



SPELL

Impact Report

Financial Year 2022
1 July 2021 - 30 June 2022

Acknowledgement of Country

We acknowledge the traditional owners and ongoing custodians of the land on which we work and play, the Arakwal people of the Bundjalung nation. We pay our respects to Elders, past and present. We acknowledge the First Nations people of Australia as the original storytellers, artisans, and holders of knowledge, living and working in harmony with People and Planet.

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A Conversation with Co-Founder, Lizzy Abegg

Reflection allows us to examine our actions and learn from the challenges we encounter.

Our Sustainability Specialist, Angie Menghini, sat down with co-founder Lizzy Abegg, to reflect on the past year.

Angie: What a year it's been! What do you feel were some of Spell's greatest challenges and accomplishments, and what strengths did your team draw on?

Lizzy: This year we've further increased our supply chain mapping. This kind of visibility around 'who makes our clothes' underpins the fundamentals of our sustainability values. Speaking to our strengths, this year showed us how business is a microcosm for the broader world stage. As climate and economies continue to destabilise, we've needed to innovate, adjust and grow. Our team showed unwavering adaptability as they responded swiftly and collectively to the unexpected — everything from international lockdowns and extended overseas port closures to catastrophic floods in our local region. Over and over again, we proved our resilience and ability to support each other.

Angie: As a co-founder you've been an integral part of Spell's growth and evolution since the beginning. What are some key practices that have brought us to where we are now?

Lizzy: Spell, with its humble evolution from market stall to the brand it is today, didn't always have sustainability as a primary focus. In the beginning our progress was driven by myself and eventually a sustainability manager — however in recent years we have worked hard to decentralise sustainability as a functionality within the business, so each department is equipped to drive and deliver on our 2025 commitments. We still have a sustainability manager but the decentralisation means our strategy isn't top down, but empowered from within. Our progress doesn't rely on one passionate person, but rather, many passionate teams. The way the whole team takes responsibility for our impact is critical to our sustainability roadmap.

Angie: Spell's natural evolution over the years really illustrates the emphasis on improvement, yet there's also a holistic tenacity and perseverance seen across the whole team. What do you believe makes Spell so resilient to what life throws at us?

Lizzy: Being 100% family-owned and founder lead has cultivated a connectedness and cooperativeness that has allowed us to operate from the heart with great agility. In the face of devastation, as floods and fires

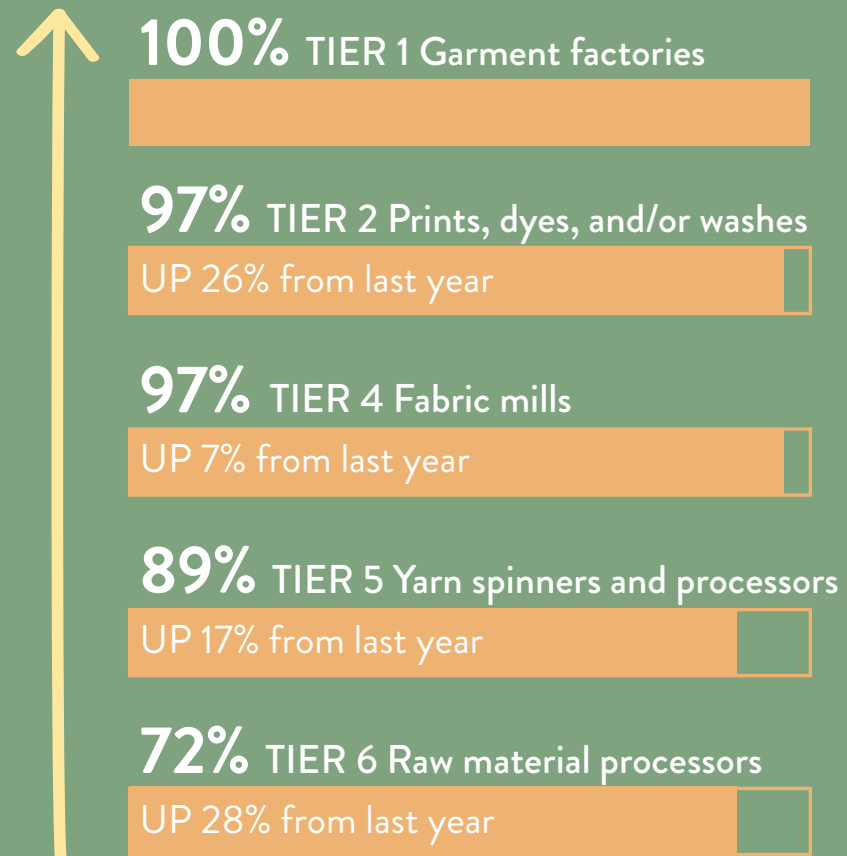
have swept across our region we have been able to jump forward with purpose immediately, contributing volunteer hours and over 1 million dollars towards relief. This agility is valuable in the realm of business operations and sustainability too, from working toward carbon neutrality to testing new responsibly sourced fibres, we're able to work innovatively and cohesively. When the chips are down or disaster strikes (be it world events or the ups and downs of business) we're able to come together efficiently and proactively.

Angie: Reflecting is an important part of forward planning. What do you see Spell reaching toward in the near future?

Lizzy: Sea levels and weather systems have provided some very loud reminders across the globe as to how important our prioritisation of sustainability and climate action truly is. We are focused on further implementing circular strategies, experimenting with innovative and regenerative materials that can help us close loops and reduce carbon emissions. The fashion industry as a whole must face a reckoning when it comes to 'sustainability', accepting sustainable fashion isn't so much 'sustainable' as much as it is 'less bad'. With this in mind we want to make sure every option for our customer is as 'less bad' as possible — the first step to delivering on this is data and continuous improvement, kept accountable by our annual impact report.

Last Year: at a Glance

Supply Chain Mapping



(We don't map Tier 3 at this time because these are our inputs—zips, buttons, lace trims, etc.—and they have their own supply chains of their own, and garments often include more than one input)

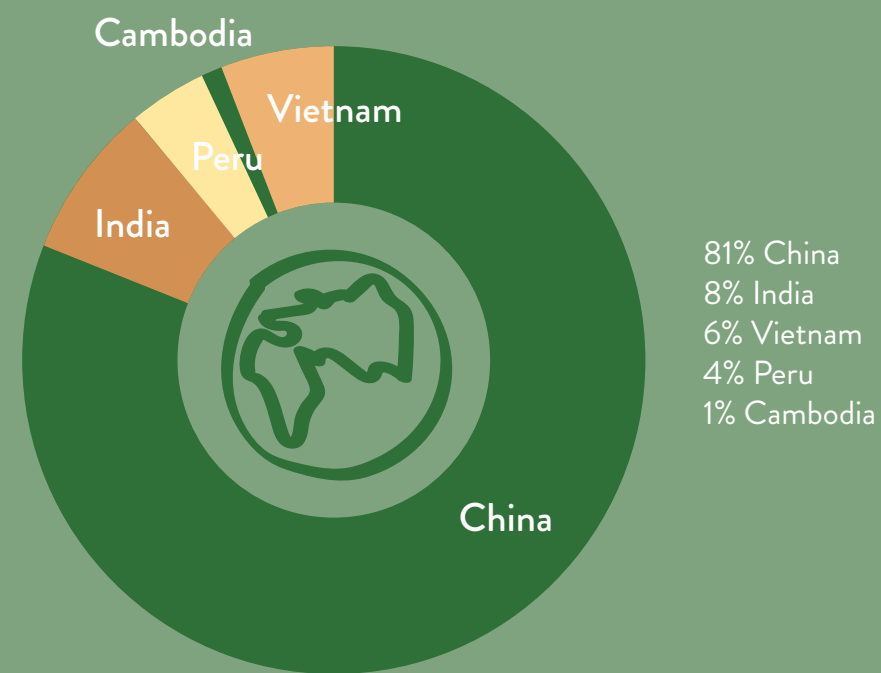
1 Supply chain data was provided by Tier 1 suppliers for each fabrication and print story.

95% of Tier 1 suppliers had their operations audited or certified to accepted social standards

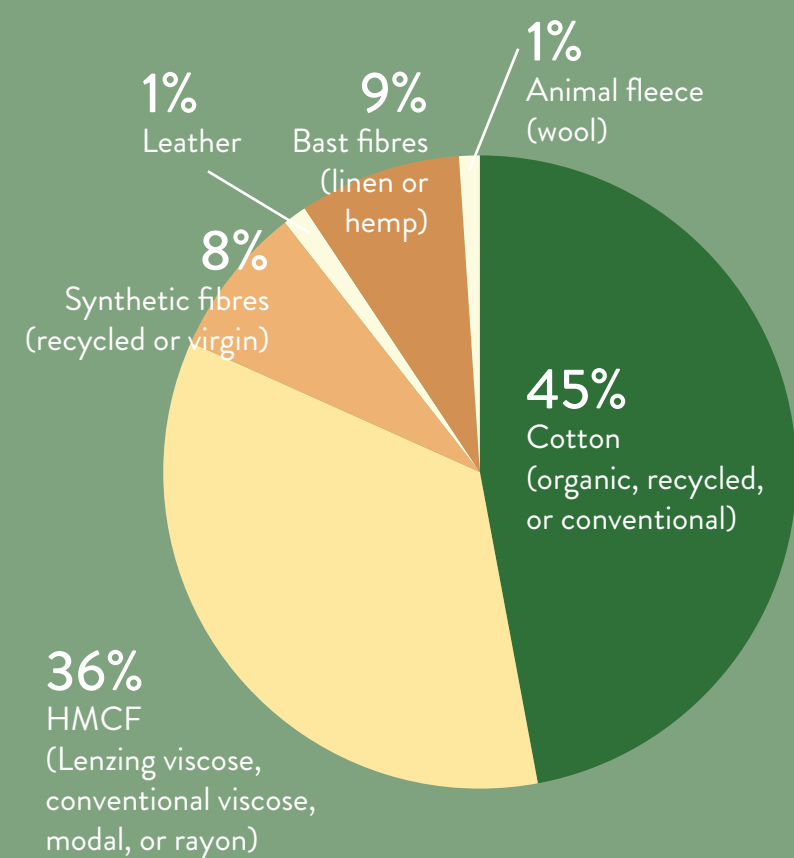
42% of Tier 1 suppliers had their operations audited or certified to accepted environmental standards

3 Fair Trade artisan projects providing 994 person-days of work

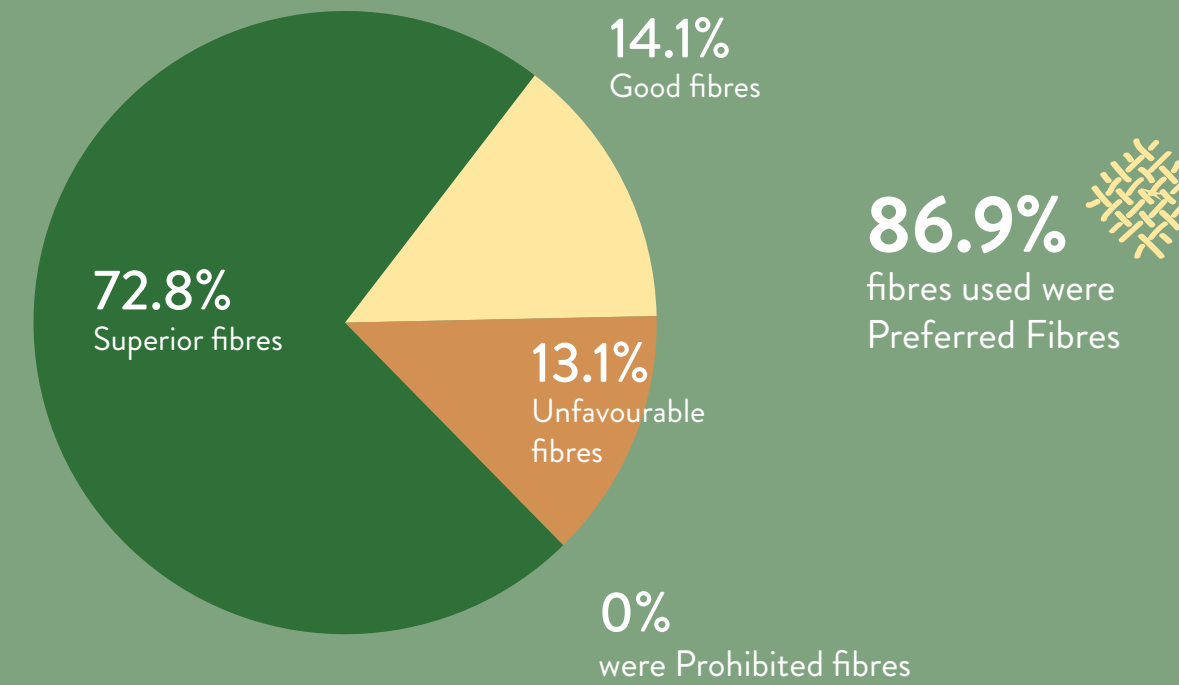
Production by Country



Fibres Used



Preferred Fibre Breakdown



90.7% fibres were biodegradable



91.4% garments contained Preferred Fibres
UP 3.4% from last year



6% of fibres were from recycled sources



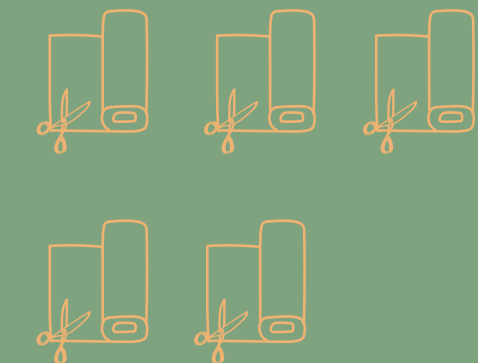
78.1% of our fibres were certified (GOTS, OCS, GRS, or RWS)



201.5kgs of nylon waste recovered for use in our Garden Party and Utopia swim.

72% synthetic fibres were recycled fibres (hard to get 100% because of the added elastane required for stretch!)

Deadstock



5,176.76 metres of deadstock fabric used for our Renew collection of garments and swag (that's **236 metres more** than last year!)

10,117.5 metres of deadstock fabric over the past 2 years have been given a second chance at life



Sustainability at Spell

|| Our Vision

To work in harmony with people and planet. To create with intention so change is possible. To champion fibres that are circular, regenerative and renewable.

Brand Overview

With admiration for the past woven through each collection, Spell's forward-looking, feminine silhouettes meet at the intersection of romanticism, escapism, and rock 'n' roll. Spell is equally known for our bold pairing of print and colour, as for styling delicate lace back

with chunky boots. We create for those who seek individuality, optimism, and joy.

Spell's origin story begins beach-side on Australia's east coast, founded by two sisters, Isabella Pennefather and Elizabeth Abegg who saw how they dressed as a portal to their dream destination. Our operations now extend across continents, as materials are passed through our supply chain, from one hand to the next and transported across the oceans that connect us. We are based in Australia, but our impact is global, and it is our responsibility to act accordingly.

Now in its 13th year of business, Spell is recognised in the industry as a trusted change-maker in the sustainable fashion movement. Committed to transparency, we report annually on the environmental and social impact of our operations and our product. It's tempting to only focus on the achievements and the successes, however that provides a skewed image of perfection. We're not perfect. But every day, we work to be better. We aim to report on everything – the good, the bad and the ugly.

This is our 6th Impact Report, which covers our work across the 2022 Australian financial year, which spans 1 July 2021 through 30 June 2022.

How Far We've Come

In 2016 we began to understand the critical importance of the inclusion of sustainability and transparency within our product and business operations, by 2017 it became a primary focus. Now six years on, we are proud to look back on the quantifiable progress that has been made thus far.²



2018

Jan 2018: We signed the CanopyStyle Agreement, to show our commitment to protecting ancient and endangered forests through our fibre choices.

March 2018: Signed the GFA Circular Fashion Commitment.

May 2018: Established our first formalised Sustainability Action Plan, which included fibre goals, supply chain transparency, dyes and printing, social advocacy, circular fashion, and carbon strategy.

2018: Published our first annual Impact Report, reporting on our progress in 2017.

2020

Jan 2020: Developed our Preferred Fibres Matrix to guide our decisions in making more responsible selections.

Jun 2020: Signed the United Nations Global Compact (UNGC) and aligned with the Sustainable Development Goals (SDGs).

Oct 2020: Joined the prAna Responsible Packaging Movement.



April 2022: Offset 100% of our global operational carbon footprint.

May 2022: Introduced our 100% recycled kraft paper mailers and Roll-tie un-packaging and social impact of our operations and our product.

2016



April 2016: During Fashion Revolution Week, we were asked "Who Made My Clothes?", this question blazed the trail for our sustainability journey.

2017

April 2017: Changed our garment polybags from conventional plastic to EPI biodegradable polybags.

May 2017: Introduced organic cotton to our collections in our Little Spell Easy Rider short sleeve top.

Oct 2017: We developed our first revision of our Supplier Code of Conduct developed around the Ethical Trade Initiative (ETI) framework and sent to each of our Tier 1 suppliers to be reviewed and signed.

Oct 2017: Introduced recycled synthetics to our collections in Little Spell swimwear.

2017: We began requesting environmental and social audits from our Tier 1 factories.



2019

July 2019: Developed our Animal Welfare Policy

2021

Jan 2021: Launched Sundown, our first collection with 100% of styles containing Preferred Fibres.

Jun 2021: Published our first Modern Slavery Statement.

May 2021: Published our MRSL and RSL and commenced our fabrication chemical testing scheme.



² Certifications from initial acquisition of organic cotton, recycled synthetics unavailable for third party verification.

Our Strategic Methodology

Our sustainability strategy is a reiterative process of action and assessment with the aim of continuous improvement.



People, Planet and Prosperity

These three pillars have become foundational cornerstones of our business operations and are central to the development of our sustainability strategy.



2025 Roadmap

Navigating without a destination is a total vibe when you're on a road trip.

But when it comes to data driven sustainability commitments, you need a plan.

PILLAR	GUIDING PRINCIPLE	OBJECTIVES
PEOPLE	RESPONSIBILITY AND VISABILITY	Contribute to the improvement of global social conditions
	SOCIAL ADVOCACY	Support and sustain artisanal design practices
		Create, maintain and empower a diverse and inclusive workforce
		Build a team of knowledgeable sustainability leaders to drive industry change and educate our community
PLANET	ENVIRONMENTAL STEWARDSHIP	Minimise environmental and ecological impact by prioritising responsible practices that support regeneration, circularity, and innovation
		Reduce climate impact of operations
PROSPERITY	GIVING BACK	Contribute to our local and global community through philanthropic endeavours

Collective Action

As individuals we can work toward making a positive impact, yet when we combine our efforts, our collective action creates a stronger force for change.

Much of our social and environmental impact happens within our supply chain, logistics (freight) and in the fibres we choose (the bulk of the data in this report are analysis of these impacts). However, our sustainability efforts run through every functionality of our business – beyond the footprint of our supply chain and garments.

In alignment with our 2025 Roadmap, we have **decentralised** sustainability within Spell by involving departments across the entire business in identifying areas for improvement, developing goals and delivering on action.

This past year just a few of our department initiatives and achievements included:

DEPARTMENT	INITIATIVES AND ACHIEVEMENTS
WHOLESALE	Worked with our wholesale partners to collaborate and share knowledge on sustainability providing these partners with ‘Sustainability Spotlight’ with the launch of each collection.
DIGITAL	Redesigned and published our People + Planet pages on our website, providing opportunity for our community to learn and engage, and better understand our efforts in this space.
MARKETING	Educated our community on our UNGC Sustainable Development Goals with an Instagram story series.
ADMIN	We reduced our HQ printing by 39% from previous reporting year (FY21) and a total of 64% reduction from FY20. In comparison to FY20, FY21 saw 487 kg less paper used, and FY22 saw 769 kg less paper used.
FINANCE	Powered our HQ, Warehouse, and Boutique with 100% local renewable energy, and supplemented the grid energy with solar from our rooftop systems on our HQ and boutique.





Accountability and Transparency



Greenwashing. It's a deceiving marketing tactic used (either intentionally or due to lack of knowledge) by companies to appear more sustainable than they likely are, and it's currently rampant in the fashion industry.

Unfortunately, there is little regulation at this time on how or what brands can claim, which can make it hard for consumers to know what to believe.

We take our communication and claims very seriously. Our annual Impact Report examines our targets analysing key performance indicators and data to determine what we have achieved and where we need to direct more energy. The report is audited by a third party to verify that each of our claims are accurate and substantiated with evidence.

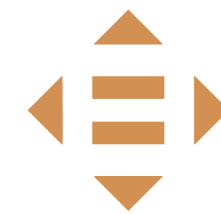
UNGC Sustainable Development Goals

In 2020 we chose to unite with a global community and become a signatory of the United Nations Global Compact, aligning with the UNGC Sustainable Development Goals.

These goals were developed to ensure that businesses and organisations are progressing collectively towards common goals for the benefit of all people and the planet.

Spell prioritised **4 of the 17 goals**, based on relevance to our business operations and areas of impact, and we continue to focus on these goals as they are incorporated through our 2025 Roadmap. To ensure our accountability and commitment, each year we submit a 'Communication on Progress' to the UNGC, reporting on our efforts across Governance, Human Rights, Labour, Environment, and Anti-corruption.

10. REDUCED INEQUALITIES



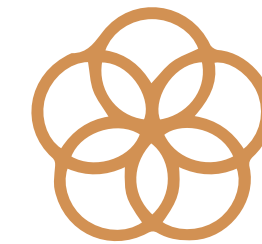
12. RESPONSIBLE CONSUMPTION & PRODUCTION



13. CLIMATE ACTION



17. PARTNERSHIP FOR THE GOALS



1. NO POVERTY



2. ZERO HUNGER



3. GOOD HEALTH & WELL-BEING



4. QUALITY EDUCATION



5. GENDER EQUALITY



6. CLEAN WATER & SANITATION



7. AFFORDABLE & CLEAN ENERGY



8. DECENT WORK & ECONOMIC GROWTH



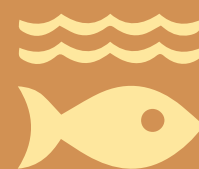
9. INDUSTRY, INNOVATION & INFRASTRUCTURE



11. SUSTAINABLE CITIES & COMMUNITIES



14. LIFE BELOW WATER



15. LIFE ON LAND



16. PEACE, JUSTICE & STRONG INSTITUTIONS



Alliances for Progress



CanopyStyle Initiative

By signing with the CanopyStyle Initiative in 2018, Spell committed to support the protection of ancient and endangered forests by sourcing responsibly sourced fibres in our garments and packaging. This agreement still stands to guide our fibre decisions.



United Nations Global Compact Australia Network

In 2020 we became one of the first four Australian fashion labels to become an official member of the UN Global Compact. We joined the Australia Network in order to collaborate with other businesses and actors for progress on home turf.



Textile Exchange

Textile Exchange brings brands, suppliers, and experts in the fashion industry together to collectively achieve climate reduction goals and facilitate positive impacts from raw material to production.



prAna Responsible Packaging Movement

In 2020 we joined the prAna Responsible Packaging Movement, a collaborative initiative that brings brands together to reshape our industry's packaging habits. In joining the movement, we made the commitment for 100% of our consumer packaging to be plastic-free and made from certified recycled or regenerated sources by 2025.





People

2025 Sustainability Roadmap:

People

GUIDING PRINCIPLE	OBJECTIVES	2025 GOALS
RESPONSIBILITY AND VISIBILITY	Contribute to the improvement of global social conditions	100% Tier 1 Code of Conduct signed
		Transparency: 100% of supply chain mapped
		Verify the social standards of entire supply chain
		All Tier 1 suppliers have effective grievance mechanisms and informed worker empowerment programs
SOCIAL ADVOCACY	Support and sustain artisanal design practices	Partnership with Fair Trade artisan group for annual projects
	Create, maintain and empower a diverse and inclusive workforce	Establish our Diversity and Inclusion statement, policy and actively collaborate for ongoing cultivation of an inclusive culture for our team and community
		Establish our Reconciliation Action Plan and implement ongoing activities
Build a team of knowledgeable sustainability leaders to drive industry change and educate our community	Decentralise our sustainability strategy to promote integral engagement and develop annual departmental goals for wholistic progress	

Responsibility and Visibility

Our Global Community

The heart of our organisation is located on Bundjalung Country in Northern New South Wales which houses our headquarters, warehouse, and flagship store.

Female-owned

65 employees (Australia)

63 female / 2 male

1 storefront

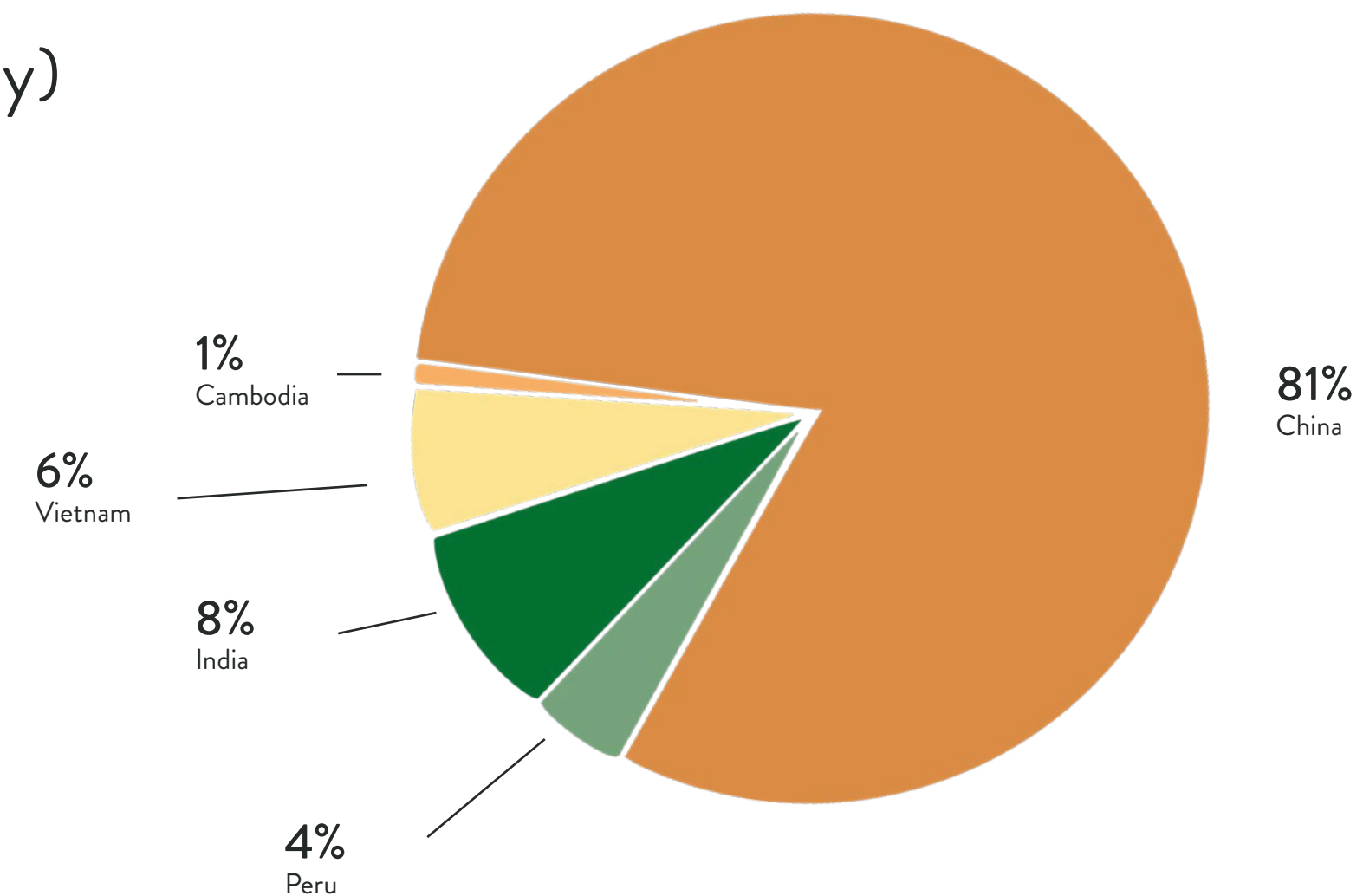
2 warehouses (Australia and USA)

167 wholesale stockists located in 9 countries

19 Tier 1 suppliers in 5 countries

Our garments, footwear and accessories are produced around the world, by our partners in China, India, Cambodia, Vietnam, and Peru. We strive to partner with suppliers that share our values for People, Planet, and Prosperity. We operate on 3-year term contracts to promote lasting and trusting relationships. On-boarding of new suppliers is based on both their production capabilities and their ability to meet compliance requirements.

Production Breakdown (by country)



Responsibility: Social and Environmental Verification

By the time our garments, footwear, and accessories have landed in each of our customers' homes, they have been handled by many different individuals, as they moved through our supply chain. We are working to ensure the highest of standards are upheld for the benefit of workers, the environment, the communities in which our production occurs and the safety and enjoyment of our customers.

Spell requests each of our suppliers to sign our Code of Conduct or our production partner's Code of Conduct, so long as it is aligned with International Labour Organisation (ILO) and Ethical Trade Initiative (ETI) and holds the factory to the same or higher standards as our Spell Supplier Code of Conduct. We are also working with our Tier 1 suppliers to ensure that workplace conditions are assessed using third party auditing methodology. We request each primary supplier to undertake a social and environmental audit each year. Auditing allows us to assess our suppliers and verify the working conditions, environmental impacts, worker health and safety, business practices, and signal a zero tolerance for human rights violations. While audits can be effective in calling attention to workplace matters of concern or findings requiring rectification, we do understand that they have limitations, and are a narrow window of observation.

Our FY22 Goals

100% Tier 1 Supplier Code of Conduct signed

100% of Tier 1 undergo a social audit or have valid social verification certificate

80% of Tier 1 undergo an environmental audit or have valid environmental verification certificate

How We Performed

100% of our Tier 1 suppliers operate under a signed Code of Conduct.

95% of our Tier 1 suppliers underwent a social audit or had valid social verification certificate

42% of our Tier 1 suppliers underwent an environmental audit or had valid environmental verification certificate



Tier 1 Social and Environmental Verification

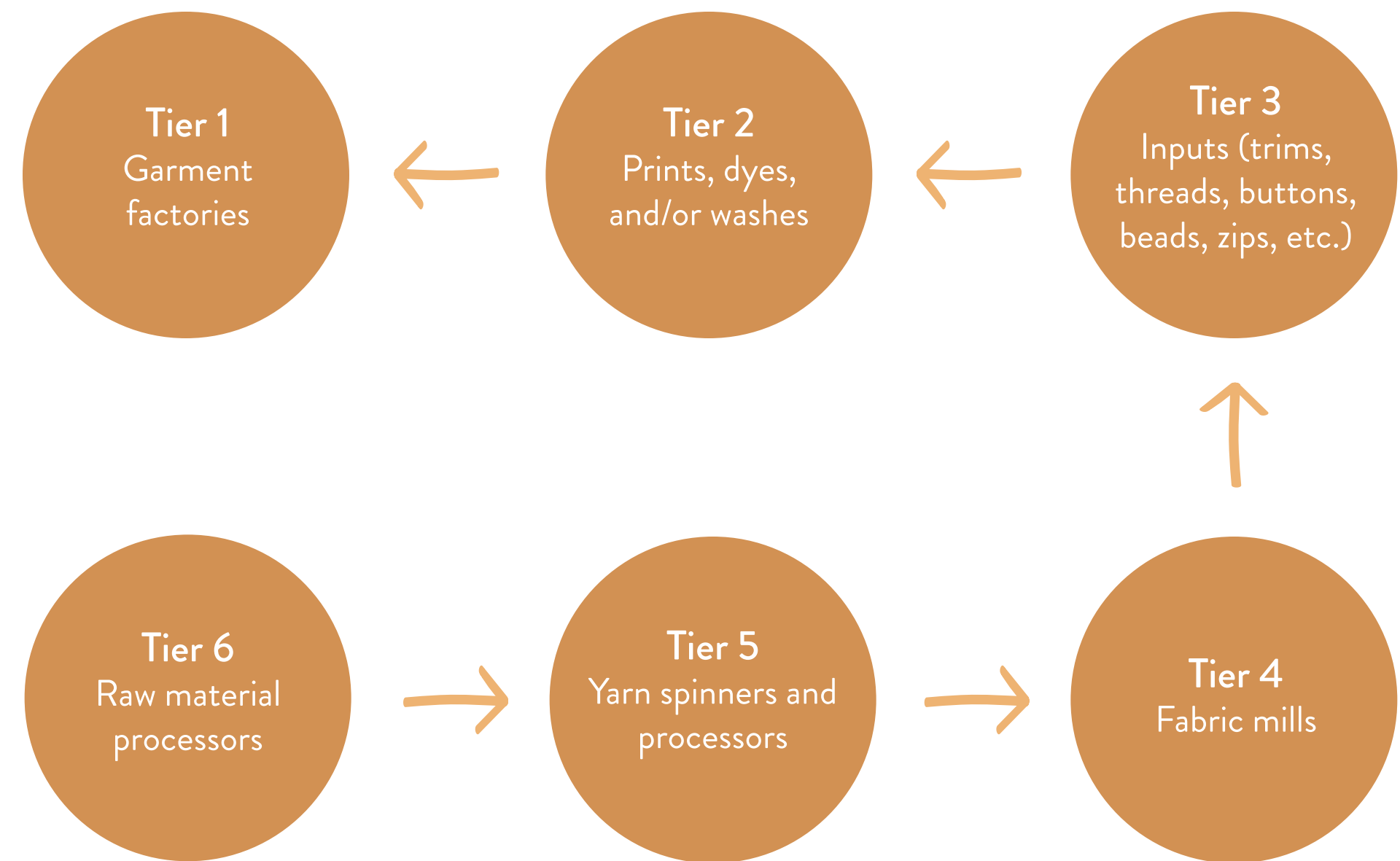
We believe transparency is critical to furthering the standards for social and environmental standards in the supply chain. Moving forward, we are providing our active Tier 1 supplier names and locations as part of this annual reporting.

	FACTORY	LOCATION	SIGNED CODE OF CONDUCT	SOCIAL VERIFICATION	ENVIRONMENTAL VERIFICATION
CAMBODIA	Maeka - Outland	Cambodia	Signed ³	Elevate Responsible Sourcing Assessment ⁴	-
CHINA	FoShan City Nanhai District Chengde Suitcase Co. Ltd.	Li Shui, Guandong	Signed	SA8000, GRS Certification	GRS Certification
	Jiangmen Eastern Fashion Co., Ltd.	Jiangmen, Guandong	Signed	Sedex SMETA P2	-
	Dongguan Austra Garment Limited Qiaozhi Branch Factory	Dongquan, Guandong	Signed	GOTS Certification, GRS Certification	GOTS Certification, GRS Certification
	Bien Textile Taixing Co.	Taixing, Jiangsu	Signed	Sedex SMETA P4	Sedex SMETA P4
	Jiaxing Am.Esense Garment Co., Ltd.	Jiaxing, Zhejiang	Signed	WRAP Gold Certification	-
	Franktex	Pudong, Shanghai	Signed	Sedex SMETA P4	Sedex SMETA P4
	Hemp Fortex Industries, Ltd	Weihai, Shandong	Signed	BSCI; GOTS Certification	GOTS Certification
	Dongguan City Chashan Grand Harvest Garment Factory	Dongquan, Guandong	Signed	UL Responsible Sourcing Assessment	-
INDIA	Axa Leather Group	Vaniyambadi Taluk, Vaniyambadi	Signed	BSCI	-
	The Choice Fashions Pvt. Ltd.	Jaipur, Rajasthan	Signed	Sedex SMETA P4	Sedex SMETA P4
	CMS Associates Private Limited	Noida, Uttar Pradesh	Signed	Sedex SMETA P2	-
	Gupta H.C. Overseas Pvt Ltd.	Agra, Uttar Pradesh	Signed	SA8000, BSCI	-
	Home Fashions	Noida, Uttar Pradesh	Signed	GOTS Certification	GOTS Certification
	Kallista Designs (SETU)	Jaipur, Rajasthan	Signed	Fair Trade Certified by WFTO	-
	Tritan Leather Works Pvt. Ltd.	Chennai, Tamil Nado	Signed	Sedex SMETA P2	-
	Saivana	Faribadad, Haryana	Signed	WRAP Gold Certification	-
PERU	Moda Y Focalizad Textil	Lima, Peru	Signed	-	-
VIETNAM	Viet Nam Raindrop Fashion Company Limited;	Cam Khe, Phu Tho	Signed	Elevate Responsible Sourcing Assessment	-

³Signed the Outland Denim Code of Conduct
⁴Outland carries our internal audits regularly, and ERSA 3rd party audit every 2 years

Visibility: Supply Chain Mapping

We have broken down the stages of production into six different tiers:



In the past, fashion supply chains were out of sight, out of mind. However, over the last decade this has changed, with industry-wide expectations propelled by consumers pushing brands to be more knowledgeable and transparent about the origins of their products. In 2019, Spell first introduced our supply chain mapping strategy, requesting information from our suppliers to determine where our materials were cultivated and processed as they moved through our supply chain. Initially suppliers were hesitant to share the information, as this was unconventional and unfamiliar. With communication of the purpose and intentions, we have increased the amount of information gathered each year since we began this process.

Our FY22 Goals	How We Performed ⁵
Request supply chain mapping information for 100% of garment produced and verify Tier 1 and Tier 2 suppliers with documentary evidence	Tier 1 = 100% Tier 2 = 97% (+26% from FY21) Tier 3 ⁶ = n/a Tier 4 = 97% (+7% from FY21) Tier 5 = 89% (+17% from FY21) Tier 6 = 72% (+28% from FY21)
	(100% of Tier 1 and 39% of Tier 2 verified with documentary evidence)



⁵Supply chain data was provided by Tier 1 suppliers for each fabrication and print.
⁶We have not gathered Tier 3 info at this time; these are our inputs—zips, buttons, lace trims, etc.— they have supply chains of their own, and garments often include more than one input.

Social Advocacy

Supporting Artisans

We're proud of our continued partnership with SETU, a certified Fair Trade organisation whose mission is to empower the social and economic standing of artisans from underprivileged and marginalized communities in India.



What is Fair Trade?

Fair trade exists to empower small farmers, workers, and artisans around the world, to rise above poverty and participate in global trade. Advocating for better working environments, fair wages, and trading conditions, this philosophy provides an international platform in which disadvantaged people and communities can support themselves, honour their traditional craft, and improve their standard of living.

Many communities across the world are rich with local and traditional art forms and artisanal skills yet lack the knowledge or the resources to access global trade or establish their presence on a world stage. SETU, an organisation whose aim is to provide opportunities for sustainable livelihoods, access to healthcare, financial support, and training, bridges this gap and provides artisan groups with the resources and connections to share their beautiful work and make a meaningful living through fair trade practices.

Our FY22 Goals

Complete a minimum of two projects with SETU

How We Performed

3x projects producing five different SKUs, providing approximately 994 person-days of work spanning across the product projects⁷

	METAL	QTY OF PEOPLE WHO WORKED ON PROJECT	NO. OF WORKING DAYS	APPROXIMATE PERSON-DAYS OF WORK
Elle X Baby Anything Belladonna Chain Belt	Gold	6	22	132
Elle X Baby Anything Lucie Luna Earrings	Gold	6	28	168
	Sterling Silver	5	30	150
Meadowland Charm Necklaces	Gold	11	34	374
	Sterling Silver	10	17	170
GRAND TOTAL				994

⁷Artisan working data is an approximation provided through self-declaration from SETU. Artisans typically work on the projects 5-6 hrs per working day.

Modern Slavery

It is important to ask not whether modern slavery exists in the supply chain, but instead, what you will do when you find it – because it most likely exists.

In 2021 we published our first voluntary Modern Slavery Statement in line with the Australian Modern Slavery Act 2018. Each year we will review and republish as outlined by the legislation, with the intention of developing a more robust and effective Statement. Our Modern Slavery Statement addresses our risk assessments, actions taken to reduce and mitigate our risk, and our progress each year.

This year we engaged The Freedom Hub to review and advise us on areas of improvement on our risk assessments, practices, and Statement. The Freedom Hub is an Australian NGO that is fighting to end Modern Slavery here in Australia and equips survivors of modern slavery to rebuild their lives, regain confidence and be reemployed in freedom. We are now developing our Modern Slavery Response and Remediation Policy.

Our Modern Slavery Statement can be read [here](#).

Xinjiang Cotton

On the 21st of June 2022, the United States rolled out a new piece of legislation, the Uyghur Forced Labour Act (UFLPA) in an attempt to strengthen the prohibition against the importation of goods from any overseas country made with forced labour, in particular, from the Xinjiang Uyghur Autonomous Region (XUAR) of China.

Spell does not condone any use of exploitation in our supply chain. We work with our suppliers to ensure that we are not sourcing fibres or products from the Xinjiang region and utilise our supply chain mapping and transaction certificates to verify this.

We take actions, such as the use of GOTS certified cotton, which means that each stage of the process from raw material through to fabric weaving have been socially and environmentally audited. This helps us to reduce the risk of forced labour taking place in our supply chain.



COVID-19

We are now 2+ years on from the start of the start of the COVID-19 pandemic.

Despite coming to expect the unexpected, we still had numerous hurdles and scheduling disruptions to overcome due to waves of infection and resulting lockdowns locally and globally.

Suppliers

This year amongst the challenges were lockdowns in Shanghai and other areas of China that forced some of our suppliers to come to a full halt in production and delivery of goods. To avoid adding extra pressure, we have embraced flexibility and adaptability, adjusting timelines and product launch plans to accommodate the unexpected – with efforts to best support our suppliers, as guided by their needs. Our suppliers have set-up COVID-19 support systems and payment strategies to aid their employees through the times of crisis and unpredictability.

Diversity, Equity and Inclusion

Over the years, Spell has fostered a far-reaching global community, which includes our local team, global community of workers, suppliers and customers.

We are committed to ensuring the lived experiences of our community are acknowledged, welcomed, represented, and championed, as each of these different perspectives brings with it a unique vibrance and insight.

We are actively and thoughtfully taking steps to widen our lens, to represent the diversity of our global community throughout our brand content and to create a working space of belonging and equity for all.

Our Diversity and Inclusion Statement can be viewed [here](#).



Reconciliation

We take our responsibility to contribute to the wider Reconciliation movement in Australia seriously. As a brand we have an opportunity to take meaningful action within the Reconciliation space and are committed to continually exploring ways we can uphold the traditions and honour the creativity and innovation from Aboriginal and Torres Strait Islander culture. We have established our Reconciliation Action Plan (RAP) to contribute to advancing the National Reconciliation movement.

We have formed our RAP working group and are in the 1st stage, which is the 'REFLECT' stage. Whilst the REFLECT stage has taken longer than we would have liked, we've travelled at the speed of trust (the speed at which meaningful relationships can be formed) and are proud of the progress we've made.



Planet



2025 Sustainability Roadmap:

Planet

GUIDING PRINCIPLE	OBJECTIVES	2025 GOALS
ENVIRONMENTAL AND CLIMATE STEWARDSHIP	Minimise environmental and ecological impact by prioritising responsible practices that support regeneration, circularity, and innovation	100% preferred fibres
		Reduce the impact that results from colouring our textiles: Eliminate harmful chemicals from printing and dyeing and utilise close-loop technologies and digital printing
		Verify the environmental standards of entire supply chain
		Embrace circular strategies to reduce textile waste and overuse of natural resources (GlamCorner rental platform, repair practices, Spell Renew, takeback scheme)
		100% of consumer packaging from circular or certified recycled sources (plastic-free)
	Reduce climate impact of operations	Measure, reduce, and offset carbon footprint to achieve carbon neutral certification
		Conduct LCA on garments to allow consumers to carry out informed decisions

Environmental and Climate Stewardship

Preferred Fibres

As a clothing label, our products are where our largest impact lies and also our greatest opportunities for improvement and impact reduction.

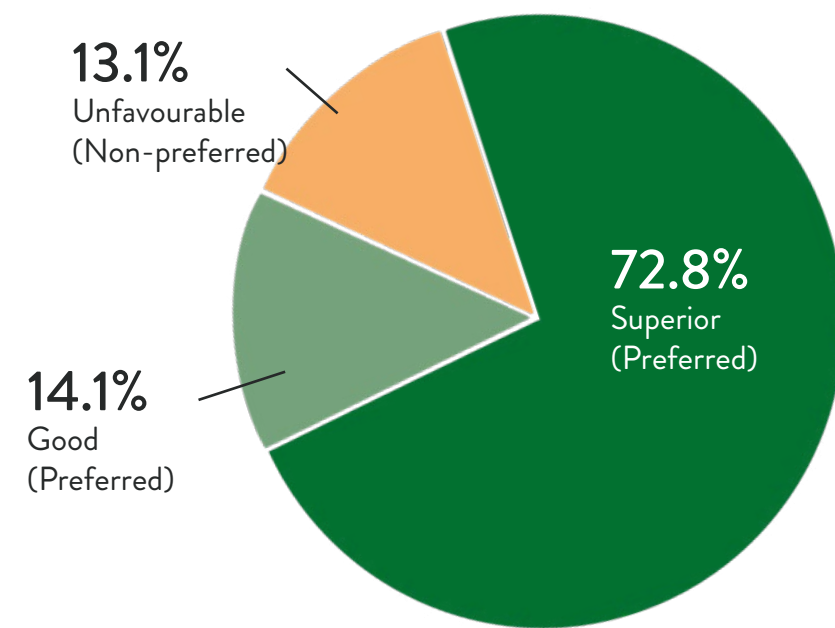
Our overall impact is largely dependent on the fibres and processes we use to produce our garments. We developed our Preferred Fibre Matrix to guide our product design and buying decisions throughout our product development.

Preferred Fibre Matrix

PREFERRED		PHASE OUT	DO NOT USE
SUPERIOR	GOOD	UNFAVOURABLE	PROHIBITED
<ul style="list-style-type: none"> Organic Linen (GOTS) Regenerative Organic Cotton (GOTS, OCS) Organic Cotton (GOTS, OCS) Certified Recycled Cotton (GRS, RCS) CanopyStyle Cellulose (audited to score 25+) Hemp Organic Wool (GOTS) Certified Recycled Wool (GRS, RCS) Responsibly Sourced Animal Fleece & Wool (RAS, RWS, The Good Cashmere Standard, NATIVA, ZQ, Merino, or equivalent assurances). 	<ul style="list-style-type: none"> Linen Ramie Transitional cotton Conventional wool Recycled silk Peace silk Certified Recycled Synthetic (GRS, RCS) 	<ul style="list-style-type: none"> LWG Leather Conventional silk Conventional cotton Virgin synthetic polyester Virgin synthetic polyamide Conventional cellulose 	<ul style="list-style-type: none"> Non-LWG Leather Fur Angora Mohair Exotic animal skins Polyurethane Acrylic Down

FY22 Preferred Fibres

Our total fibre usage in Preferred vs. Non-preferred fibres



86.9% of our total fibres used were preferred fibres
91.4% of our garments contained one or more Preferred Fibres (up 3.4% from last year)

Whilst we achieved the majority of our fibre targets for this year, we have observed our rate of improvement leveling off as we approach our 2025 Roadmap targets. We learnt that certified organic linen is difficult to ascertain, particularly for a smaller sized business such as Spell. It is this final stretch that will require us to step up our efforts, to push past the comfort zones we have settled into to achieve our preferred fibre goals over the next three years.



Preferred Fibre Goals

How we performed this year in achieving our Preferred Fibre Targets

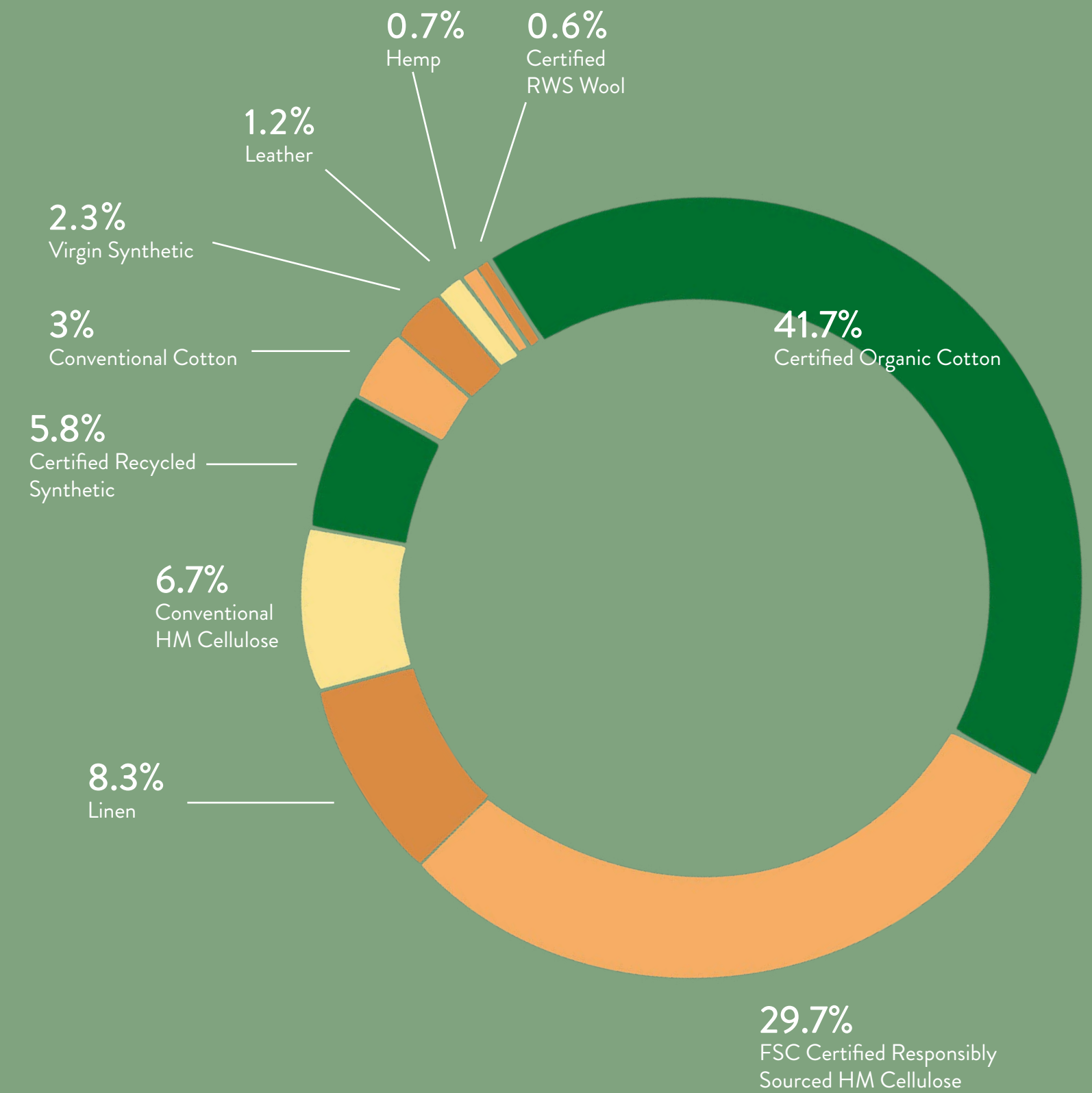
What is responsibly sourced human made cellulose fibres (HMCF)?

Cellulose fibres (e.g. viscose and modal) that are from FSC certified sources and utilise manufacturing processes that have best practice chemical management and optimised to reduce energy and water usage. We prioritise Lenzing for our cellulose fibres because of their industry-leading practices. We require certificate confirmation and require our suppliers to sign declarations to verify these certified fibres.

What is responsibly sourced cotton?

Certified organic, recycled, or regenerative cotton are all considered responsibly sourced. We request transaction certificates and require our suppliers to sign self-declarations to verify the certified fibres.

Breakdown of Total Fibres Usage



41.7% certified organic cotton ⁸

29.7% FSC certified responsibly sourced human made cellulose

8.3% linen

6.7% conventional human made cellulose

5.8% certified recycled synthetic

3% conventional cotton

2.3% virgin synthetic

1.2% leather

0.7% hemp

0.6% certified RWS wool ⁹

0.1% certified recycled cotton

⁸ 98% of certified organic cotton fabrications were substantiated with transaction certificates and self-declarations, 2% were unsubstantiated
⁹ 100% of the RWS fibres were substantiated with self-declarations. Transaction Certificates for the fibres were unavailable.



Animal Welfare

This year we introduced the use of Responsible Wool Standard (RWS) wool to our product fibre portfolio. The Responsible Wool Standard is a voluntary certification that wool farmers can apply for to verify their land management is progressive and the animals are treated responsibly.

RWS certification means the farmers and wool production have been audited for the following:

- Animal welfare is protected
- Land and soil health is preserved
- Worker welfare is protected
- Fibre traceability

Our Animal Welfare Policy specifies our expectations and requirements for animal treatment. All animals must be treated in accordance with the 5-Domains and any fibres that come from animals to ensure that any animals involved are treated ethically and humanely, and the best practices for land management are implemented.

We continue to operate in-line with our Animal Welfare Policy, which can be viewed [here](#).

Leather

We ensure that 100% of our leather comes from certified Leather Working Group (LWG) approved tanneries.

Leather comprises a small percentage of our products (approximately 1% of our product in FY22 contained leather). The impact that the livestock industry has on climate change, as well as the environmental harm of irresponsibly managed chemical processing, lack of supply chain transparency, and cruel and unethical treatment of animals makes leather a debatable and challenging material. We ensure that 100% of our leather comes from certified Leather Working Group (LWG) approved tanneries¹⁰. This means the tanneries have been audited and certified ensuring compliance and best practices and chemical management are used to reduce environmental impact.

¹⁰ 100% of tanneries are LWG certified, however one tannery's certificate expired 19 Mar 2021. The certificate was not able to be renewed until 11 July 2022. They have, however, been a member of LWG since 29 Aug 2017. Leather for our product was sourced during this gap in certification.

Denim Done Differently

This year we delivered 8 denim styles in partnership with ethically made denim brand **Outland Denim**.

Founded with the intention to create new opportunities and empower women who have experienced human trafficking, modern slavery or are vulnerable to exploitation, Outland Denim is a leader in the field of business for good, which is why we have embraced a partnership to produce our denim exclusively. Outland has built a traceable and impactful supply chain, right down to opening its own garment factories in Cambodia where they offer training, stable employment, health care, and education opportunities for workers.

When it comes to denim, a fibre notorious for its heavy ecological footprint, Outland prioritises the use of plant-based, natural minerals, organic dyes and innovative technologies (like lasers) instead of harmful processes typically used to get that 'worn in' look. By equipping their facility with state-of-the-art technology, they produce denim with up to 86% less water, 96% less energy, and 85% less chemicals¹¹ during the finishing process. The primary materials used in their denim is recycled, organic, or from certified sustainable sources.

Waste Not: 100% of excess textile waste from Outland Denim's production facility is directed towards textile recycling research, not-for-profit social enterprises and NGOs for training and awareness projects¹².

¹¹ Outland Denim Impact Report 2021; p. 52.

¹² Outland Denim Impact Report 2021; p. 54.





Safe Use of Chemicals

RSL MRSL

13 tests were carried out on different fabrications, all passed with safe use of chemicals and required no follow-up actions.

It's not a glamorous reality—chemicals are used throughout the modern fashion supply chain, from raw material processing and yarn formation to textile printing, dyeing, and garment finishing.

Many chemicals are extremely harmful to the environment, workers and wearers if used or managed incorrectly. Our Manufacturing Restricted Substance List (MRSL) and Restricted Substance List (RSL) address all chemicals that's usage is restricted throughout the manufacturing process of each garment, and the chemicals that shall not be found within the final product, respectively. These lists are provided to our suppliers when they sign our Code of Conduct and are published on our website [here](#).

Each collection we have a selection of our finished fabrications from our bulk production tested by SGS Laboratories to verify the safe use of chemicals in our garments. The test criteria are in alignment with our RSL and REACH standards.



Digital Printing

The patterns, designs, and colours of a textile print can tell a beautiful story. But does it tell the whole story?

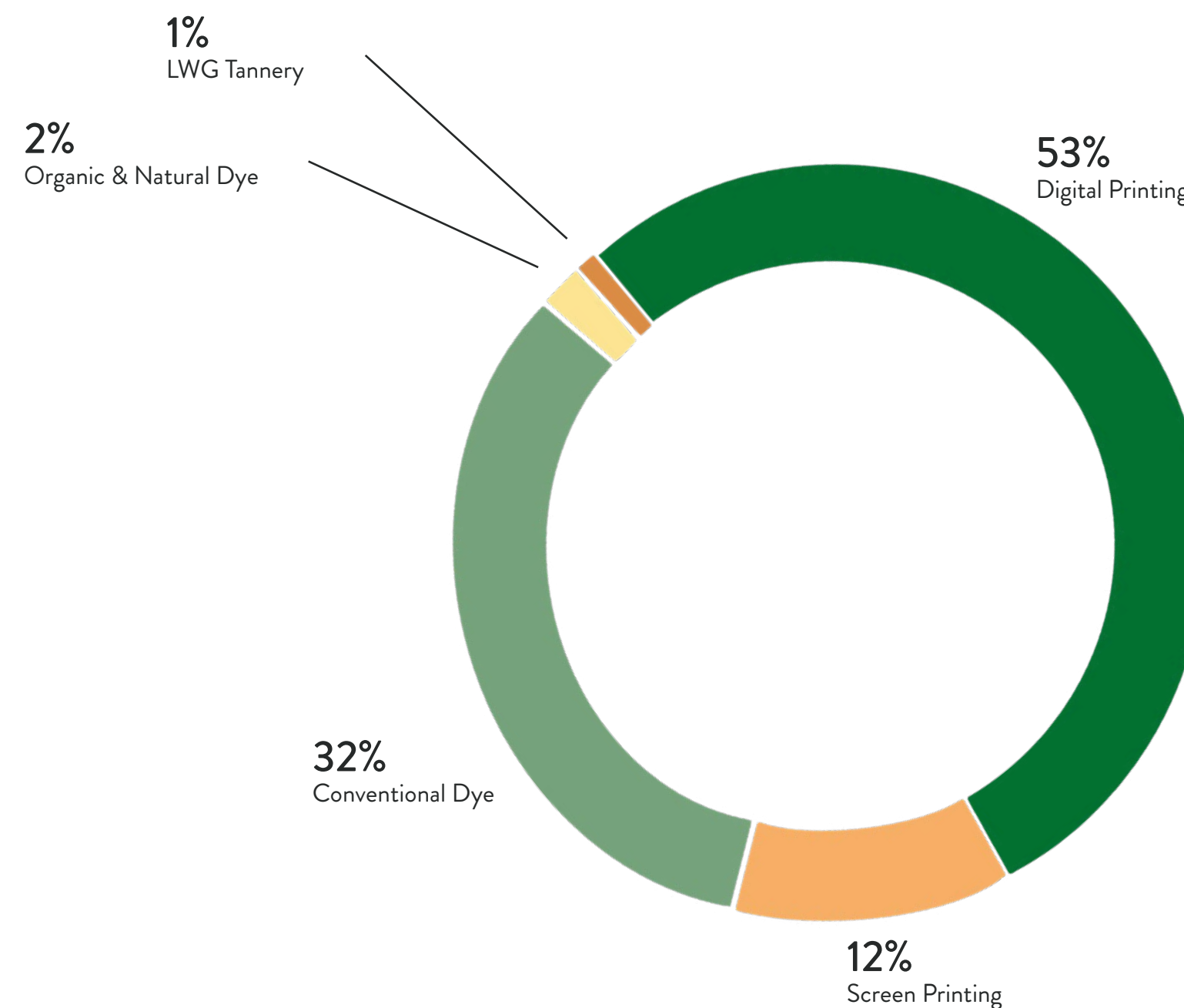
Until more recently, commercial textile printing was primarily done with screen-printing processes which have high water and energy consumption, as well as inks and pigments contributing to environmental pollution globally.

Digital printing is a modern technology that reduces the environmental impact of printing. It uses less inks, requires less processing, virtually no water, and diminishes the risk of printing related pollutants entering waterways. As a result of these environmental benefits, we have developed goals to promote our use of digital printing.

Digital printing, albeit a more expensive option, is a great solution when it comes to environmental responsibility, however it has its challenges. Because the process does not use the heavy saturation of inks that screen printing does, the inks sit on the printed surface, leaving the backside unprinted. In some instances, white threads may come through to the printed side of the fabric, affecting the desired aesthetic of the fabric. This is something we consider case by case and print by print as we move forward making our printing decisions. We are optimistic that printing technologies will continue to improve and will find a solution to this issue.

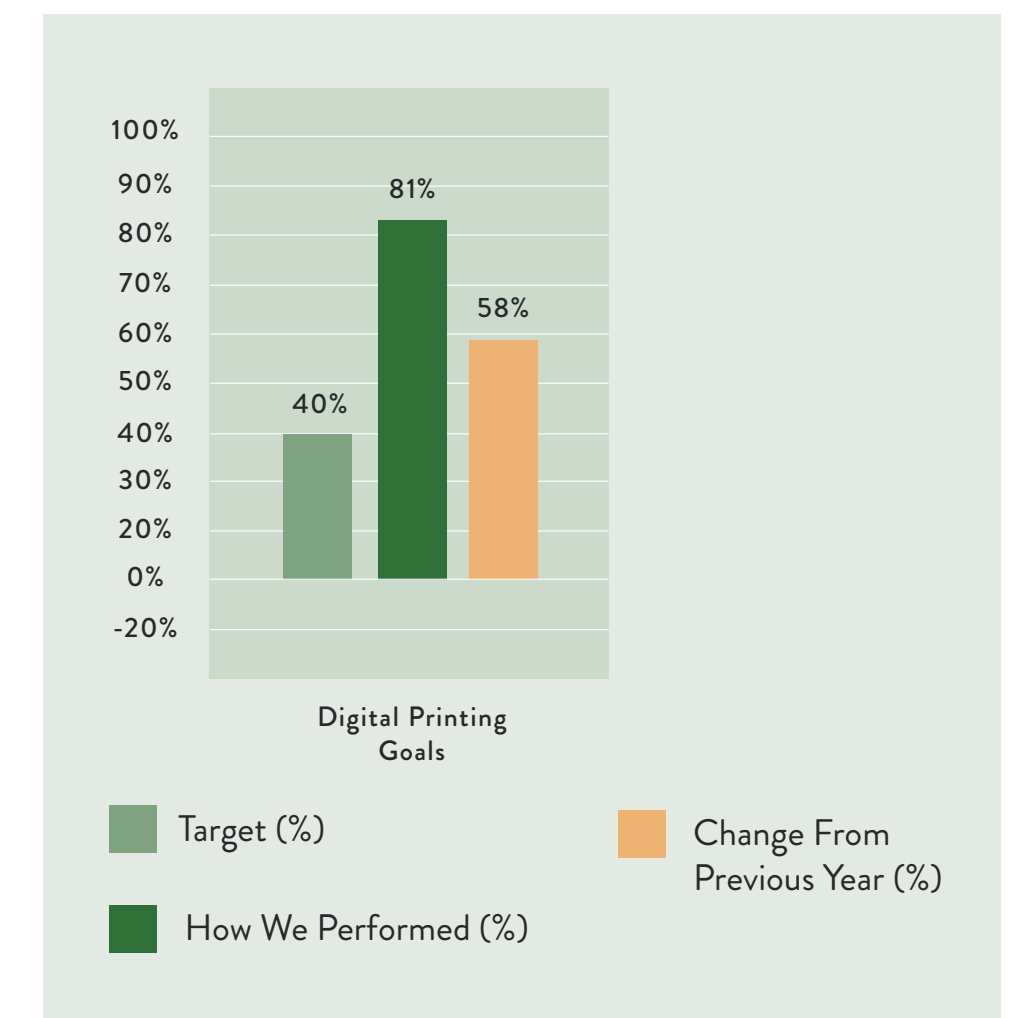
Breakdown of Colourant Methods

Our total usage of colourant methods:



Digital Printing Goals

How we performed this year in achieving our Digital Printing Targets:

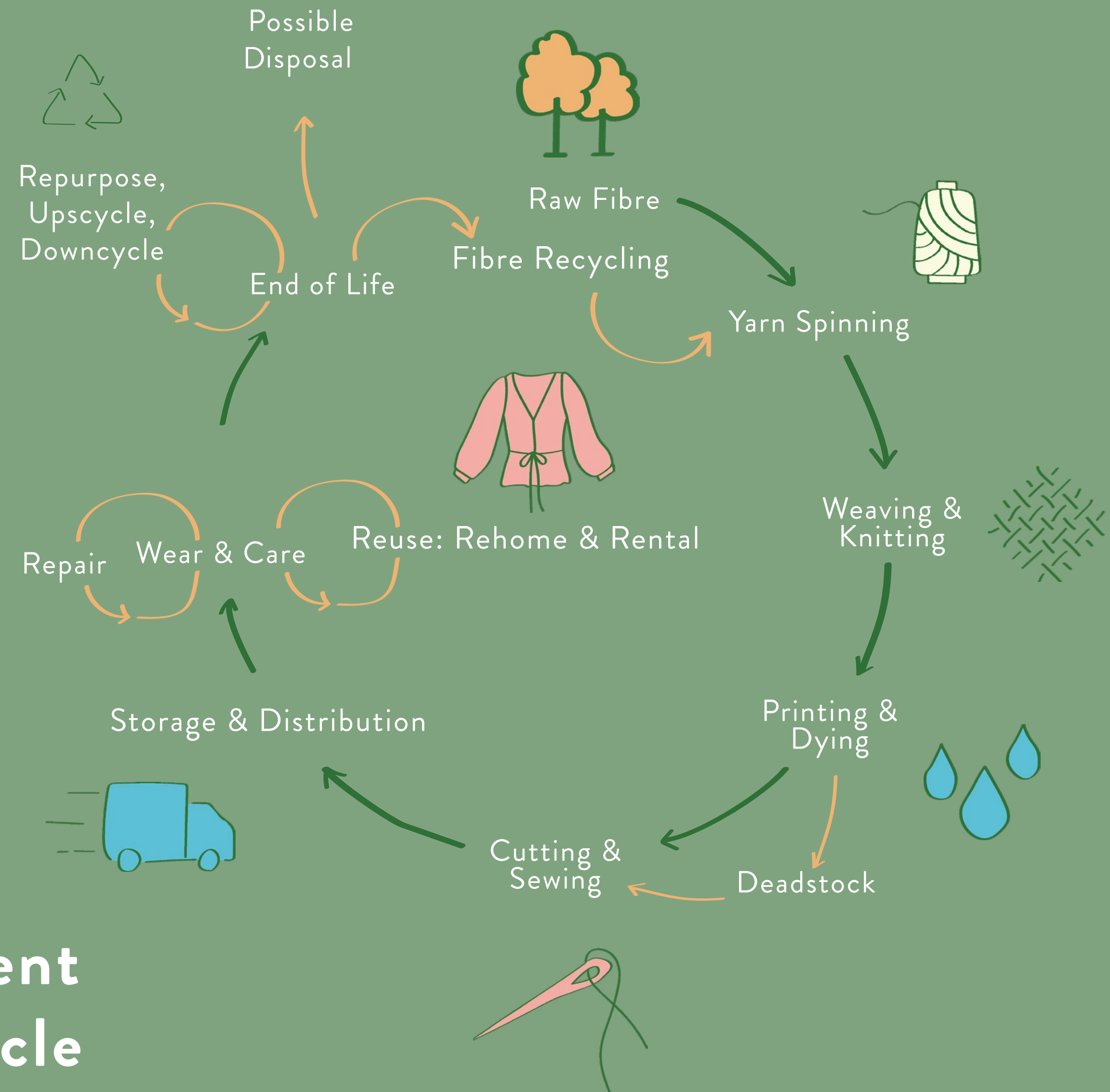


Circularity

The Garment Lifecycle

Garment lifecycles are evolving, leaving behind the traditional linear models, as we redirect our energy toward finding ways we can close loops throughout our value chain. The ultimate aim: to reduce our use of virgin materials and avoid disposing of materials — to shift our perspective from ‘rubbish’ to ‘resource’.

Garment Lifecycle



Sister to Sister: Our Rental Platform

Spell garments were rented **2,363 times** through our partnership with BCorp certified, re-commerce business GlamCorner.

The fashion rental market offers one solution to the detrimental “owning clothes that are only worn once” habit.

This year was our first full year participating in garment rental and subscription. Our Sister to Sister rental platform, facilitated in partnership with BCorp certified re-commerce business GlamCorner, allows our customers to wear Spell by utilising the product as a service circular shopping practice. By participating in the rental market, we hope to reduce the demand for virgin resources by decreasing the volume of clothing purchased for one-off occasions.

GlamCorner utilises the Miele WetCare Cleaning System and GreenEarth Dry Cleaning System, that are lower impact than traditional commercial dry-cleaning processes and utilise only detergents and cleaning agents that are safe for workers and wearers.

GlamCorner rentals are delivered in packaging that is recyclable, compostable, and/or FSC certified.



Spell Renew

What is deadstock? Deadstock fabric is the term used to refer to fabric leftover after production.

Deadstock fabric is often sold in local markets, however, deadstock fabric commonly includes a brand's exclusive prints, so to avoid counterfeit products, it may be sent to landfill, or incinerated. When we design, to minimise waste, we carefully determine the fabric consumption required and our suppliers will "cut to finish", which means they will cut patterns till there is no remaining fabric. Despite our best efforts, there are instances that result in some unused fabric.

It is our commitment that our deadstock fabric will not end up in landfill or be incinerated. Our Spell Renew collections utilise our deadstock fabric, giving it the second chance it deserves and ensuring it does not go to waste.

 We completed 4 Renew projects this year utilising a total of 5,177m of deadstock fabric.



Responsible Packaging

We are working towards 100% of our consumer packaging to be made from certified recycled or circular sources (eliminating the use of virgin fibres) by 2025.

Packaging serves to protect the product and prevent damage as it makes its way from our suppliers to our warehouses, and on to our stockists and customers. Most commonly, when the product arrives to the customer, the packaging reaches its end of life. With billions of garments produced each year it is easy to see how this packaging has become an environmental issue.

We are proud members of the Responsible Packaging Movement, a collaborative initiative driven by US outdoor lifestyle clothing company prAna that brings brands together to share ideas, practices, and solutions with the aim to reshape our packaging perceptions and habits.

Spell, along with many other brands, included a reusable organic cotton tote with online orders. It didn't take long for homes to be overflowing with reusable totes (more than we could realistically re-purpose) and upon learning that one single organic cotton tote would need to be used about 20,000 times¹³ to offset the environmental impact of its production, we decided to eliminate this from our standard packaging.

Eliminating organic cotton totes from orders saves an average of nearly 10,000 kg of cotton fabric per year.

This year we introduced a new 'packaging' method: our **roll-tie un-packaging**, which eliminates the garment bag altogether and opts instead to roll up the product and tie with a twine string. We introduced this packaging for our durable products, like denim, with lower risk of being snagged or damaged in transport.

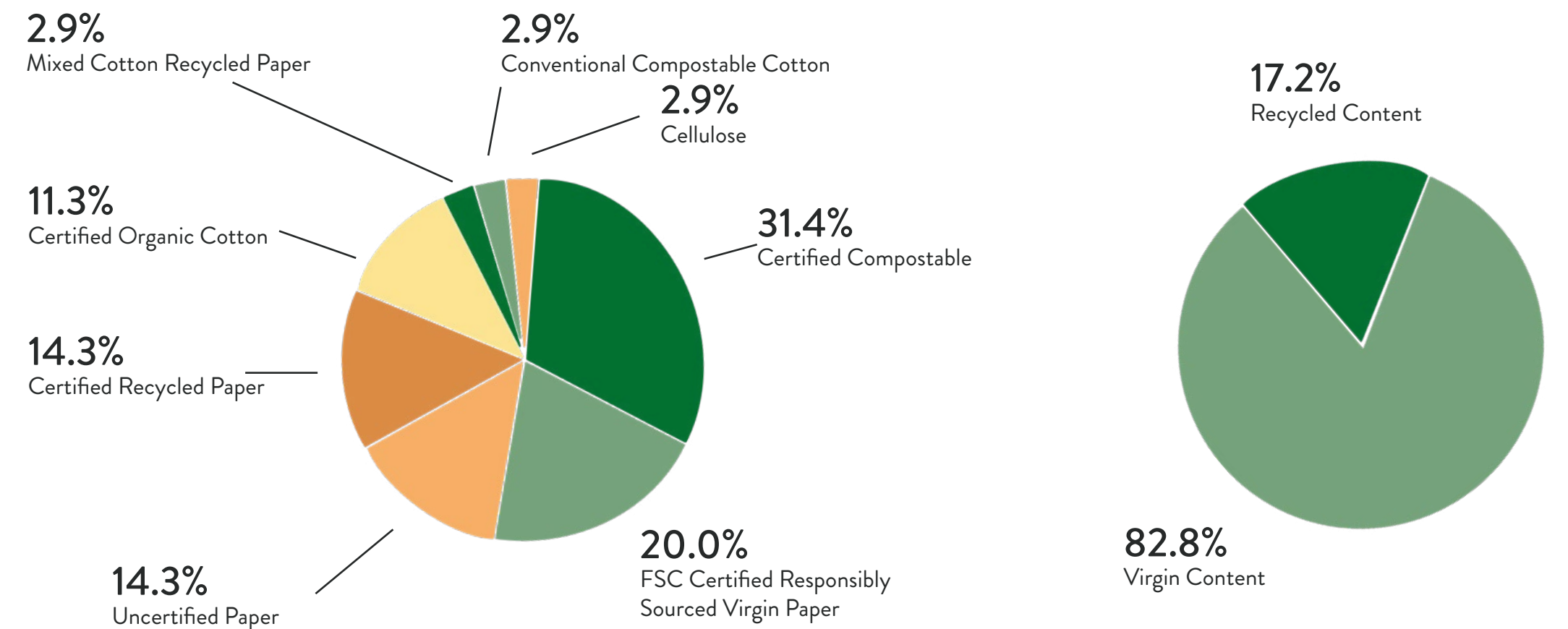
This year we introduced roll-tie packaging for our denim, saving 976 single-use garment bags.

¹³ Life Cycle Assessment of grocery carrier bag, 2018, by Ministry of Environment and Food of Denmark

We also introduced new mailers made from FSC 100% post-consumer recycled kraft paper. Previously, we had posted our garments out in compostable mailers. The transition served two purposes: (1) many people do not have access to compost or green waste disposal services, and (2) the new kraft mailers are paper and can be recycled in standard kerbside recycling. Additionally, transitioning to recycled content paper mailers is in line with our 2025 Roadmap and Responsible Packaging Movement goals.

Our FY22 Goals	How We Performed
Eliminate plastic from all customer packaging	Discontinued the last customer packaging that was made from plastic;
50% B2C packaging from certified recycled, FSC or circular sources	80% of our packaging in use was from certified responsible sources and 37.2% were from recycled or FSC certified sources.

Our customer packaging types in usage:



We are planning to increase the recycled and circular sources in our packaging to stay on track with our goals. We are also looking at strategies to reduce and eliminate plastic packaging from our suppliers to our warehouses by collaborating with our suppliers to utilise a plastic-free product sampling process, requesting that our suppliers send samples in compostable bags or roll-tied.

Carbon Footprint

Let's consider offsetting: on one hand it works to remove or sequester carbon emissions and on the other it acts as a significant incentive for a businesses to reduce their carbon emissions.

Our carbon strategy – measure, reduce and offset.

In the past three years here on the east coast of Australia, we have experienced the extremes exacerbated by climate change, from droughts and record-breaking bushfires to excessive rainfall and horrific floods. The experiences foreshadow a future to come if too little action comes too late.

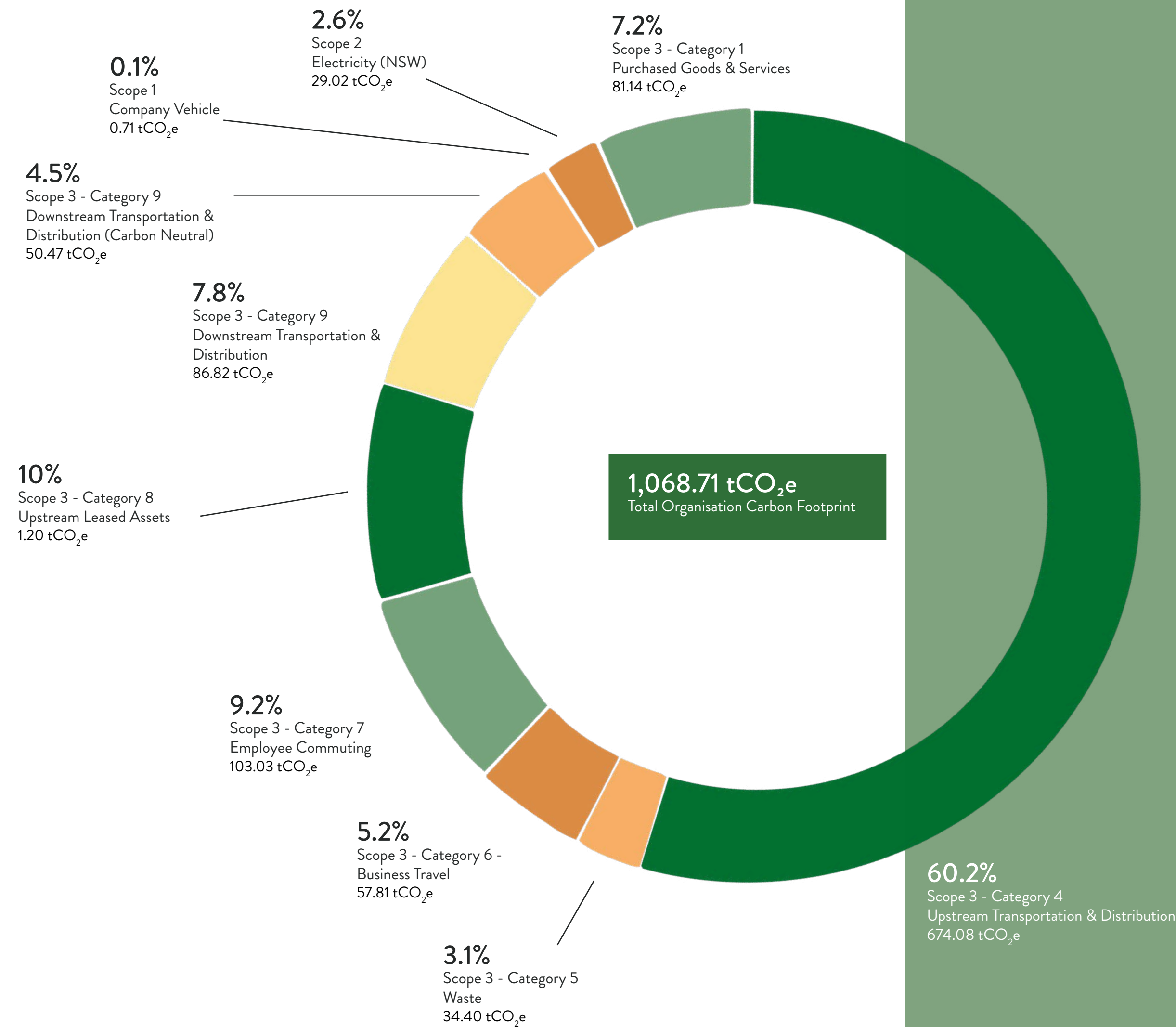
We utilise the Greenhouse Gas Protocol and Climate Active framework to calculate our scope 1, scope 2, and scope 3 emissions. At this time we calculate and offset our entire Organisation footprint inventory as outlined by Climate Active.

INCLUDED	
SCOPE 1	Spell company vehicle Fugitive emissions
SCOPE 2	Electricity (HQ, Warehouse, Boutique)
SCOPE 3	Paper Office supplies Cleaning supplies Stationary ICT equipment and services Food and beverage for staff, events and photoshoots Municipal water Product packaging Upstream and downstream freight Waste (landfill, compost, and recycling produced at Spell facilities) Business travel (flights, accommodation, taxis, rideshare, hire cars, fuel) Staff commuting 3PL warehouse space Professional services



Our Organisation Footprint

The emissions resulting from the operation of our business can be broken down as follows:



We offset 100% of our Organisation carbon footprint.

Offsetting

Our emissions this year were offset using carbon credits purchased through Tasman Environmental Markets.

Winds of Change:

These offsets fund wind energy projects helping to introduce more renewable energy to the grid in India, reducing their reliance on coal power.

We offset **802 tCO₂e** with these Certified Emission Reductions (CERs).

Rainforest Rescue:

The offsets purchased from these projects are primarily located in Peru and go towards the protection of rainforests—a very important type of forest which play a large role in the water cycle — contributing to cloud formation and rainfall, helping to prevent droughts, and keep the surface of the earth cool and stable.

We offset **267 tCO₂e** with these Verified Carbon Units (VCUs).

Note: Our product is calculated separately from our Organisational footprint, our Fibre Footprint has been reported on the following page.

Our Fibre Footprint

Our product fibres are where our largest impact occurs. This year, with the assistance of Norwegian climate and environment consultancy CEMAsys, we calculated the emissions of the fibres that were used in our products. This is the first time we've been able to report on the carbon footprint of our product, and heralds a new era of carbon data for us as a business.

The average carbon emissions per product:

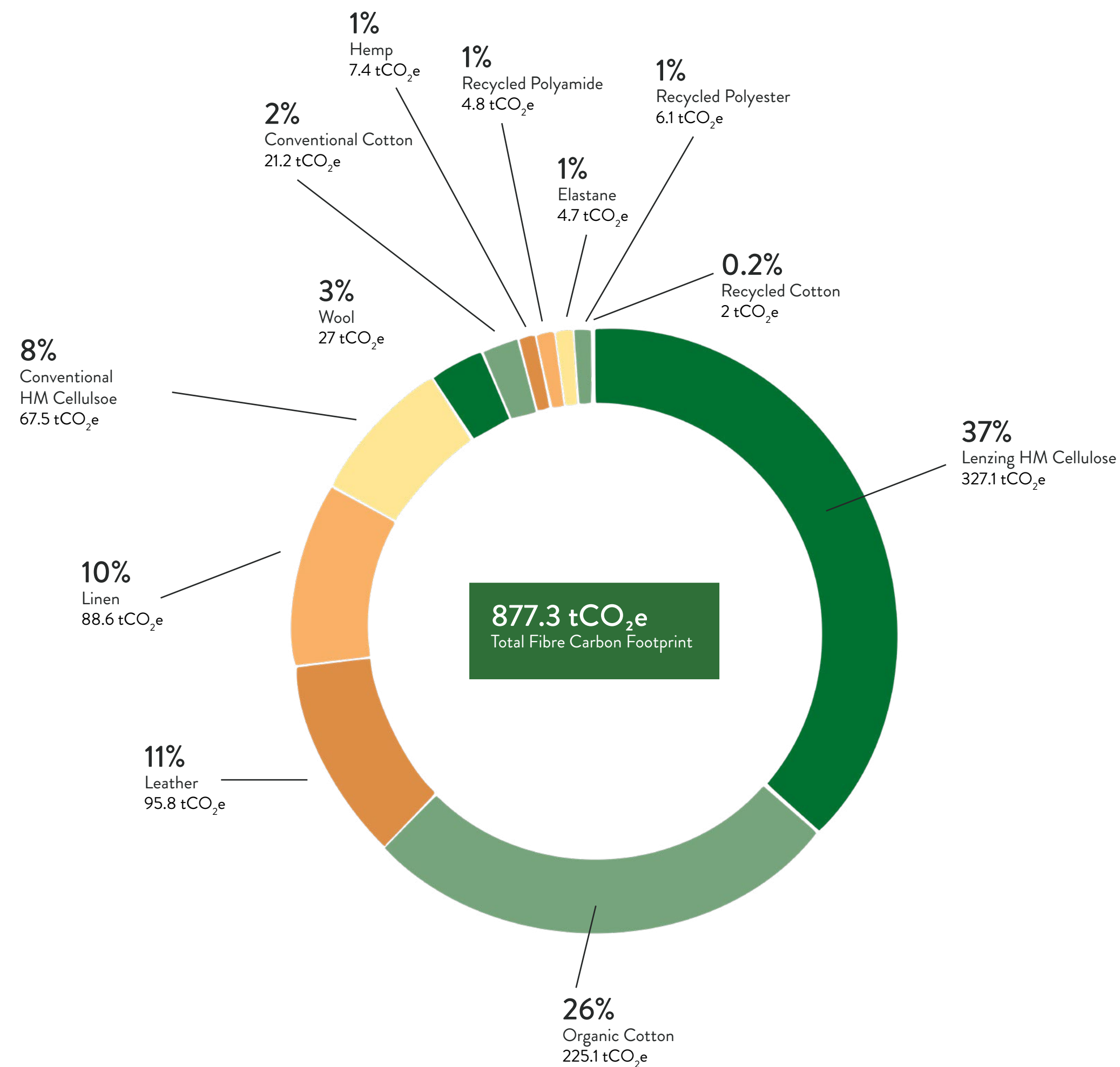
4.26 kgCO₂e

Taking into consideration the carbon footprints of both our Organisation and our Product Fibres, our total footprint is 1,946 tCO₂e.

Our product fibres account for 45% of our total emissions.

Whilst the fibre emissions calculations are carried out using emission factors determined using industry averages for processes from raw fibre cultivation to cut and sew¹⁴, and not in-depth Life Cycle Assessments (LCAs), this calculation provides us a baseline of knowledge of our emissions due to our product fibres and quantities of production and will allow us to compare emissions year on year.

¹⁴ All CEMAsys fibre emission factors for T1-T4 consider global industry average emissions for raw fibre to cut and sew and make the blanket assumption that garments have been batch dyed.





Prosperity

2025 Sustainability Roadmap Goals:

Prosperity

GUIDING PRINCIPLE	OBJECTIVES	2025 GOALS
GIVING BACK	Contribute to our local and global community through philanthropic endeavours	Donate to organisations that support environmental and social causes

Giving Back

We have the opportunity to leverage our business to propel forward local and global changemakers. Our Giving Back initiative enables us to financially support organisations and amplify their ability to make a positive impact.

Climate Council is an organisation that educates and engages the community and puts pressure on our politicians to implement policy and legislation that address the effects of climate change.

Donations to Climate Council = **\$50,000**

Bunjum Aboriginal Corporation is a First Nations owned and lead organisation that provides holistic, integrated services and programs, enabling and empowering local Aboriginal community members on Bundjalung Country.

Donations to Bunjum Aboriginal Corporation = **\$50,000**

Additional donations to Bunjum Aboriginal Corporation in response to the Northern Rivers Floods = **\$98,000**

Additional community contributions and in-kind donations = **\$94,650**

Contributions and donations total = \$292,650



RAFFLE
FOR THE RIVERS

Until Next Time

Our next Impact Report will cover financial year 2023 (FY23) — reporting on our activities from 1 July 2022 through 30 June 2023.

We would love to hear your feedback on this report. Please send any questions or comments to sustainability@spell.co



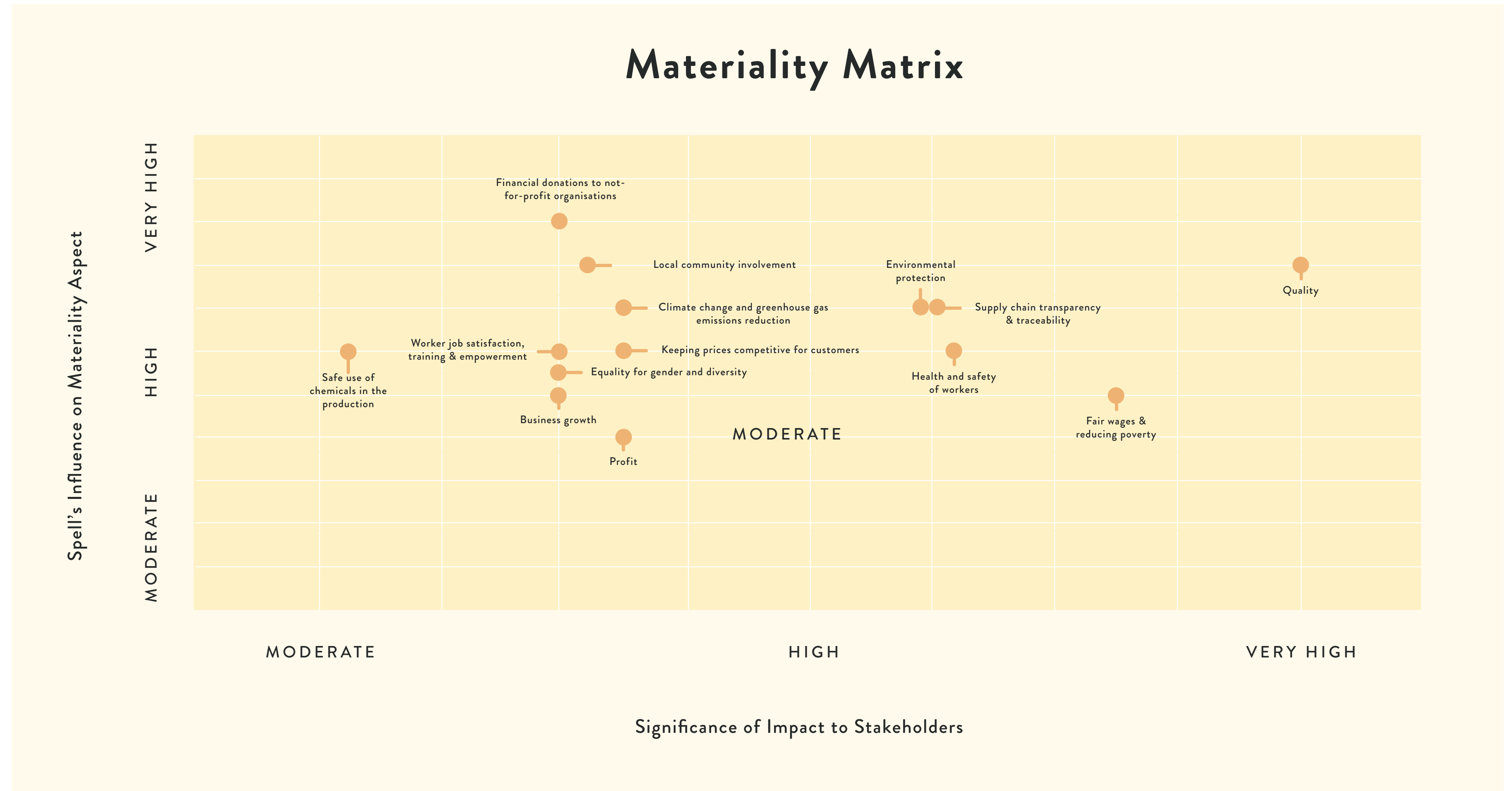
This Impact Report was audited and verified for accuracy by Control



Appendix

I. Materiality Assessment

Engagement and feedback provide a better understanding of the areas of our sustainability work that are most important to our stakeholders. Each year we send surveys to our employees, suppliers, and customers to gauge the impact and value of each aspect of our efforts, objectives, and initiatives.



II. GRI Index

GRI STANDARD	GRI DISCLOSURE	SPELL RESPONSE; RELEVANT PAGES
102: General Disclosure	102-1 Name of organisation	Spell Group; Spell Designs Pty Ltd.; Spell Designs (USA) Inc.
	102-2 Activities, brands, products, and services	Sustainability at Spell, Brand Overview; p. 6
	102-3 Location of headquarters	People, Our global community; p. 16
	102-4 Location of operations	People, Our global community; p. 16
	102-5 Ownership and legal form	Australian Reporting Entity: Spell Designs Pty Ltd USA Reporting Entity: Spell Designs (USA) Inc. Spell Group includes all reporting entities, including Spell IP and Spell Services
	102-6 Markets served	People, Our global community; p.16 & Sustainability at Spell, Brand Overview; p. 6
	102-8 Information on employees and other workers	People, Our global community; p.16 At the close of FY22, Spell employed the following workers: Full time permanent staff: 38 Part time permanent staff: 17 Temporary staff: 1 On maternity leave - Female: 3
	102-9 Supply chain	People, Our global community; p.16-19
	102-12 External initiatives	Sustainability at Spell, Alliances for Progress; p. 13
	103-13 Membership of associations	Sustainability at Spell, Alliances for Progress; p. 13
	102-14 Statement from senior decision-maker	A Conversation with our Co-Founder, Lizzy Abegg; p. 4
	102-18 Governance structure	Senior Leaders Group collaborates for decision-making on economic, environmental, and social topics. Refer to Appendix, III. Organisational Structure; p. 45
	102-40 List of stakeholder groups	People, Our global community; p. 16 People, Social Advocacy; p. 20 Prosperity, Giving Back; p. 41
	102-47 List of material topics	Appendix, I. Materiality Index; p. 43
	102-49 Changes in reporting	None.
	102-50 Reporting period	Sustainability at Spell, Brand Overview; p. 6
102-51 Date of most recent report	FY22 Impact Report, reporting period Jul 1, 2021 through Jun 30, 2022	
102-53 Contact point for questions regarding the report	Until Next time; p.42	
102-55 GRI content index	Additional Details, GRI Index; p.44	

III. Organisational Structure

Co-Founders	Creative Director (Isabella Pennefather) and Chief Branding Officer (Elizabeth Abegg)								
Management	General Manager			Executive Assistant	General Manager				
Senior Leaders/ Department Managers	HR Business Partner	Head of Brand	Head of Product & Sustainability		Legal Counsel	Finance Manager	Head of Digital & Sales	Wholesale	Supply Chain Manager
Department Teams	HR & Payroll	PR Marketing & Events	Design & Sustainability			Finance	Digital, Graphics, Customer Experience & Store		Production, Warehouse

