

A woman with dark hair, wearing a white short-sleeved dress and black boots, is sitting on a rocky ledge. She is looking towards the camera. The background is a massive, textured rock wall with vertical fissures and a rough, weathered surface. The lighting is natural, suggesting an outdoor setting. The overall tone is earthy and rugged.

SPELL

Impact Report 2019

Note from our Founder

First of all, thanks for reading this! Our sustainability work is really important to us - and if you're reading this, perhaps it's important to you too! On this journey we have three guiding stars; our 2025 sustainability commitments, our roadmap and this impact report. The first two, help us get clear on where we're going and how we're going to get there, and the latter is an opportunity to measure our impact and share our progress, ultimately helping us to strive toward continuous improvement.

So what went down in 2019? Each year sees us investing more into this space and more than ever sustainability has become an inherent part of our DNA across all operations of our business. In 2019 we brought on a Sustainability Manager to head up our newly formed sustainability department. We developed a preferred fibres matrix, an invaluable tool for our design team, and locked in our Restricted Substances List (RSL) which we're now working to implement into our supply chain. We released our most sustainable collection to date in Seashell (76% contained preferred fibres) and in 2019 51% of fibres used in our garments were preferred fibres. We consolidated our 7 sustainability pillars into 3, making it clearer than ever where our efforts are focused and we measured and offset our 2019 domestic operations carbon impact. We continue to champion the circularity of our garments, training our team in circular design, celebrating re-sale and swap meets within our Spell community, and initiating garment care and end of life conversations. In 2019 we gave back more than ever, our 1% for the Planet membership meant just under \$300k was donated to environmental and social based charities. The year also posed many challenges for us. The ever-evolving nature of our supply chain meant some targets weren't met - which only fortifies our resolve to ensure codes of conduct and audits are finalised before we engage a new supplier. We are still in phase one of our carbon reduction and neutrality strategy, which is reflective in this report. In short, we're a long way from where we'd like to be.

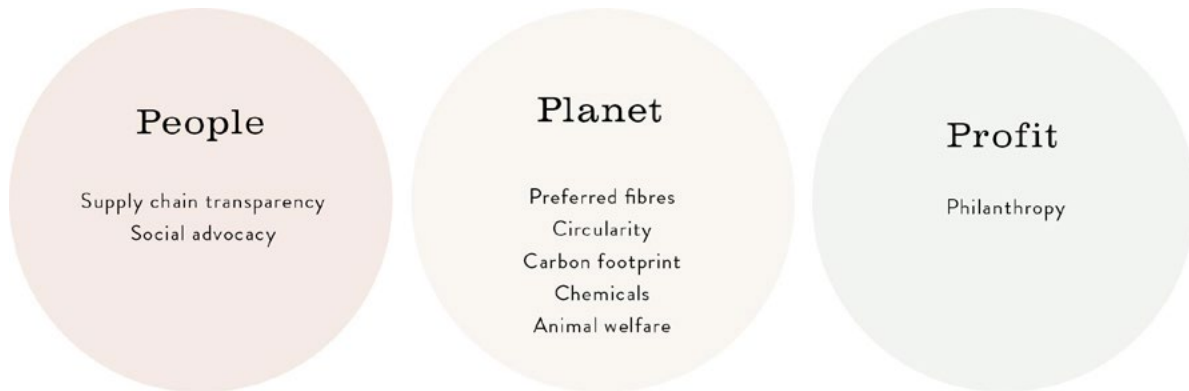
Australian climate activist Anna Rose once said, "a problem never spoken about, is a problem never solved" - so here we are, wearing our wins and our losses on our sleeves, speaking about it all - in the hope we continue to solve these challenges, one by one! Let's do this!

Chief Brand Officer and Co-Founder, Lizzy Abegg

The Details

Our annual impact report is where we communicate the progress we've made on our sustainability journey over the past 12 months. This report spans the calendar year 2019. Moving forward, we will be publishing our report to sit within our financial year 2020 - 2021. In the aim of transparency we'll be releasing a bridging statement at the end of 2020 to share our six-month status - January 2020 - July 2020. Our report delves into our Australian operations, which is where most of our activities take place. We do however report on our philanthropic contributions globally.

We have worked to define our sustainability work into three key strategic pillars - People, Planet and Profit. We utilise these to guide our work and continue to build upon our responsibilities under each pillar every year.



Additionally to these pillars, in 2019 we adopted the universal framework of the United Nations Sustainable Development Goals (or SDG's) as a way of harmonising our efforts with the rest of the industry and hopefully, from our little corner of the world, contribute to driving outcomes that lead to meeting the goals by 2030.





Our sustainability efforts apply to that of our entire value chain as defined below:

OUR DESIGN PROCESS

RAW MATERIALS

MATERIALS MANUFACTURING

FINISHED GOODS MANUFACTURING

LOGISTICS

RETAIL

CUSTOMER GARMENT CARE

GARMENT END OF LIFE

It includes the entire flow of processes involved in the production and lifecycle of all products, enabling us to understand the true cost (economic, environmental and social) of all business decisions.

We're committed to working with experts to achieve our sustainability goals, and to ensure the integrity of all of our claims this report has been verified by a 3rd party as outlined at the end of the report.

Let's take a deeper look into our impacts for 2019!



Overview Key Achievements 2019

PEOPLE, PLANET AND PROFIT

People

SUPPLY CHAIN MAPPING

100% of Tier 1 suppliers mapped.

89% of Tier 2 suppliers mapped.

42% of Tier 1 suppliers passed a social audit.

58% of our Tier 1 suppliers passed an environmental audit.

100% of Tier 1 suppliers signed our Code of Conduct.

SOCIAL ADVOCACY

4 Artisan projects, 3270 days of work for 39 Artisans.

Planet

PREFERRED FIBRES

Developed and published our preferred fibres matrix.
51% of our overall fibre portfolio contained preferred fibres.

CARBON FOOTPRINT

Domestic scope 1&2 emissions all produced from renewable sources.
390.59 Tonnes of CO₂-e have been calculated to be Spell's 2019 carbon footprint. These emissions have been offset by the Aboriginal Carbon Foundation - through the Tiwi Islands Abatement Project.

CHEMICALS

Finalised our Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL)

ANIMAL WELFARE

Finalised and published our Animal Welfare policy.

CIRCULARITY

11% of our garments contained recycled fibres, a growth of 2%.
4 Spell Renew products including a coin purse, tote bag, bloomers, headband and library bag and 2 upcycle initiatives: eye masks and scrunchies.

Profit

PHILANTHROPY

We donated a total of \$290,326 to organisations we are passionate about that are making a positive social and environmental impact.

That was a basic overview of our key achievements, but let's take a deep dive into each of our three pillars. You'll see below we report on areas where we've excelled (giving us much cause for celebration!) but you'll also see where we have fallen short, these figures help us identify where to focus our resources in the future.

Deep Dive: People

SUPPLY CHAIN TRANSPARENCY

Summary

Our supply chain is built on trust, transparency and accountability. We collaborate with our global business partners to ensure that collectively we are implementing responsible business practices. Together we are on a journey of constant improvement, with the aim of empowering our partners to work alongside us to make a positive impact on both people and planet.

Our supply chain is broken down into 6 different Tiers:

TIER 1 - GARMENT MANUFACTURERS

TIER 2 - PRINTS & DYES

TIER 3 - INPUTS, BUTTONS, ZIPS & EMBROIDERY

TIER 4 - FABRIC, MILLS & SPINNERS

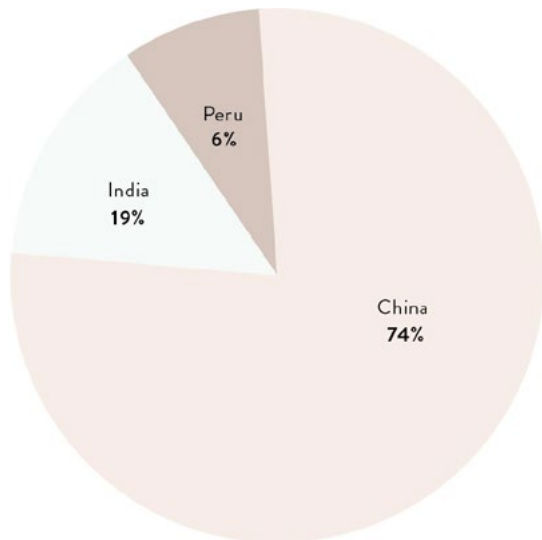
TIER 5 - YARN SUPPLIERS

TIER 6 - RAW MATERIALS

2019 supply chain breakdown

In 2019 we directly employed 66 people at our Spell Headquarters, and our Tier 1 supply chain employed over 3000 people globally.

Here is a breakdown of where our garments are made:



METHODOLOGY

All Tier 1 business partners within our supply chain are requested to sign our [Code of Conduct](#) which is based on International Labour Organisation (ILO) and Ethical Trade Initiative (ETI) principles.

Upon on-boarding and throughout the duration of our relationship, all Tier 1 business partners within our supply chain are requested to at least go through an accredited social and environmental audit or provide appropriate certifications. If for some reason they have not been able to obtain an audit or certification, we will work closely with them to go through the process. If they refuse to go through the process, we will unfortunately be unable to work with them.

Our supply chain has been mapped through our Tier 1 partners who provide us with information of the supply chain engaged for each story within our collection.

Our main standards of choice are SA8000, GOTS, WRAP, BSCI, FAIRTRADE. Our other preference is for our partners to undertake a SEDEX SMETA P2 & P4 audit.

OUR 2019 GOALS

- 100% of Tier 1 suppliers mapped.
- 100% of Tier 1 suppliers signed Code of Conduct.
- 50% of Tier 1 suppliers to have passed an environmental audit.
- 100% of Tier 1 suppliers to have passed a social audit.

HOW WE PERFORMED

100% of Tier 1 suppliers mapped.
89 % of Tier 2 suppliers mapped.
100% of Tier 1 suppliers signed Code of Conduct.
58% of Tier 1 suppliers passed an environmental audit.
42% of Tier 1 suppliers passed a social audit.

WHERE TO 2021

100% of Tier 1 Code of Conduct signed.
100% of Tier 1 mapped.
95% of Tier 2 mapped.
25% of Tier 3 mapped.
100% of Tier 1 socially audited.
10% of Tier 2 socially audited.
70% of Tier 1 environmentally audited.

ANALYSIS

2019 was a big year for us and it saw us expand our supply chain from 15 partners to 19. Consequently this saw us fall behind on meeting our social auditing goals so this is something we are working hard to remediate by empowering our partners to obtain relevant audits at the beginning of our working relationship.

Why not only engage with partners who are already audited? Well, of the 1.3 million factories and mills involved in garment supply chains, just over 2% are certified or part of a scheme that encourages good environmental practices, labour rights, or fair trade standards*. We hope to play our part in improving that statistic! Which is why we always try to support our partners in beginning this auditing process.

That said, in 2019 we decided to move away from some of our partners who notified us they were unwilling to obtain the relevant audits after consistently requesting their compliance. Cutting ties with partners is a last resort for us, but is sometimes necessary if we are committed to transforming our supply chain.

* Source: *Common Objective, Mapping the Industry 2018*

8. GOOD JOBS AND ECONOMIC GROWTH



12. RESPONSIBLE CONSUMPTION



17. PARTNERSHIPS FOR THE GOALS



SOCIAL ADVOCACY

Summary

We are committed to making a positive impact on the social fabric of global Artisans by working collaboratively with some of the most talented and marginalised crafts people globally. Partnering with Indian Fairtrade organisation SETU through their Bridge to Artisans program has given us an opportunity to keep our love of handcrafting alive, but also provide a platform that enables disadvantaged people to rise above poverty and improve their standard of living.

METHODOLOGY

All Artisans are to be working via a Fairtrade certified organisation.
Examine the physical units/ number of Artisans and time taken to measure advocacy impact.

OUR 2019 GOALS

2 Artisan projects.

HOW WE PERFORMED

4 Artisan projects, 3270 days of work for 39 Artisans.

WHERE TO 2021

1 Artisan project.

8. GOOD JOBS AND
ECONOMIC GROWTH



12. RESPONSIBLE
CONSUMPTION



Planet

PREFERRED FIBRES

Summary

The textile industry draws on an enormous amount of resources each year including water, energy, agricultural land, fossil fuels and animals; to name a few, at the raw materials stage of the process. Our aim is to transition to a fibre portfolio that not only minimises the impact on our natural environment, but is also regenerative, renewable and circular.

Defining Preferred Fibres

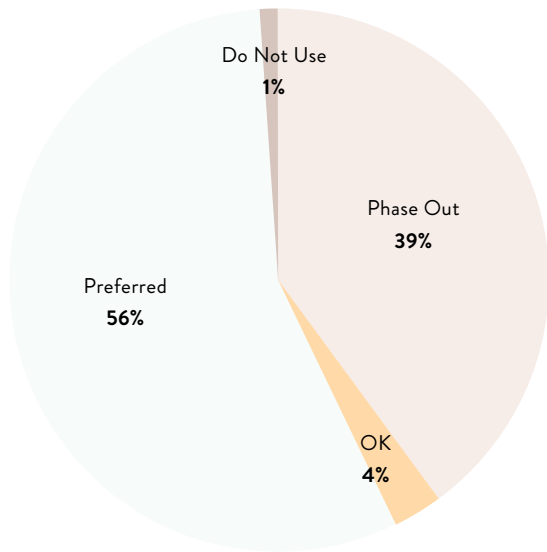
We developed our ‘Preferred Fibres’ by looking into key components such as land usage, water/energy/raw material inputs, toxicity as well as water/waste/carbon footprints and focused on prioritising the most responsible. We also referenced relevant reports including Textile Exchange Preferred Fibres reports.

In the aim of meeting our goal we have developed a clear preferred fibres matrix:

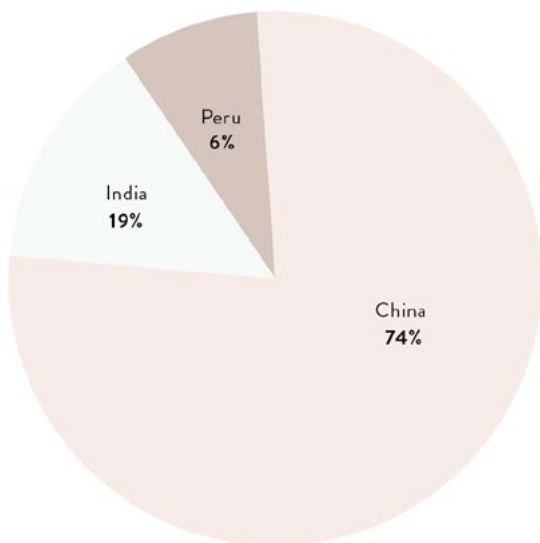
PREFERRED FIBRES		NON PREFERRED		DO NOT USE
Preferred	Good	Ok	Phase out	
Canopy Style Standard Cellulose (audited to score of 20-25)	Certified Responsible (RWS) Wool	Linen	Conventional Cellulose	Angora
Certified Recycled (GRS) Cotton	Certified Responsible (RDS) Down	LWG Leather	Conventional Cotton	Conventional Leather
Certified Recycled (GRS) Synthetic	BCI Cotton	New Merino Wool	Conventional Rayon	Exotic Animal Skin
Certified Organic (GOTS) Cotton	Hemp	Transitional Cotton	Conventional Silk	Mohair
Certified Organic (GOTS) Linen	Organic (OCS)	Peace Silk	Conventional Synthetic	PVC
	Recycled (RCS)		Conventional Wool	Fur

PREFERRED FIBRE ACRONYM KEY	
BCI - Better Cotton Initiative	RCS - Recycled Content Standard
GOTS - Global Organic Textile Standard	RDS - Responsible Down Standard
GRS - Global Recycled Standard	RWS - Responsible Wool Standard
LWG - Leather Working Group	OCS - Organic Cotton Standard

This year, 51% of fibres used in our garments contained preferred fibres.



In 2019 our production was split up as follows:



METHODOLOGY

In order to improve on accuracy, in 2019 we have changed the way that we have quantified our data (compared to 2018). Our calculations of preferred fibres are based on the total fibre used across the total amount of SKUs produced. This gives us a clearer indication of what % of preferred fibres are utilised across our product portfolio. Calculations exclude jewellery SKUs due to the different baseline measure of materials used (fibres vs metals).

To ensure these fabrics are sourced in a responsible way, we use a variety of accredited certification schemes to ensure we are meeting the highest International standards relating to the social and environmental impact of a fibre (see table above).



Let's take a closer look at our major fibre types:

CELLULOSIC FIBRES

(Forest fibres)

METHODOLOGY

We work with LENZING™ ECOVERO™ and LENZING™ Modal . Lenzing is audited against the Canopy Style standard and achieves the highest ranking score (score of 20-35).

OUR 2019 GOAL

25% of forest fibres to be responsibly sourced.

HOW DID WE PERFORM

42% of our forest fibres have been responsibly sourced.

NATURAL

Cotton, Linen, Leather, Silk, Hemp:

METHODOLOGY

The Global Textile Standard (GOTS) is our tool of choice. This ensures all social / ethical and environmental criteria are assessed to the highest internal standards, including a living wage. The Organic Content Standard (OCS) is also utilised to ensure traceability of fibre throughout the supply chain.

Our Leather is traced back to the tanneries based on a self-declaration from our Tier 1 supplier.

OUR 2019 GOAL

60% organic cotton / 20% recycled cotton / 20% conventional cotton.

Explore hemp as an option for our natural fibre portfolio.

HOW DID WE PERFORM

65% of all natural fibres across our SKUs are organic.

74% of all cotton fibres used across our SKUs are organic.

We developed two styles utilising hemp.

We're happy with where we are at, but we know there are strides to be made. Although we're moving in the right direction when it comes to organic cotton, we weren't able to hit our goals when it comes to recycled cotton. This is a tricky one... we are trying to work with our current global partners to source recycled cotton but we've had some challenges when it comes to quality - it's just not quite there yet and we have a duty to ensure our clothing is durable for longevity. We are continuing research and development in this area.

LEATHER

Leather is a tricky fibre for us and it only represents 2% of our overall production. We have made the decision to continue producing small runs of product for now, that utilise leather, however it must be:

Recognised by the Leather Working Group (LWG).

SILK

As a natural fibre that makes up 1.8% of our collections, we are still working to find alternatives in order to ensure that we don't compromise on quality.

SYNTHETIC & BLENDS

METHODOLOGY

Global Recycle Standard (GRS) and Recycled Claim Standard (RCS) ensure that synthetic fibres are made from recycled material.

OUR 2019 GOAL

- 80% swim to be made from recycled synthetics.
- 100% intimates to be made from recycled synthetics.
- 50% of all synthetics to be made from recycled synthetics.

HOW DID WE PERFORM

- 65% of all synthetics used in swim were recycled.
- Of all intimates containing synthetics, 49% of the total synthetics used were recycled.
- Each activewear style contained 76% recycled synthetics.
- 43% of all synthetics are recycled.
- 11% of our collection was made from recycled fibres.

Our swim and intimates range contain eco friendly Italian swimwear yarn called ECONYL® Regenerated Nylon (think recycled fibres spun from regenerated nylon created from pre and post-consumer nylon waste such as discarded fishing nets), which reduces the waste in our oceans and diverts waste from landfill. Using a fibre like ECONYL® Regenerated Nylon reduces the environmental impact by up to 80% when compared to using virgin materials made from its virgin synthetic alternative. For every 10,000 tons of ECONYL® raw materials 70,000 barrels of crude oil are saved and 57,100 tonnes of Co2 eq emissions are avoided.

This year, ECONYL® has confirmed that we've recovered 110kg of fishing nets + 441kg of post consumer waste to produce our swim collection!

WHERE TO 2021

- 60% of forest fibres to be responsibly sourced.
- 80% of cotton sourced to be organic.
- 60% of synthetics to be made from recycled sources.

CARBON FOOTPRINT

Summary

When we are talking footprint, we are talking about the carbon emissions across our entire domestic operations, from, water, energy, waste, air travel, staff travel, events, waste and office consumables across our domestic operations.

We have been working to develop our carbon strategy and at this stage have finalised Phase 1 which addresses the carbon footprint for our domestic operations (minus freight). We are then moving into Phase 2 which addresses the garment life-cycle, packaging and freight.

Addressing how we can minimise our footprint has been a major focus for us this year and given how seriously we are prioritising the current climate emergency, carbon is an area that we are dedicated to building on.

METHODOLOGY

Calculate the amount of energy we consume from domestic operations.

Report on scope 1, 2 and some scope 3 carbon emissions for domestic operations as per the Australian system; The National Carbon Offset Standard.

OUR 2019 GOAL

100% of energy consumed to be renewable.

Assess our Scope 1 & 2 carbon footprint.

Transition to 100% plant based / compostable biodegradable garment bags by July 2019.

HOW DID WE PERFORM

100% of all energy for domestic operations was sourced from local, renewable sources (shout out to Enova our energy supplier who is doing great things in our local community, and Zero Emissions Byron whose aim is to get our whole community on renewables!) 390.59 Tonnes of CO₂-e have been calculated to be Spell's 2019 carbon footprint for domestic operations. These emissions have been offset through The Aboriginal Carbon Foundation an Indigenous run not-for-profit that supports carbon farming projects led by Indigenous rangers. By offsetting our carbon footprint through the purchase of ACCU's from the Tiwi Islands Carbon Abatement project, we have contributed to the abatement of 63,018 tonnes of CO₂e.

Transitioned to 100% plant based / compostable biodegradable garment bags.

7 of our 23 types of consumer packaging are certified to industry recognised standards.

Having begun the huge task of measuring our footprint we now have the ability to begin developing our carbon strategy. This strategy is being developed with the express aim of reducing and/or neutralizing our carbon emissions and in doing so, playing our part in slowing the warming of our planet.

WHERE TO 2021

Reduce domestic carbon emissions by 10%.

Offset all domestic operations.

50% of consumer packaging to be sustainably certified.

CHEMICALS

Summary

Dyeing and printing is a big part of our production process and from an environmental perspective, fabric dyeing is the second biggest polluter of clean water after agriculture so we are working hard to address this across our business operations.

METHODOLOGY

We look for certifications such as:

GOTS

Bluesign

Oeko-tex 100

OUR 2019 GOAL

Finalise our Restricted Substances List (RSL).

HOW DID WE PERFORM

We finalised our RSL and Manufacturing Restricted Substances List (MRSL).

WHERE TO 2021

Implementation of RSL.

ANIMAL WELFARE

Summary

In 2019 we developed our Animal Welfare policy and from January 2020 have committed to never using:

Angora

Mohair

Conventional leather

Exotic animal skin

Fur

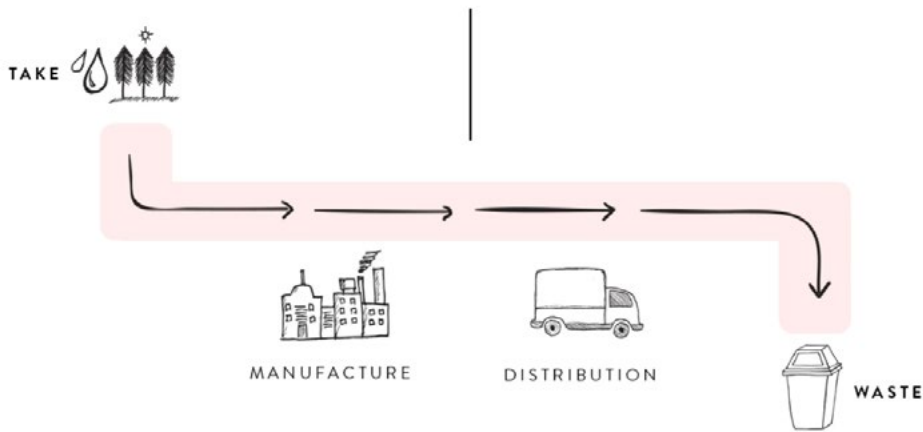


CIRCULARITY

Summary

Given the reality of our planet's finite resources, the old linear model of take → make → waste is no longer a valid model, and let's face it, it never was! When it comes to climate, it's circular or bust.

Current Model - Linear



Refined Model - Circular



METHODOLOGY

In line with our 2017 Global Fashion Agenda (GFA) Circular Fashion Commitments, we (along with many other brands globally), pledged to implement a range of initiatives that would integrate circularity into our overall business model.

Our three commitments were:

Increasing the % of recycled content within our overall production ensuring GRS and RCS certification.

Empowering and enabling our team to approach design with circular principles in mind through a series of trainings and workshops.

Developing a set of initiatives that utilised circular design principles.
Roll out a number of initiatives within our community to promote the circular culture.

OUR 2019 GOAL

5% of garments made of recycled: 90% re nylon / 80% re poly / 20% re cotton.

HOW WE PERFORMED

Recycled fibres are present in 11% of our collection.

2 events focused on increasing the lifecycle of garments: our Spell Buy Swap Sell events.

4 Spell Renew products including a coin purse, tote bag, bloomers, headband and library bag and 2 upcycle initiatives: eye masks and scrunchies.

2 Circular workshops with our design team.

WHERE TO 2021

2 Spell Buy Swap Sell Events.
Continue Spell Renew category.
1 recycling option.

9. INNOVATION AND
INFRASTRUCTURE



12. RESPONSIBLE
CONSUMPTION



Profit

PHILANTHROPY

Summary

Our business is founded on humble beginnings and we're so grateful for everything that we have been able to accomplish. For us, a key metric for success is being able to give back. We are proud to contribute to a range of organisations whose mission is to make a positive impact on people and planet.

We have three philanthropic pillars:

Local: contribute to and strengthen the social fabric of our local community.

International: be a responsible global citizen.

1% for the Planet: conserving our planet.

METHODOLOGY

We refer to the number of initiatives and dollars contributed.

OUR 2019 GOAL

To contribute \$350k to philanthropic causes.

HOW WE PERFORMED

Total donations for the 2019 calendar year = \$290,326

This was distributed as follows:

Local = 15.8%

International = 7.3%

1% for the Planet = 76.9%

This represents:

Social contributions: 53.16%

Environmental contributions: 46.84%

There are many giving back moments that haven't been measured here, from the gift vouchers and garments regularly donated to local charities for fundraising, to the mentoring we offer the next generation within our local community, to our team participating in 'adopt a family' at Christmas time, providing gifts and hampers to local families in need, to our team opening donation drop points and sewing joey pouches in the wake of the bushfires – philanthropy is a cultural mindset at Spell.

This figure also excludes a figure just shy of \$50k of in-kind activity that was donated to 1% for the Planet due to the reporting years of this report.

WHERE TO 2021

Due to the unprecedented events unfolding in 2020 surrounding Covid-19, we are currently unable to report on our 2020 philanthropic goals. What we do know is giving back to people and the planet will always be part of who we are as a business. Once we have been able to set these goals we will update this report.



The Final Say

Now to take a look at how we fared against our commitments and our 2025 vision:

PEOPLE

Happy but needs work. Seriously committed to lifting our accreditation numbers and supply chain mapping.

PLANET

Excelling in our preferred fibres program! Working to further measure, analyse and neutralise our carbon footprint is a big focus for us in 2020.

Achieving our circular work. We're really keen to find a solution when it comes to recycling our deadstock and this is a priority.

We're going to be introducing more circular work into our strategy in 2021, looking for ways that technology can enhance our efforts.

PROFIT

Doing well. We joined 1% for the Planet in 2018 and also continue to give back to local causes that are dear to our hearts however due to our reporting structure (Jan - Dec) for our impact report and our FY reporting structure of the business, it looks as if we are falling short.

**Note, when it comes to reporting on 2020, we will be moving to financial year reporting to sit in line with the way that we report across the rest of the organisation.*

