

Responsible Leather Initiative Meeting – Washington, D.C.

Thursday, October 12th, 2017

Agenda

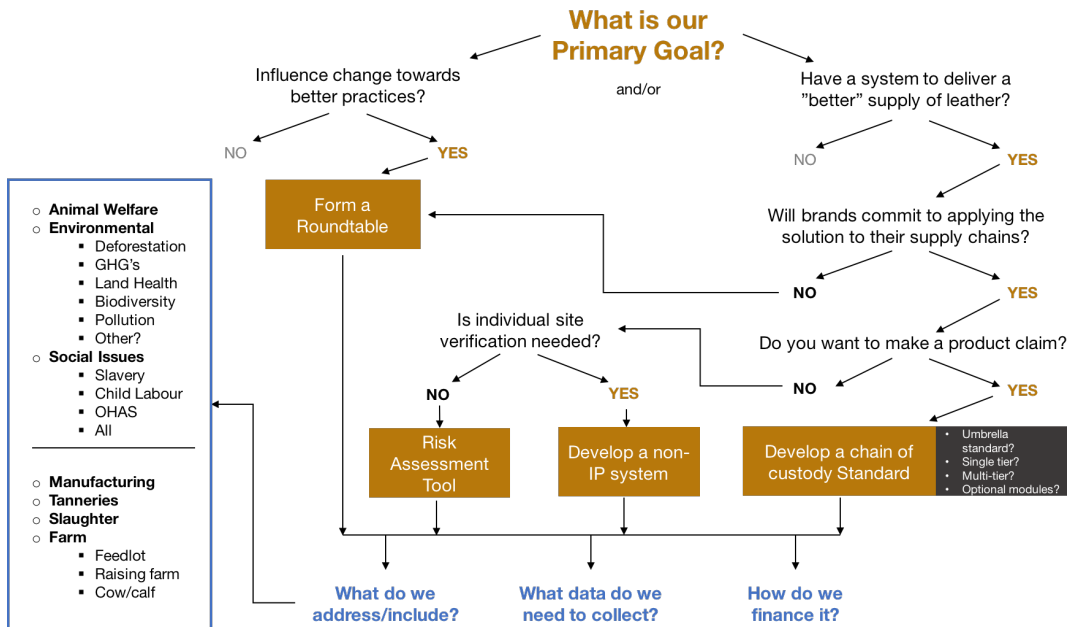
1. Welcome & Introduction
2. Business Case Drivers for Responsible Leather
3. What are we really trying to achieve and what is the best way to do it?
 - a. Breakout & report back
4. Focused topic discussions
 - a. Breakout & report back

Business Case Drivers for Responsible Leather

- Opportunities
 - Competitive advantage
 - Regenerative agriculture
 - Making use of a by-product/avoiding landfill
 - Understanding the country of origin
 - Compliance with chemical requirements
 - Opportunity to talk more about sourcing
 - Communication between farm and end of supply chain/better understanding of
 - Life cycle impact
- Risks
 - Deforestation in the Amazon – campaign against companies
 - Tannery pollution – easy to portray in a bad light (very visible)
 - Animal welfare policies
 - Factory pollution
 - CSR policies
- Meeting SDGs
- Financial risks
 - Market risk
 - Reputational risk
 - Regulatory risk
 - Operations risk
 - Litigation risk

What are we really trying to achieve...?

Decision Tree



- Using this model, we will develop our work plan and timelines moving forward
- Help us develop a strategy on how to get this information from people
- Want to have initial discussions so that we can bring a point of view back to the group, but will ultimately need much broader stakeholder input
 - Perhaps in the form of a survey

...and what is the best way to do it?

Roundtable

- Provide a common voice that represents the interests of the leather industry
- A structure for interacting with other organizations and government bodies
- A platform to learn and understand the challenges and opportunities in the leather and cattle industries
- A forum to agree on priority issues and desired solutions, with the possibility of taking actions
- Formal membership
- Broader platform and scope of work
- Long term or permanent
- May include Task Groups

Standard "Responsible Leather Certified"

- Set a standard with clear criteria covering the agreed scopes
- Reference the GRSSB principles for farm and slaughter
- Develop desired outcomes

- 3rd party certification of key areas
- Chain of custody to final product
- Product or company claims will be supported
- Collect data through the verification to map to quality and to report on impacts
- Will capture those following best practices initially

Non-IP System “Better Leather Verified”

- Farms:
 - Self-assessment for all farms registered (no ICS)
 - 2nd party assessments from RLI partners (?) – skip this to keep costs down?
 - 3rd party verification by Certification Bodies of X%
- Slaughterhouses - small:
 - Self-assessment for all slaughterhouses registered
 - 2nd party assessments from RLI partners (?)
 - 3rd party verification by Certification Bodies of X%
- Slaughterhouses - large:
 - 3rd party verification by Certification Bodies or equivalency?
- Tanneries?
- Collect data through the verification to map to quality and to report on impacts

Risk Assessment Tool “Better Leather Sourced”

- Applied to Farm or Farm + Slaughter
- 3rd party assessment of risk level (eg: 3 levels total)
- RLI will set risk criteria to be assessed
- Applies to a defined geographic region – large or small or a defined group of farms and sh’s
- Regions will apply and pay for assessments
- Set a review schedule
- Do we need chain of custody? Or book and claim?
- What kind of data can we collect and report on?
- We would have to develop a risk assessment tool
- Good potential to coordinate activities with Government Engagement Program and Industry Action Program

Breakouts

Roundtable Discussion

1. What should the core functions of the roundtable be?
 1. Encourage demand for higher welfare on farms, etc.
 2. Identify what programs/solutions exists and where there is a need to start new ones
 3. Further stakeholder engagement
 4. Communication
 5. Problem solving and identifying more issues
 6. Engage on a broader level

7. Easier entry point
8. Can align food & leather efforts
9. Align with other initiatives
2. What type of structure would best suit our needs?
 1. Partner with other organizations
 2. In-person meetings
 3. Balanced representation
 4. Could use a risk assessment to determine focus of action
3. Who should manage it? Where should it sit? GRSB?
 1. TE should manage it – they are neutral and have good industry connections
4. What should the funding model be?
 1. Funding should be based on what initiatives/programs need to be started in the roundtable
 2. Should plan out a timeline for making funding requests each year

Brand Commitment Discussion

1. What does a 'commitment' look like?
2. What should we ask for before going forward?
3. Can the commitment be contingent on the type of solution?
4. Can we link to the SDGs?

Standard Discussion

1. Given that there are so many existing solutions, do we want to set up an umbrella/equivalency system or create our own standard?
2. Can we have multiple claim levels?
3. Can we have optional modules?
4. Can we use different solution models for different stages: farm, slaughter, tanneries, supply chain?
5. Can we have different verification requirements based on risk levels.
6. What level of granularity do we go to?
 - Detracts from looking at the bigger pictures
 - Need to look for farm groups to include in stakeholder engagement
 - Challenging to influence farms
 - Livestock use vs. feed impacts (long term)
 - How to report on targets without linking back to your supply chain?
 - A good starting point to unify around a tool/approach
 - Should talk to GRSB about traceability

Non-IP System Discussion

1. What are the pros and cons of this kind of system?
 1. Pro – fastest way to get brand signal to farms (and most direct)

2. Pro – don't need to know/trace back to the farmers – just knowing that we are supporting the farms and creating demand for them can be enough
3. Con – not able to market it
4. Con – works for environmental issues, but not for social or animal welfare
2. Does a Book and Claim or a Mass Balance System work with the meat industry?
3. Which tiers should be included?
4. Should we look at separate systems for animal welfare, social, environmental?

Risk Assessment Tool Discussion

1. Is this something that could be of use to brands?
2. Should there be fixed or optional assessment criteria?
3. Who should conduct the assessment?
4. How often should it be reviewed?
5. What type of tracking is needed?

Pros:

- Narrow down sourcing region
- Actions > due diligence
- Traceability

Challenges:

- Identifying country of origin
- Geo locations
- Data aggregation
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Focused Task Group Breakouts

Deforestation

- Which of the models we've looked at best address land use conversion?
 - A roundtable could help align with the food industry and other initiatives
 - Mass balance system (non-IP) would be the fastest and most direct way to get the demand signal to the brands

Supply Chain Mapping

- Need to build trust in the supply chain
- What happens if the industry stops using leather?
 - What would happen to the hides?
- Accelerating the amount of time it takes to trace further down the supply chain
- Looking at SoureMap as a possible solution to help with mapping the leather supply chain

Land Health

- Identifying needs to be matched at the source level
- Set up metrics
- Get back to the farms
- Showcasing good practices and having a good impact

Social Issues

- Should connect with the FLA/SLC
 - Link to the Higg Index with wet processing
- Attend industry summits with other organizations
- How to use at the farm level?
 - Take a look at other members of ISEAL
 - GRSB
- Need a full audit? Or only focus on areas of highest risk (Slavery, Child Labour, Occupational Health and Safety)
 - It is risky to claim that we address social if it is not comprehensive
 - Could add the areas of highest risk onto other parts of the audit (checklist)
 - Have an option for a full audit, but not mandatory
- A roundtable option could
 - look at regional issues
 - get social experts from around the world on board for input

Animal Welfare

- A standard would work best; non-IP and self-assessment would not work to address animal welfare issues
- Legislation is difficult to enforce

Tanneries

- Brands want certified tanneries map (geocoded address, name and certification standard)
- Want to basic social compliance provisions based on fundamental ILO ratification, guidance, etc.
- They like the idea of equivalency of existing standards, but want to a develop a baseline benchmark between all tannery standards that address water, chemicals, energy, waste, etc. The idea is that those tanneries can meet benchmarks through the RLI, but may or may not adopt the full standard through LWG, Brazil Leather, etc.