

Johnstons of Elgin

MADE IN SCOTLAND

IMPACT REPORT 2023



BY APPOINTMENT TO
HRH THE PRINCE OF WALES, DUKE OF ROTHESAY
MANUFACTURERS OF ESTATE TWEED WOOLLEN FABRIC
JOHNSTONS OF ELGIN
MORAY, SCOTLAND



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Certified



Corporation[®]

**WELCOME TO
JOHNSTONS OF ELGIN'S
FIRST PUBLIC
IMPACT REPORT**

Now in our 225th year, Johnstons of Elgin's long history informs our view of what sustainability really means. Our family owners see themselves as custodians of the business, entrusted to pass it on to the next generation in a better position than when they inherited it. Better for our people, our community and our environment. The work required to achieve this is ongoing, and we have a lot to do, but our sense of purpose grounds our business and ensures we constantly look at our footprint and find ways to improve.

In 2021 we were very proud to be awarded the Queen's Award for Enterprise in the Sustainable Development category. This was a significant milestone for us, recognising our progress in growing what is, at its heart, a community business, providing economic activity in the small Scottish towns of Elgin and Hawick and doing so in a way that seeks to minimise any harm to the environment.

We have also been involved with the [Sustainable Markets Initiative](#) and [Terra Carta](#), founded by King Charles III prior to his accession, pulling together Chief Executives from some of the world's foremost companies to tackle the big challenges of our time in areas such as climate change and care for the natural world. We are part of the Sustainable Markets Initiative's Fashion Task Force, looking at ways to implement sustainable labelling and product ID to give consumers more information on the impact of their purchases and to support re-sale. The group also encourages regenerative agriculture projects that can provide lower-impact materials to fashion supply chains.

In May 2023, we took another significant step forward, becoming a B Corporation. Changing our articles of association to look after the interests, not only of our shareholders but also of our employees and wider society. This clear statement of mission is entirely in keeping with the way that our family owners have always encouraged us to manage our business. Nonetheless, making this legal change is a significant statement of intent and commitment. Becoming a B Corp involved a rigorous evaluation process, reviewing our policies and procedures across the areas of Governance, Workers, Community, Environment and Customers. Our scores are open access and are available to view at: [Johnstons of Elgin - Certified B Corporation - B Lab Global](#)

These scores provide a snapshot in time, and the basis for continuous improvement, and going through this process has already identified ways we can become a better company.

So, where to start with our first impact report? We wanted to use a credible, science-based framework to help us assess where we are and form a foundation with which to gauge improvement in the coming years. We have settled on "[The Future Fit Business Benchmark](#)", an open-source tool, allowing businesses to evaluate their progress against a holistic suite of science-based criteria which link coherently to both the Planetary Boundaries Framework and UN Sustainable Development Goals. This is explained more fully in Section 3 of this report.

As you will see in the following pages, a lot of activity is happening across many areas. Therefore, it is perhaps useful to summarise a few key principles that guide us on our journey.

WE ARE MAKERS

This means we know our supply chains, as the vast majority of what we do happens in our own mills. We can ensure that people are treated well and that the local environment is respected. (We live there).

WE BELIEVE IN NATURAL MATERIALS

Our fibres come from living supply chains and naturally biodegrade. Using these fibres supports families that work on the land from Mongolia to Australia and avoids the scourge of microfibre plastic pollution. Our materials have exceptional natural properties that make them wearable and much more likely to be resold, donated or recycled afterwards.

WE ARE COMMITTED TO QUALITY

Our products are made to last and are the antithesis of fast fashion. We design beautiful, wearable pieces that won't languish in your wardrobe or be out of style and in landfill by next season. Encouraging people to buy less but buy better is a key part of our approach.

Finally, I'd like to thank everyone at Johnstons of Elgin for helping us improve the company, particularly our cross-functional sustainability group members for their support, energy and enthusiasm. I hope the report gives some insight into our progress so far and focus going forward. We welcome comments at: feedback@johnstonsofelgin.com



Chris Gaffney
Chief Executive

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What we do



Johnstons of Elgin have two mills in Scotland, our Elgin weaving mill in the north and our Hawick knitting mill in the south, near the border with England.

We craft garments, accessories and fabric from natural materials for our Johnstons of Elgin brand and our luxury partner brands, most of whom we have worked with for decades, and in some cases more than a century.

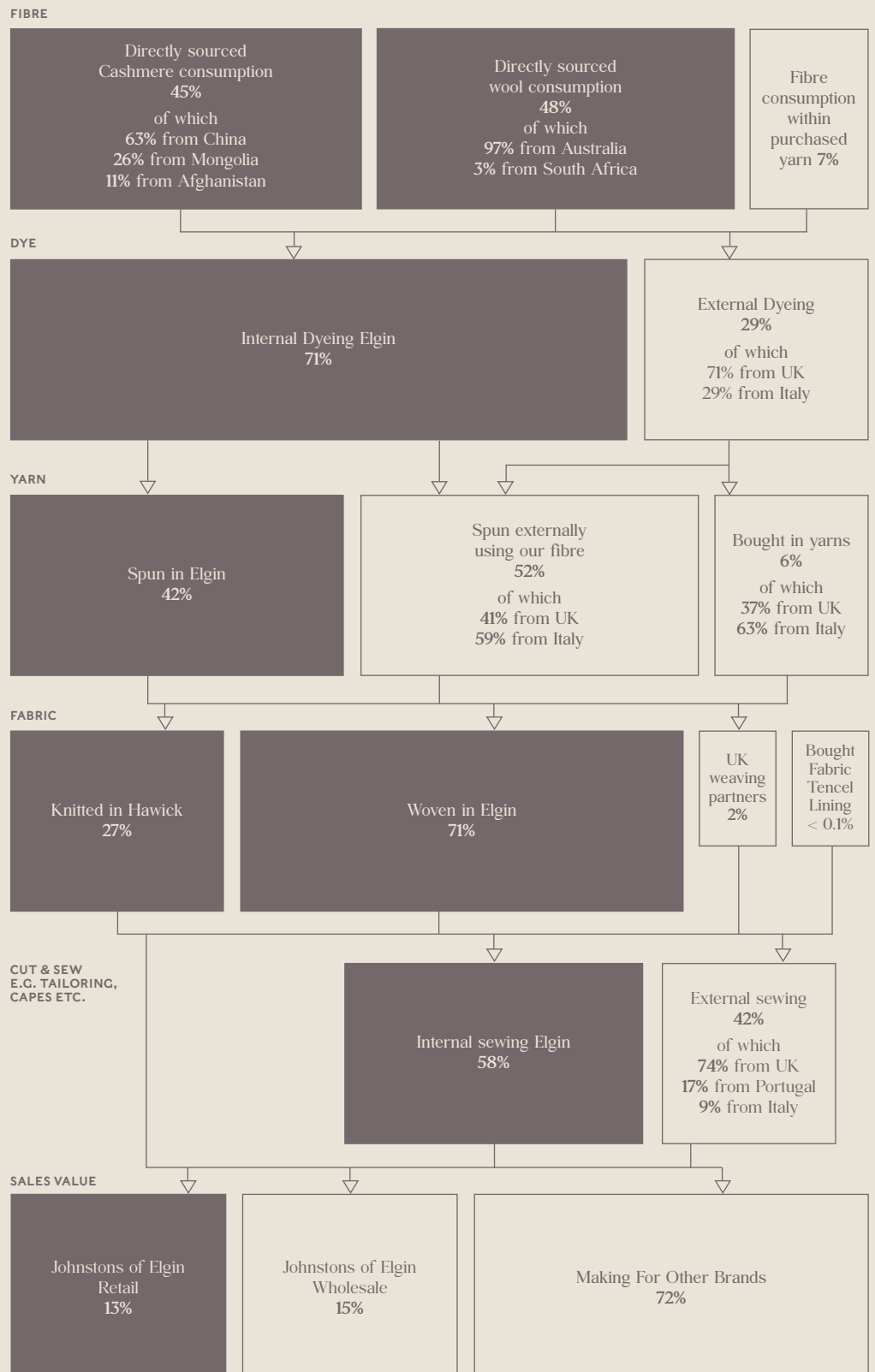
Our retail business includes stores at our mills, and in London, Edinburgh, St. Andrews and Kildare. The brand can also be found in retail locations in around 40 countries worldwide through our wholesale partners and online at [johnstonsofelgin.com](https://www.johnstonsofelgin.com)

We have approximately 1200 employees performing hundreds of different roles from hand-knitting to weaving through to design and IT.

We are vertically integrated, meaning we start with the raw fibre and process through every step to the finished product. Whilst we do work with partners in elements of the process, every product we sell will have most of its value added in our mills.



A REPRESENTATION OF OUR SUPPLY CHAIN



● AREAS OF OPERATION UNDER DIRECT CONTROL OF JOHNSTONS OF ELGIN
○ THIRD PARTY OPERATIONS

03

Measuring our Impact: Future Fit

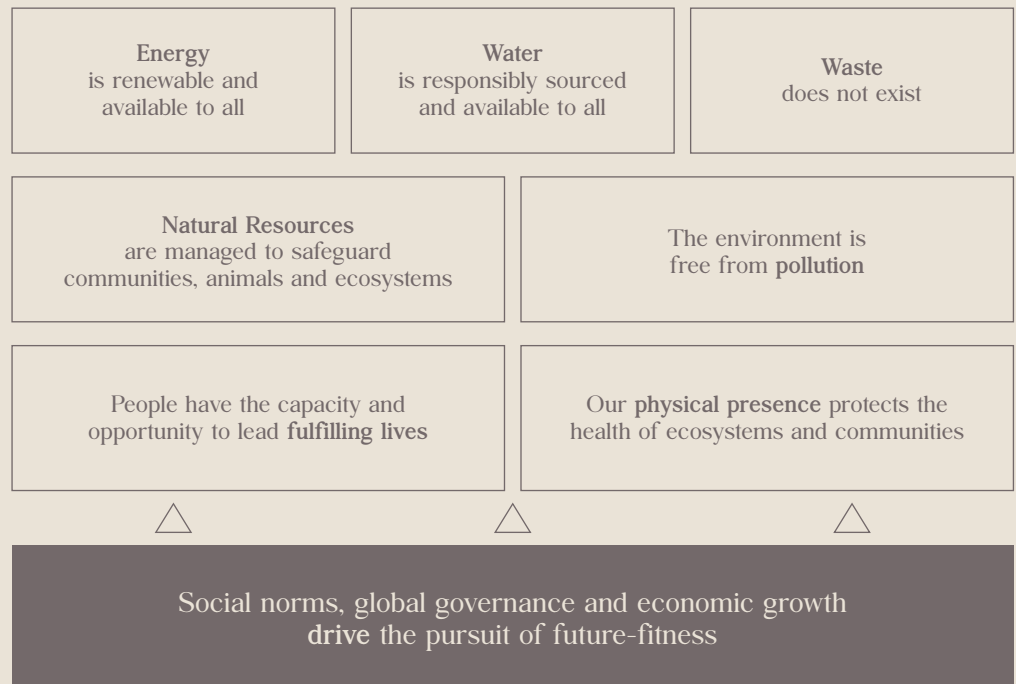
THE FUTURE FIT BENCHMARK

The Future Fit Benchmark identifies eight core properties of a future, sustainable society.

Measuring and reporting impacts over time is essential to build capacity and understanding of how improvements are being achieved, and so we have decided to use a tool which is built specifically for this purpose. The **Future Fit Benchmark** identifies seven core properties of a future, sustainable society plus an eighth property which identifies the socioeconomic drivers required for success.

This framework, illustrated below, acts as a compass to help us move in the direction of what a sustainable Johnstons of Elgin would look like. Within these 8 properties, derived from the **Framework For Strategic Sustainable Development**, 23 Break Even goals are identified that businesses must strive to reach. These Break-Even Goals, the United Nations Sustainable Development Goals (SDGs) to which they correspond, and our impact categories used in this report are listed in Appendix 1 of this report.

THE 8 PROPERTIES OF A FUTURE FIT SOCIETY



O4 IMPACT AREA (A)

Employees and Community





EMPLOYEES AND
COMMUNITY

If we go right back to the purpose of the business, it's all about community. It's about providing good jobs, training and development for the people that live in our semi-rural locations, helping to create economic prosperity for everyone that lives here.

Our focus areas include:

- The health, safety and wellbeing of our employees. We subscribe to the ISO 45001 standard for H&S, ensuring that our procedures, risk assessments and controls are audited and managed appropriately. There are 47 first aiders and 28 mental health first aiders in our company and we recognise the important role these volunteers play in helping to ensure the wellbeing of their colleagues. Our Employee Assistance Programme is there to support those with personal problems and our Recovery for Life plan can help to keep those that have struggled with substance abuse in employment. Our most recent Code of Conduct was launched in 2022, including a Speaking Up initiative to encourage reporting of any issues, alongside training for managers and employees, to ensure that our working culture continues to reflect our values and zero tolerance of bullying, harassment, victimisation and discrimination.
- Employee engagement through our employee forums, engagement with unions, and internal communications via canteen screens, internal e mails, our internal facebook group, staff magazine and direct "town hall" briefings to the entire workforce by our CEO.
- We are committed to paying the minimum wage set by the Living Wage Foundation, a rate based upon the cost of living that is set to ensure it meets everyday needs, and goes beyond statutory entitlement.
- Diversity and inclusion are particularly important to us and we have recently amended our recruitment policies to improve their resilience to unconscious bias, as well as training our managers to recognise it in the workplace. We are working to reduce our gender pay-gap, breaking down traditional gender roles within textiles and recruiting a higher proportion of women to senior roles. As of Autumn 2023, more than half of the direct reports to our chief executive will be women.
- We and our partners follow the Ethical Trading Initiative base code, set by the international labour organisation, to ensure that fundamental safeguards are in place for the people in our supply chain.
- The maintenance and enhancement of textile skills is a key part of Johnstons' role within the UK industry. We are accredited by the Scottish Qualifications Authority to award our own modern apprenticeships and have had 147 people through the programme with another 42 going through the training currently.
- Our employee nominated charity for 2022 was the Disasters Emergency Committee Ukraine Humanitarian Appeal. The team showed great generosity in raising £6,397 which was matched by the company, giving a total of £12,794. We also support local charities and community organisations with an extensive gifting programme and some small sponsorships.
- We welcome school and university students to our sites and attend career fairs and school visits to help introduce young people to the world of work. In particular, we have an excellent relationship with The University of Edinburgh Business School with whom we have conducted studies on Social Life Cycle Assessments, (with help from both Textile Exchange and the Sustainable Fibre Alliance) of the cashmere industry in Mongolia and the sustainability culture within our own company.

O4 IMPACT AREA (B)

Materials and Procurement





We have progressively increased our procurement of certified fibre as availability has grown and have now moved to buying 100% certified SFA fibre from the newest clip.



MATERIALS AND PROCUREMENT



For most companies the greatest impact arises in the supply chain, and our vertically integrated business model gives us a high level of control of ours. The majority of our process happens within our own directly-owned mills in Elgin and Hawick. Where we do work with partners, we do so with knowledge built on our own experiences as makers, to ensure quality and responsibility are in-built. As a significant buyer of natural fibre, we spend time on the ground in Mongolia, China, Australia and South Africa to understand farm conditions and systems.

In 2015, Johnstons of Elgin became founder members of the Sustainable Fibre Alliance (SFA), a not-for-profit organisation formed to ensure the long-term viability of the cashmere sector, with a focus on improving herder livelihoods, animal welfare and pastureland management. In the years since, the SFA team have developed a standard that now has significant scale in the market. We have progressively increased our procurement of certified fibre as availability has grown and have now moved to buying 100% SFA certified fibre from the newest clip. Certification, traceability, training and education are the first steps of a long process, and we will continue to support the SFA as they look to assess the impact of their work in the grasslands over time. We also fund projects in Mongolia, such as the Khaatarsai Programme which supports young herder training on subjects such as biodiversity and soil health and sponsor Young Herder Awards recognising the achievements of young people in our Mongolian supply chain and providing encouragement and capacity to maintain their distinctive culture.

The wool we buy directly is mainly sourced from Australia, is mulesing-free and is certified under the Responsible Wool Standard (RWS). We have been buying RWS since we visited Avington, the first farm in Australia to be certified, back in 2017, and we continue to support the growers as they explore regenerative practices to further enhance wool's environmental credentials.

Certification of fibres is a key part of increasing transparency and enabling more sustainable practises in our industry. We are therefore also working on converting the balance of specialist yarn that we buy from partners, where we do not directly procure the fibre, to 100% certified material by 2025.

We have some small projects in Scotland to use wool from our local community in blankets, but hardy British wool breeds generally produce wool that is considerably less fine than that of merino, making it less comfortable next to the skin. We have, therefore, supported a project by Edinburgh University, using enzyme treatment to soften the wool, alongside our friends and fellow B Corp brand, Prickly Thistle.

All but a tiny fraction of the fibre that we use is natural, but where there is benefit in terms of product longevity, we do use some synthetic fibres, for example, to strengthen and give elasticity to some types of socks. We are always looking for natural alternatives and will continue to develop these.

Over the last couple of years, we have taken significant steps to reduce the impact of our packaging. This is covered in our "Circular Economy" section further into this report.

In line with our community ethos, local sourcing is encouraged where this is possible, providing local tradespeople and suppliers with work at our sites.

PROCUREMENT OF CERTIFIED FIBRE

	2021	2022	TARGET 2023
WOOL - RWS	83%	100%	100%
CASHMERE - SFA	10%	26%	100%

*excludes specialist bought in yarns, where our target is 2025



O4 IMPACT AREA (C)

Energy and Carbon

ENERGY AND CARBON



Scotland is a leader in green energy, producing more than 85% of its electricity from renewables for the last 3 years. The electricity that powers our mills is purchased on contracts backed by renewable energy certificates. We have also invested in energy efficient lighting and improvements to our boiler maintenance programme. In our recent Makers Croft sewing facility renovation, we have introduced air-source heat pumps and we are evaluating the addition of Solar PV.

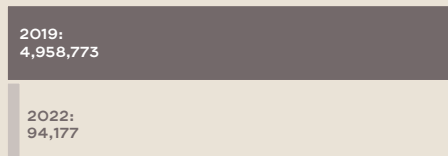
The changes we have implemented so far have resulted in a reduction in our market based Scope 1 & 2 emissions, that result from our internal operations, of 23% versus 2019. This compares with an increase in our sales turnover of 8.4% over the same period.

We still have a considerable amount to do to reduce our manufacturing carbon footprint. Natural gas still constitutes 76% of our energy mix and is difficult to displace, particularly in intensive processes that require steam. Our next steps are to invest in additional metering to assist with our efforts to improve efficiency, explore the recapture of heat from our wet processes, look at space heating via air source heat pumps and the potential to introduce Solar PV on roof spaces. These actions will take place over several years, and our calculations indicate that these steps alone will not be enough to completely remove reliance on gas, so we are participating in studies to look at whether hydrogen has a part to play in closing the gap and getting to Net Zero for our manufacturing operations. Other innovative, but unproven, solutions such as heat batteries are also being investigated.

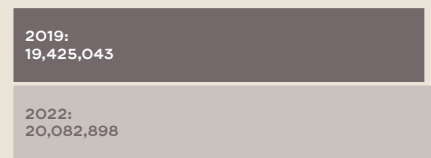
Scope 3 emissions driven by our supply chain rather than our own energy use were calculated in 2019, before the impact of the pandemic on output, working with South Pole as our consultants. Our procurement drove total emissions of 36,972 tonnes of carbon dioxide equivalent, which accounted for 89.4% of the total. However, there remains much uncertainty on the carbon footprint of cashmere due to methane emissions from goats, and as this represents such a large proportion of our footprint, more work is required. Johnstons are co-sponsoring a comprehensive life cycle analysis being undertaken by Textile Exchange across the cashmere-producing regions in Mongolia and China to produce data that the industry can rely on. We will recalibrate our calculations with the data from this study when the results are available.

To date, we have not participated in offsetting schemes as we would prefer to invest in our processes to directly improve efficiency and reduce our footprint.

**ELECTRICITY (KWH)
(FOSSIL FUEL)**



GAS (KWH)



**ELECTRICITY (KWH)
(RENEWABLE)**



**CARBON EMISSIONS SCOPE 1 & 2
(MARKET BASED)**



O4 IMPACT AREA (D)

Water and Chemicals



Water has been the lifeblood of our mills since their foundation. We are located in Elgin and Hawick, as this provided access to the rivers Lossie and Teviot, which powered our mills and provided the soft water that is still used to wash and finish our products.

WATER AND CHEMICALS



We are fortunate to operate in Scotland, an area of relatively low water stress. Most of the water used at our Elgin mill, where the majority of our wet processing takes place, is taken from a borehole on site. This is subject to an extraction licence from the Scottish Environment Protection Agency (SEPA) and is deemed by them to be at a level that poses no risk to the environment. During 2022, the amount of water withdrawn from the borehole averaged 85% of total consumption at Elgin.

Although we are in a very fortunate position relative to the textile industry globally, we cannot be complacent, and climate change might impact water availability over time. We are therefore investing in increased metering to identify in-process losses and will then set targets for reduction in usage.

Outside our own mills, the most significant water use is in the scouring process, washing the fibre in Mongolia and China before it is shipped to the UK. We are engaging directly with our partners to better understand their usage, the impact in those locations and their future plans for water conservation. We are using industry standard tools, such as the WWF Risk Filter Suite, to build our understanding of water and biodiversity related challenges.

At Johnstons of Elgin, we run our own dyehouse to enable us to work with small batches and create beautiful melange shades and bespoke colours. Internalising this part of the process allows us to produce our products to the highest standards of environmental protection which may not exist in other countries, whilst also enabling control over the final quality of the dyeing process.

As a signatory of the the Zero Discharge Of Harmful Chemicals (ZDHC) Roadmap, Johnstons have a long-standing commitment to reducing the environmental impact of chemical use in our industry. We ensure that no chemicals from the Manufacturing Restricted Substances List (MRSL) are used in our processes and undertake wastewater testing to validate this. The standard goes well above what is required from a legal perspective and encourages continuous improvement in the management of chemicals, both at our site and with our partners, all of whom also sign up to the MRSL. This higher standard against which we measure our performance has helped ensure a strong compliance rate with statutory obligations regarding effluent emissions at both our Hawick and Elgin mills.

POSITION IN THE GLOBAL DISTRIBUTION



SOURCE: WWF WATER RISK FILTER COUNTRY COMPARISON

O4 IMPACT AREA (E)

Waste and Circularity



At Johnstons of Elgin, a reduction in waste and an uptake in circularity principles go hand-in-hand and we strive to make the most of our valuable resources, such as cashmere and wool fibres.

WASTE AND CIRCULARITY



Longevity is one of our fibres' most desirable qualities and sets our products apart from short-lifespan garments produced using other materials. During their life, our products can be easily and professionally repaired through the skills of our collaborators, Cashmere Circle. When they are finally worn out, our products can be easily composted because of the biodegradable nature of their component parts. This extended life cycle is crucial in reducing the environmental impact of clothing and textiles in general. Slowing the flow of materials through the economy must be a priority for a circular textiles economy to emerge.

Our work with the Sustainable Fibre Alliance (SFA) and Responsible Wool Standard (RWS) also contributes towards a circular future by helping to preserve natural capital by the way our fibres are produced at source. Maintaining and restoring natural capital is an essential part of any future circular textile economy and is essential to protecting the lifestyle and cultures of our suppliers. This is a responsibility that we take to heart, and which we contribute to through supporting herder educational programmes run by the SFA.

Of course, a small amount of our fibres and yarns don't make it into our final products due to inevitable production losses. Around 97% of our manufacturing waste is incorporated into new products, either being recycled back into yarn, or used as felting or insulation. Where the fibres are too short to be recycled, as is the case with our flock fibre, we are exploring options for using this as filling material.

Our EveryYarn range utilises excess yarn to make limited-edition scarves, stoles and blankets and we manage our cloth dead-stock through craft sales at our mills.

Other forms of waste generated through our activities are handled in partnership with local waste carriers. We have implemented an improved waste management reporting system that allows us to track waste types with more accuracy and by final destination, i.e. recycling, composting or landfill.

We are also focussing on our packaging materials' contribution to waste streams beyond our premises and control. Our cardboard packaging is made from recycled cardboard, and we have developed a simple and elegant way to close our gift boxes, removing the need for magnets. Other paper use in the company includes only FSC certified products and we are moving to end the use of non-biodegradable plastics wherever possible.

We further contribute to the circular economy by preserving the machinery, and the embedded resources, which plays a vital role in delivering the quality products we are known for. For example, we have worked with our local college to create 3-D printed parts to maintain our Singer lockstitch sewing machines, many of which were made in the first half of the last century.



O4 IMPACT AREA (F)

Governance and Ethics

GOVERNANCE AND ETHICS



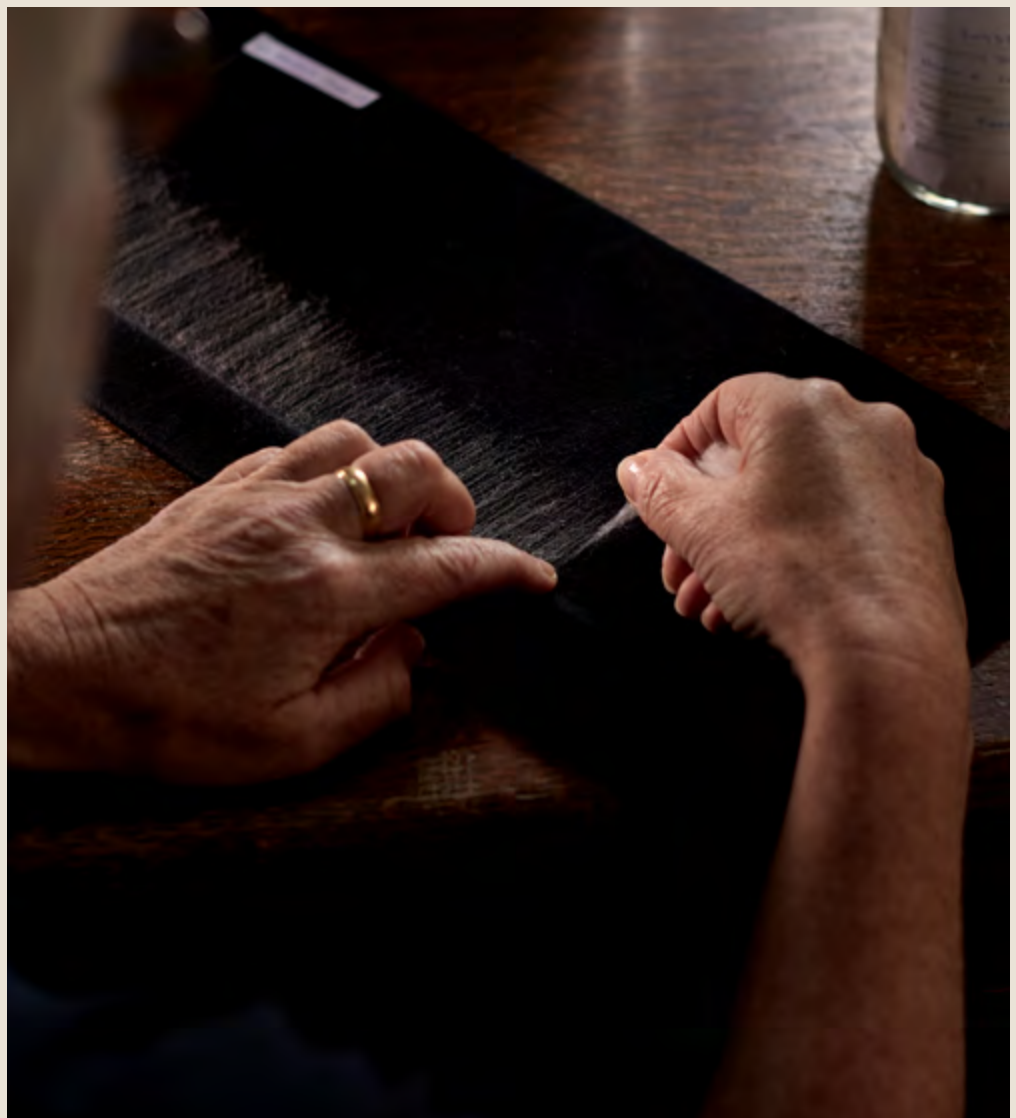
Our mission is to support the economic and social health of our communities through the responsible manufacture of exceptional clothing and fabric. We achieve this by adhering to our values of community, trust, craftsmanship and innovation.

Johnstons of Elgin are a family company with a relatively simple business structure. You can find our latest statutory accounts and other filings [here](#).

We pay tax in line with our commitments, the vast majority of which is due in the UK, where our mills are situated, and we don't seek to participate in any novel tax schemes.

We believe paying fair tax is an important enabler to support our society and the health and educational outcomes of our people.

We recognise that our impact goes beyond our directly-owned operation and work closely with our partners to improve practises around the globe. Our Responsible Business Standard, which we ask our partners to sign up to, ensures that standards are maintained further back in our supply chain with regards to issues such as child labour and modern slavery.



05

Appendix

**REPORT CATEGORIES,
FUTURE FIT BREAK
EVEN POINTS AND
SUSTAINABLE
DEVELOPMENT GOALS**



IN A FUTURE-FIT SOCIETY...	BREAK-EVEN GOALS THAT EVERY BUSINESS MUST STRIVE TO REACH	REPORT SECTION	SUSTAINABLE DEVELOPMENT GOAL																
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Energy is renewable and available to all	Energy is from renewable resources	4C	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								
Water is responsibly sourced and available to all	Water use is environmentally responsible and socially equitable to all	4D	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								
Natural resources are managed to respect the welfare of ecosystems, people and animals	Natural resources are managed to respect the welfare of ecosystems, people and animals	4B	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								
The environment is free from pollution	Operational emissions do not harm people or the environment	4D	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								
	Operations emit no greenhouse gases	4C	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								
	Products emit no greenhouse gas	N/A	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								
	Products do not harm people or the environment	4E	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								
	Waste does not exist	Operational waste is eliminated	4E	1	2	3	4	5	6	7	8								
				9	10	11	12	13	14	15	16	17							
		Products can be re-purposed	4E	1	2	3	4	5	6	7	8								
				9	10	11	12	13	14	15	16	17							
Our physical presence protects the health of ecosystems and communities	Operations do not encroach on ecosystems or communities	4A	1	2	3	4	5	6	7	8									
			9	10	11	12	13	14	15	16	17								

**REPORT CATEGORIES,
FUTURE FIT BREAK
EVEN POINTS AND
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IN A FUTURE-FIT SOCIETY...	BREAK-EVEN GOALS THAT EVERY BUSINESS MUST STRIVE TO REACH	REPORT SECTION	SUSTAINABLE DEVELOPMENT GOAL															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
People have the capacity and opportunity to lead fulfilling lives	Community health is safeguarded	4A	1	2	3	4	5	6	7	8								
			9	10	11	12	13	14	15	16	17							
	Employee health is safeguarded	4A	1	2	3	4	5	6	7	8								
			9	10	11	12	13	14	15	16	17							
	Employees are paid at least a living wage	4A	1	2	3	4	5	6	7	8								
			9	10	11	12	13	14	15	16	17							
	Employees are subject to fair employment terms	4A	1	2	3	4	5	6	7	8								
			9	10	11	12	13	14	15	16	17							
Employees are not subjected to discrimination	4A	1	2	3	4	5	6	7	8									
		9	10	11	12	13	14	15	16	17								
Employee concerns are actively solicited, impartially judged and transparently addressed	4A	1	2	3	4	5	6	7	8									
		9	10	11	12	13	14	15	16	17								
Product communications are honest, ethical and promote responsible use	4F	1	2	3	4	5	6	7	8									
		9	10	11	12	13	14	15	16	17								
Product concerns are actively solicited, impartially judged and transparently addressed	4A	1	2	3	4	5	6	7	8									
		9	10	11	12	13	14	15	16	17								
Social norms, global governance and economic growth drive the pursuit of future fitness	Procurement safeguards the pursuit of future fitness	4B	1	2	3	4	5	6	7	8								
			9	10	11	12	13	14	15	16	17							
	Financial assets safeguard the pursuit of future fitness	4F	1	2	3	4	5	6	7	8								
		9	10	11	12	13	14	15	16	17								
Lobbying and advocacy safeguard the pursuit of future fitness	4F	1	2	3	4	5	6	7	8									
		9	10	11	12	13	14	15	16	17								
The right tax is paid in the right place at the right time		4F	1	2	3	4	5	6	7	8								
			9	10	11	12	13	14	15	16	17							
Business is conducted ethically		4F	1	2	3	4	5	6	7	8								
			9	10	11	12	13	14	15	16	17							



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