


SUSTAINABLE LEATHER FOUNDATION

Annual Report 2022

A brown leather soccer ball is positioned in the foreground, leaning against the back of a dark leather chair. The ball is made of interlocking leather patches and features the 'Sustainable Leather Foundation' logo embossed on one of its panels. The background shows a lush green field under a blue sky with scattered clouds.

Sustainable
Leather
Foundation

Contents:

Executive Foreword..... 3

Our Vision and Commitment..... 4

Governance Structure..... 5

Partnership and Growth..... 6

Key Milestones..... 9

SLF Transparency Dashboard™..... 10

Key Numbers At A Glance..... 12

Industry Engagement..... 13

Working in Partnership..... 14

Audit Certification Program..... 15

Consumers..... 16

Finance..... 17

Looking Forward to 2023..... 18

The Team..... 19

Grateful Thanks..... 20



Executive Foreword

As we approach the end of our second full Partnership Year, I am proud to publish our Annual Report which highlights the continued progress SLF has made towards our vision for collective improvement and more sustainable practices within the leather value chain.

Our A.I.M. approach (Accessible, Inclusive, Modular) and revolutionary Transparency Dashboard™ together provide the best methodology in the industry for supporting improvement at all levels. We have seen proven results and real examples of its success in 2022.

Although 2022 has been a turbulent year, coming off the back of worldwide Covid-19 lockdowns before facing economic and political uncertainty and challenges, I am extremely proud to be able to report that SLF has seen growth and development in all areas – increased partnership numbers, a strengthened technical team, additional Transparency Dashboards for extended connectivity along the value chain, increased audit coverage, a growing library of resources and enhanced visibility of our work through all channels.

I sincerely hope that you find this report encouraging and that it will inspire more positive action for the coming year. Working together remains the key to ensuring that the transformative change needed for a sustainable leather industry of the future continues and accelerates in impact and positive outcomes for all.

I would like to personally thank all those stakeholders who have continued to support our vision – from our hardworking team to the advisory board, partners, auditors, media, and external industry peer reviewers – a huge thank you for your support and we look forward to continuing our work with you in 2023!



Deborah Taylor,
Managing Director

The Sustainable Leather Foundation is strongly finishing its second full year, after establishment in July 2020. Over the past two years and clearly during the past 12 months it has increasingly demonstrated its unique approach, a very valuable addition to our industry which is not in competition with other industry initiatives. The recognition from LWG that the SLF social audit meets the requirements of the LWG Leather Manufacturers Audit Protocol is clear evidence of this.

The low entry barrier onto the platform which many players in our industry need, and the full supply chain encompassing approach are key attributes of the SLF offering. These are being noticed in our industry and are the driver behind the continued growth.

Numerous milestones were reached during the year. Notably: the launch of dashboards for Product Manufacturers, Chemical Suppliers and Traders; growth in the audit team; the move to the new office location; and the first in-person Advisory Board meeting in London in June. Behind these milestones is the growth in industry participation through partnerships, dashboard creation and website visits.

Upcoming changes in regulations and legislation will force our industry to become more transparent, traceable and fact based. Additionally, a drive towards lower impact on all dimensions is demanded, not in the least by the end-consumers. In this tremendous challenge SLF is filling a void and creating its crucial role. This role can only be played with strong industry participation and engagement at all stages in the value chain, and this will continue to be our focus, next to further enhancing the service offerings of SLF.

Significant credit and gratitude are due to the SLF core team, auditors, partners, and all those who contributed directly or indirectly to SLF in the past year. Only with such a close and experienced team of people SLF can grow and deliver on its promises.



Hans van Haarst
Advisory Board Chair

Our Vision...

To enable collective improvement and education globally, for more sustainable practices in leather manufacture and production. From raw material to finished product and post consumption, SLF is concerned with all aspects of sustainability – Environmental, Social and Governance.

As a not-for-profit organisation, the Foundation provides an Accessible, Inclusive and Modular (A.I.M.) approach to demonstrating sustainable good practice throughout the value chain. Coupled with this, the Foundation is committed to ensuring that consumers have a clear mechanism to see and understand the sustainable attributes of leather as a material, and the work that the industry does to ensure good practice.

Our Commitment

SLF is committed to:

- **Industry Led Action that sees us work from within the industry to drive change**
- **Consumer focused results that provide assurance and verified information**
- **Transparency of clear, evidenced, and verifiable information through our Transparency Dashboards™**
- **Supporting improvement and assessment across all 3 pillars of sustainability; respecting people, planet, and profit**
- **Avoiding duplication of effort and cost by recognising other certifications of equivalent standard within our platform.**

Governance Structure

Our governance includes an Advisory Board of experts and representatives of the different disciplines within the leather value chain.

5 Continents:

Africa
Asia & Australasia
America
Europe
South America

Scope:

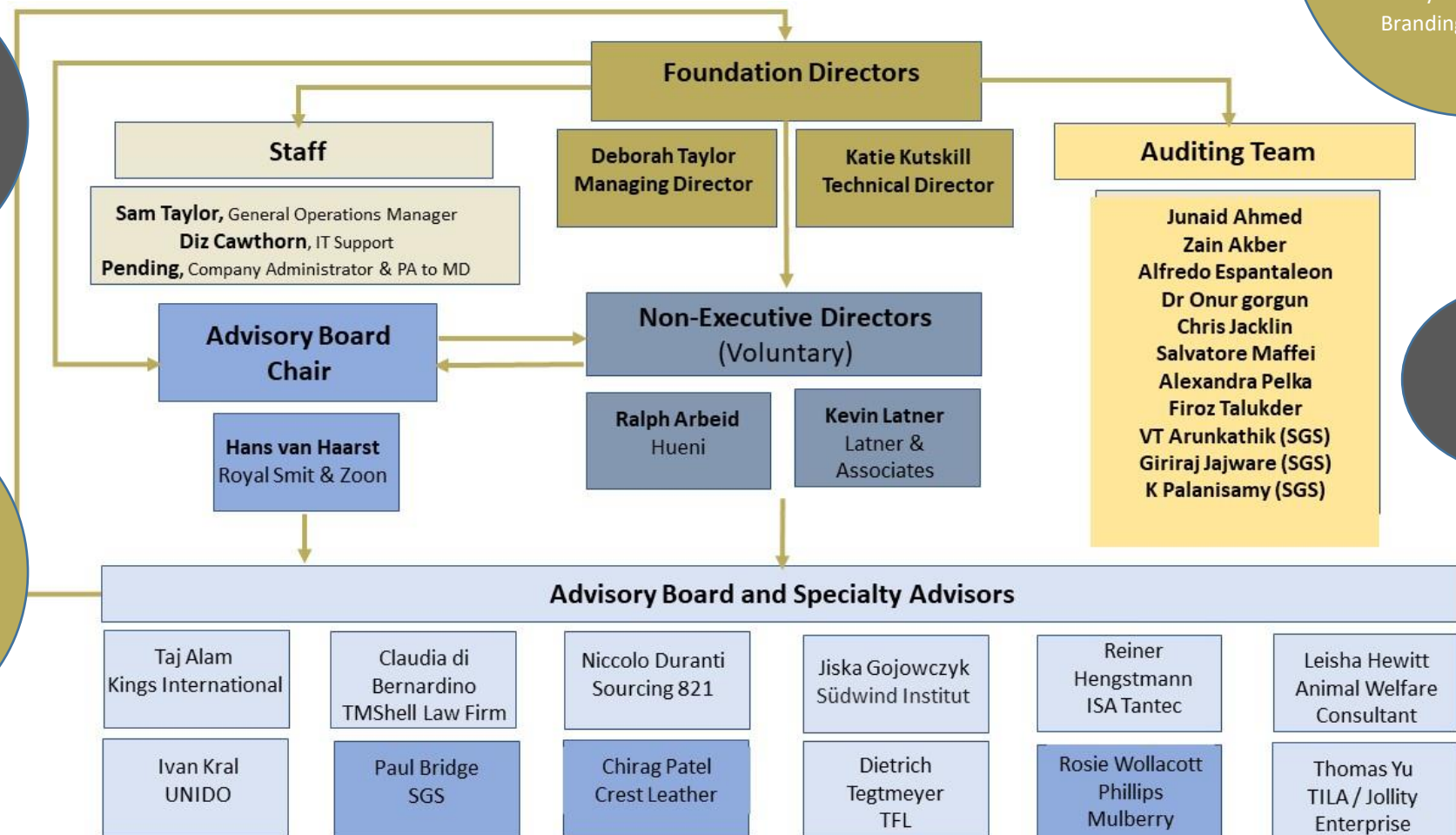
Automotive
Footwear
Leathergoods
Saddlery
Upholstery
Brands

Disciplines:

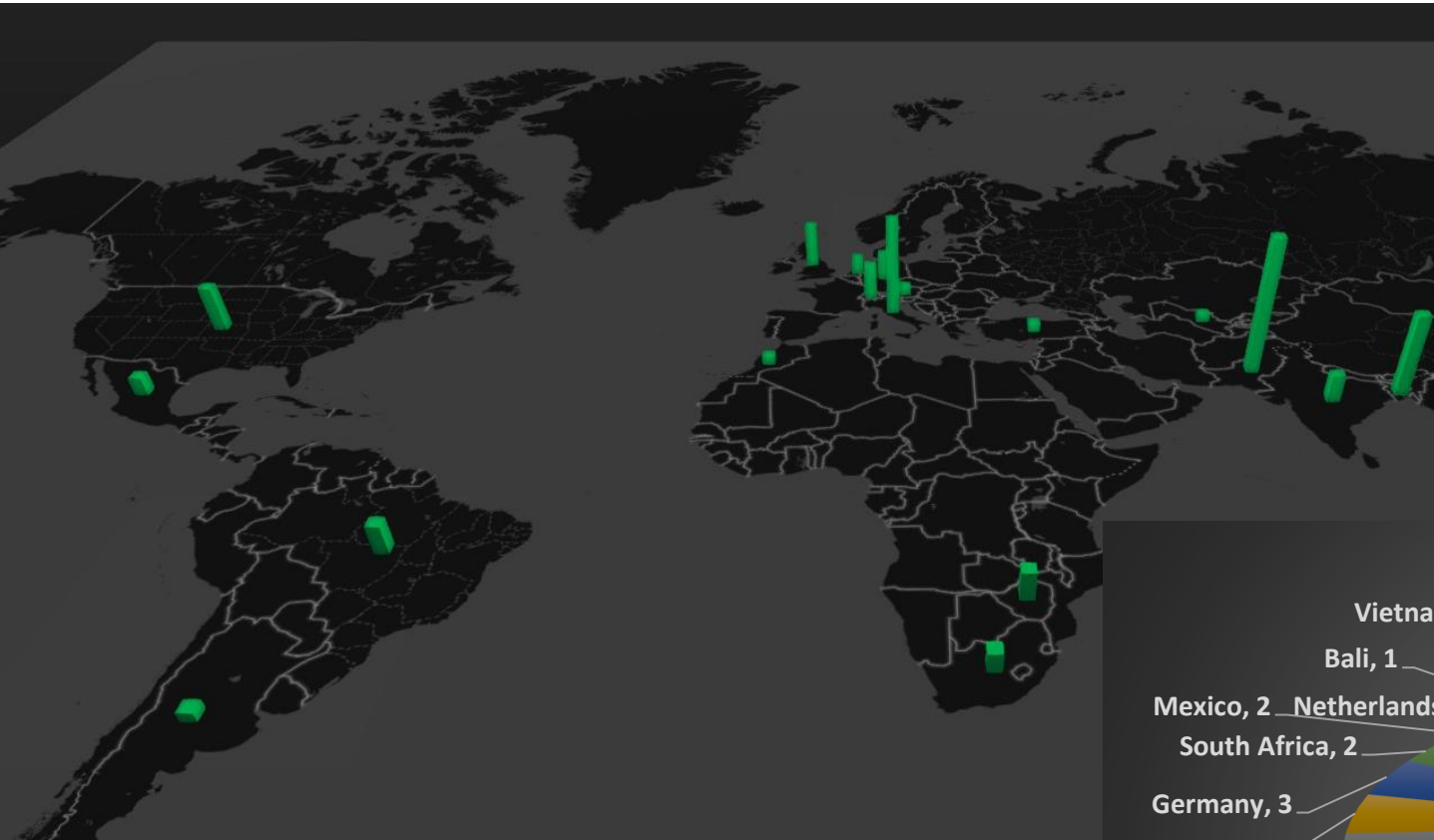
Animal Welfare
Best Available Techniques
Chemistry
Environmental P & L
Leather Technology
Legal
Policy & Regulation
Branding & Comms

12

Different
Countries



Partnership

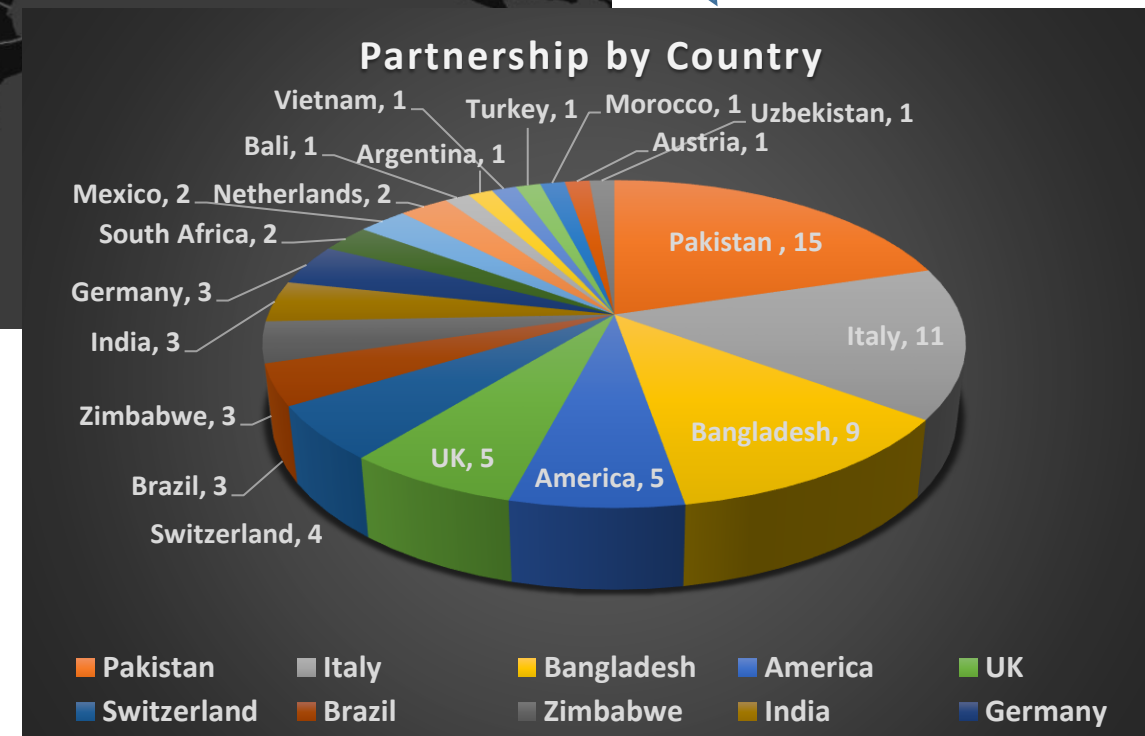


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"At Crest Leather it's our mission to create a world leading portfolio of products that are not only loved by our customers around the world but are produced and delivered with minimal environmental impact. Absolutely central to achieving these aims is our ongoing partnership with the SLF who consistently provide invaluable advice, consultancy, stewardship and accreditation."

*Ben Hovanessian
Marketing & UK Operations, Crest Leather*

In January 2021 we began our first Partnership Year with just 9 Founding Partners. By the end of 2021 we had 44 Partners and now at the end of 2022 we total 74 Partners in 20 countries on all continents.



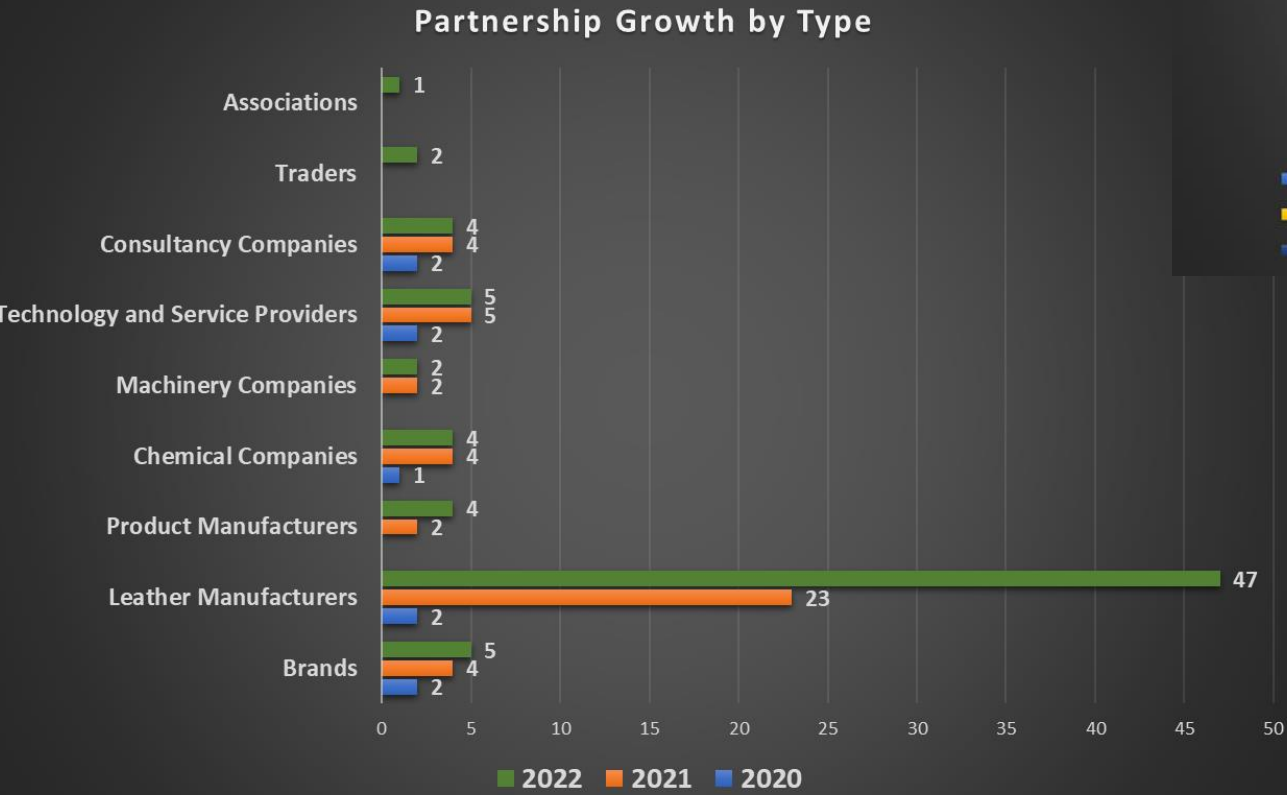
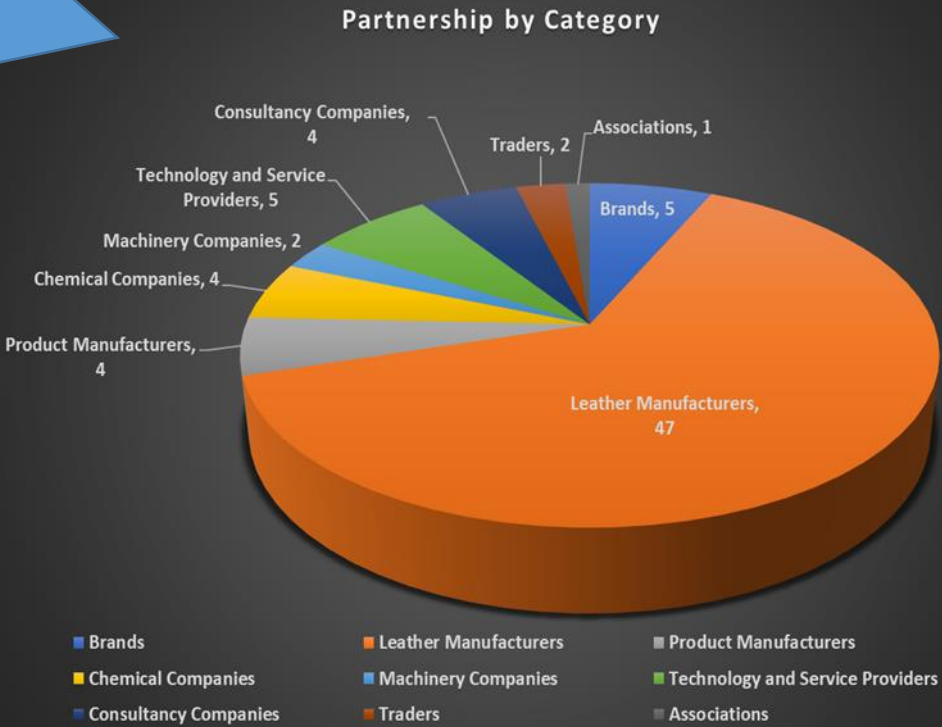
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“I consider myself an advocate for leather as the most sustainable, natural material known to man, having been used by humankind for millions of years. I joined the SLF because as an industry we must defend our position and let the consumer know just how beautiful, sustainable, and long-lasting leather is.

There are 13,000 tanneries in the world, producing leather for a multitude of end uses and the SLF prides itself on working and supporting the Tanning industry for continuous improvement, supporting safe and environmentally friendly working conditions through proven and internationally recognized Auditing and Assessment processes. I am impressed with the drive and enthusiasm the SLF have for our industry to support change, and I am looking forward to an even stronger alliance and developing the services offered to further industry improvement”.

Paul Bridge
Deputy VP C&P Softlines, Global Head of Footwear and Leather Services, SGS

Partnership Growth in Focus



68% growth
year on year

Our New Partners in 2022

Brands

Donsje, Amsterdam

Product Manufacturers

FB Footwear

Traders

Unionpelli
United One Leathers

Associations

Uzcharmsanoat

Leather Manufacturers

ABD Jaya
Abedin Group
Bengal Leather Complex
Eastern Leather Company
H.S.A
Hafiz Tannery
Hamid Tannery
Hussain Leathercraft
Kashkins Tannery
KTM – Khawaja Tanneries
Leather from Hart
Mansha Tannery
Matobo Tanning
MIMA Leather
Multan
Pangea Leon
Pangea Mulheim
Pangea Nuevo Laredo
Prime Tanning Company
S Muhammad Saeed Gore
Sadar Tannery
Samina Tannery
Tauheed International
Universal Leather

SLF's largest growth area in 2022 was with the leather manufacturers, not just the new partners listed here, but also with existing partners who chose to make use of our auditing service.

Of the new leather manufacturers, there continues to be a mix of established facilities that already have some experience of ESG and certification, along with many who have not had the opportunity previously to benefit from a supported approach and therefore have started their journey towards sustainability with us here at SLF.

Having a system that caters to all levels is paramount for SLF's vision and this continued growth in leather manufacturer partnership is encouraging.

Also, of note this year is the extension of partnership types with our new Trader and Association Partners. As we continue to evolve our vision of a connected value chain, it is important that the SLF platform provides maximum benefit to all leather industry stakeholders.

Key Milestones



SLF Transparency Dashboard™

Transparency you can see...

Why the Need?

- With a rising recognition of the need to address sustainability risks that include environmental, social and governance concerns, it was clear that there was no existing organisation that was addressing all these elements collectively and comprehensively.
- Industry was becoming jaded by the increasing need to duplicate effort and resource in order to meet the demands of different value chain partners or different standards.
- There was no efficient or effective method of externalising the work being done inside the industry with consumers who, in recent years, have been subjected to a vast amount of conflicting, misleading, or confusing messages.
- Work inside the industry was too heavily focused on the distinguishing factors of those tanneries in the top 20% and not enough was being done to support the basic improvement needs of the other 80% of tanneries around the world.

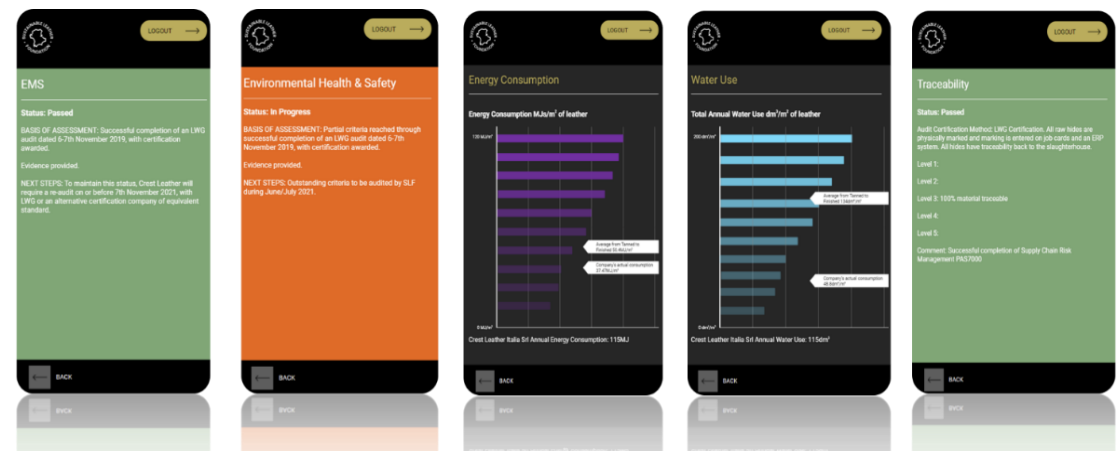
SLF's Solution

The keystone of our solution for the industry is our **SLF Transparency Dashboard™**. This innovative tool provides a way of addressing all the above needs in an accessible, inclusive and modular way. By giving visibility to the areas of risk to be addressed within each of the ESG modules, the Dashboard offers an easy visual of where a value chain compliance partner currently is, in terms of meeting industry standards of risk assessment and performance. Some organisations will be right at the start of their journey and their Dashboard will reflect that, other organisations will be able to meet all the requirements and their Dashboard will reflect that for them. This is achieved using a simple traffic light system of progress and gives the mechanism for displaying information in a way that is consistent and transparent and allows organisations to participate at their own pace, to suit resources and priorities.

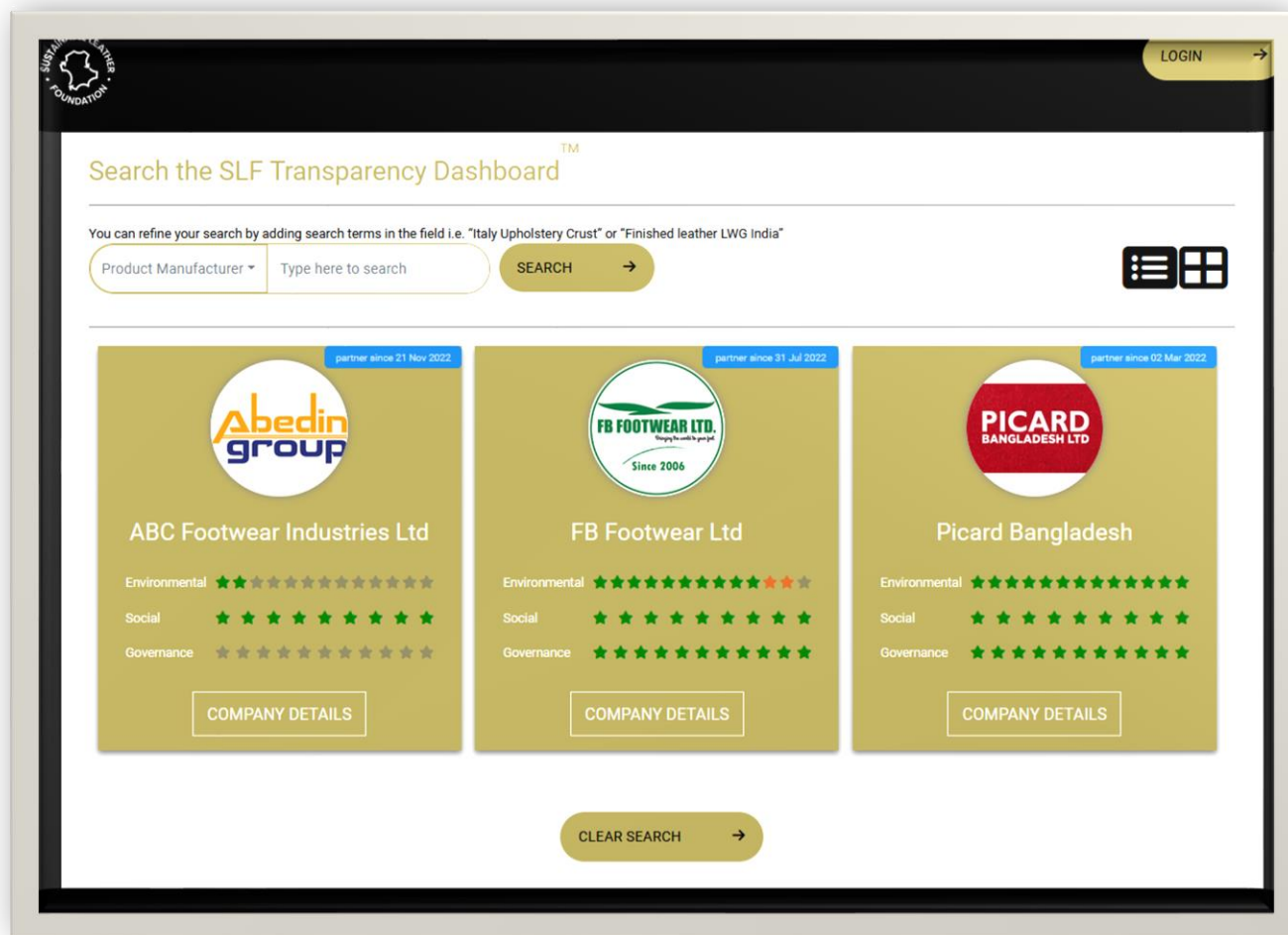


Figure 1

- No barrier to access
- Existing certification recognised
- No duplication of effort



SLF's Transparency Dashboard™ Development



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“There are many certifications and audits that tanneries are faced with. Each Industry sector such as automotive, fashion, footwear, aviation, upholstery, requests different audits and inspections. The Sustainable Leather Foundation maps these certifications in an easy and comparable way.”

*Oliver Mauckner
Authorised Signatory
Richard Hoffmans GmbH*

At the end of **2021** we had **17** Published Dashboards for the Leather Manufacturers.

At the end of **2022** we now have **36** Published Dashboards for Leather Manufacturers

PLUS:

3 Unpublished Dashboards for Leather Manufacturers

3 Published Dashboards for Product Manufacturers

1 Published Dashboard for Traders

2 Published Dashboards for Chemical Companies (under pilot)

Coming Soon...Dashboard for Machinery Companies....

Key Numbers at a Glance

17

Speaker
presentations at
external events

20

Countries
engaged in
Partnership

32

Audits now
conducted

45

Transparency
Dashboards™
created

74

Partners now
actively engaged

105

Countries have
visited the
website

15,574

Unique users
have visited the
website

84,662

Website
page views

Industry Engagement

Working together with fellow stakeholders is intrinsic to growth, and the sharing of knowledge and information for pre-competitive improvement is essential for a sustainable future. The Foundation has been pleased to see other organisations following our lead in creating opportunities for better collaboration and for our part we have openly shared our vision and our expertise at the following events in 2022:

Society of Leather Technologists & Chemists:	Annual Conference Speaker
University of Northampton	Guest Lecture
Oxford University	Guest Lecture
Manchester Metropolitan University	Guest Lecture
Amsterdam Development Partnership	Leather Session
ILM Conference, Dubai	Conference Speaker
Cotance – ERICA Meeting	Guest Speaker
ALCA	Conference Speaker
Wards Auto Event	Guest Speaker
KPMG Chennai Leather Cluster	Workshop host
Sustainable Headache Webinar	Guest Speaker
Sustainable Leather Forum	Conference Speaker
Uzcharm Expo	Guest Speaker
ILM Futureproofing the Leather Supply Chain	Guest Host and Organiser
UNECE Traceability Workshops – Uzbekistan, Cairo and Santiago	Expert Speaker

Work as part of the UNECE Project to enhance traceability and transparency for more sustainable value chains has been ongoing since April 2020.

As part of the direct project team, SLF’s Managing Director, Deborah Taylor, is contracted to work with the Secretariat as the leather value chain expert, providing knowledge of the leather industry and bringing engagement through the wider project expert circle. Deborah has authored the detailed Business Process Analysis of the leather value chain and has just finished the project management of the Leather Value Chain Blockchain Pilot with the Secretariat. The pilot aimed to test the efficacy of the traceability standard that has been created as part of the Policy Recommendation and Guidelines. This valuable work will form a framework for what can be achieved by the industry and SLF will work within this best practice framework for our Partners.

The Foundation is closely aligned to the UN Sustainable Development Goals and works to promote a system to support improvement across the majority of the 17 goals. See our website for more information.



Collaboration – Working in Partnership

The power of partnership and collaboration cannot be underestimated. The Foundation is committed to working with other organisations in order to foster faster impact and improvement for the sustainable future of the leather value chain.

As part of our commitment to continually provide trusted, low to no-cost resources for our global Partners, SLF has jointly endorsed UNIDO's leather industry training series. In 2022, UNIDO has published three updated, freely available training modules: How to Deal with Hydrogen Gas, First Aid at the Industrial Workplace, and Introduction to Treatment of Tannery Effluents. Upon completion of the training course, the attendee will obtain a certificate endorsed by both organisations. The Foundation encourages the use and sharing of these valuable resources throughout your organisations and supply chains.

Working Together With:



Industry Associations:



- Only Pay for the Auditing that is Required
- No duplication of effort
- Equivalency for existing certification

SLF Audit Certification Program

The Sustainable Leather Foundation’s approach allows consumers to recognise and understand material Product Life-cycle Management for better informed purchasing decisions when buying leather products. This is possible by assessing and certifying leather manufacturers and associated leather value chain organisations for their performance and compliance against the Sustainable Leather Foundation Audit Standard. Working with a joined-up approach the Audit Standard is accompanied by a robust set of Standards and Benchmarks, and Explanatory Notes and Templates, that support facilities in understanding what information is required and how it should be presented, monitored and evaluated. In addition, external resources are also referenced where value can be added. The guiding principle of our certification program is A.I.M.:

A ccessible	I nclusive	M odular
<p>Unlike most certification programs in the leather industry, you don’t need to pass an audit before you can become a Partner of SLF. We encourage all stakeholders to become partners in order that we can then support the improvement with our tools to create a Sustainability Roadmap that is tailored to the needs of the individual facility.</p> <p>By providing access to the SLF tools, facilities will increase their potential for change.</p>	<p>Our program works whether you are a small organisation with 10 or less employees, or whether you are multi-national organisation with thousands of employees. SLF’s system is inclusive and recognises certification that is already in place from other credible 3rd party organisations. This avoids duplication of effort and allows for freedom of choice when working with brands, suppliers and certification companies.</p>	<p>The SLF Transparency Dashboard™ is designed to be modular. Once a facility becomes a partner of SLF, their existing certification is mapped onto the three ESG modules. SLF’s Audit Standard can then be used to complete any outstanding sections if required. A tannery with no certification can start with just one module or with single sections in each module and build up their certification over a time frame that is designed around their ability/need.</p>

Environmental	Social	Governance
<ul style="list-style-type: none"> • Permits & Licenses • EMS • Environmental Health & Safety • Environmental Footprint • Land Use • Energy Consumption • Water Use • Raw Materials & Chemicals • Machinery & Equipment • Air Emissions • Effluent Treatment • Soil Contamination 	<ul style="list-style-type: none"> • Permits & Licenses • Age of Workers • Compulsory Labour • Discrimination • Corporate Social Responsibility • Staff Development & Representation • Wages & Benefits • Worker Health & Safety • Working Hours 	<ul style="list-style-type: none"> • Permits & Licenses • Ethical Business Practice • Animal Welfare Practice • Traceability • Housekeeping • Best Available Techniques • Process Control & Quality • Chemical Control • Restricted Substances • Occupational Health & Safety • PR & Communications

Our Audit Standard covers the three pillars of sustainability: Environmental, Social and Governance. For a sustainable business of the future, these three elements must be considered holistically and be ingrained as part of the everyday strategic thinking of the organisation. The modules can be worked on individually or together and the accompanying Standards & Benchmarks give detailed understanding of what is required at audit.

Consumers

Cutting Through the Confusion

Some of the biggest myths that consumers are consistently fed are based around the sustainability of materials. Companies have been using the term “sustainability” as part of their marketing and public relations strategies more frequently in recent years and this is having an adverse effect.

SLF is committed to providing consumers with factual, relevant information about leather as a material of choice to enable better understanding and more confident purchasing decisions.

Working with industry stakeholders that include not only those companies who directly work with leather but also with trusted NGOs such as WWF and IGOs such as UNECE and UN/CEFACT, enables SLF to provide a pathway for sustainability based on the very best advice and input from world leading experts in their respective fields.



Today there are mounting pressures from policy makers, consumers and investors to address traceability and transparency in textile and leather value chains: sooner or later businesses will have to adopt traceability and transparency systems to achieve legal compliance and avoid reputational and operational risks.

SLF supports value chain actors in evaluating and addressing their value chain risks, identifying traceability gaps and issues providing them with a valuable tool, the transparency dashboard, that meets businesses needs and sustainable objectives to advance traceability and transparency.

It is a real pleasure for me to be part of the SLF and contribute to the work of the Foundation to drive the change needed to enable more sustainable practices in leather manufacture and production. I am looking forward to a proactive 2023 with the SFL and its Partners.”

*Claudia Di Bernardino,
Partner at TMSHELL and Member of the SLF Advisory Board*

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In 2021 we created a dedicated page on the website for Consumers. On it we host bite-size information around the most common concerns that consumers have when considering leather as a material choice. We also provide an online enquiry form to enable consumers to ask a question.

This year, we launched our dynamic QR technology that brands, retailers and OEMs can use on point-of-sale materials to direct their customers to real-time, demonstrable, verifiable information about the products they buy. Alongside this all our compliance partners now have a Partner Profile that give a one-page snapshot and is an interactive document with live links to relevant additional information.

The next development work will focus on what a Brand Partner Profile should look like and what due diligence information we should be hosting for outward communication to the consumers



Finance

Fiscal responsibility remains a priority for SLF as we grow and expand.

We have a Finance Committee in place to ensure good governance and oversight for the appropriation of partnership fees and audit revenue

We can report a healthy financial position for the end of this financial year that represents the growth and associated outgoing costs:

Income Received:	£178,571
Costs Outgoing	£152,165
Balance	£26,405
Plus closing balance for 2021	£32,177
Plus invoicing outstanding	£71,099

This puts us in a healthy opening position as we enter 2023 and we will continue to ensure the financial robustness of the Foundation, as we scale up our work and impact.

- SLF went above and beyond to conduct social audits for several of our global sites.
- Results were provided swiftly and reviewed with SLF team members.
- Results from the sites evaluated were accepted by LWG.

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Nicole Saltmarche
Global Director – Quality
Pangea

Looking Forward to 2023

We are looking forward to another year of strong development and continued industry and stakeholder engagement.

Additional Dashboards:

Our Transparency Dashboard™ was conceived in 2021 and based around the requirements of the direct leather manufacturers. During 2022, following its successful launch and proof of concept, we developed Dashboards for Product Manufacturers, Chemical Companies and Traders.

Over the next 24 months we plan to publish a further 4 Dashboards that will complete the connected leather value chain in a way that has not previously been available; connecting the different actors of the value chain together to demonstrate what a sustainable leather industry can be. This will be a key tool for brands to support the impending legal requirements for Corporate Sustainability Reporting and Due Diligence.

Additional Support:

We will continue to expand with more SLF Pathway Papers, more added value information in the Partner Toolbox and will advance our technical IT development to include supply chain mapping and API capability.

Additional Consumer Visibility:

Our commitment to bring visibility to the consumer, through robust, factual, relevant, and transparent information will continue to be a high priority for the Foundation. Working with Brands, Retailers and OEMs to provide a mechanism for clean communication is intrinsic to our key values and mission.

Our Mission:

Today's society is more informed and more conscious of the effects that production and consumption have on the earth's natural resources and its ability to regenerate; the negative impacts that can damage our ecosystem; the importance of fair and humane treatment of workers and the welfare of animals.

Environmental, Social and Economic responsibility are essential components for a sustainable industry. Our mission is to support the global leather industry to learn, to improve and to protect for future generations, through the People ~ Planet ~ Profit principle.

"Let's be the change that secures the future!"

Deborah Taylor, Managing Director



The Team

Staff

Deborah Taylor,
Managing Director

Katie Kutskill,
Technical Director

Sam Taylor,
General Operations Manager

Elise Cawthorn,
IT Support

Under Recruitment,
Company Administrator / PA to MD

Patron

Suzie Fletcher,
Master Saddle Maker

Non-Executive Directors

Ralph Arbeid,
Hueni

Kevin Latner,
Leather & Hide Council of America

Advisory Board

Hans Van Haarst, Chair
Royal Smit & Zoon

Paul Bridge,
SGS

Chirag Patel,
Crest Leather

Rosie Wollacott Phillips,
Mulberry

Specialty Advisors

Taj Alam,
Kings International

Claudia Di Bernardino,
TMSHell Law Firm

Niccolo Duranti,
821 Sourcing

Jiska Gojowczyk,
Südwind Institut

Reiner Hengstmann,
ISA TanTec

Leisha Hewitt
Animal Welfare Expert

Ivan Kral,
UNIDO

Dietrich Tegtmeyer,
TFL

Thomas Yu,
Jollity Enterprise Co

Auditors

Deborah Taylor,
Social Lead Auditor

Zain Akber,
Environ. & Social Lead Auditor

Junaid Ahmed,
Environ. & Social Lead Auditor

Chris Jacklin,
Environ. & Social Lead Auditor

Alfredo Espantaleon,
Environmental Lead Auditor

Alexandra Pelka,
Environmental Lead Auditor

Salvatore Maffei,
Environmental Lead Auditor

Firoz Talukder,
Environmental Lead Auditor

Dr Onur Gorgun,
Environmental Lead Auditor

VT Arunkathik (SGS)
Environ. & Social Lead Auditor

K. Palanisamy (SGS)
Environ. & Social Lead Auditor

Giriaj Jajware (SGS)
Social Lead Auditor

Grateful Thanks

Our Partners enable the Foundation to conduct the work we do and are extremely important in helping us to accomplish our goals for the industry. Thank you to all the Partners who have continued to support us for our second year and those who have recently joined us, for your trust in the work that we are doing. We look forward to continuing to build a stronger, more sustainable leather industry with you over the coming years.

The Foundation is also grateful for the tireless work and contribution of our Advisory Board, Specialty Advisors, Non-Executive Directors, and our Patron, who donate their time freely for the benefit of SLF and the leather industry. Ensuring that we hear cross-representative opinion and have critical evaluation of our approach and strategy is vital to ensuring that we provide a fit-for-purpose support for the industry and the consumers we serve.

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By joining SLF, we are strengthening the professional relationship between us and our leather supplier on our path towards a sustainable leather supply chain. Through SLF we have gained access to valuable knowledge and practical support to improve the sustainability of our leather production processes.

*Nienke Adegeest
Donsje Amsterdam*





Sustainable Leather Foundation CIC.

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**Sustainable
Leather
Foundation**

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