



PUBLIC DISCLOSURE STATEMENT

SPELL GROUP

ORGANISATION CERTIFICATION

FY2021–2022

Australian Government
Climate Active
Public Disclosure Statement

SPELL



An Australian Government Initiative



NAME OF CERTIFIED ENTITY	Spell Designs Pty Ltd
REPORTING PERIOD	Financial year 1 July 2021 – 30 June 2022 Arrears report
DECLARATION	<i>To the best of my knowledge, the information provided in this public disclosure statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.</i>
	Name of signatory Angie Menghini Position of signatory Sustainability Specialist Date 18 Oct 2022



Australian Government
**Department of Climate Change, Energy,
the Environment and Water**

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Version March 2022.



1. CERTIFICATION SUMMARY

TOTAL EMISSIONS OFFSET	1068.71 tCO ₂ -e
OFFSETS BOUGHT	25% VCUs, 75% CERs
RENEWABLE ELECTRICITY	N/A
TECHNICAL ASSESSMENT	8-9 November 2022 Grace Gallagher Greenlead Environmental Next technical assessment due: 31 Oct 2023
THIRD PARTY VALIDATION	Type 1 09/11/2021 Grace Gallagher Greenlead Environmental

Contents

1. Certification summary	3
2. Carbon neutral information	4
3. Emissions boundary	5
4. Emissions reductions.....	7
5. Emissions summary	9
6. Carbon offsets	10
7. Renewable Energy Certificate (REC) Summary	12
Appendix A: Additional Information	13
Appendix B: Electricity summary	14
Appendix C: Inside emissions boundary	16
Appendix D: Outside emissions boundary	17

2. CARBON NEUTRAL INFORMATION

Description of certification

This carbon neutral certification is for the global business operations of Spell Designs Pty Ltd (Australia) and Spell Designs Inc. (USA), which sit under Spell Group and are trading as Spell. ABN 68605908496.

The inventory has been prepared for the financial year from 1 July 2021 through 30 June 2022.

The operational boundary of the carbon account has been defined based on the operational control approach.

Our inventory has been developed in line with the Greenhouse Gas Protocol and Climate Active frameworks.

Organisation description

Spell is an Australian lifestyle brand that creates ready to wear clothing, footwear, accessories and lifestyle pieces. Created beachside on Australia's east coast in Byron Bay, Spell was founded by two sisters.

Now in its 14th year of business, Spell is recognised in the industry as a trusted change-maker in the sustainable fashion movement. Committed to transparency, Spell reports annually on its environmental and social impact, and design responsibly with fibres that are circular, regenerative, or renewable.

Trading as Spell, Spell Designs Pty Ltd (ABN 68605908496), the Australian reporting entity and Spell Designs Inc., the USA reporting entity sit under Spell Group. This certification covers the global operations of Spell that sit under Spell Group.

The operational boundary of this organisation includes the following leased facilities:

- Headquarters: Unit 1, 14A Banksia Dr, Byron Bay NSW 2481
- Flagship boutique: 15 Browning Street, Byron Bay NSW 2481
- Warehouse: 9 Acacia Street, Byron Bay NSW 2481

“We truly believe the impact from our operations are our responsibility. We are committed to making measurable contributions to our global community, the environment, and the state of the climate—particularly to measure, reduce and offset our carbon footprint in alignment with Climate Active.”

3.EMISSIONS BOUNDARY

Inside the emissions boundary

All emission sources listed in the emissions boundary are part of the carbon neutral claim.

Quantified emissions have been assessed as relevant and are quantified in the carbon inventory. This may include emissions that are not identified as arising due to the operations of the certified entity, however are **optionally included**.

Non-quantified emissions have been assessed as relevant and are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. All material emissions are accounted for through an uplift factor. Further detail is available at Appendix C.

Outside the emissions boundary

Excluded emissions are those that have been assessed as not relevant to an organisation's or precinct's operations and are outside of its emissions boundary or are outside of the scope of the certification. These emissions are not part of the carbon neutral claim. Further detail is available at Appendix D.

Inside emissions boundary		Outside emission boundary
<p><u>Quantified</u></p> <ul style="list-style-type: none"> Spell vehicle Fugitive emissions Electricity Paper Office supplies Cleaning supplies Stationary ICT equipment & 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 	<p><u>Non-quantified</u></p> <ul style="list-style-type: none"> Office furniture (immaterial) Gifts & flowers (immaterial) Miscellaneous décor and styling items for events & photoshoots (immaterial) Professional Services (material) 	<p><u>Excluded</u></p> <ul style="list-style-type: none"> Product (materials, manufacturing, and freight between processes)

Data management plan for non-quantified sources

Our purchased Professional Services we have determined are material but are non-quantified. We have added a 5% uplift factor to account for these scope 3 services.

Due to the wide variety of professional services that are used throughout Spell's operations, it was determined not to be cost effective to collate the spendings from invoices across the business, therefore an estimate was attained from budgets and expenditure records, and a 5% uplift factor was determined to be sufficient.

4. EMISSIONS REDUCTIONS

Emissions reduction strategy

Whilst Spell has been assessing and calculating our carbon impact for a few years now, the methodology has evolved and improved over the years to include a wider inventory with more accurate calculations. The calculation included in this carbon neutral certification (FY2021-2022) has been developed as Spell's base year.

Measuring and offsetting our climate impact is extremely important, the most important aspect of a carbon strategy is having clear goals to reduce emissions.

Our emissions reduction strategy has been reviewed with management and relevant team members and we aim to review goals and progress year on year.

Our emissions reduction goals include:

- Reduce our scope 1 emissions by 50% by 2030.
- Reduce our scope 2 emissions by 35% by 2030 (4.4% per year)
- Reduce our scope 3 upstream freight emissions by transitioning from air freight to 50% sea freight by 2025
- Reduce our emissions per product by eliminating unnecessary packaging.
- Reduce our emissions per product by increasing our use of preferred fibres by 2025 in line with our 2025 Sustainability Roadmap.
- Reduce staff commuting emissions by incentivizing carpooling and offering working from home option 1-2 days per week.
- Reduce our emissions per meal at Spell hosted events by eliminating lamb, beef, chicken in meals by FY2023.
- Reduce waste emissions at our warehouse and boutique by transitioning to packaging that is recyclable 100% recyclable and from recycled or circular sources by 2025.

Emissions reduction actions

Whilst this is our initial application, we have been working to reduce our emissions and overall impact by implementing the following practices:

- Paperless and plastic-free sampling process for our products
- Purchasing 100% recycled paper, toilet paper, tissues, and paper towels
- Composting our food waste at our HQ in our own worm compost

- Sorting our waste to ensure what can be recycled is being recycled (cardboard, soft plastics, mixed recycling)
- Implemented a digital signing process and digital documents to reduce overall printing and paper usage, whilst tracking or HQ printing to assess year on year usage
- Reduced B2C packaging:
 - Eliminated postcard inserts and cotton totes from inclusion in customer orders
 - Implemented roll-tie packaging (package-less packing, which includes the garment being rolled and tied with string to eliminate the garment polybag) for garments that are durable enough to withstand the lack of protection in transit (eliminated 976 garment polybags from use)

5. EMISSIONS SUMMARY

Use of Climate Active carbon neutral products and services

N/A during this reporting year.

Organisation emissions summary

The electricity summary is available in the Appendix B. Electricity emissions were calculated using a location-based approach.

Emissions Category	Sum of Scope 1 (TCO2e)	Sum of Scope 2 (TCO2e)	Sum of Scope 3 (TCO2e)	Sum of Total Emissions (TCO2e)
Accommodation and facilities	0.00	0.00	10.43	10.43
Cleaning and Chemicals	0.00	0.00	0.22	0.22
Electricity	0.00	29.02	1.20	30.22
Food	0.00	0.00	1.26	1.26
ICT services and equipment	0.00	0.00	13.34	13.34
Office equipment & supplies	0.00	0.00	5.43	5.43
Postage, courier and freight	0.00	0.00	818.86	818.86
Products	0.00	0.00	9.88	9.88
Refrigerants	0.50	0.00	0.00	0.50
Transport (Air)	0.00	0.00	46.51	46.51
Transport (Land and Sea)	0.71	0.00	104.85	105.56
Waste	0.00	0.00	34.40	34.40
Water	0.00	0.00	0.12	0.12
Grand Total	1.21	29.02	1046.50	1076.73

Uplift factors

An uplift factor is an upwards adjustment to the total carbon inventory to account for relevant emissions, which can't be reasonably quantified or estimated. This conservative accounting approach helps ensure the integrity of the carbon neutral claim.

Reason for uplift factor	tCO ₂ -e
5% uplift factor for non-quantified Professional Services	53.80
Total of all uplift factors	53.80
Total footprint to offset <i>(total net emissions from summary table + total uplifts)</i>	1130.6

6. CARBON OFFSETS

Offsets retirement approach

In arrears

1. Total emissions footprint to offset for this report	1131
2. Total eligible offsets purchased and retired for this report	2416
3. Total eligible offsets banked to use toward next year's report	1285

Co-benefits

Spell offset our emissions by purchasing carbon credits through Tasman Environmental Markets.

Tasman Environmental Markets (TEM)

We support carbon projects through Tasman Environmental Markets:

Rainforest Rescue: Rainforest protection projects primarily located in Peru

Projects across Peru protect large, intact areas of rainforest that would otherwise be cleared, preventing the release of millions of tonnes of greenhouse gas emissions each year. Protecting the forests secures the carbon stored within the organic matter. Additionally, these projects secure vital habitat for a multitude of endemic and endangered species of plants and animals.

Winds of Change: International renewable energy projects primarily located in India

Wind farms provide clean energy to the grid which would otherwise be generated by coal-fired power stations. The introduction of wind energy to the grid not only avoids emissions and reduces air pollution, but also improves electricity availability in some regions.

Eligible offsets retirement summary

Offsets cancelled for Climate Active Carbon Neutral Certification											
Project description	Type of offset units	Registry	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Stapled quantity	Eligible quantity (tCO ₂ -e)	Eligible quantity used for previous reporting periods	Eligible quantity banked for future reporting periods	Eligible quantity used for this reporting period	Percentage of total (%)
Cordillera Azul National Park REDD Project (VCS-PER-Cordillera Azul REDD)	VCU	Verra	24 Mar 2022	5570-246459485-246460088-VCU-024-MER-PE-14-985-08082013-07082014-1	2014		604		321	283	25%
Wind Energy Andhra Pradesh	CER	ANREU	24 Mar 2022	241,027,418 -241,029,229	CP2		1812		964	848	75%
Total offsets retired this report and used in this report										1131	
Total offsets retired this report and banked for future reports										1285	
Type of offset units		Quantity (used for this reporting period claim)				Percentage of total					
Certified Emissions Reductions (CERs)		802				25%					
Verified Carbon Units (VCUs)		267				75%					

7. RENEWABLE ENERGY CERTIFICATE (REC) SUMMARY

Renewable Energy Certificate (REC) summary

N/A

APPENDIX A: ADDITIONAL INFORMATION

N/A.

APPENDIX B: ELECTRICITY SUMMARY

Electricity emissions are calculated using both the location-based approach.

Location-based method

The location-based method provides a picture of a business's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (State) in which energy consumption occurs. The location-based method does not allow for any claims of renewable electricity from grid-imported electricity usage.

Market-based method

The market-based method provides a picture of a business's electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

Market Based Approach Summary			
Market Based Approach	Activity Data (kWh)	Emissions (kgCO ₂ e)	Renewable Percentage of total
Behind the meter consumption of electricity generated	0	0	0%
Total non-grid electricity	0	0	0%
LGC Purchased and retired (kWh) (including PPAs & Precinct LGCs)	0	0	0%
GreenPower	34,146	0	100%
Jurisdictional renewables (LGCs retired)	0	0	0%
Jurisdictional renewables (LRET) (applied to ACT grid electricity)	0	0	0%
Large Scale Renewable Energy Target (applied to grid electricity only)	6,348	0	19%
Residual Electricity	-6,348	-6,316	-19%
Total grid electricity	34,146	-6,316	100%
Total Electricity Consumed (grid + non grid)	34,146	-6,316	119%
Electricity renewables	40,494	0	
Residual Electricity	-6,348	-6,316	
Exported on-site generated electricity	4,888	-3,568	
Emissions (kgCO ₂ e)		0	
<i>A minus Residual Electricity Emissions in kgCO₂e rounds to zero because the negative emissions can only be used to reduce electricity consumption emissions. See electricity accounting rules for further information</i>			
Total renewables (grid and non-grid)	118.59%		
Mandatory	18.59%		
Voluntary	100.00%		
Behind the meter	0.00%		
Residual Electricity Emission Footprint (TCO₂e)	0		
<i>Figures may not sum due to rounding. Renewable percentage can be above 100%</i>			

Location Based Approach Summary

Location Based Approach	Activity Data (kWh)	Scope 2 Emissions (kgCO2e)	Scope 3 Emissions (kgCO2e)
ACT	0	0	0
NSW	34,146	26,634	2,390
SA	0	0	0
Vic	0	0	0
Qld	0	0	0
NT	0	0	0
WA	0	0	0
Tas	0	0	0
Grid electricity (scope 2 and 3)	34,146	26,634	2,390
ACT	0	0	0
NSW	0	0	0
SA	0	0	0
Vic	0	0	0
Qld	0	0	0
NT	0	0	0
WA	0	0	0
Tas	0	0	0
Non-grid electricity (Behind the meter)	0	0	0
Total Electricity Consumed	34,146	26,634	2,390

Emission Footprint (TCO2e)	29
<i>Scope 2 Emissions (TCO2e)</i>	27
<i>Scope 3 Emissions (TCO2e)</i>	2

Carbon Neutral electricity offset by Climate Active Product	Activity Data (kWh)	Emissions (kgCO2e)
Enter product name/s here	0	0

Climate Active carbon neutral electricity is not renewable electricity. The emissions have been offset by another Climate Active member through their Product certification.

APPENDIX C: INSIDE EMISSIONS BOUNDARY

Non-quantified emission sources

The following sources emissions have been assessed as relevant, are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. They have been non-quantified due to one of the following reasons:

1. **Immaterial** <1% for individual items and no more than 5% collectively
2. **Cost effective** Quantification is not cost effective relative to the size of the emission but uplift applied.
3. **Data unavailable** Data is unavailable but uplift applied. A data management plan must be put in place to provide data within 5 years.
4. **Maintenance** Initial emissions non-quantified but repairs and replacements quantified.
5. Professional Services (material)

Relevant-non-quantified emission sources	(1) Immaterial	(2) Cost effective (but uplift applied)	(3) Data unavailable (but uplift applied & data plan in place)	(4) Maintenance
Office furniture	Yes	No	No	No
Gifts & flowers	Yes	No	No	No
Miscellaneous décor and styling items for events & photoshoots	Yes	No	No	No
Professional Services	No	Yes (5% uplift added)	No	No

APPENDIX D: OUTSIDE EMISSIONS BOUNDARY

Excluded emission sources

The below emission sources have been assessed as not relevant to an organisation's or precinct's operations and are outside of its emissions boundary. These emissions are not part of the carbon neutral claim. Emission sources considered for relevance must be included within the certification boundary if they meet two of the five relevance criteria. Those which only meet one condition of the relevance test can be excluded from the certification boundary.

Emissions tested for relevance are detailed below against each of the following criteria:

1. **Size** The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions
2. **Influence** The responsible entity has the potential to influence the reduction of emissions from a particular source.
3. **Risk** The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.
4. **Stakeholders** Key stakeholders deem the emissions from a particular source are relevant.
5. **Outsourcing** The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Whilst Spell's *Product* is deemed a relevant emissions source, it is outside of the scope of Organisation Certification and as such it has not been included in PDS or carbon inventory.

Emission sources tested for relevance	(1) Size	(2) Influence	(3) Risk	(4) Stakeholders	(5) Outsourcing	Included in boundary?
Product (materials, manufacturing, and freight between processes)	Yes	No	No	No	No	No

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and any other financial activity.

The second part of the document provides a detailed breakdown of the accounting cycle. It outlines the ten steps involved in the process, from identifying the accounting entity to preparing financial statements. Each step is explained in detail, with examples provided to illustrate the concepts.

The third part of the document discusses the various types of accounts used in accounting. It categorizes accounts into assets, liabilities, equity, revenue, and expense accounts. It also explains how these accounts are used to record and summarize financial transactions.

The fourth part of the document discusses the importance of the accounting equation. It explains that the accounting equation, which states that assets equal liabilities plus equity, is a fundamental principle of accounting. It also discusses how this equation is used to verify the accuracy of the accounting records.

The fifth part of the document discusses the various methods used to record transactions. It compares the double-entry system with the single-entry system and explains the advantages of the double-entry system. It also discusses the use of journals and ledgers to record and summarize transactions.

The sixth part of the document discusses the various methods used to adjust the accounting records. It explains the importance of adjusting entries and provides examples of common adjusting entries, such as depreciation, amortization, and accruals.

The seventh part of the document discusses the various methods used to prepare financial statements. It explains the importance of the income statement, balance sheet, and statement of cash flows, and provides examples of how these statements are prepared.

The eighth part of the document discusses the various methods used to analyze financial statements. It explains the importance of ratio analysis and provides examples of common financial ratios, such as the current ratio, debt-to-equity ratio, and return on equity.

The ninth part of the document discusses the various methods used to control the accounting records. It explains the importance of internal controls and provides examples of common internal control procedures, such as segregation of duties and authorization of transactions.

The tenth part of the document discusses the various methods used to improve the accuracy of the accounting records. It explains the importance of regular audits and provides examples of common audit procedures, such as physical inventory counts and confirmation of accounts receivable.