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**Sustainable Leather Foundation**  
**Standard for Traceability, Procurement and Sales**

**Reference:** FSG4.1

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**Accredited by:** XXX

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## **FSG4 TRACEABILITY, PROCUREMENT AND SALES STANDARD AND BENCHMARK**

**Summary:** The SLF *Traceability, Procurement and Sales Standard and Benchmark* provides the context, definitions and requirements to be considered when sourcing raw material and selling semi-finished material in the leather value chain. This document gives the facility under audit the basic principles and a starting point for maintaining a robust traceability system that can enable transparency for sustainable business production, consumer consumption and post-consumption opportunities.



## 1. Scope

1.1 The SLF *Traceability, Procurement and Sales Standard and Benchmark* specifies the basic provisions and obligations that a company shall ensure to support responsible raw material sourcing and sales of material in respect of environmental, social and animal welfare risks and concerns. A robust traceability system creates the foundation of a company's ability to assess their impact across environmental, social and governance aspects with a whole value chain perspective.

1.2 Origin of raw material is an important consumer concern and there is an expectation that companies involved in the manufacture of produce operate ethically, with due diligence, and in a sustainable way that does not compromise the present and future of people and the planet in the process.

1.3 SLF believe that traceability and transparency are fundamental elements to provide the leather value chain with the adequate socio-environmental safeguards and the SLF *Traceability, Procurement and Sales Standard and Benchmark* is intended to ensure that companies understand the need for demonstrable traceability.

## 2. Normative references

2.1 The following references are useful in the understanding of this document and are provided for further guidance. In the case of dispute these references will form the core of the evidence in support of the Standard and Benchmarks used here:

Sustainable Leather Foundation's pathway to a traceable and transparent leather industry<sup>1</sup>

United Nations Economic Commission for Europe, Traceability for Sustainable Garments and Footwear<sup>2</sup>

United Nations Global Compact Office, A Guide to Traceability, A Practical Approach to Advance Sustainability in Global Supply Chains (New York 2014) <sup>3</sup>

European Commission, A Background Analysis on Transparency and Traceability in the Garment Value Chain (2017)<sup>4</sup>

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<sup>1</sup> Sustainable Leather Foundation's pathway to a traceable and transparent leather industry

<https://www.sustainableleatherfoundation.com/sustainability-matters/slfs-pathway-to-a-traceable-and-transparent-leather-industry>

<sup>2</sup> United Nations Economic Commission for Europe, Traceability for Sustainable Garments and Footwear

<https://unece.org/trade/traceability-sustainable-garment-and-footwear>

<sup>3</sup> United Nations Global Compact Office, A Guide to Traceability, A Practical Approach to Advance Sustainability in Global Supply Chains (New York 2014)

[https://d306pr3pise04h.cloudfront.net/docs/issues\\_doc%2Fsupply\\_chain%2FTraceability%2FGuide\\_to\\_Traceability.pdf](https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2Fsupply_chain%2FTraceability%2FGuide_to_Traceability.pdf)

<sup>4</sup> European Commission, A Background Analysis on Transparency and Traceability in the Garment Value Chain (2017)

[https://ec.europa.eu/international-partnerships/system/files/european\\_commission\\_study\\_on\\_background\\_analysis\\_on\\_transparency\\_and\\_traceability\\_in\\_the\\_garment\\_value\\_chain.pdf](https://ec.europa.eu/international-partnerships/system/files/european_commission_study_on_background_analysis_on_transparency_and_traceability_in_the_garment_value_chain.pdf)



### 3. Terms and definitions

- 3.1 **Traceability:** The ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims, in the areas of human rights, labour (including health and safety), the environmental and anti-corruption<sup>5</sup>.
- 3.2 **Transparency:** Relevant information being made available for all elements of the value chain in a harmonised and auditable way, which allows for common understanding, accessibility, clarity and comparison<sup>6</sup>.
- 3.3 **Value Chain:** the full chain of businesses that are involved in the creation of a product or service – from initial raw material to final article for sale, and increasingly including post-consumption businesses.
- 3.4 **Preventative Action:** Action to eliminate the cause(s) and root cause(s) of a potential non-conformance.
- 3.5 **Non-conformance:** Inability to meet the requirements of the standard.
- 3.6 **Facility:** The entirety of the business operation that is responsible for meeting the requirements of this *SLF Traceability, Procurement and Sales Standard and Benchmark*, including all personnel employed at the facility (e.g. tannery, sub-contracting facility, head office organisation, etc).
- 3.7 **Personnel:** All individuals employed or contracted by the facility to perform specified tasks (e.g. directors, managers, warehouse operatives, cleaners, technicians, etc).
- 3.8 **Worker:** All non-management personnel.

### 4. Principle

- 4.1 The principle of the *SLF Traceability, Procurement and Sales Standard and Benchmark* is to show that through full traceability it is possible to provide enhanced transparency and improve sustainability outcomes across multiple risks that are associated with the leather industry:
- Animal Welfare
  - Land Use Change
  - Biodiversity & Natural Habitat Degradation

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<sup>5</sup> United Nations Global Compact Office, A Guide to Traceability, A Practical Approach to Advance Sustainability in Global Supply Chains (New York 2014)

[https://d306pr3pise04h.cloudfront.net/docs/issues\\_doc%2Fsupply\\_chain%2FTraceability%2FGuide\\_to\\_Traceability.pdf](https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2Fsupply_chain%2FTraceability%2FGuide_to_Traceability.pdf)

<sup>6</sup> European Commission, A Background Analysis on Transparency and Traceability in the Garment Value Chain (2017)

[https://ec.europa.eu/international-partnerships/system/files/european\\_commission\\_study\\_on\\_background\\_analysis\\_on\\_transparency\\_and\\_traceability\\_in\\_the\\_garment\\_value\\_chain.pdf](https://ec.europa.eu/international-partnerships/system/files/european_commission_study_on_background_analysis_on_transparency_and_traceability_in_the_garment_value_chain.pdf)



- Chemical Use
- Deforestation
- Environmental Pollution
- Ethical governance
- Fair treatment of workers
- Resource Consumption

Many of the above risks intertwine and/or overlap, with the added potential for opacity of actors in different segments of the supply chain. This can prevent them from having clarity of the unintended consequences of their operations in contributing to problems such as deforestation, (i.e. working through traders or multiple tiers).

4.2 SLF has developed a Transparency Dashboard™ along with a 5-level system for traceability to connect companies positioned in different points of the value chain together, while at the same time protecting sensitive commercial information. This allows consumers, brands, retailers and other participants along the value chain to demonstrate individual responsibility within a chain of custody that brings together visibility of the sum of the parts into a whole, through a clear system of traceability.

4.3 The levels of traceability that the SLF audit standard and system recognises is:

**Level 1:** Manual documentation-based chain of custody with mass [material] balance that shows origin and destination.

**Level 2:** Manual documentation-based chain of custody, coupled with permanent, physical marking [identifiers], with mass [material] balance that shows origin and destination.

**Level 3:** Manual documentation-based chain of custody, coupled with permanent physical marking [identifiers] with mass [material] balance that shows origin and destination and that speaks to an electronic system.

**Level 4:** Documentation system that includes full lifecycle passport, coupled with permanent, physical marking [identifiers] and that speaks to an electronic system.

**Level 5:** Documentation system that includes full lifecycle passport, including auditable and verifiable information about birth farm of the animals, coupled with permanent, physical marking [identifiers] and that speaks to an electronic system.

4.2 The expectation of SLF certified facilities is that there is an intent to identify and understand their value chains and to work with their upstream and downstream partners, through SLF as a central system, to bring assurance of traceability and therefore transparency in the leather industry. With the use of technology such as Blockchain and the collaborative work of identification technology providers, provision of assurance and trust will be demonstrable for consumers and society at large and will strengthen companies ESG' practices.



## 5. Procedure

5.1 The facility will provide data and documentation that demonstrates traceability according to the levels outlined in section 4, to demonstrate traceability of procurement and onward sales, to effectively meet the requirements of the *SLF Traceability, Procurement and Sales Standard and Benchmark* as follows:

5.2 Management System: The facility shall have a system in place that permits the company to accurately demonstrate that effective traceability systems are in operation. Data that will be accepted as demonstrable evidence is:

- a. Invoices\*
- b. Despatch Notes\*
- c. Bills of Laden\*
- d. Physical / embedded marking on material
- e. Electronic data systems\*
- f. Service providers' reports\*
- g. August reports\*

\*All documentation must clearly show the originating site name and address and the receiving name and address, which must correspond with the production facility details (i.e. not a head office address).

5.3 The *SLF Traceability, Procurement and Sales Standard and Benchmark* treats all traceability in the same manner, so the same metrics and expectations are applied irrespective of where you are located globally. When considering deforestation, habitat degradation and land use transformation, SLF encourage value chain partners operating in those high-risk areas to actively work with SLF and our NGO partners to develop robust and consistent mechanisms to ensure traceability back to the birth farm at the highest level 5 attainment. When considering countries without industrialised farming and slaughter, SLF are committed to supporting companies to begin the process and to collaborate with hide collectors to find innovative solutions and cooperatives to enable basic level 1 chain of custody traceability from which to develop.

5.4 Through the 5-level approach, SLF is committed to ensuring accessibility and inclusivity for the whole leather value chain, across multiple geographies, with no barrier to engagement.

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