

A photograph of two women walking away from the camera on a sandy beach towards the ocean. Both women are wearing long, flowing white dresses. The woman on the left has long dark hair and is wearing a long-sleeved dress with intricate embroidery. The woman on the right is wearing a sleeveless, tiered dress. The ocean is a vibrant blue-green color with white waves breaking. Large dark rocks are scattered along the shoreline. The sky is a clear, bright blue.

# SPELL IMPACT REPORT

Financial Year 2023

*This report covers Spell's work and progress  
from 1 July 2022 through 30 June 2023*





# 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, who have lived in harmony with People and Planet for millennia, as the original storytellers, artisans and holders of knowledge.



# A GLANCE BACK ON THE YEAR

## REFLECTIONS FROM SPELL'S SUSTAINABILITY MANAGER

With experience we become more intimately aware that no two years are the same. Like the ocean that laps the shores of our hometown in Byron Bay, Australia, the conditions – tides, sandbanks, swell and wind – are forever in flux. So too are the conditions of business and our sustainability work.

Amongst the unpredictable waves in the economic and retail landscape, we took moments to celebrate and acknowledge, as we reached significant milestones on our sustainability roadmap – achieving Carbon Neutral certification for our global operations, completing the final verification processes leading to B Corp Certification and launching Spell Salvage, a garment takeback pilot program. Each of these milestones were years in the making and served to raise the bar for what is next in sustainability at Spell.

This year Spell attended the Global Fashion Agenda Summit in Copenhagen. The summit opened our minds, sparked creativity and left us feeling more determined than ever to approach business as a lever for positive global change and climate action.

We publish our annual Report for transparency and accountability in the hope of engaging both our community and our peers – in the sentiment of ‘open sourcing’ we’ve even included a Spell Sustainability Glossary which gives deeper insight into our strategy.

**Angie Menghini**  
*Sustainability Manager*







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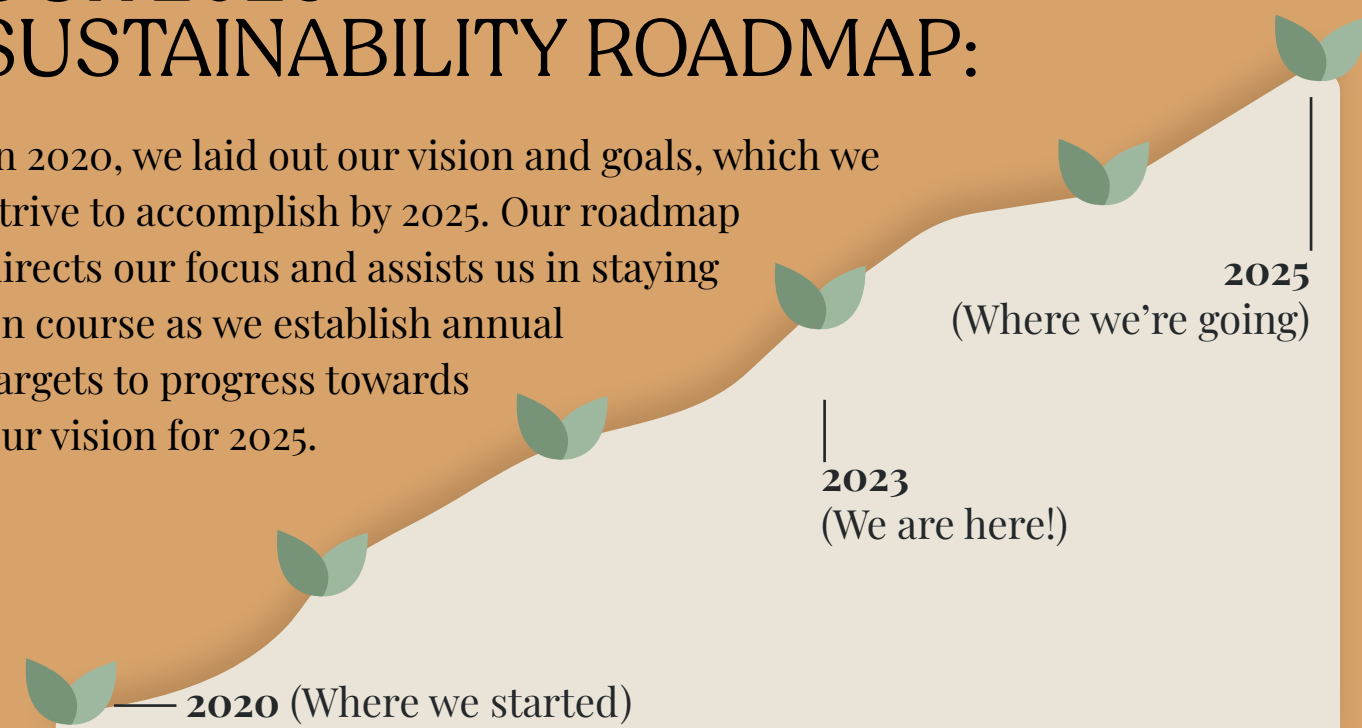
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# AN OVERVIEW OF SPELL'S SUSTAINABILITY STRATEGY

## OUR 2025 SUSTAINABILITY ROADMAP:

In 2020, we laid out our vision and goals, which we strive to accomplish by 2025. Our roadmap directs our focus and assists us in staying on course as we establish annual targets to progress towards our vision for 2025.



Our sustainability strategy is a reiterative process of planning and target setting, collective action, and reporting and assessment for accountability and transparency. It can be visualised as a vertical rising spiral motion, as we strive for continuous improvement throughout the cyclical process.

## 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.

## COLLECTIVE ACTION

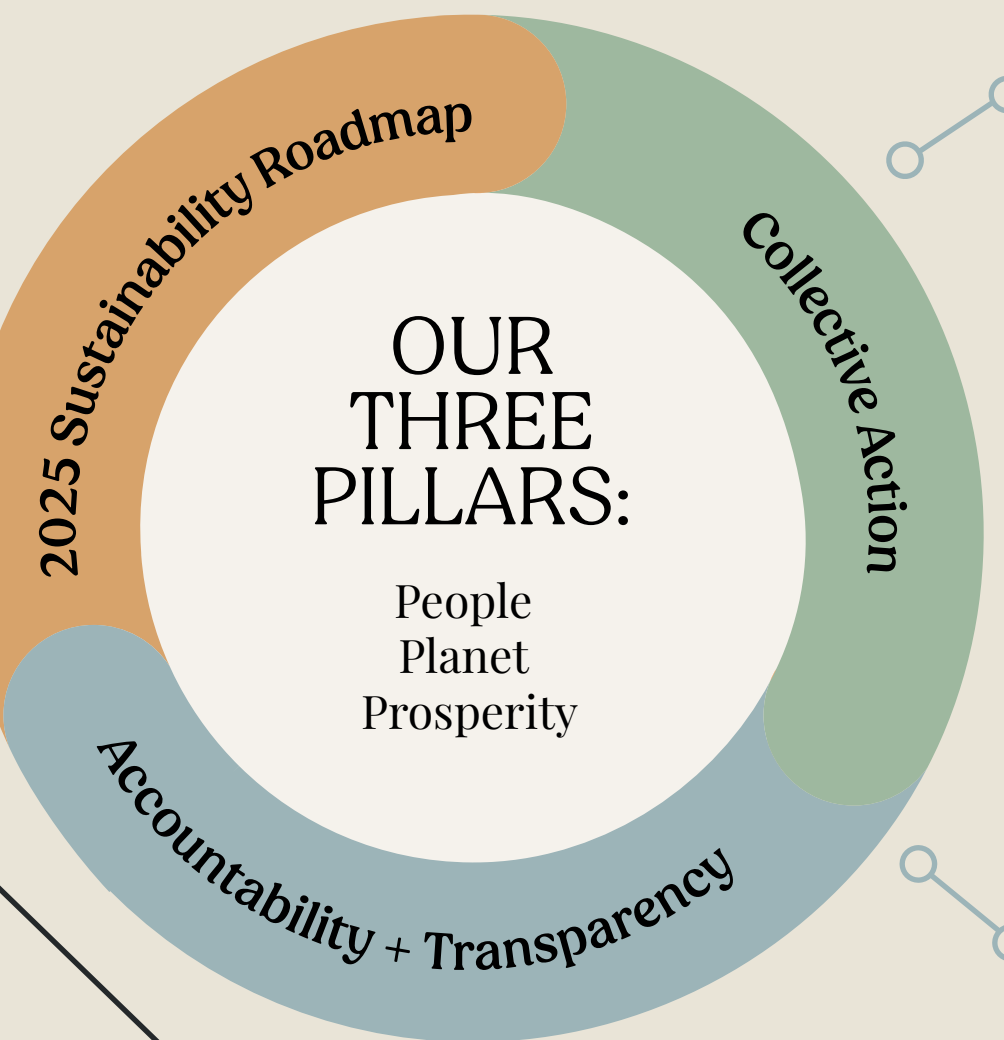
In alignment with our 2025 Roadmap, we've decentralized sustainability within Spell. This means all departments across the organisation actively participate in identifying areas for improvement, setting goals, and executing actionable plans.

## ACCOUNTABILITY + TRANSPARENCY

Our annual Impact Report delves into our objectives, examining the numbers and key data to gauge our achievements and identify areas for further effort. Moreover, we undergo a thorough third-party review of our report to ensure our claims are not just empty words – they are accurate and substantiated with evidence.

## OUR THREE PILLARS:

People  
Planet  
Prosperity



In 2018, when Spell joined the CanopyStyle Initiative, we made a commitment to safeguard ancient and endangered forests by responsibly sourcing fibers for our garments and packaging. This pledge continues to influence our fiber choices.



CANOPY

In 2020, we proudly became among the initial four Australian fashion labels to officially join the UN Global Compact. Joining the Australia Network allowed us to team up with fellow businesses and stakeholders, contributing to progress on our home turf.



UNITED NATIONS GLOBAL  
COMPACT AUSTRALIAN NETWORK

Textile Exchange unites brands, suppliers, and fashion industry experts to collaboratively attain climate reduction objectives and promote positive impacts from raw material to production.



TEXTILE  
EXCHANGE

## PARTNERSHIPS FOR PROGRESS

OUTLAND DENIM

OUTLAND DENIM

Outland Denim, Australian denim label and leader in ethical business, was founded to empower individuals affected by or vulnerable to exploitation. Through our exclusive partnership, we support their traceable supply chains and Cambodian garment factory, where they provide their workers training, health services, and stable employment. Outland opts for plant-based materials, organic dyes, and innovative technologies, achieving significant reductions: up to 86% less water, 96% less energy, and 85% fewer chemicals. Their primary denim materials are recycled, organic, or from certified responsible and traceable sources.

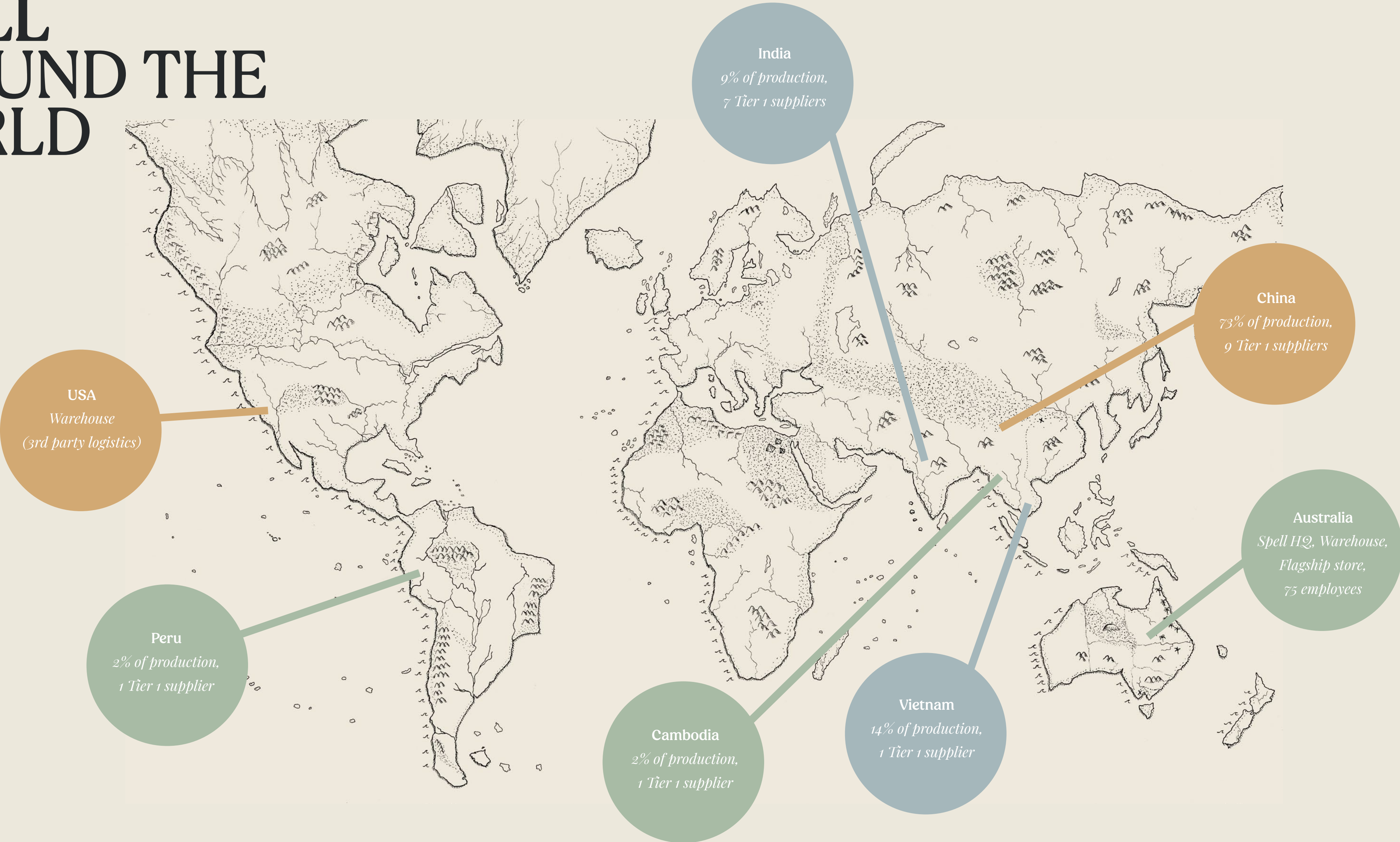


A photograph of two women standing on a beach, viewed from behind. They are wearing white, intricately patterned dresses. The woman on the right is holding a seashell. The background shows the ocean waves. The word "PEOPLE" is overlaid in the center in a white serif font.

# PEOPLE



# SPELL AROUND THE WORLD





# RESPONSIBILITY AND VISIBILITY

OBJECTIVE: CONTRIBUTE TO  
THE IMPROVEMENT OF GLOBAL  
SOCIAL CONDITIONS





# TIER 1 SOCIAL AND ENVIRONMENTAL VERIFICATION

## FY23 Roadmap Targets:

- 100% of Tier 1 suppliers sign Spell's Code of Conduct.
- Verify social standards of supply chain with 100% of Tier 1 suppliers undergoing a social verification, 10% of Tier 2 suppliers.

## Results:

- 100% of suppliers signed our Code of Conduct.
- 94.4% of our Tier 1 suppliers underwent a social audit or had valid social verification certificate.
- 55.6% of our Tier 1 suppliers underwent an environmental audit or had valid environmental verification certificate.

**Reflections:** We have seen a slow uptake for suppliers to participate in an annual environmental audit. We feel this is due to the fact that few audit frameworks assess both social and environment. Although we did not meet our target for this year, we did see a 13.6% increase from our previous year's results. We continue to work with and encourage our suppliers to participate in a 3rd party environmental audit, in working towards our goal to have 100% of our Tier 1 suppliers audit for environmental impact and processes at their facilities.

Country of Production	Tier 1 Factory	Location	Spell Code of Conduct	Social	Environmental
Cambodia	Raytecs (Formerly Maeka)	Phnom Penh, Cambodia	Signed	-	-
China	Aquila	Li Shui, Guandong	Signed	SA8000, GRS	GRS
	Dongguan Austra Garment Limited Qiaozhi Branch Factory	Dongquan, Guandong	Signed	GOTS, GRS	GOTS, GRS
	Bien Textile Taixing Co.	Taixing, Jiangsu	Signed	SEDEX SMETA P4	SEDEX SMETA P4
	Jiaxing Am.Esense Garment Co., Ltd.	Jiaxing, Zhejiang	Signed	WRAP (GOLD)	
	Franktex	Pudong, Shanghai	Signed	SEDEX SMETA P4, P2	SEDEX SMETA P4
	Hemp Fortex Industries, Ltd	Weihai, Shandong	Signed	GOTS, BSCI	GOTS
	Nanjing Raindrop	Nanjing, Jiangning	Signed	ELEVATE ERSA	
	Mitchell's Cap Co.	Dongguan, Guandong	Signed	BSCI	
India	Dongguan City Chashan Grand Harvest Garment Factory	Dongguan, Guandong	Signed	UL RESPONSIBLE SOURCING ASSESSMENT, QUEST AUDIT	
	Axa Leather Group	Vaniyambadi Taluk, Vaniyambadi	Signed	BSCI, HIGG SLCP	HIGG FEM
	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	
	Home Fashions	Noida, Uttar Pradesh	Signed	GOTS	
	Kallista Designs (SETU)	Jaipur, Rajasthan	Signed	WFTO	GOTS
Tritan Leather Works Pvt. Ltd.	Chennai, Tamil Nadu	Signed	SEDEX SMETA P4		
Peru	Moda Y Focalizad Textil	Lima	Signed	SEDEX SMETA P4	SEDEX SMETA P4
Vietnam	Viet Nam Raindrop Fashion Company Limited;	Cam Khe, Phu Tho	Signed	ELEVATE ERSA	

## WHAT IS A SUPPLIER CODE OF CONDUCT?

Before commencing production with any of our Tier 1 suppliers, we require each of them to review and sign agreement to our Code of Conduct. Our Code of Conduct was developed in alignment with the International Labour Organisation (ILO) and Ethical Trade Initiative (ETI) and holds the factory accountable to meet international standards for human rights, worker rights, health and safety, and environmental impact mitigation.



# WORKER WAGE ASSESSMENT

This year as part of our social verification strategy, our efforts were directed towards establishing a better understanding of the wages received by workers in our supply chain. This year we assessed the wages paid to workers, compared this with local legal minimum wages and assessed whether living wage data was available in the local regions in which our suppliers operate. For this assessment, we utilised audit data available for 18 of our Tier 1 suppliers.

## WHAT IS LIVING WAGE?

A living wage is the minimum income necessary to cover basic needs like housing, food, healthcare, and education, ensuring a decent standard of living. It considers beyond the legal minimum wage and aims to enable individuals or families to fully participate in their community economically and socially.

In Australia the legal minimum wage is based on the living wage calculation. However this is not always the case in other countries or regions, and in many areas, there are no living wage benchmarks readily available to reference.

## WHY IS LIVING WAGE DATA NOT WIDELY AVAILABLE?

Calculating a living wage is challenging due to varying factors, such as regional differences in expenses, family size, and individual circumstances. Additionally, the dynamic nature of economic conditions, inflation rates, and fluctuating living costs further complicates the precision of living wage calculations. Achieving consensus on the components of a living wage and navigating the complex interplay of social, economic, and policy factors contribute to the difficulty in establishing universally applicable and accurate living wage standards.

Verified wage data was available for 100% of the 18 Tier 1 suppliers included in the assessment.

- **100% of suppliers** paid their workers the local *legal minimum wage or above*.
- **28% of suppliers** had a calculated living wage and paid their workers a wage *equal or above the calculated value*.
- **67% of suppliers** *did not* have a calculated living wage to base their wages off.

This is only the first step in ensuring workers in our supply chain are paid wages that are based on a regionally appropriate living wage calculation. We are working to gain more data around wages with our suppliers and also share knowledge to gain a better mutual understanding with our suppliers on living wage.

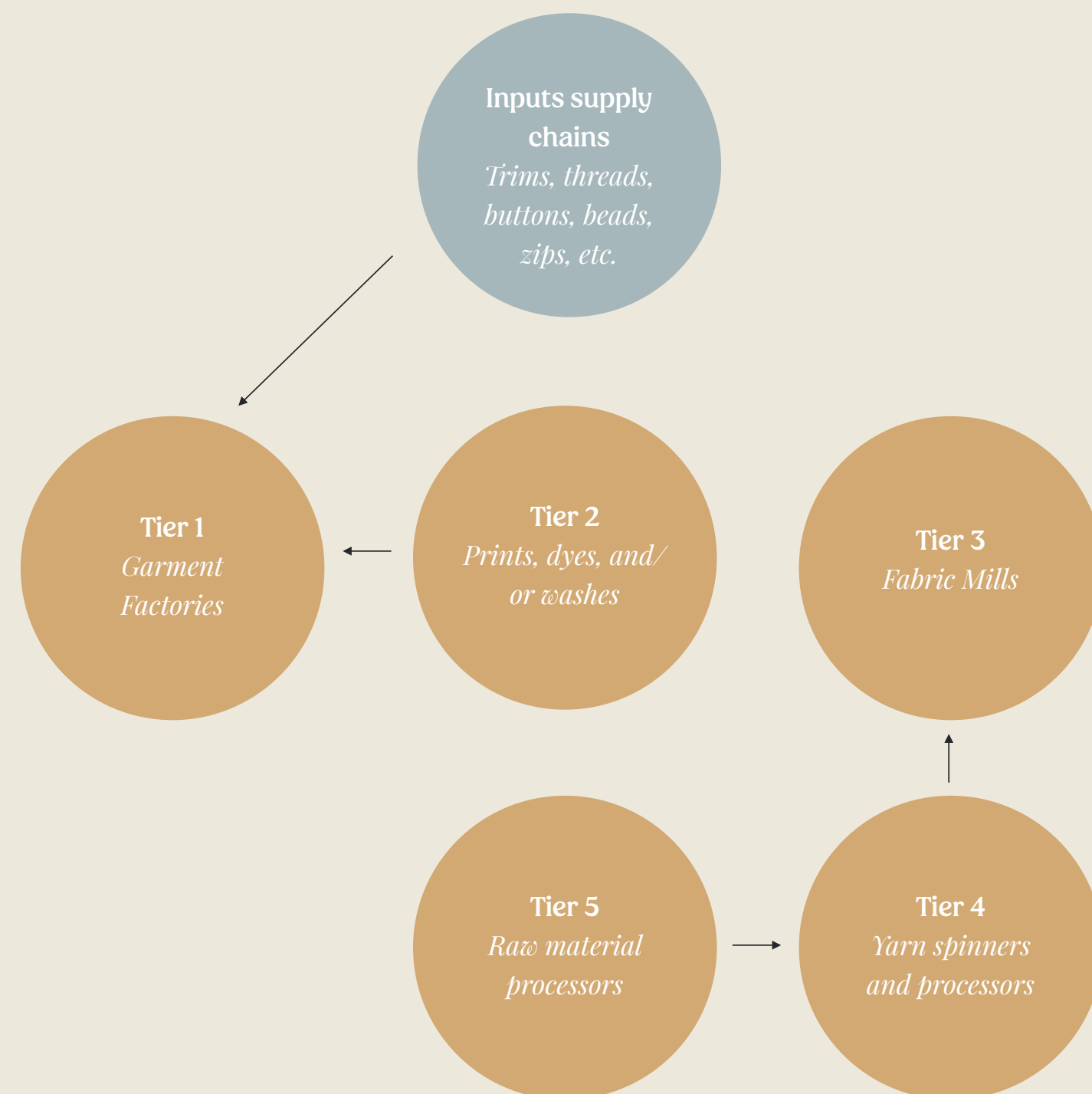


# TRACEABILITY

## FY23 Roadmap Target:

Collect supply chain mapping information for each garment produced, verify 25% supply chains from Tier 1 thru Tier 6 with documentary evidence.

This year we reevaluated our supply chain tier breakdown and have elected to update our numbering to better reflect the logistics of the supply chain process. Our supply chain tiers are now broken down into 5 tiers with a peripheral “Inputs” supply chain.



## Results:

Tier	% Mapped
Tier 1 - Garment Factories	100%
Tier 2 - Prints, Dyes, And/Or Washes	98% (+1% from previous year)
Tier 3 - Fabric Mills	98%
Tier 4 - Yarn Spinners And Processors	98% (+9% from previous year)
Tier 5 - Raw Material Processors	88% (+17% from previous year)

100% of Tier 1 and 35% of Tier 2 verified with documentary evidence. As we adopt a new supply chain mapping and transaction certificate collection tool in the coming year, we are optimistic that our supply chain verification will improve processes and documentary evidence.





MILESTONE:  
**SPELL IS PROUDLY B CORP CERTIFIED!**

Years ago, our ambition for B Corp Certification was set. As we intensified our focus on enhancing processes and minimising our business impact, the certification process was temporarily put on hold. Our primary efforts remained directed towards our products, global operations, and supply chain. As our team expanded, we redirected our time and energy towards obtaining certification, serving as validation for all the work invested in being a more responsible fashion label.

In the past year, we successfully concluded the final steps of the verification process. Shortly after the conclusion of FY23, Spell gained certification, proudly joining the B Corp community!

As they say, if you want to move mountains, we have to do it together. In becoming B Corp Certified we have joined a community of organisations that are working to change the rules of the game, leading a global movement that shifts business focus towards purpose and positive impact generation. Continuous improvement is essential to find a sustainable balance in global production and consumption practices. With this as a collective value amongst B Corps, we are so excited to see how this growing community takes business practices in a whole new direction!

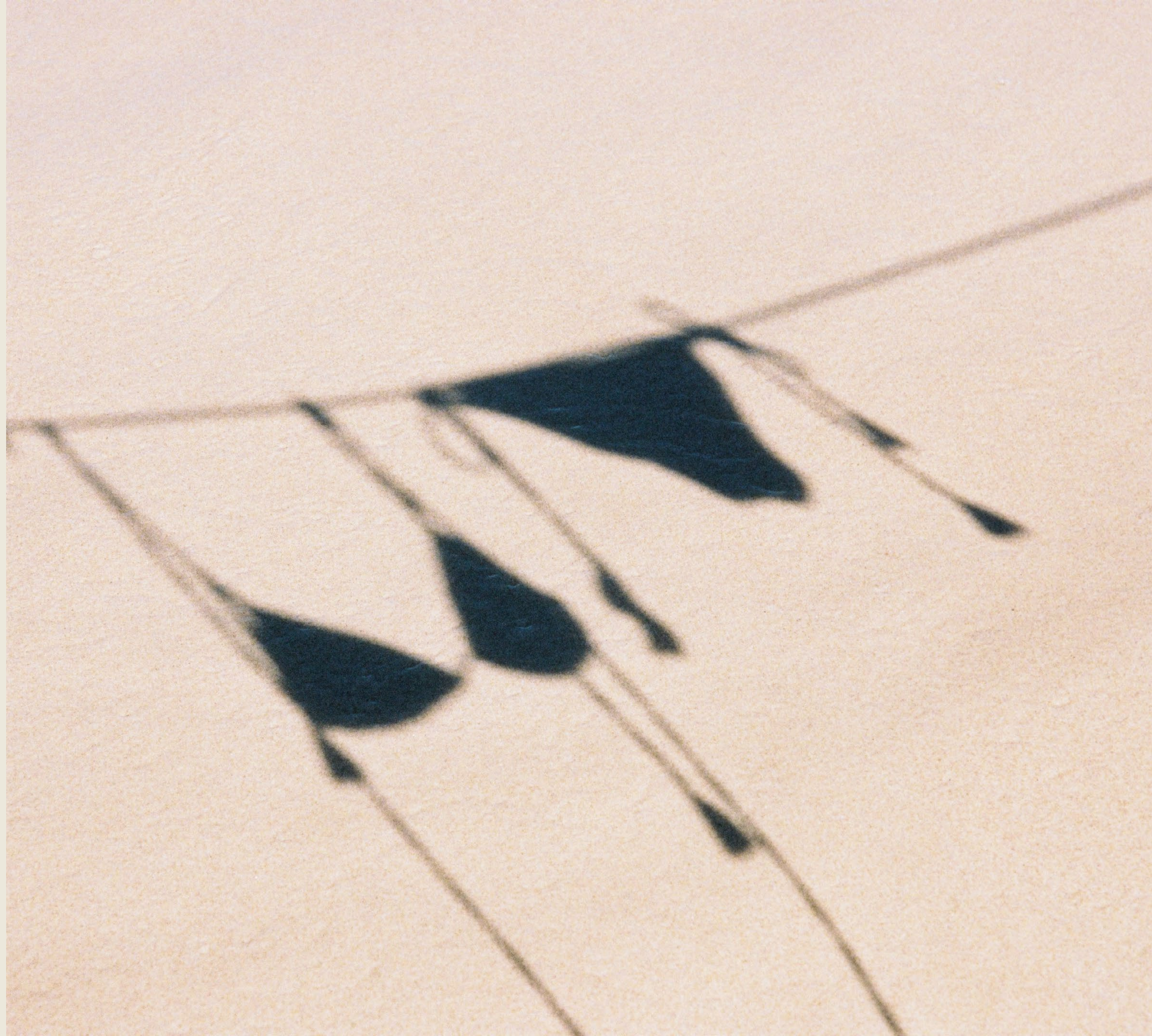
## WHAT IS B CORP CERTIFICATION?

The 'B' in B Corp stands for Benefit for All, and true to its name, this global certification is designated for organisations committed to leveraging their business for positive impacts. These organisations meet the highest standards in social and environmental performance, transparency, and accountability. Achieving B Corp Certification is no easy task; organisations undergo extensive assessments, providing evidence-based verification to demonstrate their dedication, efforts, and quantifiable results across their entire business operations, from upstream suppliers to downstream community and everything in between.



# SOCIAL ADVOCACY

OBJECTIVE: SUPPORT AND SUSTAIN  
ARTISANAL DESIGN PRACTICES







## WHY WE SUPPORT FAIR TRADE

The essence of Fair Trade is to uplift small-scale artisans, individual workers, and farmers globally, enabling them to transcend poverty and engage in global trade. By championing improved working conditions, fair wages, and equitable trading terms, this philosophy and certification establishes an international stage for disadvantaged individuals and communities to sustain themselves, preserve their traditional craftsmanship, and enhance their quality of life.

### FY23 Roadmap Target:

A minimum of two projects with SETU artisan group, our long time Fair Trade jewellery partner.

### Results:

We take pride in our ongoing collaboration with SETU, an accredited Fair Trade organisation dedicated to enhancing the social and economic status of artisans in underprivileged and marginalised communities in India.

Artisan Projects	Projects	Qty Of People Who Worked On Project	Approximate Person-Days Of Work
Hibiscus Lane Charm Necklace - Gold	1	11	275
Hibiscus Necklace - Shell Beach	1	12	240
Night Sky Earrings - Gold	1	12	144
Paradise Charm Choker - White Sands	1	12	120
Paradise Choker - Pink Soda	1	12	120
Paradise Choker - Sunkissed		12	120
Seaside Charm Bracelet - Gold	1	11	132
Seaside Pendant Necklace - Gold	1	11	110
Seaside Ring - Gold	1	11	88
Spell Letter Charm - Gold	1	12	72
Summertime Pearl Bracelet - Shell Beach	1	12	120
Summertime Pearl Earrings - Gold	1	12	96
Summertime Pearl Necklace - Shell Beach	1	12	240
Grand Totals	12		1877





# ARTIST COLLABORATION: SPELL x KYLIE CALDWELL

As a brand we have had the opportunity to collaborate with incredibly talented people. This past year we were honoured to collaborate with renowned multidisciplinary First Nations artist and skilled artisan, Kylie Caldwell, to create a capsule collection featuring her artwork in two colourways. Kylie is a proud Bundjalung Woman, her works explore contemporary and traditional Bundjalung culture and themes. She is dedicated to sustaining and promoting First Nations arts and culture through her artistic innovation.

After announcing the collaboration we had many friends who owned their own brands and businesses approach us about how it all worked. Alongside Kylie and on the recommendation of our First Nations consultants, we made the decision to create an open-source blueprint of our Spell x Kylie Caldwell collaboration, for free usage by anyone in regards to artist collaborations. We are really proud of not only the outcome of this collaboration, but the journey of learnings during our two year process of working with Kylie and many generous First Nations experts and consultants. Simultaneously, this journey went hand-in-hand with the beginning “Reflect” stage of Spell’s RAP (Reconciliation Action Plan) journey. Our blueprint can be read [here](#).



A wide-angle landscape photograph of a coastal scene. The foreground is dominated by clear, turquoise water with gentle waves and white foam washing over several large, rounded rocks covered in green seaweed. In the middle ground, a rugged, rocky coastline meets the sea, with a small, dark structure perched on a cliffside. The background features a steep, forested hillside on the left and a distant, hazy coastline under a clear, pale blue sky. The overall atmosphere is bright and serene.

# PLANET



# ENVIRONMENTAL AND CLIMATE STEWARDSHIP

OBJECTIVE: MINIMISE ENVIRONMENTAL  
AND ECOLOGICAL IMPACT BY  
PRIORITISING RESPONSIBLE PRACTICES  
THAT SUPPORT REGENERATION,  
CIRCULARITY AND INNOVATION







# PREFERRED FIBRES

Fibre Usage	Fibre Rating	Fibres
Preferred	Superior	<ul style="list-style-type: none"> <li>Organic cotton (GOTS, OCS)</li> <li>Regenerative organic cotton (GOTS, OCS)</li> <li>Certified recycled cotton (GRS, RCS)</li> <li>Organic linen (GOTS)</li> <li>CanopyStyle hm cellulose (audited to score 25+)</li> <li>Hemp</li> <li>Organic wool (GOTS)</li> <li>Certified recycled wool (GRS, RCS)</li> <li>Responsibly sourced animal fleece and wool (RAS, RWS, The Good Cashmere Standard, NATIVA, ZQ Merino, or equivalent assurances)</li> </ul>
	Good	<ul style="list-style-type: none"> <li>Linen</li> <li>Transitional cotton</li> <li>Wool</li> <li>Recycled silk</li> <li>Peace silk</li> <li>Certified recycled polyester and polyamide (GRS, RCS)</li> <li>ECONYL regenerated nylon</li> </ul>
Phase Out	Unfavourable	<ul style="list-style-type: none"> <li>LWG leather</li> <li>Conventional silk</li> <li>Conventional cotton</li> <li>Virgin synthetic polyester</li> <li>Virgin synthetic polyamide</li> <li>Conventional cellulose</li> </ul>
Do Not Use	Prohibited	<ul style="list-style-type: none"> <li>Non-LWG leather</li> <li>Fur and exotic animal skin</li> <li>Angora</li> <li>Mohair</li> <li>Polyurethane</li> <li>Acrylic</li> <li>Down</li> </ul>

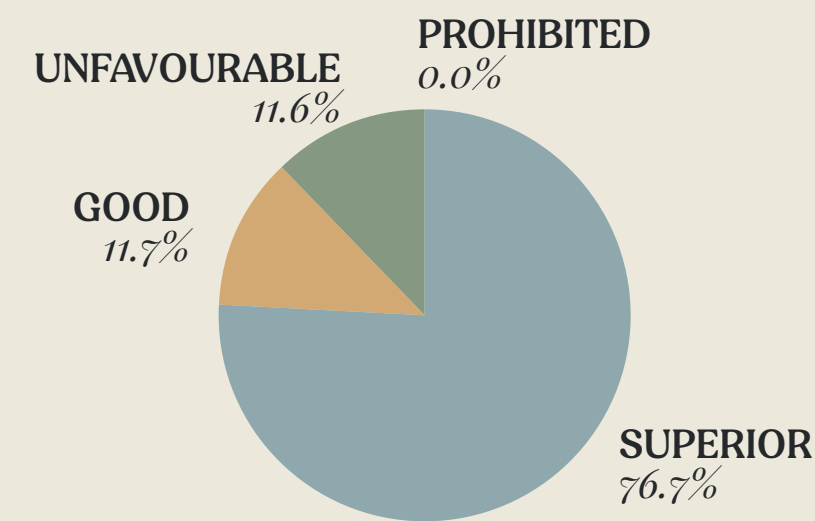
## WHAT ARE PREFERRED FIBRES?

Every piece we produce leaves its mark on the environment, and how big or small that mark is boils down to the materials and methods we pick for our products. That's why we came up with our Preferred Fibre Matrix — to help us decide what to use when developing our garments. It's like our cheatsheet for making things better.



## FY23 TOTAL PREFERRED FIBRES

Overall preferred fibre usage based on total quantity produced and blends weighted by % fibre compositions.



### Results:

Superior: +3.9% from previous year.

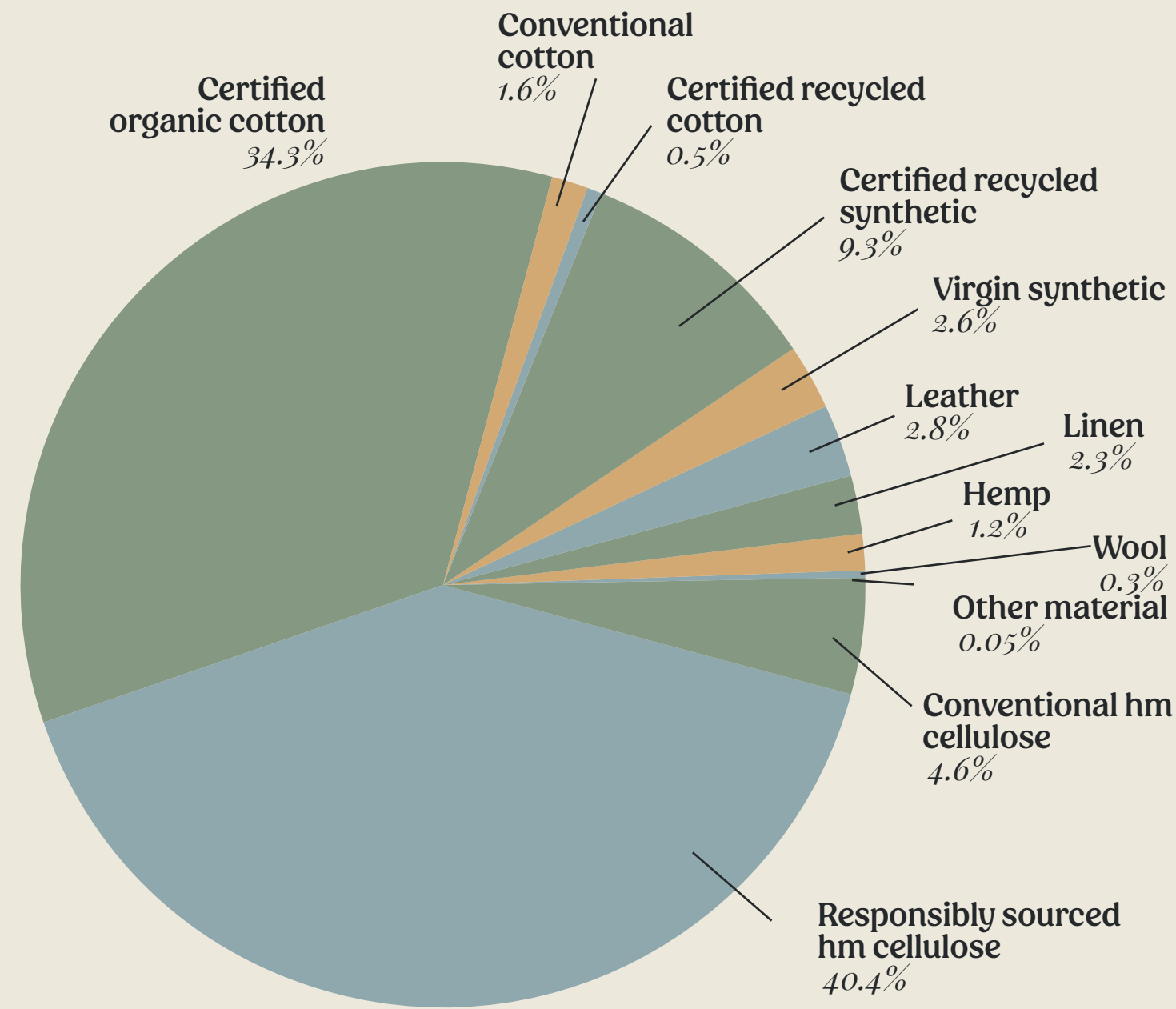
Good: -2.4% from previous year.

Unfavourable: -1.5% from previous year.

**88.4%** of total fibres used this year were preferred fibres (1.5% increase in our usage of total preferred fibres from previous year).

**95.4%** of all product contained one or more preferred fibres (4% increase in products containing preferred fibres from previous year).

## BREAKDOWN OF TOTAL FIBRE USAGE



## LEATHER AND WOOL: ANIMAL DERIVED MATERIALS

3.1% of total fibres used were animal derived materials, leather composed 91.1% of animal derived materials, wool composed 8.9% of animal derived materials, 100% of our leather was from LWG certified tanneries, 11.5% of our total wool usage was sheeps wool, 63.6% of our total wool usage was merino sheep wool, 24.9% of our total wool usage was cashmere, 63.6% of our wool was RWS certified wool, 36.4% was uncertified wool.

This year our use of leather increased to 2.8% of our total fibres. This was a 1.6% increase from our previous year. As we look ahead we are working on alternative material solutions for footwear and accessories.

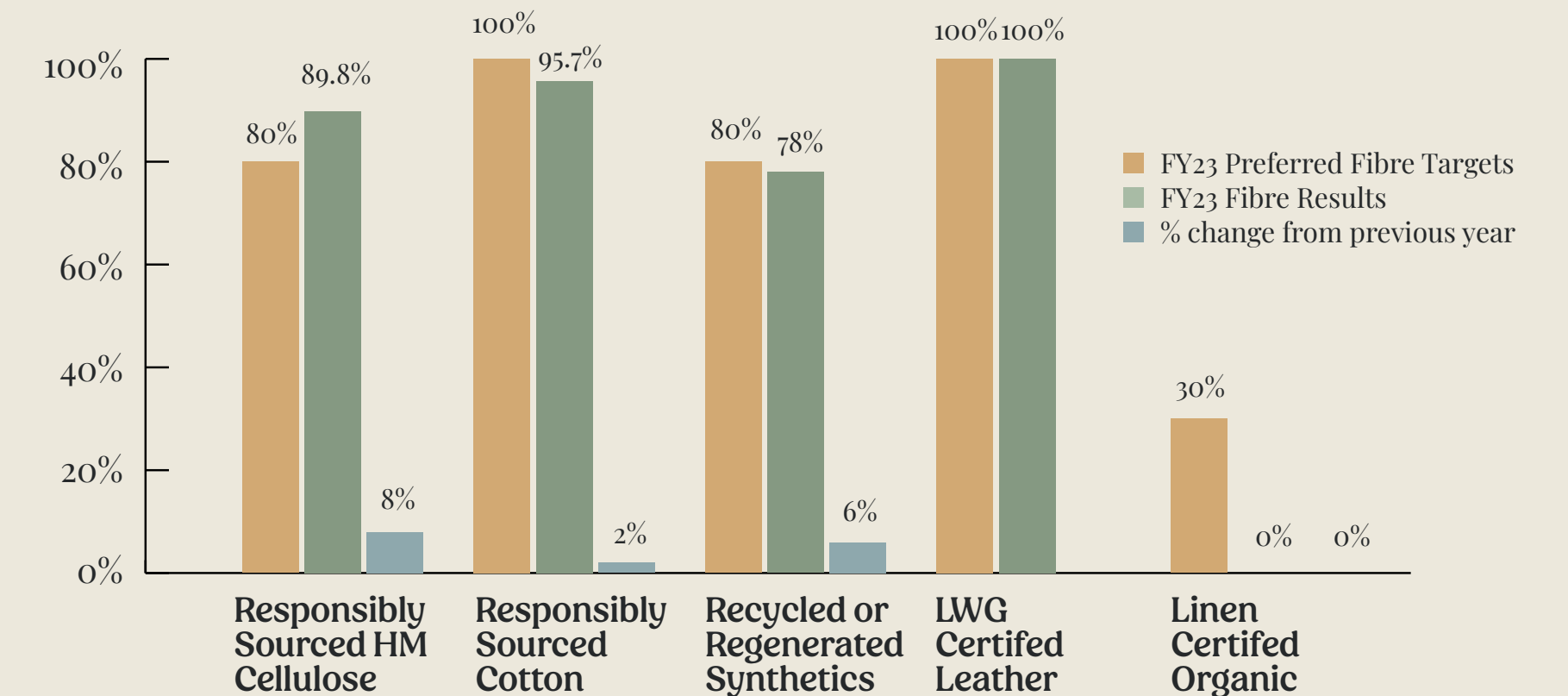
## FY23 PREFERRED FIBRE TARGETS

97.3% of our organic cotton is certified and substantiated with transaction certificates and supplier declarations. 2.7% of our organic cotton was substantiated with a supplier declaration but without a transaction certificate.

9.9% of our total fibres were from recycled or regenerated waste stream sources (3.9% increase from previous year).

346.8kg of nylon was diverted from waste to produce our Econyl regenerated nylon swim.

We completely phased out the use of virgin polyester and virgin nylon from our product fibres.





# TEXTILE PRINTING

## 2025 GOAL: REDUCE THE IMPACT THAT RESULTS FROM COLOURING OUR TEXTILES; ELIMINATE HARMFUL CHEMICALS FROM PRINTING AND DYING

**FY23 Roadmap Targets:** RSL compliance verification through laboratory testing for each seasonal collection, ensuring safe use of chemicals.

Chemicals play a role across the entire modern fashion supply chain, from processing raw materials and forming yarn to textile printing, dyeing, and finishing garments. Many chemicals pose risks to the environment, workers, and wearers if used or mismanaged. Our Manufacturing Restricted Substance List (MRSL) and Restricted Substance List (RSL) define restricted chemical use during garment manufacturing and specify prohibited chemicals in the final product. We provide these lists to our suppliers and they agree to adhere to the requirements when they sign our Code of Conduct. For each collection, we subject a sample of our fabrications from bulk production to testing by SGS Laboratories. This ensures the safe use of chemicals in our garments, aligning with our RSL and REACH standards.

**Results:** 18 fabrications were selected for testing. Before delivery, all fabrications passed testing to ensure the use of safe chemicals for our customers.



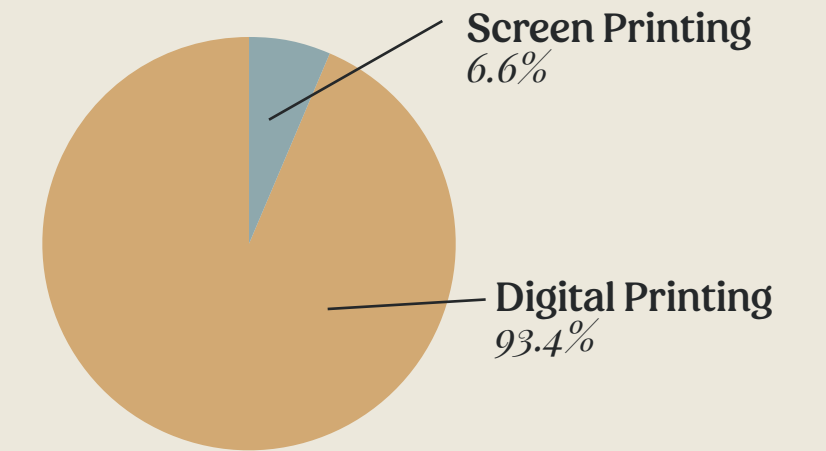
### WHY WE CHOOSE DIGITAL PRINTING

Until recently, commercial textile printing predominantly relied on screen-printing processes, known for their substantial water and energy consumption, along with inks and pigments contributing to global environmental pollution and negative impacts on communities impacted by the pollution. The introduction of digital printing, a modern technology, has significantly reduced the environmental impact of printing. In addition to intricate detail capabilities, this method utilises fewer inks, requires less processing, minimal water, and lowers the risk of printing-related pollutants entering waterways.

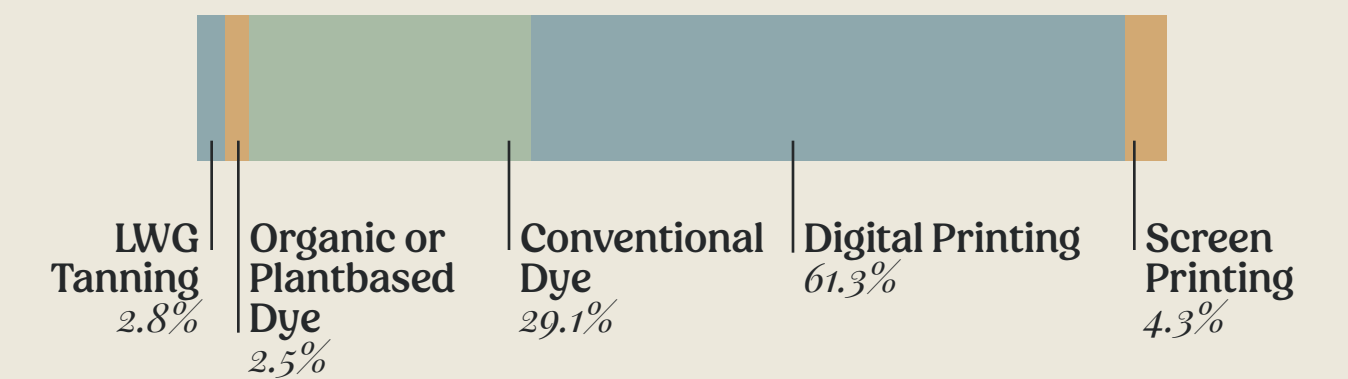
**FY23 Roadmap Target:** 40% of all prints to be digitally printed

**Results:**

### BREAKDOWN OF PRINTING



### BREAKDOWN OF TOTAL COLOURANT METHODS



**Reflections:** We had a 12% increase in our digital printing from our previous year. We also increased our use of organic or plantbased dyes from 6% our previous year to 8% this year. While digital printing aligns with environmental responsibility, it presents challenges. Unlike screen printing, it doesn't heavily saturate the fabric. Occasionally, white threads may show through to the printed side, impacting the intended aesthetic. We evaluate this on a case-by-case basis, considering each print decision carefully. We remain optimistic that advancements in digital printing technologies will address and resolve this issue over time.





# CIRCULARITY

## 2025 GOAL: EMBRACE CIRCULAR STRATEGIES TO REDUCE TEXTILE WASTE AND OVERUSE OF NATURAL RESOURCES

The evolution of garment lifecycles is steering away from traditional linear models. Our focus is now on closing loops throughout our value chain, with the ultimate goal of minimising the use of virgin materials and avoiding material disposal. We are shifting our perspective, reframing materials typically seen as waste to valuable resources.

## GARMENT LIFECYCLE

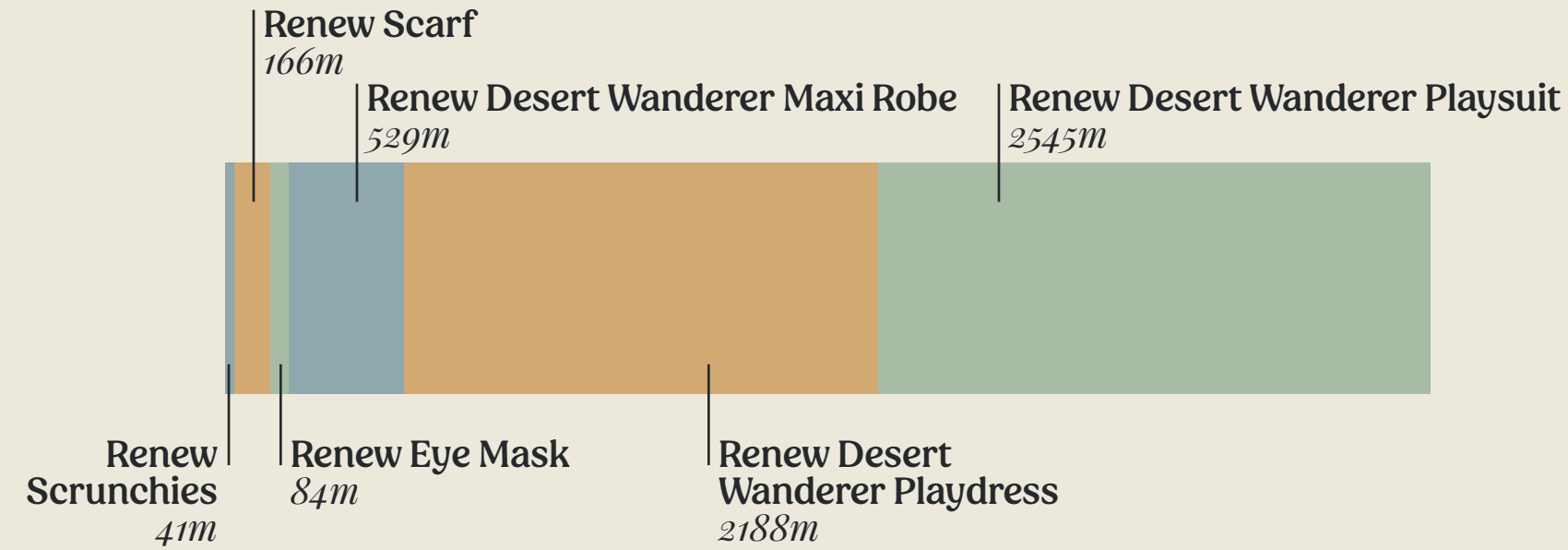




## SPELL RENEW

**FY23 Roadmap Target:** A minimum of two Renew projects to utilise our deadstock fabric

**Results:** We produced 6 different Renew styles this year, utilising a total of 5,555m of deadstock fabric.



## THE LOWDOWN ON DEADSTOCK

Deadstock fabric refers to the surplus material left after production. While often sold in markets local to our suppliers, deadstock fabric may include a brand's exclusive prints, leading to concerns about counterfeit products. To address this, some fashion labels may send their deadstock fabric to landfills or to be incinerated.

In our design process, we work diligently to minimise waste by accurately estimating fabric consumption, and our suppliers adopt a "cut to finish" approach, such that patterns are cut until no fabric remains. Despite these efforts, there may be instances of unused fabric. Our commitment is that no deadstock Spell fabric will go to landfill or be incinerated. The Spell Renew collections are our solution, utilising deadstock fabric to give it the life it deserves, preventing waste and promoting thoughtful use of resources.





## **SPELL SALVAGE:** GARMENT TAKEBACK AND TEXTILE RECYCLING PROGRAM

**FY23 Roadmap Target:** Implement strategy to take back garments for recycling at end of life, to avoid textile waste in landfill.

As little as 20% of clothing donations to charity shops have been found to make it to the racks for resale, with the fate of the remaining donations varying from being cut up for rags, shipped overseas (which has become a major waste and environmental issue!), to being sent to landfill. In Australia alone, 800 thousand tonnes of textiles are sent to landfill each year.

We are committed to looking at this from every angle, examining the full life cycle of our garments and trialling an extended producer responsibility (EPR) program, taking responsibility for their end of life.

We've been making clothes for over a decade and have a thriving buy-swap-sell community. But, let's face it, some clothes get so much wear they're practically loved to death. That's why we launched Spell Salvage in our Byron Bay store – to make sure our clothes get recycled properly when they've had their run.

The garments submitted through our Spell Salvage pilot program are assessed and sorted by our responsible recycling partner, Upparel. Any garments that are still in wearable condition will be donated to one of their charity partners, garments deemed unwearable will be shredded giving their fibres a new life in the form of insulation or filling.

We are now working to expand this program to our wider Australian and global communities.



# RESPONSIBLE PACKAGING

2025 GOAL: 100% OF CONSUMER PACKAGING FROM CIRCULAR OR CERTIFIED RECYCLED SOURCES (PLASTIC-FREE)

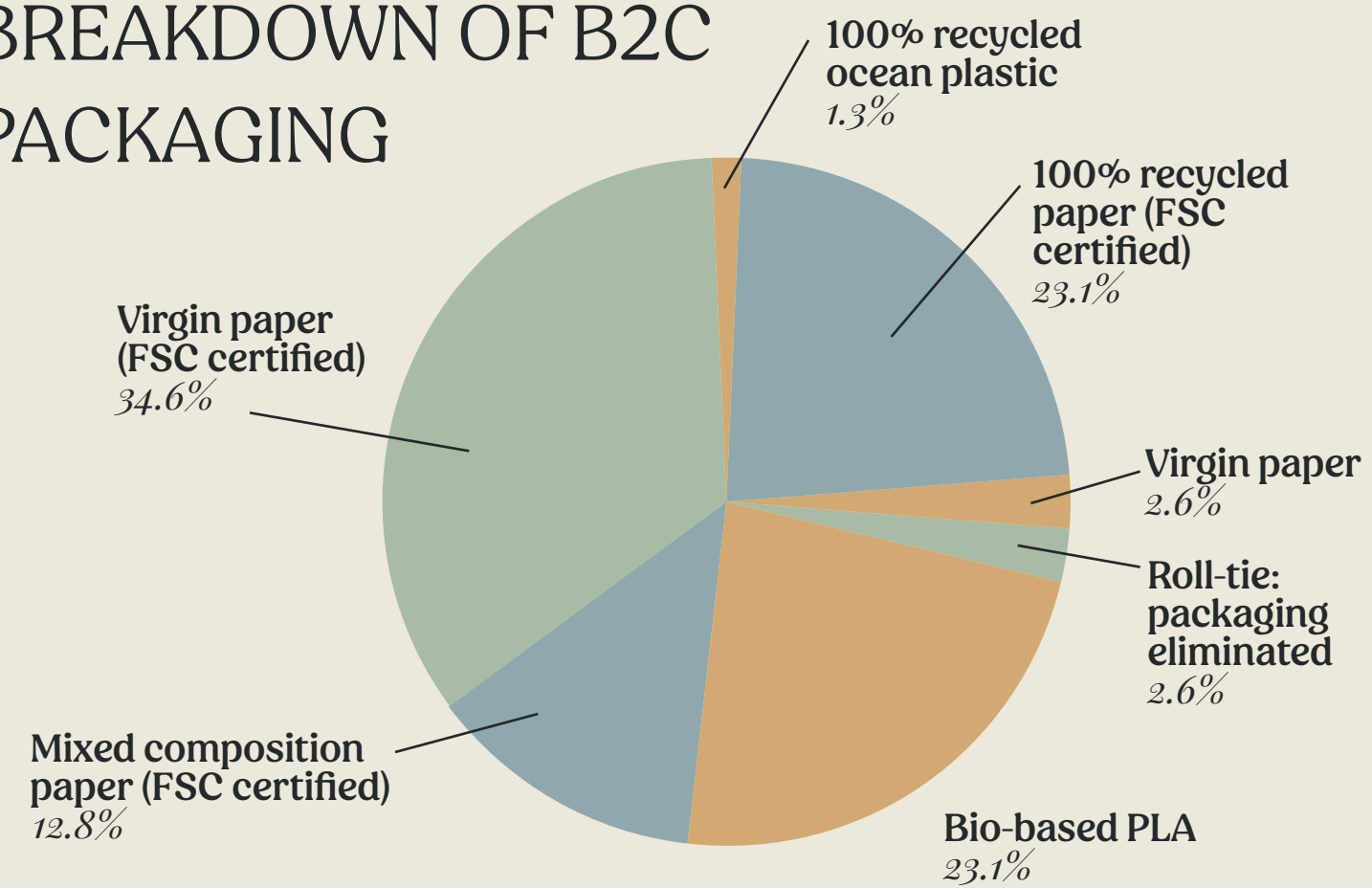
## FY23 Roadmap Target:

70% B2C packaging from certified recycled, FSC or circular sources, 100% B2C packaging carbon neutral (through carbon offsetting).

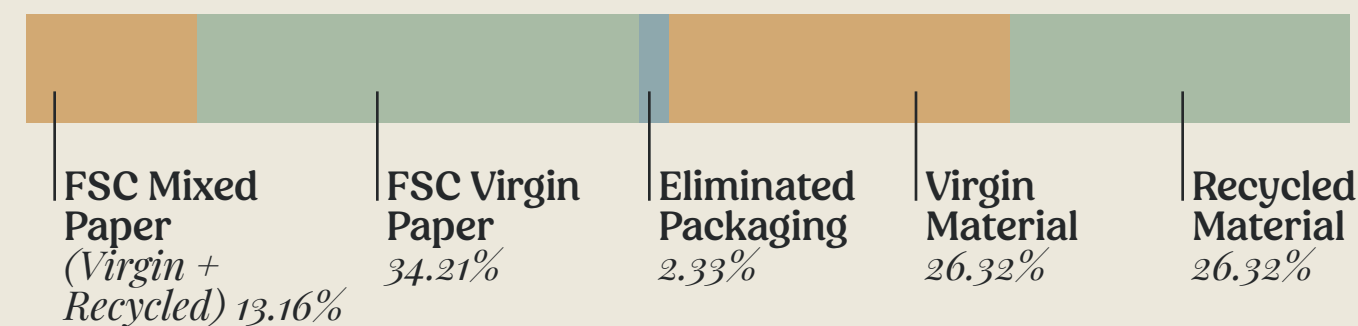
## Results:



## BREAKDOWN OF B2C PACKAGING



## BREAKDOWN OF B2C PACKAGING BY TYPE



73.7% of our B2C packaging was from, certified recycled, FSC or circular sources. This is the second year we have utilised roll-tie 'packaging', which is when we omit the garment bag, and roll the garment and tie with twine cord. This method of packaging has eliminated the use of 3,146 garment bags from use.

100% of our B2C packaging purchased within the year was offset as part of our carbon strategy. Read more in the next section of this report.





# CLIMATE IMPACT

## OUR CARBON STRATEGY: MEASURE, REDUCE AND OFFSET

Measuring Spell's emissions is crucial as it provides a comprehensive understanding of the climate impact associated with our operations. This assessment allows the company to identify key activities contributing to greenhouse gas emissions. Measuring Spell's emissions, also known as our carbon footprint is essential for setting meaningful emission reduction goals, fostering transparency, and ultimately contributing to the global effort to combat climate change. We have separated our carbon footprint calculations into two parts: (1) the global operations of our organisation and (2) our product fibres.





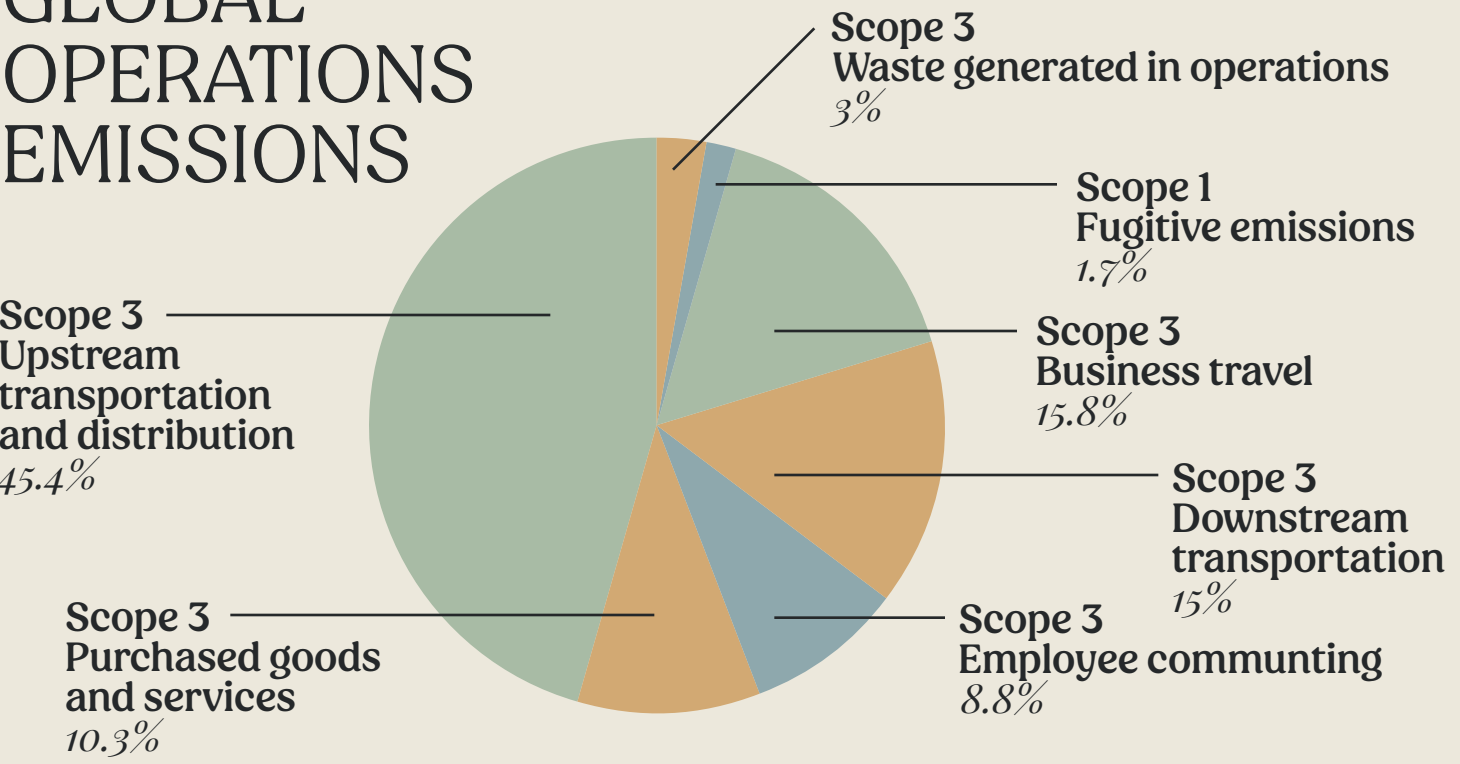


# CARBON FOOTPRINT: OUR GLOBAL OPERATIONS

Our organisation footprint includes all the activities of our global operations listed below:

Included in our organisation footprint	
Scope 1	Fugitive emissions (refrigerants)
Scope 2	Electricity (HQ, warehouse, store)
Scope 3	<ul style="list-style-type: none"> <li>Paper</li> <li>Office supplies</li> <li>Cleaning supplies</li> <li>Stationary</li> <li>ICT equipment and services</li> <li>Food and beverage for staff, events and photoshoots</li> <li>Municipal water</li> <li>Product packaging</li> <li>Upstream shipping (suppliers to Spell)</li> <li>Downstream shipping (Spell to our customers, wholesale partners)</li> <li>Waste (landfill, compost, and recycling produced at Spell facilities)</li> <li>Business travel (flights, accommodation, taxis, rideshare, hire cars, fuel)</li> <li>Staff commuting</li> <li>3PL warehouse space</li> <li>Professional services</li> </ul>

## GLOBAL OPERATIONS EMISSIONS



Our total global operations carbon footprint is **1,181 tCO<sub>2</sub>e** (including a 5% uplift factor added to our Scope 3 Purchased Goods and Services).



# REDUCING EMISSIONS

Following assessment of our activities that contribute to our overall carbon footprint, we have developed a reduction strategy that will support our business in reducing our overall emissions. Our Upstream Transportation and Distribution (or better understood as the shipping of goods between Spell and our primary suppliers) contributes to 45.4% of our organisation footprint, so that has been a major focus in implementing practices to reduce emissions. To do this, we have focused on shifting our upstream shipping from primarily air transport to primarily sea transport. This has required our entire team to adapt their processes and schedules to accommodate the longer and less precise time frames of sea freight.

As a result of implementing this strategy, we saw our use of sea freight increase from 17.9% to 48.7%, resulting in a 165.7 tCO<sub>2</sub>e and 23.6% reduction in this emissions category.

FY23 was our first year following COVID-19 and we saw our employee movements increase due to the elimination of restrictions. This resulted in a significant increase in emissions of our business travel and commuting.

Our overall organisation carbon footprint increased by 4.6%, and served as a reminder as to how critical, yet challenging the implementation of reduction strategies can be and how critical it is that we adopt the improved practices as a team.







# OFFSETTING

We offset 100% of our global operations carbon footprint.

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 887 tCO<sub>2</sub>e with these Certified Emission Reductions (CERs).

**Rainforest Rescue:**

The offsets purchased from these projects are primarily located in Peru and South America 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 296 tCO<sub>2</sub>e with these Verified Carbon Units (VCUs).





# SPELL IS CARBON NEUTRAL!

This year we achieved carbon neutral certification for our organisation by Climate Active, Australia's government-backed carbon neutral certification program. This certification extends to our global operations listed above. Being carbon neutral in our operations is a significant step towards reducing our climate impact as part of our 2025 Sustainability Roadmap.

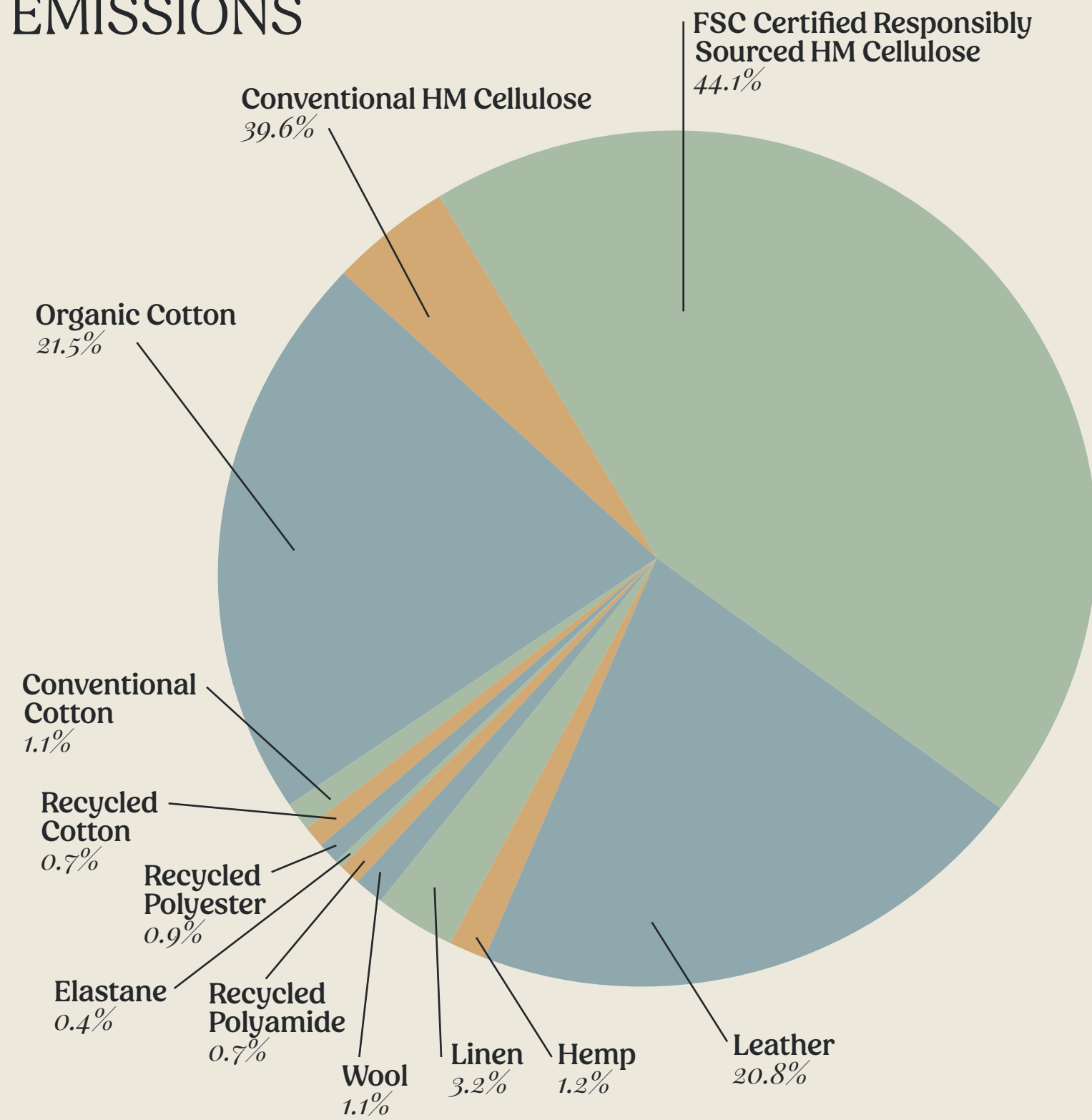
Climate Active certification means Spell has reduced our business' emissions where possible and compensated for the remainder by investing in carbon offset projects to fully balance their emissions. Of course the only real solution is to reduce our overall net emissions, however, by achieving this certification we demonstrate our commitment and proactive approach to measuring, reducing, (and offsetting, in the meantime) emissions to mitigate climate change. The certification provides a level of verification that allows us to communicate this with our community confidently.

Progress over perfection: whilst our product is not currently included in this Climate Active certification, we do calculate the carbon footprint of their product fibres with the goal to reduce emissions in line with Science Based Targets.



# CARBON FOOTPRINT: PRODUCT FIBRES

## PRODUCT FIBRE EMISSIONS



Our total product fibre carbon footprint is **943.3 tCO<sub>2</sub>e**. The average emissions per product is 3.97 tCO<sub>2</sub>e (a 6.8% reduction from previous year).

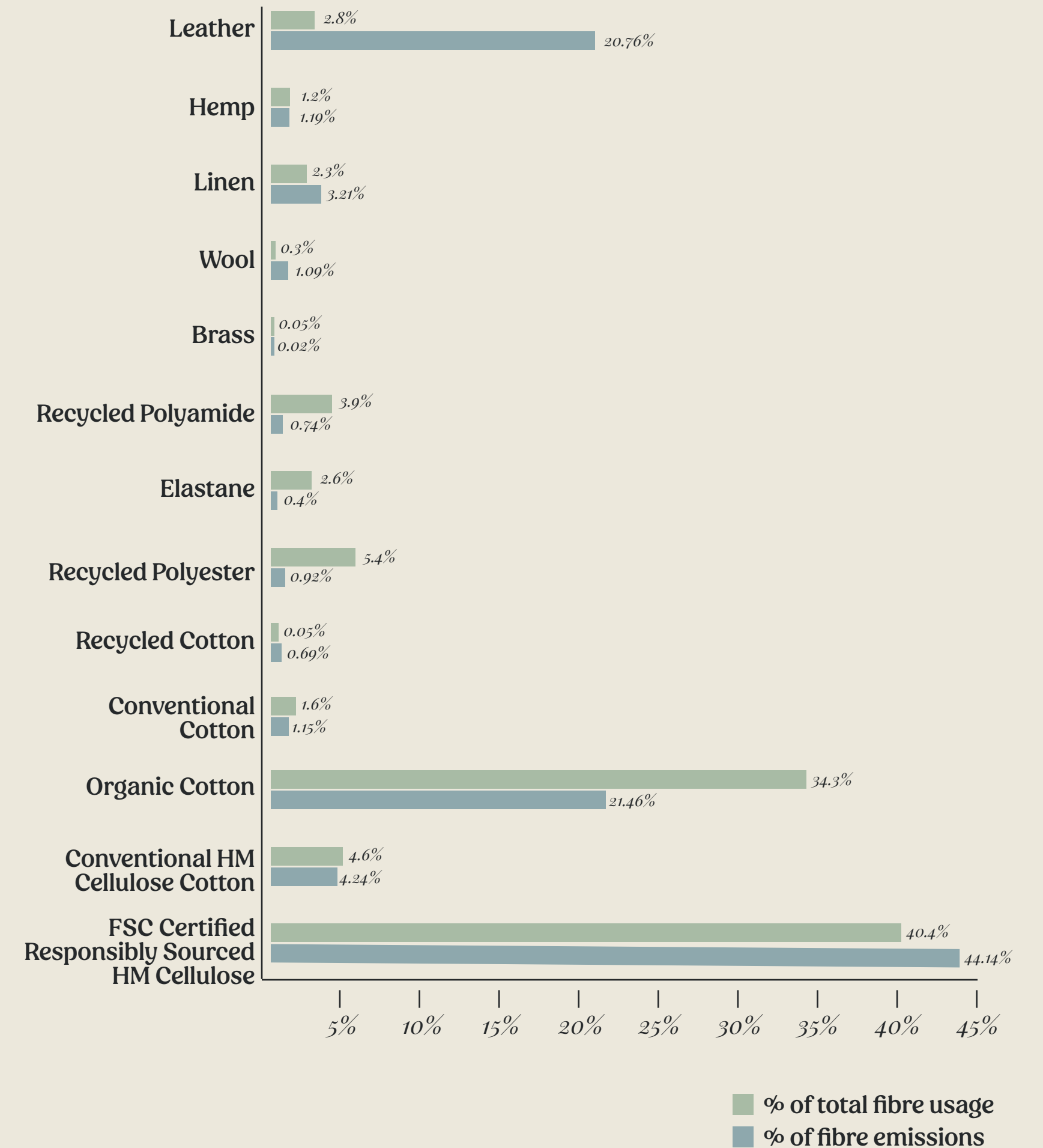
This result serves as quantified evidence that prioritising certain fibres over others has a direct impact on our product emissions and therefore emphasises the value in our Preferred Fibre Matrix.

Taking into consideration the carbon footprints of both our organisation and our product fibres, our total footprint is 2,125.8 tCO<sub>2</sub>e.

Our product fibres accounted for 44.4% of our total emissions this year.

Our fibre emissions are calculated in collaboration with our partner CEMAsys, a specialised climate change and sustainability consultancy founded in Norway. All CEMAsys fibre emission factors consider global industry average emissions from raw fibre to cut-and-sew. The calculation tool does not currently have the ability to specify our colourant or printing method, so it makes the blanket assumption that all garments have been batch dyed. Whilst the fibre emissions calculations are carried out using emission factors determined by assessment of industry averages and assumptions, 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 allow us to compare emissions, year on year.

## PERCENT OF TOTAL FIBRE USAGE COMPARED TO PERCENT OF TOTAL FIBRE EMISSIONS







PROSPERITY



# GIVING BACK

## OBJECTIVE: CONTRIBUTE TO OUR LOCAL AND GLOBAL COMMUNITY THROUGH PHILANTHROPIC ENDEAVOURS

Business can be a catalyst for change, empowering local and global grassroots organisations. Through our Giving Back initiative, we help to fuel these organisations' purpose-driven aspirations and initiatives, turning financial contributions into a powerful force for positive impact.

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 = \$35,000**

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. This year we collaborated with Climate Council to create an activist capsule collection inspired by one of Australia's most abundant renewable energy resources: the sun. 100% of revenue from this capsule was donated to Climate Council.

**Donations to Climate Council = \$35,000**

**Additional community contributions and in-kind donations = \$85,658**

**Contributions and donations total = \$155,658**







# LOOKING AHEAD

FY23 stood out as a year marked by significant milestones. In the pursuit of a sustainable equilibrium in global production and consumption, ongoing improvement is key. This year, we upped the ante on our ambitions, setting the bar higher for what we can accomplish. The culmination of our 2025 Roadmap is on the horizon, and we're excited about crafting a fresh, forward-thinking strategy that will steer us through the next five years of purpose-driven positive impact.

Our next Impact Report will cover 1 July 2023 through 30 June 2024.

*This Impact Report is audited by Control Union for accuracy*





# SPELL SUSTAINABILITY GLOSSARY

ALL THE OTHER NITTY GRITTY DETAILS...



# OUR SUSTAINABILITY STRATEGY

In sustainability the job is never done. Our sustainability strategy is a reiterative process of action and assessment with the aim for on-going continuous improvement.

We continue to cultivate our sustainability progress around our three pillars – People, Planet and Prosperity. These pillars have become solidly foundational within our business operations and central to the development of our overall business strategies, as we regularly adjust and modify to balance our operations with our social, environmental, and economic impact.

## Our 3 Pillars of Sustainability and Guiding Principles

Spell has adopted a three pillars approach to our sustainability strategy: People, Planet and Prosperity. Like a sturdy three-legged structure, the integration of these pillars ensures a comprehensive and balanced approach to business and strategy development, enabling considerations for business success in the present without jeopardising the capacity of future generations to find their own.

### People

- Responsibility and Visability
- Social Advocasy

### Planet

- Environmental and Climate Stewardship

### Prosperity

- Giving Back

## Our 2025 Sustainability Roadmap

Our 2025 Roadmap clearly lays out our goals, which have been developed around People, Planet, Prosperity, allowing us to sustain momentum year on year. We are now more than halfway through our Roadmap. The People, Planet, and Prosperity sections of this report review and analyse our FY23 Roadmap goals.

Pillar	Guiding Principle	Objectives
People	Responsibility and Visability	Contribute to the improvement of global social conditions
	Social Advocasy	Support and sustain artisanal design practices  Create, maintain and empower a diverse and inclusive workforce  Build a team of knowledgable sustainability leaders to drive industry change and educate our community
Planet	Environmental and Climate 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

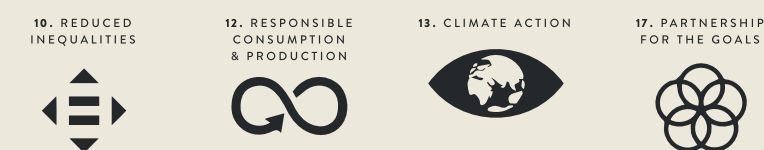
Much of our social and environmental impact happens within our supply chain, logistics (freight) and in the fibres we choose (the bulk of the data in this report are analysis of these impacts). However, our sustainability efforts run through every functionality of our business – beyond the footprint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

## UNGC and the Sustainable Development Goals

In 2020, we made a deliberate choice to join a global community and became a proud signatory of the United Nations Global Compact (UNGC). Upholding our commitment and ensuring accountability, we continually submit a ‘Communication on Progress’ to the UNGC. This report comprehensively outlines our endeavors across Governance, Human Rights, Labour, Environment, and Anti-corruption.

As a signatory of the UNGC we have aligned our mission with the UNGC Sustainable Development Goals (SDGs). These goals serve as a collective guide for businesses and organizations, steering us toward shared objectives for the betterment of people and the planet. Spell has identified and prioritized 4 of the 17 goals, selecting them based on their relevance to our business operations and areas of impact. These goals remain a focal point as we integrate them into our 2025 Roadmap. The SDGs that Spell has prioritised are the following:





# PEOPLE

## Responsibility and Visibility

### *Supplier Code of Conduct*

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. Our Supplier Code of Conduct can be read [here](#).

### *Social and Environmental Verification*

We collaborate with our Tier 1 suppliers to evaluate workplace conditions through third-party auditing methods.

A third-party social audit is an independent assessment conducted by an external organization or auditor to evaluate a company's social and ethical practices. In the context of supply chains, this type of audit typically examines working conditions, labor practices, human rights compliance, environmental impact, and other social responsibility aspects. The third-party auditor is not affiliated with the company being assessed, ensuring objectivity and impartiality in evaluating whether the company adheres to established social and ethical standards. These audits contribute to transparency, accountability, and the identification of areas for improvement in a company's social and environmental performance.

While audits effectively highlight concerns and areas needing improvement, we acknowledge their limitations as a narrow observation window.

## Social Advocacy

### *Modern Slavery*

It's crucial not to question the existence of modern slavery in the supply chain but to determine the actions taken when identified. In 2021, we published our inaugural voluntary Modern Slavery Statement in compliance with the Australian Modern Slavery Act 2018. Annually, we review and republish the statement as per legislative requirements, aiming to enhance its robustness. The statement covers risk assessments, actions to mitigate risks, and our progress each year. As part of our commitment, we are developing a Modern Slavery Incident Response Policy. The full Modern Slavery Statement is accessible [here](#).

### *Xinjiang and the UFLPA*

On June 21, 2022, the United States enacted the Uyghur Forced Labour Act (UFLPA) to bolster the prohibition of importing goods produced with forced labour, particularly from the Xinjiang Uyghur Autonomous Region (XUAR) in China. Spell unequivocally opposes exploitation in our supply chain. We collaborate with our suppliers to ensure that we do not source fibres or products from Xinjiang, using supply chain mapping and transaction certificates for verification. Taking proactive measures, such as utilising GOTS certified cotton, assures that every stage, from raw material to fabric weaving, undergoes social and environmental audits, minimising the risk of forced labour in our supply chain.

### *DE&I*

Over time, Spell has cultivated an extensive global community, encompassing our local team, a global network of workers, suppliers, and customers. Our commitment lies in recognizing, embracing, and championing the lived experiences of our community. Each unique perspective contributes a vibrant and insightful element. We are proactively broadening our perspective to authentically represent the diversity within our global community across our brand content. Furthermore, we are dedicated to fostering a workplace of belonging and equity for everyone. You can find our Diversity and Inclusion Statement [here](#).

### *Reconciliation*

We consider our role in the broader Reconciliation movement in Australia with great seriousness. As a brand, we see the opportunity to make meaningful contributions in the Reconciliation space and are dedicated to exploring ways to honour the traditions, creativity, and innovation of Aboriginal and Torres Strait Islander culture continually. To actively contribute, we've established our Reconciliation Action Plan (RAP) as a commitment to advance the National Reconciliation movement. Currently, we're in the first stage of our RAP, known as the 'REFLECT' stage. While it has taken longer than anticipated, we've prioritised the speed of trust, proud of the meaningful relationships and progress achieved.



# PLANET

## Preferred Fibre Definitions

*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.

*Responsibly sourced human made cellulose fibre (HMCF):* Refers to cellulose fibres (e.g., viscose, lyocell, and modal) obtained from Canopy-approved sources. These fibres are produced using manufacturing processes that adhere to best practices in chemical management and are optimized to minimize energy and water usage. Lenzing is our preferred choice for cellulose fibres due to their industry-leading practices. We mandate certificate confirmation and require our suppliers to sign declarations to verify these certified fibres.

*RWS wool:* 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 to ensure animal welfare is protected, land and soil health is preserved, worker welfare is protected, fibre traceability.

*Recycled or regenerated synthetics:* All recycled fibres require certification (GRS or RCS) to verify their recycled content. We request transaction certificates and require our suppliers to sign self-declarations to verify the certified fibres.

*LWG certified 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 tanneries. This means the tanneries have been audited and certified ensuring compliance and best practices and chemical management are used to reduce environmental impact.

*Animal derived materials:* An animal-derived material refers to fibres or materials that are directly sourced from animals. This can include materials such as leather, wool, silk, fur, and other substances obtained from animals.

## Animal Welfare

Our Animal Welfare Policy outlines our expectations and standards for the treatment of animals. We ensure that all animals involved, especially those providing fibres, are treated ethically and humanely, adhering to the 5-Domains framework. Our commitment extends to implementing best practices in land management. We remain steadfast in aligning our operations with the principles outlined in our Animal Welfare Policy, [found here](#).

## Responsible Packaging

Packaging plays a crucial role in safeguarding products during transit from suppliers to warehouses, onward to stockists, and finally reaching customers. Unfortunately, once the product reaches the customer, the packaging often reaches the end of its life, contributing to the environmental challenges associated with billions of garments produced annually. As part of our commitment to sustainability, we proudly participate in the Responsible Packaging Movement. This collaborative initiative, spearheaded by prAna, a US outdoor lifestyle clothing company, unites brands to exchange ideas, practices, and solutions, with the shared goal of transforming our perceptions and habits regarding packaging. By 2025, our goal is to have 100% of our consumer packaging crafted from certified recycled or circular sources, completely eliminating the use of virgin fibres.

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.



# GRI INDEX

GRI Standard	GRI Disclosure	Spell response; relevant pages
GRI 2: General Disclosures	2-1 Organizational details	a. Trading as “Spell” b. Spell Group, which includes parent IPEA Holdings Pty Ltd; and Spell Designs Pty Ltd.; Spell Designs (USA) Inc. c. Headquarters are based in Byron Bay, NSW Australia. d. Spell operates in Australia and USA and distributes globally.
	2-2 Entities included in the organization’s sustainability reporting	a. IPEA Holdings Pty Ltd; and Spell Designs Pty Ltd.; Spell Designs (USA) Inc. b. Financial reporting for Spell Designs Pty Ltd.; Spell Designs (USA) Inc. is carried out under Australian Tax entity IPEA Holdings Pty Ltd;
	2-3 Reporting period, frequency and contact point	a. Sustainability reporting takes place annually, aligned with Australian financial calendar: 1 Jul through 30 Jun b. Financial reporting for Spell is aligned with Australian financial calendar: 1 Jul through 30 Jun c. This report covers Spell’s activities from 1 Jul 2022 through 30 Jun 2023 d. Enquiries about this report can be sent to sustainability@spell.co
	2-5 External assurance	a. Spell’s annual sustainability report is reviewed by Co-Founder / Chief Branding Officer and General Manager of Merchandise and Sustainability b. Report and all claims made within this report are 3rd-party audited by Control Union c. Control Union is an unbiased consultant engaged by Spell. Control Union’s auditing services are paid by Spell.
	2-6 Activities, value chain and other business relationships	a. Spell is a fashion label operating in the Apparel, accessories and footwear industry b. Our garments, footwear and accessories are produced around the world, by our partners in China, India, Cambodia, Vietnam, and Peru. Spell sells direct to customers globally from our Australian and USA websites. Spell also sells wholesale to stockists located globally.
	2-7 Employees	At close of FY23: a. Australia Region: 76 employees (74 female, 2 male) i. Permanent: 50 female, 2 male ii. Casual: 23 female iii. FTE: 36 female, 2 male iv. PTE: 14 female
	2-9 Governance structure and composition	Senior Leaders Group collaborates for decision-making on economic, environmental, and social topics.
	2-22 Statement on sustainable development strategy	An overview of Spell’s Sustainability Strategy p. 5
	2-23 Policy commitments	Supplier Code of Conduct Modern slavery statement Spell Employee Code of Ethics (not publicly available at this time) Whistleblower Policy (not publicly available at this time) All policies have been reviewed and approved by senior management.
	2-28 Membership associations	An overview of Spell’s Sustainability Strategy p. 5





SPELL

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