

Training Workshop Paul Smith Ltd

Tuesday 21st April 2026



Agenda



10.00 am

Introductions

10.05 am

Sustainability and the leather industry

- What is sustainability and unpacking ESG
- Understanding the Sustainability Risks for the Leather Value Chain

11.15 am

Break

11.30 am

Regulation and legislation

- Why the need for regulation
- Key pieces of regulation driving change

12.30 pm

Lunch

13.30 pm

Circularity, design and biodegradability

- Leather as an enabler of circularity
- Circularity and biodegradability principles

14.30 pm

Break

14.50 pm

Working with leather manufacturers for better outcomes

- Establishing Sourcing Criteria
- Business Process Analysis for developing strategy
- Creating a sustainability risk matrix



Introduction

- Founder and Managing Director of Sustainable Leather Foundation.
- President of the Society of Leather Technologists and Chemists (SLTC)
- 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
- 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

Introduction



Stuart Cranfield,
Technical Consultant,
SLF Auditing Services

- 36 years working for Clarks most recently as Group Head of Supplier Working Conditions, managing the supplier working conditions program, including development and monitoring of standards.
- Instrumental in the development of the SLCP (Social Labour Convergence Project)
- Spent 2 years at LWG, leading the Standards & Assurance functions
- Degree in Geography and Geology.
- SA8000 Social Systems Lead Auditor, certified by IRCA





Session 1

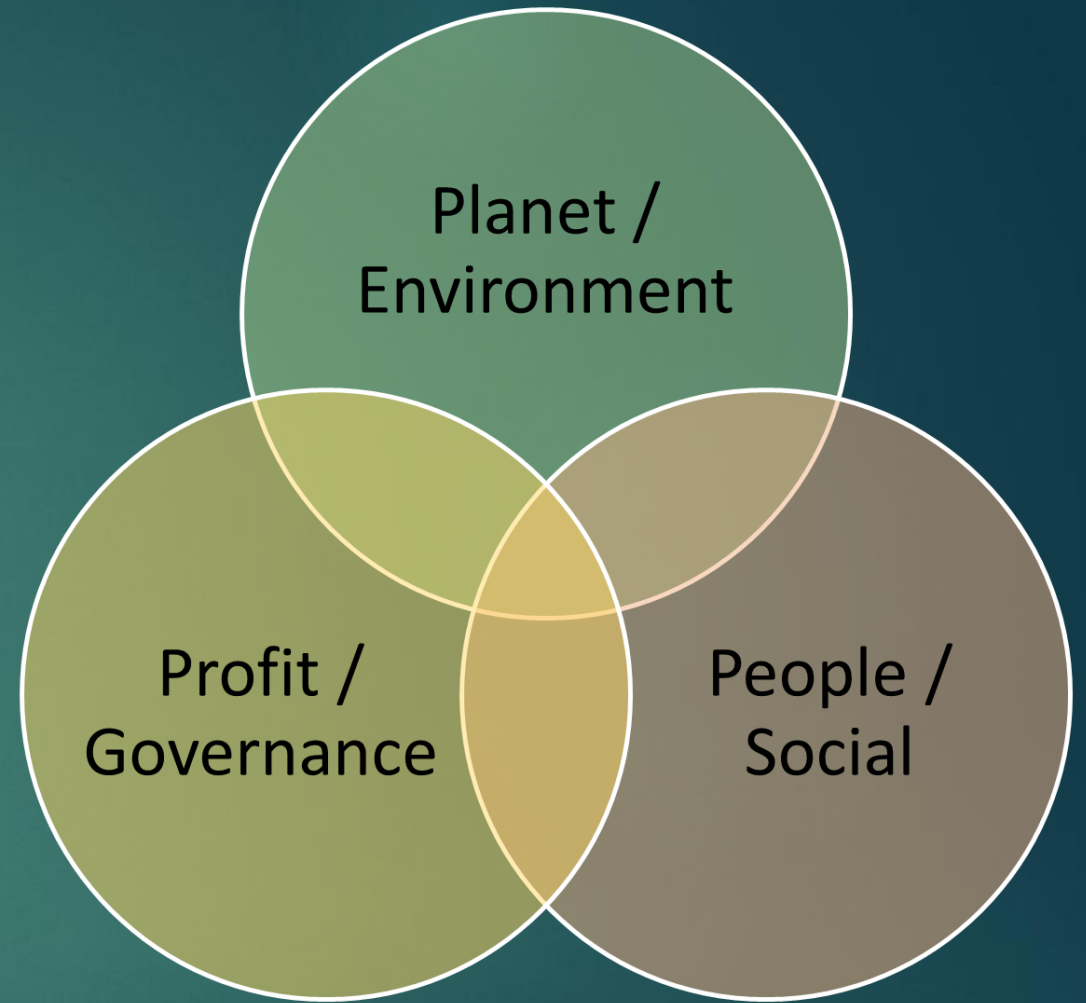
“let’s be the change that secures the future”

- **What is Sustainability & Unpacking ESG**
- **Understanding risks in the leather value chain**

What is sustainability?

The first real definition of sustainability, devised within the United Nations Brundtland Commission report “Our Common Future” in 1987 as **“meeting the needs of the present without compromising the ability of future generations to meet their own needs.”**

Sustainability can be broken down into 3 principal pillars, known as “ESG” – Environment, Social and Governance, or put another way, Planet, People and Profit.



Let's break down ESG risks



Environmental / Planet

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

Social / People

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

Governance / Profit

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



Colour Key:

Upstream Processes

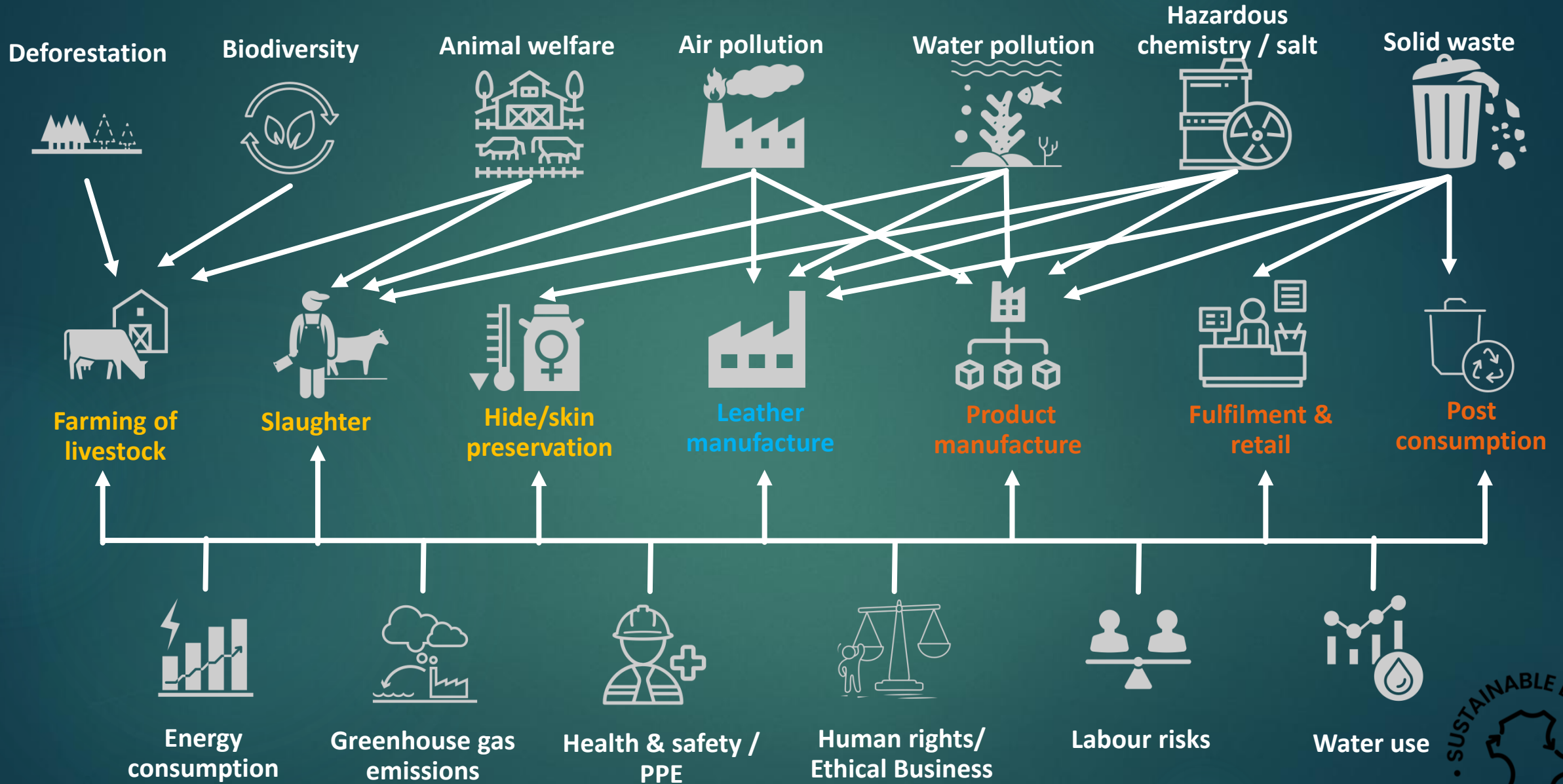
Direct Processes

Downstream Processes



Flowchart of Key Processes in Leather Manufacture

Sustainability Risks in the Leather Value Chain



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





Why is livestock management so important?



Livestock are part of the natural sustainable eco-system. Livestock farming enables:

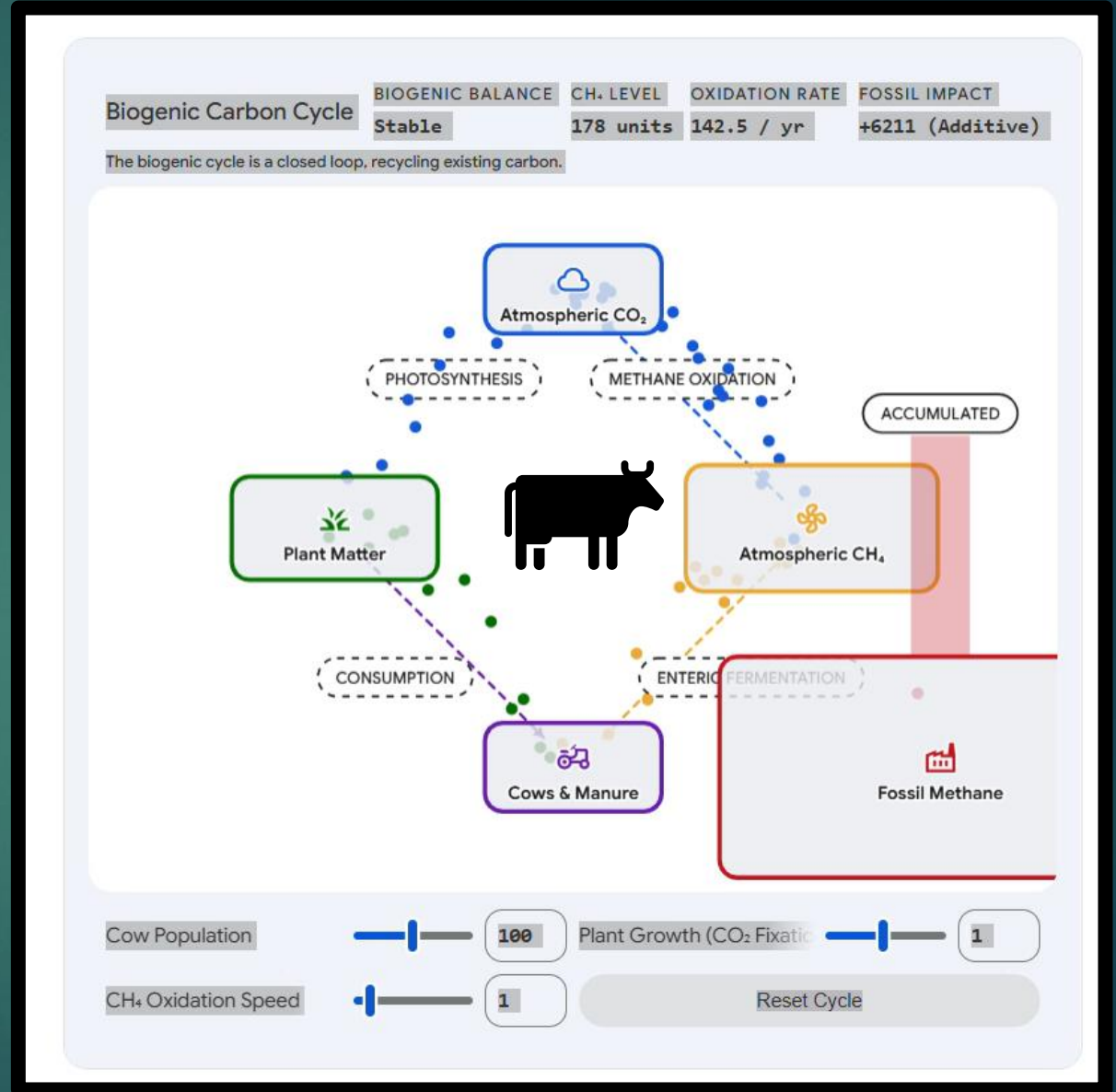
- ✓ Meat for the dietary need of a global population
- ✓ Natural fertilization of the land
- ✓ Natural deterrent to invasive species
- ✓ Natural encouragement of beneficial species
- ✓ Raw material for the leather industry

Livestock farming supports carbon reduction by:

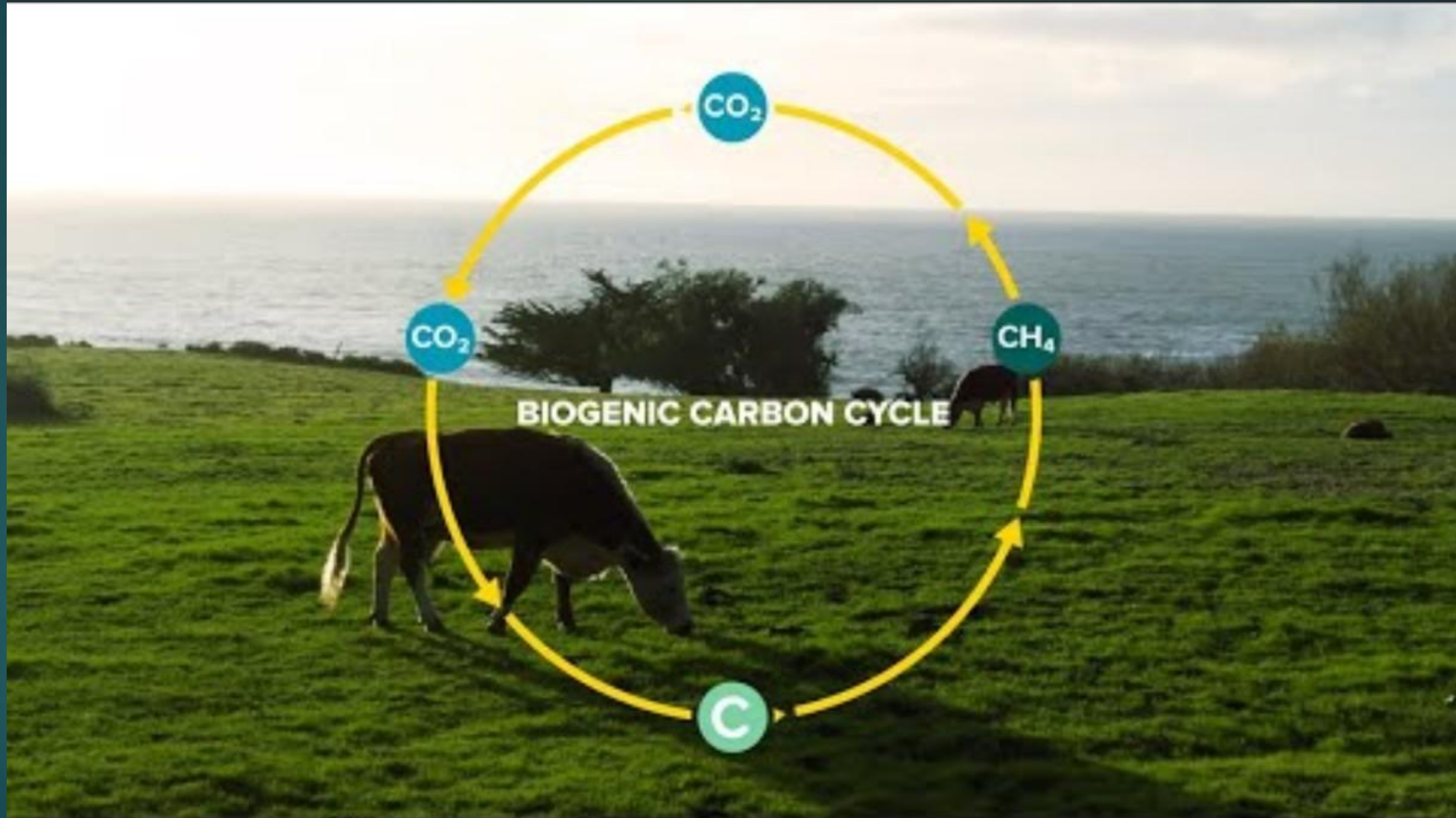
- ✓ Soil Carbon Sequestration: Well-managed grazing can improve soil health and increase the amount of carbon stored in the soil. Healthy pastures also help pull CO₂ from the atmosphere.
- ✓ Rotational Grazing: By rotating livestock between pasture areas, vegetation has time to recover, and soil carbon storage can increase, while overgrazing, which leads to land degradation, is minimized.

Let's Talk About Methane

Unlike fossil fuels, which extract ancient carbon and permanently add it to the atmosphere, the biogenic cycle is a continuous recycling of the *same* carbon molecules. If cattle populations remain stable, their methane emissions do not add new carbon to the atmosphere over the long term.



The Biogenic Cycle



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



Impact Areas & SLF



Connecting good practice

Supporting harmonization and minimising duplication of effort across the value chain. Working with industry associations and other Certification bodies.

Standards and Benchmarks

Driving improvement through development of robust and credible standards. Backed up through the Transparency Dashboard™.

Education and Training

Through our A.I.M. Approach and Toolbox of Resources, coupled with on the ground training and support

Policy Advocacy with IGOs

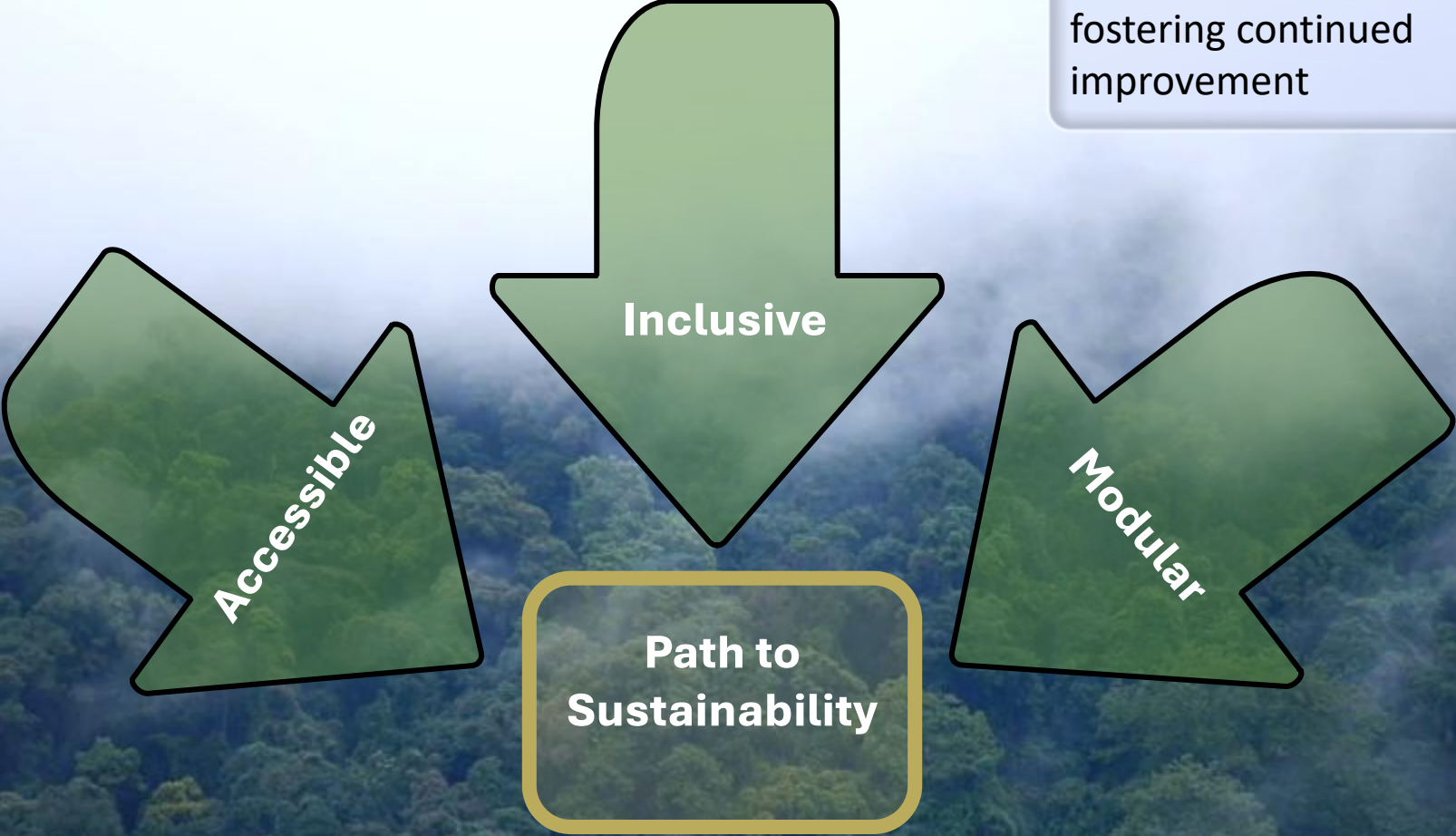
Working with Intergovernmental Organisations to support and advocate for the leather industry



SLF's A.I.M. Approach



Our fundamental principles for fostering continued improvement



SLF Transparency Dashboard™ Modular in Approach



100+ Transparency Dashboards created for facilities in over **35** countries

This view is open source – anyone who visits the desktop website or mobile app can view the top-line information.

However, they cannot access the detail behind the headline.

SLF Transparency Dashboard™

Visibly Transparent



This view is only accessible for paid up partners of SLF

EMS

Status: Passed

BASIS OF ASSESSMENT: Successful completion of an LWG audit dated 6-7th November 2019, with certification awarded.

Evidence provided.

NEXT STEPS: To maintain this status, Crest Leather will require a re-audit on or before 7th November 2021, with LWG or an alternative certification company of equivalent standard.

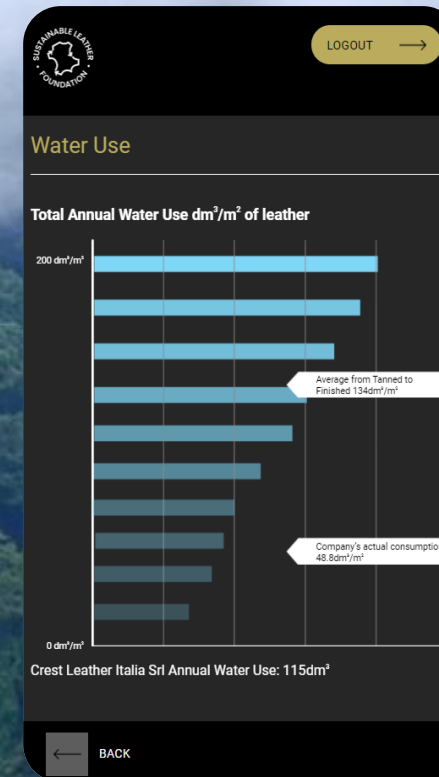
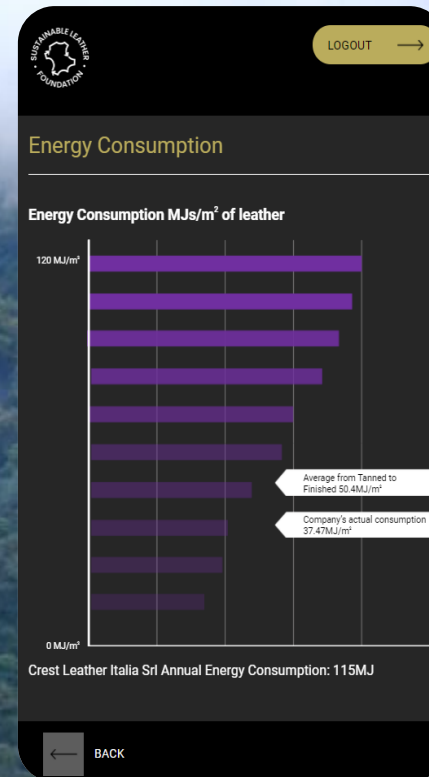
Environmental Health & Safety

Status: In Progress

BASIS OF ASSESSMENT: Partial criteria reached through successful completion of an LWG audit dated 6-7th November 2019, with certification awarded.

Evidence provided.

NEXT STEPS: Outstanding criteria to be audited by SLF during June/July 2021.



Traceability

Status: Passed

Audit Certification Method: LWG Certification. All raw hides are physically marked and marking is entered on job cards and an ERP system. All hides have traceability back to the slaughterhouse.

Level 1:

Level 2:

Level 3: 100% material traceable

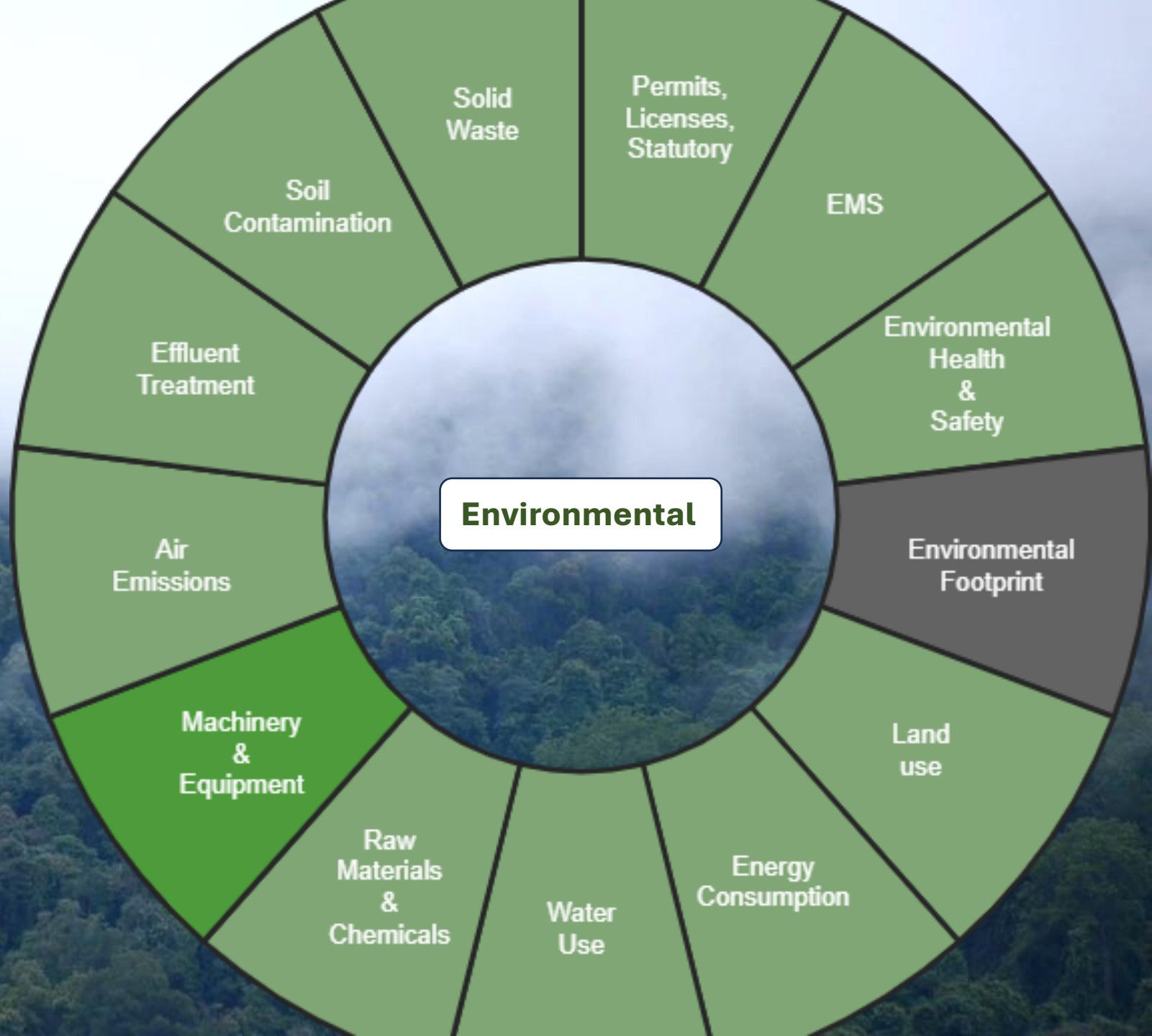
Level 4:

Level 5:

Comment: Successful completion of Supply Chain Risk Management PAS7000

33 Areas of ESG Impact - Environmental

1. Permits & Licences
2. Environmental Management System
3. Environmental Health & Safety
4. Environmental Footprint
5. Land Use
6. Water Use
7. Energy Consumption
8. Raw Materials & Chemicals
9. Machinery & Equipment
10. Air Emissions
11. Effluent Treatment
12. Soil Contamination
13. Solid Waste



33 Areas of ESG Impact – Social



1. Permits & Licences
2. Age of Workers
3. Compulsory Labour
4. Discrimination
5. Social Management System
6. Staff Development & Representation
7. Wages & Benefits
8. Worker Health & Safety
9. Working Hours

33 Areas of ESG Impact – Governance

1. Permits & Licences
2. Ethical Business Practice
3. Animal Welfare Practices
4. Traceability
5. Housekeeping
6. Best Available Techniques
7. Process Control & Quality
8. Chemical Management
9. Restricted Substances
10. Occupational Health & Safety
11. PR & Communications




SLF Transparency Dashboard™

Visibly Transparent

Summary Conformance


Kings International Limited



Compliance & Performance Programme	Award	Expiry Date
Sustainable Leather Foundation	Environmental Module	-
Sustainable Leather Foundation	Social Module	-
Sustainable Leather Foundation	Governance Module	-
Other Equivalent Programmes	Award	Expiry Date
Leather Working Group	Audited Award	9th July 2021
SAC Higg	Self-Assessment Facility Social and Labor Module	29th April 2022
SAC Higg		2021
BSI	Environmental Management System ISO14001:2015	January 2024
BSI	Quality Management System ISO 9001:2015	January 2024
BSI		January 2024
BSI	Occupational Health & Safety Management System ISO 45001:2018	14th September 2021
BSI	Accountability System	18th January 2024
CII-ITC Centre of Excellence	Energy Management Systems ISO 5001:2018 Internal Auditor Training	16th September 2025
Additional Recognition	Award	Date Awarded
CII-ITC Centre of Excellence for Sustainable Development	Winner Excellence in Environmental Management	2020
World Leather Tannery of the Year Award	Tannery of the Year Award	2016
World Leather Tannery Innovation Award	Tannery Innovation Award	2016
UNIDO Innovation Award	Innovation Award	2017

Summary Conformance

Conceria Montebello



Compliance & Performance Programme	Award	Expiry Date
Sustainable Leather Foundation	Environmental Module	-
Sustainable Leather Foundation	Social Module	-
Sustainable Leather Foundation	Governance Module	-
Other Equivalent Programmes	Award	Expiry Date
Leather Working Group	Audited Award	29th June 2022
ICEC	Environmental Management System ISO 14001:2015	14th July 2021
ICEC	Quality Systems ISO 9001:2015	January 2022
ICEC		December 2023
ICEC	Certifications TS 40000	To be advised
UNIC	Code of Ethics and Social Accountability	September 2023
Italian Leather Research Institute	Product Environmental Footprint	No expiry
Additional Recognition	Award	Date Awarded

EQUIVALENCY
BUILT IN

Benchmarking – real data – real measurement

Energy Consumption

Energy Consumption Benchmarking						
Operational Scope	Raw to Tanned	Raw to Crust	Raw to Finished	Tanned to Crust	Tanned to Finished	Crust to Finished
	kWh/m ²	kWh/m ²	kWh/m ²	kWh/m ²	kWh/m ²	kWh/m ²
Average Benchmark	4	13	21	7	14	8
Average Actuals	3.17	13.52	11.28	6.28	5.04	4.73

Water Use

Water Use Benchmarking						
Operational Scope	Raw to Tanned	Raw to Crust	Raw to Finished	Tanned to Crust	Tanned to Finished	Crust to Finished
	L/m ²	L/m ²	L/m ²	L/m ²	L/m ²	L/m ²
Average Benchmark	146	270	297	63	134.1	10.8
Average Actuals	40.19	35	127	39	22	20.92



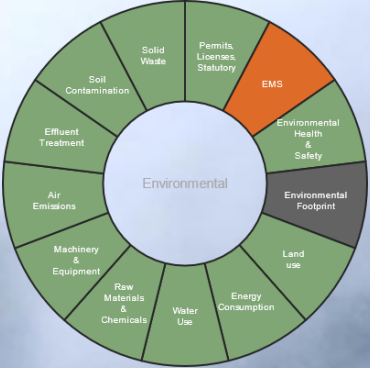
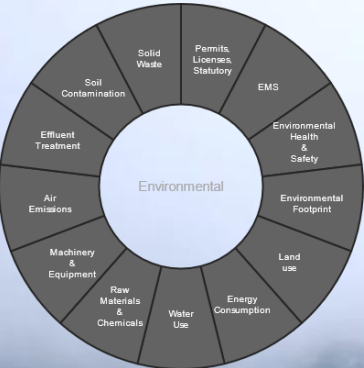
The A.I.M. Approach – Accessible, Inclusive, Modular



October 2021

March 2022

June 2022



REAL CASE STUDY

Accreditation

The only leather specific standards to be accredited on the ITC Standards Map

The screenshot shows the ITC Standards Map website. At the top, there's a navigation bar with 'Why Standards Map', 'Knowledge base', and 'Get started'. A yellow banner below the navigation bar contains a message about a webinar. The main content area features the headline 'The world's largest database for sustainability standards' and a sub-headline 'We provide free, accessible, comprehensive, verified and transparent information on over 300 standards for environmental protection, worker and labour rights, economic development, quality and food safety, as well as business ethics.' Below this is a green 'Explore Standards Map' button. Further down, there's a section for 'Standards Map free toolkit' with a 'How this works' link. This section lists four key features: 'Identify standards' (Review 300+ standards), 'Compare' (Compare up to 4 standards), 'Monitor trends' (Make informed decisions), and 'Certified Business Registry' (Building the world's largest database). At the bottom, it says 'Standards Map: A decade of sustainability leadership'.

This screenshot shows the profile for the Sustainable Leather Foundation (SLF) standard. It includes the ITC logo, the title 'Standard profile for Sustainable Leather Foundation', and a QR code. The profile text describes the SLF's vision and its commitment to transparency and good practice. Key details include: 'Label: Business to Business', 'Purpose: Private Standard', 'Sector(s): Textiles', 'Product(s): Other products', and 'Geographical scope: For origin (28 countries) and For destination'. A 'Value chain focus' diagram shows 'Production', 'Manufacturing', 'Distribution', and 'Consumption' stages. At the bottom, there's a 'Go to Standards Map' button and a note to 'Access the latest version of this standard profile'.

This screenshot displays the 'Facts & figures' section for the SLF standard. It highlights that the standard contributes to 17 Sustainable Development Goals (SDGs). A 'Sustainability requirements' section features two charts: a pie chart showing requirements by pillar (Environment, Social, Management and Ethics, Quality) and a treemap showing requirements by theme (Human and labour rights, Due Diligence, Environment and Climate change, Gender, Sustainable Business, Quality, Food Safety, Traceability, Credibility). A bar chart at the bottom shows 'Requirements by time to comply' with categories: Immediate, Within 1 year, Within 3 years, Within 5 years, and Recommendation.



Currently undergoing UKAS accreditation for ISO17065 – conformity assessment bodies

Break 15 minutes



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Session 2

“let’s be the
change that
secures the
future”

- Why the need for regulation?
- Key pieces of regulation that will drive change

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

EPR
(Extended
Producer
Responsibility)

01 EU Corporate
Sustainability
Reporting Directive
EU CSRD

EU Deforestation
Regulation
EUDR 02

03 EU Corporate
Sustainable Due
Diligence Directive
EU CSDDD



06 EU Digital Product
Passport

05 EU Waste
Framework Directive
EU WFD

04 EU Green Claims
Directive
EU GCD
& ECGT

CBAM
(Carbon
Adjustment
Mechanism)



1. EU Corporate Sustainability Reporting Directive (EU CSRD)

Key Points:

- The Corporate Sustainability Reporting Directive was officially adopted and entered into force by the EU on 5th January 2023.
- Replaces the existing “Non-Financial Reporting” requirement and is intended to force organisations to actively report on their ESG (Environmental, Social and Governance) risks, mitigation, objectives and KPIs.
- The rules apply for the largest companies who already reported under the NFRD in 2024 for reporting in 2025 and will extend to other large companies with 1000 employees or more with a net turnover threshold of over €450 million euros by 26 July 2028. SMEs have now been removed from scope.
- The Omnibus that was adopted in February this year, gave an exemption for the early reporters until 19 March 2027.
- The intent is to ensure that investors and other stakeholders have access to the information they need to assess the impact of companies on people and the environment, and to assess financial risks and opportunities arising from climate change and other sustainability issues.



1. EU Corporate Sustainability Reporting Directive (EU CSRD)

- Climate Change
- Pollution
- Water & Marine Resources
- Biodiversity & Ecosystems
- Resource Use & Circular Economy
- Own Workforce
- Workers in the Value Chain
- Affected Community
- Consumers & End Users
- Business Conduct

+ general disclosures are required, and the minimum disclosure requirements outlined.

ESRS DR	Paragraph Name	Data Type	Appendix C (SFDR + PILLAR 3 + Benchmark + CL)	V [Voluntary]
E2 E2-1	14	Policies to manage its material impacts, risks and opportunities related to pollution [see ESRS 2 MDR-P]	MDR-P	
E2 E2-1	15 a	Disclosure of whether and how policy addresses mitigating negative impacts related to pollution of air, water and soil	narrative	
E2 E2-1	15 b	Disclosure of whether and how policy addresses substituting and minimising use of substances of concern and phasing out	narrative	
E2 E2-1	15 c	Disclosure of whether and how policy addresses avoiding incidents and emergency situations, and if and when they occur, c	narrative	
E2 E2-1	AR 12	Disclosure of contextual information on relations between policies implemented and how policies contribute to EU Action Plan	narrative	
E2 E2-2	18	Actions and resources in relation to pollution [see ESRS 2 MDR-A]	MDR-A	
E2 E2-2	19	Layer in mitigation hierarchy to which action can be allocated to (pollution)	semi-narrative	
E2 E2-2	AR 13	Action related to pollution extends to upstream/downstream value chain engagements	semi-narrative	
E2 E2-2	19	Layer in mitigation hierarchy to which resources can be allocated to (pollution)	semi-narrative	
E2 E2-2	AR 15	Information about action plans that have been implemented at site-level (pollution)	narrative	
E2 E2-3	22	Tracking effectiveness of policies and actions through targets [see ESRS 2 MDR-T]	MDR-T	
E2 E2-3	23 a	Disclosure of whether and how target relates to prevention and control of air pollutants and respective specific loads	narrative	
E2 E2-3	23 b	Disclosure of whether and how target relates to prevention and control of emissions to water and respective specific loads	narrative	
E2 E2-3	23 c	Disclosure of whether and how target relates to prevention and control of pollution to soil and respective specific loads	narrative	
E2 E2-3	23 d	Disclosure of whether and how target relates to prevention and control of substances of concern and substances of very high	narrative	
E2 E2-3	24	Ecological thresholds and entity-specific allocations were taken into consideration when setting pollution-related target	semi-narrative	V
E2 E2-3	24 a	Disclosure of ecological thresholds identified and methodology used to identify ecological thresholds (pollution)	narrative	V
E2 E2-3	24 b	Disclosure of how ecological entity-specific thresholds were determined (pollution)	narrative	V
E2 E2-3	24 c	Disclosure of how responsibility for respecting identified ecological thresholds is allocated (pollution)	narrative	V
E2 E2-3	25	Pollution-related target is mandatory (required by legislation)/voluntary	semi-narrative	
E2 E2-3	AR 17	Pollution-related target addresses shortcomings related to Substantial Contribution criteria for Pollution Prevention and Contro	semi-narrative	
E2 E2-3	AR 18	Information about targets that have been implemented at site-level (pollution)	narrative	

Reporting against the European Sustainability Reporting Standards (ESRS), there are 1178 data points in total for CSRD, some mandatory and some voluntary.



1. EU Corporate Sustainability Reporting Directive (EU CSRD)



Timeline:



2024



2025



2026



2027

- for large EU "public interest entities" that are already subject to the NFRD
- non-EU companies listed on a regulated market in the EU within the definition of large undertakings with more than 500 employees

- for large EU organisations that are not presently subject to the NFRD
- large non-EU companies listed on a regulated market in the EU

- for listed EU and certain SMEs
- small and non-complex credit institutions and captive insurance undertakings

- for large EU organisations with >1000 employees and >€450 million turnover
- Third-country companies generating >€450 million net annual turnover for 2 consecutive years with a subsidiary/branch in the EU exceeding €200 million net turnover

2. EU Corporate Sustainability Due Diligence Directive (EU CSDDD)



Key Points:

- Adopted by the EU on 23 February 2022, The Corporate Sustainability Due Diligence Directive is concerned with the act of corporate due diligence across the ESG spectrum.
- It is a mandatory set of due diligence steps that companies who are eligible under the CSRD must legally take for:
 - Their own operations and subsidiary companies
 - Tier one, direct suppliers.
- In basic terms, companies will be obliged to investigate and address how their business operations and supply chains affect the wider environmental and human rights on a risk-based approach.
- It doesn't just affect companies based in the EU – it also applies to non-EU countries, and it affects operations inside and outside of the EU.
- Penalties for non-compliance limited to a maximum of 3% of net worldwide turnover.

2. EU Corporate Sustainability Due Diligence Directive (EU CSDDD)



Large EU Companies:

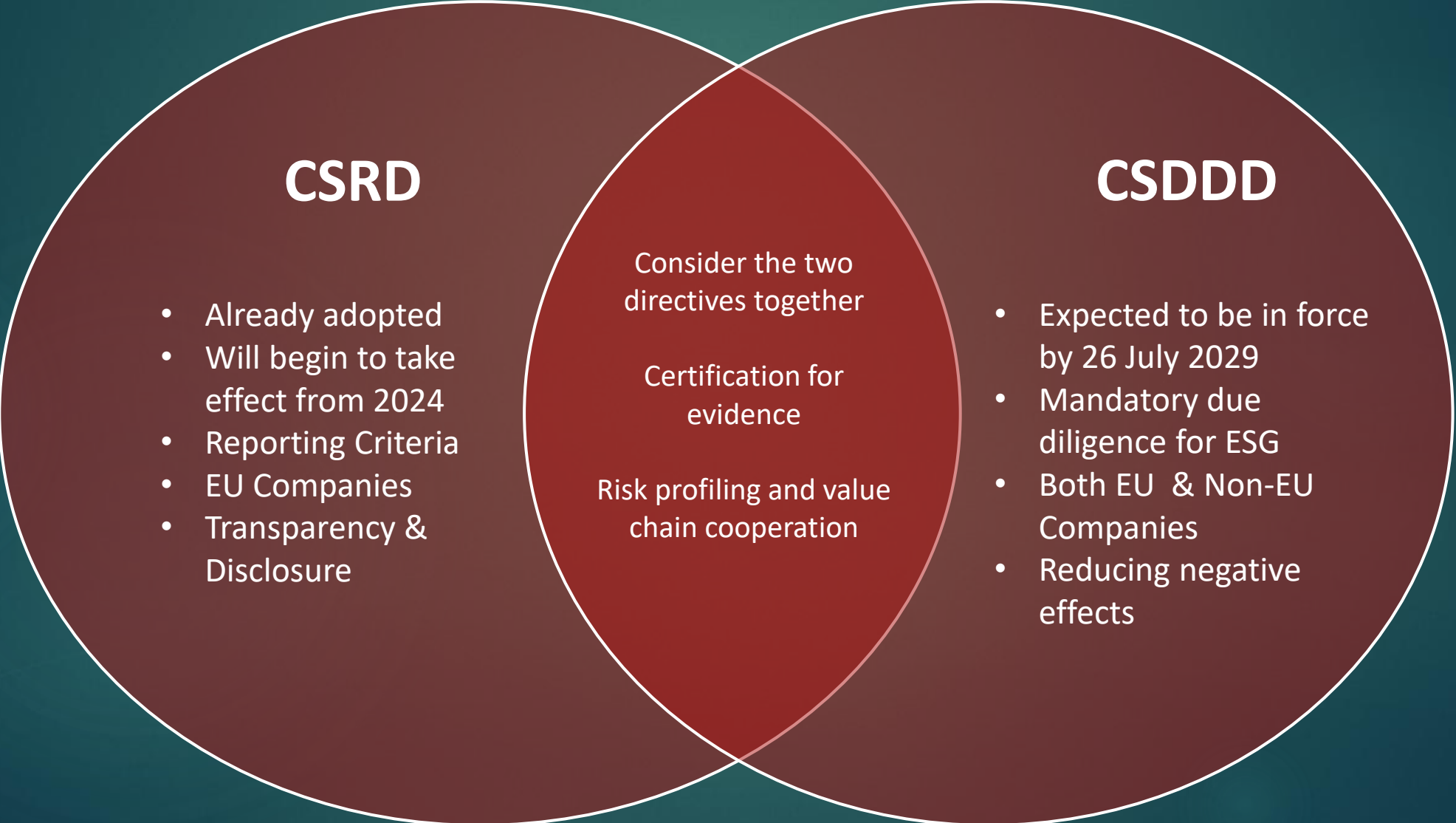
Group 1: Companies with 5000+ employees and a net turnover of €1.50 billion+

Non-EU Companies:

Companies who actively operate in the EU with turnover threshold that aligns with Group 1 turnover in the EU.

Although micro and SMEs are not directly subject to the rules, there are supporting measures being put in place for those companies that could be indirectly affected.

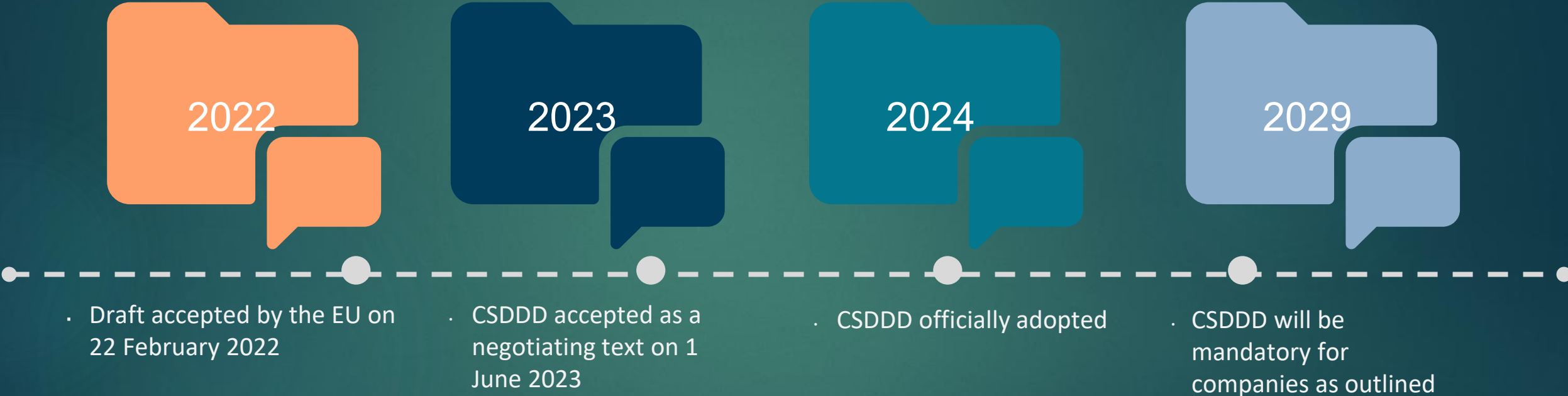
2. EU Corporate Sustainability Due Diligence Directive (EU CSDDDD)



2. EU Corporate Sustainability Due Diligence Directive (EU CSDDD)



Timeline:



3. EU Deforestation Regulation (EUDR)



Key Points:

- Entered into force on 29 June 2023, this 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, paper 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 not 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 “in scope 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.

Step 2: 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. EUDR Information System

➤ To import or export commodities within the scope of EUDR, operators will require a **Universal Unique Identifier (UUID)** for customs clearance.



The screenshot shows the IMSOC (Information Management System for Operators) interface for EUDR (EU Deforestation Regulation). The page title is 'Search - Due Diligence Statement'. It features a search bar with the text 'Search by Reference Number or DDS Number' and a 'Search' button. Below the search bar is a table with the following columns: Reference Number, Company Internal Ref, Activity, Commodity(ies) or Product(s), Status, and Submission Date. The table contains six rows of data, each representing a Due Diligence Statement (DDS). The status of each DDS is either 'Submitted' or 'Available'.

Reference Number	Company Internal Ref	Activity	Commodity(ies) or Product(s)	Status	Submission Date
	REF-0000000356	Import	0102 21 Pure breeding animals	Submitted	27/09/2024 10:39
	FTEST_INT_REF_CREATE_DDS_1727422226193	Import	0102 21 Pure breeding animals	Submitted	27/09/2024 10:05
24HUZQUODUT661	REF-0000000355	Import	1801 Cocoa beans, whole or broken, raw or roa...	Available	27/09/2024 09:51
24HUJAD4PVU638	REF-0000000345	Import	0202 Meat of bovine animals, frozen	Available	25/09/2024 16:15
24HUS9XUS6G639	REF-0000000346	Import	0202 Meat of bovine animals, frozen	Available	25/09/2024 16:30
24HU7TEB6G5619	REF-0000000337	Import	0202 Meat of bovine animals, frozen	Available	25/09/2024 16:15

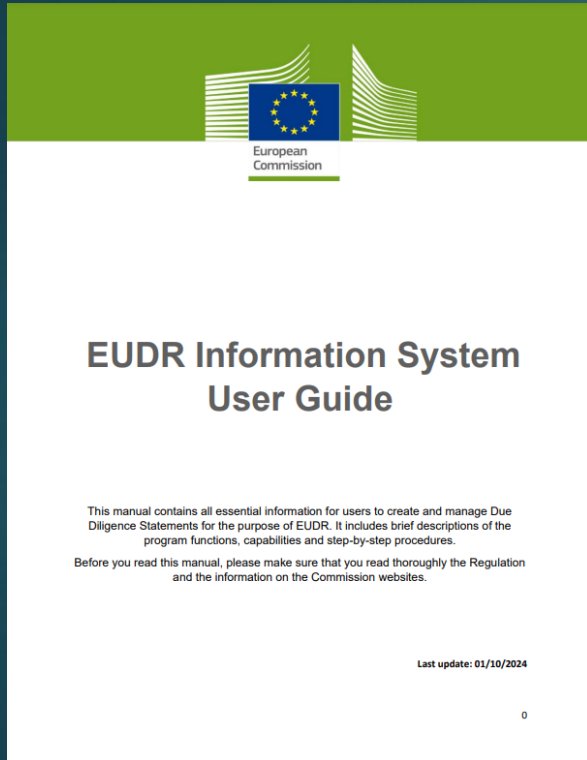
➤ This UUID will be provided once the operator has uploaded a Due Diligence Statement (DDS) and Geolocation of all plots of land where the commodity has been raised/grown/produced into an **information system** that is now live

➤ 10 click for happy flow

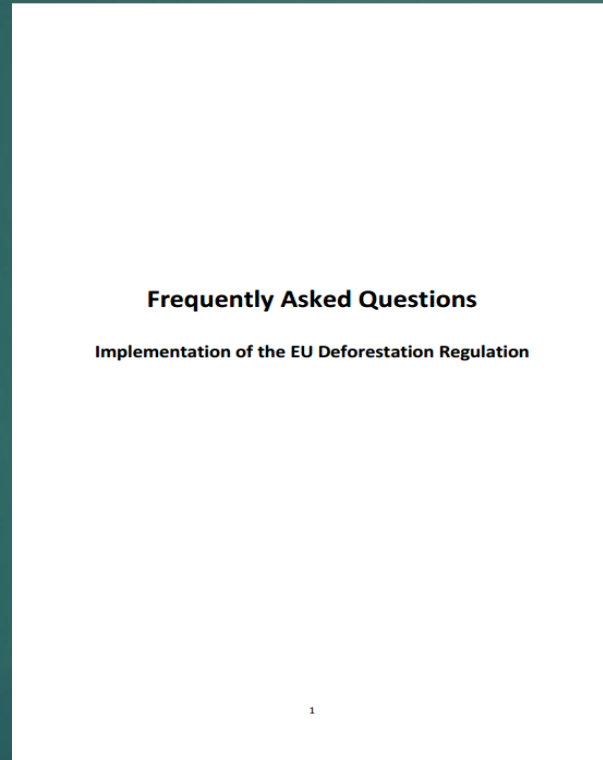
3. EUDR Help and Support



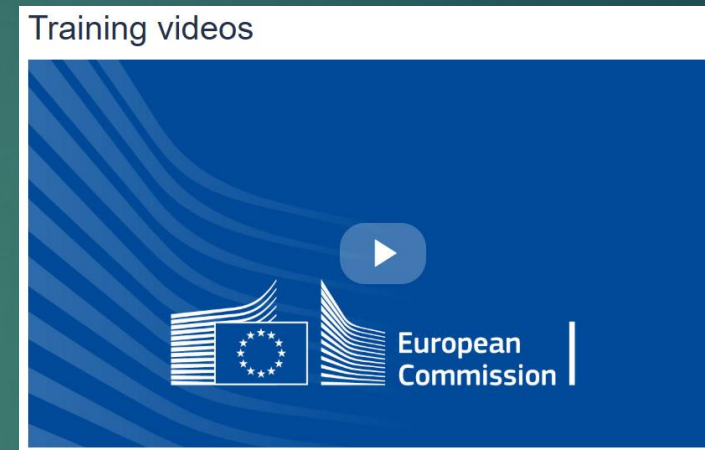
The European Commission has a raft of resources now in place to support preparation and understanding. https://green-business.ec.europa.eu/deforestation-regulation-implementation/information-system-deforestation-regulation_en#training-and-user-manuals



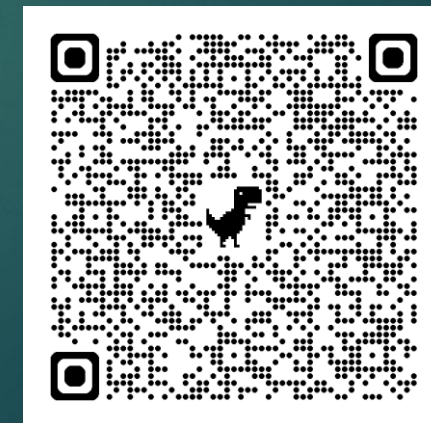
Available in all European languages



Current Version 3. Version 4 expected April 25



Virtual training sessions available every month. There is availability currently



4. EUDR Latest Update



- On 17th December parliament voted in favour of amending the EU Deforestation Regulation (EUDR)
 - 405 votes in favour, 242 votes against and 8 abstentions.
- Key Changes:

Large and Medium Companies effective date postponed by 12 months.

30 December 2026

Small and Micro Companies effective date postponed by 12 months

30 June 2027

DDS only required for the first operator who places an in-scope commodity on the EU market / exports from an EU market.

Only the first downstream operator will be required to record and store the DDS reference number

Micro and small operators in low-risk countries that place commodities directly on the EU market will only be required to do a due diligence statement once.

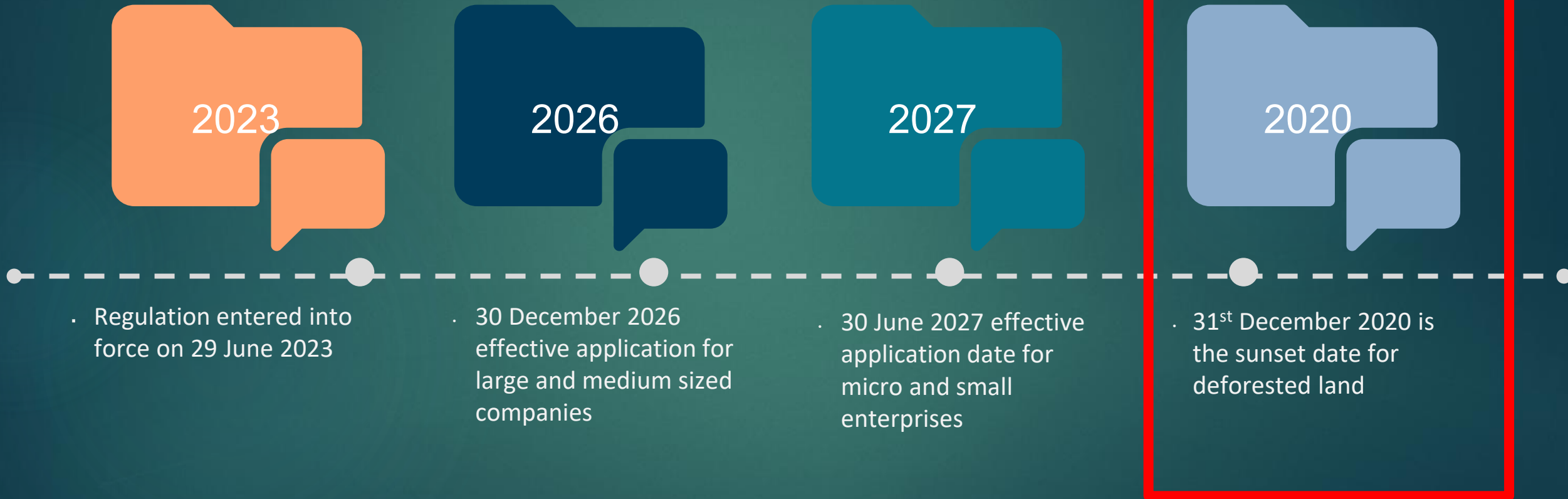
Removal of paper product including printed books, newspapers and pictures from Annex 1 covering byproducts of principal commodities.

A simplification review must take place by **April 2026** to assess impact and burden of EUDR.

3. EU Deforestation Regulation (EUDR)



Timeline:



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 concerns arise 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.
- The Directive will 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)



Current Status:

- Negotiations were paused in June 2025 and placed back under review to consider the impact it has on SMEs.
- The expectation is that it will be relaunched with simplified requirements and exemptions.

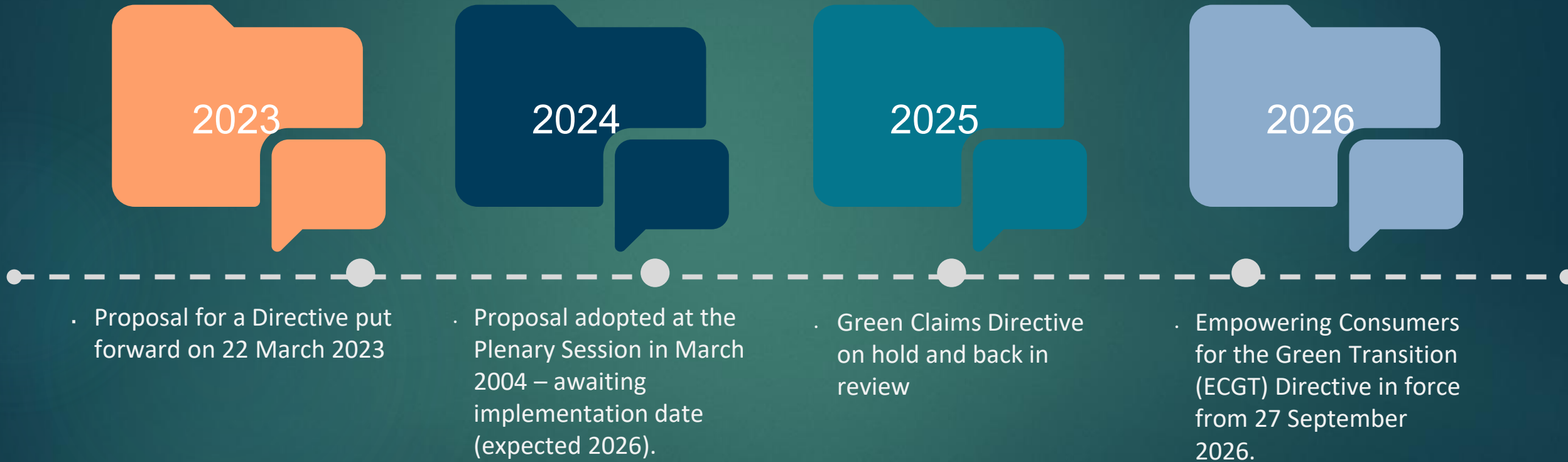
Empowering Consumers for the Green Transition Directive (ECGT)

- In application from 27 September 2026
- Ban on any generic environmental claim (e.g. environmentally friendly) with verified, proven performance
- Ban on the terms “climate neutral” or “carbon Reduced” based on carbon offsetting.
- Ban on sustainability labels that are not based on approved certification schemes

4. EU Green Claims Directive (EUGCD)



Timeline:



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

5. EU Waste Framework Directive (EUWFD)



Key Points:

- Sets the legal framework for waste management in the EU, designed to protect human health and the environment.
- Applies the principles of the circular economy and resource efficiency.
- Working to the waste hierarchy:
 - Prevention
 - Reuse
 - Recycle
 - Recover
 - Disposal



5. EU Waste Framework Directive (EUWFD)



- The Directive adopts the “Polluter-Pays Principle” which is a concept that the original producer of waste is responsible for the costs of its management and disposal
- It also introduces the “Extended Producer Responsibility” which places the responsibility on producers for managing their products and packaging at the end of their life.
- The regulation requires any organisation offering waste management operations to obtain permits and be subjected to periodic inspections and record keeping.
- Member States will be required to ensure adequate networks for disposal and recovery of waste.

5. EU Waste Framework Directive (EUWFD)



2023

2025

2028

2035

· Adoption of a revision to the original adoption in 2008

· Textile Separation Collection is required from 1st January 2025

· Extended Producer Responsibility Schemes for textiles must be in place by 17th April 2028

· 65% separate collection for municipal waste is required

6. EU Digital Product Passport

Key Points:

- The purpose of the DPP is to improve sustainability and support a circular economy.
- The DPP is a digital record mandated by the Ecodesign for Sustainable Products Regulation (ESPR) that will provide accessible information about product:
 - Sustainability
 - Material Composition
 - Durability
 - Repairability
 - Safety
 - Origin and Identity
 - Compliance
 - Disposal Options



6. EU Digital Product Passport



- Environmental Information:
 - Material Composition
 - Sourcing
 - Environmental Impact
 - Guidance on repair and recycling options.
- Product Information:
 - Manufacturing information
 - Durability and performance metrics
 - Disposal options
 - Spare parts availability
- Compliance and Safety:
 - Declarations of conformity testing
 - Warranty information
 - Safety Instructions

Information must be accessible and transparently available through QR Codes, RFID tags or other data carriers

6. EU Digital Product Passport



2024

2025

2026/27

2030

• The Ecodesign for Sustainable Products Regulations (ESPR) was entered into force on 18 July 2024

• Destruction of unsold consumer goods is prohibited from 19 July 2025

• Legal enforcement of DPPs is expected to begin for high-priority sectors (such as batteries)

• DPPs are anticipated to be fully implemented and mandatory for all product categories sold in the EU

6. EPR and CBAM



Extended Producer Responsibility:

- Designed to make producers responsible for the entire lifecycle of their products, particularly post-consumer waste.
- Encourages sustainable and circular design principles

Carbon Border Adjustment Mechanism:

- Designed to prevent companies from shifting production outside of the EU/UK to avoid climate policies and environmental controls.
- Importers will pay a “carbon price” for the emissions that would have been created in the EU if the product was manufactured there.
- Initially focused on high carbon intensity industries (textiles not in scope yet)

Be Prepared



It is imperative that organisations understand where their risks are and how they can mitigate those risks without creating additional unintended consequences.

This makes understanding your value chain and traceability pre-requisites for business in the future.

Lunch

60 minutes



Agenda



10.00 am

Introductions

10.05 am

Sustainability and the leather industry

- What is sustainability and unpacking ESG
- Understanding the Sustainability Risks for the Leather Value Chain

11.15 am

Break

11.30 am

Regulation and legislation

- Why the need for regulation
- Key pieces of regulation driving change

12.30 pm

Lunch

13.30 pm

Circularity, design and biodegradability

- Leather as an enabler of circularity
- Circularity and biodegradability principles

14.30 pm

Break

14.50 pm

Working with leather manufacturers for better outcomes

- Establishing Sourcing Criteria
- Business Process Analysis for developing strategy
- Creating a sustainability risk matrix





Session 3

“let’s be the change that secures the future”

- Leather as an enabler of circularity
- Circularity and biodegradability principles

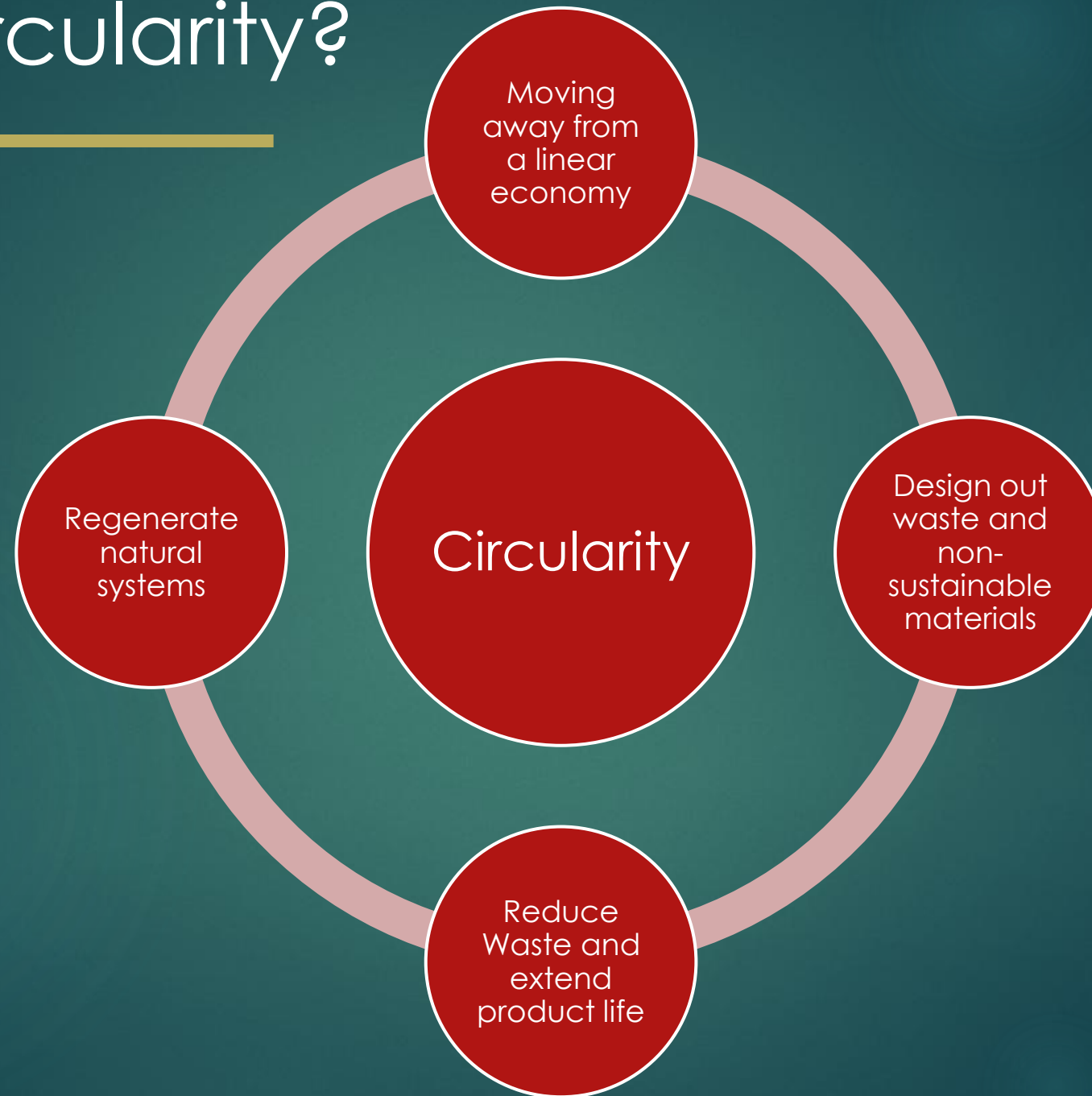
What is circularity?

**Cambridge Dictionary
Definition:**

**“the fact of constantly
returning to the same point or
situation”**



What is circularity?



Leather Industry Model

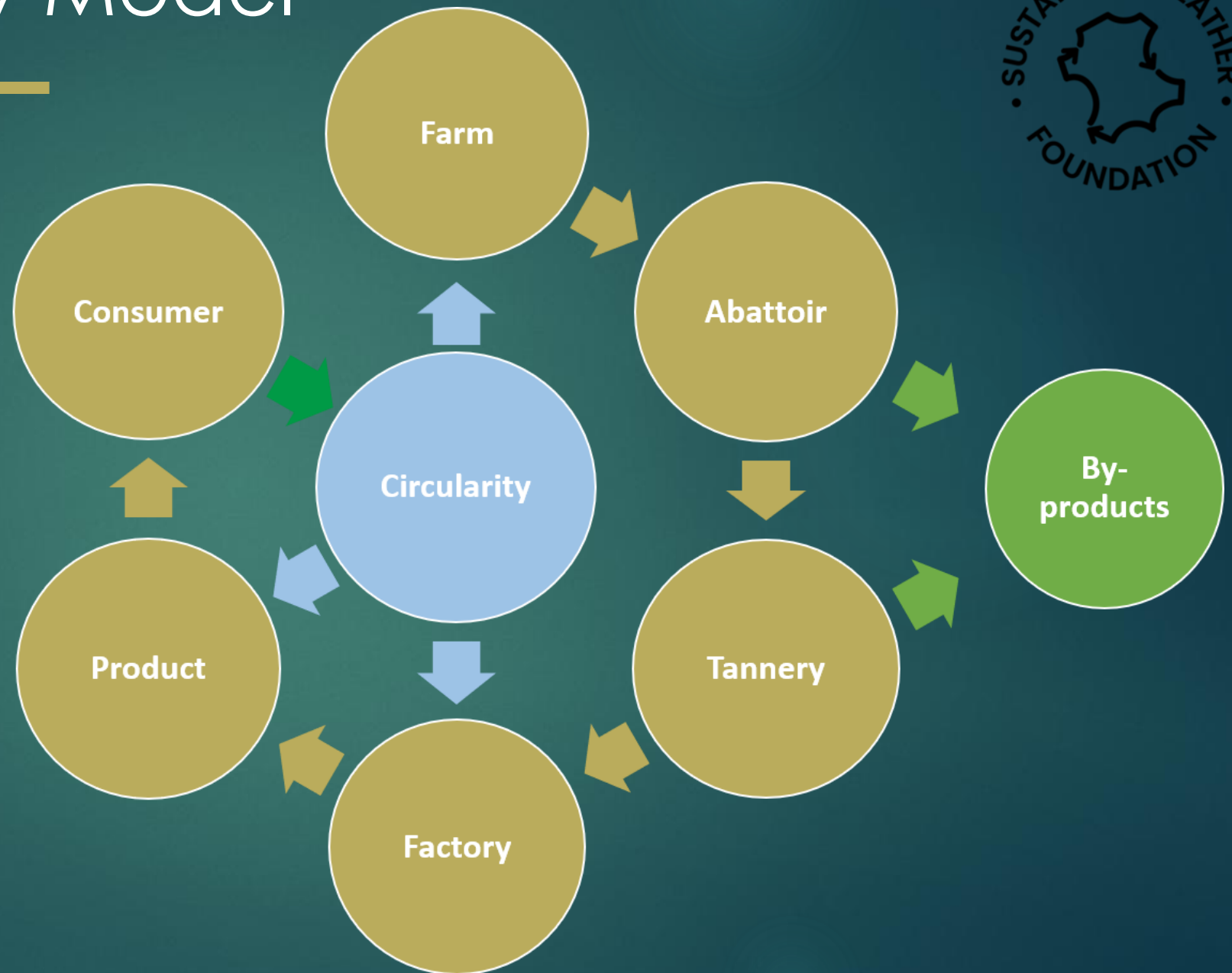


The principle raw material for leather is the hide or skin of an animal.

The hide / skin is a by-product of the meat industry

Leather is durable and long lasting

Leather has the potential for numerous post consumer options



Leather as an enabler of circularity



Raw Input Material is circular:

- Mother Nature provides. Animals reproduce naturally
 - We care for them in life – They care for us in death
- Support the circular ecosystem
 - Biogenic cycle
 - Fertilizer for soil health
 - Rotational farming
 - Dietary need



Leather as a by-product



Leather products:

- Footwear, leather goods, upholstery, sporting equipment

Industrial materials:

- Tallow for soaps, candles and cosmetics
- Bones/horns/hooves for glues, bone China, bonemeal and pet food
- Lubricants and biodiesel

Edible applications:

- Pharmaceuticals capsules / coatings
- Gelatin (gummy bears, jelly, marshmallows, etc)
- Casings for sausages, etc

Biological compounds

- Medicines, hormones, enzymes
- Agri fertilizer and animal feed



Leather as a by-product



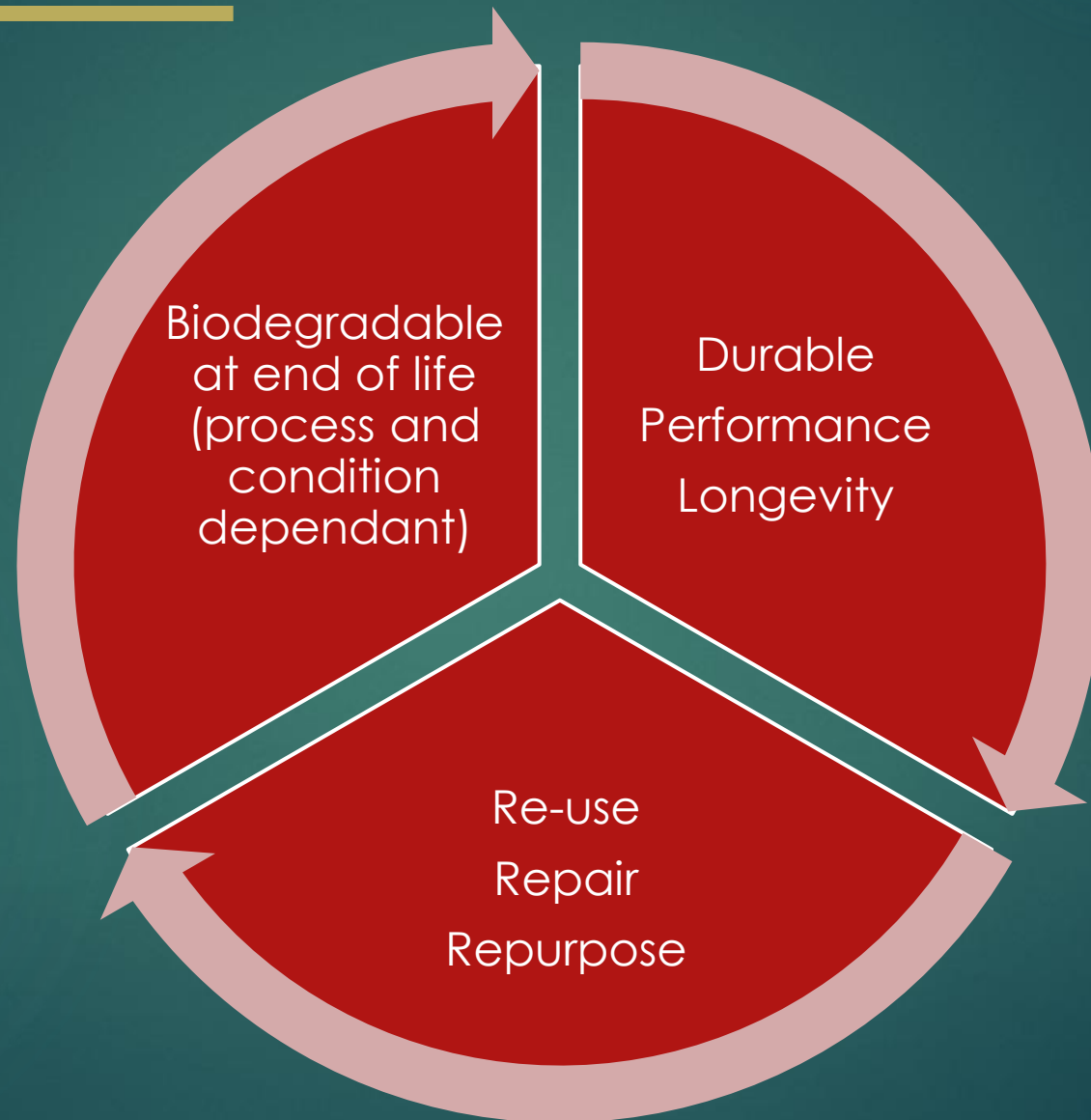
Prevents Waste

Creates value
for economies
in all parts of
the world

Supports
resource
efficiency

Supports a
circular
economy

Leather as an enabler of circularity



Challenges and Criticisms



Impact: Water, Air and Land Pollution



Ethical Concerns: Animal Welfare, Modern Slavery



Resource Use: Water, Energy, Chemicals



Environmental Concerns: Deforestation and Land Use Change for Biodiversity

Innovation



Tannage types – metal free, novel and traditional vegetable tanning



Recycled leather waste and fibres to create new materials



Traceability systems



Process Control and best available techniques

Synthetic Alternatives



The abuse of the term “Vegan”

The rise of the term “Vegan” to represent any synthetic / plastic material that sets out to mimic leather has been a huge contributor to the misinformation that exists for consumers today and it is the antithesis of a circular model.

Consumers have been led to believe that if it says “Vegan” then it must be more sustainable. This is a major untruth.

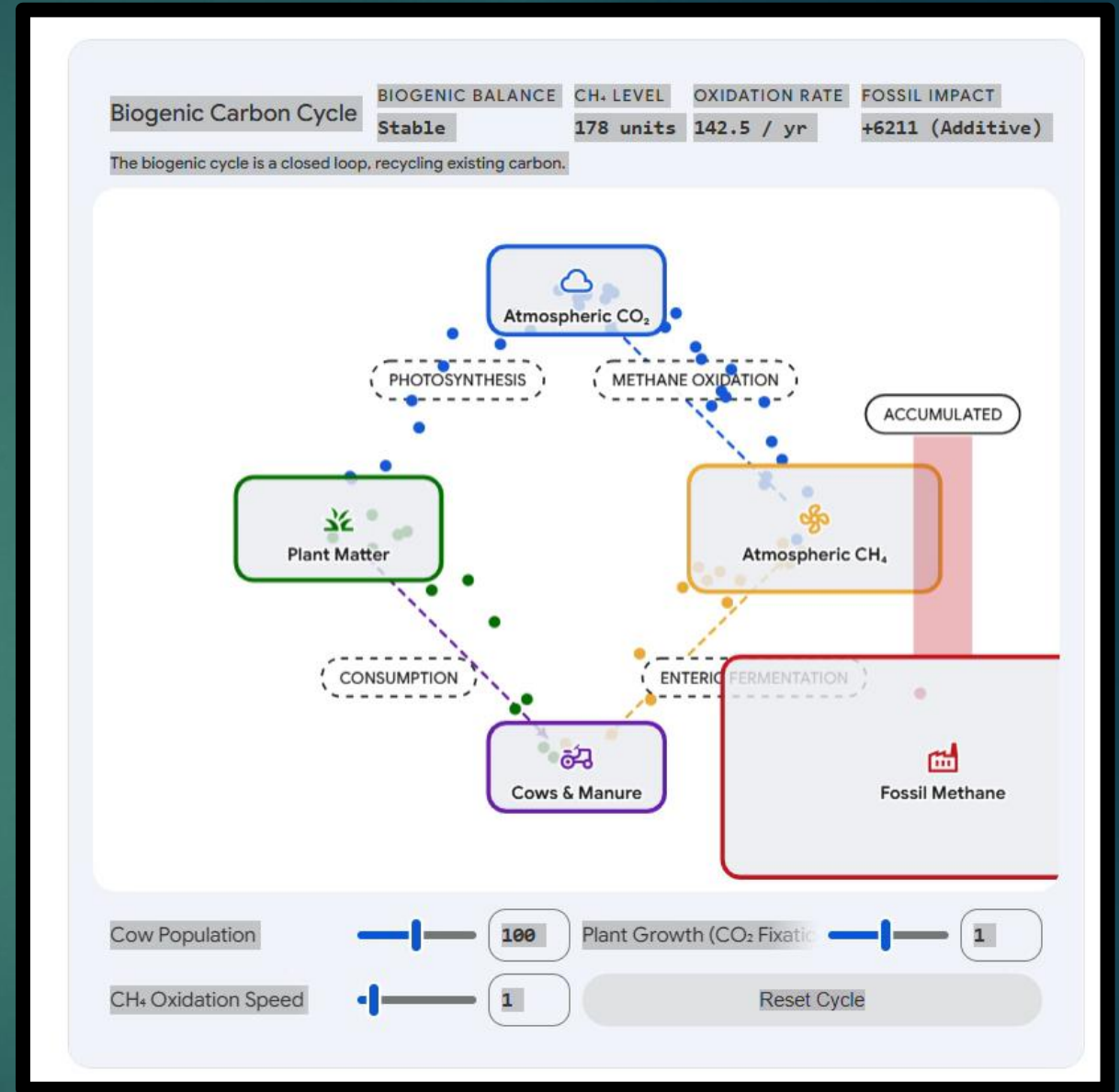
All production has impact!

Synthetic Alternatives

From a circularity perspective, any petroleum-based product derived from fossil fuels, does not support a sustainable circular system. Petroleum extraction creates new “Methane”

Product manufacture creates the same potential impacts as leather production with fewer controls.

Release of micro plastics and non-biodegradable products are an environmental hazard.



There are always trade offs



Industry Responsibility

Value Chain Partnerships to ensure:

- Sustainable Sourcing
- Cleaner Production
- Responsible and Ethical Business Practices

Consumer Education and Partnerships to ensure they:

- Buy less, choose better
- Maintain and repair products
- Support responsible brands with loyalty



Does Leather Support Circularity?

Yes, in respect of its input raw materials and end of life prospects...but only if sustainable and responsible manufacture is in place



Circularity and biodegradability principles



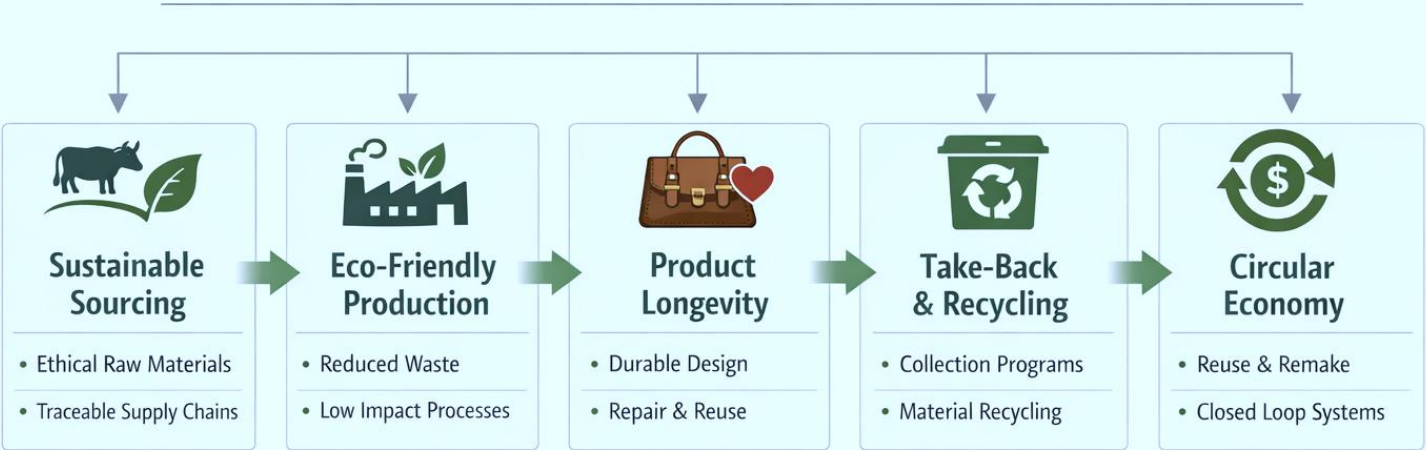
Why does circularity matter for brands?

1. **Consumer Expectations:** a rise in the awareness of pollution, waste and over-consumption, consumers expect brands to demonstrate responsible business conduct that no longer relies on the linear fast fashion approach.
2. **More stable supply chains:** by reducing the quantity of raw materials, Brands can benefit from a reduced dependency on rapidly changing macro-economics in supply chains.
3. **Increased profitability:** by reducing the quantity of linear products, better profitability through less wastage can be obtained.
4. **Increased customer loyalty options:** Re-sale and repair options can ensure customers stay loyal and keep coming back. This can lead to revenue from the same product multiple times plus the purchase of new products into the mix.
5. **Take back programmes:** can encourage additional contact points with consumers.
6. **Cost per wear impacts:** significantly reduce impact allocations to support sustainability goals
7. **Compliance:** with regulation and legislation

Design Circularity Into the Product



Design Principles for Circularity



Design Circularity Into the Product



Sourcing

Leather as a key component is circular.

Ensure robust supplier management.

Manufacture

Use suppliers with ESG certification and sustainable practices

Product Quality

Design for longevity. Consider components and repair options.

Take Back Schemes

Resale options

Recycle options (design for disassembly using mono-materials where possible)

Biodegradability

At the end of life, design for compostability or at least biodegradability

Challenges for Designers



- **Understanding material impact indices** – for example, the HIGG Index was proved to be using dataset that did not measure like for like impacts (for example attributing high methane emissions from cattle and sheep for the natural materials but not attributing the new methane emissions emitted as a result of petroleum extraction that is driving synthetic materials).
- If you are using synthetics such as polyester, aim to use recycled where possible.
- **Avoid blended materials** – materials with mixed compositions are not recyclable and will not be biodegradable.
- **Consider component parts** – in footwear for example, a leather upper is great but if the sole is injection moulded, then it won't be possible to re-heel or re-sole.

Circularity v Biodegradability



Longevity

Impact per wear



Designed to biodegrade

More manufacture = more impacts

Consider dyes, finishes, chemistry, storage conditions.

Takeaways



- ✓ Choose circular-friendly materials wherever possible
- ✓ Build a more consumer-friendly strategy such as care, repair, and longevity
- ✓ Avoid miscommunication and greenwashing in marketing
- ✓ Ensure cross communication between sustainability, sourcing, marketing and sales teams
- ✓ Build strong, sustainable, ethical supply chains

On Wednesday 22nd April 2026, there will be the EU Circular Economy Stakeholder Conference in Brussels, which is focused on one question: what should Europe's Circular Economy Act deliver? This is an area that is continuing to evolve, and companies must start to embed circularity into their strategy for the future.

Break
20 minutes



www.sustainableleatherfoundation.com

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Session 4

“let’s be the change that secures the future”

- Establishing Sourcing Criteria
- Business Process Analysis for developing strategy
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Establishing Sourcing Criteria



Define your brand position for:

1. Strategic Vision
2. Animal Welfare Standards
3. Geographic regions that are banned for high-risk
4. Types of materials that are not to be used for risk or sensitivity
5. Production standards, including any tannage requirements
6. Processing standards
7. Traceability requirements
8. Quality and durability
9. Social Compliance
10. Governance expectations

Strategic Vision



Establishing your sourcing criteria isn't just a box-ticking exercise – it should be shaped by your Brand's ethics, vision, and long-term reputation.

To begin with, agree your position on:

- Is leather a preferred material?
- Will the company source leather over composite materials (except for technical performance such as athletic shoes, for example).
- Will the leather you use only come as a by-product of the meat industry
- Do you use leather manufactured with the potential for biodegradability.

Animal Welfare Standards



Understand the difference between:

- Free range farming
- Regenerative farming
- Farming systems (birth, raising, finishing)
- Informal vs. formal slaughtering
- Halal slaughter

Use an animal welfare index to establish countries that may be lacking in animal welfare standards, i.e. World Animal Protection Index:

<https://api.worldanimalprotection.org/>

Understand the Five Freedoms.

Set out your expectations

Remember: tanneries have little influence over what happens at farming level so this should be a guide for sourcing, not a requirement to pass to tanneries.

Excluded Geographic Regions



Outline any regions that leather sourcing is restricted from. This could be as a result of:

- Poor Animal Welfare
- High Risk of Deforestation
- Poor Social Standards
- Lack of visibility / traceability
- Conflict and political unrest
- Evidenced environmental pollution

Excluded Materials



Describe explicitly any material types that you will not source and use in your products, such as:

- Exotic skins (snake, alligator, lizard, etc) unless accompanied by CITES
- Fur and other materials, not classified as a by-product of the meat industry.
- Material from countries that do not have environmental controls by law.

Production Standards



Ensure your sourcing criteria outlines any requirements about the way the leather is manufactured, for example:

- Leather can be manufactured using Chrome, syntans, veg tans.
- Only Chrome-free leather is used
- Only vegetable tanned leather is used with no synthetic finishes to ensure compostability

Processing Standards



Define your expectations around the standards expected for your leather suppliers, such as:

- All suppliers of leather must have environmental certification in place from LWG or SLF.
- All suppliers must undertake 3rd party testing for compliance with Reach or other RSL requirements
- All suppliers must have social certification in place from SLF or another equivalent organisation.
- All suppliers will be subjected to random inspection visits to ensure standards are maintained.

Traceability Requirements



What is your expectation for traceability?

- Minimum Tier 1 to Tier 2?
- Back to country of origin?
- Back to slaughterhouse /collection centre?
- Back to birth farm?

- If you require traceability, beyond the tannery, what information do you require and how can it be validated?

- Don't make unrealistic expectations that your suppliers can't achieve independently.

- If you have a traceability system that you want them to plug into, how can you facilitate that?

Quality and Durability



Define your quality and durability standards:

- What testing will you require
 - Performance
 - Colour fastness
 - Abrasion
 - Restricted Substances
- Use of top grain or full grain leather only.
- Use of suede
- Process for quality control, inspection visits, etc

Social Good Practice



Ensuring your suppliers meet social compliance including:

- Protection of Human Rights
- Fair Labour Standards
- Safe and healthy working environments

Do you require social certification such as SLF, SA8000, SMETA?

Do you have an internal supplier audit process?

Good Governance



What expectations do you have over ethical business practice considering:

- Anti-corruption and bribery
- Non-displacement of indigenous communities
- No deforestation supply chains
- PR & Communications

Do your suppliers need to have a Governance responsibility audit that meets the SLF Standard

Create a Supplier Code of Conduct



Once you have defined your sourcing criteria, develop a supplier Code of Conduct that includes it and set the criteria into a clear policy.

Ensure that new and existing suppliers meet or are working towards the requirements, through verified documentation and / or audit visits.

Make suppliers sign and return the Code of Conduct.

Be specific and not vague over requirements and expectations.

Verify the Source of Leather



Are you specifying the suppliers for all leather?

Is the product manufacturer using leather from the specified source?

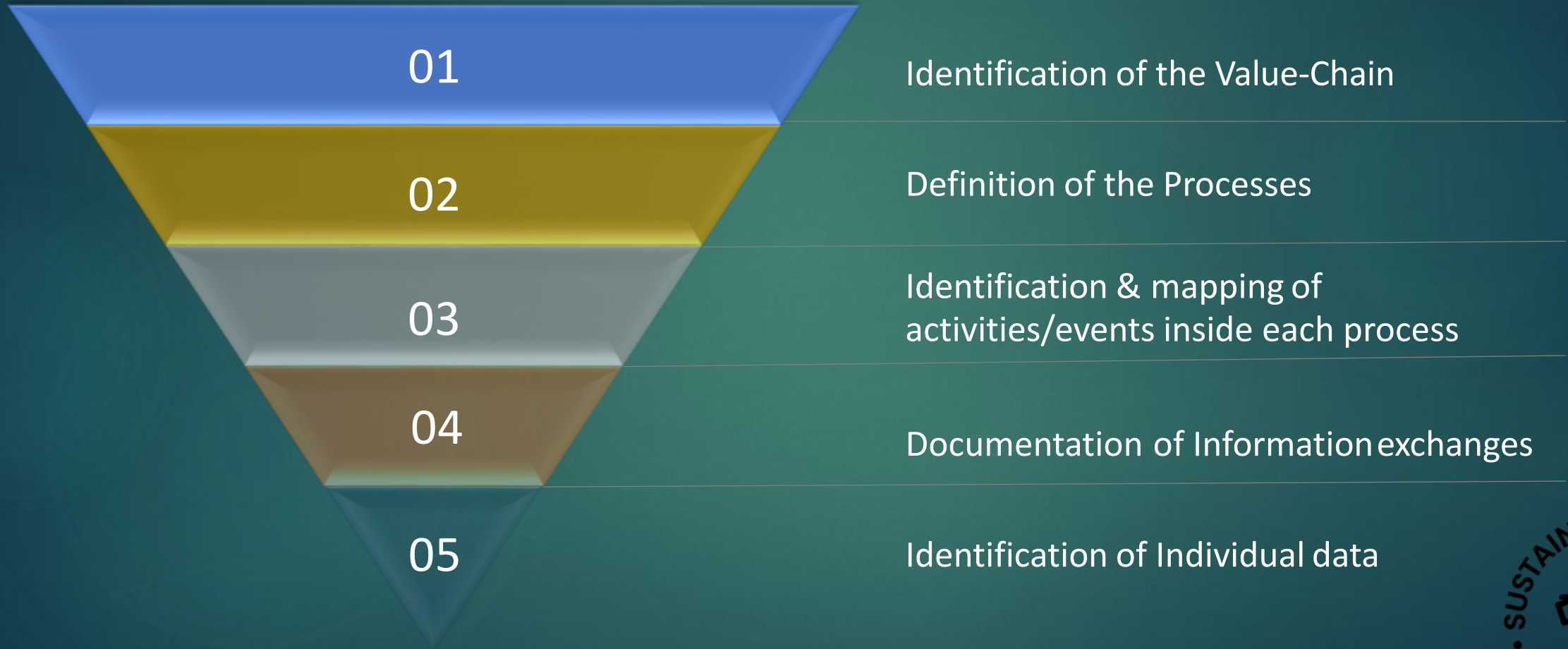
If product manufacturers are selecting leather suppliers, are they aware of your requirements for them?

Business Process Analysis

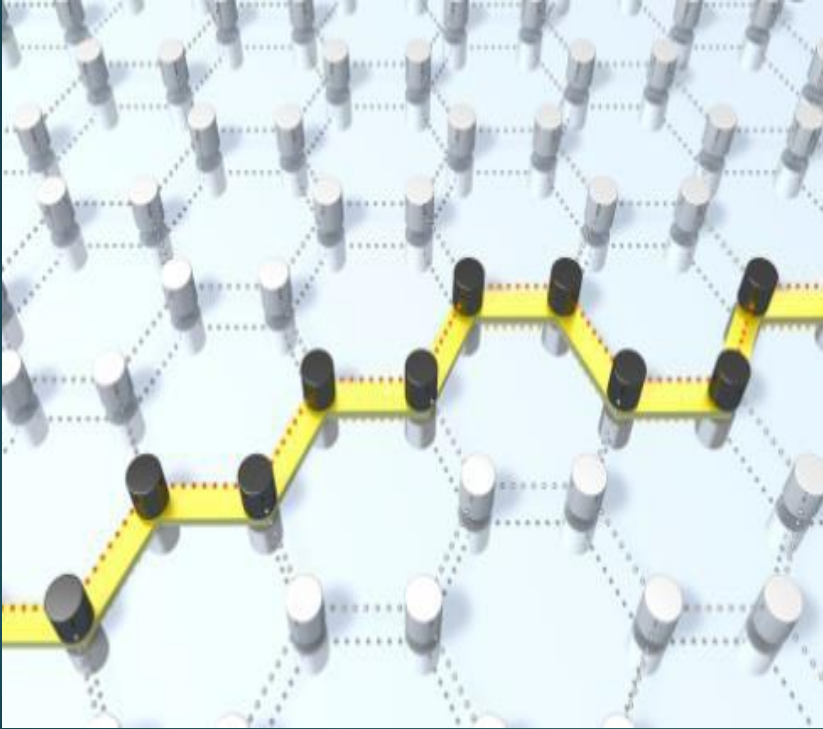
FOR DEVELOPING STRATEGY (LEATHER VALUE CHAIN)

What is Business Process Analysis (BPA)?

It is a top-down analysis of a value chain in 5 steps:



Why are we analyzing information exchanges and data?



The most efficient way to obtain data to support traceability and transparency is to identify existing information exchanges where it is already available: **invoices, purchase orders, bills-of-lading, transport documents, etc.)**

A BPA can identify these existing data sources so they can be linked to events (process activities) and their 5Ws (traceability information)

If collecting data from multiple value-chain partners, a BPA can help ensure that they are all reporting the same thing (i.e. they are using common definitions and unique IDs/standard codes), and that the parties who need to retrieve data can do so easily and can understand the data.

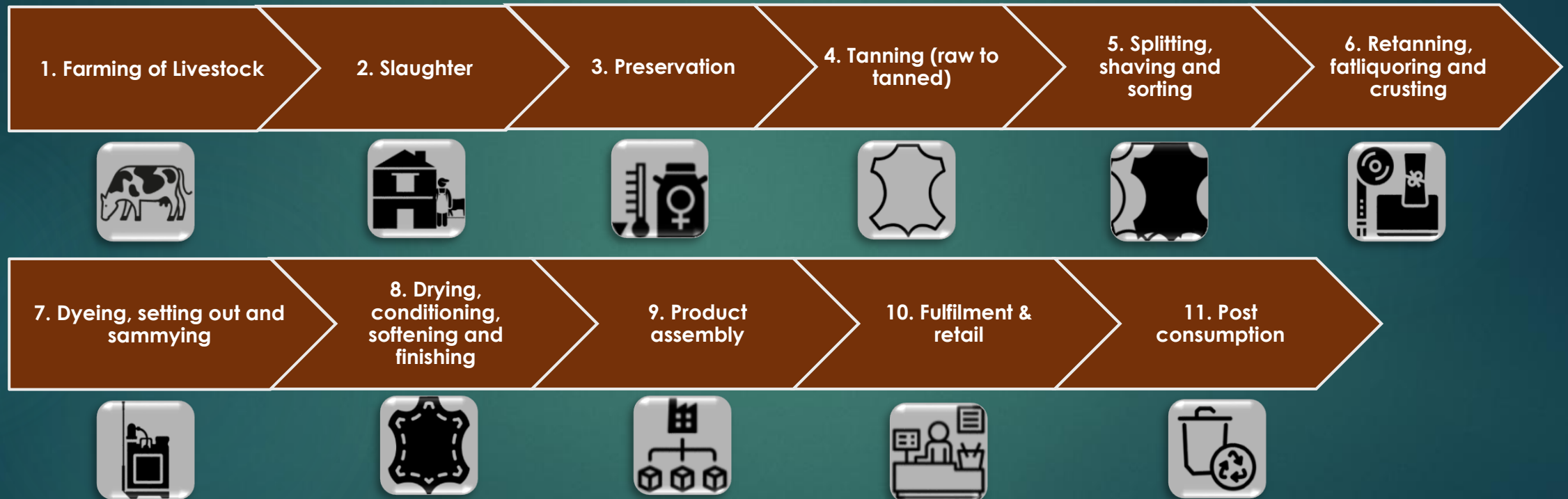
Step 1: Identify the Value Chain Processes and actors

The first stage of the BPA is to identify the value chain processes and the actors that perform the processes using Use Case Diagrams



Identify the Processes – Leather Value Chain

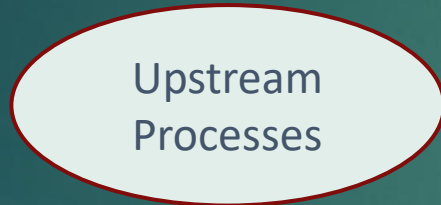
- Identification of standard processes and the actors who perform those processes.



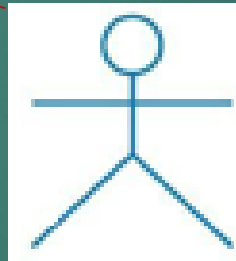
Processes and Actors - LVC

- ▶ Use Case Diagrams: Once the processes are identified, the actors involved in the processes can be added to create a Use Case Diagram.

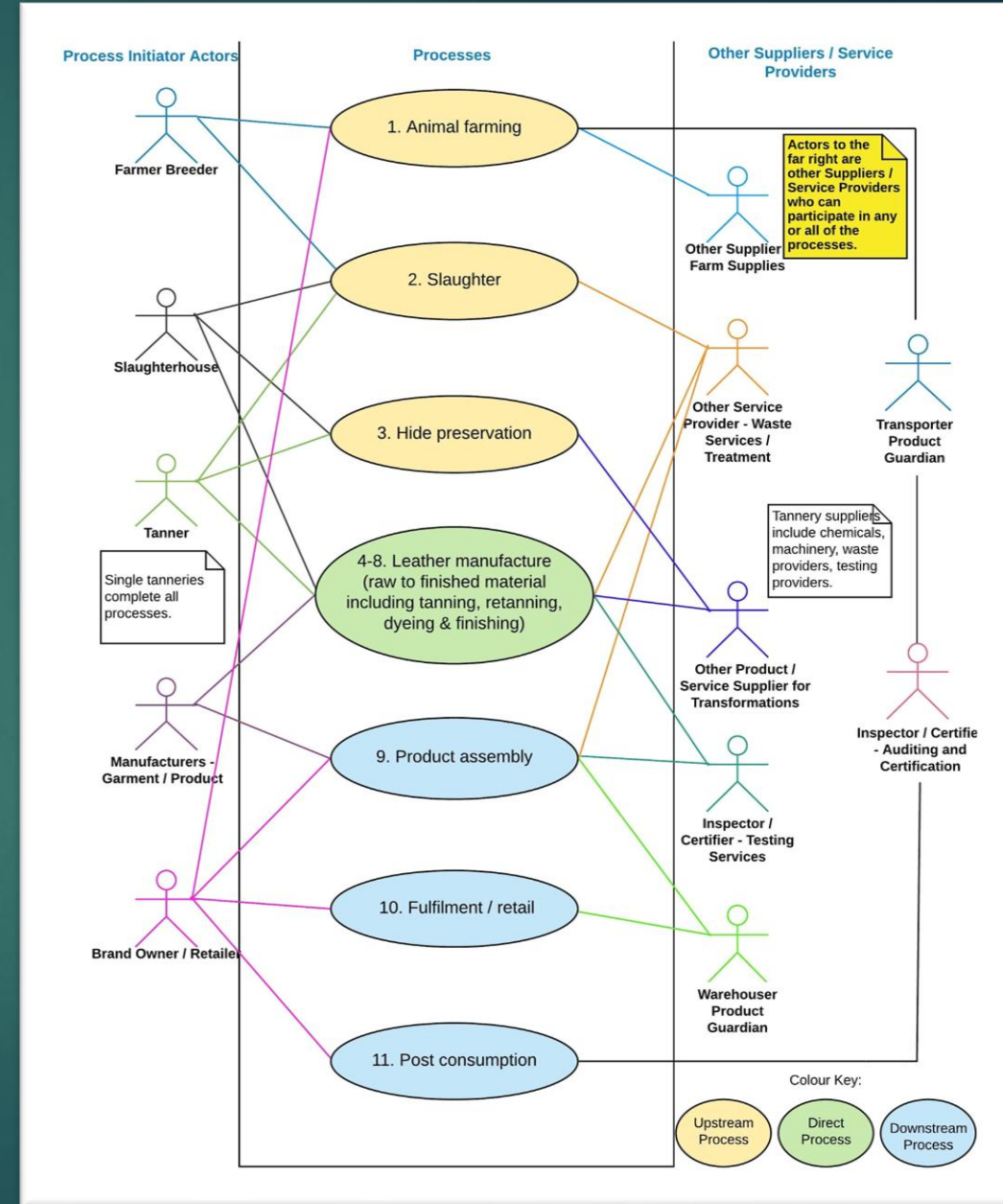
Centre Ovals to represent the processes



Stick people to represent the actors



Connecting lines to show actors responsibility in the value chain



Identify risks and mitigation

- ▶ The second part of the BPA identifies and assesses the risks along the specific value chain, including organisations that support mitigation of risk.



Risks

Deforestation



Biodiversity



Animal Welfare



Air Pollution



Water Pollution



Hazardous Chemistry / Salt



Solid Waste



Risks in Value Chain Processes – Leather

Energy Consumption



Greenhouse Gas Emissions



Health & Safety / PPE



Human Rights



Labour Risks



Water Use



Hotspots along the textile and leather value chain

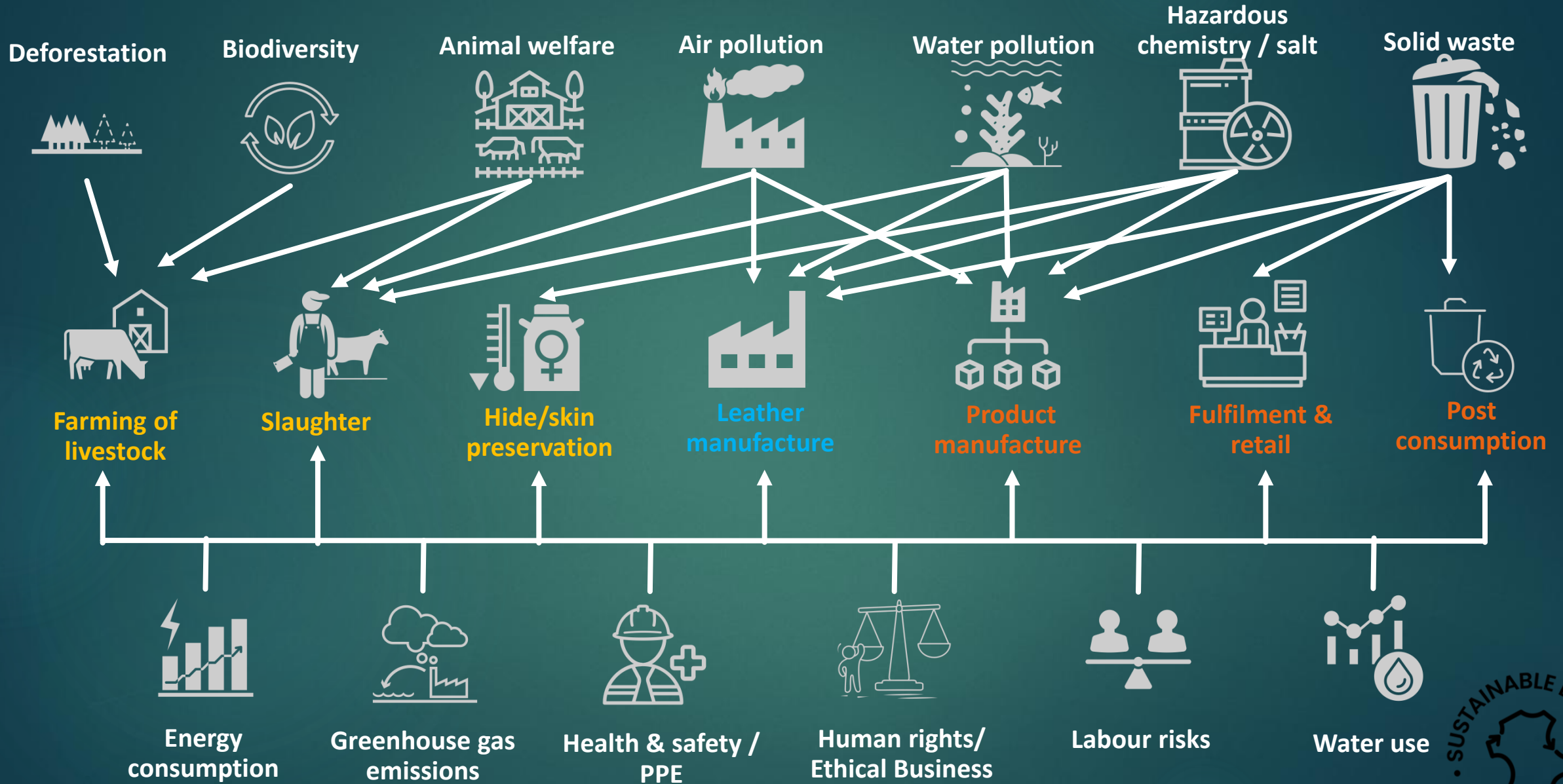
Climate impact of the global apparel and leather industry is substantial, with **over 3.3 billion mt of greenhouse gases emitted across the just apparel value** chains per year - more than all international flights and maritime shipping combined!

Textile and leather value chains are long and complex with many sustainability hotspots. The different life cycle stages of a product or service contribute significant environmental, social and / or economic impact.

Understanding where the hotspots are is critical to identifying corrective actions



Sustainability Risks in the Leather Value Chain



Detailed Business Process & Data Descriptions

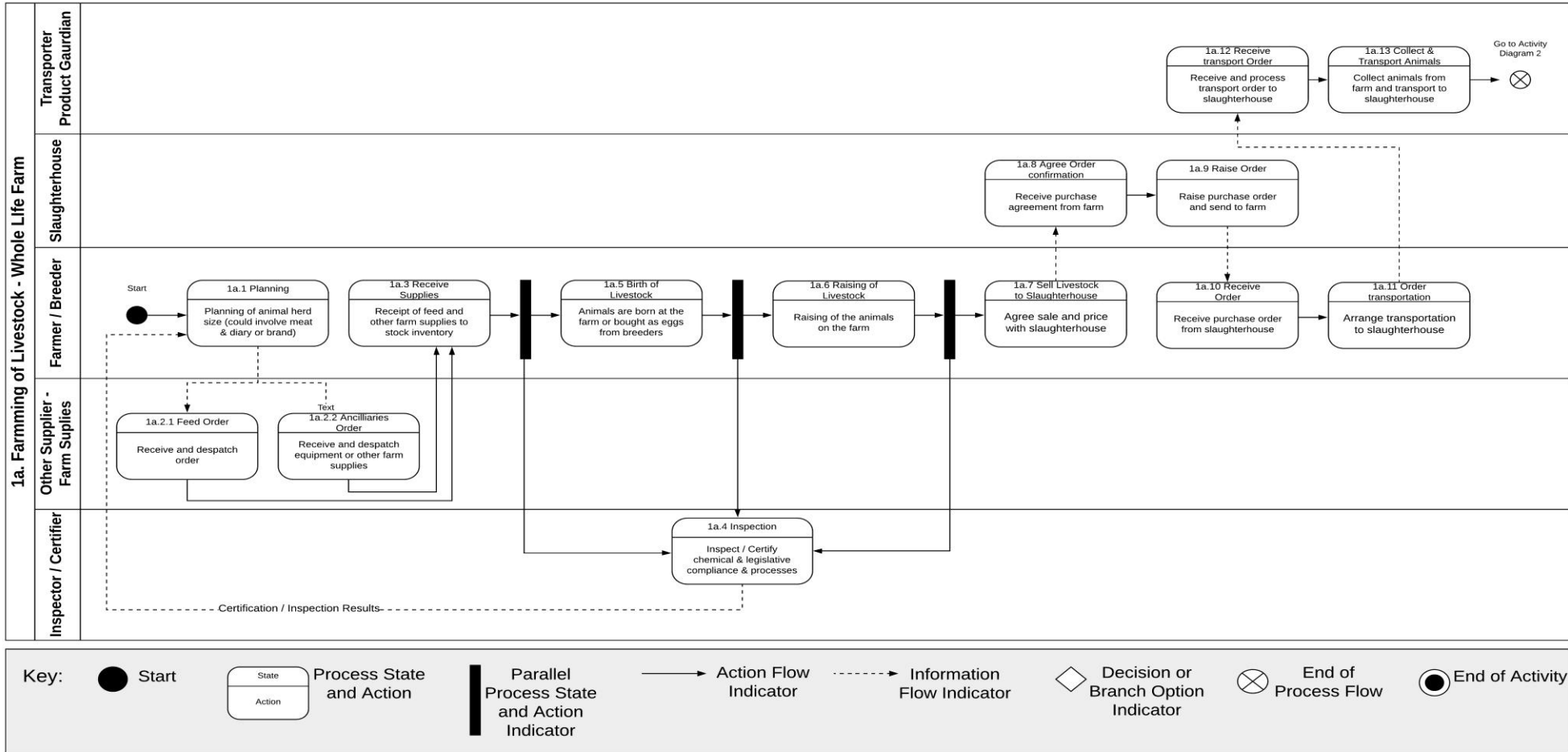
- ▶ The Use Case Diagrams that were created in Part 1 form the basis for the Business Process Descriptions (BPDs), where a detailed analysis of the individual processes is developed:
 - ▶ Associating the risks to the processes
 - ▶ Identifying what data is already being exchanged as part of each process.
- ▶ This is a 2-part process – creating Activity Diagrams and then Business Process Descriptions of the Activities.
- ▶ This “layering” of the different BPA components is what enables robust due diligence to take place.



Detailed Business Process Descriptions

Activity Flow Diagrams

1a Farming of Livestock - Whole Life Farm



Step 1:
Creation of
Activity
Diagrams for
each of the
Use Case
Diagram
Processes

Detailed Business Process Descriptions (1 of 2)

Name of process	1a Farming of livestock – whole life farm: birthing and raising of livestock to end of life			
Business process short description	<p>Leather is manufactured from the hide or skin of an animal. There are various farming models:</p> <ul style="list-style-type: none"> a. Farms that raise animals from birth to end of life b. Private or family small holdings c. Industrial systems that start with birthing farms, before moving livestock to rearing/raising farms and then moving the livestock to finishing yards (sometimes known as feedlots). d. Exotics systems that combine egg breeders/collectors, hatchling farms and finishing farms <p>Process 1a cover the processes for models a. and b. above. Process 1b covers models c. and d.</p>			
Process participants	Farmers, Breeders, Other Suppliers - Farm supplies, Transporter Product Guardians, Slaughterhouses (Abattoirs), Inspectors / Certifiers			
Input & criteria to enter/begin the process	Planning of livestock herd (this could involve liaison with Brands or could be part of the meat & dairy industry)			
Parallel Processes	1a.4 Inspection: Inspection / Certification of chemical & legislative compliance & processes can take place at the farm at different parts of the process.			
Description of Activities A step-by-step description of what happens in the process. If parallel or overlapping steps much be finished before the next step, the first two digits of the number should be the same with a third digit added.	DESCRIPTION	Required DOCUMENTS	Required OTHER INFORMATION / communication method	TRACEABILITY Actions & Data required
	1a.1 Planning: Planning of animal herd size (could involve meat & dairy or brand)			
	1a.2.1 Feed Order: Place order with suppliers	Purchase Order to Feed Supplier Invoice from Feed Supplier	Any feed requirements? (i.e. no GM or similar) Order from farmer: email, mobile phone SMS, WhatsApp	Record of receipt of feed supplies
	1a.2.2 Ancillaries Order: Place order for equipment or other farm supplies	Purchase Order to Feed Supplier Invoice from Feed Supplier	Order from farmer: email, mobile phone SMS, WhatsApp	Record of receipt of feed supplies
	1a.3 Receive supplies: Receipt of feed & other farm supplies to stock inventory	Despatch notes confirming goods received	Order confirmation from supplier: email, mobile phone SMS, WhatsApp	Inventory of feed & materials to be registered at the farm.

Step 2: Creation of Business Process Description

Detailed Business Process Descriptions (2 of 2)

Step 2: Creation of Business Process Description

Output & criteria to exit the business process	Slaughterhouse is in receipt of fully grown cattle ready for end-of-life process before the hide / skin is separated from the meat & carcass, ready for leather manufacturer (see BPD 2).		
"Common" exceptions/problems	<p>Identification not always transparent.</p> <p>A rearing / raising farm may be receiving quantities of young cattle from a number of different birthing farms.</p> <p>A finishing farm may be receiving quantities of part-raised cattle from a number of different rearing / raising farms.</p> <p>Different systems of identification may be adopted by different farms</p> <p>Transportation legislation may differ across countries or states which could impact animal health & welfare</p>		
Circular Economy related observations	<p>Waste from the food industry can be used as animal feed.</p> <p>Manure from animals can provide fertiliser (both on and off farms)</p> <p>Rotation of crops and livestock farming help to preserve biodiversity and health of soil</p>		
Other Observations, in particular related to traceability needs for different activities	Farm Models: There are many different farming models globally, ranging from industrial systems as outlined in this BPD, to more simple whole life farms as illustrated in BPD 1a. Additionally there are global variances that must be recognised & in some instances protected within a transparent system, in order to preserve social economies & cultures.		
Related laws, rules, regulations	Different regulations & laws are applicable in different countries & regions.		
Sustainability Risks, Criteria and Verification If the list is too long this section can be moved to an annex.	Sustainability risks (hot spots) within this process	Sustainability criteria and standards to address the risk	Verification methods for criteria and standards
	A9. Health & Safety, including Personal Protective Equipment (PPE) A10. Human Rights A11. Labour Risks	B3. The International Labour Organisation (ILO) Fundamental Convention B7. Ethical Trading Initiative (ETI) B18. Sedex B19. SGS SA8000 Social Accountability Audit B20. Social Accountability International (SAI) SA8000 Social Accountability Audit	3 rd party audits Self-assessment / self-evaluation Certification <u>Programmes</u>
	A2. Animal Welfare	B1. CITES B4. AGW (A Greener World)	3 rd party audits Self-assessment / self-evaluation

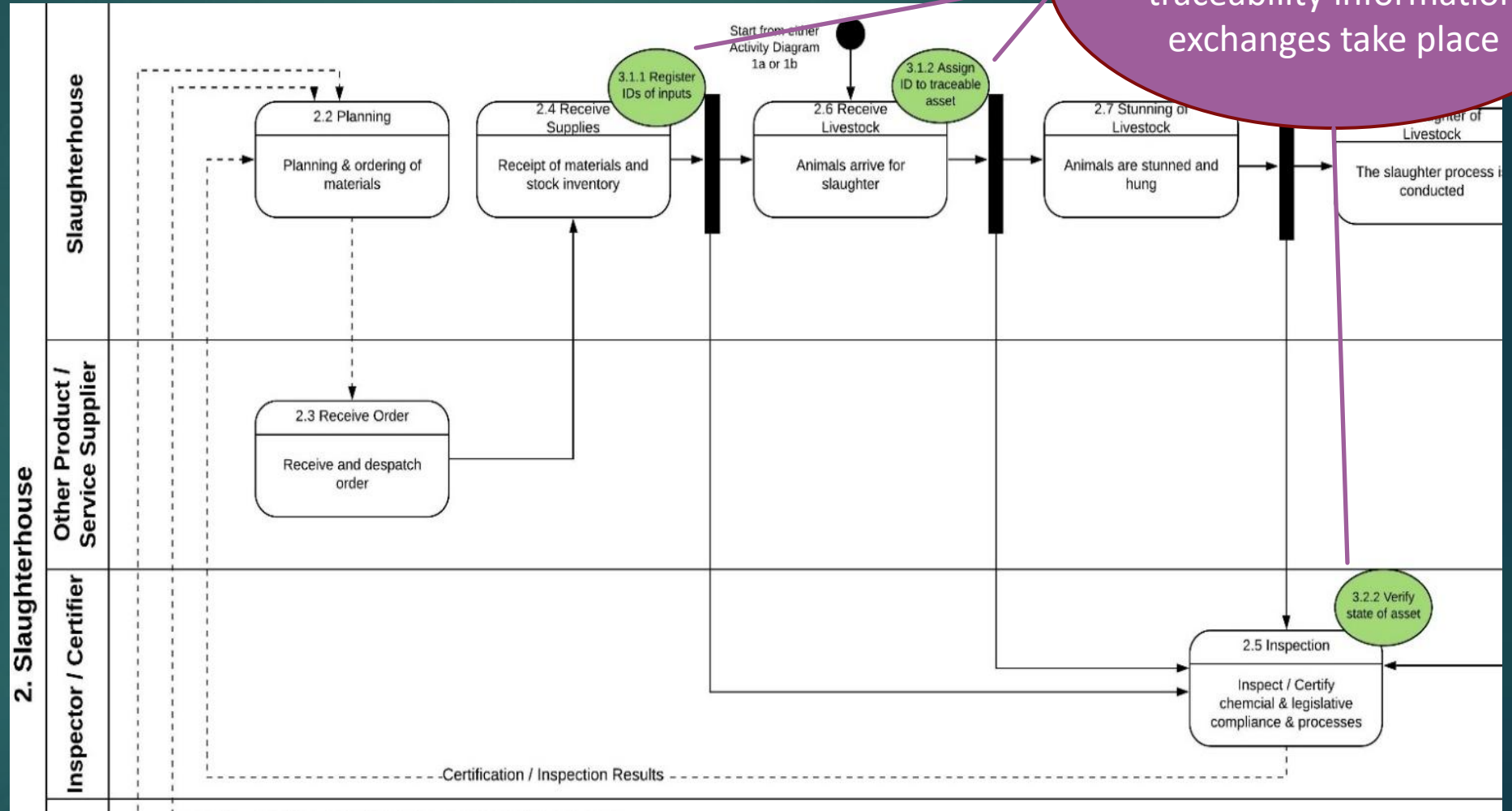
Data and Information Exchanges

The final stage of the BPA is to then overlay the generic traceability and transparency requirements over the now identified existing business processes as outlined in the BPDs.



Traceability Process Overlays

- Layering of generic traceability requirements and exchanges onto the related Activity Diagrams
- Identification of the gaps
- Strategic Recommendations for the gaps



Create a Sustainability Risk Matrix



Category	Criteria	Weight (%)	Supplier Score (1-5)	Weighted Score	Evidence Required
Traceability	Traceable to tannery	5			Documentation
	Traceable to slaughterhouse	10			SLF dashboard / records
	Traceable to farm	10			Verified origin data
Deforestation Risk	No sourcing from high-risk regions	10			Country of origin + risk assessment
	Verified deforestation-free	10			SLF or equivalent verification
Tannery Standards	Leather Working Group certification level	15			Certificate (Gold/Silver/Bronze)
	Sustainable Leather Foundation certification	15			Certification and audit reports
	Chemical management (chrome compliance)	5			Audit reports
	Wastewater treatment	5			LWG audit data
Environmental Impact	Water usage management	5			LWG metrics
	Carbon tracking	5			Sustainable Leather Foundation tools
	Waste management	5			Disposal records
Animal Welfare	Compliance with welfare standards	5			Policy / certification
	Alignment with World Organisation for Animal Health	5			Supplier declaration
Social Compliance	Worker safety	5			Audit (SMETA, etc.)
	Sustainable Leather Foundation Certification	5			Certification/audit
Quality & Durability	Leather grade (full/top grain)	3			Spec sheet
	Durability testing	2			Lab results

Decide on the weighting depending on the importance to the organisation

Score	Meaning
1	No evidence / non-compliant
2	Weak / partial compliance
3	Meets minimum standard
4	Good practice
5	Best practice / fully verified

Open discussion

