

BREATHE DEEP
FRESH AIR
BREATHE DEEP



B E G G X C O

Responsibility Report 2021

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Introduction

Responsibility – to our people, product and planet – sits at the very core of Begg x Co.

From certified energy management systems and maintaining animal welfare to improving supply chain standards and the proactive repurposing of waste, we are always looking to improve the impact we have on the environment and the community around us.

As Glasgow plays host to COP26 this November and the world's leaders come to Scotland to discuss climate change, we're publishing our inaugural Responsibility Report to recognise the work we've already done and to highlight the key areas that require our attention and improvement.

We commissioned Andre AKA 77 of Glasgow's Forij collective to create a spoken word piece at this decisive point for the business and the world.

Whilst we are inspired by our heritage and our part within Scotland's industrious past, the piece, quoted on the front cover of this report, prompts us all to pause, reflect and evaluate the part we can play in securing a more sustainable future for our global community. Listen to the full piece at beggxco.com/responsibility-report

Throughout this report, our pledges are aligned with UN Sustainable Development Goals. These goals were established in 2015 as a universal call to end poverty, protect our planet and to provide peace and prosperity for all by 2030.

As we hold ourselves accountable and forge a new path forward, we pledge to be transparent about the journey we are on and welcome questions and challenges to continually reassess our priorities.

Ian Laird, CEO



People



To ensure and provide a safe, fair and equal working environment across our supply chain.

UNSDG 1 – Eradicating Poverty in All Its Forms

UNSDG 10 – Reduced Inequalities

UNSDG 5 – Gender Equality



At Begg x Co we make considerable efforts to ensure we look after our employees.

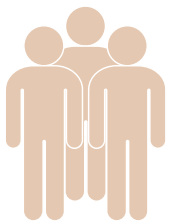
We invest heavily in our teams to develop their skills and there are many opportunities for employees to get involved in developing the business and in our support for charities, locally and further afield.

Living Wage Employer: As members of the Living Wage Foundation we commit to paying all of our employees the real living wage. This sets a minimum wage standard in line with the real costs of living and higher than the governments set minimum wage.

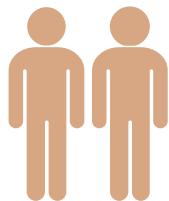
SEDEX: We are a member of Sedex, a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. We make sure our suppliers' employees are treated fairly, providing their employees with ongoing training, safe working conditions, and a living wage, as described in our statement on [Modern Slavery](#).

Sick Leave

Source: Management Information



2.3%
2018



2.2%
2019



1.3%
2020

Diversity & Inclusion: At Begg x Co, community is at the heart of everything we do. We fundamentally believe in building an inclusive and diverse workforce, with teams which reflect a wide variety of background and experience. We do not discriminate on any basis and actively celebrate individual difference. Our diverse & creative teams share their own unique skills, experience and cultures to allow us to push our creativity boundaries.

It is important to us that we recognize and celebrate diversity, inclusivity and living life as your most authentic self. This year we launched a long-term partnership with Queer Circle, an LGBTQI+ charity at the intersection of arts, culture and social action. The ongoing partnership recognizes the adversities and inspiring achievements of the LGBTQI+ community all over the world.

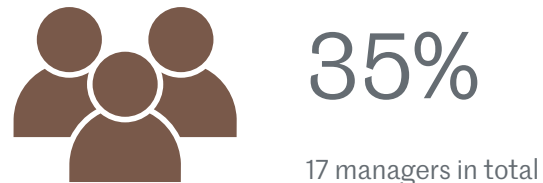
% Female Employees Business-wide

Source: Management Information



% Female Managers Business-wide

Source: Management Information



To fight for a sustainable world in which Children’s Rights enjoy universal respect.

UNSDG 4 – Quality Education



Children’s Rights: We were able to make significant progress in this area in 2020, working with Global Child Forum. We plan to develop this work further, especially through a partnership with MCR Pathways, which provides adult mentors to young people in the care system.

Student Support: Our concern goes beyond our own team. We regularly support the learning and development of textile students and school pupils so that they have a better understanding of the textile industry. We recently donated to the Fabrics for Students initiative launched by the British Fashion Council, which sends surplus unwanted fabrics to fashion schools around the country.

Young Herders: We support the training of young herders through our partnership with the SFA. In 2021 we sponsored the first Young Herder Award – promoting and supporting SFA Cashmere Standards amongst the next generation of Young Herders. We also work with a French charity, Sentier d’Action Europe (SUJE), to support their work in schools in Mongolia. In the Mongolian countryside, many children become boarders when they start secondary school, as it is the only way they can access education. However, accommodation, leisure facilities and access to medical care are often very limited and these are areas where SUJE is doing development work.



A DECISIVE DECIMAL POINT



2022 People Goals

Diversity

We will define a Begg x Co Diversity and Inclusion Action Plan to be launched in 2022. We commit to supporting at least 3 initiatives related to Diversity and Inclusion in 2022 and beyond.

Gender Equality

We will become a signatory to the UN's Women's Empowerment Principals to ensure our ongoing commitment to gender equality is progressive and wholly inclusive.

Wellbeing

We strive to be best-in-class for employee well-being, tracking progress through our employee wellbeing surveys and taking action to encourage well-being both in and outside of the workplace.

Next-Generation

We will launch a 'Disruptors Award' to support the next-generation of Scottish designers.

Planet



To protect the planet by reducing the industry’s chemical footprint.

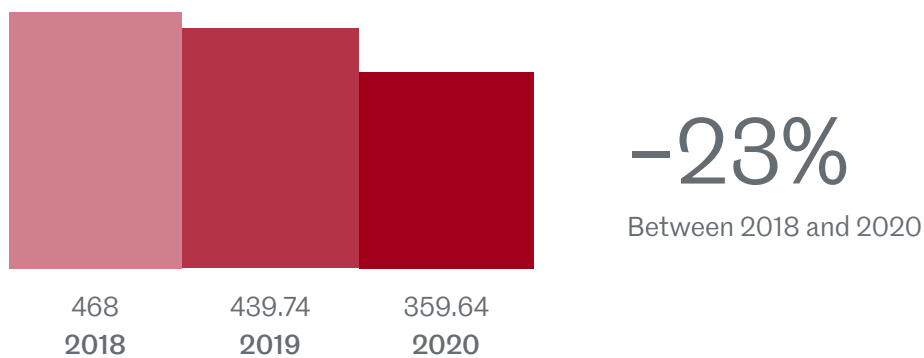
UNSDG 6 – Clean Water and Sanitation



Roadmap to Zero: We actively collaborate with several partners to ensure due diligence on all matters relating to the textile industry’s impact on the natural environment and work hard to minimise the inevitable risks. We follow the “Roadmap to Zero” programme to monitor and minimise our chemical footprint and to help produce safe products, cleaner water, and fresher air.

Total Energy Used (MWh)

Source: Management Information



To remove plastic from our supply chain.

UNSDG 11 – Sustainable Cities and Communities



Packaging: Our packaging is all made from FSC paper, flat pack so we are not shipping fresh air and it is fully recyclable at end use. Our Direct to Consumer shipping is completely plastic free. In 2021 we also launched our first care bags, to protect and ensure a longer lifespan for our products – these are produced using upcycled dead-stock yarns.

Waste Management: We have made considerable progress with improving the accuracy of our waste reporting in 2020, and the “paperless factory” project has resulted in a huge reduction in the amount of paper on the shopfloor. As in other areas, we laid some foundations for future work, the possibility of shredding waste and re-spinning into yarn being one of the most interesting.

Percentage Waste Recycled

Source: Management Information



57%
2019



62%
2020

+5%

Increase from 2019 to 2020

To be carbon-neutral by 2030.

UNSDG 7 – Affordable and Clean Energy



Energy Management: Our energy systems are certified at ISO 50001 standards and are independently audited. We also employ internal audits throughout the year which showcase a good level of awareness of energy management among staff and good practise in switching things off when not needed. Energy management is going to be an important topic in 2021 – plans include measuring our SCOPE 3 carbon emissions, picking up our work on energy saving opportunities and making concrete steps towards carbon neutrality.

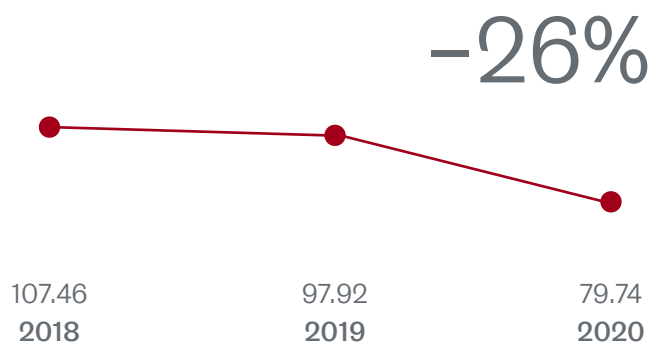
Renewable Energy: Our Knitwear Mill in Hawick uses 100% Renewable Energy. In 2022 we have plans to transition our Weaving Mill in Ayr to also utilise 100% Renewable Energy, ensuring fully renewable energy use by the end of 2022.

Process Management: Improving our processes is fundamental to our manufacturing strategy and it has all sorts of knock-on environmental benefits. Efficient, well managed processes will use less energy and water, and will produce less waste. Our process management systems are accredited to ISO 9001 standards following recertification earlier this year.

Plans for 2021 include the development of structured problem solving to create a broad range of improvements.

Total GHG Emissions as CO2 (Scope 1 & 2) in Tonnes

Source: Management Information



Renewable Energy % of Total Energy

Source: Management Information



EARTH FORCED
TO PAUSE
AND REFLECT



2022 Planet Goals

B-Corp

To become a B Corporation by the end of 2022.

Carbon Neutrality

To be carbon neutral by 2030, with plans to be carbon positive shortly after.

Plastic

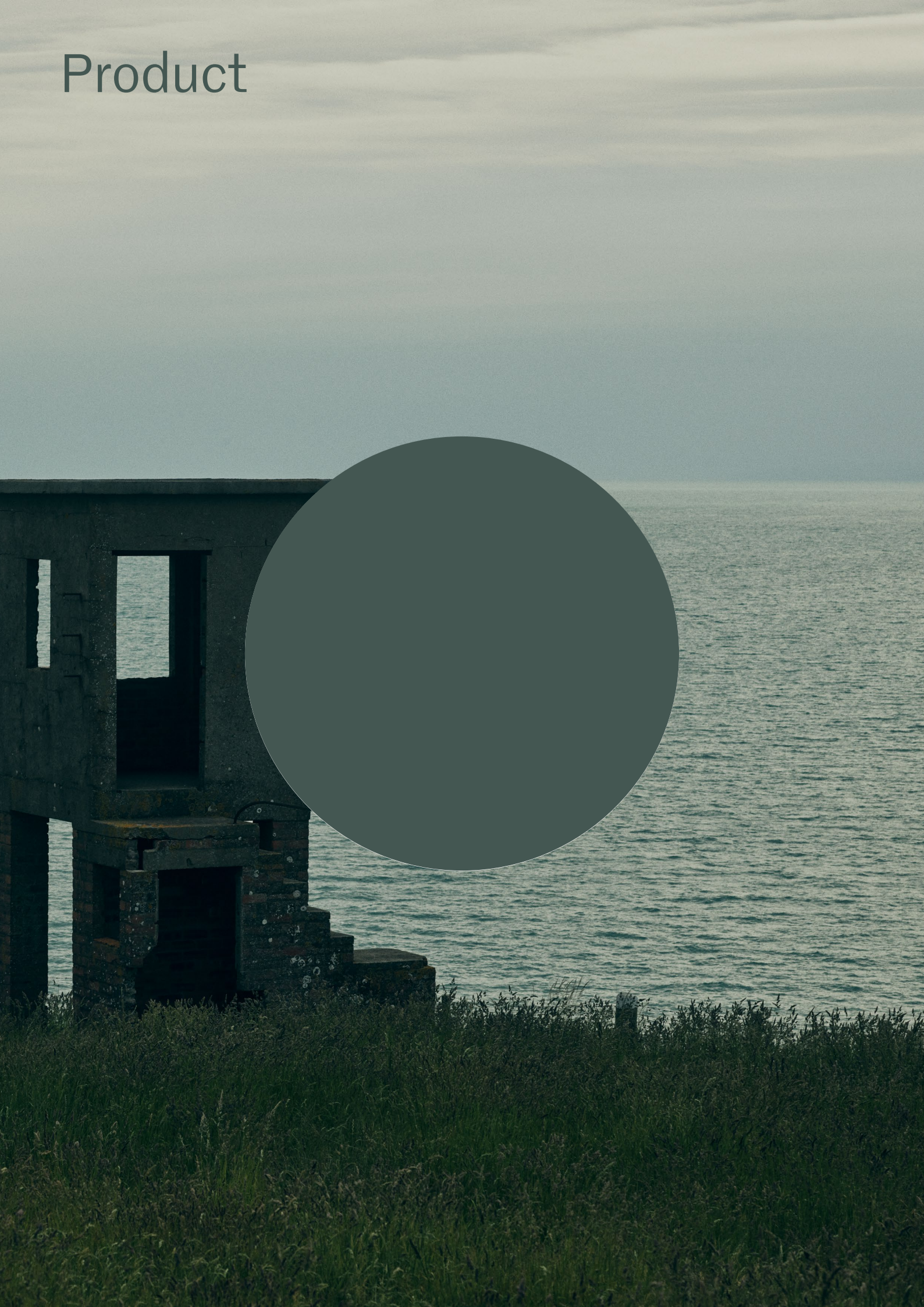
To be plastic free by the end of 2022.

Renewable Energy

To solely utilise Renewable Electricity Energy across our mills by the end of 2022.



Product



To provide a transparent and traceable supply chain, whilst ensuring the welfare of animals.

UNSDG 12 – Responsible Consumption and Production



Five Freedoms: We are proud of the natural fibres we work with to create our products, but we remain committed to rigorous animal welfare standards and the monitoring of good practice. We are committed to The Five Freedoms of Animal Welfare which ensure the mental and physical wellbeing of animals.

Sustainable Fibre Alliance: We make strenuous efforts to ensure that people are treated fairly at every step of our supply chain. As members of the Sustainable Fibre Alliance, nurturing close relationships with our key fibre suppliers is something we take extremely seriously. This alliance is a global multi-stakeholder initiative with a mission to ensure the long-term viability of the cashmere sector. We commit to transforming the cashmere sector through responsible practices which benefit people, livestock and the environment. Through the SFA we promote the SFA Cashmere Standards to encourage the adoption of responsible production practices that minimise environmental impact, safeguard herder livelihoods and meet high animal welfare standards.

Ethnically Sourced Fibre: The manufacture of products using natural fibres means that animal welfare is a major concern to us. Our sustainability team make regular visits to farms in Mongolia and China to allow us to feel confident with the high standards of animal husbandry and certifies that any cashmere and wools sourced are sourced ethically and without coming into contact of harmful chemicals.

Non-Mulesing Policy: We actively collaborate with external partners to ensure due diligence on all fronts. To this end all of our wools are sourced subject to a stringent non-mulesing policy, solely purchasing wools from farms certified to have ceased all mulesing activity.

Caregora – All of our Angora is certified Caregora. This is the first responsible and reliable angora fibre certification which ensures breeding and animal welfare standards are aligned with the Animal Welfare Code recommended by DEFRA and with strict EU welfare standards.

CapraCare – Since 2017, we have been working to establish a supply chain for ethical, sustainable and fully traceable cashmere from Mongolia. This program is known as the CapraCare program. Through this program we are able to purchase small batches of brown cashmere fibre and track the journey of the fibre through every single process, using paper-based transaction certificates. Our intention is that through this pilot program we can start to build out a more comprehensive, transparent, and traceable supply chain for our cashmere fibres in future.



To implement circularity principals across the design, production and sale of our products.

UNSDG 12 – Responsible Consumption and Production



Circularity: If we are to better protect our world it is paramount that we reduce our use of virgin materials and recycle where we can.

As of 2020 - all Begg x Co labels are manufactured from recycled plastic bottles.

A feature of our sustainability work over the years has been collaboration with students, artists, and crafters to create beautiful and useful things from our excess and waste materials. The ideas and objects which our artists produce are always exciting and inspiring. Importantly, they act as signposts to the potential of materials which would otherwise end up being incinerated.

We have many yarn use up projects that find new ways to use up any previous season units left over such as our Made To Order Patchwork Blanket. We have also created the Begg x Co Wispy bag - using excess materials to create environmentally friendly packaging for our products.

Product Range: We commit to increasing the amount of upcycled and recycled materials in our product range. In 2021 we launched a variety of patchwork blankets and CashAyr scarves created from upcycled and deadbatch products, giving them a new lease of life and increasing the lifespan of the original fibres. From 2022 we will launch our first ever Recycled Cashmere Capsule, with products made entirely of recycled fibres. We commit to increasing the proportion of recycled products and yarns in our range over the next 5 years.



A RETURN TO CENTRE
A RETURN TO NATURE



2022 Product Goals

Repair

We will launch a 'RepAyr Service', to increase the lifespan of our products and in turn reduce their impact on our planet.

Care

We will launch a Cashmere Care Kit to encourage our customers to care and look after their products, before considering to purchase something new.

Traceability

We will launch Next-Generation Connected Product technology to allow our customers to engage with the traceability of each product and to connect with circular business opportunities (resale and recycling).

Product

We commit to increasing the amount of fully recycled products in our range by at least 10% each year up to a target of 35% of the total range.

Recycling

We will launch a Product Takeback Scheme to incentivize a responsible end-of-life program for products which are no longer used or wanted. These in turn will be recycled and provided a more environmentally friendly alternative to landfill.

Summary

In the 10 years since Begg x Co was founded, we have seen first hand what can be achieved when people come together with a common goal and a united desire to make a material difference in the world we share.

From caring genuinely for the people in our supply chain and the wider community, to ensuring our products are consciously crafted and in making sure we have an increasingly positive impact on the planet, we have always taken our corporate responsibility seriously. But we acknowledge that we can still do more.

We are proud of the work we have done so far, such as our commitment to offering a living wage, our long-standing support of organisations like the Sustainable Fibre Alliance and ongoing operational improvements such as the 26% reduction in GHGs emitted since 2018, but now is the time to take things further. The pledges in this report form the roadmap against which we will hold ourselves accountable. An annual update which will track our progress against key milestones as we look to become B-Corp certified and plastic-free by the end of next year, carbon neutral by 2030 and carbon positive shortly after.

At this critical moment, this 'decisive decimal point', in both Begg x Co and the world's history, we welcome the opportunity to pause and celebrate how far we've come but also to breathe deep, moving forward with a renewed zeal for playing our part in eradicating poverty, protecting our planet, and providing peace and prosperity for all.

We invite you to join us on this journey.

FRESH AYR
FOR ALL

EARTH FORCED TO
PAUSE AND REFLECT

A DECISIVE DECIMAL POINT

A NATION IS ITS PEOPLE

A NATION IS ITS LAND

A RETURN TO CENTRE

A RETURN TO NATURE

BREATHE DEEP

FRESH AYR

BREATHE DEEP