

SUSTAINABLE LEATHER  
FOUNDATION  
Annual Report 2023





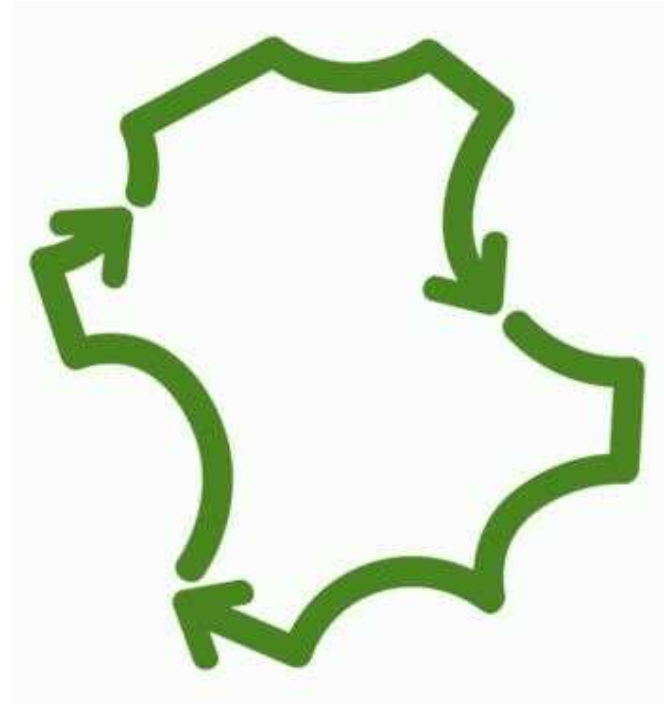
# Sustainable Leather Foundation

## Annual Report 2023

### About this report

This report covers the operational year 1<sup>st</sup> January to 31<sup>st</sup> December and the financial year 1<sup>st</sup> August 2022 to 31<sup>st</sup> July 2023. It provides context to the objectives and achievements of the Foundation and sets out key benchmarking data in relation to the results of our work.

The report aims to give all interested stakeholders an understanding of SLF, its remit, objectives, and achievements.



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# Executive Foreword

The end to another calendar year is quickly approaching, and time to reflect on the past year has come. What a turbulent world we live in, straight on the back of emerging from a COVID defined society: War between Ukraine and Russia; an escalating conflict in the middle east; high inflation; interest rates at the highest level seen in the past ten years; faltering companies and economies; global climate and nature close to the tipping point and political, societal and governance concerns – all commanding the headlines of the daily news.

The leather value chain is deeply affected by all these topics, not in the least by stagnating end-user and consumer demand. I write this during COP28 with high expectations and hope that things will turn for the better. End-consumers will see the value of durability in the goods they buy; fast fashion is out and the call for taking care of our planet and generations to come, translates into conscious buying. Leather – a bio-based material – with the ability to create circular value chains should be part of the solution. And yes, we have many topics to improve on, but we have definitely started on the journey of transparency.

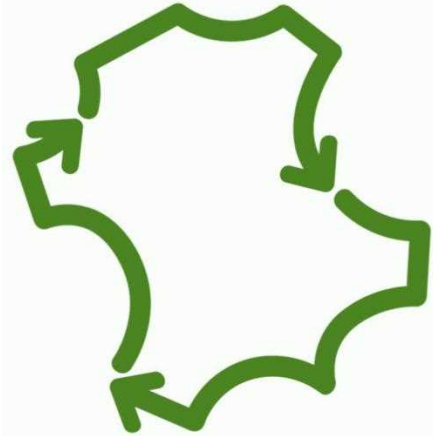
The European Union is embarking on the implementation of the CSRD legislation. This is just the start; EU Taxonomy, CSDDD, EU Deforestation and CBAM are quickly to follow putting the requirement on companies to be transparent, disclose and report how sustainable they really are. Those who do this well can turn it into competitive advantage, and that is where SLF comes into play:

ahead of its time the SLF ESG transparency dashboard with focus on end-consumers plays right to the bullseye of what is needed, and required: be compliant, be transparent, unite and move forward. Please do so for generations to come. I invite all the leather value chain partners to - again – consider SLF as a means to achieve their goals. We only will succeed together in creating a socially and environmentally sustainable leather value chain. The many accomplishments during the past year have been achieved because of the relentless dedication of the SLF management, auditors, and partners. I thank you for what you have contributed, delivered, and shifted in the minds of people. It has not gone unnoticed. Please stay the course.

*“...ahead of its time the SLF ESG Transparency Dashboard with focus on end-consumers plays right to the bullseye of what is needed, and required: be compliant, be transparent, unite and move forward.”*

Hans van Haarst  
Chairman, SLF Advisory Board





In order for our industry to not just survive, but to thrive, it is incumbent upon us all to embrace the need to embed sustainability and ESG responsibility into our strategic business decisions.

It is no longer an add-on, or a nice to have; it is an essential component for everyday business operations and will become even more intrinsic in light of the incoming regulations and directives.

Now at the end of our third year, I am proud to publish our latest Annual Report as it provides testament to the work that industry continues to do to rise to the expectations of

consumers and civil society. Despite a continuation of economic and political uncertainty, the Foundation has expanded its reach and remit even further and achieved partnership growth in a difficult year.

Our vision remains unchanged: to support collective improvement and more sustainable practice within the leather value chain.

Our A.I.M. Approach (Accessible, Inclusive, Modular) and revolutionary Transparency Dashboard™ together provide the best methodology in the industry for supporting improvement at all levels. We continue to see proven results and real examples of its success in 2023.

For us here at the Foundation, it is clear that the businesses of the future are the businesses that are preparing for it today. We will continue to support those businesses in their work across ESG by providing first class

## A Message from our Founder and Managing Director

training and education, a robust and inclusive certification programme, and a mechanism for demonstrating their progress through the SLF Transparency Dashboard™.

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

I would like to personally thank all those stakeholders who have continued to support our vision – from our hardworking team to the advisory board, partners, auditors, media, and external industry peer reviewers – a huge thank you for your support and we look forward to continuing our work with you in 2024.

*“Let’s be the change  
that secures the  
future!”*

Deborah Taylor  
Founder and  
Managing Director



# About SLF

## Our Vision

Established in 2020, SLF's vision is to enable collective improvement and education globally, for more sustainable practices in leather manufacture and production. From raw material to finished product and post consumption, SLF is concerned with all aspects of sustainability – Environmental, Social and Governance. As a not-for-profit organisation, the Foundation provides an Accessible, Inclusive and Modular (A.I.M.) approach to demonstrating sustainable good practice throughout the value chain. Coupled with this, the Foundation is committed to ensuring that consumers have a clear mechanism to see and understand the sustainable attributes of leather as a material, and the work that the industry does to ensure good practice.

## Our Commitment

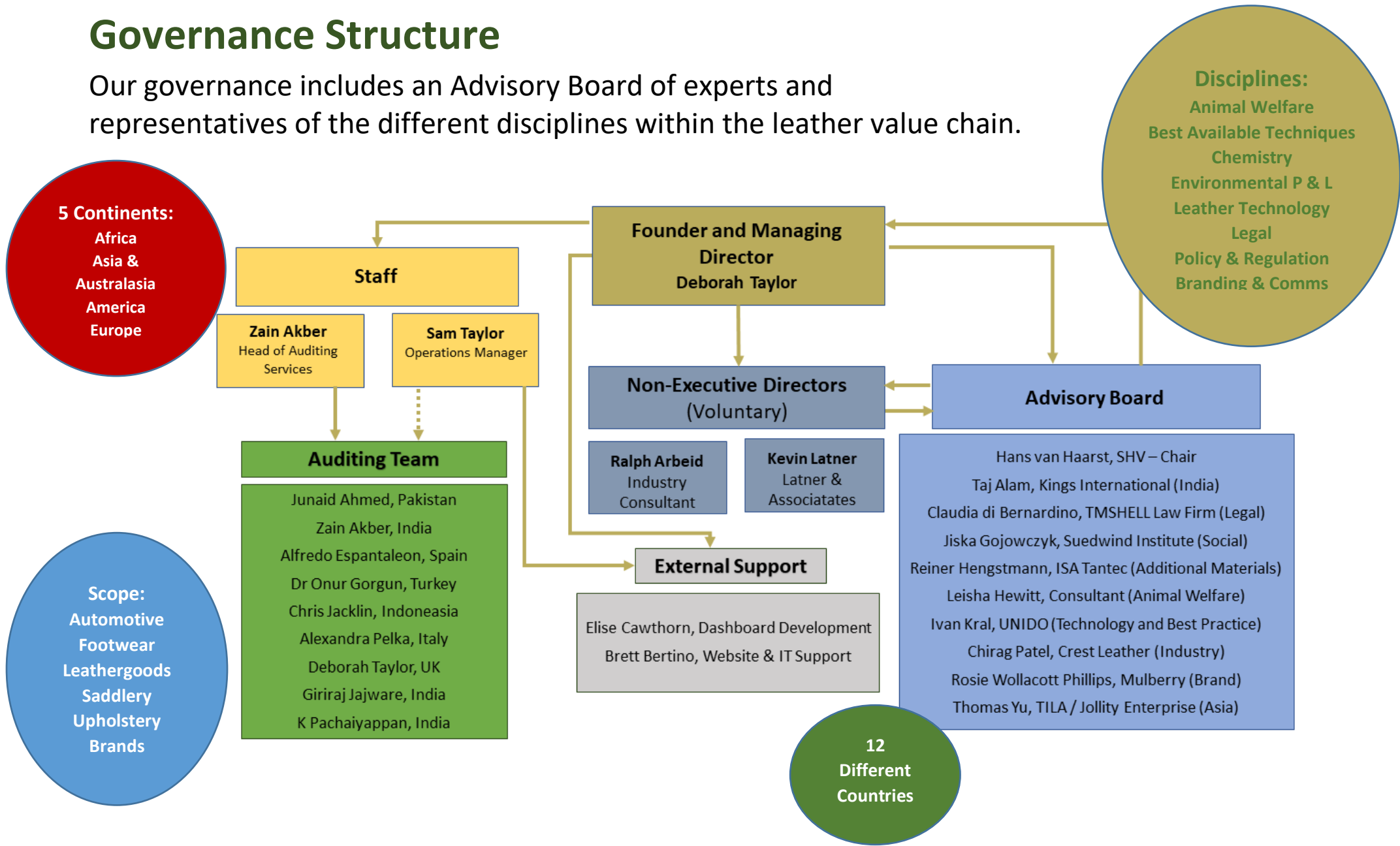
**SLF is committed to:**

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



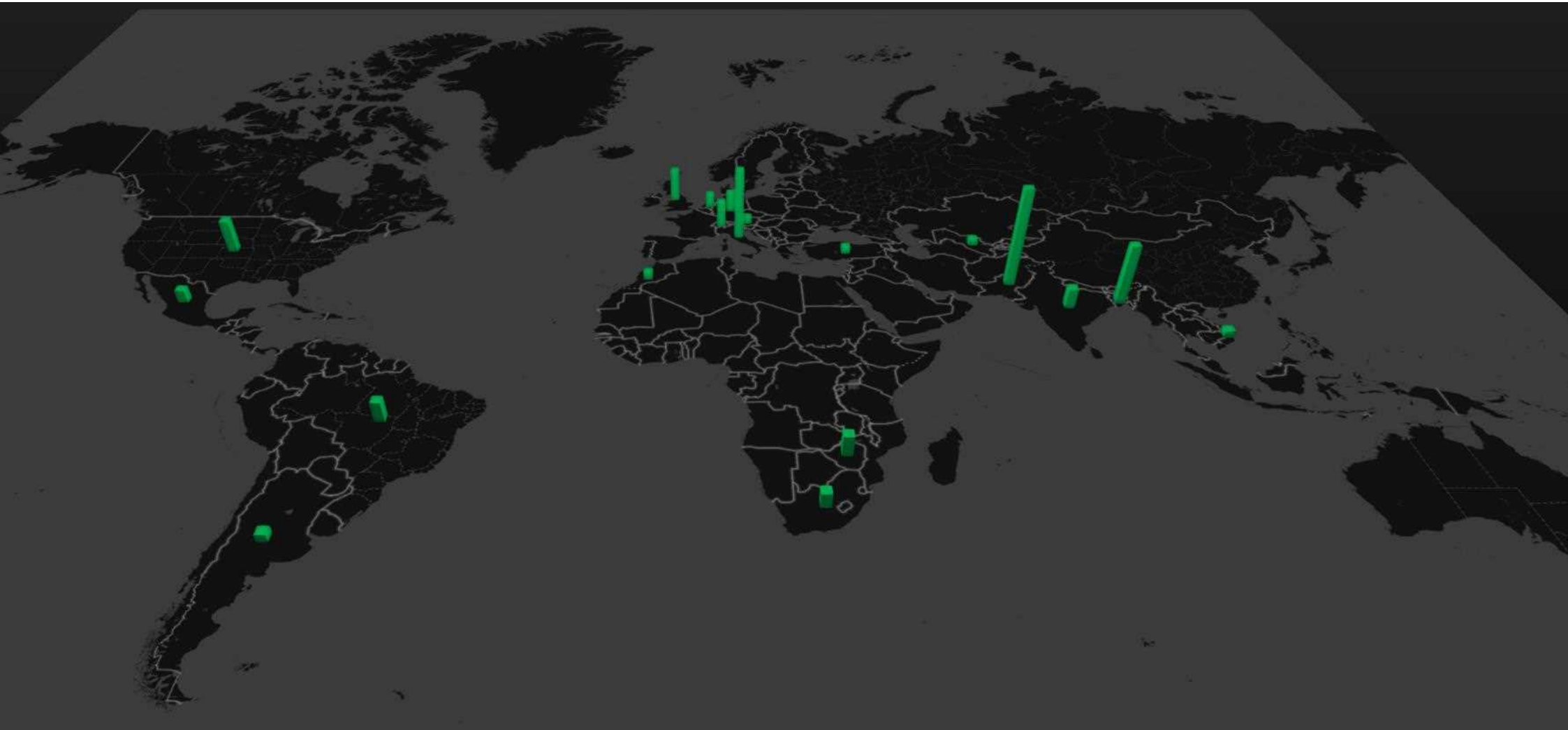
# Governance Structure

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



# Partnership

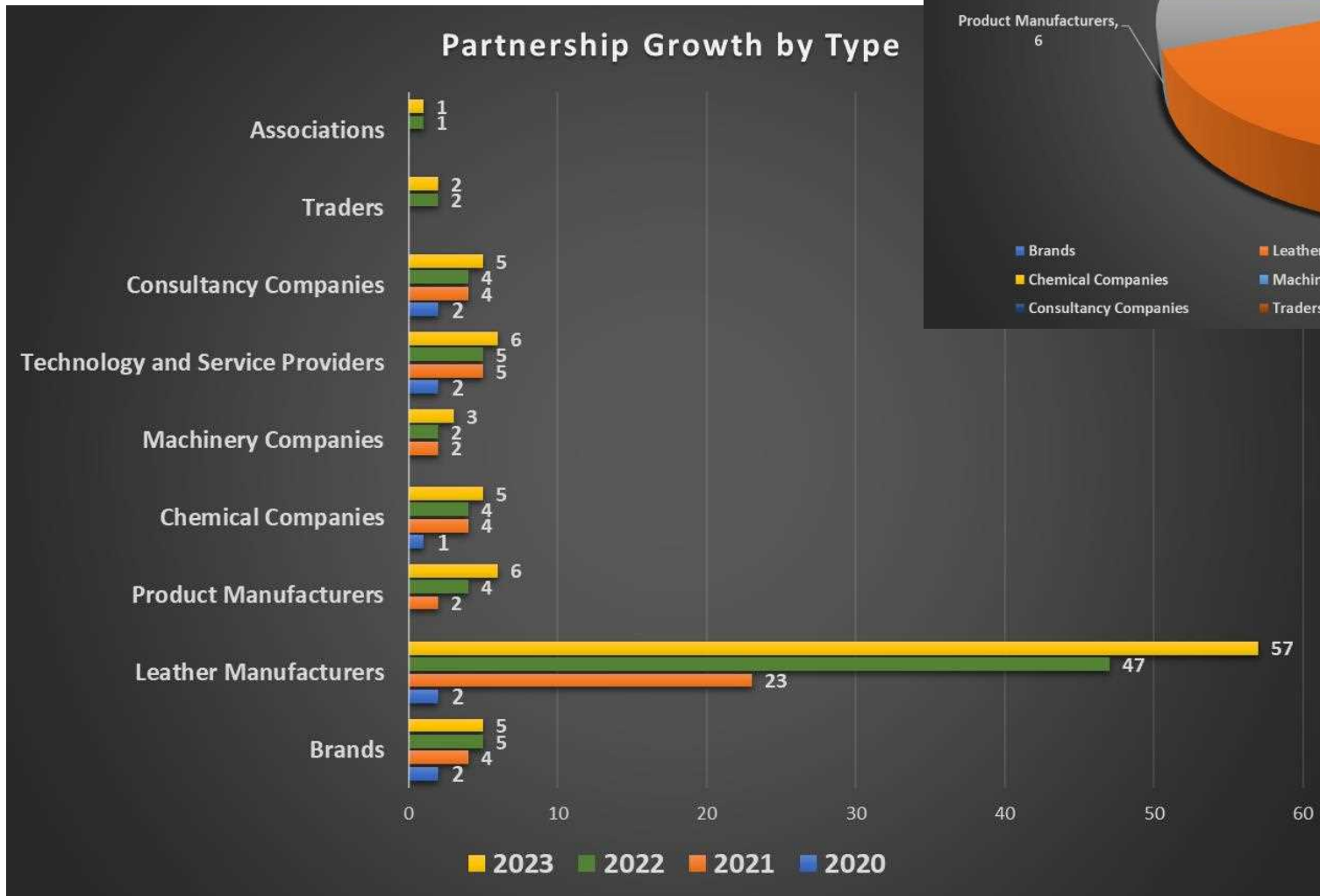
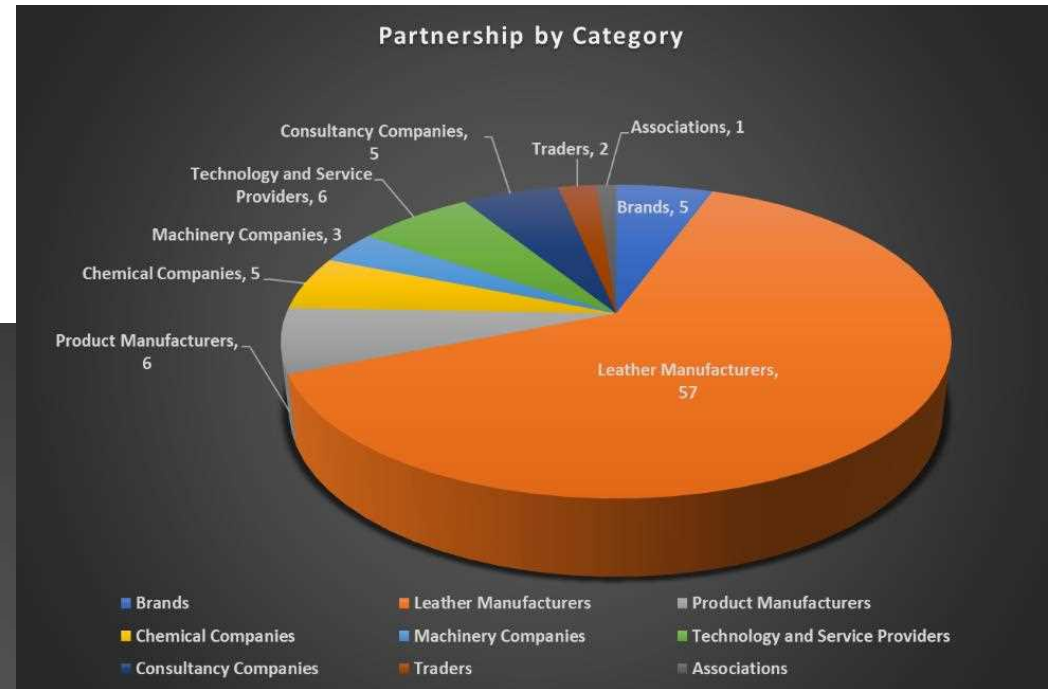
SLF's first partnership year began in January 2021 with just 9 Founding Partners from 6 different countries. We have continued to see steady growth and our partnership now sits at 90 partners in 26 countries across all continents.





# Partnership Growth in Focus

The largest growth sector for the Foundation continues to be with the leather manufacturers which demonstrates the value of our approach and tools.



22% growth year on year

# Partnership Growth in Focus

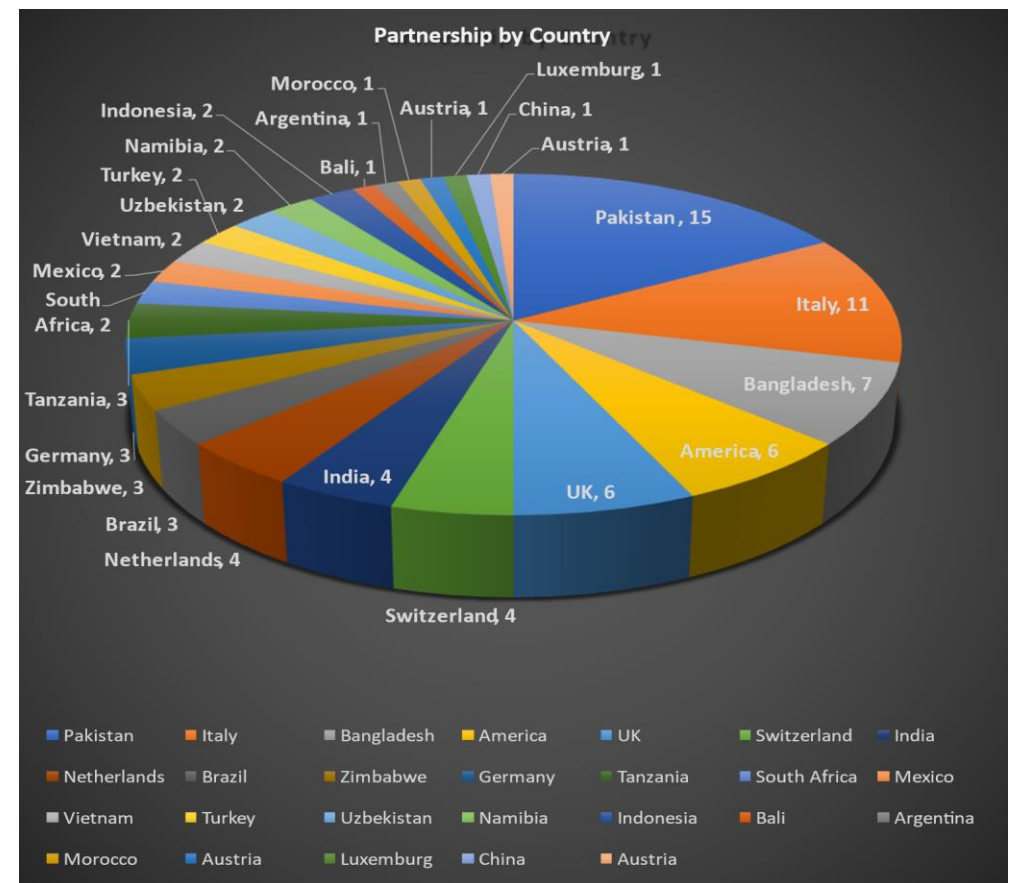
SLF's largest growth area in 2023 was with the leather manufacturers, both new partners joining the Foundation and existing partners requesting audits and support.

Within our Transparency Dashboard™ we continue to demonstrate the unique value of our A.I.M. Approach (Accessible, Inclusive, Modular) with a mix of facilities. Many of the partners now listed already have experience of ESG and certification and those partners benefit from equivalency recognition for existing audit certification. Other facilities have not previously had the opportunity to benefit from a supported approach and have started their journey towards sustainability with us here at SLF. Their Transparency Dashboards™ reflect their current position.

Having a system and approach that caters to all levels is paramount for SLF's vision and this continued growth in leather manufacturer partnership is encouraging and proves that we are delivering on our vision.

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

From a geographical perspective we have seen engagement from 6 additional countries in 2023 bringing SLF coverage to 26 countries across all continents.



## Audits and Certification

Audit performance in 2023 continues to grow, primarily in Social Responsibility and this sits in line with our equivalency approach to certification. Any facility that already has a valid, 3<sup>rd</sup> party audit certification in place is not required to undertake another audit with SLF for the same criteria; SLF evaluates the certification report and awards equivalency on the Transparency Dashboard™ for the same.

Within the leather value chain, traditionally the leather manufacturers have generally performed environmental audits but not social or governance audits. With the advent of regulations and directives such as the EU CRSD, EU CSDDD and the EUDR, tanneries and associated facilities are now

recognising the need to also demonstrate their social responsibility, and this is reflected in the audit statistics that we have delivered in 2023.



*37 Audits  
conducted  
in 2023*





# SLF Transparency Dashboard™

## Transparency you can see...

### Why the Need?

With a rising recognition of the need to address sustainability risks that include environmental, social and governance concerns, it was clear back in 2020 that there was no existing organisation that was addressing all these elements collectively and comprehensively. Fast forward to 2023 and the need is amplified by the incoming regulations and directives that will have a direct impact on our global leather value chain.

From next year, organisations will be required to actively demonstrate and report on their ESG performance and although many of the regulations are coming from the EU such as the EU CSRD, EU CSDDD and EUDR, the ripple effects will be felt by stakeholders all around the world.

Industry is moving away from voluntary undertakings to mandatory requirements. Additionally:

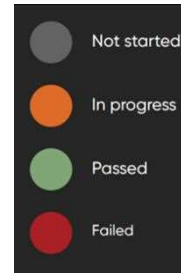
- Industry has become more jaded by the increasing need to duplicate effort and resource in order to meet the demands of different value chain partners or different standards.
- There was no efficient or effective method of externalising the work being done inside

the industry with consumers who, in recent years, have been subjected to a vast amount of conflicting, misleading, or confusing messages.

- Work inside the industry was too heavily focused on the distinguishing factors of those tanneries in the top 20% and not enough was being done to support the basic improvement needs of the other 80% of tanneries around the world.

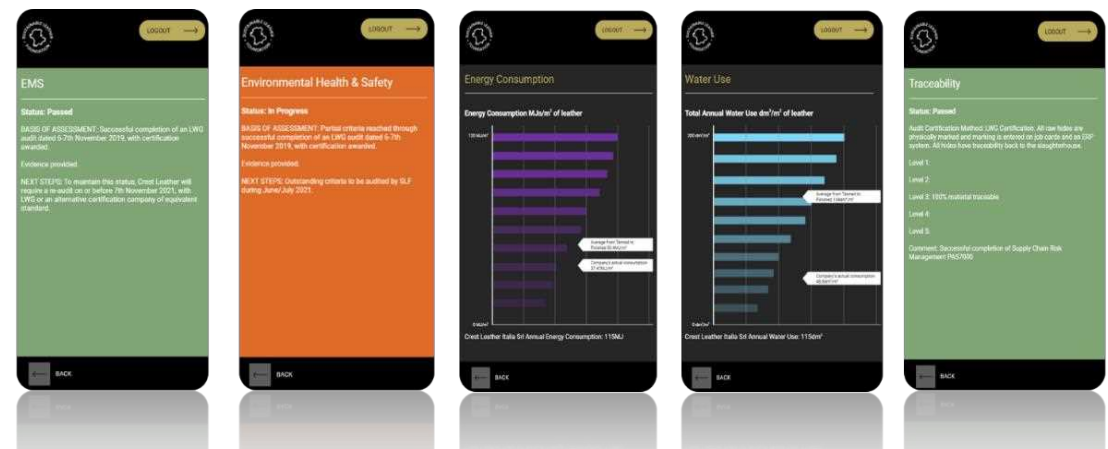
### SLF's Solution

The keystone of our solution for the industry is our **SLF Transparency Dashboard™**. This innovative tool provides a way of addressing all the above needs in an accessible, inclusive and modular way. By giving visibility to the areas of risk to be addressed within each of the ESG modules, the Dashboard offers an easy visual of where a facility currently is, in terms of meeting industry standards of risk assessment, mitigation and performance. 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. The Transparency Dashboard™ and

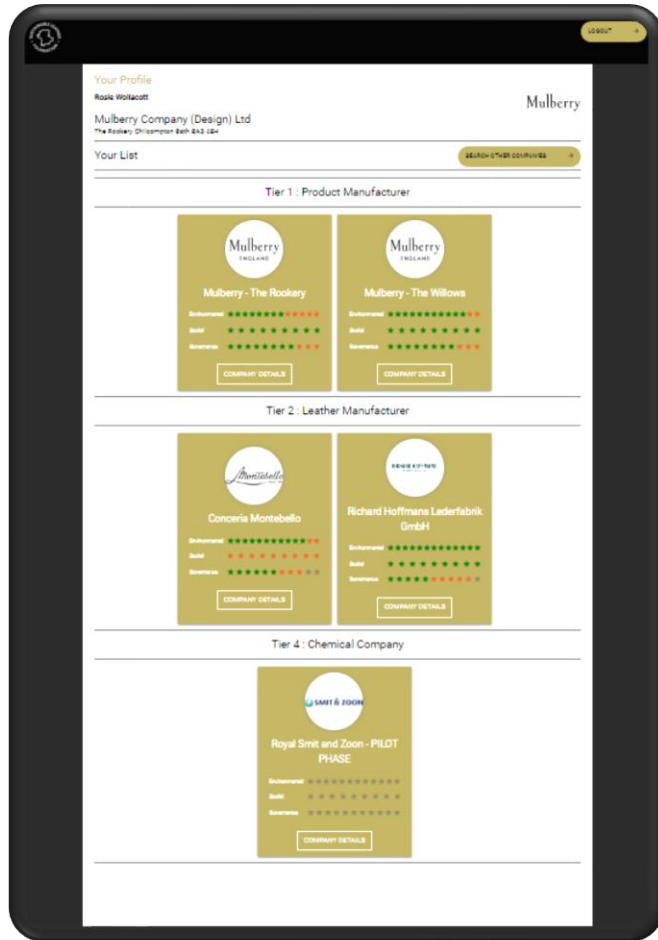


the SLF A.I.M. Approach allows organisations to participate at their own pace, to suit resources and priorities.

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



# SLF's Transparency Dashboard™ Development



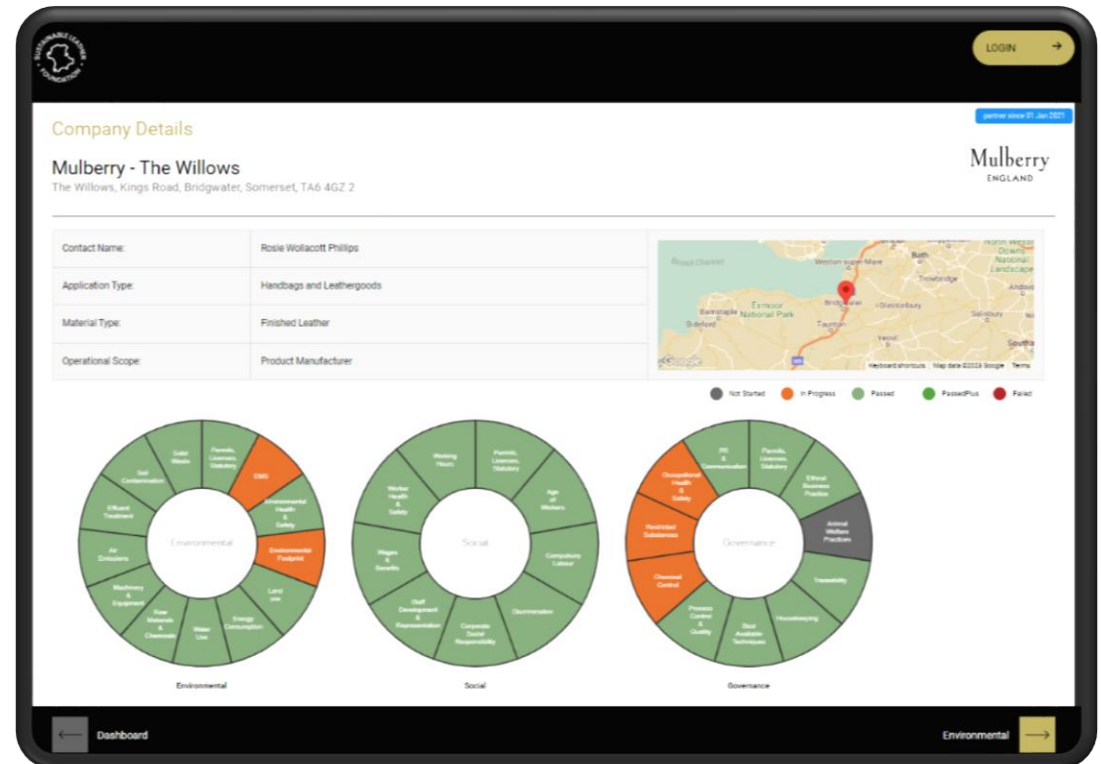
Connecting good practice through the Transparency Dashboard™ is a primary focus for development into 2024. We are now able to link Dashboards for value chain partners that work together. This is achieved with permissions from each actor in the value chain and allows a visual representation for due diligence and improvement.

We now have our pilot Dashboards ready for Meatpackers/Processors and Farmers and we will continue to develop the Dashboard capability to meet the needs of our Partners and their ESG responsibilities.

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

At the end of **2022** we had **42** Published and **3** Unpublished Dashboards

At the end of **2023** we now have **65** Published and **6** Unpublished Dashboards



## Key Numbers at a Glance

**20**

Speaker presentations at external events

**26**

Countries engaged in Partnership

**69**

Audits now conducted

**71**

Transparency Dashboards™ created

**90**

Partners now actively engaged

**106**

Countries have visited the website

**24,472**

Unique users have visited the website

**104,586**

Website page views



# Industry Engagement and Projects

Working together with fellow stakeholders is intrinsic to the sustainable future of the leather industry. Cooperation, collaboration and the sharing of knowledge and information for pre-competitive improvement is essential more than ever before as we enter this new legislative era. The Foundation has spearheaded this philosophy since its inception and is encouraged to see other organisations in the sector following our lead in creating opportunities for better collaboration and collective approaches.

During 2023, we have been awarded contracts to specifically target key areas of work for our industry and we will continue to seek opportunities where we can impart education, support, and training.

## SIPS Project:

SLF is working with the Joint Action *Support towards*



*Industrialization and the Productive Sectors* in the SADC region (SIPS) project to support sustainable and environmental compliance for the leather value chain in the Southern African Development Community (SADC).

The Joint Action SIPS is co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ) and managed by the SADC Secretariat.



During the initial contract term of May to November 2023, SLF has provided training workshops aimed at increasing capacity-building on sustainability and best practices, followed by pilot audits carried out in chosen tanneries located in the SADC region, initially in Tanzania and Namibia. The pilot audits allowed SLF to comprehend local procedures, capacities, and performance and, based on the results obtained, training plans were implemented. In November 2023, the first formal audits were conducted at two facilities in Namibia, Meatco and Nakara, both receiving certification across all three modules of ESG.



The project has been extended until 31<sup>st</sup> May 2024 with 3 additional countries now included within the remit: Madagascar, Mauritius, and Zimbabwe.



# Industry Engagement and Projects

## University of Northampton Sustainability Summit 2023

SLF was proud to be a participant at the first University of Northampton Sustainability Summit, where our Managing Director gave a Keynote Presentation on “Resetting the Consumer Dial”, along with sitting on a panel discussion about tools for sustainability. The central theme of the Summit was “Adapting to a changing world – addressing our shared sustainability challenges” and the 2-day event which was held at the University’s Waterside Campus, brought together representatives from local, national and international businesses, along with academia and government, to discuss shared sustainability challenges, knowledge and experiences in our ever-changing landscape.

We often talk about the need to discuss challenges and experiences outside of our own industry bubbles and this Sustainability Summit gave us the opportunity to do that by bringing together representatives from leather, agri/food, construction, distribution, logistics, fashion and footwear, finance, academia, and government



to share knowledge, experience and expertise around the challenges and solutions for a sustainable future.

The summit ended with the launch of the Northampton Sustainability Accord where the outcomes and deliverables were agreed upon for future action by the delegates. SLF is a signatory organisation of the Accord sitting on the Steering Committee.

It was an honour for the Foundation to be the first recipient of the **University of Northampton Vice Chancellor’s Award for Best Sustainability Strategy** for their work within the leather industry, through their innovative Transparency Dashboard and A.I.M. Approach (Accessible, Inclusive, Modular) designed to support sustainable improvement within the leather value chain.

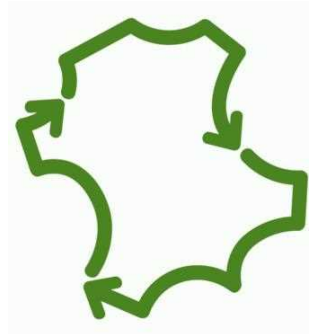


Although SLF is still a young Foundation, only established in July 2020, we have already helped organisations around the world to develop robust sustainability strategies through our joined-up approach of support, tools, and certification. Sustainability is our entire purpose, and it was rewarding for us to be recognised in this way. The Foundation hopes that through the springboard of this inaugural Sustainability Summit, we can help other industry sectors to develop their versions of our Transparency Dashboard™ to make the transformative change we are all working together for, whatever our industry.

# Industry Engagement and Projects

## Focus on Traceability

One of the key priorities for the leather industry globally, is the need for robust traceability. As a cornerstone, traceability feeds every other ESG risk evaluation strategy as without knowing where materials and products are originating, there can be no assurance of meeting due diligence and corporate responsibility.



SLF continues to work hard to support traceability within the leather value chain both independently with training, information, and audit certification, and through collaborative and project work with, and for, other industry organisations.

## Leather and Hide Council of America



SLF has been contracted to create a traceability audit standard specifically for the meatpackers and processors in the USA that will work within their existing legal structures but also fit within existing tannery traceability systems. Considerations of commercial integrity and privacy are paramount, but the goal is to enable a chain of custody approach that gives assurance of origin with a specific focus on proving non-deforestation in the supply chain.

The first draft of the audit standard is expected to be ready for piloting in the Spring of 2024.

## COTANCE Traceability Cluster



In the last quarter of 2022, COTANCE convened an initial group of standards setting organisations to establish the feasibility of aligning on traceability requirements. The group has since been widened to include IGOs, NGOs and other invested stakeholders.

The core standards group have now aligned on terms and definitions and are currently working through the mechanics of what is required to demonstrate robust traceability, i.e., what data should be exchanged, at which points and in which way.

Complexities arise with the harmonisation of terms adopted, measurement types and other metrics so that industry will be able to exchange traceability data from different systems with interoperability. The end objective is to create a CEN or ISO standard that industry can adopt.

## UNIDO



As part of our commitment to continually provide trusted, low to no-cost resources for our global Partners, SLF endorses UNIDO's leather industry training programme hosted on the UNIDO Leather Panel. There are freely available training modules: ***How to Deal with Hydrogen Gas, First Aid at the Industrial Workplace, Introduction to Treatment of Tannery Effluents and Safety & Health in the Workplace***. Upon completion of the training course, attendees receive a certificate endorsed by both organisations. The Foundation encourages the use and sharing of these valuable resources, and we are committed to developing more work with UNIDO in 2024.



# 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, 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.:

## Accessible

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; and create a Sustainability Roadmap that is tailored to the needs of the individual facility. By providing access to the SLF tools, facilities will increase their potential for change.

## Inclusive

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 3<sup>rd</sup> party organisations. This avoids duplication of effort and allows for freedom of choice when working with brands, suppliers, and certification companies.

## Modular

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 ability and need**.

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

## Environmental

Permits & Licenses  
EMS  
Environmental Health & Safety  
Environmental Footprint  
Land Use  
Energy Consumption  
Water Use  
Raw Materials & Chemicals  
Machinery & Equipment  
Air Emissions  
Effluent Treatment  
Soil Contamination

## Social

Permits & Licenses  
Age of Workers  
Compulsory Labour  
Discrimination  
Corporate Social Responsibility  
Staff Development & Representation  
Wages & Benefits  
Worker Health & Safety  
Working Hours

## Governance

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

# Consumers

## Cutting Through the Confusion

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

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

Working with industry stakeholders that include not just the companies that directly work with leather, but also with trusted NGOs such as WWF and IGOs such as UNIDO, 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.

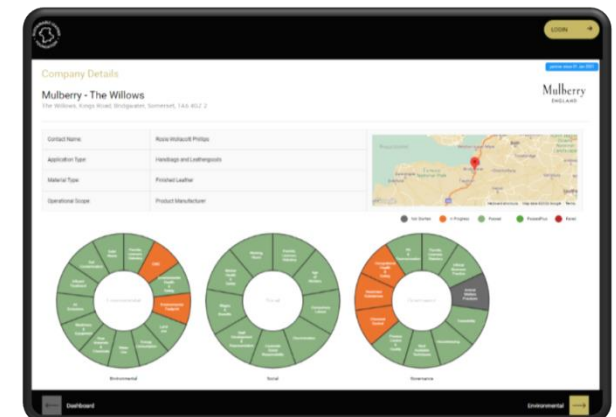
Consumer communication is also now subject to regulation to ensure that companies do not mislead the public, with the introduction of the EU Green Claims Directive that seeks to ensure that any communication or claims that a company makes must be verifiable. If it can't be proven, then it can't be claimed.

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

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

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

***If it can't be proven,  
then it should not  
be claimed...***



# Financial Governance

Fiscal responsibility remains a priority for SLF as we grow and expand. We have a Finance Committee in place to ensure good governance and oversight for the appropriation of partnership fees and audit revenue. As a Community Interest Company, we are governed under English Law to operate within specific guidelines. The Foundation can not have shareholders and the organisation cannot be sold for profit. All the employees, including the Founder and Managing Director, are paid via salary only. The Foundation is established for the benefit of the community it serves, the global leather industry. Profits are only used for the purposes of continuing the work that the Foundation does and there is no government grant or funding to finance the work.

All our income is derived from our partnership subscriptions and from the audits conducted. We can report a healthy financial position for the end of this financial year that represents the growth and associated outgoing costs:

## Financial Statement to year ending 31<sup>st</sup> July 2023

Income Received:	£232,184
Costs Outgoing	£227,196
Balance 2023	£4,221
Plus closing balance for 2022	£32,659
Creditors	£8,557

This puts us in a healthy opening position as we enter 2024 and we will continue to ensure the financial robustness of the Foundation, as we scale up our work and impact.



*Since July 2022, we are proud to be a Living Wage Employer. This means we pay more than the National Minimum Wage as prescribed by law.*



# Looking Forward to 2024

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

## Additional Dashboards:

Our original SLF Transparency Dashboard™ was conceived in 2021 and based around the requirements of the direct leather manufacturers. During 2022, following its successful launch and proof of concept, we developed Dashboards for Product Manufacturers, Chemical Companies and Traders. Development has continued through the current year and during 2024 we will be piloting the Dashboards for the Meatpackers/Processors and the Farmers. This will connect the leather value chain in a way that has not previously been available; connecting the different actors of the value chain together to demonstrate what a sustainable leather industry can be. This will be a key tool that organisations can use to meet the impending legal requirements for the EU Corporate Sustainable Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the Deforestation Regulation (EUDR). It will also support the evidence required under the EU Green Claims Directive (EUGCD)

## Additional Support:

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

## Additional Consumer Visibility:

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

## Our Mission:

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

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

“Let's be the change that secures the future!”

*Deborah Taylor,  
Founder & Managing Director*

# Grateful Thanks

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

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



# Notes

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