



Sustainability Report **2007**



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A message from the Managing Director



31 March 2008

Message from the Managing Director

Bill Jones B.Comm (Hons), AgainstTextiles, FAICD, ASA

We embarked on our sustainability journey as a journey of survival. The market was demanding green and we had little to offer. As we became increasingly aware of the adverse impacts our textiles were having on the market, our journey of survival became a journey of passion, of a dream to become truly green. Our passion was driven by a fervent belief that global warming cannot be dismissed and a concern that global dimming is a real and dangerous phenomenon masking the full effects of global warming and that every individual and every business and every industry had to do their bit.

We rejected greenwashing, which we see as a major impediment to environmental progress. Instead we took our company and transformed it from one driven by lowest cost highest profit strategy to one driven by moral sustainability.

Our sustainability program now drives our corporate decision-making. It focuses on the environment but has a strong social commitment supported by sound corporate governance. Its lynchpin is transparent, independent third party certification of our environmental claims. Every fabric carries the Good Environmental Choice Australia Ecolabel for Textiles and every fabric and the company are certified carbon neutral under the Australian Government Greenhouse Friendly Initiative. Our Corporate Social Responsibility Program is to AS 8003 standard and we are committed to the UN Global Compact and the Global Reporting Initiative. These initiatives give our corporate strategy legitimacy and credibility.

We have reduced greenhouse gas emissions by 43%, water usage by 62% and use of toxic chemicals by up to 92%. Toxic emissions have been reduced by up to 75%.

We needed patience, persistence, problem solving skills and financial investment. In the first two years we invested 10% of company turnover each year in the sustainability program. We made a short-term sacrifice to ensure that we minimise the environmental and social impacts of the company today, tomorrow and forever. It has proved to a sound economic corporate strategy.

It has raised our corporate image, created clear market differentiation and opened the doors to new markets. It has driven change in the industry and in the wider community. We have developed innovative supply chain solutions, set industry benchmarks and run extensive education campaigns.

We have received recognition in Australia and overseas. In 2008 we are just one of fifty companies world wide invited to showcase product at the prestigious World Architecture Festival, the result of being nominated as an innovative product deserving of international recognition. In 2007 we received the United Nations Association of Australia World Environment Day Triple Bottom Line Award and the Victorian Premier's Sustainability Award. In 2006 we were a Finalist in the Banksia Foundation Eco Innovation Category.

I am delighted to be presenting our first Sustainability Report 2007, which offers the opportunity to share our achievements, the challenges we faced and the solutions we developed.

A handwritten signature in blue ink that reads "Bill Jones".

Bill Jones
Managing Director

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Introduction

“Legitimate and transparent sustainability is the only way forward” – Bill Jones, Managing Director

Sustainable Living Fabrics identified an increasing demand for environmentally preferable product. It implemented a program focused on independent verification of environmental credentials for every stock fabric as a strategy to differentiate itself in the market place and to set industry benchmarks to drive change in the commercial textile industry.

It foresaw that the major challenges it would face would be sourcing and maintaining ongoing supplies of environmentally preferable raw materials with credible documentation. It particularly identified as vulnerable the supply of environmental wool, which potentially could be affected adversely by changing

climatic conditions. Its strategy to handle these issues is to work with suppliers to make the necessary changes and to develop innovative supply chain mechanisms to ensure adequate supplies of raw materials,

Our sustainability agenda is ambitious and successful. It is soundly embedded in corporate culture. Its lynchpin is moral sustainability with transparent, credible and independent verification of credentials and in line with this we choose to report following the guidelines of the Global Reporting Initiative G3.

This report provides quantifiable data and addresses the Company itself, its history, products, market and the corporate philosophies

that guide our sustainability agenda, which in turn drives all our corporate decision-making.

Areas covered by the report are indicated in the Index.

The report is for the financial year ending 30 June 2007. We commit to reporting every two years. We choose not to seek external assurance for our report but independent environmental auditors have externally audited our environmental credentials.

Company overview

“Our goal is to meet the needs of the commercial interiors markets worldwide without adversely impacting on the environment or any individual or community”

– Kay Jones, Director Sustainable Strategy and Marketing

Sustainable Living Fabrics' corporate strategy is driven by a proactive moral sustainability agenda that is more than just an environmental agenda. It is about social responsibility and it is legitimate, transparent and credible, embracing independently audited and certified environmental credentials as key criteria for true sustainability.

This strategy has been successful

both in terms of financial reward and market positioning.

The Board of Directors implemented the sustainability agenda in response to climate change considerations, which are regularly discussed at a board and employee level. Every employee is educated on current climate change issues including mandatory viewing of the BBC Global Dimming program.

Who we are

We are an Australian manufacturer and wholesaler of upholstery fabrics supplying the local and overseas commercial interiors markets for 40 years. Local is defined as Australia and New Zealand and every product we sell is locally made.

The Company is privately owned and proprietary limited with no divisions and 12 full time

Company overview (continued)

employees. Its Head Office and warehouse are in Oakleigh Victoria with branches in Sydney and Brisbane and an agency in Perth.

All offices and the warehouse are located in built up suburban industrial areas and do not impact on natural habitats.

The product line is exclusively environmental fabrics from low pesticide leanwool® and ecopolyester™ and ecowool blends designed as upholstery for commercial interiors.

There have been no changes in the Company ownership, structure and location or employees or product line during the reporting period.

We are commission manufacturers, with control over our product supply chain from raw materials through to finished product enabling us to choose where our processing is done. It is a complex global manufacturing supply chain covering Australia, New Zealand, China and Indonesia and involves many key suppliers doing the right thing in an industry with a heavy environmental footprint.

Our stakeholders are our shareholders, employees, our suppliers, and our customers without whom our business model could not be implemented and with whom contact is made at least monthly and more often daily.

Our strategy to achieve a simple guarantee of environmental excellence has driven comprehensive, quantifiable environmental change in the

Company and has been a catalyst for change in the industry and the wider community.

This strategy has changed our image, opened doors and given our staff a focus and interest to enable them to become involved. We are able to attract and retain the very best people who have helped us lift our business to new heights. This has generated higher profits, which has enabled us to further invest in and extend our sustainability agenda.

The Company has received wider recognition of its achievements. In 2006 it was a Finalist in the Banksia Foundation Eco Innovation Award. In 2007 it won the Victorian Premier's Sustainability Award for Small Business Excellence and also the United Nations Association of Australia World Environment Day 2007 Triple Bottom Line Award.

We are committed to the CSR principles of building sustainable markets, combating corruption, safeguarding the environment and ensuring social inclusion. We recognize this is increasingly important for the long-term value for our business and our strong focus on CSR issues drives a holistic approach to decision making from selection of raw materials down the supply chain to marketing and sales and end of life.

Our focus has changed from producing fabrics based on a least cost approach to producing fabrics based on an environmental approach.

Our sustainable business model

has set industry benchmarks, repositioned the Company in the market and opened new markets. Importantly, at a time when overseas companies and fabrics are entering and seriously impacting on our market, our market share has grown and along with it our bottom-line.

We invested 10% of our total turnover each year for the first two years of our sustainability program. We chose sustainability over profits but implementing and maintaining our program is the real challenge. It draws on every one of our problem solving skills.

One of the most unexpected challenges we continue to face is the totally different market culture we find ourselves in. We raised our market profile and this thrust us from a quiet player in a relatively fair and openly competitive market to a leader in a green market that is dominated by misconception and deceit.

Although the recent ACCC guidelines in Australia on "green" marketing attempt to address this, the reality is that the green market is not a level playing field. As a Company with a legitimate and comprehensive sustainability agenda we are forced to compete with companies that have made no real investment in the environment but through skilful marketing are perceived as green. It drives us to work towards establishing even higher benchmarks for the industry.

Another challenge is the "me" factor. As a member of a community people want to do

Company overview (continued)

the right thing and will urge their governments to take environmental action but as individuals, too often it is all about "me". Profit, long term cost saving and sustainability can and should go hand in hand but,

until stakeholders really care, the integrity of sustainable designs will continue to be compromised.

Our sustainability program differentiates us in the market place and has lifted us from a

conservative textile Company to a market leader where we will remain as we continue to set industry benchmarks and drive change in the industry and the market.

Our sustainable business model

Investing in sustainability isn't just good for the planet and those who live on it but in the long term makes good economic sense

– Emily Jones Director for CSR

Our Sustainable Business Model focuses on triple bottom line reporting and embraces the United Nations Global Compact philosophy that sustainability is about comprehensive corporate social responsibility to ensure that no activity of the business adversely impacts on any individual or community in terms of the ten international principles embracing not only the environment but human rights, labour standards and anti corruption.

Corporate Governance

Quality corporate governance must have a legitimate framework and we have chosen the framework set out in the Australian Standard for CSR – AS8003 extended this by striving to report using the UN Global Reporting and by committing to the principles of the UN Global Compact

Good governance also demands defining responsibility for our sustainability program.

Our Managing Director is responsible for governance and compliance and implementation of the program.

Our Director of Sustainable Strategy and Marketing develops our sustainability strategy and communicates this to stakeholders.

Our Director of CSR is responsible for the societal issues – human rights, philanthropic programs, anti corruption, education and training and as Director of Sales is not only responsible for driving the Sales Team to get the sales but also for ensuring this is achieved without compromising our ethics, integrity or transparency. It is a workable structure that enables the program to be managed without overstretching our resources.

In practice:

- We strive to be ethical in all we do and report.
- We monitor, assess, evaluate

and report on our activities and their environmental impact

- Our environmental credentials are externally and independently monitored, assessed, verified and audited on a regular basis
- We liaise with others in Australia and overseas with an interest in CSR to ensure we keep abreast of current issues and developments
- Our financial reports are verified externally.
- We offer equal opportunity to our employees regardless of race, religion, sex or marital status.
- Management and employees are recruited from the local market where they will be based.
- We provide a safe and healthy working environment for all employees

Our sustainable business model (continued)

- We pay good wages and respect the rights and the family responsibilities of employees.
- We pay on average across all warehouse employees, 75% above the legal minimum wage.
- We do not have a defined benefit retirement plan but contribute 9% of employees' gross income on a monthly basis to a mandatory retirement plan.
- We educate and involve our employees in our corporate agenda through regular meetings to ensure they uphold our ethics and corporate philosophy.
- Senior Management is all trained as Green Star Professionals and the Director for CSR is an Accredited Green Star Professional.
- The Managing Director has formal qualifications in accounting, textiles and economic management and is a Fellow of the Australian Institute of Company Directors.
- We work with our suppliers to help them meet our CSR standards and respect their right to be paid fairly and promptly.
- We require clear evidence that our suppliers pay fair wages and maintain OH&S standards to the ILO guidelines.
- We respect the rights of our customers to be supplied high quality product at a fair price with good service and a high standard of quality control.

- We educate and communicate with our market, ensuring that our achievements are visible and well publicized providing a path for influencing change in the market.
- We review and improve our program as an integral and ongoing part of our corporate strategy.
- We develop and maintain extensive CSR networks and are members of Greenhouse Challenge and Good Environmental Choice Australia (GECA), the Green Building Council of Australia (GBCA), the Commercial Textile Association (CTA) and the Australian Industry Group
- The Company has never been fined for non-compliance.

Our corporate governance succeeds because it is simple and it follows internationally accepted guidelines.

Environment

The heart of our sustainability program is the environment because this is where our activities have the most adverse impacts.

We identified that like most companies, our administrative and warehouse operations including outward freight were an insignificant part of our environmental footprint. The main issues were with our supply chain. This was our starting point.

To keep it simple, we determined to use an internationally recognised environmental standard that broke down the

complexity into clear, transparent and quantifiable criteria.

The GECA Textile Standard reflects the EU Ecolabel Textile standard but extends to social issues. Assessment is by independent third party audit at all stages of production to a clear and transparent, environmental, multi criteria standard reflecting best environmental practice.

The GECA Ecolabel is an innovative environmental label. It is aimed at the top 20% of suppliers within a product group and standards are regularly reviewed to ensure they remain as a best practice standard. www.geca.org.au

Environmental standards are complex. It is hard to know what is involved, and so stories are built around them according to the needs of the supplier and the consumer and they are subjected to as much greenwashing as any environmental claim.

A transparent standard addressing the main environmental loads based on the whole of product life cycle does make it simpler. Although it is the most challenging option, this is why we chose the GECA Textile Ecolabel as the standard to meet for every fabric we stock.

To minimize our environmental footprint, every fabric is assessed against the multi criteria, reflecting the significant environmental loads for textiles based on the whole product life cycle and the results are publicly available in our Environmental Product Declaration showing how our

Our sustainable business model (continued)

fabrics perform against each criteria and enabling the consumer to make an informed decision. In the reporting period, we underwent two audits and had four new fabric ranges assessed and certified by GÉCA.

As a commission manufacturer we do not own the manufacturing facilities, but we own the materials being processed.

This gives us flexibility to choose to have our materials processed wherever it is best - for cost, quality, service and the environment. To the best of our knowledge no processing operations impact on protected areas or areas of high biodiversity. The supply chain has been audited to ensure no emissions adversely impact on the environment.

Ongoing, we ensure our suppliers are educated on the requirements of the GÉCA Ecolabel Standard. We work with them to ensure they continue to comply and require regular independent proof of environmental claims for every input into producing our fabrics. We visit the sites both in Australia and overseas to ensure they comply.

Energy sources, water usage, recycling programs and a commitment to change are taken into account as suppliers are retained or replaced by others more receptive to the Company's objectives. It is a risky and time consuming strategy but one that works.

Suppliers have changed the detergents, the chemicals and the dyestuffs they used for our fabrics and tackled toxic emissions and

water pollution. Increasingly some suppliers are adopting environmental processes over and above what we initially demanded of them. In a sustainability program where the environmental cost is more important than the financial cost, these are our preferred suppliers. We have less flexibility and the cost has gone up but we are achieving our sustainability targets.

For the reporting period, we remain the only textile Company that has totally committed to a genuine sustainability program by having every one of over 400 fabrics certified to carry the GÉCA Ecolabel. To be sustainable there is no choice but to minimize the environmental load of every product.

As recognition of our Sustainability Program translated into increased profits, funds became available to reinvest in further environmental initiatives such as reducing greenhouse gases and then offsetting that part that we could not eliminate.

We joined Greenhouse Challenge, committing to the Australian Government to assess, monitor, reduce and report on greenhouse gas emissions.

We set about reviewing the greenhouse gas impact of our complete supply chain, from raw materials to final fabric and beyond, to encompass the eventual recycling of the product at end of life, or its disposal to landfill. When it was all added up it came to just under 6000 tons of carbon dioxide equivalents and we offset this by planting 22000 trees through Greenfleet for the

year ending June 2006.

But we were self-assessing and this is not good governance for sustainability.

We chose to be independently audited by a third party and we applied for carbon neutral certification under the Australian Government Greenhouse Friendly Initiative. This involves third party verification and then audit by agents of the government.

In May 2007 we became the 10th Company in Australia to have product certified carbon neutral by the government and the first and only manufacturer and wholesaler of finished goods to have 100% of our product certified carbon neutral. Our Company also is certified carbon neutral under the program.

In 2007, we offset these through the Australian Government Greenhouse Gas Abatement Program where each program has been independently verified and audited.

This time we rejected trees because we want our emissions to be offset today not in 60 years time. Instead we chose a waste dump program where the methane, which is 21 times worse than carbon dioxide, is captured to prevent it going into the atmosphere.

These costs come straight off the bottom line and the cost of offsets is a driver to further reduce carbon emissions.

From very early on, we could not fail to see that greasy wool was our biggest source of greenhouse gas emissions and carried our

Our sustainable business model (continued)

heaviest environmental load.

If we could source suitable wool from sheep grown for meat, with wool as a byproduct, then by applying internationally accepted life cycle principles the environmental impact would be shared between the meat and the wool according to the dollar income from each.

Additional to this, we chose that the farms must minimize use of chemicals to protect aquatic life and practice rotational grazing to minimise the impact of cloven hooves on the fragile environment. The sheep must not be mulesed and preference is given to farms that have introduced other sustainable measures such as tree planting programs or that have a certified environmental management system in place. This wool we called leanwool® and it is trademarked around the world.

We now had to set about finding a reliable source of leanwool®. The threat to the supply of wool, from drought presents a real problem for our supply chain with wool representing our major input and in 2006 we established the LEAP® scheme to ensure a reliable supply of low pesticide leanwool®. LEAP® is a prime example of an innovative supply chain. It is one of our finest achievements and is driving real environmental change at the farm level. www.greenliving.com.au

LEAP® is not a preferential supply chain arrangement, it is the only supply chain for our wool. It involves working closely with

suppliers at the farm level and maintaining open communication because to succeed we need the farms to identify closely with us as a Company and with our ideals.

The wool is sold exclusively for Sustainable Living Fabrics. We offer a good premium above market price and the farmer is paid as soon as the wool is certified low pesticide by CSIRO, avoiding the auction system. If the wool fails the low pesticide test, the farm is dropped from the program until it consistently meets the standard and time and effort is then put into helping the farm solve the problem.

LEAP® has had a positive economic impact on farmers providing a dedicated niche market for their wool and has driven environmental change at the farm level.

From our point of view LEAP® is successful not only in driving environmental change but in securing our supply of environmentally preferable wool

For the farmers, LEAP® rewards their environmental efforts, offers a niche market for wool that previously had an uncertain market, and provides the satisfaction of knowing exactly where the wool is being used. Our governance is such that we can identify which wool goes into which fabric and who buys that fabric. For example, several farms were delighted to learn they contributed wool for the fabric used in Westpac, a company they can closely identify with.

LEAP® brings synergy across the whole supply chain from the farm to the customer and has contributed to a significant reduction in our greenhouse gas emissions.

On a more everyday scale:

- We have chosen to be powered by 100% green energy and prefer suppliers using green energy.
- We reuse all plastic wrapping from fabric delivered to our warehouse. When we have to buy, we buy only recycled plastic.
- We reclaim cardboard tubes from customer for storing and shipping fabric
- We use recycled cardboard and paper and recycle/reuse these.
- We have installed low ballast lights, turn lights off when not in use and turn off computers and other equipment at the switch.
- Under a staff initiative, fans are used instead of air-conditioning which is only turned on when the inside temperature goes above 28 degrees.
- Heating is natural gas and is used only when the inside temperature drops below 18 degrees.

With the changes made, we have reduced our greenhouse emissions to 3400 tonnes of carbon dioxide equivalent or by 43%.

Our sustainable business model (continued)

Society

The third element in our morally responsible sustainability program is societal issues. These underpin our sustainability agenda, ensuring that our Company and our product supply chain are not adversely impacting on society – on any community or any individual.

To be successful, CSR philosophies must be embedded in the Company culture and be functional and legitimate.

In achieving GÉCA certification for all our fabrics we had to prove that labour principles to ILO standards were upheld all the way down the supply chain in Australia and overseas.

As all our fabrics have GÉCA certification, it means that the entire supply chain is covered, not just one area or specific product line. Site visits were necessary to ensure compliance. With our Australian suppliers, fair wages and working conditions were not an issue but overseas, particularly in countries not subscribing to ILO principles, we needed to find suppliers who in addition to meeting our environmental standards met ILO standards for employment, even when this meant being far above the local legal requirements. We thought it would be difficult but we found that companies who genuinely cared about the environment also valued their employees and respected their rights.

We respect the work-life balance of our staff. We appreciate that they all have families and external activities that they

are involved in and a healthy work-life balance leads to a happier, more productive and thus more valuable employee. Leave is given when needed and requested and we appreciate that sometimes there are issues beyond their control when they need special leave. Parents can go to school events involving their children, they can leave early if their child minding arrangements fall through or they can negotiate to work shorter hours to enable them to be there for their children before and after school. If they need time to visit their bank manager or their accountant, to buy a house or wait for the plumber, they know it will be given. Care of dependent relatives, particularly aging parents, places a stress on some employees and they can and do negotiate for shorter days or certain days off. It is a reflection of the level of trust and engagement throughout the organisation.

A number of initiatives that we took during the reporting period are more societal than directly related to our formal environmental program.

Each year we join Earth Hour and encourage our employees also to participate. Turning off lights for one hour at the appointed time creates an awareness of how often we use more power than we need and also how every little action can make a difference. We are also involved with the Cool the Globe initiative which reminds employees on a monthly basis that every little bit helps.

We funded the planting of an additional 8000 trees, over and above our carbon offset through Greenfleet, making a total of 30,000 trees, to support the Murray Darling Rescue Program aiming at reducing salinity through strategic plantings.

The KISS - Keep it Simple Sustainably - program was established in early 2007. It has a prize pool of \$2000 and aims to encourage staff to take Company principles and extend them into their personal lives. The first part of it is to save water recognizing that water is a precious resource especially in Australia. It is a clear demonstration of using an embedded CSR culture to drive change beyond the Company.

Transport is another area where our CSR philosophy can change the way of thinking. We reimburse fares of staff who travel to work by public transport, and for the reporting period 20% of our employees left their car at home at least some days and one always used public transport.

As the sales staff and some senior managers need their cars for work they are offered an additional car allowance if they switch to a hybrid car when their car needs replacing. In the reporting period a Toyota Prius replaced a Subaru Outback.

We are opposed at all levels to the use of bribery and corruption to facilitate profit making by companies. This can and does occur at many levels in every industry. Even green washing is a subtle form of fraud. It is

Our sustainable business model (continued)

unacceptable and removes any chance of a level playing field in the market.

The temptation is always there and opportunities invariably present themselves from external sources. However the Sustainable Living Fabrics ethos empowers all staff to do the right thing. We provide our staff with certified facts relating to our products, we remunerate our staff well and we listen to their needs and take appropriate action. All employees in contact with the market are trained to recognise and avoid

bribery and corruption and there are no reported incidents of corrupt practices.

The Company has never had legal action taken against it for breaches of human rights, anti competitive behaviour or monopoly practices nor has it been fined or sanctioned for non-compliance with laws and regulations.

We support the Australian Centre for Corporate Social Responsibility and the US based Business for Social Responsibility, the Green

Building Council of Australia, the Design Institute of Australia, World Vision, Oxfam and others. At the time of reporting, our Give Back 40 volunteer program is just beginning to crystallize into concrete commitments.

We regularly communicate our position in public speaking engagements and presentations to clients and lobby appropriate groups on environmental and human rights issues. We do not contribute to political parties.

Overall

Over the reporting period we have initiated and consolidated environmental, social and corporate governance programs and incentives that reflect our commitment to the environment, our stakeholders and the wider social community.

Our sustainability and CSR strategy has created a level of trust in us as a company and in our products.

An extensive education campaign involving over 5000 companies has enabled us to

share our philosophies and our achievements and also to give these companies the knowledge to make an informed choice and the power to join us in the journey towards true sustainability and social responsibility.

Our education program deals honestly and fairly with many issues our customers and suppliers do not have time to research.

Our CSR claims are transparent and our achievements offer a solution that provides security

and comfort in the fact that procurement decisions are based on the truth.

Our strategy constantly pushes CSR boundaries to achieve real change. It has proved a socially responsible, competitive pathway to success in a very tough market.

Performance indicators

Economic Performance

This relates only to the Company and not to the supply chain.

As a private Company, for commercial reasons we choose not to report absolute levels of revenue. We provide an indicator of our revenue as less than \$10M and report the parameters as percentage values.

Summary of Economic Performance

Component	Comment
Revenues	<\$10M
Operating Costs	72.5% of revenue
Employee Wages and Benefits	23.3% of revenue
Payments to Providers of Capital	2.5% of revenue
Payments to government	1.5% of revenue
Community Investments	0.1% of revenue
Economic value retained	0.1% of revenue

The Company has received no government financial assistance during the reporting period.

ENVIRONMENTAL PERFORMANCE

Materials

This section covers our whole supply chain from creation of raw materials through to disposal at end of life except where it is stated otherwise.

This reflects our total commitment to a sustainable future.

The table below indicates materials used of which 14% are recycled inputs.

Materials Used

Component	Tonnes
Wool	76
Polyster	30
Nylon	1
Processing oils	2
Dyestuffs	2
Packaging	23

Energy

The tables below indicate direct and indirect energy used broken down by source.

Direct Energy Consumption

Source	Comment
Coal	1787 GJ
Natural Gas	6783 GJ
Fuel*	807 GJ
Total	9377 GJ

*excludes transport of product between sites in supply chain

At this stage we cannot provide direct energy savings in the supply chain but we can report direct energy saved at the Company's Head Office and Warehouse over the reporting period was 64GJ.

Indirect Energy Consumption

Source	Comment
Non renewable	17584 GJ
Renewable	60 GJ
Total	17644 GJ

At this stage we cannot provide indirect energy savings in the supply chain but we can report we have initiated energy saving measures. Low ballast lighting has been installed in the warehouse, fans are used in preference to air-conditioning, natural gas is used for heating but only when the temperature drops below 18°C, and lights and appliances including computers are switched off when not in use.

Performance indicators (continued)

Water

Total water used by sheep to produce the wool used was 45600 cubic metres. The source of the water is a mixture of surface water, ground water and rainwater varying according to weather conditions. In drought conditions rainwater is scarce and more ground water is used.

Water used in processing was 6600 cubic metres and the source of this water was the municipal water supply. 46% of water used in processing was recycled.

All water discharged in the supply chain was treated and discharged into the local sewerage systems. The quality of the discharged water is constantly monitored to ensure it complies with environmental regulations and the GECA criteria.

Greenhouse Gas Emissions

The Australian Government has independently audited the Company and its supply chain for greenhouse gas emissions under the Greenhouse Friendly Certification Initiative. Our calculations meet Greenhouse Friendly (GHF) requirements.

Total greenhouse gas emissions were 3207 tonnes of CO₂e emissions covering creation of the wool and polyester, direct and indirect energy sources, transport of materials between sites and waste and emissions. It included 57 tonnes of CO₂e emissions for the Company's own travel.

The most significant greenhouse gas in our supply chain is the methane from the sheep growing

the wool and this contributed to 27.6% of all CO₂e emissions in the reporting period.

Over the past three years we have worked hard to reduce our CO₂e emissions from 5626 tonnes to 3207 tonnes. The most significant contributor to this reduction was switching from generic wool to leanwool sourced through our LEAP Program.

Waste

Using industry norms for processing, 20 tonnes of waste went to composting, 2 tonnes to reuse, 2 tonnes were recycled and 3 tonnes went to landfill.

The Company had no hazardous waste during the reporting period and no significant chemical spills.

Design for the Environment

We have designed our fabrics so that they do not require back coating and can be readily reused or recycled at end of life.

GECA certification ensures environmental impacts are minimized and these are reported on the EPD available at www.geca.org.au

10% of packaging delivered to our customers is reclaimed by us for reuse.

Waste fabric is used for sampling and sampling recycled where appropriate. Every fabric carries a warranty of up to 12 years and as current fabrics have only been in the market for 3 years at the time of reporting, none have reached end of life. The Company has an established and accessible Recycling Program.

Transport

Transport of product within the supply chain and to the customer created 49.9 tonnes of CO₂e emissions from oil based fuels.

SOCIAL PERFORMANCE

Labour Practices

This section is restricted to the Company.

Employees have individual written contracts, which comprehensively specify terms and conditions of employment such as period of notice and leave entitlements.

All employees in the warehouse have the opportunity to meet with management weekly to discuss OH &S issues and we have had no injury or absenteeism other than for normal background illnesses in the community.

The Company has no formal agreements with any Trade Union.

No program exists to equip employees for career ending but we do regularly review the performance of all employees to ensure they are equipped to develop within the Company.

The Directors communicate with employees on a daily basis.

Equal opportunity is embedded in the Company culture and without a conscious policy decision, 20% of employees are from minority groups, 50% are male and 50% female. 50% are over 50 years of age and 50% between 30 and 50 years. Male and females are given equal opportunities and are paid on an equal basis according to the work they do.

Performance indicators (continued)

HUMAN RIGHTS

This covers the Company and its supply chain.

Human rights are an integral part of our culture. The GÉCA Ecolabel covers human rights issues and all suppliers have been audited for fair wages, bonded labour, slave labour, child labour, fair wages, working conditions to ILO guidelines. Partly due to this screening process for suppliers and partly because of our own insistence that employees are treated fairly, we have no known instances of discrimination based on sex, religion or race and no evidence of restrictions on freedom of association.

SOCIETY

Only the Company is reported on. The company's adherence to AS8003 guidelines ensures strong risk management in regard to corrupt practices, anti competitive behaviour and compliance with laws and regulations. Managers in sales, marketing and procurement are educated on the stance the company takes on CSR issues. Non management employees do not work in these areas. The company has not engaged in anti-competitive behaviour, anti-trust or monopoly practices. It has had no legal action taken against it nor any fines or non monetary sanctions levied against it for non compliance to laws or regulations. It has not contributed to any political party.

PRODUCT RESPONSIBILITY

The report is confined to the Company and does not cover the supply chain.

Every product is certified fit for purpose and certified low VOC emitting. Fabrics are certified to meet industry fire standards. No breaches of health and safety requirements or labelling laws have been reported to us.

Every piece of fabric dispatched to the customer is clearly labeled with country of origin, fabric name defining fibre content, and after care instructions detailing how to care for the fabric in use or marketing communications

We respect the confidentiality of customer details and have not received any complaints from customers, directly or indirectly, reflecting any breach of this confidentiality.

The Company has received no fines for non-compliance to laws and regulations concerning the use of our fabrics.

CONTACT DETAILS:

Further information regarding this report can be obtained on our website <http://www.greenliving.com.au> or by emailing environment@greenliving.com.au

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2.4	Location of organization's headquarters.	4	EN11	Land adjacent to protected areas.	5,8
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	5	EN12	Impact of activities on biodiversity in protected areas.	5,8
2.6	Nature of ownership and legal form.	4	EN13	Habitats protected or restored.	9,10
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	4	EN14	Strategies for managing impacts on biodiversity.	7
2.8	Scale of the reporting organization.	4	EN15	IUCN Red List species affected by operations.	NA
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	5	EN16	Direct and indirect greenhouse gas emissions.	13
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