

Sustainability and the Leather Industry

Smythson Training
Workshop
23rd September 2024



INDUSTRY LED – CONSUMER FOCUSED – TRANSPARENCY
YOU CAN SEE

WWW.SUSTAINABLELEATHERFOUNDATION.COM

Introduction

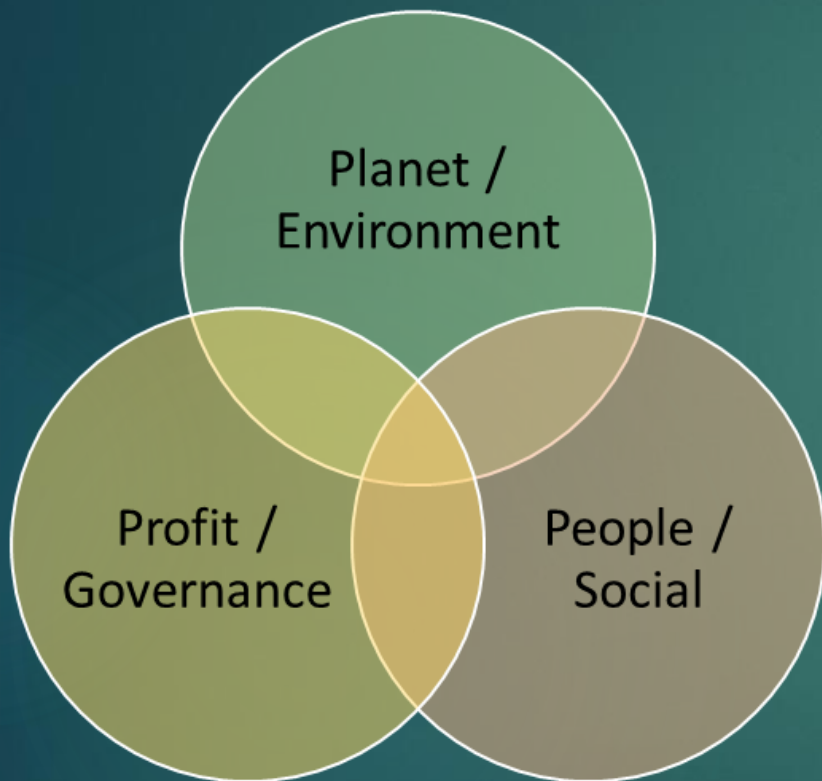
- Founder and Managing Director of Sustainable Leather Foundation.
- UN/CEFACT Consultant, United Nations European Commission for Europe –
 - Leather Value Chain Expert, working on the project to “Enhance Transparency & Traceability in the Garment and Footwear Sector”
 - Leather Value Chain Expert, working on the UN/CEFACT Core Component Library
- Vice-President of the Society of Leather Technologists and Chemists (SLTC)
- Practitioner Member of the Chartered Quality Institute (PCQI) and a Qualified SA8000 Social Systems Lead Auditor
- Liveryman of the Worshipful Company of Curriers
- Previously, 5 years managing the Leather Working Group



Deborah Taylor, PCQI
Managing Director,
Sustainable Leather
Foundation



What Is Sustainability?



- Sustainability as a concept was only introduced in 1987, devised as part of the United Nations Bruntland Commission report, entitled “Our Common Future”.

“Meeting the needs of the present without compromising the ability of future generations to meet their own needs”.

Let's break down ESG



Environmental

- Deforestation and Biodiversity
- Energy Consumption
- Water Use
- Harmful Chemicals
- Air & Noise Emissions
- Water Pollution
- Land Pollution
- Solid Waste
- Greenhouse Gas Emissions

Social

- Child labour
- Compulsory labour
- Discrimination
- Unfair wages
- Safety & Health
- Excessive working hours
- Corporate social responsibility

Governance

- Ethical Business Practice
- Animal Welfare
- Housekeeping
- Process and Quality Control
- Restricted Substance and Chemical control
- Occupational Safety and Health
- PR & Communication

How does leather meet the definition?



Raw Input Material:

- Mother Nature provides. Animals reproduce naturally
 - We care for them in life – They care for us in death
 - Good animal welfare
 - Rotational farming for land and soil health
- Wider Risks
 - Deforestation
 - Loss of habitats / shifts in biodiversity
 - Methane emissions

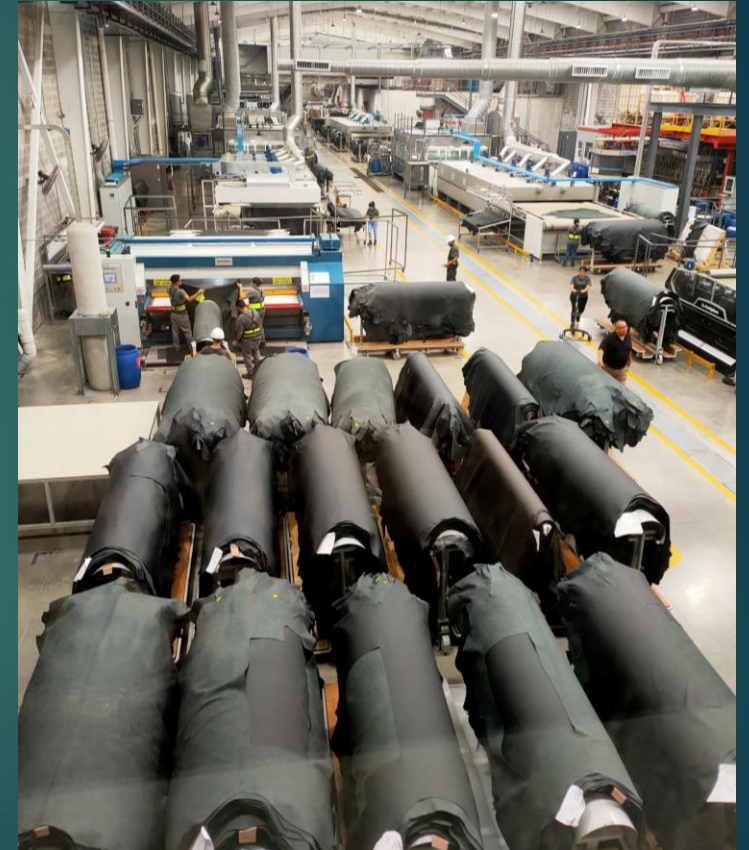


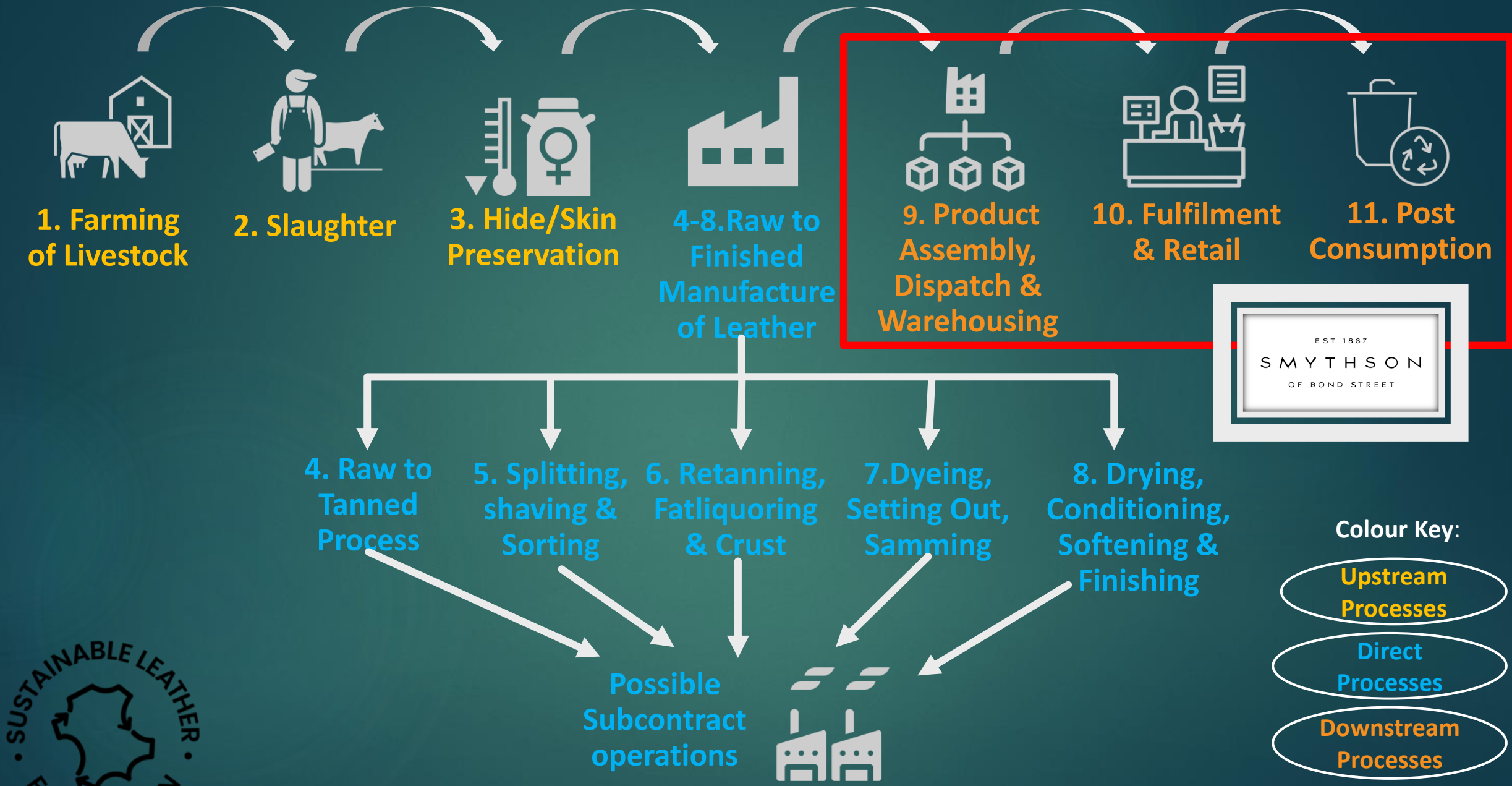
How does leather meet the definition?



Leather Manufacture:

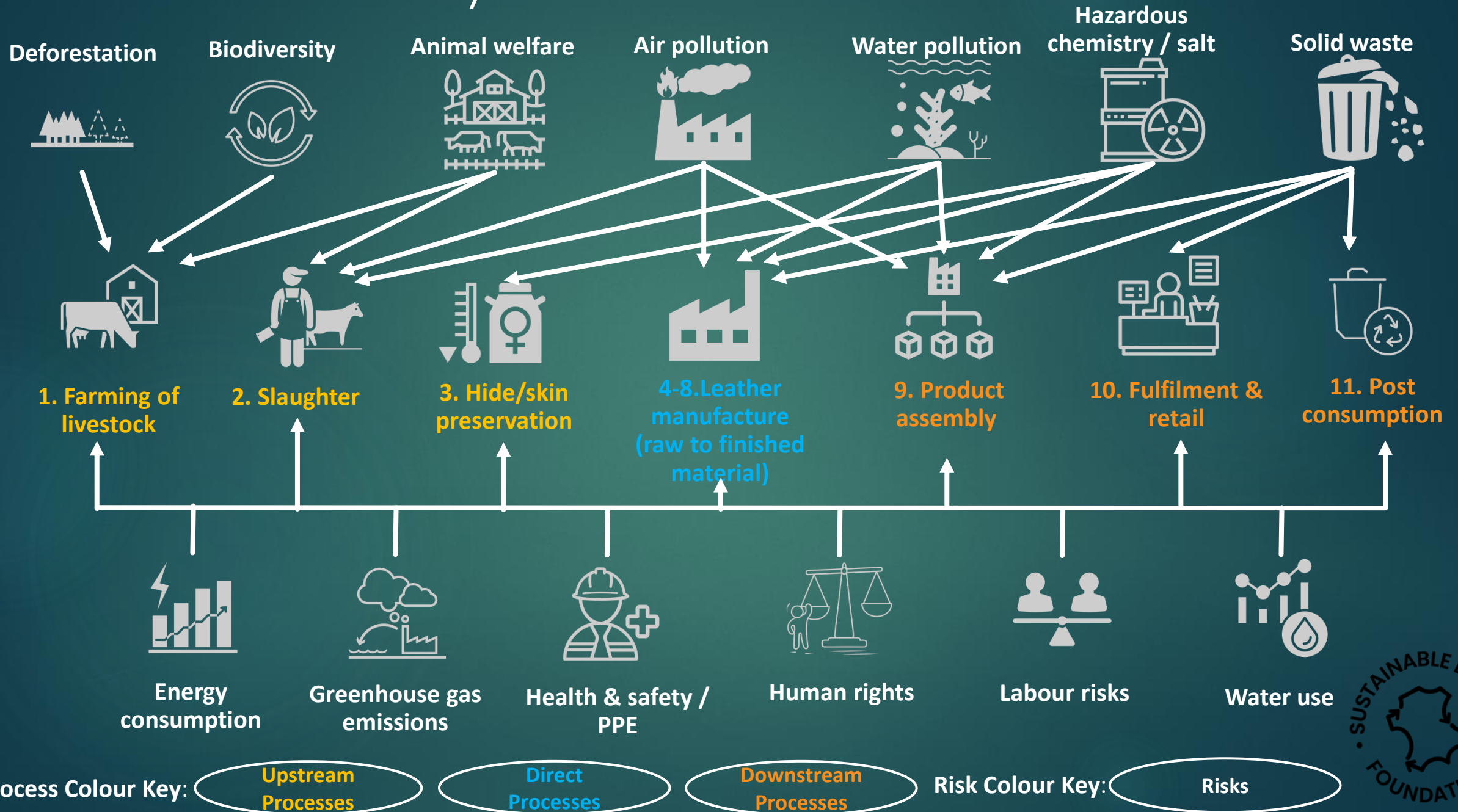
- The biggest factors that affect sustainability arise during the manufacturing stages:
 - Use of Chemicals
 - Pollution:
 - Air Emissions
 - Noise Emissions
 - Soil Pollution
 - Water Pollution
 - Natural Resource Depletion:
 - Energy (fossil fuels)
 - Water
 - Human Rights
 - Modern Slavery
 - Health & Safety of Workers
 - Bribery & Corruption





Flowchart of Key Processes in Leather Manufacture

Sustainability Risks in the Leather Value Chain



Mitigation of Risk



Policies and Procedures

- Robust and evidenced
- Senior Management Buy In and Authority
- Procurement practices
- PDCA (Plan, Do, Check, Act)
- Continuous measurement and control

Audits and Certification

- 3rd party verification of the risk mitigation measures in place
- Demonstrable certification
- Support and education
- Continuous measurement and control

Legal Conformance

- Licensing permissions will be stricter
- Reporting on ESG due diligence enforced
- EU Regulations incoming and already in force

Why are we being faced with regulation?

For decades we have:

Over produced

Over consumed

Over polluted



**ECONOMIES HAVE BEEN
DRIVEN BY PROFIT AT THE
EXPENSE OF PLANET AND
PEOPLE.**



**VOLUNTARY STANDARDS HAVE
ONLY BEEN SUCCESSFUL TO A
SMALL DEGREE**



**NOW LEGISLATION IS
FORCING CHANGE.**



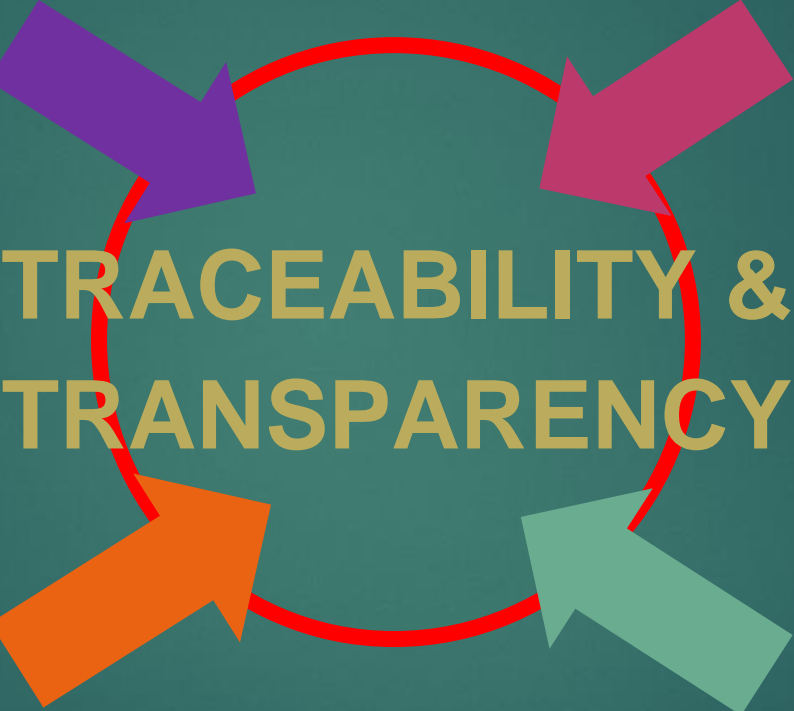
EU Directives and Regulations

01 EU Corporate Sustainability Reporting Directive
EU CSRD

02 EU Corporate Sustainable Due Diligence Directive
EU CSDDD

03 EU Deforestation Regulation
EUDR

04 EU Green Claims Directive
EU GCD



TRACEABILITY &
TRANSPARENCY



3. EU Deforestation Regulation (EUDR)



Key Points:

- Entered into force on 29 June 2023, the new regulation on deforestation free products is developed with the aim of reducing greenhouse gases and biodiversity loss.
- It covers key commodities that include soy, beef, palm oil, wood, cocoa, coffee and rubber. It also includes the derived by-products such as leather, chocolate, tyres and furniture.
- For the leather value chain all materials are included:
 - Raw hides and skins (fresh, salted, dried, limed, pickled or otherwise preserved)
 - Tanned or crust hides and skins of cattle, without hair on, whether or not split, but nor prepared.
 - Leather of cattle, further prepared after tanning or crusting, including parchment-dressed leather, without hair on, whether or not split.
- These obligations extend to traders and manufacturers as well as brands to prove due diligence of deforestation-free supply chains

3. EU Deforestation Regulation (EUDR)



Obligations as an “Operator”:

STEP 1:

- Collection of information such as:
 - The type of commodity to be made available to the market or export
 - Quantity
 - Supplier
 - Country of production
 - Evidence of legal farming
 - Geographic coordinates of the plots of land where the commodity was produced / grazed.

STEP2:

- Record the information collected into a risk assessment due diligence system

STEP 3:

- Take adequate and proportionate mitigation measures in the event of finding under step 2, a more than negligible risk of non-compliance in order to make sure that the risk becomes negligible.

3. EU Deforestation Regulation (EUDR)

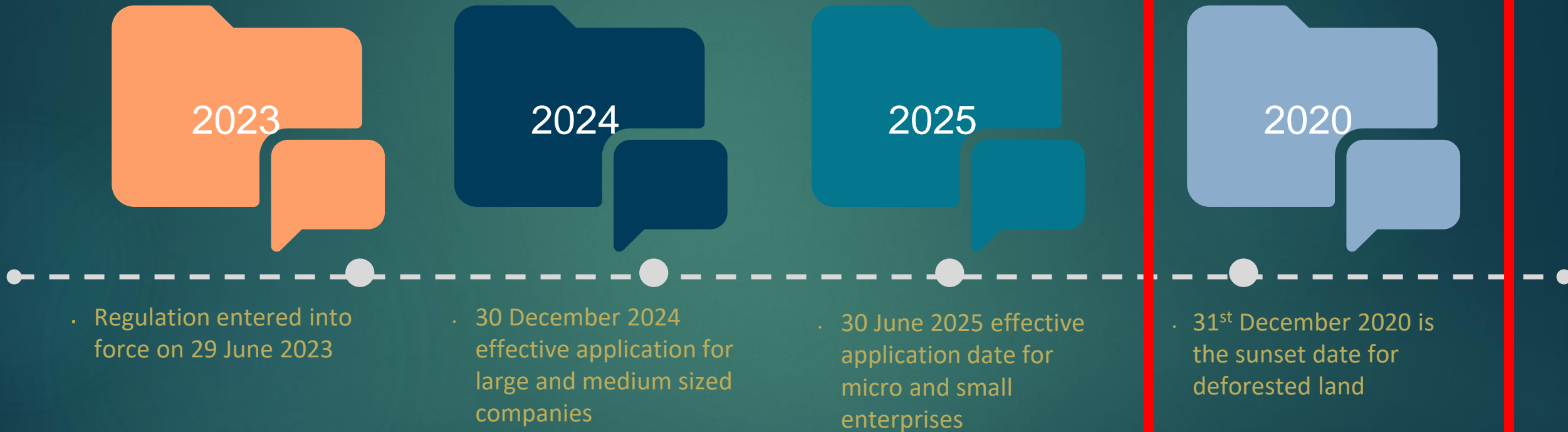


- To import or export commodities within the scope, operators will be required to provide a **Universal Unique Identifier (UUID)** for customs.
- This will be provided once the operator has uploaded a Due Diligence Statement (DDS) and Geolocation of all plots of land where the commodity has been raised/grown/produced into an information system that is currently in final stages of development.
- There are FAQs available but these are in the process of being updated.
- All geocoordinates will be uploaded using the GeoJSON format
- More training and information will be available during September / October 2024.
- Registration can start on 2nd December 2024
- Still lots of unknowns.

3. EU Deforestation Regulation (EUDR)



Timeline:



THE OPERATOR BEARS THE BURDEN OF PROOF THAT THE MATERIAL, COMMODITY OR PRODUCT WAS PRODUCED BEFORE ENTRY INTO FORCE.

4. EU Green Claims Directive (EUGCD)



Key Points:

- Officially known as the Directive on the Verifiability and Communication of Environmental Product Claims.
- In 2020 there were around 230 active “ecolabels” in Europe, but the concern arises over whether consumers or companies can be sure that the claims are based on solid grounds.
- The EU found that 53% of the claims that it examined were vague, misleading or unfounded – and 40% were unsubstantiated.
- The proposed directive sets detailed rules around substantiating and communication explicit environmental claims about products, in business to consumer communications.
- It would apply to voluntary claims and labelling schemes.

4. EU Green Claims Directive (EUGCD)



Under the Directive, companies would have to carry out an assessment to substantiate explicit environmental claims and meet certain criteria

Additionally, companies would also have to comply with the following requirements:

- use equivalent information and data for the assessment;
- use data that is generated or sourced in an equivalent manner;
- cover the same stages along the value chain;
- cover the same environmental impacts, aspects or performances;
- use the same assumptions.

4. EU Green Claims Directive (EUGCD)



2023



2023



2023



2024

· Proposal for a Directive put forward on 22 March 2023

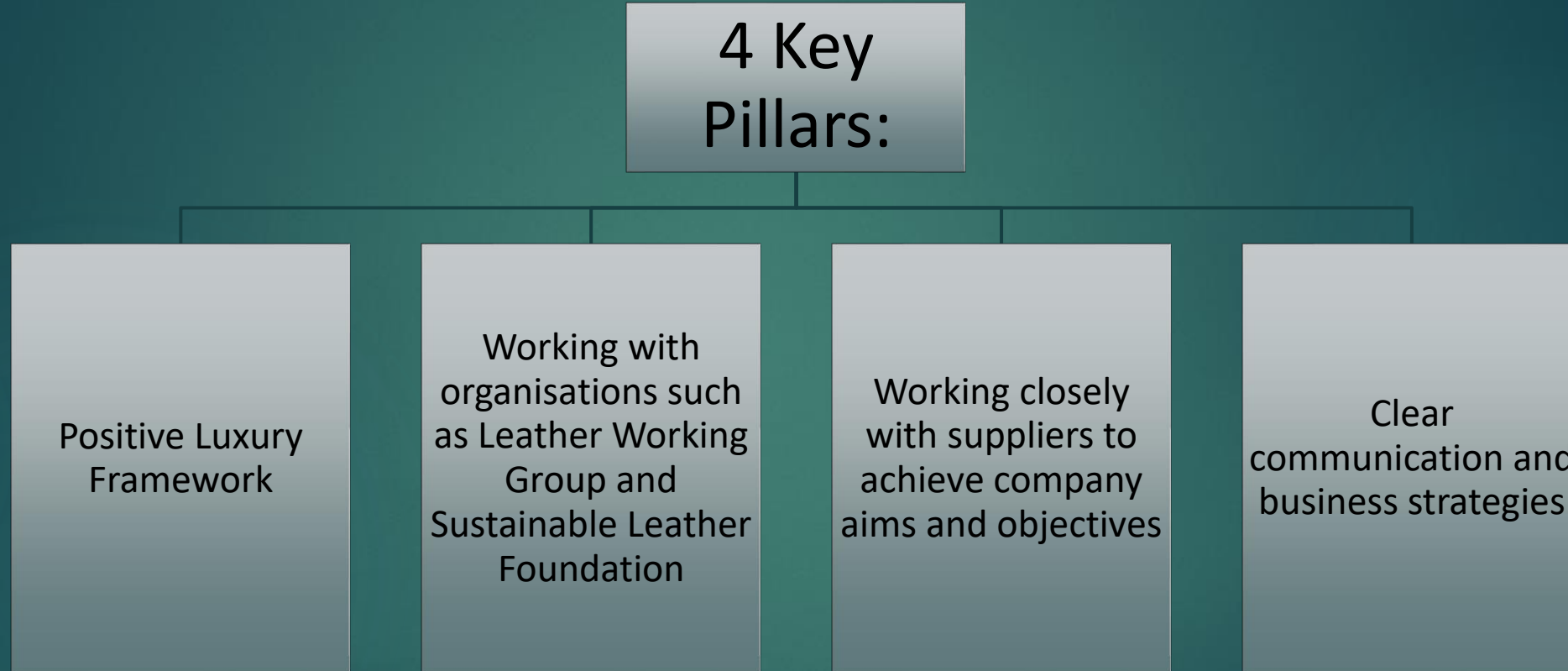
· Public Consultation ended 21 July 2023

· Draft report submitted on 9 November 2023

· Proposal adopted at the Plenary Session in March 2024 – awaiting implementation date (expected 2026).

If you can't prove it, don't say it!

Smythson's Approach to Good Practice



Positive Luxury Framework



Higher standards for luxury: 23 drivers of sustainability

Positive Luxury

Governance

Sustainability Purpose
Sustainable Development Goals
Corporate Social Responsibility
Stakeholder Engagement
Organisational Governance
Memberships, Accreditations and Certifications
Ethics and Fair Operating Practices
Information Security
Sustainable Procurement

Environment

Climate
Waste Management
Packaging
Circularity
Hazardous Materials
Water Management
Biodiversity
Animal Welfare

Social

People Management
Diversity, Equality and Inclusion
Health, Safety and Wellbeing
Community Involvement
Human Rights and Modern Slavery

Innovation

Sustainable Innovation

Luxury should have the highest standards

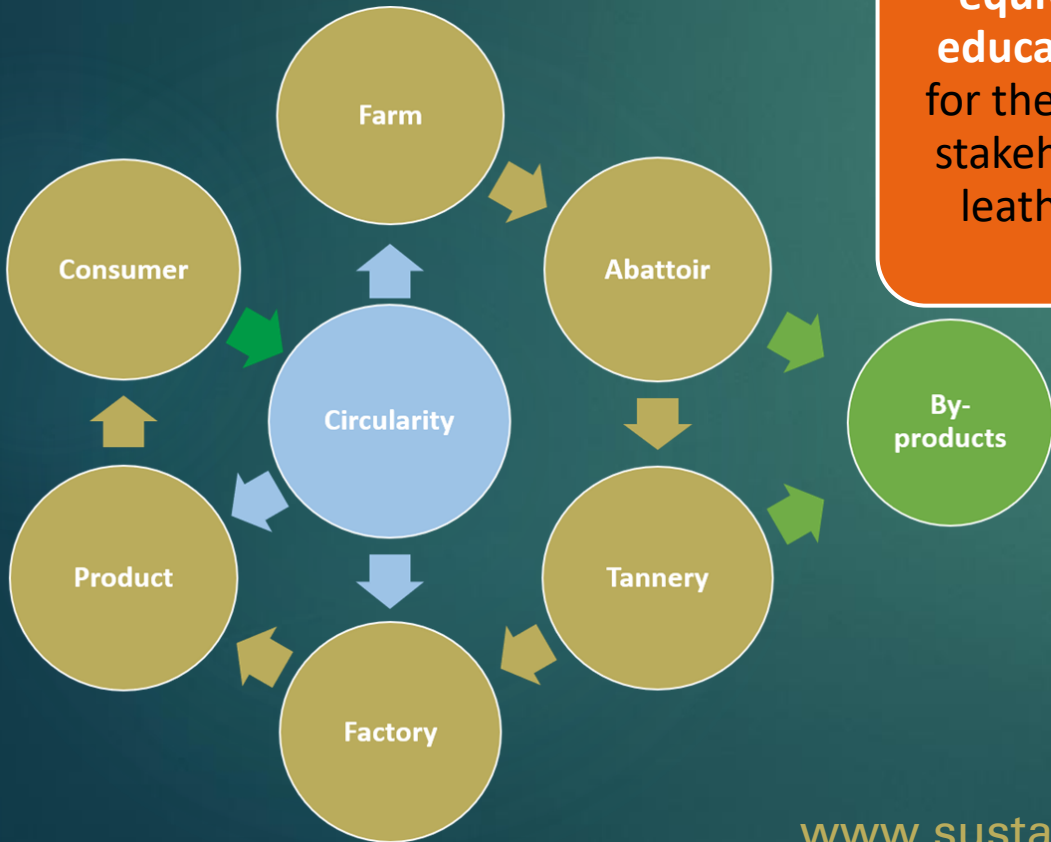
Built upon the foundation of international agreements, global frameworks and standards, and updated every two years to ensure our clients can be confident they are meeting ever higher and higher standards.

ESG+2.0 Alignment



Sustainable Leather Foundation

SLF's Core Vision



Established in 2020 a global foundation providing **certification, equivalency and education** services for the benefit of all stakeholders in the leather industry.



At the heart of the foundation is the **SLF Transparency Dashboard™** that displays a holistic ESG profile for the leather value chain.



A **consumer accessible window** to sustainability linking the value chain to industry experts and innovative tools.

We provide tangible solutions for the whole leather value chain to communicate & build upon all your ESG requirements



The A.I.M Approach – Accessible, Inclusive, Modular

October 2021



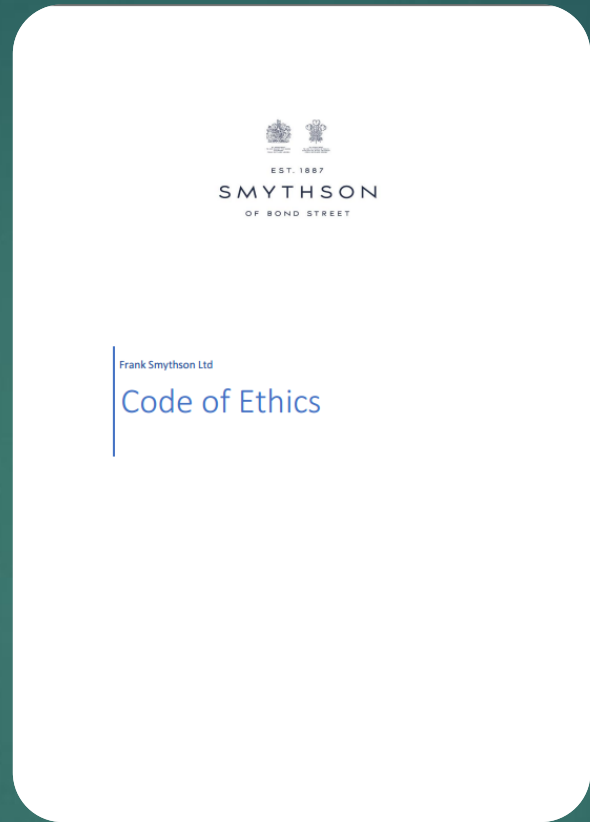
March 2022



June 2022



Clear Communication and Business Strategy



Introducing the Smythson Strategic Plan

www.sustainableleatherfoundation.com



Balance

Finally, my favourite word when talking with any individual or organisation is
Balance!

We must maintain a healthy balance for:

Planet

People

Profit

THANK YOU

QUESTIONS?

More Information:

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www.sustainableleatherfoundation.com

