

Sharon Lee
SINCE 1947

Sharon Lee

2022 Sustainability Report

Ahead for Good



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Foreword

It was 1947. The war was over and there was a renewed optimism in the country. That was when Woolf Davies founded this company. For 75 years Sharon Lee Ltd has pioneered the design and development of quality millinery, starting with straw block hats for stylish holidaymakers by the sea in those post-war years.

Sharon Lee is now the UK's leading bespoke event cap supplier. We are continuing with a historical legacy and with the values of customer care, quality, and attention to detail that we still stand by today.

The deadly collapse of the Rana Plaza garment factory in Bangladesh made headlines in 2013 and exposed some dangerously unethical practices in apparel

manufacturing. This event, along with a growing awareness of waste, pollution, and overconsumption of resources, made us realise that we had a role to play in improving our industry. We knew things had to change, and that we wanted Sharon Lee to be part of this new leadership.

Nearly ten years on, we know much more about the magnitude of the social and environmental challenges we face. We are determined as a company to be accountable and address them.

This sustainability report is the result of rigorous work we've done and new insights we've gained through collaborating with Grain Sustainability and many other experts on how to operate more sustainably. It also



highlights the hard work and dedication of our team and suppliers here in the UK and globally, to whom we are hugely grateful.

We're proud to be a carbon neutral organisation – that's zero direct emissions and carbon neutral on our Scope 2 indirect emissions. We're setting our standards even higher with a plan to offset upstream and downstream Scope 3 emissions after calculating our next set of carbon emissions.

Our passion is to create a very successful company, but also an ethical one that is socially and environmentally sustainable.

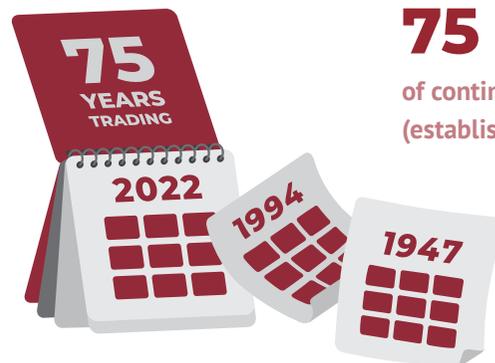
We hope you will join us on that journey.

THE SHARON LEE MANAGEMENT TEAM

Sharon Lee: our business in numbers

What does Sharon Lee do? We sell hats. In fact we sell quite a lot of hats. Our stock is primarily manufactured in China and decorated to order at our warehouse facility located in Braintree, Essex, which is also our HQ.

Drawing on our long-established network of suppliers, we are able to offer our customers a range of fabrics and styles far beyond the norm and the widest range of branding techniques, styles and finishes available. These include print, embroidery, 3D, PU embossing, appliqué, sublimation, metal badges, rubber print, contrasting stitch details and many more.



75 years
of continuous trading
(established 1947)

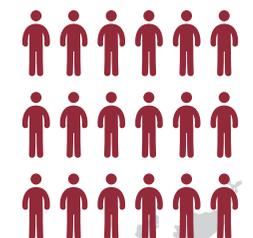


of main suppliers SMETA
audited annually

3
main product suppliers
based in China



30
employees based
in Braintree, Essex



20%
of employees are in
dedicated customer
service roles



500+
customers in
the promotional
goods sector

A red and white megaphone icon.

26%
are knitted beanies
(including a small
proportion of scarves
and gloves)



74%
of total products sold
are caps (including
bucket hats)

Our journey to reducing our impact

Sharon Lee's mission is to help brands and businesses across the apparel industry to create headwear that delivers the best standards in quality and in service.

Sharon Lee's products will be delivered on budget, on time, and within specification — regardless of global challenges.

At all times, Sharon Lee will act responsibly, creating a positive impact through sustainability, creativity, diversity, and high standards.

In February 2020, the UK Government broke ground in forming an all-party parliamentary group for ethics and sustainability in fashion. The report they produced laid bare an industry that needs to take action quickly and at scale.

We all have a part to play in the drive toward building a more ethical and sustainable industry. It is complex, and there is a long way to go.

Operating as we do across the fashion, promotional, and workwear segments of the apparel industry, we have been aware of these challenges for some time and have taken targeted action on key areas of our business. This included introducing third-party assured auditing of our key offshore suppliers and switching to a comprehensive textile recycler for our waste and excess stock.

In 2021 we began our sustainability journey in earnest by formally engaging our stakeholders to prioritise topics material to our company, benchmarking our performance against industry comparatives, and measuring our carbon footprint.

Our next step was to define our sustainability strategy and set short-, medium-, and long-term targets that will get us to where we – and our industry – aspire to be in 2022 and beyond.

Key sustainability focus areas

How we are approaching change for good

The materiality assessment helped us identify what matters most to us as a business and to our stakeholders. We have used the three-pillar ESG (environment, social, governance) model to group the key areas where we are taking positive action.

Environment

- Waste and recycling
- Packaging
- Shipping
- Energy and emissions
- Raw materials



Social

- Employee wellbeing
- Human rights
- Giving back



Governance

- Supply chain stewardship
- Stakeholder relationships
- Product innovation and quality



Environment

Our key environmental focus areas

- Waste and recycling
- Packaging
- Shipping
- Energy and emissions
- Raw materials



Waste and recycling

“In fashion and promo we see industrial bins full of our rejected or unusable merchandise sent to landfill. We knew that had to stop.”

According to research by the [Ellen MacArthur Foundation](#) into product life cycle and circular economy practices in the textile industry, less than 1% of material is recycled into new clothing. That’s a tiny proportion of the 53 million tonnes of clothing produced annually worldwide. It’s clear we need to change this paradigm of senseless production and waste.

We made a start in 2021 by changing how we handle textile waste at our production facility in the UK. We now responsibly dispose of 100% of all our stock hats, including rejected and pre-production samples, through our recycling partner Avena.

Avena is a UK-registered waste carrier, certified and audited to [ISO 14001](#)

([Environmental Management Systems](#)), [ISO 9001](#) ([Quality Management](#)), and [ISO 45001](#) ([Occupational Health and Safety](#)) standards. We trust our recycling partner to collect and transport all our waste stock and branded items and ensure they are recycled or disposed of safely and securely. Component parts are separated into recycling streams: natural fibres (cotton, wool), polyesters and other man-made fibres, and plastics and metals from fitting straps and fastenings.

The majority of textile waste is recycled into either material for other garments (tier 1) or useful, long-lasting products such as insulation, textile filters, partition walls and soundproofing (tier 2). Only material that is currently non-recyclable is recovered and

used as a fuel source for waste-to-energy (incineration).

For all other operational waste and recycling collection we rely on the local [Braintree District Council](#) bins and recycling service. This includes any food waste, paper, cardboard, glass, and plastic, including the plastic thread spools that we use for embroidery, all of which is segregated onsite before being sent for recycling.

Both of these waste carriers provide us with collection records in the form of statutory waste transfer notices. We keep records of all waste transfers, enabling us to categorise, measure, and monitor the waste that leaves our building.

Our textile recycling in numbers

Our recycling partner, [Avena](#), provides quarterly reports on how our waste stock has been made into new, useful products. Here is a snapshot of our textile recycling in 2021.



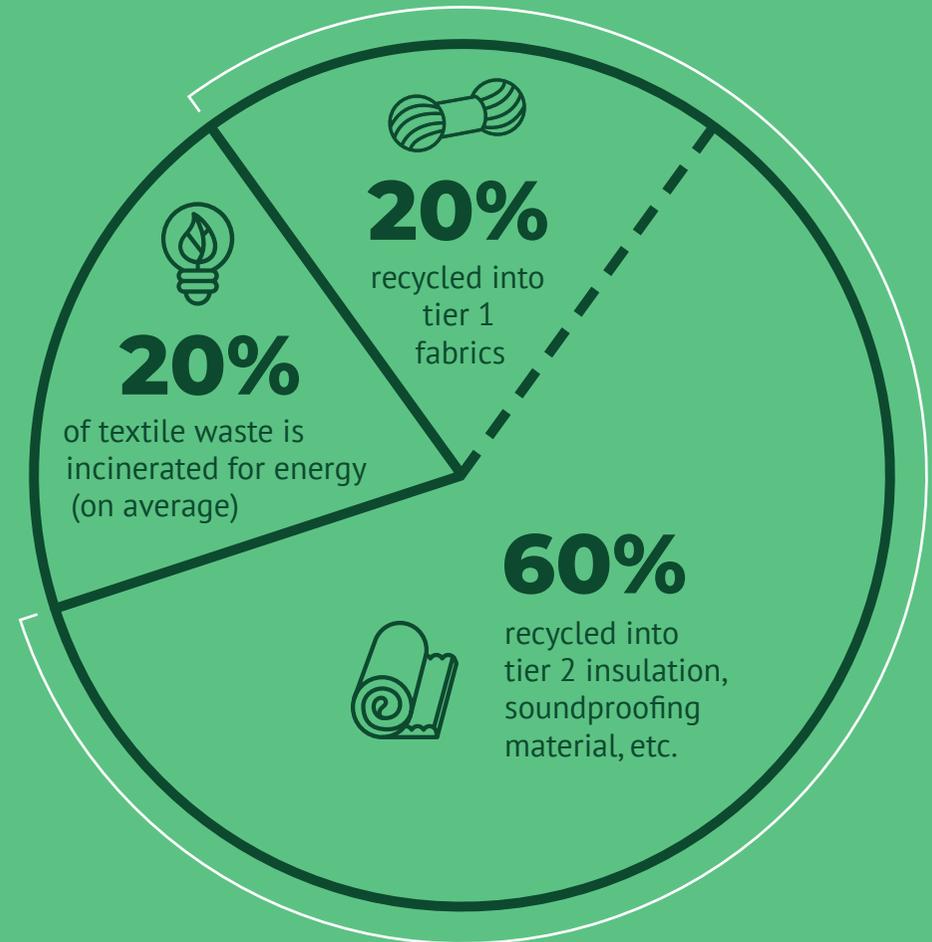
100%

textile waste measured and monitored



0%

Zero textile waste to landfill



80%

of textile waste is reused or remanufactured (on average)

Packaging

“As a company, we try to reuse and repurpose everything we can.”

At Sharon Lee we’ve taken action on packaging waste and continue to seek opportunities to remove, reduce, and reuse packaging, and to use the most environmentally responsible materials where necessary to protect the quality of our products.

Here are some of the key ways we’re controlling packaging materials at our HQ.

- We regularly monitor inbound and outbound packaging to identify areas for improvement.
- Our standard practice is to relabel and reuse inbound shipping boxes for outbound shipments.
- Products are shipped to customers from our facility without plastic wrap as standard.
- Where customers require individually wrapped products, all poly bag wrapping is made from a minimum 90% recycled content.
- We have set a 2022 target to ensure all cartons used for retail orders are made from 100% recycled cardboard.

Our suppliers are doing their part too. Through detailed 4-pillar [SMETA](#) auditing we engage in dialogue with our main suppliers about waste management practices that deal with packaging use and packaging waste. Over the last five years we’ve asked them to look for opportunities to streamline and reduce packaging wherever possible. As a result, our hats are no longer delivered to us in single bags but are now stacked neatly in their cartons with minimal plastic surrounding where necessary.

“We are very aware of the problem with over-packaging. If customers agree, we put all products in cardboard boxes without individual packaging. We have certainly reduced using plastic bags over the last few years and are using more recyclable bags instead of single-use ones.”

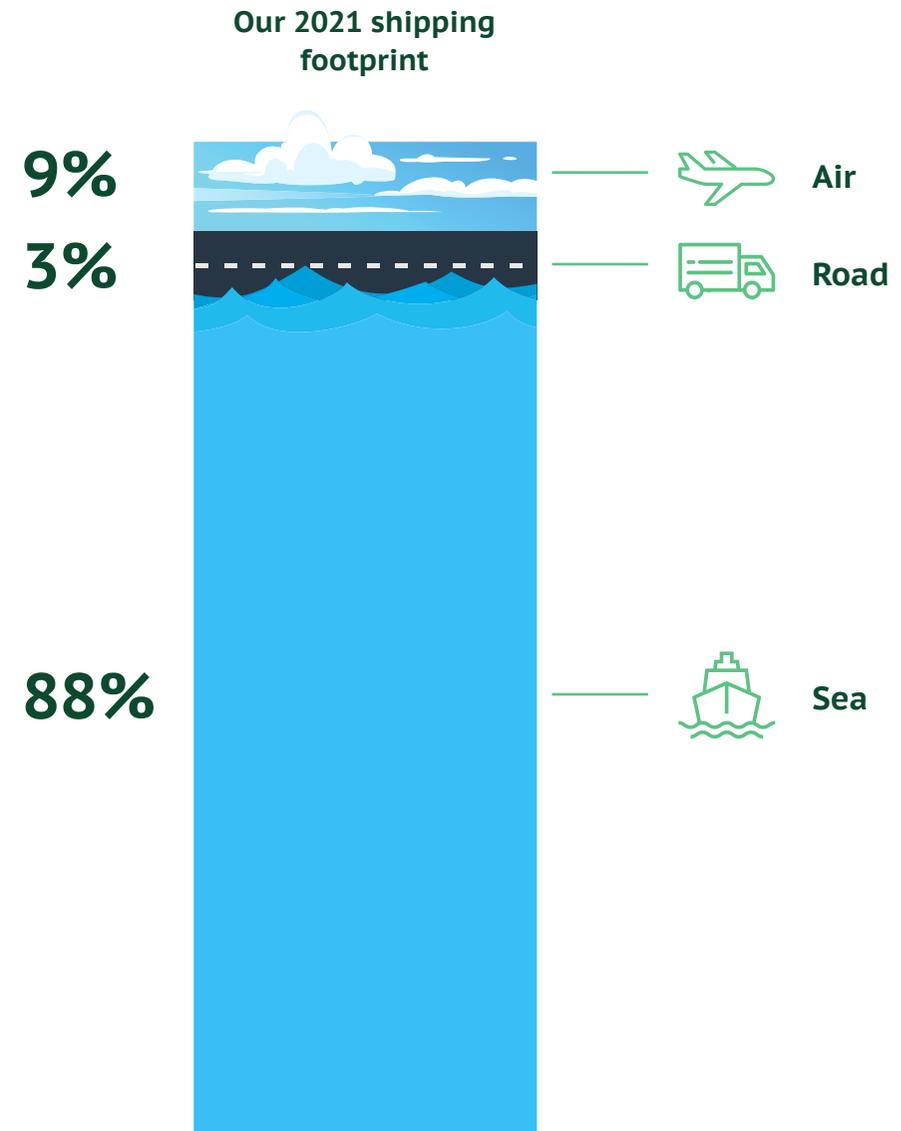
– A main Sharon Lee supplier

Shipping

In our fiscal year 2021 we were responsible for shipping 13.168 tonnes of stock and product. By far the greatest proportion of those shipments went by sea. For international shipping we always choose sea freight whenever possible as it is the most cost-effective and lowest-carbon means of transporting goods around the world.

The nature of our business means that sometimes clients need their shipments fast. That usually means shipping by air with a much higher carbon footprint per tonne. Longer term we'll be looking into strategies for reducing the need for air freight or mitigating its environmental impacts.

For road transport, we already make frequent use of [DPD](#) for domestic shipping. An [EcoVadis](#) gold-rated company, DPD is widely acknowledged as the 'greenest' large shipping company in the UK. We have set a 2022 target to investigate our domestic shipping options further and implement criteria that favour lowest carbon options when choosing shipping suppliers.



Energy and emissions



Working in an industry that produces between 2% and 8% of global carbon emissions, we're clear that we need to understand and take action on our carbon footprint.

We've started by collecting our emissions source data covering two full years: our fiscal years ending 31 October 2020 and 2021. For the purposes of this report we've chosen fiscal 2020-21 as our baseline year as it was the slightly more 'normal' of the two COVID-19 pandemic years.

Our data collection included Scope 2 electricity and Scope 3 business travel, freight, paper, and waste. Because we have no company-owned vehicles and removed gas heating from our UK facility several years ago, our Scope 1 emissions were effectively zero. We calculated our carbon emissions using UK government conversion factors and in compliance with the Greenhouse Gas (GHG)

Protocol Corporate Accounting and Reporting Standard (see detailed figures next page). Through data collected for 2019-20 we're already able to see an 11.8% year-on-year reduction in emissions, and we aim to carry on with this downward trend. We plan to continue our annual carbon footprinting in order to set meaningful reduction targets per category.

Lighting is another area where we're tackling energy consumption. We've switched to energy efficient LED bulbs in 74% of the lighting fixtures in our building. Our suppliers in China have likewise taken steps to reduce CO₂e emissions with efforts concentrated around the use of green energy, lift-sharing, and electric cars.

One obvious opportunity for significant emissions reduction is around electricity sourcing. We're currently running on UK grid electricity which, according to the National Grid, is produced using 55% zero and low

carbon energy resources. That's not bad, but we're aiming for improvement by moving to a 100% renewable electricity provider within the year.

Gold Standard® For the Scope 2 emissions we're unable to abate immediately, we are carbon offsetting through a Gold Standard verified project that provides cleaner, safer water in Laos. We aim to go further by reducing all emissions – including Scope 3 – and, after our next set of calculated carbon emissions, we aim to offset any remaining emissions.



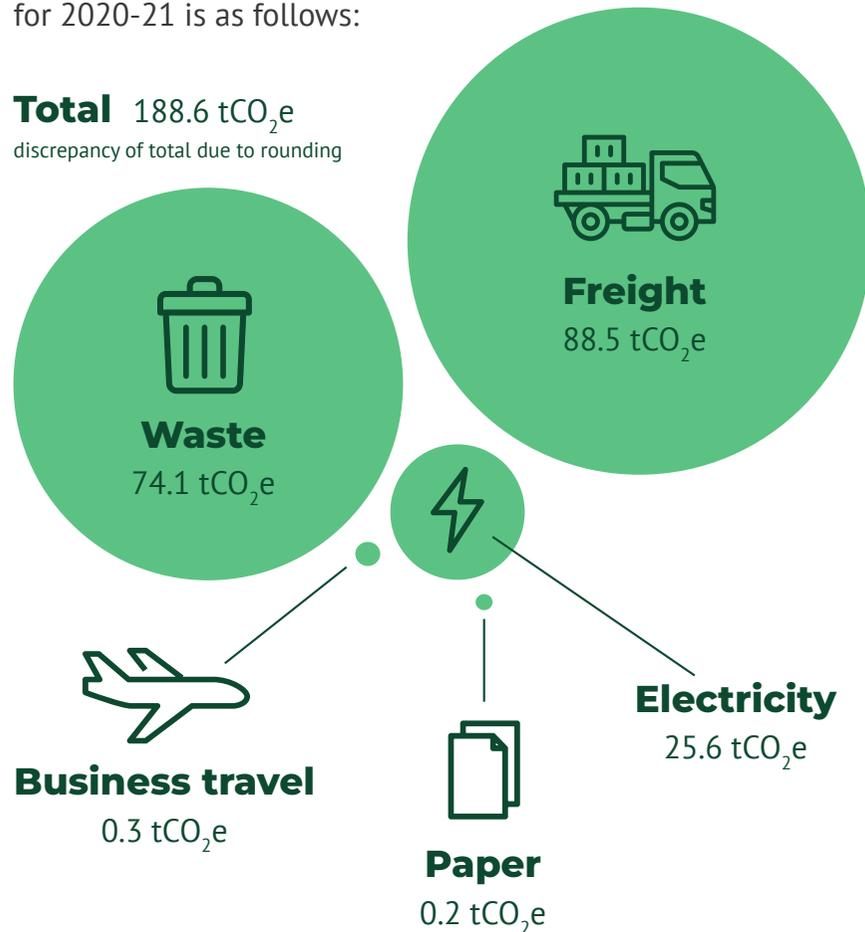
We've also joined SME Climate Hub, a UK network of likeminded businesses

sharing resources and experience around emissions reduction and making public commitments to reaching net zero. We have set a 2030 net zero goal for Sharon Lee.

Energy and emissions in numbers

The breakdown of our emissions for 2020-21 is as follows:

Total 188.6 tCO₂e
discrepancy of total due to rounding



0%
scope 1 emissions

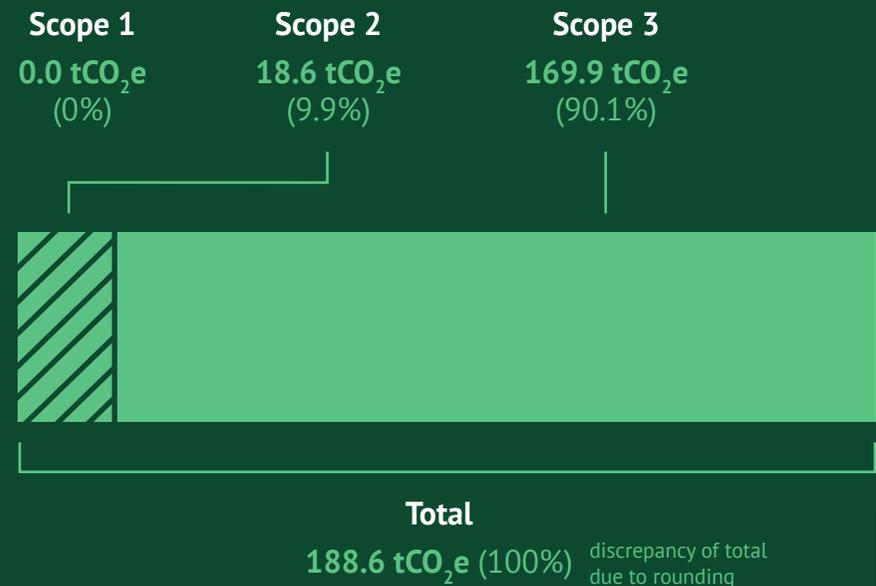
100%
electric operations

82,093
kWh electricity used

2030
our net zero target year

7.07
tCO₂e / USD million revenue
emissions intensity

100%
of operational energy use
measured and monitored



Raw materials

Sharon Lee products – caps, beanies, hats and other clothing accessories – are manufactured primarily from cotton, polyester, and small amounts of plastic and metal used in fastenings.

We seek to ensure environmentally responsible sourcing of these raw materials through our environmental policy, ethical sourcing policy, supplier written commitments, factory visits and third party certification through Sedex (SMETA).

Around 80% of the fabrics used for our stock products are STANDARD 100 by OEKO-TEX certified.

We have recently joined the Textile Exchange to engage with the industry on sustainable sourcing and to share knowledge with our suppliers on less impactful raw materials.

At our UK premises we are careful with our water consumption: for example, no water is used in the embellishment processes.

Our water usage is monitored and typical for an office, warehouse, or light manufacturing facility.

We're also exploring exciting partnerships that introduce some of the latest most sustainable and ecologically friendly materials within our products. This year we're moving forward with three new projects, shown below.

PROJECT 1

Development of a new range of hats using recycled polyester fabric woven from Repreve, a high-quality fabric made entirely from recycled post-consumer materials including plastic bottles.



PROJECT 2

Development of a new range of beanies using Polyalana fibre, a low-impact alternative to 100% acrylic and wool fibre that uses less energy, water, and CO₂e during production.



PROJECT 3

A 2022 target to shift all our embroidery thread to a recycled polyester thread from Germany at no extra cost to clients.



Social

Our key social focus areas

- Employee wellbeing
- Human rights
- Giving back



Employee wellbeing

We have 30 staff here at Sharon Lee HQ in Braintree, Essex. Our ratio of female to male employees is 2:1, and 33% of our leadership team is female. We work hard to build a culture of employee cohesion and customer service excellence which we foster through open dialogue and clearly documented policies and processes.

Although the number of employees at Sharon Lee is small, strong controls are in place to assure employee safety and wellbeing. In addition to auditing our offshore suppliers using 4-pillar SMETA audits, we go the extra mile and ensure our own UK operations are SMETA audited as well, most recently in September 2021. There were no non-conformities raised in the most recent audit and we were fully compliant on accident records, first aid training, fire marshal training, emergency and fire procedures, and up-to-date equipment servicing.

A health and safety committee formed of our employees ensures our policies and documentation include a Health and Safety (H&S) handbook and procedures, sharp item policy, and safe machine use checklists.

We have an employee handbook that documents procedures relating to holidays and absences, family-friendly rights, flexible working, pay procedures, working conditions, facilities and amenities, disciplinary procedures, and our employee code of conduct. The handbook includes policies governing equal opportunities and discrimination, harassment, anti-bribery, communication and representation, computer use, training, and related employment policies.

We support and encourage job-specific and career progression training, and training records are kept for all our employees. All

new staff receive a month of process training and professional development. We support flexible working and operate an open-door policy with management to ensure we can listen and be empathetic to individuals and their needs. During the pandemic we fully supported staff who were suffering from anxiety and mental health issues, working with them to find solutions to help them to recover and remain in the business.

100% of our workforce earns above UK minimum wage, and we are committed to aligning our lowest wage rates with the current [Living Wage Foundation UK](#) rates.

Human rights

At Sharon Lee we're proud of our commitment to the wellbeing of our employees and to the workers who produce our stock hats overseas.

We have worked hard to build relationships with our suppliers over many years of continuous trading, and they have become part of the Sharon Lee extended family. We take measures to ensure all supplier staff work in a fair and safe environment whether they work here in the UK or as part of our international production teams.

Through third-party auditing our main suppliers disclose actions they have taken to ensure employee wellbeing. They have employee representatives so they can voice any issues to their management teams, and they organise regular social and team-building events.

Although we are not legally obliged to report on slavery and human trafficking, we voluntarily publish a statement on our website in accordance with the [UK Modern Slavery Act 2015](#). Our statement sets out plainly our commitment to human rights and to ensuring that there is no modern slavery or human trafficking in any part of our business or in our associated supply chains.

We also publish our human rights policy on our website, which sets out our commitment to the [UN Guiding Principles on Business and Human Rights](#).



Giving back

“Our ambition is not just compliance but to actually impact in a positive way.”

At Sharon Lee, we are passionate about making a positive impact on our community. We’ve always supported our team members in community fundraising and volunteering and have stepped up when asked for donations to food banks, toys for children, or support for families in need.

We have made support for the local Salvation Army chapter a holiday tradition with volunteer time, food parcel donations, and free beanies to help those exposed to the cold.



From this year we’ve formalised our charitable commitment by becoming members of B1G1 and establishing a giving budget for projects meaningful to our employees. This year they’ve chosen to support the Give a Buddy Bag to a child in crisis project which provides a backpack full of personal care and comfort items to children fleeing domestic abuse. We have purchased 13 Buddy Bags at USD 33 each (USD 429 in total) to start our campaign.

We are also keen to raise awareness of ethics and sustainability among a new generation of talents in our industry. We are working with Colchester Institute on a college fashion retailer collaboration initiative. Students will be involved in the design and development of a range of products while learning about our business and goals and will have opportunities to engage with real customers to understand the requirements of our industry.



Governance

Our key governance focus areas

- Supply chain stewardship
- Stakeholder relationships
- Product innovation and quality



Supply chain stewardship

“Stewardship of the supply chain is of optimum importance.

There is no future without being able to ask where things come from.”

We recognise that through all stages of our production process, from raw materials to shipments arriving at our customers’ doors, there are significant environmental and social impacts. We know a large proportion of these impacts are experienced deep within our supply chain. We choose direct suppliers with strong ESG commitments, like our trade insurance provider Allianz Trade. We also take a holistic view of our environmental and social impacts, using our influence where we can to improve awareness and practice among our suppliers and industry peers.

Our relationships with our suppliers span decades, with some going back to the 1960s, and we treat them as an extension of our family business. We pride ourselves in that continuity and the trust we’ve built over the years. Sharon Lee has never believed in making products where working conditions stretch ethical principals. We want clients to have complete confidence in that regard when they place an order with us.

The main mechanisms we use to monitor our product suppliers in China are our [Sedex](#) membership and the third-party assured Sedex Members Ethical Trade Audit (SMETA). SMETA is the most widely used social audit in the world and covers four pillars: labour standards, health and safety, environmental assessment, and business ethics. We follow up with our suppliers on all third-party audits, helping them take action on areas for improvement or correction.

We have also carried out annual SMETA auditing of our UK production facility so that clients have full transparency on how our hats are made both on and offshore. Going forward we plan to move to [Fast Forward](#) – a next generation labour standards improvement programme – to ensure our labour, health and safety, environmental, and ethical practices are of the highest calibre and continuously improving.

Our stock headwear range uses fabrics which are [STANDARD 100 by OEKO-TEX](#) certified, assuring safety to human health thorough testing for harmful substances. Depending on customer requirements we may ask for compliance with additional auditing frameworks including [WRAP](#), (Worldwide Responsible Accredited Production), [Fast Forward](#), [BSCI](#) and the proprietary auditing schemes of major brands and retailers.



“Without building relationships we could not exist.”

GOVERNANCE

Stakeholder relationships

Our stakeholders include suppliers, employees, customers, and industry peers. Building on the stakeholder relationships we’ve nurtured over many decades of continuous trading, we are broadening our sphere of influence to learn about and to share sustainability best practices in our sector.

The [Center for Global Workers’ Rights \(CGWR\)](#) and the [Worker Rights Consortium \(WRC\)](#) recently [reported](#) that garment factories and suppliers from across the world lost at least USD 16.2bn in revenue in the early months of the COVID-19 pandemic as brands cancelled orders or refused payment. We acted differently. We put people before profit and continued to process orders throughout the period, recognising the importance of continuity for our suppliers and our customers alike.

We strongly value our customer relationships and communicate on our website our commitment to timely delivery of product exactly as specified and transparency of information on orders. For 2022, we have set ourselves a target to put in place a formal measurement of customer satisfaction.

We will also seek to increase participation in industry groups, special interest groups and panels. Currently our most important memberships include the Supplier Ethical Data Exchange (Sedex) and the British Promotional Merchandise Association ([BPMA](#)), a professional body serving the promotional products industry in the UK and Ireland.

Our aim in raising our participation level and profile in the industry is to learn from pace-setters in our sector and show leadership by example with the sustainability actions we are taking.

Product innovation and quality

“Brands and retailers are leaning into technology not only to become more resilient to today’s volatile operating environment but also to become more responsible and sustainable.”

– [The Business of Fashion](#)

Sharon Lee hats are manufactured to the highest standards by our core network of trusted suppliers in China. At our Essex HQ our team develops bespoke orders for clients using print, laser cutting, embroidery, and embellishment on state-of-the-art equipment.

Pioneering innovation and quality have always been at the heart of what we do at Sharon Lee. Today we are particularly focused on the sustainable innovation of our best-

selling fabrics, yarns, and the raw components used within our ranges.

Yet innovative materials often have a long, difficult journey before they reach the hands of customers. One reason for this is the problem of scale. We understand that customers want more sustainable products but cannot commit to the minimum order quantities required by our suppliers and in turn, their suppliers.

To resolve this we’re now set to collaborate with one of our suppliers on a vertical integration solution. As one of our targets in the next year we will introduce new ranges of stock caps and beanies using recycled fibres with accessible minimum order quantities. Our new recycled polyester fabric will be held directly with the manufacturer, an investment that means the fabric can be obtained and dyed in smaller batches, giving more flexibility and requiring lower minimum orders from clients.

2022 Targets at a glance

Guided by international and industry-specific sustainability best practice frameworks including [GRI](#), [B Corporation's B Impact Assessment](#), and [HIGG FEM](#), we've defined a sustainability strategy and longlisted 40+ commitments in key focus areas that we'll be exploring over the next one to five years.

Here's what we're targeting for implementation in the next year.

Environment

Waste and recycling – We will ensure zero landfill of pre-production samples and quality control rejects from our HQ in Essex.

Energy and emissions – We now have carbon neutral operations and we aim to go further by eliminating or offsetting all Scope 2 and Scope 3 emissions within a year.

Packaging – All cartons used for retail orders will be made from 100% recycled cardboard.

Raw materials – We will offer recycled polyester thread on embroideries at no extra cost.

Shipping – We will implement criteria on domestic (UK) transport and shipping to favour lowest carbon options.

Social

Employee wellbeing – We will look to align our lowest wage rates with the current Living Wage Foundation UK rates.

Giving back – We will provide financial support to UK charitable projects chosen by our employees through our B1G1 membership.

Human rights – We will continue to ensure third-party auditing takes place both at our UK premises and at our main offshore suppliers.

Governance

Product innovation and quality – We will introduce new ranges of stock caps and beanies using recycled fibres and lower-impact yarns with accessible minimums.

Stakeholder relationships – We will formally measure and monitor customer satisfaction.

Supply chain stewardship – We will continue to ensure our main offshore suppliers are third-party audited annually.

We look forward to providing our employees, customers, suppliers, industry partners and other stakeholders with an update on progress against these targets in our next impact report.

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