

Johnstons of Elgin

MADE IN SCOTLAND

IMPACT REPORT 2025



BY APPOINTMENT TO HIS MAJESTY THE KING
MANUFACTURERS OF ESTATE TWEEDS, KNITWEAR & WOVEN ACCESSORIES
JOHNSTONS OF ELGIN, SCOTLAND

Section 1

Governance and Ethics



Governance and Ethics

Johnstons of Elgin has a clear purpose:

‘We are custodians of our renowned family company and of the textile craft that is part of Scotland’s cultural heritage.

We blend our craft with innovation and creativity to make the finest collections for our customers, and by doing so we build the prosperity and well-being of our community.’

As a family company and B Corp, we believe that the best way of achieving our purpose is to live by our values of:

Trust

Craft

Innovation

Community

We have a simple and transparent corporate structure, and our accounts and other corporate documents can be viewed through the UK’s companies house website under our company name of “James Johnston & Co of Elgin Limited”.

The company has invested in the future at both our Hawick and Elgin sites this year, building new production and storage facilities. We are committed to weaving, knitting or sewing our products in Scotland and to being an important part of the economy in the communities where we live.

Our historical weaving mill is located at the small cathedral city of Elgin in Moray (701 employees) and our knitting takes place in the home of Scottish cashmere knitwear at Hawick (271 employees), in the Scottish Borders. We also have sites at Innerleithen (14 employees) and Walkerburn (10 employees) both situated in the Tweed Valley, and our retail and wholesale teams are based in many locations internationally from Edinburgh and London to Paris and Tokyo.

In 2024, we engaged the services of a professional archivist to preserve our heritage for future generations. This rich archive, with documents going back to 1798, provides inspiration for our collections and storytelling, and is an important part of Scotland’s social history.

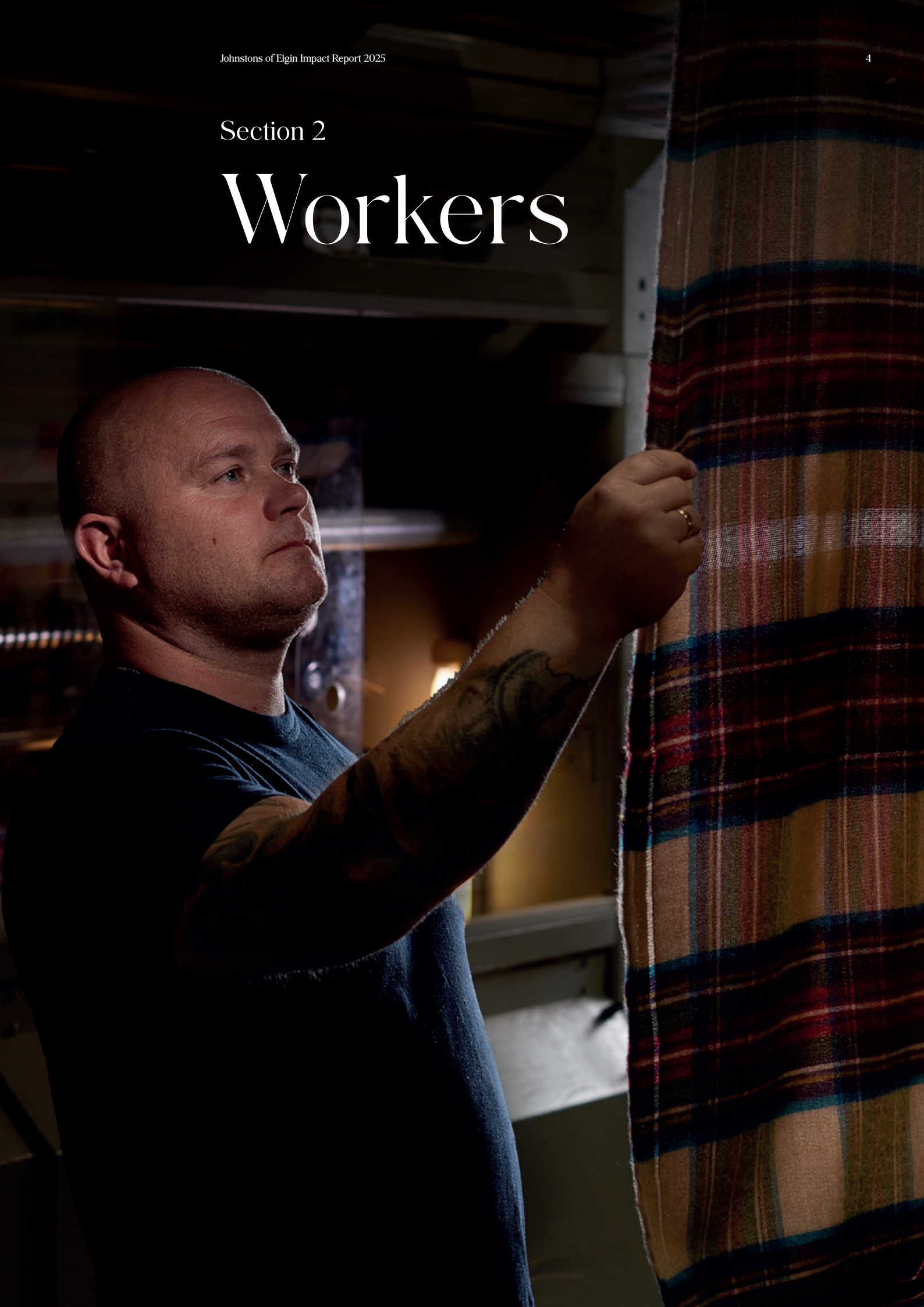
We maintain textiles craft skills in Scotland through investment in our in-house competency framework, alongside Modern Apprenticeships, Masters Degrees and MBAs, as well as numerous occupational training events. In 2024 we contributed to the UK Sustainability in Fashion and Textiles Manufacturing National Occupational Standard, and to numerous school, college and Scottish University events.

As a vertically integrated company, that can oversee the whole manufacturing process, from sourcing fibre through to finished garments, we have a unique insight into every step of the manufacturing process, allowing us to assure the quality of our products.

We build long term relationships and are closely connected to our international suppliers through in-person visits from our senior team, alongside formal certification and audit.

Section 2

Workers



Workers

Wellness and Employee Engagement

Our company is completely dependent on the craftsmanship, commitment and skill of our employees. We are an important employer in our communities and take our responsibilities to our staff very seriously.

We continue to pay the Living Wage Foundation's "Real living wage" as a minimum, which is higher than the statutory minimum wage and is applicable to all employees, irrespective of age.

We continue to promote physical health through the cycling-to-work scheme and opened our new bike storage facility this year. Our flex-benefits package offers optional health checks, critical illness cover and dental plans, and we provide free fruit to our night shift workers.

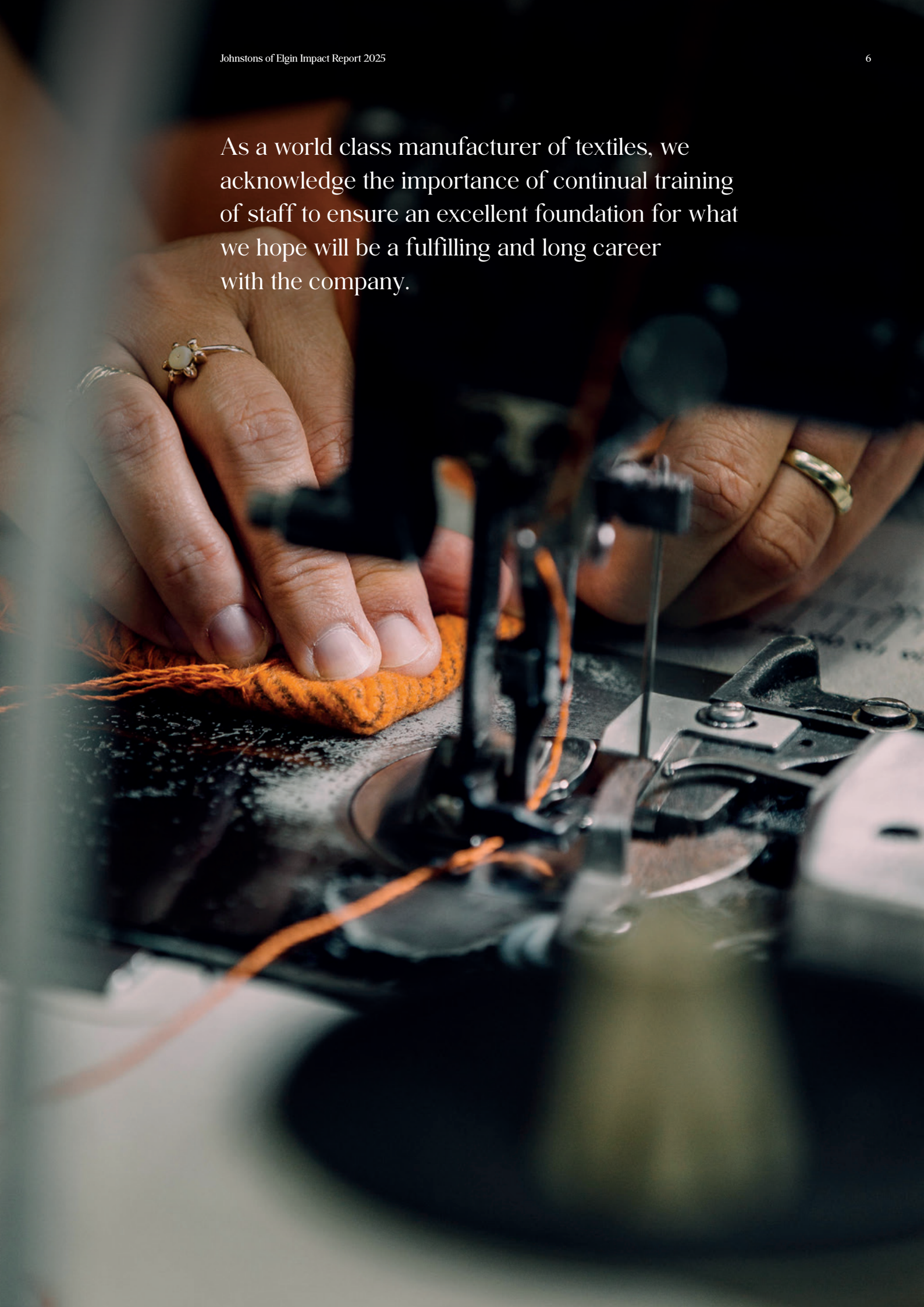
The mental health of our employees is as important as their physical wellbeing and we provide training to mental health first aiders, allowing them to sign-post support to colleagues that may be struggling. We also provide an employee assistance programme, called WeCare, which offers a suite of wellbeing services with instant access to counsellors 24/7, 365 days a year.

We work to keep staff informed of important events, changes to procedures, safety and environmental news, and social events through a companywide communications and feedback strategy:

- The Yarn is a quarterly digital magazine that is issued to all employees and retirees and includes news stories, progress on significant projects, company special interest stories, updates from the executive team, interviews with employees and special achievements.
- Screens situated in all canteens communicate a combination of important information, key dates, announcements, internal vacancies, promotion of health and wellbeing initiatives and environmental information.
- Our Facebook page, The Hive, is updated on an ongoing basis using input from employees and the company.
- 6 monthly management and employee briefings from the CEO and other members of the executive team.
- Department whiteboard meetings – held monthly, weekly and daily depending on need and information being shared.
- We conduct annual employee surveys to measure engagement and enablement of employees and results are compared on a year-to-year basis. Managers then share results with employees and are tasked to gather feedback and complete an action plan to address areas for improvement.
- Employee Forums meet each quarter in Hawick and Elgin where peer-elected employee representatives meet with management to review and discuss a wide range of matters from improvements proposals, changes in terms and conditions of employment and feedback on change initiatives.



As a world class manufacturer of textiles, we acknowledge the importance of continual training of staff to ensure an excellent foundation for what we hope will be a fulfilling and long career with the company.



Workers

Training and Staff Development

Onboarding

Midway through 2024, we introduced a new onboarding process company-wide to enhance engagement with new employees. The new process requires new employees to gather information following a signposted guide, ensuring that their immediate manager covers everything they need to know in their first few weeks, including setting training objectives for the year ahead. It also gives a clearer role to the new employees' "buddy" to provide support through the first 10 weeks and beyond. To support this, we offer the new employee a voucher to take their buddy for lunch to get to know each other better.

Competency Management System

We operate a Competency Management System to transfer key craft skills to the next generation. This enables our long serving experts in each area to develop competency standards outlining the "one best way" to perform each task, ensuring that their knowledge and experience is transferred and skills are not lost. Employees must demonstrate their competence to a qualified assessor showing they can perform the activity at the required productivity and quality levels.

We have fostered a culture that values sharing skills and knowledge with the next generation as our greatest legacy.

Modern Apprenticeships (MA)

Since introducing Modern Apprenticeships into Johnstons, 255 employees have achieved MA accreditation, and 17 are progressing towards MA accreditation. The Main MA's we provide are Key subjects, Textile Manufacturing, and Sewn Products. However, we have supported employees in gaining accreditation in Cyber Security, Data Analytics, and Software and Web Development.

The levels for each MA are:

- Level 5 & 6 - Textile Manufacturing
- Level 5 - Sewn Products
- Level 8 - Business and Administration
- Level 8 - Cyber Security
- Level 8 - Data Analytics
- Level 8 - Software and Web Development

Further Education

We also support employees in further education programmes, with support this year including:

- 2 HR Advisors completed their Master's in HR
- 1 HR Advisors studying their Master's in HR
- 1 Finance Manager completed an MBA
- 1 Shift Leader studying a BA Hons in Business Management
- 2 Shift Dyers studying towards Textile Colouration Certificate
- 1 Technician studying Level 6 National Certificate in Engineering

Training of Assessors and Internal Verifiers

To support the Competency Management Programme, 56 of our Technical Specialists, Team Leaders and Junior Managers are trained and accredited as Assessors to the L&D9Di national standard, with a further 25 currently in training. We also have 7 of our Senior Managers trained and accredited as Internal Verifiers to the L&D11 national standard with a further 12 currently in training. This also ensures that our leaders take responsibility for Competency and skills development within their department.

Qualified IV	7
Trainee IV	12
Qualified Assessor	12
Trainee Assessor	25

Workers

Employee Development Initiatives

At our “makerscroft” atelier, which employs 65 skilled sewers adjacent to our mill in Elgin, we are developing the tailoring skills of our team to increase our capacity for outerwear garments that utilise our fabric. We now have competency-based training and standards in place for pattern drafters, cutters and machinists, allowing us to manage the whole process from sampling to full production.

Management training continued during 2024 and involved the introduction and delivery of a 12-module Fundamentals of Management Programme with 580 attendances across 10 different modules of the programme.



Workers

Health and Safety

The Company has been heavily focussed on Health and Safety during 2024, not least because there has been a significant amount of construction work underway in both the Hawick and Elgin sites.

Training courses in areas such as manual handling, racking inspection, first aid, COSHH Awareness, IOSH MS (Managing Safety) were run through the year with a total of 428 individuals participating.

SDGs covered by this work include SDG 3, Good Health and Wellbeing; SDG 4 Quality Education SDG 8 Decent work and economic growth.



Section 3

Community



Community

B Corp

Our involvement with other B Corps during 2024 included participation in a nascent group of Scottish B Corps involved with manufacturing. This group meets every 2 months to provide support and encouragement to other B Corps. As the largest manufacturing B Corp in Scotland, Johnstons has much to offer the B Corp movement, and, as in 2023, we again shared our journey and motivations with a group of Scottish organisations associated with Scotland Can B, a unique and collaborative initiative between the Scottish Government and B Lab UK.

We also helped to promote B Corp through meetings with Moray and Highland based businesses involved with The Institute of Directors. Led by Neil Urquhart, our Chair, and supported by our sustainability specialist, we showed how the B Corp framework can help as a practical tool to help organisations of any size to navigate the complexity of a systems approach to understanding sustainability.

Our annual employee survey now also includes a comparison of scores by gender to identify specific issues relating to gender. In Elgin, to deliver on obligations set out in new policies, we have established two special interest focus groups, one for employees impacted by menopause called Menopause Café and one focusing on Equality, Diversity, and Inclusion (EDI), which represents employees from diverse backgrounds, including race, neurodiversity, gender, religion, disability, sexual orientation and ethnicity called the EDI Forum. These groups meet to discuss issues that impact them, share personal experiences, and discuss ways in which they and the company can support each other.

We maintain our commitment to ensuring we pay the right and fair taxes, in all the countries we operate in, contributing positively to the economy. This is in line with B Corp but also our own long-established principles of good business conduct.

SDG 5 Gender equality

SDG 10 Reduced inequalities

SDG 17 Partnership for the goals



Community

Educational Outreach

During 2024 our Learning and Development team spent over 100 hours participating in over 30 events, mainly, though not exclusively, at high schools,

These events included:

- Career fairs
- Textile projects and upcycling of materials
- CV and job application guidance
- Mill tours and career options at Johnstons
- Fashion and business presentations from students to staff

Further outreach work continues with our ever-developing partnership with the University of Edinburgh Business School and the students working through their Masters Degree in Global Strategy and Sustainability. We engaged with two groups of students in late 2024 on the issues on Internal Engagement for Sustainability Projects and Climate Risk Scenario Analysis. Both are intended to play into our Net Zero work over 2025.

We continue to support young herders in the Mongolian Community through the 'Kharaatsai', or 'Young Swallows' educational programmes in that country. And the importance of this work is only increased if the climate-related risks identified through our Net Zero Transition Plan are added to the equation. That work has identified the importance of regenerative agriculture to protect biodiversity and ecosystem health in all areas from which we derive our raw fibre, and that regenerative approach to agriculture is central to the 'Kharaatsai' programme.

Since 2022, a total of 987 students from General Education Schools (GESs) in 11 different provinces of Mongolia have participated in the 'New Herder Century' elective course which is part-sponsored by Johnstons. In 2023/2024, the program was organised in Murun (Khuvsgul province), Bayan-Ovoo (Khentii province), and Burd (Uvurkhangai province), reaching 90 students with higher numbers participating in the 2024/2025 academic year which is currently underway.

The 'New Century Herder' program has been improved in recent years and is the first nationwide social protection program ever developed for herders in Mongolia. It has the main objectives of improving herders' life skills and updating their knowledge on livestock production and regenerative farming theory and practice.

SDG 4 Quality education

SDG 17 Partnerships for the goals



Community

Charity of 2024 and other good causes

During 2024, our Elgin Mill staff chose the Moray School Bank as the main charity for the year, with a total of £10,000 being raised. The charity was set up in 2017 with the aim of providing school uniform and warm winter clothing to children living in poverty across Moray ensuring all children are equal and have opportunities to reach their potential at school.

Other smaller donations were made to the following good causes:

- £3,000 to Youthpoint Moray (Aberlour)
- £3,000 to Elgin Street Pastors
- £1,500 to Escape (youth services in Hawick)
- Contributions were also made to Hawick Rugby Club, Hawick youth rugby club, and Elgin city womens' football club

Johnstons are always open to supporting organisations through the use of our meeting rooms and Weavers restaurant space. In 2024, we hosted meetings of local charities, business groups, students and international groups of visitors.

SDG 1 No poverty

SDG 4 Quality education

SDG 10 Reduced inequality



Community

Gender equality

We produce an annual *Gender Pay Gap Report* in accordance with the UK gender pay gap reporting regulations.

Changes in the Board have resulted in the percentage of female Board members increasing from 38% to 43%, and the percentage of female members in the Executive Team has increased from 33% to 45%.

In some departments where we operate a three-shift rotational pattern it can be more challenging for females who may have more childcare or caregiving responsibilities. This is evident in our workforce demographics, where 52% of our female employees work part-time hours, and only 33% of our shift workers are female. As we provide a shift allowance for employees who work rotational shifts, due to the unsociable hours, and as male employees predominantly occupy these positions, this disparity contributes to our gender pay gap.

Nevertheless, the mean hourly pay gap in the year ending 5 April 2024 was reduced to 14.4% from 16.2% the previous year. This reflected an increase in appointment and promotion of women into supervisory and management positions.

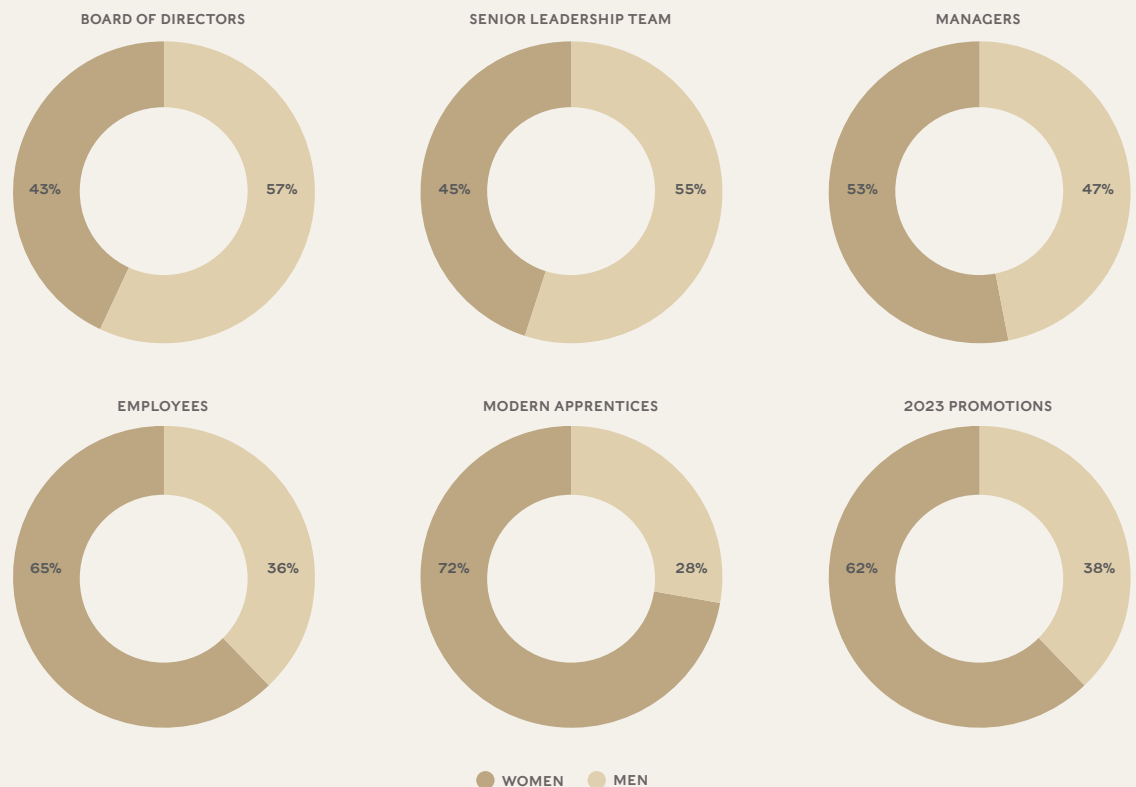
Initiatives to reduce the pay gap include:

- Publishing the minimum salary on all job advertisements and refraining from asking salary history during recruitment. This helps to ensure that past pay discrimination does not follow women through their careers.
- We encourage managers to consider flexible or job-sharing options.
- The preparation of an anonymised recruitment process to ensure that candidates are selected on the basis of skills, experience and qualifications.

SDG 5 Gender equality

SDG 10 Reduced inequalities

GENDER MIX ACROSS DIFFERENT CATEGORIES



Community

Supply chain engagement

Our teams visited our fibre supply chain in Mongolia and China, participating in third party audits and meeting with herders and farmers.

We targeted 100% of our fibre to be from certified sources by 2025, helping to ensure the welfare of the animals, supporting the incomes of herders and farmers, and encouraging protection of the pasture. In 2024, 99.9% of our cashmere was Sustainable Fibre Alliance (SFA) certified, the exception being trial and specialist materials where the standard is not yet available. All of our Australian wool fibre was certified to the Responsible Wool Standard (RWS) standard.

We continue to make progress in moving our yarn purchases to certified sources, with over 50% of our yarn now being certified in the year. Our biggest challenge in this area is to hit minimum order quantities on certified materials. We are working on this, but take the view that where material is not available in an appropriate quantity it is best to avoid the waste in over-ordering, whilst the industry develops critical mass.

In 2024 we also continued to explore the potential of locally sourced fibres. With Lunan Bay Farm, we initiated a project, alongside Edinburgh University students, to explore the potential for Scottish cashmere produced within a regenerative agriculture approach. We also purchased 1.6T of British Wool, predominantly Blue Faced Leicester from a group of Scottish growers, and continue to explore opportunities to develop products that can utilise the generally courser wool that is grown in the UK.



Section 3

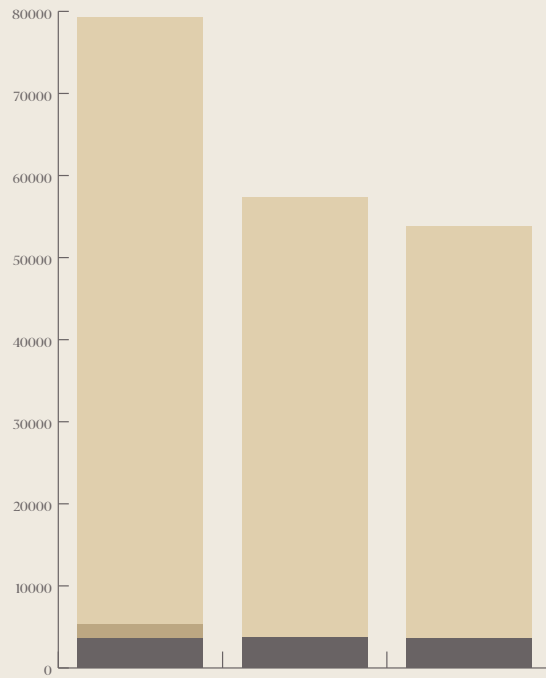
Environment



Environment

Carbon Footprint 2024

This year we again worked with Normative to assess our carbon footprint. Our overall footprint was 32% lower than our base year in 2019 and 6% lower than the prior year. The year on year reduction was driven by lower fibre procurement.



tCO2e	2019	2023	2024
Scope 1	3,545	3,743	3,620
Scope 2	1,723	56	41
Scope 3	74,071	53,590	50,149
Total	79,340	57,389	53,810

Sales Turnover (£k)	77,049	100,010	94,174
UK CPI Inflation index	124.15	101.25	100.00
Adjusted Sales in 2024 terms	95,653	101,261	94,174
tCO2e per £k sales	0.83	0.57	0.57

Carbon Reduction Pathway for Johnstons Operations (Scope 1&2)

Since 2019 we have succeeded in moving to a situation where 98% of our electricity is sourced from renewable sources. Using conventional electricity would have resulted in a footprint for 2024 that would be 1,537T (+42%) higher overall for our market-based scope 1 and 2 emissions. Natural gas use, however, remains the largest proportion of our direct emissions and is at a similar level to 2019.

This year we have been working with energy management consultants on a pathway towards zero emissions in our own directly controlled operations.

The first priority is to ensure that we are as efficient as possible and to reduce our overall requirements for energy. We have identified a number of small projects that will make further progress in this area in the next few years that may add up to a further reduction of c10-12% in the next 5 years. These projects tend to make sense both from an environmental and financial perspective, as the company is prepared to take a long-term view on returns.

We have also invested in solar energy, working with a local partner and utilising our roof space, and are considering extending this. This will not reduce our market-based footprint, as it will substitute for the renewable electricity that we already procure, but small schemes like ours do contribute to overall renewable capacity across the grid and may give us more price stability. Our initial trial installed 20kw of capacity and has resulted in a saving of 4T of CO₂e and c£6k in the first 14 months versus initial investment of £21k, a promising start for a solar project in the north of Scotland.

Beyond that, the big step is to reduce our reliance on natural gas, which is used to generate heat in our boilers for our dyeing, steaming and washing processes, as well as space heating and fabric drying.

Scotland produces more renewable electricity than it consumes, which is added to the UK grid. Many more renewable projects are expected to come on stream in the coming years, so the simplest way to reduce gas is to substitute it with electricity generated from renewable sources and electrify all of our processes.

The UK government published it's Clean Power 2030 Action Plan last year, which is focused on increasing the amount of clean energy in the grid from 60% to 95% by 2030. The main component of that change is to move away from using natural gas to make electricity. Between 2030 and 2050 the government then plans to focus on reducing fossil fuel use in other sectors, like boilers and vehicles. This switch will result in a doubling of demand for electricity.

Environment

In the meantime, the UK is still using c35% of natural gas in its energy mix. Making electricity from gas and then using electricity to make heat is much less efficient (30-50%) than burning gas directly in an on-site boiler (80-95%). With a finite capacity of renewable electricity available on the grid and knowing that it is less efficient to convert gas to electricity before using it, it makes sense for industrial gas consumption to ramp down over a period of time, in line with the greening of the grid and the ramp up of UK green electricity generation capacity.

The government focus on enabling new connections into the grid for additional sources of renewable energy, seems to be broadly in line with the timeline we are seeing on getting new connections out of the grid to industrial sites to start electrification. We have been told that we cannot get additional capacity to our site until 2029 at the earliest.

When the connection is available, we will then need to invest in infrastructure to get the additional electricity to our site, and to be able to cope with the additional supply through our internal switch room. Overall, these costs are estimated at £1.6m.

We then have to convert our equipment to work on electricity rather than gas. Initial estimates are for a further cost of £3m to convert equipment, which will be spread over a number of years as the existing equipment comes to the end of its life, avoiding the additional carbon impact of displacing serviceable equipment.

The biggest challenge with electrification is an economic one. The initial investment of £1.6m on infrastructure and £3m on equipment is significant, but the real problem is that after having done so, on current projections, we could also be spending over £2m more per annum on our utility bills as a result, even allowing for increased efficiency with new electric equipment.

This is due to our current price of gas being approximately 6p per KWH, versus 23p for electricity. Prices for industrial electricity in the UK are amongst the highest in the advanced economies. There may be a rebalancing of pricing over time that makes this transformation more palatable, but at the moment the affordability of the transition is the biggest risk and we will require stakeholders, including government, customers and investors to come together to support the change.

Our current pathway therefore looks like this:

2025 - 2030 Invest in efficiency projects and solar

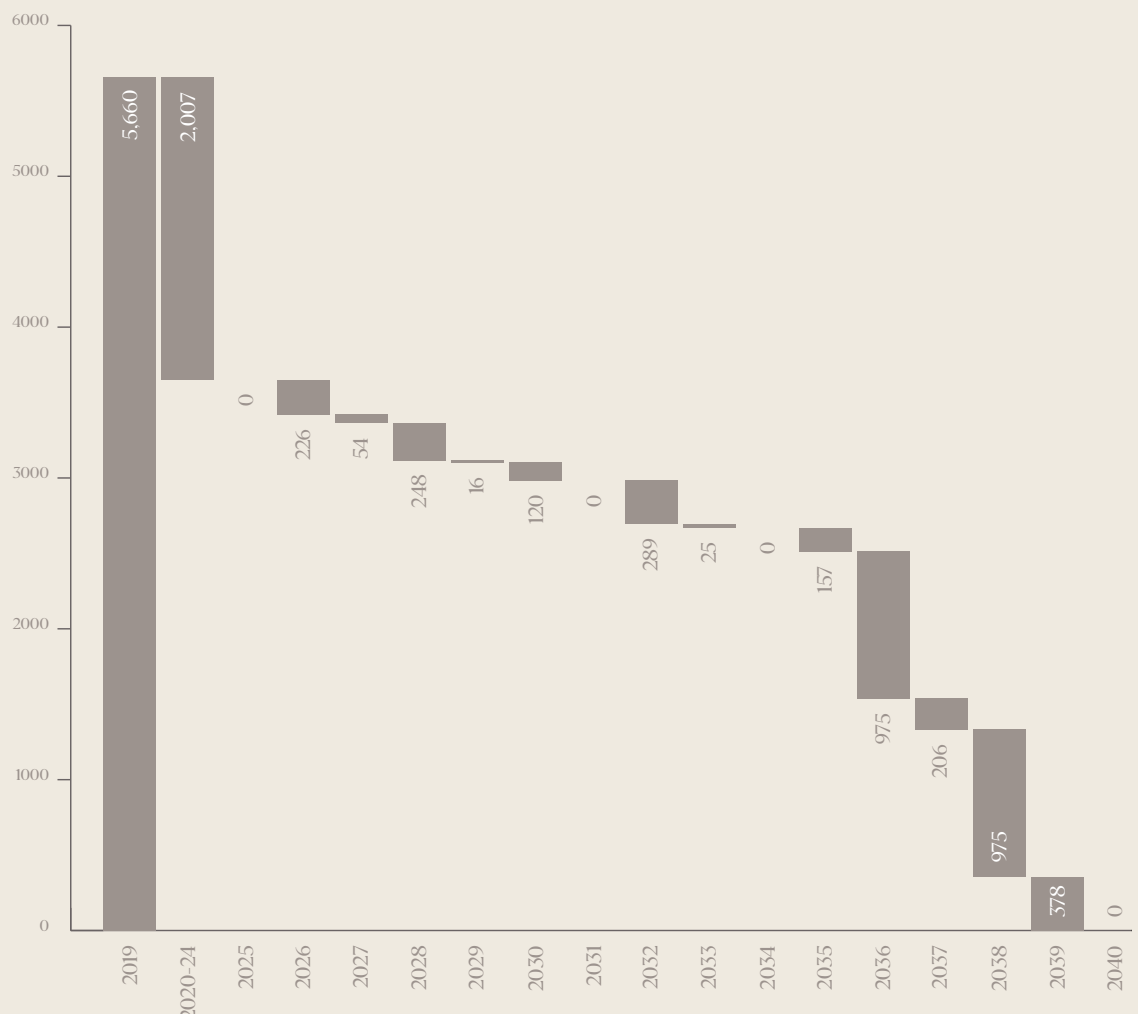
2027 - 2031 Upgrade grid connection (application underway) and internal infrastructure.

2032 - 2040 Convert gas equipment to electricity

2045 Scotland Net Zero Target

2050 UK Net Zero Target

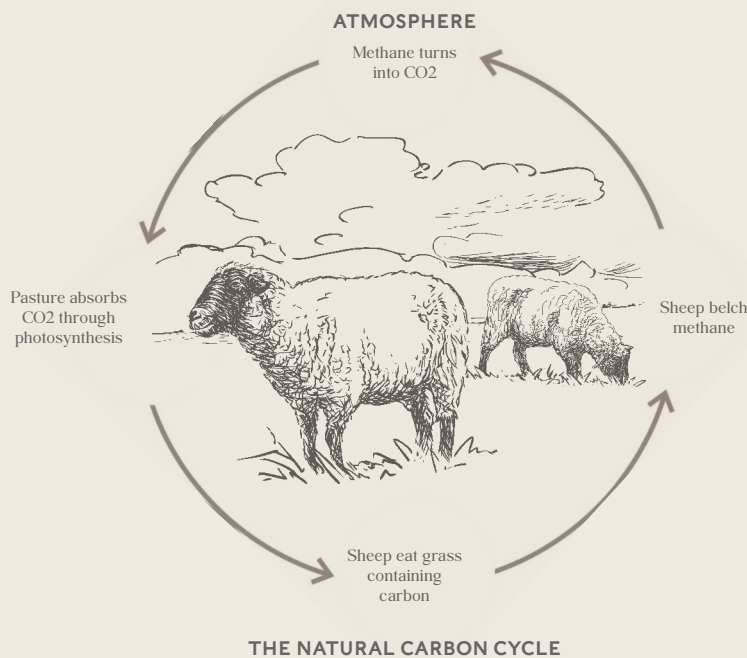
The reduction in CO₂e would therefore look like this:



Since 2019 we have succeeded in moving to a situation where 98% of our electricity is sourced from renewable sources.



Environment



Managing Impact in our Supply Chain (Scope 3)

Johnstons of Elgin have been utilising natural fibres since our founding in 1797. We believe in their incredible properties; durability, breathability, warmth, comfort, moisture management and ability to decompose back to nature at the end of life. It is unsurprising that it is incredibly difficult to replicate artificially what has taken millennia to evolve naturally.

These materials, principally wool and cashmere, make up the vast majority of our carbon footprint. We estimate 84% of our total, based on our most up-to-date emissions data, though there are limited studies on which to base our assessment.

The challenge is that the animals that grow wool and cashmere fibres also emit methane, which is a powerful greenhouse gas. In a balanced system this would not be an issue as methane breaks down into carbon dioxide which is then drawn into vegetation, which is eaten by animals... and the cycle continues in the diagram to the left.

Rangelands, which cover 54% of the earth's landmass, are ecosystems that wild animals and livestock depend on for grazing, including grassland, shrublands and deserts. These areas tend to be unsuited to arable agriculture and are home to millions of people. It is a natural situation to have ruminants on these landscapes and climate resilient animals, like goats, will be a critical part of ensuring the livelihood and wellbeing of some of the most vulnerable communities as temperatures increase.

Whilst global fibre production has increased fourfold in the last 50 years, animal fibres account for only c1% of the total weight, and quantities have reduced, whilst manmade fibres derived from fossil fuels have exploded.

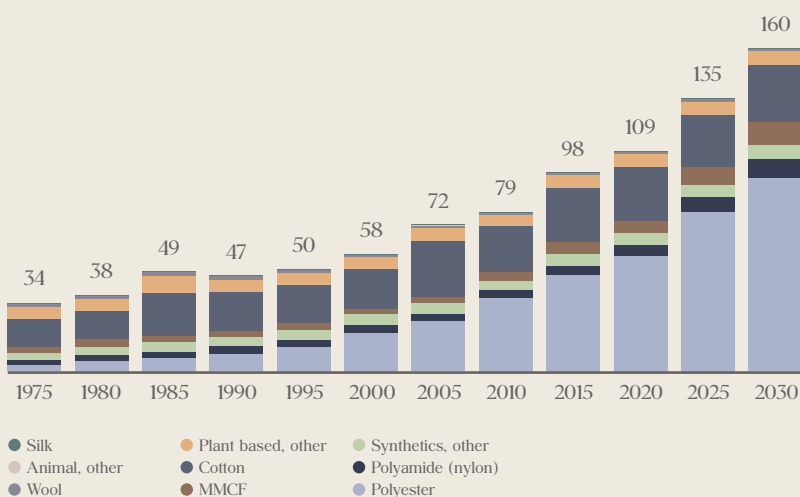
Materials like polyester remain in the environment long after they are thrown away, during their life they leach microplastics and they are less likely to be resold or recycled than clothes made from natural fibres. Over-consumption of fossil fuel-based materials is the biggest issue in the textiles market today.

However, since the industrial revolution around 2,000 billion tonnes of CO₂ has been released into the atmosphere through human activity, primarily through burning fossil fuels, increasing CO₂ concentrations from 280ppm to 420ppm. Last year was again a record for fossil fuel emissions. So, every avenue now needs to be explored to stay within safe boundaries and methane in agriculture cannot be ignored.

The question that we must therefore ask ourselves is what we can do to improve the footprint of animal fibres in the textile industry, whilst still benefiting from the incredible natural properties of these materials and their social good?

The first step is to ensure that, given we accept there is a carbon impact of natural fibres, we always endeavour to make sure that there is also a significant corresponding benefit. We want a supply chain that provides economic and social benefits for all the participants. That includes the herders, processors, the people that work in our mills and, of course, our customers. This is what happens when the products using these materials are sold for a fair price and are made to last.

GLOBAL FIBER PRODUCTION (MILLION TONNES)



Source: Textile Exchange based on data from CIRFS, FAO, ICAC, IVC, IWTO, Maia Research, and its own modeling

Environment

These benefits are less likely to accrue when materials like cashmere are sold on the mass market for low cost. Cheap cashmere requires every stage of the supply chain to be cut to the bone, leaving herders with less money and less social benefit to all participants in the supply chain. The lower unit margins made by retailers and producers in this model require them to produce ever larger output to make the model work, adding to pressure on grasslands.

Our first commitment is therefore to make sure that we continue to understand and support our supply chain and manufacture our brand to the highest quality standards, minimise waste, maximise value in use and support recycling and circularity. This is the single biggest impact we can have.

The second step is to work with our supply chain to try to mitigate emissions, which can be done by regenerating landscapes to lock more carbon in, or by reducing emissions from the animals.

We have already made great strides in developing a traceable supply chain, with our fibre purchases now being certified under the SFA (cashmere) or RWS (wool) standards, which provide a chain of custody and baseline standards.

Our next challenge is to work with our supply chain to move from certification to regeneration. This is not an easy task, but we are seeing significant improvements in satellite and geo-mapping technologies, supported by AI, that can more easily assess the condition of pastureland and therefore support advances in this area. So far, our efforts have been to work with certification providers to train and develop the supply chain to improve the land, in future we expect to be able to assess outcomes and to amend our sourcing in response to actual data.

The reduction of methane from animals does not have a quick fix, but some feed additives are coming onto the market that inhibit methane production and breeding programmes are also being explored so that animals have a lower propensity to produce methane in the first place.

Due to the difficulties in rapidly reducing agricultural emissions in natural systems, the Paris agreement recognised that agriculture will continue to generate emissions beyond 2050. The IPCC noted in 2018 that agricultural emissions would have to reduce by between 16-41% by 2050 to be in line with a 1.5° pathway, and New Zealand, a country dependent on this sector, has a target broadly in line with this, to reduce its methane emissions by 24-47% by 2050 relative to 2017.

Given the importance of natural fibres to our business, we are exploring FLAG (Forests, Land and Agriculture) targets under the Science Based Targets Initiative methodology and are currently working with Textile Exchange on an LCA for cashmere that will provide more accurate information on the carbon footprint of our most important material.



Environment

Understanding Climate Risk

Understanding climate-related risks and opportunities that are emerging are an important part of future-proofing Johnstons.

With help from The University of Edinburgh Business School Graduate Students of Sustainability and Global Governance, we have started to develop a methodology to review the potential risks and opportunities, to enable us to develop mitigation strategies.

The main risks identified were around changing rainfall patterns and the impact this may have on our supply chains. Overall, the areas where we source from do not indicate significant changes in total rainfall, but there are more extremes, and we can expect drought, flood and dzud (a snow/ice event in Mongolia) to become more regular. We will continue to monitor this risk and evaluate any changes that we need to make to mitigate these challenges.

Water

At Johnstons main mill in Elgin, we continue to benefit from the use of a borehole as the best and most sustainable source of water that we can access. It means we do not compete directly with other water users in our vicinity such as households, other industrial users, nearby farms, or neighbouring aquatic ecosystems. This is important because, although Scotland has a comparatively low index of water stress, 2024 was highly erratic with some months approaching the wettest recorded, and others approaching the driest. Autumn 2024, based on Met Office rainfall data, was the 5th driest autumn in 100 years and we remain vigilant to this issue as climate uncertainty and our obligations as a responsible water user continues to unfold.

Our mill in Hawick is far less water intensive in its processes, but despite that, they have invested in new washing machines which are both more energy and water efficient.

It is also important to collaborate with supply chain partners who operate in areas of higher levels of water stress to ensure they are working in ways that minimise impact in their environment. We are therefore in discussion with facilities in England, Italy and Mongolia to assess the effectiveness of their water management systems.

Chemicals

Chemical use in our industry is guided to a large degree by the Zero Discharge Of Harmful Chemicals (ZDHC) Roadmap to Zero Programme. Led by the dyehouse team, we continued to work towards improvement in this area as required by our successful achievement of the Progressive Level in the ZDHC in late 2023.

This programme extends beyond our own mills and in 2024 we focussed on ensuring that our supply chain partners were also compliant with the Manufacturing Restricted Substances List (MRSL) and we have now reached a level of 95% compliance in that area, with a few suppliers requiring some follow up.

We continue to innovate and are reviewing natural dyes and bio-based chemicals, whilst also making progress towards GOTS (Global Organic Textiles Standard) certification for our mills.

Waste

During 2024, we focussed on reducing waste within the production processes of our Elgin mill. Every failure to get our raw material into a product in the hands of a customer comes with a high financial cost as well as the embodied resources such as water, energy and chemicals. While recycling and selling of off-cuts does go some way to addressing these issues, the ultimate goal must be to reduce defects to zero.

We have made good progress, particularly with improvements in our cutting process for scarves, driven by our teams working on small iterative improvements, resulting in less waste and better customer service.

Circularity & Recycling

We work with Dastardly line, a Scottish quilting studio, who utilise the selvedge waste from our weaving process to make beautiful blankets.

Our aftercare and repair service for cashmere is provided by our partners, Cashmere Circle, based in the Scottish Borders.

We host upcycling craft events, engaging with the community, schools and staff to make full use of off-cuts and scraps of fabric and yarns.

Our mill cloth sale is an outlet for our deadstock, whilst providing materials to local crafters and artisans, and we experimented in 2024 with offering deadstock yarn through ebay to the knitting community.

We also aim to minimise yarn waste by weaving or knitting special limited-edition pieces under our "Every-yarn" sub-brand, which are available exclusively to visitors to our sites.


In 2024, Johnstons joined a collaborative effort called the Biomaterials Circular Alliance which aims to develop a database designed to support the development of biologically circular products. We provided samples to aid in the understanding of the bio convertibility of our fibres and on the impact of substances such as dyes and chemicals used in their processing. Ultimately, this approach advocates for the development of Product Design Guidelines that aim to facilitate the design of products that ensure biobased components can be effectively utilised as feedstock for circular materials.

We challenge ourselves daily to meet the highest standards of quality for our customers, and in 2024 the return rate from our largest private label customer was 0.02%, down from 0.07% the previous year.

Despite this strong performance, a small percentage of production is rejected for quality reasons before it reaches the customer. We have worked with partners to convert these seconds that do not meet our rigorous first-line standards back into yarn to be re-introduced into production. This "garneting" process teases the fibres out of the woven fabric, ready to be combined with virgin material and re-spun. Our trials of this re-purposed yarn have been successful, and we hope to be able to introduce this circular process into selected products in 2025.



During 2024, we focussed on reducing waste within the production processes of our Elgin mill. We have made good progress, driven by our teams working on small iterative improvements, resulting in less waste and better customer service.

A large, mature tree with a thick, textured trunk and dense green foliage dominates the left side of the frame. In the background, a stone building with a dark door and windows is visible, partially obscured by the tree's branches. The foreground is a grassy lawn with dappled sunlight and shadows. The overall scene is peaceful and highlights the presence of trees in an urban setting.

In 2024 we began the process of mapping the more than 200 trees on the Elgin site via a project called Treezilla, which aims to map all the urban trees in Britain.

Environment

Paper Bags

In our ongoing mission to reduce environmental impact, we've taken significant strides toward eliminating plastic from our packaging. Our new solution – crafted from FSC-certified, recyclable paper – offers a responsible alternative that aligns with our values without compromising performance. Tested downstream by one of our key customers, the packaging has performed exceptionally well, confirming its viability in real-world logistics and handling. With these positive results in hand, we're preparing to begin the transition from plastic to paper in the coming months, marking a meaningful step toward a more sustainable supply chain.

Our Grounds

Johnstons gardens are a popular part of the mill tours that we run and there are many trees with stories of their own to be told, that add to the biodiversity of our site. From unintended imports that arrived decades ago from Mongolia hidden amongst fibre, to new trees planted by important visitors, each is valued.

So, in 2024 we began the process of mapping the more than 200 trees on the Elgin site via a project called Treezilla, which aims to map all the urban trees in Britain. So far, we have identified Horse Chestnut, Maples, Sycamore, Flowering Cherry, Copper Beech, Kashmir Rowan, Persian Ironwood, European Turkey Oak, London Plan, Sequoia and Common Lime. A wonderful job to continue with in 2025.



Section 5

Customers

Customers

‘British fashion has an enduring relationship with craft, with myriad and often idiosyncratic forms existing across the British Isles today. Burberry’s long partnership with Johnstons continues Thomas Burberry’s legacy and preserves these crafts, keeping alive centuries-old Scottish traditions.’

Carly Eck, Brand Curator, Burberry

We are fortunate to work with customers that recognise the value of craftsmanship and support the work we do to maintain those traditions in Scotland. They have high standards, that align with Johnstons, for the way that we manage our impact and treat our employees and suppliers.

The highlight of our year was of course, when in May 2024, Johnstons of Elgin was granted a Royal Warrant by His Majesty The King for Manufacturing Estate Tweeds, Knitwear and Woven Accessories. This coveted accolade recognised commitment to the highest standards of manufacturing, quality, craftsmanship and sustainability. Johnstons of Elgin were one of 145 individuals and businesses to receive a Royal Warrant of Appointment to HM The King in the first of his reign.

Our partnership with iconic British brand, Burberry, which started in 1900 continued through the latest instalment of their ‘Made in the UK’ content series. Both companies share values of local craftsmanship, and the highest quality natural fibres and together we create the iconic Burberry Check cashmere scarf. The quality of our fibres and production processes means that the products we make for Burberry are a perfect fit for their ‘Scarf for Tomorrow’ initiative which aims to ensure that the scarves soft finish is maintained, restored and repaired when it is finally necessary.



Customers

In June 2024, Johnstons collaborated with Dior as they returned to Scotland to stage their Cruise 2025 show. The creative director for Dior's women's collections, Maria Grazia Chiuri, described Scotland as a country "where the vastness and beauty of its raw landscapes and nature meet age-old craftsmanship and art". A blanket inspired by a 1930s map from our archives and knitted argyle pieces were featured on the runway, and the show was a showcase of Scottish textile craftsmanship and heritage.

Our own Johnstons of Elgin brand community continues to engage with us as a "Made in Scotland" luxury brand that has authentic heritage and savoir faire, making quality that lasts. This is reflected in some of the feedback we received from our customers:

- You deserve high praise for sustaining British design talent and manufacturing.
- Beautiful product made by honest company which will last for years. Sustainability at its best.
- Never had a bad purchase, jumpers are well made and the extra cost pays off in longevity.
- I wore "cheaper" gloves from another retailer and realised what a huge mistake I made. Ditched those fingerless gloves for a swish pair of yours!
- I am updating my capsule wardrobe with timeless quality investment pieces.
- I'm always looking for brands that combine quality, style, and a connection to nature – your website caught my eye with its beautiful visuals and thoughtful design.
- I am always interested in the products that you have. I value your company's commitment to cashmere, quality design and workmanship.
- You are the tops, in my book. I appreciate the quality of your designs and your fabrics. Supporting you as a British manufacturer is really important to me. I cringe sometimes at your prices, but you get what you pay for. There is no-one in your league!
- Quality, reliability, heritage. style, longevity and what feels like local customer service. I am wearing things my grandmother had who passed to my mother and to me.



Johnstons of Elgin

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