 100%

All of the shares will be of the same class and carry equal economic and voting rights.

Investors

Once the company has been established, we will seek “business angels”, i.e. investors interested in funding our company in return of equity, through a funding round. In such funding round we will have the following main objectives:

- *Negotiate the valuation of our company:* valuation of start-ups is indeed a difficult issue as there is no financial background performance of the company available. Nevertheless, in the funding round we will present a firm business plan with good financial prospects so that we can agree on an estimate value for our company that allows us to obtain the money that we need at the lowest possible dilution (the highest the investors estimate their investment exit, the less % of the company’s ownership they will be willing to accept).
- *Maintain our shareholding in the company at the level of 70%:* we will seek an investment of € 40,000 in exchange for 30% ownership of our company.
- *Term sheet:* we will negotiate the terms and conditions governing the relationship between us (founders) and the investors including, among others: (i) the rights and obligations of the shareholders towards the company; (ii) the disposal of shares regime (whether direct or indirect), and, most importantly (iii) the level of involvement of the business angels in the management of the company which we want to keep as low as possible. These terms and conditions will be formalized in a shareholders agreement.

- Once we have been able to attract business angels meeting the above-mentioned conditions, the investment will be formalized through an increase of the share capital of the company. In particular, 1,285.71 new shares will be issued with a face value of € 10 each and a share premium of € 21.08 per share. Following this formula, the investment will be structured as follows:
- *Registered capital after the investment:* € 42 857, divided in 4 2857 shares with face value of € 10 each fully subscribed and paid out as follows:

Partner	Share capital (€)	Number of shares	Face value per share (€)	% of ownership
Founders	30,000	3,000	10	70 %
Business angel(s)	12,857	1,285	10	30%

- *Share premium:* a total amount of € 27 142.86 (€ 21.08 per share). This is the “extra charge” paid by the business angels on the shares’ face value: they will provide € 40,000 in exchange for 30% ownership so this means that new shares will be issued representing 30% of the company’s registered capital (€ 12,857) and the difference between € 12,857 and € 40,000 will be paid as share premium to allow this ownership structure.

The shareholders (founders and investors) will attend the General Shareholders’ Meeting where they will vote, among other decisions, the approval of the annual accounts of the company and the distribution of profits and allocation of losses.

Management structure

the company will be managed and represented by two directors acting jointly (administradores mancomunados). This means that they will need to act together to perform their management and representation powers.

Other legal obligations

Other legal formalities and obligations that we have to comply with from a labor, social security, tax and public law perspective are detailed in Annex 3.

11. Financial

We will consider the following differentiations within our financial plan:

11. 1 Incorporation concepts

Licenses and authorizations

Annex 3 further analyzes startup costs. All these initial costs will be considered as intangible immobile assets, with an estimated valid duration of 10 years.

11. 2 Tangible and intangible assets

Our material investment includes necessary equipment to carry out our activity, such as office furniture and IT equipment. Given that we are responsible for collecting textile waste, we will buy a total of 75 containers: 15 containers will be destined for street recollection; and 60 containers will be established at minor recollection points and destined for Business to Business (B2B) activity.

The amount of containers will increase over time as our operational capacity increases. Our large containers can gather up to 150 Kg per month whereas our minor containers can gather up to an equal of 60 Kg per month. The following table shows the number of containers we will need respectively:

	Before activity	YR 1	YR 2	YR 3	YR 4	YR 5
<i>Extra assets</i>		3.000,00 €	1.000,00 €	3.000,00 €	4.000,00 €	3.000,00 €
<i>Street containers</i>	15,00	17,00	18,00	20,00	23,00	25,00
<i>City hall support containers</i>	60,00	70,00	70,00	80,00	90,00	100,00
<i>Total kg recollected in 1 yr</i>	70.200,00	81.000,00	82.800,00	93.600,00	106.200,00	117.000,00
<i>Total needs of recollection in 1 yr (kg)</i>	65.000,00	72.800,00	81.536,00	91.320,32	102.278,76	114.552,21
<i>% of kg supplied by our containers</i>	93%	90%	98%	98%	96%	98%

We will need industrial equipment such as: conveyor belts for the classification of textile and later relocation; industrial washing machines and dryers; and a special press machine for packing. In addition, we will use containers to store textile between operations.

One washing machines with a 70 Kg capacity will cost € 17,000. We will need two units to cover our initial demand, considering two cycles per day and operating 270 business days. Driers with a 70 Kg capacity will cost € 5200. We will need one unit.

As for the indoor transport system, a five meter belt will cost € 1500 including a motorized part and an adjustable slope. We have calculated that we will need nine units amounting to € 13500.

In addition, we will need: 10 metallic shelves for storage; 2 sewing machines for refurbishing; and furniture described in annex 3.

On the intangible side, we will hire a management service for our application and website, these costs will cover programming, visual designing and launching.

The following table shows all broken down costs above mentioned:

Tangible Concept	Amortization per year			
	Total cost	VAT	Years of amortization	Cost per year
Office (rent)	0,00 €	21%	20	0,00 €
Industrial factory (rent)	0,00 €	21%	25	0,00 €
Street containers	15.000,00 €	21%	6	2.500,00 €
City hall support containers	6.000,00 €	21%	6	1.000,00 €
Furnitures	3.632,90 €	21%	7	518,99 €
Informatic equipment	3.380,00 €	21%	5	676,00 €
Maquinary				
Sewing machine + table and chair	2.800,00 €	21%	5	560,00 €
Press for clothes	7.000,00 €	21%	15	466,67 €
Conveyor belts	13.500,00 €	21%	10	1.350,00 €
Containers	6.000,00 €	21%	12	500,00 €
Driers	5.200,00 €	21%	10	520,00 €
Shelves	3.030,00 €	21%	8	378,75 €
Industrial washing machines	16.500,00 €	21%	13	1.269,23 €
Intangible				
Programs	4.500,00 €	21%	5	900,00 €
Website	6.000,00 €	21%	10	600,00 €
App	1.350,00 €	21%	6	225,00 €
Establishment costs	6.106,00 €	21%	10	610,60 €
Initial cash	10.000,00 €			
Total active	109.998,90 €		Total amortization per year	12.075,23 €

11.3 Financing plan

To finance our project, we have considered the following funding options:

- Own capital
- Borrowed capital from investors
- European subsidies
- Leasing or bank

We have finally opted for the following funding structure:

- **Own capital:** each co-founder will contribute € 5 000 to the company (total of € 30,000).
- **Capital from angel investors:** as explained in the legal plan, we will seek business angels (external investors) through a funding round. These angel investors will get a minority shareholding of our company (30%) in exchange for funds (€ 40,000). The legal plan includes detailed information as how the funds obtained from these investors will be divided between registered capital and share premiums.
- **Bank loan:** the evolution of the bank loan can be found in a table attached to Annex 2. The interest rate of the loan will be 12% and the loan will be repaid in 10 years.

The specific figures are shown in the table below:

Own funds	
<i>Own capital</i>	30.000,00 €
<i>Subsidies</i>	0,00 €
External financing	
<i>Investors</i>	40.000,00 €
<i>Bank Loans</i>	39.998,90 €
<i>Total Financing</i>	109.998,90 €

11.4 Income distribution

We have established a rank of selling prices depending on the quality of the textile residues that we receive (those will be classified depending on its quality as explained in the operations plan). The prices that we have considered are based on the advice that we have received from companies that actually treat these kind of textile products (we mention some of them in the interviews included in Annex 1).

On the other hand, we have considered that during the first business year, we will collect a total amount of 65 tons of textile waste. This figure equals to approximately 0.1% of the total textile waste produced and 1% of the total textile waste collected per year in the city of Madrid. We have used estimates that are sufficiently conservative to forecast a feasible increase of our business activity during the following years.

Moreover, to calculate the percentage of textile residues that we will receive depending on its quality, we have considered the figures used in the study carried out by Watson et. al (2016) plus an extra 3% of non-textile residues (i.e. we assume that we will receive residues that we will have to reject as per not being textile waste). On the other hand, cream quality material can be adjusted to rented clothes or resold clothes, so we can expect these percentages to be variable according to the demand of the product.

As regards rented clothes, we have considered that each of them will be used twice (2 rent cycles). Moreover, we have considered direct costs assuming that these clothes will need to be refurbished each time they are rented.

	Selling price (Eur/kg)	Direct costs (Eur/kg)	VAT	Margin	Percentage of total managed textile (weight)	kg
<i>Resold clothes in EU</i>	10,00 €	0,00 €	21%	10,00 €	15%	9750,00
<i>Rented clothes</i>	12,00 €	1,50 €	21%	10,50 €	20%	13000,00
<i>Recycled textile</i>	1,30 €	0,00 €	21%	1,30 €	20%	13000,00
<i>Other industries textile wastes</i>	0,20 €	0,00 €	21%	0,20 €	13%	8450,00
<i>Useful footwear</i>	13,00 €	2,20 €	21%	10,80 €	5%	3250,00
<i>Not wearable textiles</i>	2,00 €	0,00 €	21%	2,00 €	9%	5850,00
<i>Refurbished textiles</i>	10,00 €	2,20 €	21%	7,80 €	15%	9750,00
<i>Rejected material</i>	0,00 €	0,00 €	21%	0,00 €	3%	1950,00

We expect a 12% growth in our total sales per year, according to our positioning and marketing labour. 20% of our sales are expected to be down payment, 30% with 30 days of delay, and 50% with 45 days of delay. All the variable costs we are incurring in, will be down payment.

We will consider the following as direct costs: transportation, approximately € 50 per 333 kg transported by truck; refurbishing material such as thread, zippers and needles, with a cost of

€ 2.3 per kg of clothes; packing import, an approximate cost of € 8 per 30 kg; extra cost of conditions for high quality, approximately €0.50 per kg.

11.5 Operational costs

The following table shows a breakdown of costs during our first year of operations:

1 Year		
Sale incomes	396.890,00 €	100%
Direct costs	39.960,36 €	10%
Margin o/Sales	356.929,64 €	90%
HHRR salaries	175.500,00 €	44%
Marketing	33.735,65 €	9%
Bills	18.000,00 €	5%
Industrial building rent	30.000,00 €	8%
External asesories	7.300,00 €	2%
Office materials + cleaning services	3.500,00 €	1%
Training cost	2.100,00 €	1%
Financing NGOs Program	12.610,00 €	3%
Insurances	8.104,50 €	2%
Anual license of activity	3.382,65 €	1%
Resultado operativo (EBITDA)	62.696,84 €	16%
Amortization	12.075,23 €	3%
EBIT	50.621,61 €	13%
Financing Costs	5.999,84 €	2%
EBT	44.621,77 €	11%
Taxes	9.370,57 €	2%
Profit	35.251,20 €	9%

We will consider an annual inflation rate of 4% for renting, and 3% for bills and cleaning services concepts. One concept refers to a program for NGOs financing, where we will dedicate a estimated amount of €1 per 5 kg recollected to a monthly cause.

Training costs are directly related to new employees entering to our company per year, and insurances are related to total immobilized assets (15% of the total). Bills breakdown is in annex 3 table

11.6 Gain and loss results

The following table shows the first 5 years of activity of UNDUST:

	1 Year		2 Year		3 Year		4 Year		5 Year	
Sale incomes	507 910.00 €	100%	568 859.20 €	100%	637 122.30 €	100%	713 576.98 €	100%	799 206.22 €	100%
Direct costs	108 773.69 €	21%	121 826.54 €	21%	136 445.72 €	21%	152 819.21 €	21%	171 157.51 €	21%
Margin o/Sales	399 136.31 €	79%	447 032.66 €	79%	500 676.58 €	79%	560 757.77 €	79%	628 048.71 €	79%
HRRR salaries	175 500.00 €	35%	179 010.00 €	31%	204 230.52 €	32%	230 388.26 €	32%	257 510.61 €	32%
Marketing	43 172.35 €	9%	48 353.03 €	9%	54 155.40 €	9%	60 654.04 €	9%	67 932.53 €	9%
Bills	13 099.40 €	3%	15 109.05 €	3%	16 960.37 €	3%	19 081.97 €	3%	21 514.94 €	3%
Industrial building rent	30 000.00 €	6%	31 200.00 €	5%	32 448.00 €	5%	33 745.92 €	5%	35 095.76 €	4%
External asesories	7 300.00 €	1%	7 300.00 €	1%	7 300.00 €	1%	7 300.00 €	1%	7 300.00 €	1%
Office materials + cleaning services	3 500.00 €	1%	3 605.00 €	1%	3 713.15 €	1%	3 824.54 €	1%	3 939.28 €	0%
Training cost	2 100.00 €	0%	- €	0%	300.00 €	0%	300.00 €	0%	300.00 €	0%
Financing NGOs Program	12 610.00 €	2%	14 123.20 €	2%	15 817.98 €	2%	17 716.14 €	2%	19 842.08 €	2%
Insurances	10 729.50 €	2%	10 729.50 €	2%	10 729.50 €	2%	10 729.50 €	2%	10 729.50 €	1%
Anual license of activity	3 382.65 €	1%	3 760.95 €	1%	4 184.65 €	1%	4 659.19 €	1%	5 190.67 €	1%
Resultado operativo (EBITDA)	97 742.41 €	19%	133 841.93 €	24%	150 837.02 €	24%	172 358.21 €	24%	198 693.34 €	25%
Amortization	13 421.39 €	3%	13 921.39 €	2%	15 088.05 €	2%	16 921.39 €	2%	19 254.72 €	2%
EBIT	84 321.02 €	17%	119 920.54 €	21%	135 748.96 €	21%	155 436.83 €	22%	179 438.62 €	22%
Financing Costs	7 574.84 €	1%	5 453.88 €	1%	4 847.89 €	1%	4 241.91 €	1%	3 635.92 €	0%
EBT	76 746.19 €	15%	114 466.66 €	20%	130 901.07 €	21%	151 194.92 €	21%	175 802.70 €	22%
Taxes	16 116.70 €	3%	24 038.00 €	4%	27 489.22 €	4%	31 750.93 €	4%	36 918.57 €	5%
Profit	60 629.49 €	12%	90 428.66 €	16%	103 411.84 €	16%	119 443.99 €	17%	138 884.13 €	17%

As seen in the previous table, we will have a positive profit our first year of activity. Our financial plan has a security margin in case of miscalculations. .



11.7 Cash Flow

The cash flow per year is listed below:

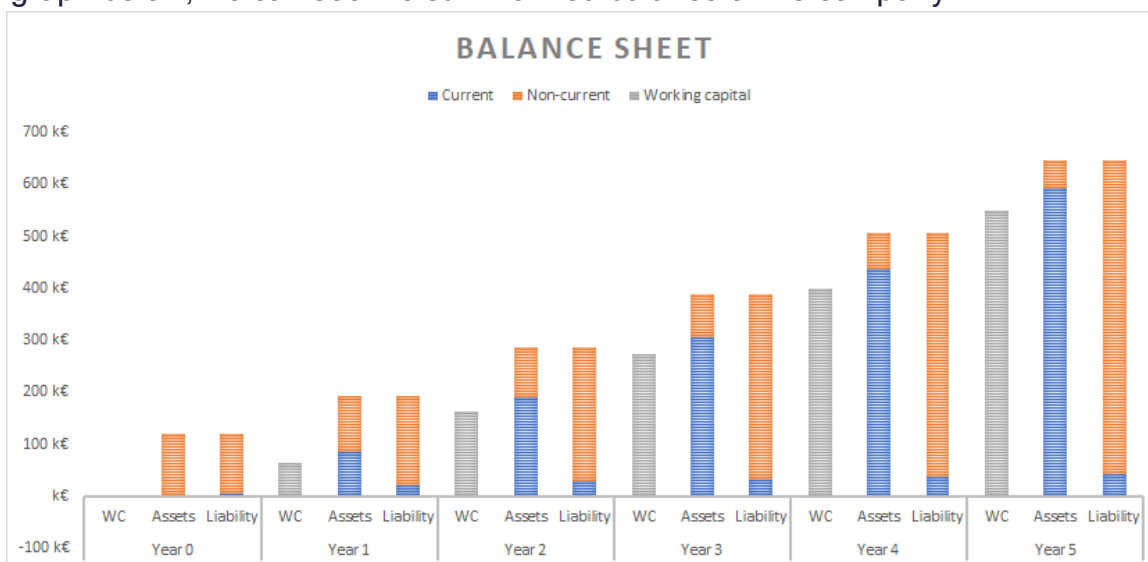
	Before activity	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Payment per sales</i>		561 532.77 €	681 955.03 €	763 789.64 €	855 444.39 €	958 097.72 €
<i>Direct costs</i>		131 616.17 €	147 410.11 €	165 099.32 €	184 911.24 €	207 100.59 €
Incomes		429 916.60 €	534 544.92 €	598 690.31 €	670 533.15 €	750 997.13 €
<i>Marketing</i>		43 172.35 €	48 353.03 €	54 155.40 €	60 654.04 €	67 932.53 €
<i>HRRR Salaries</i>		175 500.00 €	179 010.00 €	204 230.52 €	230 388.26 €	257 510.61 €
<i>Bills</i>		13 099.40 €	15 109.05 €	16 960.37 €	19 081.97 €	21 514.94 €
<i>Industrial building rent</i>		30 000.00 €	31 200.00 €	32 448.00 €	33 745.92 €	35 095.76 €
<i>External asesories</i>		7 300.00 €	7 300.00 €	7 300.00 €	7 300.00 €	7 300.00 €
<i>Office materials + cleaning services</i>		3 500.00 €	3 605.00 €	3 713.15 €	3 824.54 €	3 939.28 €
<i>Training cost</i>		2 100.00 €	- €	300.00 €	300.00 €	300.00 €
<i>Financing NGOs Program</i>		12 610.00 €	14 123.20 €	15 817.98 €	17 716.14 €	19 842.08 €
<i>Insurances</i>		10 729.50 €	10 729.50 €	10 729.50 €	10 729.50 €	10 729.50 €
<i>Anual license of activity</i>		3 382.65 €	3 760.95 €	4 184.65 €	4 659.19 €	5 190.67 €
<i>Loan</i>		5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €
<i>Financing costs</i>		7 574.84 €	5 453.88 €	4 847.89 €	4 241.91 €	3 635.92 €
<i>Selling VAT</i>		83 818.62 €	93 876.86 €	105 142.08 €	117 759.13 €	131 890.23 €
<i>Operative VAT</i>			16 116.70 €	24 038.00 €	27 489.22 €	31 750.93 €
<i>New assets</i>		3 000.00 €	1 000.00 €	3 000.00 €	4 000.00 €	3 000.00 €
Outcomes		400 837.25 €	434 688.06 €	491 917.43 €	546 939.71 €	604 682.34 €

	Before activity	Year 1	Year 2	Year 3	Year 4	Year 5
<i>BY Cash</i>	- €	3 000.00 €	32 079.36 €	131 936.22 €	238 709.10 €	362 302.54 €
<i>Cash flow</i>	3 000.00 €	29 079.36 €	99 856.86 €	106 772.88 €	123 593.44 €	146 314.79 €
<i>AY Cash</i>	3 000.00 €	32 079.36 €	131 936.22 €	238 709.10 €	362 302.54 €	508 617.33 €

During the first year of operation, our cash flow will be positive. We will prevent like so any commission in negative cash flow by the extra € 3000 as initial cash.

12.8 Balance Sheets

In the graph below, we can see the summarized balance of the company



Our long-term liability is almost all our liability, as we don't have high dependency of a bank loan (10 years of returning), we are managing our buys down payment and state debt. Our current assets (liquid cash) increase every year, generating a working capital for us. This working capital can be translated into possibilities of expansion to other regions of the company in later years.

11.8 Economical results

As we can see in the results in the table below, we are achieving a good return rate after 5 years of activity (we are achieving 58%, what is a good value considering the risk of financing a startup). After 5 years as well, and considering 12% of interest rate, we got almost € 200 000, which mean this business is profitable.

<i>5 years results</i>	<i>MIRR</i>	33%
	<i>IRR</i>	58%
	<i>VAN</i>	198 783.68 €
	<i>ROI</i>	198%
	<i>ROA</i>	28%

Referring to return on equity and return on assets, we are getting 198% of return of the investment from our partner and crowd funders, and per every euro invested in assets, we are receiving € 2.98 after 5 years of activity.

12. Conclusions

UNDUST is a textile waste management company, born as the first Integrated Management System in the textile industry. Our objective is to give a differential value to the great forgotten urban waste, the textile waste. This, considering that 90% of textile waste ends up in landfills, carrying negative consequences for the economy, society and environment.

The market analysis has shown that, on the one hand, the largest generators of textile waste are textile manufacturing companies and households. And, on the other hand, the dominance of large fast-fashion brands with low-cost products and a shorter life cycle has meant that the volume of clothing consumed by the population has not been reduced, despite having a lower budget allocated to purchase them.

Following the data recovered, it's obvious that the rate of consumption is not adequate to the treatment received by the waste. Consequently, there is a clear gap in terms of collection, treatment and valorization. Therefore, it can be seen that there is a business niche, since the companies that receive the most textile waste do not carry out a complete collection and valorization process, which is the service that our company wants to offer.

Although there is competition in the sector, our value proposition makes us unique. The difference value we are proposing to the society is based on the principles of circular economy, optimizing the treatment for textile wastes, and taking full advantage of the economic value we can obtain from them. Following our company values of transparency, traceability and accountability, we want to offer to every citizen the possibility of being conscious about the whole trajectory followed by their residues. As well, we want to offer an innovative system from its collection to its sale, which is based on clothing leasing, by aiming a more sustainable textile sector. Furthermore, we propose a further positive differential value through our contribution to the realization of the SDGs, our monthly collaborations with NGOs and our sociolabor insertion program.

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ANNEX 1

Interviews and surveys:

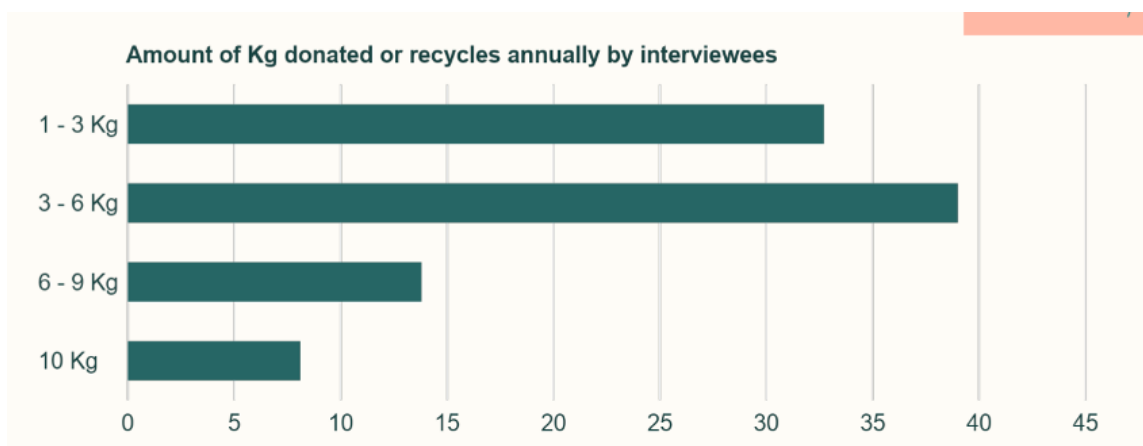
Due to the lack of data that we found in Internet and to validate our idea, we did some interviews and some surveys that gave us some important information. During the validation of the business model, certain surveys were carried out that allowed us to know how the consumer behaves towards the problem of textile waste.

After certain provisional surveys, a last one was carried out, which was the definitive one. 159 responses were obtained, which allowed knowing what the consumer's behavior would be in different situations.

The first thing that marked the survey is the need to make people aware of the situation of textile waste. 81,6% of the interviewees answer that they do not have knowledge regarding the reality of the textile waste.

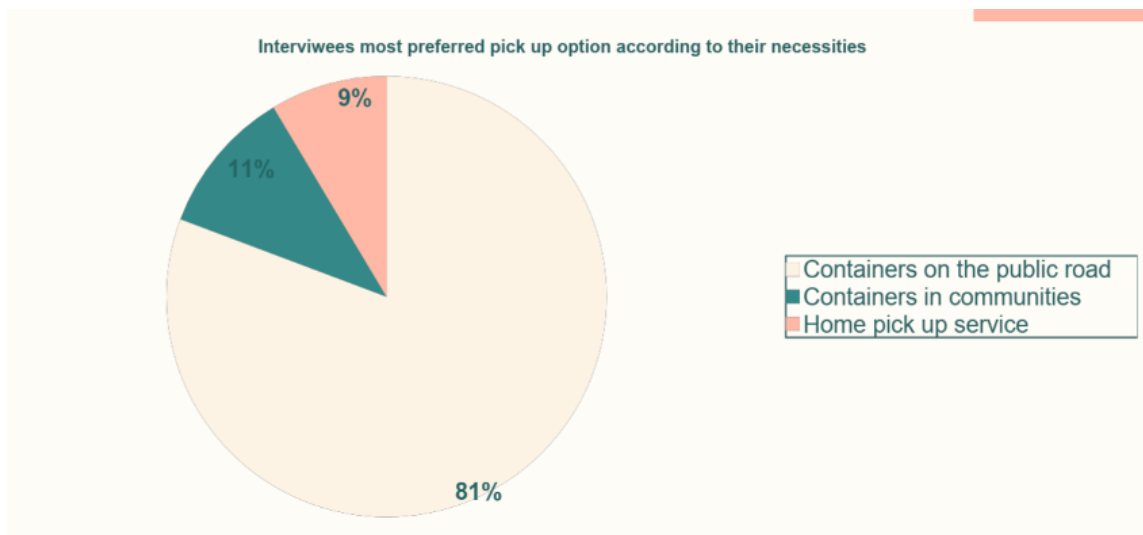
An online channel should be a good idea for informing people about the reality of the textile sector. 70,4% of the interviewees use online sources to find information about environmental issues.

The following graph shows the amount of clothing recycled by the interviewees. Taking an average of 10 Kg per person discarded per year, it can be concluded that only 8% of the interviewees recycle all the textile waste they produce annually.



At the beginning of the project, one of the ideas considered was to establish a service for the collection of clothes at home. Another option was to put containers in the neighbor's communities. To validate this idea, interviewees were asked which collection method they preferred. The response was surprising and led to the ideas of home picking and containers in communities being abandoned. 81% of the interviewees preferred the containers on the public

road, 11% choose containers neighbor's communities and finally only 9% preferred a home pick up service.



When asked about the advantages that they take in account for the collection system, the answers of the interviewees were the proximity of the pick-up point and the flexible schedules.

As a conclusion it can be said that the population is not informed of the current situation of the sector, that only 8% of Spaniards give a second life to all the textile waste they produce and finally that the preferred collection option is the containers located on the street.

To increase knowledge about the sector and the current situation of textile waste, interviews were conducted with professionals in the sector.

The first interview was with the head of a company called CarmenLook SL. CarmenLook S.L. is a wholesale or second-hand clothing and footwear sales company. They gave us the vision of a buyer and seller and a range of market prices for each type or kind of clothes. They could be potential clients because they buy big amount of clothes for after sell in Spain, Europe and Africa.

The following interview was conducted with Ana Flores. She is the responsible for waste management of the town hall of Santa Cruz de Tenerife. She gave us an explanation of textile collection process via containers, how is the process to get these containers on the streets in cities. She shares with us the point of view of the public administration, who gives permission for the recovery of textile waste. Thanks to her we were able to contact the company responsible for the collection of textile waste on the island of Tenerife and part of the Canary Islands.

The third interview carried out was with Martínez Cano S.A., the company responsible for the collection, treatment and evaluation of textile waste on the island of Tenerife and part of the Canary Islands. We spoke with one of the responsible of the company, who gave us the vision of the waste collector and the solutions that you can gave to the waste. He explains us the

problem that a collector has to face and how to put street containers for the collection of the textile waste. They have activity in Valencia and Galicia too. One of the responsible of Martinez Cano has a position of responsibility at ASIRTEX.

Another interview was carried out with Inditex, S.A., which is a Spanish multinational textile company that can be considered as a “fast-fashion brand” but that is implementing a program named “Closing the Loop” that seeks to extend the useful life of textile products by installing clothes collection containers in stores. Depending on the conditions of the clothes collected those are are donated (to Caritas, Red Cross, CEPF, etc.), repaired, recycled or sold to finance the social projects of non-profit organisations.

According to our conversation with a member of the RSC team, almost all the reusable clothes collected by Inditex are given to Cáritas. On the other hand, textile surpluses or unusable clothes produced in factories are managed with a company named Lenzing to convert textile waste into a new material, named Refibra Lyocell, that can be reused in Inditex items (cradle to cradle).

ANNEX 2

Other legal formalities

Labour and social security formalities

- Prior to carrying out the first formalities, the company will obtain a digital certificate in order to be authorised by the Social Security to use the “RED System” which is an electronic medium that allows the exchange of data with the Administration.
- First of all, prior to hiring employees, UNDUST will be registered with the Social Security Authority. This will be done by submitting the TA-6 form before the Social Security electronic services.
- Once registered, the Social Security will assign a main social security contribution account to the company (we will not ask for secondary social security contribution account as all of our employees will work in Madrid for the moment).
- When hiring employees, the company will register them with the social security under the social security contribution account using the RED System. This registration must be completed before the employees start working. Moreover, a copy of the employment contracts will be sent to the Public Employment Services.
- The company will submit and pay social security contributions for each employee on a monthly basis.
- As regards occupational hazards, the company will comply with the obligations established by Law 31/1995 of 8 november on the prevention of occupational risks.
- Moreover, the company will cooperate and coordinate the occupational hazard prevention measures with the transport company subcontracted to protect the health and safety of its employees in compliance with article 24 of Law 31/1995.
- The company will notify the opening of the workplace to the Labor Authorities.

Tax obligations

- Prior to starting the corporate activities, carrying out transactions or before the obligation to make withholdings or payments on account is generated, the company will request its inclusion in the **Census of Employers, Professionals and Withholders** by submitting the 036 form.
- Through the 036 form the company will also request a **NIF (Personal Tax ID)** and provide data identifying the company, its activity and the information relevant with respect to Income Tax, Corporation Tax and VAT.
- As the Company will carry out its business activities inside Spain, it will have to file a declaration of registration in the **Economic Activities Tax** communicating the start of the activity filing of Form 840.

- However, during the five first years of our activity (the ones analyzed in the financial plan below) the company's net turnover will be less than € 1,000,000 and, therefore, will be exempted from paying this tax.

Public law

- We will request to the Madrid's regional department of environment, land planning and sustainability an authorization to carry out waste management activities.
- This is in accordance with article 27 of Law 22/2011 on waste and contaminated soils and article 44 of law 5/2003 on Madrid's Autonomous Community waste.

ANNEX 3:

Economic calculations

Establishment costs

Concept	Amount
<i>Environmental Study</i>	1 000.00 €
<i>License authorization (annually)</i>	356.00 €
<i>Project study</i>	4 000.00 €
<i>SL establishment</i>	750.00 €
Total amount	6 106.00 €

Furnitures table

	Qty	Price	Total price
<i>Chairs</i>	8	59.00 €	472.00 €
<i>Individual tables</i>	4	79.00 €	316.00 €
<i>Common tables</i>	1	609.00 €	609.00 €
<i>Fridges</i>	2	100.00 €	200.00 €
<i>Microwaves</i>	2	50.00 €	100.00 €
<i>Coffe maker</i>	1	100.00 €	100.00 €
<i>Shelves</i>	4	50.00 €	200.00 €
<i>Chest</i>	4	35.00 €	140.00 €

We increased these cost by 70%, as we are not sure about the total quantity of furniture we will need.

Marketing plan

		YR1	YR2	YR3	YR4	YR5
<i>1. Social Media marketing</i>	3%	12 697.75 €	14 221.48 €	15 928.06 €	17 839.42 €	19 980.16 €
<i>2. Raise awareness</i>	6%	30 474.60 €	34 131.55 €	38 227.34 €	42 814.62 €	47 952.37 €
Total Marketing		43 172.35 €	48 353.03 €	54 155.40 €	60 654.04 €	67 932.53 €

Loan evolution

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<i>Return</i>	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €	5 049.89 €
<i>Interest</i>	6 059.87 €	5 453.88 €	4 847.89 €	4 241.91 €	3 635.92 €	3 029.93 €	2 423.95 €	1 817.96 €	1 211.97 €	605.99 €
<i>Opening comission</i>	1 514.97 €									
<i>Financing wastes</i>	12 624.73 €	10 503.77 €	9 897.78 €	9 291.80 €	8 685.81 €	8 079.82 €	7 473.84 €	6 867.85 €	6 261.86 €	5 655.88 €

<i>Debt BY</i>	50 498.90 €	45 449.01 €	40 399.12 €	35 349.23 €	30 299.34 €	25 249.45 €	20 199.56 €	15 149.67 €	10 099.78 €	5 049.89 €
<i>Debt AY</i>	45 449.01 €	40 399.12 €	35 349.23 €	30 299.34 €	25 249.45 €	20 199.56 €	15 149.67 €	10 099.78 €	5 049.89 €	- €

HRRR table

The number of employees have been calculated estimating that every employee can manage 20 Kg per hours of classification, and 8 Kg per hours of refurbishment. We also considered a total amount of productive time per day of 7 hours, and 30 days of vacation per year, over state free days:

	Incorporation date	Gross salary	01/01/2021	01/01/2022	01/01/2023	01/01/2024	01/01/2025	01/01/2026	01/01/2027	01/01/2028	01/01/2029	01/01/2030	01/01/2031	01/01/2032
Dept. managers														
CEO	01/01/2021	23 500.00 €	30 550.00 €	31 161.00 €	31 784.22 €	32 419.90 €	33 068.30 €	33 729.67 €	34 404.26 €	35 092.35 €	35 794.19 €	36 510.08 €	37 240.28 €	37 985.09 €
Op. Manager	01/01/2021	22 000.00 €	28 600.00 €	29 172.00 €	29 755.44 €	30 350.55 €	30 957.56 €	31 576.71 €	32 208.25 €	32 852.41 €	33 509.46 €	34 179.65 €	34 863.24 €	35 560.51 €
Com. Manager	01/01/2021	22 000.00 €	28 600.00 €	29 172.00 €	29 755.44 €	30 350.55 €	30 957.56 €	31 576.71 €	32 208.25 €	32 852.41 €	33 509.46 €	34 179.65 €	34 863.24 €	35 560.51 €
Technicians														
Group boss	01/01/2021	19 500.00 €	25 350.00 €	25 857.00 €	26 374.14 €	26 901.62 €	27 439.66 €	27 988.45 €	28 548.22 €	29 119.18 €	29 701.57 €	30 295.60 €	30 901.51 €	31 519.54 €
Employee 1	01/01/2021	16 000.00 €	20 800.00 €	21 216.00 €	21 640.32 €	22 073.13 €	22 514.59 €	22 964.88 €	23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 2	01/01/2021	16 000.00 €	20 800.00 €	21 216.00 €	21 640.32 €	22 073.13 €	22 514.59 €	22 964.88 €	23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 3	01/01/2021	16 000.00 €	20 800.00 €	21 216.00 €	21 640.32 €	22 073.13 €	22 514.59 €	22 964.88 €	23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 4	01/01/2023	16 000.00 €			21 640.32 €	22 073.13 €	22 514.59 €	22 964.88 €	23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 5	01/01/2024	16 000.00 €				22 073.13 €	22 514.59 €	22 964.88 €	23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 6	01/01/2025	16 000.00 €					22 514.59 €	22 964.88 €	23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 7	01/01/2026	16 000.00 €						22 964.88 €	23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 8	01/01/2027	16 000.00 €							23 424.18 €	23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €
Employee 9	01/01/2028	16 000.00 €								23 892.66 €	24 370.52 €	24 857.93 €	25 355.08 €	25 862.19 €

Bills

Bills								
Electric bills								
Drier	37800.00	kWh first year	0.58	kWh per kg	0.12 €	Euros per kWh	0.070 €	Euro per kg
Washer	8100.00	kWh first year	0.12	kWh per kg	0.12 €	Euros per kWh	0.015 €	Euro per kg
Power taxes	25.17 €	Euros per year and kW	100.00	Contracted kW	2 517.00 €	Euros per year		
Other wastes	13.35	kWh per day	0.10 €	Euros per kWh	1.27 €	Euros per day		
Water								
Washer	2400.00	liters per washing cycle	34.29	liters per kg	0.002 €	Euros per liter	0.062 €	Euros per kg
Other								
Internet	600.00 €	Euros per year						

Consumption of dryer and washing machines, are based on Gamesail proper catalog.

ANNEX 4:

ECOCANVAS

FORESIGHT & IMPACT (ENVIRONMENTAL)	CIRCULAR VALUE CHAIN	NEED / PROBLEM / CHALLENGE	UNIQUE CIRCULAR VALUE PROPOSITION	STAKEHOLDERS RELATIONSHIP	CUSTOMER SEGMENTS	FORESIGHT & IMPACT (SOCIAL)	
<ul style="list-style-type: none"> + Favourable legal framework development geared to promoting circular economy both at a EU and at a national level. + Water scarcity and climate change will foster a more sustainable textile waste industry. + Lack of raw material will increase the need to reuse textile products or to use recycled fibre. 	<ul style="list-style-type: none"> • Madrid town hall • NGOs • Textile companies • Second hand shops • Recycling companies • Madrid citizens 	<p>The lack of proper textile waste valorisation results in textile waste ending in landfills or being used for energy recovery.</p>	<ul style="list-style-type: none"> • Give the maximum possible value to textile products: selective pick up and valorisation to put them back on the market. • Raise awareness: promote buying sustainable textile products • Selective collection • Valorisation of textile waste • Leasing of clothes • Raising awareness 	<ul style="list-style-type: none"> • Formal and direct with the Madrid town hall, companies, second hand stores and NGOs. • In/formal and in/direct with Madrid citizens (campaign, web page). 	<ul style="list-style-type: none"> • <u>Madrid town hall</u>: undertaking the management of the textile waste. • <u>Textile companies and NGOs</u>: agreements to obtain textile waste. • <u>Second-hand shops and recycling companies</u>: interested in buying our product • <u>Madrid citizens</u>: people sensitive to environment issues. 	<ul style="list-style-type: none"> + Growing awareness in society regarding recycling and environmental issues. + Positive trend in the amount of donated or recycled clothing - Fast fashion phenomenon - Society lack of awareness regarding the reality of textile waste - A significant part of consumers prefer to wear new clothes than to buy second-hand 	
	<p>KEY RESOURCES</p> <ul style="list-style-type: none"> • Logistic System • Website & App Platform • Container collection • Raw materials from waste • Industrial plant 		<ul style="list-style-type: none"> • Employees trained in classifying the waste • Electricity • Industrial equipment • Server, computer 	<p>COMMUNICATION & SALES</p> <ul style="list-style-type: none"> • Social networks: instagram, linkedin, youtube, webinars • Street containers • Web page, APP 			
	<p>STRUCTURE COST</p> <ul style="list-style-type: none"> • Waste collection logistics • Industrial plant operation and maintenance costs. • Containers • Donation to a social cause 		<ul style="list-style-type: none"> • Web page platform • Marketing / sales costs • Wages and social security. • Administrative license • Incorporation costs 	<p>Revenues from selling or leasing textile products in our web page, to second hand shops, recycling companies, producers of recycled materials.</p>	<p>Investors: equity crowdfunding</p>		
<p>Impacts</p> <ul style="list-style-type: none"> + Reduction of the amount of textile waste that ends up in landfills. + Extending the life of textile products or giving them a second life. - GHG emissions: transport and industrial plant. 	<p>CIRCULAR BUSINESS MODEL AND INNOVATION</p>					<p>Impacts</p> <ul style="list-style-type: none"> + Job opportunities to people at risk of social exclusion. + Contribution to responsible consumption habits and to a more sustainable textile industry. 	
	<ol style="list-style-type: none"> 1. Reduce: awareness campaigns to change consumption habits. Convince people to buy second-hand clothes and recycled textile products and recycle textile waste correctly. 2. Reuse, refurbish: classify high quality textile and prepare it for making it suitable for being reused (refurbishing it if 		<ol style="list-style-type: none"> 3. Recycle: we separate non reusable textile by fibre and colour for making it suitable to being recycled so that other industries (e.g. insulation) can take advantage. 				

ANNEX 5:

EMPATHY MAPS

<p>What does the user THINK AND FEEL?</p> <ul style="list-style-type: none"> • Circular Economy • Waste Management opportunity 	<p>What does the user HEAR?</p> <ul style="list-style-type: none"> • Reputation • Users opinion
<p>What does the user SAY AND DO?</p> <ul style="list-style-type: none"> • Waste Collection • Classification • Revalue 	<p>What does the user SEE?</p> <ul style="list-style-type: none"> • Competencies • Social trends • Textile waste valorisation opportunity
<p>PAIN</p> <ul style="list-style-type: none"> • Not reaching desired goal 	<p>GAIN</p> <ul style="list-style-type: none"> • Circular Economy contribution • Benchmark company in textile waste management

<p>What does the user THINK AND FEEL?</p> <ul style="list-style-type: none"> • What can I do with my textile? • How can I properly recycle my textile? • I wish I had more information • I want to help the environment • Difficult to locate recycling bins 	<p>What does the user HEAR?</p> <ul style="list-style-type: none"> • You don't know what they are doing with the waste. • There are no recycling bins nearby. • Recycling takes too much effort. • Environmental concerns have no fundamental research.
<p>What does the user SAY AND DO?</p> <ul style="list-style-type: none"> • Forgets about textile at home. • Throws away inadequately. • Concern with the environment. • Lacks information 	<p>What does the user SEE?</p> <ul style="list-style-type: none"> • Fast-fashion production • New sustainable fashion-lines being created in multinational companies. • Raising concern for climate change and the environment.
<p>PAIN</p> <ul style="list-style-type: none"> • Hard to find nearby recycling bins • What can/ can't be recycle? 	<p>GAIN</p> <ul style="list-style-type: none"> • Reduce waste • Help the environment • Adequately recycle