



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.



DISCLOSURE QUESTIONNAIRE

Company Name: Johnstons of Elgin
Date Submitted: 04/27/2023

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services	✓	
Biodiversity Impacts	✓	
Chemicals	✓	
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries	✓	
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries	✓	
Tax Advisory Services		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration		✓
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓



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DISCLOSURE QUESTIONNAIRE CATEGORY	Animal Products and Services
TOPIC	The Company is a manufacturer and sources more than 50% of raw material expenses from animal products.
SUMMARY OF ISSUE	Johnstons of Elgin sources cashmere wool from grass-based herding communities in Mongolia who manage cashmere goat herds in the traditional manner associated with that indigenous practice. These herding communities also include yaks, cows and horses in their herds. The company also sources cashmere from goats reared in inner Mongolia where more farm-based methods are used. Although these are still grass fed, the feeding regime is supplemented at certain times of year by bought-in feed. Both scenarios are covered by standards managed by the Sustainable Fibres Alliance. The Responsible Wool standard applies to merino wool that is purchased from Australia. These farms are family owned, often going back for generations. RWS farms take a progressive approach to managing their farms which involves protecting soil health, biodiversity and native species management. Farms are certified to the animal welfare, Land Management and Social Welfare Models of the RWS. The animal welfare criteria include requirements on nutrition, the living environment, animal management, handling and transport, management, plans and procedures. The land management criteria include soil management, biodiversity and water, fertilisers, pesticides. The (human) social welfare criteria include hiring practices and forced labour, working conditions and conduct, freedom of association and collective bargaining, wages and benefits, communities, health and safety.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The average size of farm for cashmere is extremely difficult to estimate. In the Mongolian tradition, due to the nature of the practice, multiple herding families work on a communally grazed area of land. In Australia, the average herd size is approximately 6,000 sheep (possibly with an additional 1,000 cattle. In China, cashmere varies significantly from 800 goats to as much as 4,000 (goats, yak, cattle, horses). There are additional location specific requirements for China in place. The company buys raw fibres from certified brokers. This is a standard industry practice, especially in Mongolia where individual herders are dispersed across vast land. Because of that, the company does not know exactly, how many farms are involved in the sourcing of raw materials, although all must be involved with either the SFA or RWS certified brokers. Each batch of purchased wool is traceable through the standards.
IMPACT ON STAKEHOLDERS	The Company is one of the founders of the Sustainable Fibres Alliance (SFA) and is a member of the Responsible Wool Standard (RWS). The SFA initiated the Sustainable Cashmere Standard, and their Animal Husbandry and Cashmere Fibre Harvesting Code of Practice is founded on the five freedoms of animal welfare: • Freedom from hunger, thirst and malnutrition • Freedom from discomfort • Freedom from pain, injury and disease • Freedom to express normal patterns of behaviour • Freedom from fear and distress.



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	The Code of Practice consists of requirements relating to food and water, living environment, health, herd management, kidding and kid management, combing and shearing, handling and transport, euthanasia and slaughter and risk management plans. SFA producers are required to complete a self-assessment against the requirements of the certificate scope and to develop an improvement plan if required. The improvement plan is scrutinised before an on-site evaluation is conducted by the accredited Conformity Assessment Body appointed by the SFA. The Responsible Wool Standard also has a holistic approach to animal welfare based on the same 5 freedoms of animal welfare as the SFA standard. The RWS also strictly prohibits the process known as mulesing. The animal welfare is monitored via third party certification bodies. Under the RWS, each stage in the supply chain is subjected to audit. Both, the RWS and SFA incorporate requirements around preserving land health which, by extension, must have an impact on the welfare of animals as they express their normal grazing behaviour.
IMPLEMENTED MGT PRACTICES	The Company does not set any targets on animal welfare directly on farms. This is carried out by the certification bodies of the RWS and SFA standard. It includes, for example the average goat survival rate and the level of "twinning" (which is a good indicator of maternal health). However, the Company does have KPIs which directly related to animal welfare by insisting that 100% of sheep wool is from non-mulesed sheep. Purchased yarn (as opposed to our own produced yarn) is also fully non-mulesed, and that is confirmed via certification. The Company has targets to reach 100% of cashmere purchased by the end of 2024 is SFA certified. This figure is internally tracked and monitored but not publicly disclosed. However, when the target is reached, the certified origin of the raw materials will be disclosed. In addition, all sheep's wool bought by the Company is RWS certified.



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DISCLOSURE QUESTIONNAIRE CATEGORY	Environmentally Intensive Industries
TOPIC	Water Intensive Industries
SUMMARY OF ISSUE	Johnstons of Elgin is the largest manufacturer of luxury woollen and cashmere products in the United Kingdom. The company sources more than 50% of their supplier expenses from animal farms. This includes cashmere from suppliers located in Mongolia and China, and lambswool from Australia. According to B Lab's guidelines - All companies that source >50% of their supplier expenses from Animal Farms should opt into the Water Intensive DQ. In addition, the company self-reported as water intensive based on the quantity of water required for fibre processing, dyeing and overall textile manufacturing process. Two parts of the manufacturing processes are water intensive: 1. The process of dyeing wool - water is heated and dyes are added to the water. This is then pumped into a large stainless steel dye pot into which the raw wool is lowered for several hours. 2. The washing of the weaved product as part of the finishing process. Finished woven fabrics are cleaned using water at 40 degrees Celsius in order to remove any residual chemicals used in the production process. All water is pumped through a Submerged Aerated Filter (SAF) pre-treatment unit before being discharged into the municipal wastewater treatment plant situated nearby. It's worth noting that the nature of wool is that it absorbs the vast majority of the dyes into which it is placed, upwards of 98% of the dye is absorbed. This compares to nearer 70% for cloth such as cotton.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The primary water source for Johnstons of Elgin is a borehole situated on-site. This has been the primary water source for many years. The secondary water source is the public water supply which is only used when the borehole is recharging from ground water inundation or for canteens, toilets or other areas where human consumption is involved. It is normal for a certain amount of water to be accessed via the public system each day, but the borehole is the primary source. The Company has asked the question regarding stakeholder impact of The Scottish Environment Protection Agency (SEPA) about the likelihood of our borehole water consumption adversely impacting other stakeholders, particularly downstream from our site. The agency responded by saying that the abstraction license would not be granted in the first instance if there was a negative downstream impact. However, the Company decided to investigate the matter further and deduced that the daily water consumption from the borehole is approximately 1% of the daily flow rate of the river Lossie which flows directly past the company's factory. The direct correlation between the river flow rate and borehole recharge rate is impossible to measure, but there has never been an issue to date. Additionally, the use of a borehole in times of water scarcity is the preferred option for SEPA as part of their water scarcity plan for Scotland as a whole.

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	The Company also undertook a search on other individuals or firms who have abstraction licenses in place, both upstream and downstream from the factory site and there was nothing about any of them which gave cause for concern. Both the numbers of abstractors and the level of abstractions were small. The only other major consumer is a whisky distillery which is upstream from the company's site, therefore it will not be impacted by Johnston's operations. Because the factory does not discharge into water sources directly, it cannot adversely impact abstractors downstream other than by reducing flow, but as stated above, this would not be permitted in the first place by SEPA. In addition, the Company carried out a search of any areas of ecological importance in the water catchment area to determine if there were any areas they might negatively impact. They were also looking for opportunities to make positive contributions. For this reason, they contacted a local charity (Wild Things, Findhorn) which is involved in local conservation work for their input, but they knew of no areas of particular importance beyond the impact of unwelcome non-native invasive species. Finally, the Company uses an industry led framework called the Zero Discharge of Harmful Chemicals (ZDHC) to work progressively towards reducing the burden on the Wastewater treatment plant (WWTP) and, in doing so, reduce the likelihood of negative stakeholder impact - such as coastal communities (The WWTP is situated near the coast) or on marine life itself.
IMPACT ON STAKEHOLDER (S)	Moray (indeed Scotland as a whole) is not counted as an area under water stress in the World Resources Institute Water Risk Atlas in almost every category. Using that tool, even under pessimistic scenarios out to 2040, the water stress risk is categorized as low, less than 10% probability. This is due to the levels of rainfall, but also the largely rural nature of the Moray region which means actual abstraction levels are relatively low. The rural geography also allows for rapid water table replenishment when rain does fall, which happens regularly and in plentiful quantities. Using a more local measure, the Company often refer to the SEPA Water Scarcity Index which is published weekly between Late April and Early October each year. Since April 2019, Moray has only experienced "moderate scarcity" levels 3% of the time. The preferred response from water users at that point is to "consider alternative sources", essentially boreholes such as the one the Company already uses as a default.
IMPLEMENTED MGT PRACTICES	The Company has determined its water intensity as part of the work with a major customer who is driving awareness of water in the supply chain. Presently, the Company does not have any specific water reduction targets. However, they use the Zero Discharge of Harmful Chemicals (ZDHC) framework to reduce the burden of water treatment required of wastewater. The Company recently undergone a site visit from Scottish Water Business Stream to help identify additional ways in which they can reduce the amount of water used. This ranges from low flush toilets, more efficient taps and general water awareness amongst staff generally (encouraged through information screens placed throughout the site). Furthermore, the Company is currently in the process of implementing new meters at optimal points on-site to ensure that water use is measured effectively to allow them to identify possible leaks, but also to track usage and develop targets which are appropriate. This process of positioning the meters correctly is seen as pivotal to ensuring appropriate information going forward. In addition, the dyeing process involves heating water to over 90 degrees Celsius for an extended period. The Company uses specially designed dye pots with tight-fitting lids to reduce water evaporation and uses less energy simultaneously.



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In terms of management of chemical inputs associated with treatment pathways downstream, the Company undergoes a continual improvement process required by the ZDHC Programme. Direct comparisons with others in the industry regarding the quantity of water used is problematic because of the lack of direct comparisons available. Johnstons is one of a few remaining vertically integrated mills left in Scotland, indeed within Europe. However, the Company is scrutinised by one of the main customers who requires other contracted clothing producers to undergo the same process.



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RELATED DISCLOSURE QUESTIONNAIRE CATEGORY	Water Intensity (Indirect - Supply Chain)
IMPLEMENTED MGT PRACTICES	The Company does not have any specific targets or objectives linked to reduction of water use in the supply chain. However, all of Company's wool suppliers are RWS certified. The standard encourages farmers to manage water resources through the "Climate+" programme. The programme includes calculations for water consumption, water scarcity and eutrophication potential. This provides a high-level overview and identifies hotspots rather than enabling specific measurements and target setting. The Company also engage with broker suppliers by requiring them to implement positive water management practices and to participate in certain water focussed educational programmes run by some of Company's larger customers. This is a new initiative that the Company has just begun to implement. Suppliers who are accredited through the Sustainable Fibres Alliance are not specifically required to manage their water because the production process is nomadic and relies on rain-fed pasture. However, the regenerative agricultural approach does acknowledge the impact of biodiversity on water management. In addition, the Company offers support to significant suppliers who are in areas of high water stress. This involves the use of online tools (WWF Water Risk Filter) which enable different aspects of the water related challenges in their locality to be identified.



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RELATED DISCLOSURE QUESTIONNAIRE CATEGORY	Energy & Emissions Intensive Industry (Indirect - Supply Chain)
SUMMARY OF ISSUE	The Company sources more than 50% of their supplier expenses from animal farms. According to B Lab's guidelines - All companies that source >50% of their supplier expenses from Animal Farms should opt into the Energy and Emissions Intensive DQ.
IMPLEMENTED MGT PRACTICES	The Company has conducted a study to understand their Scope 1,2 and 3 emissions. They are also taking part in an enhanced study to determine the carbon impact of cashmere wool production which appears to be the single largest source of emissions. This is currently at the desk-based research stage, although field visits will be carried out in due course. In terms of support provided to suppliers in order to minimize the energy consumption and emission production, the Company does not have a specific target in place at this time. However, the Company's Environmental Policy contains a clause which states that they "expect similar environmental standards from their suppliers and subcontractors".

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RELATED DISCLOSURE QUESTIONNAIRE CATEGORY	Biodiversity Impact (Indirect - Supply Chain)
SUMMARY OF ISSUE	The company sources more than 50% of their supplier expenses from animal farms. According to B Lab's guidelines - All companies that source >50% of their supplier expenses from Animal Farms should opt into the Biodiversity/Monoculture Impact DQ.
IMPLEMENTED MGT PRACTICES	Biodiversity management of supply chain is overseen by certification bodies - Responsible Wool Standard (RWS) and the Sustainable Fibres Alliance (SFA). Both of these standards have requirements around biodiversity and land management. The RWS, which is managed by the industry body called Textile Exchange, is encouraging the adoption of its "Climate+" Strategy and is collaborating with the "Fashion Pact" and "The Science Based Targets For Nature" to track the interactions between material production and biodiversity as a means to measure impacts and enable continuous learning. At the moment, the Company does not set any specific targets to preserve or conserve biodiversity in the supply chain, however, these are agreed between herder communities and farmers with their respective certification bodies. All farmers who produce wool for Johnstons must participate in either the RWS or SFA standards and comply with their requirements to protect soil and biodiversity. The Company also provides financial support through the SFA, which trains herders in regenerative agriculture techniques. This includes: • establishing clear boundaries for herding to allow for regeneration; • training to allow herders to assess the health of their grazing areas; • help to identify rotational grazing movements to prevent over-grazing, • identify specific areas for wildlife protection and habitat restoration. The screening of the environmental practices of farmers who are the source of our wool supplies is done through the SFA and RWS certification bodies as well. An example would be herder training which included: • the welfare of goats in terms of feeding, drinking water, pen environment, breeding management and cashmere harvesting from the perspective of the five basic principles of animal welfare • disease prevention and health management • goat nutrition. The SFA, having signed a Memorandum of Cooperation with Mongolia's Academy of Science, are working to assess and certify wool and cashmere production operations to reduce the negative impact of cashmere production on the environment.

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RELATED DISCLOSURE QUESTIONNAIRE CATEGORY	Chemical Management
SUMMARY OF ISSUE	The chemically intensive process of the manufacturing is the process of preparing the raw wool. It involves the careful use of specific chemicals, e.g. oils and dyes, during the preparation stage and dyeing of the yarn used in the products. The use of chemicals is minimised at every opportunity. The nature of the dyeing process also ensures that most of the dyes (around 98%) are absorbed by the wool and never enter the waste stream. The Company complies with the Zero Discharge Of Harmful Chemicals (ZDHC) Pathway and has progressed from the Foundation to the Progressive level of this management approach. This framework helps manage any substances of concern being used within Company's operations. Chemicals used upstream in the value chain must comply with ZDHC obligations. In addition, the Company shares preferred chemical products with suppliers and requires supplier reporting on all chemicals used. Suppliers are also subjected to compliance with Johnston's Code of Conduct, that requires complete transparency and supplier audit. Every batch of wool is required to be tested by the suppliers in certified laboratories to ensure compliance before it is purchased by the Company. The ZDHC Manufacturing Restricted Substances List (MRSL) guides this. This process ensures that chemicals are prevented from entering the value chain at the source.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	In the fiscal year 2021, 99% of the company's revenue was earned from the sale of products that require use of chemicals during the manufacturing process.
IMPACT ON STAKEHOLDER(S)	As a chemical intensive industry, textile production poses risks to the environment such as pollution of air, land, and water, as well as potential human health risks to those exposed to harmful chemicals.
IMPLEMENTED MGT PRACTICES	Johnstons of Elgin has taken numerous steps in order to manage chemical intensity of the manufacturing process. The advancement to the Progressive Level of the ZDHC Pathway required improvements in how the Company manages the chemical use across all operations. Example includes chemical volume and concentration level targets which are in line with the continuous improvement requirements of the ZDHC programme. These are set for the industry as a whole, in order to comply with relevant legislation and best practice. The Company uses DETOX.Live platform (part of the ZDHC Roadmap to Zero Programme) to compare with other leaders in the industry on chemical management practice. It provides a global picture of the Programme's impact. It shows which companies are changing their practices and how well the industry is performing overall. The following examples constitute best practices for managing chemicals which Johnstons perform: • Purchase only the chemicals and amounts required • Reduce inventories and store only what is almost immediately needed – as above • Increase environmental regulatory compliance and decrease legal liability – staff training and continual improvement as per requirements of their ISO:14001 duties. • Develop preferred vendor relationships – the Company only cooperates with wool suppliers who conform with the requirements as set out by the ZDHC MRSL Guidelines. Finally, the Company strives to minimize the amounts of any chemicals used in the production process and follows best practice and supplier guidelines to ensure that those used are the ones as recommended by the ZDHC Pathway to Zero Programme.