

Direct Ergonomics Greenhouse Gas Emissions Report

FY25

Prepared by NetNada

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Executive Summary

NetNada is pleased to present the Greenhouse Gas (GHG) Emissions Report for **Direct Ergonomics Pty Ltd** for the financial year 2025 (1 July 2024 - 30 June 2025). This report has been prepared in accordance with the GHG Protocol and includes Scope 1, Scope 2 (location-based and market-based), and relevant Scope 3 emission categories across all Direct Ergonomics operations. This is Direct Ergonomics' inaugural GHG inventory and serves as the baseline for future year-on-year tracking.

Total GHG emissions for FY25 were **200.637 tCO_2-e**. Scope 3 emissions constitute the dominant share of the inventory at **163.958 tCO_2-e (81.7%)**, driven primarily by Purchased Goods and Services, Business Travel Flights, and Upstream Leased Assets. Scope 2 (purchased electricity) accounts for **28.545 tCO_2-e (14.2%)** on a location-based basis, while Scope 1 direct emissions total **8.135 tCO_2-e (4.1%)**.

Notably, Direct Ergonomics' market-based Scope 2 emissions (7.456 tCO_2-e) are substantially lower than the location-based figure (28.545 tCO_2-e), reflecting active renewable electricity procurement through contractual instruments. A month-by-month review of the data reveals that during January, February, and March 2025, market-based emissions were recorded as zero - indicating that 100% GreenPower or an equivalent renewable energy product was applied to the account during those periods, fully offsetting the grid-average emissions. Across the remaining months, market-based emissions are consistently lower than location-based figures, confirming that a portion of Direct Ergonomics' electricity is sourced from carbon-neutral products throughout the year. **This represents a meaningful and evidenced step in the organisation's decarbonisation journey.**

Table ES1: FY25 GHG Emissions Summary

KPI	FY25
Total GHG Emissions (tCO_2-e)	**200.637**
Scope 1 Direct Emissions (tCO_2-e)	8.135
Scope 2 Emissions - Location-Based (tCO_2-e)	28.545
Scope 2 Emissions - Market-Based (tCO_2-e)	7.456
Scope 3 Indirect Emissions (tCO_2-e)	163.958
Scope 3 Share of Total Footprint	81.7%
Largest Single Emission Category	Purchased Goods & Services (97.119 tCO_2-e)

1. Organisational Profile

This report covers the greenhouse gas emissions for **Direct Ergonomics Pty Ltd**, a leading Australian commercial office furniture manufacturer and supplier headquartered at **30-32 Hotham Parade, Artarmon NSW 2064**. Founded in 1986, Direct Ergonomics has four decades of experience crafting ergonomic workspaces that promote health, productivity, and well-being.

Direct Ergonomics is a proudly **100% Indigenous-owned and operated business**, Supply Nation certified and led by Managing Director Donna McMullen, a Gamilaraay/Kamila-roi woman. The company is also a partner of the Indigenous Defence & Infrastructure Consortium (IDIC).

The organisation's core activities include:

- Design, manufacture, and supply of ergonomic commercial office furniture, including height-adjustable sit-to-stand workstations, seating, storage, tables, and acoustic solutions.
- Local manufacturing enabling tailored furniture solutions, with delivery, installation, and project management services across Australia.
- Supply of office furniture and ergonomic accessories to government clients, including the Department of Defence, NSW Government, Victorian Government, and ACT Government, as well as universities, healthcare organisations, and corporate clients.
- Commitment to sustainability, holding ISO 9001, 14001, and 45001 certifications, as well as AFRDI and GECA product certifications. Direct Ergonomics is also a Digital Product Passport (DPP) holder for its products, and is among the first 100 manufacturers to lead the DPP movement in Australia and New Zealand.

Direct Ergonomics operates from three locations:

Location	Address	Status
Sydney (Head Office)	30-32 Hotham Parade, Artarmon NSW 2064	Primary operational office and showroom
Melbourne	373 Foley Road, Deer Park VIC 3023	New location - opening soon
Canberra	Unit 9, Level 5, 17-21 University Avenue, Canberra ACT 2601	Appointment only

Direct Ergonomics serves clients across Australia, including government departments, educational institutions, healthcare providers, and commercial enterprises, with key clients including Commonwealth Bank, Transport for NSW, Australian National University, NSW Health, Medibank, and Ventia.

2. Reporting Methodology

This greenhouse gas (GHG) inventory has been prepared in accordance with the *GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition)* and the *GHG Protocol Corporate Value Chain (Scope 3) Standard*, which are internationally recognised frameworks for corporate carbon accounting. All emissions are reported in metric tonnes of carbon dioxide equivalent (tCO_2-e).

Scope 2 emissions are disclosed using both the **location-based** and **market-based** methodologies. In the case of Direct Ergonomics, the market-based Scope 2 figure (7.456 tCO_2-e) is substantially lower than the location-based figure (28.545 tCO_2-e), indicating the organisation has actively procured low-carbon or renewable electricity through recognised contractual instruments. A month-by-month analysis confirms that during January, February, and March 2025, market-based emissions were zero - consistent with 100% GreenPower or an equivalent renewable energy product being applied during those billing periods. Across all other months, market-based emissions remain consistently below location-based figures, reflecting partial renewable sourcing. The market-based figure represents the actual emissions associated with purchased energy under these contractual arrangements, while the location-based figure provides a benchmark based on the NSW grid average.

Emissions Quantification Approach

Emissions were quantified using a hybrid approach combining activity-based and spend-based methodologies:

- **Activity-based calculations** were conducted by multiplying measured activity data (e.g., kilowatt-hours of electricity consumed, megajoules of fuel combusted, kilometres commuted) by relevant emission factors. This method was applied wherever reliable consumption or operational data was available.
- **Spend-based calculations** were employed where direct activity data could not be obtained. This approach estimates emissions by multiplying the financial value of purchased goods or services by the corresponding environmentally-extended input-output (EEIO) emission factor sourced from CEDA, EPA, and EXIOBASE databases.

The most recent and regionally appropriate emission factors were applied, sourced from reputable databases including the **Australian National Greenhouse Accounts (DISER/DCCEEW)**, **CEDA (Comprehensive Environmental Data Archive)**, **U.S. EPA**, and **UK DEFRA/BEIS/DESNZ**.

Organisational boundaries were defined using the **operational control approach**, ensuring all Direct Ergonomics operations are comprehensively included. Methodological decisions, including estimation techniques, boundary setting, and treatment of data limitations, were guided by principles of materiality, data availability, and recognised industry best practice.

Reporting Period: Financial Year 2025 (1 July 2024 - 30 June 2025). This is Direct Ergonomics' inaugural GHG inventory, establishing the baseline for future reporting periods.

3. Direct Ergonomics Carbon Footprint

3.1 Emission Boundaries

Direct Ergonomics' greenhouse gas inventory covers the financial year 2025 (1 July 2024 - 30 June 2025). Defining emission boundaries is a critical step in developing a credible carbon inventory, as it establishes which assets, activities, and value chain stages are included in the organisation's emissions footprint.

In line with the GHG Protocol, Direct Ergonomics defines its boundaries through two dimensions:

- **Organisational boundary:** determined using the operational control approach, which includes all facilities and operations over which Direct Ergonomics has the authority to introduce and implement operating policies.
- **Operational boundary:** defines the types of emissions accounted for under Scope 1 (direct emissions), Scope 2 (purchased energy), and Scope 3 (other indirect emissions) within the defined organisational boundary.

Table 1: Direct Ergonomics Emission Boundaries and GHG Categories by Scope - FY25

Scope	Category	Description
Scope 1	Company Vehicles	Direct emissions from fuel combustion in vehicles owned or operated by Direct Ergonomics for sales, delivery, and installation activities across Australia. Calculated on a spend-based methodology.
Scope 1	Fuel Combustion	Direct emissions from stationary fuel combustion at Direct Ergonomics' operated facilities (Artarmon head office and warehouse). Calculated using activity-based data (megajoules consumed).
Scope 2	Purchased Electricity	Indirect emissions from the generation of purchased electricity consumed at Direct Ergonomics' operated facilities. Reported using both location-based and market-based methods. Electricity invoices were available for the Artarmon Main Office; a small number of invoices were estimated based on available data.
Scope 3	Purchased Goods & Services	Indirect emissions from goods and services procured by Direct Ergonomics across its operations, including professional services, IT services and equipment, office supplies, cleaning chemicals, food, machinery and vehicles, and other operational expenditure.
Scope 3	Capital Goods	Emissions from production of long-term capital assets and equipment procured during the reporting period.
Scope 3	Fuel & Energy Related Activities	Upstream emissions associated with transmission and distribution losses from purchased electricity, and upstream fuel extraction/production not included in Scope 1 or 2.
Scope 3	Waste in Operations	Emissions from waste generated during Direct Ergonomics' operations. Calculated on a spend-based approach this

		period; transition to activity-based measurement is recommended for future years.
Scope 3	Business Travel (Flights, Accommodation & Land)	Emissions from staff business travel, including domestic and international flights booked through Flightbiz, accommodation, and ground transportation.
Scope 3	Employee Commuting	Emissions from employee travel between home and the Artarmon head office. Calculated using data modelling based on prior year survey data.
Scope 3	Upstream Leased Assets	Emissions associated with leased office and operational facilities not directly owned by Direct Ergonomics, including the Artarmon premises leased from Sutton Anderson Management Pty Limited.
Scope 3	Water Consumption	Emissions associated with water supply and treatment for operational water use. Included as an additional tracked category within the inventory.

3.2 Emissions Overview

As this is Direct Ergonomics' inaugural GHG inventory, the table below presents FY25 as the baseline year. Year-on-year comparison data will be incorporated in future reporting cycles.

Table 2: Greenhouse Gas Emissions Overview - FY25

Metric	FY25 (tCO_2-e)
Total Emissions	**200.637**
Scope 1	8.135
Scope 2 (Location-Based)	28.545
Scope 2 (Market-Based)	7.456
Scope 3	163.958

4. Emissions by Scope and Category

4.1 Direct Emissions (Scope 1)

Scope 1 emissions are direct GHG emissions from sources owned or controlled by Direct Ergonomics. This includes emissions from fuel combustion in company-owned or operated vehicles used for sales and delivery activities, and stationary fuel combustion at operated facilities.

Total Scope 1 emissions for FY25 were **8.135 tCO_2-e**, representing **4.05%** of the total inventory. The two sources are:

- **Company Vehicles (7.782 tCO_2-e):** Emissions from fuel combustion in vehicles operated by Direct Ergonomics for delivery, installation, and sales activities. Calculated using a spend-based methodology (vehicle-related expenditure) with CEDA emission factors.
- **Fuel Combustion (0.353 tCO_2-e):** Emissions from stationary fuel combustion at the Artarmon facility, calculated on an activity basis from 6,846.245 MJ consumed, using Australian National Greenhouse Account factors.

Future reporting cycles should consider transitioning Company Vehicles from spend-based to activity-based calculation (litres of fuel consumed per vehicle) to improve measurement accuracy.

4.2 Purchased Electricity (Scope 2)

Scope 2 emissions represent indirect greenhouse gas (GHG) emissions from the generation of purchased electricity consumed by Direct Ergonomics at its operated facilities.

In accordance with the GHG Protocol, Scope 2 emissions are reported using two complementary methods:

- **Location-based:** Reflects the average emissions intensity of the electricity grid where energy consumption occurs (NSW grid average).
- **Market-based:** Reflects emissions from electricity that Direct Ergonomics has purposefully chosen through specific contractual instruments (e.g., GreenPower or Power Purchase Agreements).

In the case of Direct Ergonomics, the market-based Scope 2 result (7.456 tCO_2-e) is significantly lower than the location-based result (28.545 tCO_2-e), with both based on the same electricity consumption of 43,860.226 kWh. A review of monthly billing data reveals that during January, February, and March 2025, market-based emissions were recorded as zero tCO_2-e, despite electricity being consumed - confirming that 100% GreenPower or an equivalent renewable energy product was applied to the account during those periods. Across the remaining months of the reporting year, market-based emissions are consistently and materially lower than location-based figures, indicating that a proportion of Direct Ergonomics' electricity supply is sourced from carbon-neutral products. This is consistent with the organisation's stated sustainability commitments and its ISO 14001 certification. The market-based figure represents the actual emissions associated with purchased energy under these contractual arrangements, while the location-based figure provides a useful NSW grid-average benchmark for comparison.

Data Note: A small number of electricity invoices for the reporting period were unavailable. Consumption for these months was estimated based on available invoice data from the same period. This estimation is noted as a data quality consideration in Section 6.

Table 3: Summary of Locations Included in Scope 2 within Direct Ergonomics Emission Boundaries - FY25

State	Suburb	Address
NSW	Artarmon	30-32 Hotham Parade, Artarmon NSW 2064 (Main Office & Showroom)

Note: The Melbourne (Deer Park VIC) and Canberra (ACT) locations operate on an appointment-only basis and no separate electricity invoices were provided for these locations during the reporting period. Electricity for these locations is not separately metered and has therefore been excluded from the Scope 2 boundary. Obtaining separate utility invoices for these locations is recommended for future reporting periods.

Table 4: Scope 2 Emissions - Location-Based vs Market-Based Methodologies - FY25

Method	Emissions (tCO_2-e)	Notes
Location-Based	28.545	Calculated using utility invoices for the Artarmon Main Office. Where invoice data was unavailable, estimates were based on available consumption data from surrounding months.
Market-Based	7.456	Calculated using supplier-specific emission factors, reflecting Direct Ergonomics' renewable energy procurement instruments.
Total Electricity Consumed (kWh)	**43,860.226**	Based on metered usage from utility invoices and estimation for missing periods.

4.3 Other Indirect Emissions (Scope 3)

Scope 3 encompasses all other indirect emissions that occur in Direct Ergonomics' value chain, both upstream and downstream. These emissions are a consequence of activities from sources not owned or controlled by the company. Scope 3 is the **most significant component of the inventory**, totalling **163.958 tCO_2-e (81.7% of total emissions)**, driven primarily by Purchased Goods and Services across professional services, IT infrastructure, cleaning, food supply, and other operational procurement.

Table 5: Scope 3 Emissions by Category - FY25

Category	FY25 Emissions (tCO_2-e)	Share of Total Footprint (%)
1. Purchased Goods & Services	97.119	48.4%
2. Capital Goods	0.151	0.1%
3. Fuel and Energy-Related Activities	1.553	0.8%
4. Upstream Transportation & Distribution	Excluded	-

5. Waste in Operations	5.322	2.7%
6. Business Travel - Flights	23.598	11.8%
6. Business Travel - Accommodation	2.806	1.4%
6. Business Travel - Land	2.015	1.0%
7. Employee Commuting	13.616	6.8%
8. Upstream Leased Assets	17.119	8.5%
Additional: Water Consumption	0.659	0.3%
9-15. Other Downstream Categories	Excluded	-
Total Scope 3	**163.958**	**81.7%**

Table 6: Leading 10 Suppliers by Emissions - FY25

Data Discrepancy Note: *EnergyAustralia and EnergyAustralia Pty Ltd appear as two separate supplier entries in the NetNada platform, with combined attributed emissions of 37.91 tCO_2-e. This figure exceeds the independently verified total Scope 2 location-based emissions of 28.545 tCO_2-e. This discrepancy likely reflects a difference in account classification or billing entity within the spend allocation system. Both entries are reported as provided by the source data; NetNada recommends reviewing and reconciling these two supplier entries in the next reporting cycle.*

Supplier Name	Category	Emissions (tCO_2-e)	% of Total
EnergyAustralia	Purchased Electricity	24.05	12.0%
Flightbiz	Business Travel Flights	17.84	8.9%
Sutton Anderson Management Pty Limited	Upstream Leased Assets	15.00	7.5%
EnergyAustralia Pty Ltd	Purchased Electricity	13.86	6.9%
Sky Blue IT	Purchased Goods and Services	7.68	3.8%
Confidential Supplier	Purchased Goods and Services	5.99	3.0%
Telstra	Purchased Goods and Services	5.54	2.8%
Interlink Roads	Purchased Goods and Services	5.54	2.8%
Ranger	Purchased Goods and Services	4.25	2.1%
American Express Int.	Purchased Goods and Services	4.00	2.0%

5. GHG Management and Performance

5.1 GHG Reduction Targets

Direct Ergonomics has not yet published an official emissions reduction target. NetNada recommends setting a formal target aligned with the **Science Based Targets initiative (SBTi)** or **Net Zero guidelines**. Given the organisation's existing sustainability commitments (ISO 14001 certification, GECA certification, and active renewable energy procurement), Direct Ergonomics is well-positioned to formalise a credible, data-driven decarbonisation strategy. NetNada can assist in developing science-based targets through emissions trajectory modelling and benchmarking.

To proactively manage and reduce its carbon footprint, Direct Ergonomics should implement the following targeted initiatives, focused on the most material emission sources:

- **Develop a Sustainable Procurement Policy to Reduce Purchased Goods & Services Emissions**

With Purchased Goods and Services representing **97.119 tCO_2-e (48.4% of the total inventory)**, supplier engagement is the single highest-impact lever available to Direct Ergonomics. The most material suppliers include **Sky Blue IT** (7.68 tCO_2-e), **Ranger** (5.99 tCO_2-e), **Telstra** (5.54 tCO_2-e), and **Interlink Roads** (5.54 tCO_2-e). A formalised sustainable procurement policy should set environmental performance criteria for key suppliers, prioritise partners with science-based targets, and encourage supplier disclosure of product-level carbon data. Given Direct Ergonomics' own GECA and ISO 14001 certifications, it is well-placed to expect similar environmental accountability from its supply chain.

- **Manage and Reduce Business Travel Emissions**

Business travel - primarily flights booked through **Flightbiz (17.84 tCO_2-e, the second-largest individual supplier by emissions)** - accounts for a combined **28.419 tCO_2-e** across flights, accommodation, and land transport (14.2% of total). Direct Ergonomics should implement a corporate travel policy that mandates video conferencing as the default for internal meetings, sets a carbon budget per trip, and requires booking of economy class or lower-emission routing where practicable. Transitioning from spend-based to activity-based flight measurement (tracking origin-destination pairs and ticket class) will also improve data accuracy.

- **Expand Renewable Electricity Procurement**

Direct Ergonomics already demonstrates clear leadership in renewable electricity procurement. A month-by-month analysis of FY25 billing data confirms that during January, February, and March 2025, market-based Scope 2 emissions were recorded as zero - indicating full GreenPower or equivalent renewable coverage during those months. Across all other months, market-based emissions (7.456 tCO_2-e in aggregate) remain consistently below the location-based figure (28.545 tCO_2-e), confirming partial renewable sourcing year-round. The next step is to expand this arrangement to achieve 100% renewable electricity coverage across all operated locations. This could be achieved through a GreenPower upgrade with EnergyAustralia, the procurement of additional Energy Attribute Certificates (EACs), or the installation of rooftop solar at the Artarmon head office. This would eliminate Scope 2 emissions on a market-based basis.

- **Engage Lessor (Sutton Anderson Management) on Energy Efficiency**

Upstream Leased Assets totalling **17.119 tCO_2-e** are primarily attributable to the lease agreement with **Sutton Anderson Management Pty Limited** (15.00 tCO_2-e, third-largest emitting supplier). Direct Ergonomics should engage with its lessor to explore energy efficiency

improvements in the leased premises - including LED lighting upgrades, HVAC optimisation, and building energy management systems - and to request transparency on building energy ratings.

- **Promote Sustainable Employee Commuting**

Employee commuting accounts for **13.616 tCO_2-e (6.8% of the total inventory)**. The Artarmon location is well-serviced by public transport, including rail and bus. Direct Ergonomics should promote sustainable commuting options through a commuter benefits program, including public transport subsidies, end-of-trip cycling facilities, and car-pooling initiatives. Running an updated employee commute survey in FY26 will improve data accuracy and provide a stronger baseline for tracking commuting reductions.

6. Data Quality and Assurance

Ensuring the accuracy, completeness, and credibility of emissions data is essential for producing a reliable greenhouse gas inventory. This section outlines the data sources, estimation methods, and quality control processes applied in the preparation of Direct Ergonomics' FY25 emissions profile.

Emissions were calculated using a combination of activity-based and spend-based methodologies, selected to best align with the type and quality of data available for each category.

Table 7: Emission Categories Across Scopes 1, 2, and 3: Data Sources, Methodologies, and Reliability - FY25

Category	Primary Data Source	Method	Reliability	Improvements (FY26)
Company Vehicles (S1)	Spend export	Spend	Medium	Transition to activity-based data (fuel litres per vehicle) where vehicle logs are available.
Fuel Combustion (S1)	Utility/fuel invoices - activity data (MJ)	Activity	High	Maintain current approach. Ensure all fuel receipts are captured each month.
Purchased Electricity (S2)	Utility meter consumption invoices	Activity	Medium-High	Obtain separate electricity invoices for Melbourne and Canberra locations. Address missing invoices by establishing automated meter data collection.
Purchased Goods & Services (S3 C1)	Spend export	Spend	Medium	Exclude non-operational items (bank charges, insurance premiums, investment fees, donations). Engage key suppliers for primary data.
Capital Goods (S3 C2)	Spend export	Spend	Medium	Obtain a fixed asset register from finance to improve capital goods classification.
Fuel & Energy Related Activities (S3 C3)	Electricity consumption data (kWh)	Activity	High	-
Waste in Operations (S3 C5)	Spend export	Spend	Low-Medium	Transition to activity-based data: obtain waste contractor reports

				with weights and waste stream classifications for FY26.
Business Travel Flights (S3 C6)	Spend export (Flightbiz)	Spend	Medium	Collect flight origin/destination pairs and ticket class from Flightbiz to transition to activity-based calculation.
Business Travel Accommodation (S3 C6)	Spend export	Spend	Medium	-
Business Travel Land (S3 C6)	Spend export	Spend	Medium	Collect vehicle type and distance data for ground transport.
Employee Commuting (S3 C7)	Data modelling (prior year basis)	Activity	Medium	Conduct an updated employee commute survey in FY26 to refresh data and improve statistical coverage.
Upstream Leased Assets (S3 C8)	Spend export (lease expenditure)	Spend	Medium	Engage Sutton Anderson Management to obtain building energy data for improved accuracy.
Water Consumption	Spend export	Spend	Medium	Obtain water utility invoices or meter data for activity-based water consumption figures.

Emission Factor Sources

NetNada utilises Climatiq as well as the most recent and regionally appropriate emission factors sourced from reputable databases, including the **Australian National Greenhouse Accounts (DISER/DCCEEW)**, **CEDA (Comprehensive Environmental Data Archive)**, **U.S. EPA**, **EXIOBASE**, and **UK Government (BEIS, DEFRA, DESNZ)**

6.1 Future Objectives for Methodological Refinement

Continuous improvement in data quality and reporting methodology is a core objective for Direct Ergonomics. The following priorities have been identified for future reporting cycles:

- **Complete Electricity Invoice Coverage:** Establish a system to ensure all utility invoices for the Artarmon Main Office are collected monthly and obtain separate electricity accounts for Melbourne and Canberra locations to expand Scope 2 boundary coverage.
- **Transition Waste to Activity-Based Measurement:** Work with waste contractors to obtain actual weight-based reports for each waste stream (general, recycling, food organics), enabling transition from spend-based to activity-based waste calculation and achieving a ‘High’ reliability rating.
- **Update Employee Commute Survey:** Conduct a refreshed employee commute survey for FY26 to replace the data-modelled figures used in this inaugural inventory, improving statistical accuracy and coverage.
- **Transition from Spend-Based to Activity-Based for Travel:** Work with Flightbiz to obtain structured data on flight segments (origin, destination, cabin class) to enable activity-based flight calculations. For ground transport, collect vehicle type and distance data.

- **Reconcile EnergyAustralia Supplier Entries:** Review and consolidate the two EnergyAustralia supplier entries in the NetNada platform (EnergyAustralia and EnergyAustralia Pty Ltd) to ensure supplier-level data accurately reflects the actual electricity supply arrangement.
- **Set a Science-Based Emissions Reduction Target:** Leverage this inaugural inventory as a baseline to set a formal, credible emissions reduction target aligned with SBTi or Australian Net Zero framework guidelines.

7. Uncertainty

In line with the principles of transparency and accuracy outlined in the GHG Protocol, this section discloses the known sources of uncertainty within the FY25 emissions inventory. Greenhouse gas accounting, particularly for complex value chains, involves a degree of estimation and reliance on assumptions. While Direct Ergonomics has strived to use the most accurate data and methodologies available, it is important for stakeholders to understand the potential limitations.

7.1 Uncertainty in Scope 3 Emissions

Scope 3 is the largest source of emissions (81.7% of total) and carries the highest degree of uncertainty, primarily due to the reliance on spend-based methodology and value chain complexity.

- **Spend-Based Methodology for Purchased Goods & Services:** The accuracy of spend-based calculations for Purchased Goods and Services (S3 C1, 97.119 tCO_2-e) depends on the quality and classification of financial expenditure data. Ambiguous supplier descriptions or account codes may result in misclassification between categories. Additionally, spend-based EEIO factors represent industry averages and may not accurately reflect the specific environmental performance of Direct Ergonomics' individual suppliers such as Sky Blue IT, Telstra, or Interlink Roads.
- **Electricity Invoice Estimation:** A small number of electricity invoices for the Artarmon Main Office were unavailable for the reporting period. Consumption for these months was estimated using available invoice data. While the estimation methodology is conservative and based on comparable periods, this introduces a degree of uncertainty in the Scope 2 figure.
- **Employee Commute Data Modelling:** Employee commuting emissions (13.616 tCO_2-e) were calculated using data modelling based on prior year survey data rather than a refreshed FY25 survey. Changes in workforce size, work-from-home patterns, or commuting modes since the previous survey period could affect the accuracy of this estimate.
- **Waste Spend-Based Approach:** Waste in Operations (5.322 tCO_2-e) was calculated using a spend-based approach rather than actual waste weight and stream data. This represents a deviation from best practice for this category and introduces higher uncertainty compared to activity-based measurement.
- **Completeness of Provided Data:** The entire GHG inventory is based on financial and operational data provided by Direct Ergonomics' internal teams. This information has not been subject to an external financial audit for the purpose of this GHG inventory. The calculations assume the data represents the full and accurate scope of business activities during the reporting period.

Direct Ergonomics acknowledges these uncertainties and is committed to reducing them in future reporting cycles through improved data collection, waste contractor engagement, and the FY26 employee commute survey, as outlined in Section 6.1.

8. Verification

This report has not been subject to limited assurance.

9. Appendices

Appendix A: Glossary of Terms

Activity Data: A quantitative measure of the level of activity that results in GHG emissions (e.g., litres of fuel consumed, kilowatt-hours of electricity used, tonnes of waste generated). Activity data is multiplied by an emission factor to calculate emissions.

Base Year: A specific, historical year (or an average over multiple years) against which an organisation's emissions are tracked over time. It serves as a benchmark for setting targets and measuring performance. For Direct Ergonomics, FY25 represents the inaugural baseline year.

Carbon Dioxide Equivalent (CO_2-e): A standard unit for measuring carbon footprints. It converts the impact of different greenhouse gases into the equivalent amount of carbon dioxide (CO_2) based on their Global Warming Potential (GWP).

CEDA: Comprehensive Environmental Data Archive - an Australian environmentally-extended input-output database used to derive spend-based emission factors for Australian industries.

Consolidation Approach: The method used to define an organisation's boundaries for GHG reporting. Direct Ergonomics uses the Operational Control approach: the company accounts for 100% of GHG emissions from operations over which it has operational control.

Emission Factor: A coefficient that quantifies the emissions or removals of a gas per unit of activity. For example, kg CO_2-e emitted per litre of petrol consumed, or per AUD of spend in a given sector.

EEIO (Environmentally-Extended Input-Output): A modelling approach that combines economic input-output data with environmental data to estimate the emissions associated with different sectors of the economy. Used in spend-based emission factor calculations.

GHG Protocol: A global standardised framework to measure and manage greenhouse gas emissions from private and public sector operations, value chains, and mitigation actions. It provides the world's most widely used GHG accounting standards.

Global Warming Potential (GWP): A measure of how much heat a greenhouse gas traps in the atmosphere over a specific time period (typically 100 years), relative to carbon dioxide.

GreenPower: An Australian government-accredited program that allows electricity customers to purchase renewable electricity from their energy retailer, resulting in lower market-based Scope 2 emissions.

Location-Based Method: A Scope 2 accounting method that uses the average emissions intensity of the electricity grid where consumption occurs (e.g., the NSW grid average).

Market-Based Method: A Scope 2 accounting method based on the electricity an organisation has specifically contracted, often through instruments such as GreenPower, Power Purchase Agreements (PPAs), or Energy Attribute Certificates (EACs).

Organisational Boundary: The boundary that determines the operations owned or controlled by the reporting company for GHG reporting purposes, defined by the chosen consolidation approach.

Scope 1 Emissions: Direct GHG emissions from sources owned or controlled by the company, including mobile combustion (company vehicles), stationary combustion, process emissions, and fugitive emissions.

Scope 2 Emissions: Indirect GHG emissions from the generation of purchased electricity, steam, heating, or cooling consumed by the company.

Scope 3 Emissions: All other indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, both upstream and downstream. This includes 15 distinct categories as defined by the GHG Protocol.

Spend-Based Method: An emissions estimation approach that multiplies the financial value of purchased goods or services by an EEIO emission factor (kg CO_2-e per AUD spent in a given sector).

tCO_2-e: Metric tonnes of carbon dioxide equivalent.

Value Chain: All the upstream and downstream activities associated with the operations of the reporting company.

Verification: An independent assessment of the accuracy and completeness of a reported GHG inventory, typically conducted by an accredited third party.

Appendix B: Calculations

Table 8: Summary of Scope 2 Energy Emissions by Location - FY25

Location	Location-Based (tCO_2-e)	Market-Based (tCO_2-e)	kWh
Main Office, 30-32 Hotham Parade, Artarmon NSW	28.545	7.456	43,860.226
Total	**28.545**	**7.456**	**43,860.226**

Table 9: Detailed Breakdown of Scope 3 Emission Calculation Methods - FY25

GHG Category Name	Cat	Method	tCO_2-e	Method Notes
Company Vehicles	S1 C1	Spend	**7.782**	Spend-based calculation using CEDA emission factors. Transition to activity-based (litres consumed) recommended for FY26.
Fuel Combustion	S1 C1	Activity	**0.353**	Activity-based: fuel energy content (MJ) multiplied by Australian NGA combustion emission factors.
Purchased Electricity (Location)	S2 C2	Activity	**28.545**	Calculated from utility invoices. Missing periods estimated from available consumption data. NSW grid average emission factor applied.
Purchased Electricity (Market)	S2 C2	Activity	**7.456**	Calculated using supplier-specific emission factor reflecting renewable electricity procurement instruments.
Purchased Goods & Services	S3 C1	Spend	**97.119**	Spend-based using CEDA and EXIOBASE EEIO factors. Exchange rate and inflation adjustments applied. Excludes items allocated to other S3 categories.
Capital Goods	S3 C2	Spend	**0.151**	Spend-based using EPA and EXIOBASE factors for capital equipment expenditure.
Fuel & Energy Related Activities	S3 C3	Activity	**1.553**	Transmission and distribution losses from purchased electricity. Factors from Australian Government (DISER/DCCEEW), UK Government (BEIS, DEFRA, DESNZ), and IEA.
Waste in Operations	S3 C5	Spend	**5.322**	Spend-based approach applied. Note: best practice is activity-based measurement (waste weights by stream). Transition to activity-based recommended for FY26.
Business Travel Flights	S3 C6	Spend	**23.598**	Spend-based using EXIOBASE/EPA factors. Transition to activity-based (origin/destination/class) via Flightbiz data recommended.

Business Travel Accommodation	S3 C6	Spend	**2.806**	Spend-based calculation. Does not account for total hotel nights. EXIOBASE/EPA factors applied.
Business Travel Land	S3 C6	Spend	**2.015**	Spend-based calculation for ground transport expenditure. EXIOBASE/EPA factors applied.
Employee Commuting	S3 C7	Activity	**13.616**	Data modelling based on prior year employee commute survey. Results extrapolated to total employee base. FY26 survey recommended to refresh data.
Upstream Leased Assets	S3 C8	Spend	**17.119**	Based on operational lease expenditure (primarily Sutton Anderson Management). Electricity use excluded (reported under Scope 2). EPA and EXIOBASE factors.
Water Consumption	Additional	Spend	**0.659**	Spend-based water consumption proxy. Activity-based (kL consumed from utility bills) is recommended for future periods.

Table 10: Scope 1 Emissions Summary - FY25

Category	Method	tCO_2-e
Company Vehicles	Spend	**7.782**
Fuel Combustion	Activity	**0.353**
Total Scope 1	-	**8.135**