

SUSTAINABLE LEATHER FOUNDATION

Annual Report 2021



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Executive Foreword

Sustainable Leather Foundation (SLF) was established in July 2020 with a 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.

The Foundation's objective is to bring together all leather value chain stakeholders to unite in ensuring a sustainable future for the leather industry by shining a spotlight on innovation and best practice, providing a mechanism for improvement and education, while also preserving the social and economic well-being of communities in less advanced regions. Working together is key to ensure that we can accelerate the action required for long term transformative change that will result in a sustainable leather industry, not just now but for future generations to come.

2021 has been our first Partnership Year and we hope this report will highlight the value of the Foundation and the tremendous progress we have made in under a year!

We look forward to building momentum and engagement with our Partners in 2022.



Deborah Taylor,
Managing Director

As 2021 comes to an end, the Sustainable Leather Foundation (SLF) reflects upon our achievements that were made possible through the support of our partners, advisors, and core team. The foundation set out to build an industry led, consumer focused approach, establishing ourselves as a transparent, trusted resource for the leather industry.

SLF launched three major functions to support the industry this year: the comprehensive and inclusive Audit and Certification Standard, our leading-edge Transparency Dashboard, and the virtually interactive Collaboration Hubs. It is through these tools that SLF aims to facilitate alignment across the industry and consumers alike, while providing sustainable education and training opportunities that help our industry grow into the future.

In addition to the tools generated and deployed, the SLF has built a strong Advisory Board and Non-Executive Directorships whose diverse leadership provides balanced perspectives to guide our Foundation with integrity. It is through this vast network that SLF aims to take the achievements of 2021 into 2022 with a strategic approach which looks to bridge the sustainability gaps in our industry.

We would like to thank all our partners, advisors and team members for their support and guidance as we build a truly unique Foundation that is driven by a passion for sustainability and focused on adding value and purpose for our industry. Leather is the true hero in our journey, as its inherent sustainable qualities give future generations an opportunity to purchase, cherish and hand-down a responsibly made product that honours our Earth and Communities.



Katie Kutskill
Advisory Board Chair

Our Commitment

When we created the Sustainable Leather Foundation in 2020, we made clear commitments:



“Mulberry joined the Sustainable Leather Foundation to increase our visibility of sustainability issues within the leather industry, amplifying the transparency we require as a responsible brand. We are pleased to see a number of tanneries which we work with join the Sustainable Leather Foundation during the year and look forward to the development of the Foundation this coming year to further increase membership and continue the evolution of the Transparency Dashboard.”

Rosie Wollacott Phillips
Group Sustainability Manager
Mulberry

Industry Led - Consumer Focused

- To work from within the industry to drive change
- To work with the consumer's needs in mind

Independence

- To actively support the whole leather industry without bias
- No conflict of interest

Transparency

- To ensure that information is clearly available and transparent
- To provide only evidenced, verifiable information through our Transparency Dashboard™

People - Planet - Profit

- To support improvement and assessment across all 3 pillars of sustainability
- To avoid duplication of effort and cost by including other certifications of equivalent standard

Governance Structure

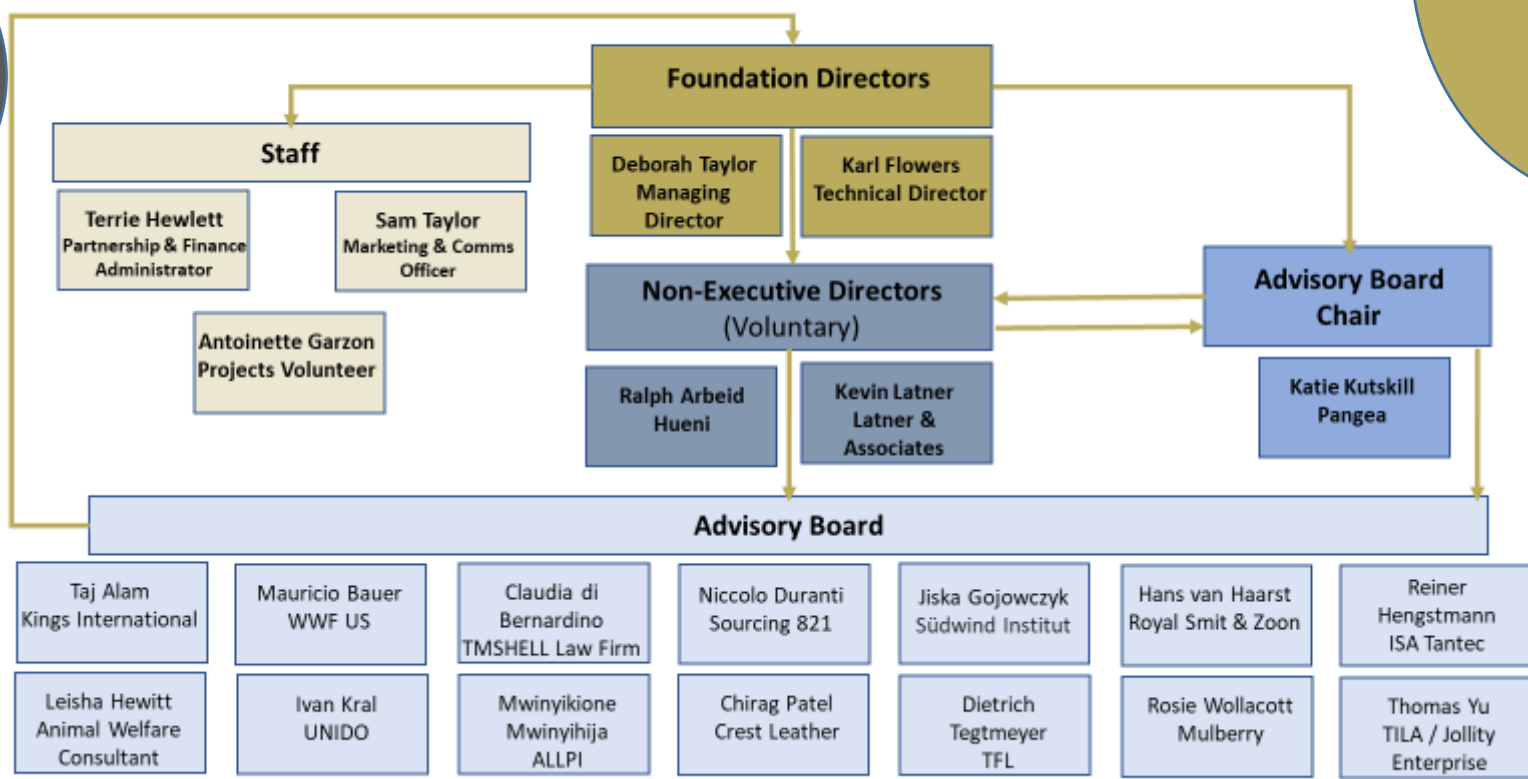
Our governance includes an Advisory Board of experts and representatives of the different disciplines within the leather value chain.

5 Continents:
 Africa
 Asia & Australasia
 America
 Europe
 South America

Scope:
 Automotive
 Footwear
 Leathergoods
 Saddlery
 Upholstery
 Brands

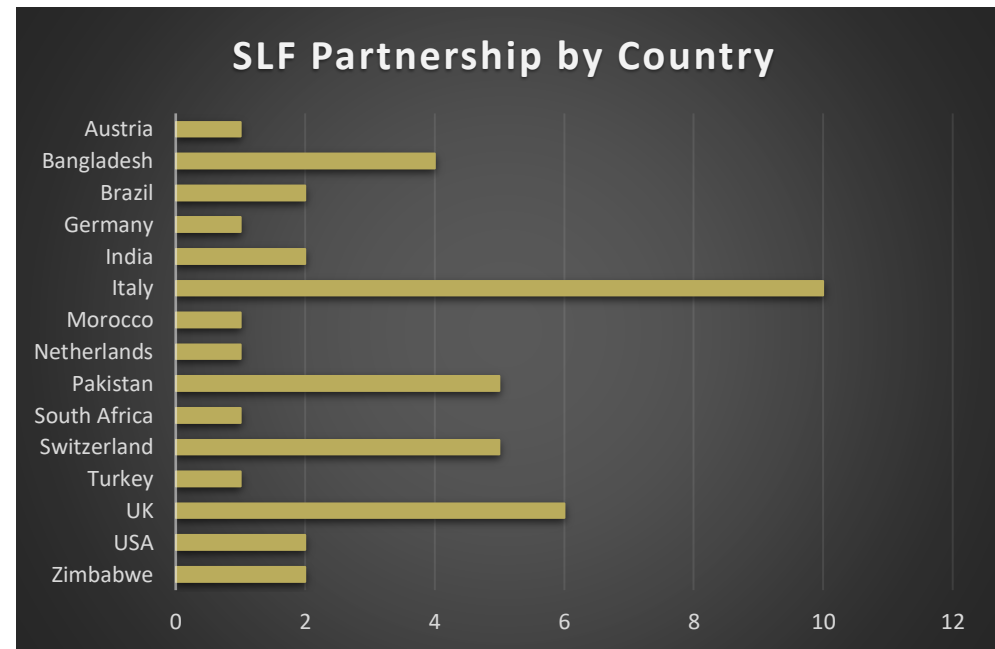
Disciplines:
 Animal Welfare
 Best Available Techniques
 Chemistry
 Deforestation
 Environmental P & L
 Leather Technology
 Legal
 Policy & Regulation
 Branding & Comms

11 Different Countries



Partnership

In January 2021 we began our first Partnership Year with just 9 Founding Partners, made up of 2 brands, 2 tanneries, 1 chemical company, 2 suppliers and 2 consulting companies. Over the year we gained an additional 37 new Partners with interest growing.



Our 2021 Partners

Brands

Deckers
LAYDA b
Mulberry
Vyn

Technology & Service Providers

Oeko-Tex
Qualus
Satra
SGS
Stardust US Inc

Machinery Companies

Erretre
Hueni

Leather Manufacturers

Apex Footwear
Apex Tannery
Austan
Conceria Alaska
Conceria Montebello
Conceria Trust
Crest Leather
Curtidora Tocantins Ltda
Curtiembre Arlei
EPCT
Global Tanners (Pvt) Ltd
Internacional Ltda
JBS Couros
Karaca Deri
KTM Leather
Kings International
Leather Coordinator
Richard Hoffmans
Shalimar Tanning Company
Sicontact Company
Unique Tanning Industries
Van Couros
Zambezi Tanners

Product Manufacturers

LCB Company
Picard

Chemical Companies

Leder Chimica
Rolfes Leather
Silvateam
Royal Smit & Zoon

Consultancy Companies

AP Projects
BTTR Consulting
Latner Associates
Salvatore Maffei

”

“Having the ability to recognise multiple actors along the leather value chain, and also allow for the variables in regional and local geographies is a key advantage of the Sustainable Leather Foundation system.

By linking the various parts of the supply chain together, through the Transparency Dashboard™, SLF is creating a framework that delivers traceability and transparency in a clear and accessible way. The system also safeguards against disenfranchising the smaller or less advanced facilities to ensure that all leather value chain actors, irrespective of size or location, can participate, improve and demonstrate their sustainable good practice.

The Foundation has achieved significant development and engagement in 2021 and I look forward to working with the Foundation for even greater success that will benefit the leather industry in 2022”.

- Kevin Latner
Non-Executive Director, SLF

Key Milestones

“The framework developed by the Sustainable Leather Foundation is a significant step forward in providing transparency and integration throughout the leather value chain. The Transparency Dashboard coupled with the web platform provide examples of simple yet effective tools to put a sustainability lens on the performance of leather stakeholders.

We believe that clarity and transparency are paramount to leather sustainability and the most effective way to achieve zero deforestation and conversion supply chains in critical geographies.

By enhancing transparency to material sourcing and aiming to address deforestation in an open, clear and user-friendly way, SLF is providing a substantial contribution to the leather sector as a whole.”

– *Mauricio S. Bauer, WWF Senior Director, Beef & Leather Supply Chains*



SLF Transparency Dashboard™

Creating Transparency

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.



Figure 1

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 of 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.

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

The information shown in Figure 1 is open-source and accessible to all. However, the added layer of transparency as shown in Figure 2 is available exclusively for Partners of SLF, and this additional information will enhance the ability of brands and retailers to have a full understanding of their value chain suppliers, enabling metrics and other data to be understood. This provides the ability to make claims and also to work more closely to support value chain partners for any areas of improvement or concern.

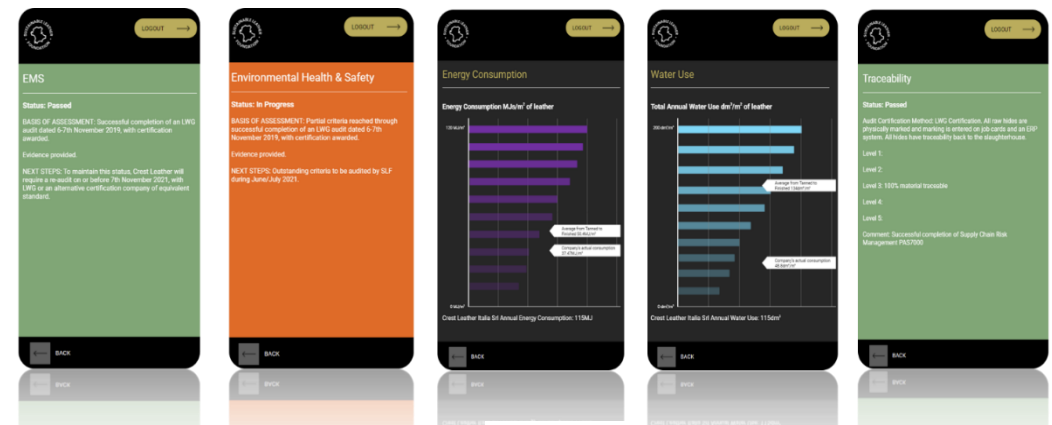


Figure 2

At A Glance

5

SLF Partner
Meetings

20

Speaker
Presentations at
External Events

16

Countries
Engaged in
Partnership

17

Transparency
Dashboards™
Created

46

Partners now
actively engaged

61

Countries have
visited the
website

8,110

Unique users
have visited the
website

64,400

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 2021:

Textile Exchange:	Leather Impact Accelerator Webinar Responsible Leather Round Table Traceability Webinar x 2 Deforestation-free Leather Webinar
Challenge4Climate Action 2021:	Committee Member Challenge Mentor and Marker Conference Speaker
Society of Leather Technologists & Chemists:	Annual Conference Speaker
MVO Netherlands	Training Workshop
Amsterdam Development Partnership	Leather Session
ITS Cosmo Fashion Academy	Guest Lecture - Green Leather Manager Course
Circular	Blockchain Traceability in Leather – Expert Speaker & Workshop
Egyptian Chamber of Commerce	Leather Industry Conference Speaker
Leather & Hide Council of America	Annual General Meeting Speaker
ICLT – Northampton University	Guest Lecture – Leather Technology 3 rd year Degree Course
World Leather Congress	Congress Speaker
IULTCS	Congress Speaker
Satra	Sustainability Webinars x 2
Bangladesh International Investment Summit	Technical Leather Session – Expert Speaker
Arsutoria / Silvateam	Sustainability Webinar

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 and is 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 is now project managing the Leather Value Chain Blockchain Pilot with the Secretariat, where the efficacy of the traceability standard that has been created as part of the Policy Recommendation and Guidelines is now being tested. 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 under-estimated. 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.

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"> • Licenses and Permits • 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 senior management team and right down to the workers in production. 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 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.



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 QR technology that brands and retailers can use on point-of-sale materials to direct their customers to demonstrable, verifiable information about the products they buy.

Another first for the industry is our online enquiry form where we invite consumers who have a question to contact us for help.

"The whole SLF set-up is consumer focussed, because in the end it is the consumer who allows this industry to prosper, and SLF assists the industry to reach the consumer in an affordable way that is open to large and small enterprises alike"

Ralph Arbeid, Non-Executive Director, SLF



Collaboration - Our Hubs

In 2021, the Foundation set up the Collaboration Hubs that are designed to be open access forums where participants can engage, discuss and review topics of priority within the leather value chain. The Foundation currently has eight Hubs, each centred around a key area of sensitivity or concern.

Periodic meetings are held to bring stakeholders together in a pre-competitive environment and there are dedicated pages for each Hub on the website.

In addition, pathway papers and other added value information documents are created based on the needs that arise from the Hubs.

“It’s been a pleasure to see the Nimlok Team support SLF with the development of their website and Transparency Dashboard™. Sustainability is an important part of Nimlok’s culture and operation, so it’s nice to be working on a project that aligns with our own sustainability goals. The events industry like the fashion industry has a long way to go. Nimlok has taken many tangible steps to reduce the impact of exhibiting for our clients and is always exploring new ones, so it’s good to know we’ve helped SLF enable the leather industry to increase visibility and scrutiny in this important area too. We look forward to coming up with other creative campaign ideas and tools to help SLF build on the remarkable momentum they’ve gained in such a short time”

James Rook, Managing Director, Nimlok Ltd



Finance

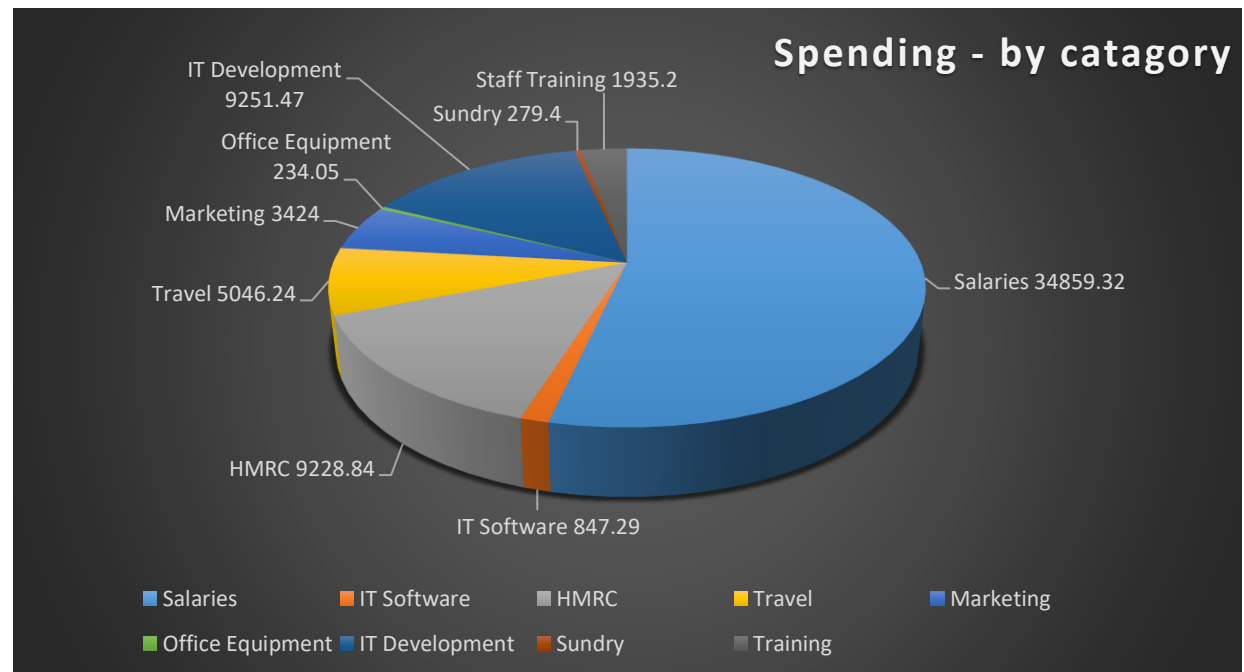
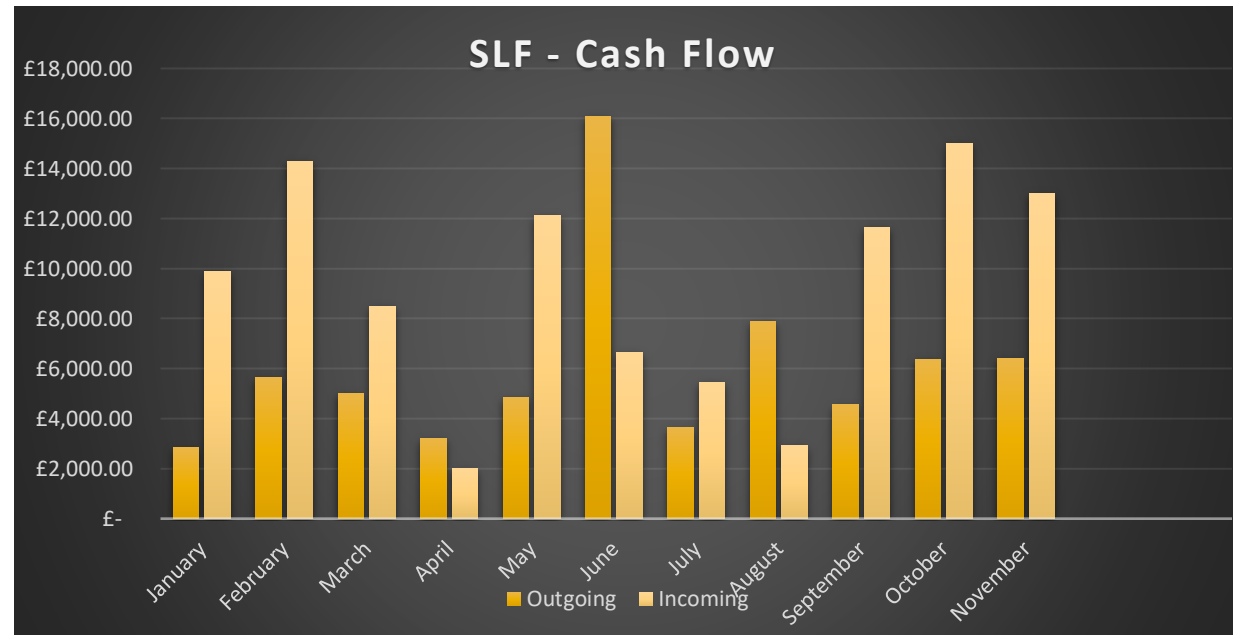
Fiscal responsibility has been a priority in 2021 as we establish the Foundation and ensuring the absolute highest value appropriation for the limited resources available has been necessary.

As we end this first Partnership year, we are delighted to report that our basic balance sheet shows:

Income Received:	£105,840*
Costs Outgoing	£73,662
Balance in hand	£32,177
Plus invoicing due	£34,353

This puts us in a healthy opening position as we enter 2022 and we will continue to ensure the financial robustness of the Foundation, as we scale up our work and impact.

*All our income has been generated from Partnership subscriptions.



Looking Forward to 2022

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

Additional Dashboards:

Our Transparency Dashboard™ was conceived based around the requirements of the direct leather manufacturers. Following its successful launch and implementation in 2021, we are already developing Dashboards for other areas of the value chain and the next editions of the Dashboard will be launched in early 2022.

Over the next 24 months we plan on publishing 7 additional Dashboards that will bring together a 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.

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. We will also continue to drive engagement with industry and consumers.

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. Removing any association with the “Greenwashing” phenomenon, that is still prevalent, is intrinsic to our key values and mission. Join us in our work!

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

Karl Flowers,
Technical Director

Terrie Hewlett,
Administrator - Partnership & Finance

Sam Taylor,
Communications & Marketing Officer

Antionette Garzon,
Volunteer Intern, Special Projects

Patron

Suzie Fletcher,
Master Saddle Maker

Non-Executive Directors

Ralph Arbeid,
Operations

Kevin Latner,
Finance & Policy

Advisory Board

Katie Kutskill, Chair
Pangea

Taj Alam,
Kings International

Mauricio Bauer,
WWF US

Niccolo Duranti,
821 Sourcing

Jiska Gojowczyk,
Südwind Institut

Hans Van Haarst
Royal Smit & Zoon

Reiner Hengstmann,
ISA TanTec

Leisha Hewitt
Animal Welfare Expert

Ivan Kral,
UNIDO

Chirag Patel,
Crest Leather

Dietrich Tegtmeier,
TFL

Rosie Wollacott-Phillips,
Mulberry

Thomas Yu,
Jollity Enterprise Co

Auditors

Deborah Taylor,
Social Lead Auditor

Karl Flowers,
Environmental Lead Auditor

Zain Akber,
Environmental Lead Auditor

Junaid Ahmed,
Environmental 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 joined us in this first pivotal year for your trust in the work that we are doing. We look forward to building a stronger, more sustainable leather industry with you in the coming years.

The Foundation is also grateful for the tireless work and contribution of our Advisory Board and Non-Executive Directors, 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.

Thank you also to the support organisations that have been instrumental in helping us to establish the Foundation:

IT Services

Nimlok Marketing Services Ltd
Elise Cawthorn, Web Developer

Visibility and PR

World Leather
International Leather Maker
LeatherAge
S & V Weekly
Leather & Footwear News



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