

Global Forum on Responsible Leather

Notes & Feedback

Friday, October 12, 2018

“A Sustainability Sunrise Session” – Panel Discussion

Friday, October 12 | 7:00-8:30 AM

Panelist:

Caroline McGarvey, IKEA: considers themselves as a small player in the leather sector but engaging with their suppliers to drive towards a more; Relatively small amount of leather, but working on traceability

Rebecka Zetterström, Volvo Cars: Looking also into 2 and 3 tiers suppliers, not only on a manufacturing level by driving towards a responsible supply chain.

Craig Drews, Clarks: Production in several countries, 80% cows, 20% sheep and goat. 1.2 million cows per year are used to make their shoe production.,

Stefano Baggio, JBS Couros: It is important to inform the customer that leather is a natural material, it does not use any plastic, that it is an art. Believes that it is their mission to improve and add value to this product.

Nicole Johnson-Hoffman, OSI Group: run slaughterhouses in several locations in Europe, and do work with world largest food producers, and retailers.

Caio Penido, Cattle Producer and President, Brazilian Roundtable on Sustainable Livestock (Brazil): produces soil and cattle.

Dennis Laycraft, Canadian Cattlemen’s Association: cattle are a long-term cycle. They hire dedicated environmental experts. Have to adapt to the climate of the country. Raising bovines has to be adapted.

What makes you nervous to make the supply chain more responsible?

- Volvo: Need to deliver attractive products to the customers, leather has still a high take away, and is an attractive product. But there are more and more conscious customers, and therefore a responsible leather supply chain is key. Another element is a time. In the automotive industry, there is a long project cycle. If you want to have your sustainability impact in the supply chain you have to start now and speed up the process is able to show the outcome several years later. Meanwhile, there is a lot of discussion in the automotive industry to go leather-free.
- IKEA: Long-term relationship with the tanning industry, but to move forward they need to have good partnerships, and focus on multi-sourced information. They are securing the product because customers are looking for in a responsible way and are sure it is sourced in a responsible way.
- Clarks: A need to speak openly to the consumer.

- It seems easier to make a change for smaller brands; they have a great opportunity to do that. For bigger brands, it seems more difficult to implement a change. An important part to tackle is the tannery part, where we have to secure the responsible section.

Producers, what makes you nervous to deliver to the brands?

- JBS: Tannery is growing thanks to the automotive industry; they were able to increase the quality and to know all the operations that are done. There are different steps and different qualities; therefore, the process is very complicated. Either social and environmental problems have to be addressed or leather has to keep a good positive ... (view?)
- Canadian Cattlemen's Association: Cattle are raised in different ways all over the world, because of the different conditions per country. But the most important is to build a sustainable global strategy.
- Caio Penido: Slaughterhouse does not pay for the leather, but for the meat. It is important to build a new strategy, a clear protocol about leather and sustainable beef. The collaboration between leather and beef industry can help to make the change at farmer level.
- There is a need to find a way to support the farmer to protect the forest, and drive into a responsible cattle production.
- OSI Group: Customers should also be engaged and understand the efforts of the roundtable, NGO can be heard and have a voice at the table. Every part of the animal is used. The job is to get the value on every part of the animal. Hide is a big part of the animal. Sustainability concerns specific of the leather, are fully concerned of the buyers of the blood, and other parts of the animal. Bring a single message to the producer to help them to understand.

Chemicals used between the 2 products (meat & leather) are different. What do brands think about this issue?

- Clarks: Chemical sides are very important, certainly on an environmental side. The integrity of the whole supply chain is what the consumer aspect, and show the farmer process to the tannery including the chemical process in the tanneries.
- Other products are made from beef: fats, oils, besides what is going on in the tanneries and should be addressed. Sustainability in the beef industry can be compared to a chain of cars (as in a train) and different stakeholders are working on the different cars and linking the trains with the trains.
- What do farmers do differently if you get money for your hides?
- A lot of farmers are doing more than farming, for example, integrating new protocols, and taking care of deforestation. Farmers do appreciate that the hide is an additional value to help farmers to integrate more responsible ways.
- Integrity should be doing the right thing for the right reason. Stakeholder engagement is important. Efficiency in the industry to produce beef is very important.

How to assign value in the case of sustainability?

To leather suppliers: how to add (a minority value) to the cattle industry.

To brands: Are you seeing the value of the Roundtable approach and bringing your voice in, instead of staying outside?

- What values do brands take to the table, brands also want to engage, and recognize that the majority of the farmers are doing a good job. But without traceability, it is very difficult to show the integrity in the supply chain.

- Sustainability is nothing without transparency and integrity.
- A lot of things have an impact on the quality of the hide, for the quality of the hide, but also for the sustainability level of the farmer.
- The only way to get the value back to the farmer is traceability. But very difficult, but there can already be a difference of quality per animal coming from 1 farmer.
- Information per individual animal in the processing plant is often lost.
- The animal is sorted per physical information, and not per where it comes from. But producers are sometimes changing their programs, which can change the project.
- There is a hope that this kind of problems will be solved for meat, and hopefully, hides will not be far away.
- Example of traceability on hide: (JBS) On the bottom of the hide, there is a print, where the animal comes from. The animal can be traced. How the farmers behave, no deforestation, good farmers.
- We can also know what kinds of chemicals are used.

Global Meeting of the Responsible Leather Round Table

Friday, October 12 | 9:00AM-5:00PM

Opening & Welcome

Speakers:

Anne Gillespie, Textile Exchange

Gert van der Bijl, Solidaridad Network

Why Act Now?

Speakers:

Maria Teresa Pisani, United Nations Economic Commission for Europe

Robert Egerton-Warburton, Farmer/Nuffield Scholar

Sarah McCracken, Ceres

Ian McConnel, World Wildlife Fund (WWF)

Why Act Now? Questions/Comments:

What does a farmer need from society or the supply chain, in order to follow best practices?

- A farmer does everything he can to provide the animal with the best life he can do. If it is not acceptable for the brand, there should be a discussion and feedback in order to start the conversation and discuss together what will be the possibilities. Bring the voice of the brand back to the producers and vice versa. To create understanding.
- Recognizing that farmers are good stewards of the animals while raising animal's every day.
- There are still significant Animal welfare issues that have to be addressed: slaughter issues in India, Castration.

How much are investors investing in deforestation and preservation in North or other parts in America? Is it not driven by land speculation for example in Brazil?

- No real figures, but it has a big focus for investors

How does the deforestation statement does affect the leather sector?

- The leather sector should engage in the discussion and not leave it on the table to be solved by other organizations. Engagement is key. Stating that leather is a by-product of meat is not the solution.
 - Investors in climate change programs are supportive to bring the change.
 - Companies have to be engaged in the discussion.
 - Leather & brands can be an important part to help to drive the efforts on the ground.
 - Often the role leather placed is undersold. The leather sector needs to have a pro-active engagement.
 - LWG focuses on environmentally preferred leather instead of sustainable leather. For the consumer, sustainable is a word with different functions and often misunderstood.
 - Policy and consumer interventions are important and should be expected.
 - By creating principles together with the GRSB, and while Companies are looking at deforestation risks in the supply chain this can help to drive a more responsible supply chain, also for the leather industry.
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Working Sessions:

Each working session featured presenters who gave an overview of the topic and/or their organization or companies ways of addressing it. Following the presentations, attendees were asked to discuss the Working Session questions amongst their tables and report out. RLRT staff did their best to capture the discussions; the majority of our comments pertaining to each topic came from the Feedback Booklets that each attendee filled in while discussing the questions below and handed in at the end of the event.

Animal Welfare

Presenters: Lesley Mitchell, Forum for the Future

Working Session questions/comments:

1. Do we accept only standards that meet a minimum benchmark that we define? What are the pros and cons of this approach?
 - *The leather companies who are using the leather are often not aware of animal welfare issues.*
 - *Leather manufacturers on the ground, engaging them in the discussion and that they are a part of the discussion of the whole supply chain. What kind of standards do the leather industry need to have to cover animal welfare in order to work and go in discussion with GRSB*
 - *It is important to know what is the range of standards out there, for farmers and farms. Leather has to engage with the GRSB to get more clearance.*
2. How can we support farms that are part of a GRSB Regional Roundtable? What are the pros and cons of this approach? What limitations would we need to put in place? Should we also recognize standards that are independent of the GRSB?
 - *Support farmers: Dialog 2 ways. Brands clearly explain to farms what they need, then listen and support from there. Yes, there are other standards that are relevant. We should check that they cover the thresholds we need.*

3. Should we have a two-tier credit system: one that meets a minimum benchmark for animal welfare, and one that supports a continuous improvement model through the GRSB and other similar initiatives? Should there be a third tier to recognize a higher benchmark? What are the pros and cons of the different options?
 - *2 tier credit system: Is anything less than full traceability acceptable?*
 - *Humane Society: there should be a scoping study to look at the range of standards for animal welfare risks: minimum benchmark might not be applicable in all regions. Tap into GRSB to see where they have landed on min benchmarks. Leveraging existing standards for slaughter and farms.*

4. Should we also offer brands the option to buy super-credits that fund NGO activities that directly address the most serious animal welfare issues? Or should that be mandatory? What kind of messaging would go along with these super-credits? How should we define which activities they address? Who makes the decision about which ones to address? Can brands just choose their own? What kind of data should we collect to be sure that these projects are leading to positive outcomes?
 - *Basic credit should have a benchmark; we need to find a way to know what the animal welfare issues are. Credits can go back not only to NGO's but also to other stakeholders. It can help some brands to start to integrate good practices in order to evolve towards a transparent supply chain*

5. What level of verification do we require to ensure our expectations are being met? Third party certification? Second-party verification? Self-assessments?
 - *There is a need to be a 3rd part certification, self-assessment is not enough.*

6. If we use the credit-trading system, what types of claims can we make? Or should we talk about it at all? Are we actually contributing to positive change if we are not impacting sourcing decisions?

Comments from Feedback Booklets:

- Setting a minimum may not make sense based on regional differences (AW)
- Be sure animal welfare requirements don't lead to unintended consequences
- Need a minimum level for AW
 - Multi-tiered system for AW*****
- Multiple comments that we have to use 3rd party standards for AW and take great care to avoid any greenwashing (by using weak standards)
- AW – third-party certification needed
- Scoping exercises needed (for AW)
- Brands, traders, processors and consumers are not knowledgeable enough to determine AW requirements
- We need to benchmark existing standards for AW (we are!)
- Need to strike a balance between intensification of LUC and AW
- Build comparative tools to understand standards (AW framework)

Land Use Change/Deforestation

Presenters: *Simon Hall, National Wildlife Federation (NWF)*

Working Session questions/comments:

1. Should the RLA focus on deforestation only in the first version? If not, what other land use change risks should it address?
 - *Yes, there has to focus on deforestation, in some regions deforestation is not a problem. Thinking into the future should be rewarded, consider that there are regional differences and deforestation is not always an issue.*
 - *From a brand point of view (Timberland) deforestation should be a part of the first version.*
 - *Deforestation should be easier to be addressed. Rather prevent future deforestation. Using tools which are already existing and can be plugged in. Do a mapping of what is already existing, fill in the gaps.*
2. What do we recognize and reward through the RLA? Do we support non-deforestation when the farm has already been deforested, or do we only look at avoided deforestation?
3. What level of verification do we need to assure that deforestation is not occurring? What kind of reporting or data should we ask for?
4. How do we anchor improvements in productivity with robust environmental governance and not trigger expansive of production? How do you make it permanently more valuable to protect natural ecosystems than to convert them?

Comments from Feedback Booklet:

- Need to make it more valuable for the farmers to keep their forests than to remove them
- Forested land doubles in value
- Support for addressing other forms of LUC such as desertification
- De-risked supply chain vs. influencing systemic change + getting people engaged in the process – even if people don't “do” or “sign-up” to anything, having the awareness and education is still invaluable.
- Legality is not enough to halt deforestation
- The importance of deforestation was one of the key insights that was repeatedly identified
- Consider remote sensing for LUC
- Strengthen corporate commitments for LUC
- While deforestation is critical, LU should be looked at regionally/country-to-country
- LUC – it would be ideal to address land conversion, but to keep it manageable, deforestation should be focused on first
- Need an immediate cut-off date
- Need to strike a balance between intensification of LUC and AW

Leather Manufacturing

Presenters:

Michael Costello, Stahl

Stefano Baggio, JBS Couros

Coty Jeronimus, Textile Exchange

Working Session questions/comments:

1. Where do we want traceability to be required? Where should it start? From slaughter to beam house, or after?
2. What are any minimum criteria that must be met?
3. What degree of verification should we required?
 - Hide becomes prop of producer when it comes off the animal. Traceability starts there, but their responsibility starts farther back. Food industry has to provide same level of traceability. If they use that same technique, then there is a ready-made system of verification. There is a best proactive document for the leather sector which could be used. Very risky for a brand to make a claim on something they can't verify.
4. How can we recognize initiatives that do not have third-party verification?
5. Will a multi-tier strategy make sense?
 - Yes. If it's just pass/fail, what's the incentive to improve?
6. Who should determine what the final benchmarks are?
7. How can we get engagement and agreement to this process among the major players?
8. What types of claims should brands be able to make?

Comments from Feedback Booklets:

- Leather Manufacturing – needs a multi-tier system **
- Salted hides have double the carbon footprint of unsalted hides
- We strongly depend on what the beef industry is doing and partnering with them is the right thing to do
- Would like to see more involvement from tanneries
- Look at whether there are legal frameworks governing tanneries – if not, then verification is needed

Social Issues

Presenters:

Egbert Dijkers, Smit & zoon/Tannery of the Future

Zachary Angelini, Timberland

Working Session questions/comments:

1. Farm: What are the key issues to address? Do we address social issues in version 1 of the assessment tool? If we do not address them, how can we give recognition to best practices? Are there other ways we can drive better social welfare at the farm level?
 - *Divide into developed and developing issues. Dev'd: Av age of farmer is high, ability to attract talent. Dev'd world: migrant workers. Addressing economics of farmers, how to get value back to them. Yes, include it in the tool, leverage GRSB work.*
2. Tanneries: What are the key issues to address? Do we address social issues in version 1 of the assessment tool? If we do not address them, how can we give recognition to best practices? Are there other ways we can drive better social welfare at the farm level?
 - *Health and safety should be mandatory to be addressed. Best to leverage to what is already done. Look at ILO.*
3. Supply chain: Do we want to set a minimum set of expectations across the full supply chain? If not, which parts should be included? What are the absolute minimums that we want to enforce (eg: child labor, slavery, health and safety)?
 - *All should be a minimum requirement. The different regions should be respected. First part should be on Tanneries.*
4. Assessment strategies: What level of verification is needed for the different stages of the supply chain? What existing standards or tools should we look at? What indicators would we look at?
 - *A single standard seems difficult.*

Comments from Feedback Booklets:

- Social is a complex issue that needs more discussion
- Social issues at farm may be too tricky for the 1st version of the tool
- Look to ILO for social criteria
- Look at country risk assessment for legislation; social auditing might not be needed
- No social audit tool exists for tanneries – we should look at the SLCP
- Each brand has their own standards and auditing. Need a consensus on what brands are looking for, as well as the law and enforcement. Use the ones that already exist.
- Key issues: health and safety. Leverage Int'l labor org's, UN, etc.
- Yes to including social impacts in the tool.
- Should focus on tanneries and slaughterhouses.

Credit Trading & Traceability

Presenters:

Lieven Callewaert, Textile Exchange

Jorn Schouten, ACT Commodities

Working Session questions/comments:

1. Where do we apply the credits? To farmers only or also meatpackers?
2. Do we require traceability from the meatpacker to the tannery?
3. Should we concentrate credits in specific regions?
4. What level of verification will we require? (certified, verified, or just part of a program)

Comments from Feedback Booklets:

- Mixed support for credit trading, but a clear message that traceability needs to be part of the solution
- Risk-based approach for certain region
- Claims must be true
- Applying credits to where the leather is sourced (regional credits)
- Combined approach with CT/traceability would be good**
 - Credits bought by slaughterhouse?
- Language is important; responsible/traceable
- Would like to see beef buyers participate in CT
- Key Issues: traceability back to the farm is not currently possible, but should be the long-term goal.
- CT is a great way to build capacity. Leather is bought via traders at all stages and for each trader, traceability stops. Therefore, book and claim can fill the gaps where traceability is not possible.
- Why should a brand selling apparel pay for farm credits if leather is a by-product? Food brands should pay for it?
- Concern about cheating with 3rd party credits (should be address and solutions sought)
- Main concern is that the credit trading will direct support towards producers that are already doing well (and hardly change anything), rather than focusing on those producers where most progress is required
- It would be good to build scenarios for credits and suggest minimum and maximum prices
- Super credits should be mandatory**
- Some are becoming more convinced that full traceability is key

General Comments from Feedback Booklets:

- Work on getting more GRSB people involved
- Create incentives for companies to use the tool
- Creating incentive for producers is critical
- Take note of recycling and circular economy issues as a whole
- Disclosure of commitments as one structural element of the RLA
- Suggest a scoping study to understand the range of issues and initiatives; tap into GRSB
- Focus on additionality – not just rewarding best practices where they are already happening

- Should develop a “Learner Level” for initiatives without third-party certification (think Tannery of the Future)
- Thanks for an amazing event – so much useful discussion & generation of ideas
- Feeling slightly mind-blown at the complexity of it all!
- Really great to hear the views of the beef industry and meet these guys
- Retailers have to tell the stories for the farmers
- Missing a piece in the supply chain – it is often the garment manufacturers who chooses where to source the leather from, so they need to be involved.
- Set a list of brand criteria:
 - Input and engagement
 - A plan in place
 - Targets set for supply chain % of tanneries audited
 - Showing progress
- The complex supply chain needs a varied approach
- Start with basic and move to more complex issues
- Insight – we should work backwards from the market to create a win all across the value chain
- Concern that the mentality of farmers is more defensive than cooperative
- This initiative DEFINITELY needs more resourcing
- Need for public policy engagement
- Many solutions are possible, but need to choose which ones to follow
- The issues are well-identified
- This is a first big step for the industry
- The complexity of achieving the RLRT goals is high ... but we should try!
- Next time focus less on the topics and more on what the tool should look like
- We are all involved in other industry initiatives – it is getting more difficult to dedicate time and resources (plan less meetings)
- Risk disclosure is a key issue