



SOCIAL & ENVIRONMENTAL REPORT 2020

THE EUROPEAN LEATHER INDUSTRY



FOREWORD

For many of us, 2020 will be remembered as an extremely challenging year.

The toll paid by society during the COVID-19 pandemic will justifiably eclipse all other recent events.

The impact of COVID-19 on Europe's Leather Industry, its workers and their families, trivialises the progress of the sector's social accountability and environmental performance.

Yet, we owe it to our companies and our workers to celebrate the achievements.

COTANCE and industriAll-Europe dedicate this Social & Environmental Report (SER) of the European Leather Industry to the sector's COVID 19 victims, their families and their communities.

The Social and Environmental Report of the European Leather Industry (SER 2020) is the second publication of its kind. The first, published in 2013, was a follow-up action from a previous initiative of the Social Dialogue of the European Leather sector, that adopted *a protocol for the reporting of social and environmental indicators*. Indeed, as early as 2009, business and workers representatives drew up a list of parameters against which to measure the sector's performance with regard to key social and environmental criteria. This was to help companies position themselves against a European benchmark, providing the sector with a common instrument for measuring progress over time, serving as a communication tool in the leather value chain, and as a model for other regions of the world.

Increasing *transparency* in tanneries is an ongoing endeavour for all parties in the leather industry. For more than a decade, the social partners have consistently demonstrated that leather-making is good for people, the planet and prosperity. They have communicated to Europe's citizens that when leather-making is performed responsibly, it fulfils important societal needs. Europe's tanneries are not comparable with the dreadful images of irresponsible operators conveyed so often through the internet and social media. On the contrary, they are plants combining craftsmanship and art in an industry that exemplifies better than any other the circular economy; an industry that is seeking young people to propel it into the future.

The striving of Europe's leather sector **towards excellence in social and environmental performance** has, with the support of the European Commission, been realised in a series of joint projects.

This SER 2020 allows you to **judge for yourself** the commitment of the men and women of Europe's tanneries, to sustainability.

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INTRODUCTION

Leather is a fascinating material in many ways. Who doesn't react to the distinctive scent of leather or the soft, warm touch of its surface? Leather is one of those materials that casts a spell on people. There is a psychological and sociological explanation for this phenomenon that relates to the primitive memories of Mankind. What exactly it recalls in us will probably remain a mystery. However, leather has this *je ne sais quoi* that other alternatives do not have but try in vain to emulate.

THE PERFECT EXAMPLE OF A CIRCULAR ECONOMY

But leather invites our interest for other reasons. It is probably the oldest example of the circular economy. Indeed, since the beginning of time, man has recovered the hides and skins of the animals hunted for food and recycled them into culture. Totems, musical instruments, gourds, tents, clothes, shoes and many other leather artefacts are found in archaeological sites across the Globe.

Leather-making is also sensible from an ethical and environmental point of view. It is now widely understood that livestock are not slaughtered for hides or skins, as they represent only a small part of the value of an animal. The use of these raw materials is significantly better than wasting them, creating a global environmental and sanitary disaster.

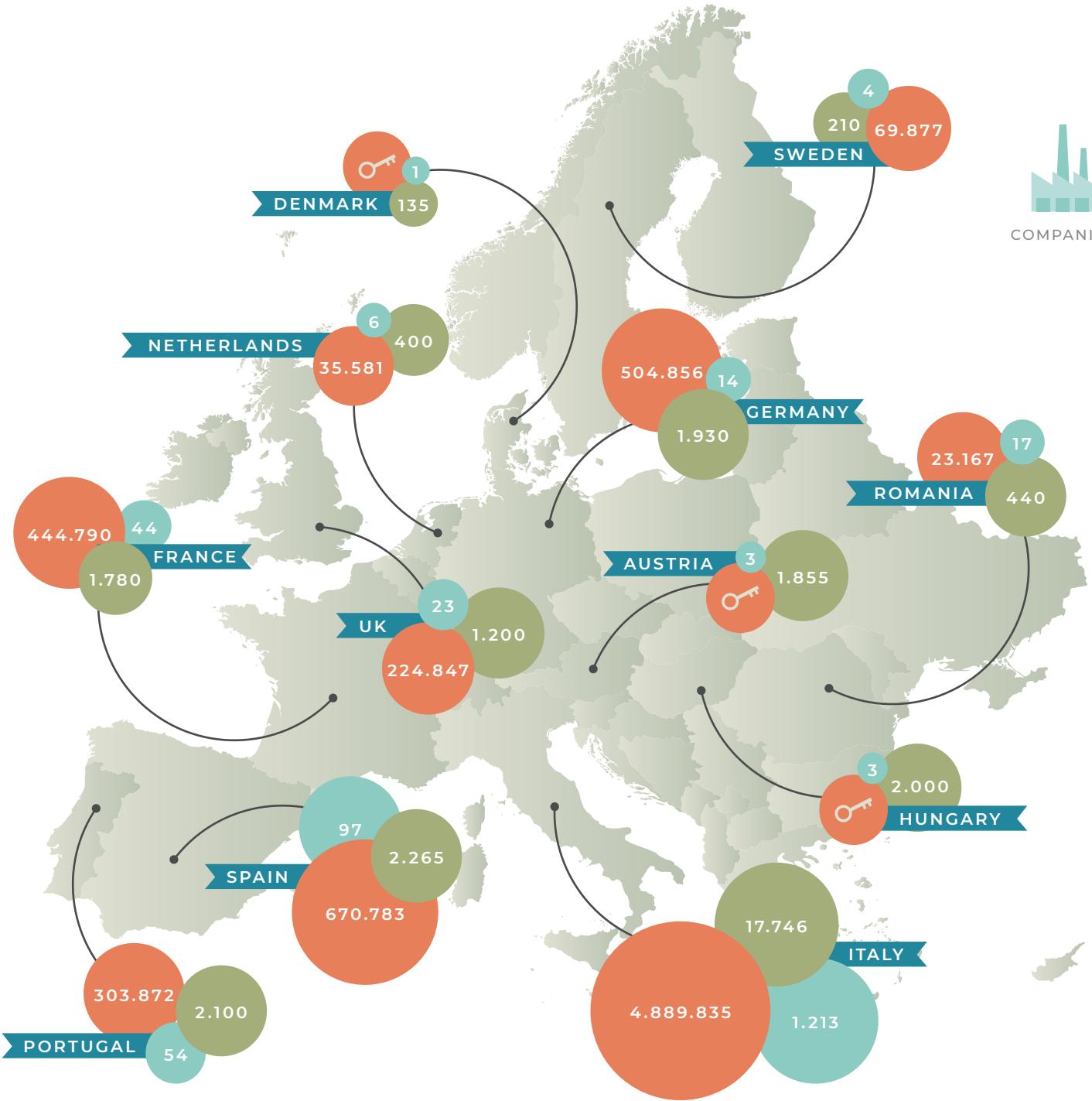
The use of leather avoids the waste of a renewable resource. Using leather reduces the need for plastics

or other synthetics derived from non-renewable sources, that end up in our oceans and whose micro-particles can now even be found in the food chain.

A NATURAL AND BIODEGRADABLE MATERIAL

Leather is also natural and biodegradable. However, to be deserving of the qualification of sustainable, leather must also comply with strict social and environmental standards. It is nonsensical for leather to have these extraordinary intrinsic credentials, if during its production it creates more environmental damage than it avoids, or if workers are exposed to dangerous chemicals. Just as leather must fulfil strict criteria for protection of consumers, emissions to water, land or air during production must be also managed and reduced.

This report illustrates the progress achieved by the European leather industry since 2012.



COMPANIES



TURNOVER
(000€)



EMPLOYEES



CONFIDENTIAL

1.479
30.206
7.167.608



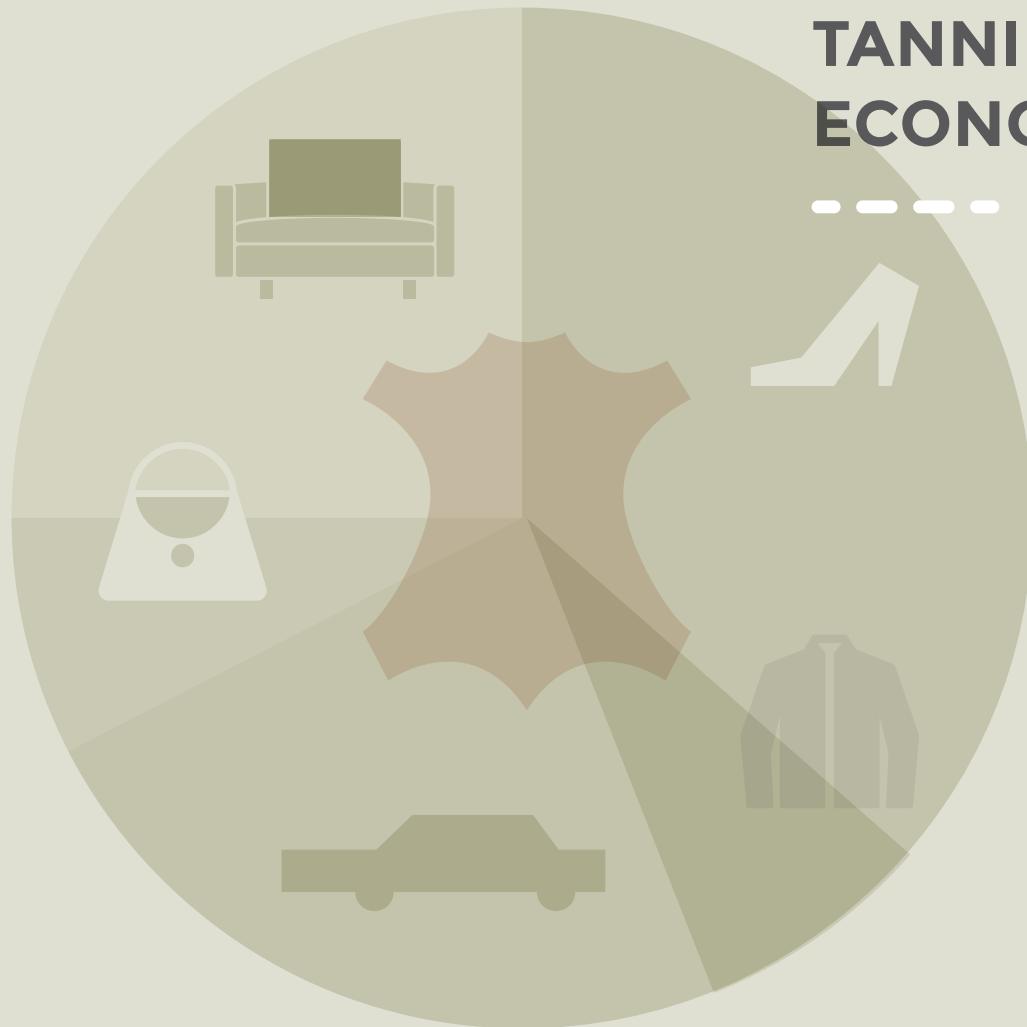
89
3.940
210.351

OTHERS

1.568
34.146
7.377.959



THE EUROPEAN TANNING INDUSTRY: ECONOMIC OVERVIEW



Tanning is one of the oldest activities of mankind.

Today, the tanning industry in Europe represents a strategic segment of the manufacturing sector, thanks to the combination of tradition and continuous innovation.

These characteristics have led the European tanning sector to become a **global leader** in terms of both **value** and of **quality**. The EU share of global turnover is the largest, at 30%, before China, Brazil, India and the other producers.

The peerless quality of European leather is internationally recognized. Technological innovation, process performance, environmental protection, social accountability, design and style, are the assets that make the success story of European tanners.

The sector is composed of nearly **1,600 companies** and **33,000 workers**, albeit there has been a gradual concentration over the last decade. The sector has traditionally been composed of family-owned **small and medium enterprises** but also includes large, listed multinational companies. The average size of a European tannery is currently 21 employees; in 2000, it was 24 employees.

The national industries have different characteristics, depending on their particular production. The tanning industries of southern Europe, such as Italy, Spain, France and Portugal, are mainly composed of small and medium enterprises, mostly specialising in the production of leather for fashion sectors, often

requiring an artisanal approach that big companies are not always able to provide. Conversely, the tanning sectors of central and northern Europe (Austria, Germany, Netherlands, Sweden, Denmark, UK) are generally larger, as economies of scale play a key role for their production, focusing mainly on automotive, furniture and interior design.

With over 1,200 companies, **Italy** has the highest number of tanneries in the European Union followed by Spain, Portugal, France and the UK.

European tanners process all the main species (bovine, ovine and caprine) and supply for all the end uses for leather. The largest part of production is for bovine leather, accounting for over 80% of production, followed by sheep and goat. Exotic leather represents a small share in volume terms (about 1% of the total) but is significant in value terms, particularly for the luxury market.

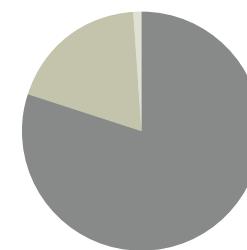
The main **market destination of leather** has traditionally been the **footwear sector**. It is still the largest destination, accounting for 38% of European production. However, in recent years use in other products has increased, such as leather goods (22%) and car interiors (13%).

The European tanning industry is the world leader in terms of quality, and **quality means value** European leather occupies the top ranges in all the main market destinations and uses. The high-end segment is estimated to be of 25% of Europe's production, followed by the medium-to-high-end segment with 34%.

Moreover, the use of European leather acts as a driver in the creation of value by downstream manufacturers. Indeed, the almost 8 billion Euro of leather generates a turnover of around 125 billion, providing work for over 40 thousand companies and 2 million employees.

EU TANNING INDUSTRY PRODUCTION (in m²)

Source: COTANCE, based on data provided by its members and estimates



1% Exotic
19% Sheep and goat
80% Bovine

EU LEATHER DESTINATIONS

Source: COTANCE, based on data provided by its members and estimates





SOCIAL FOOTPRINT OF THE EUROPEAN TANNING INDUSTRY



EMPLOYMENT CONTRACTS

One of the pillars on which the social responsibility of the European tanning industry is based is the **respect and valorisation of human resources**. This is essential for an industry that combines technological innovation and craftsmanship.

The data regarding employment contracts is similar to that reported in 2012. This shows that the European tanning industry offers «good employment» with the guarantee of transparent working relationships and conditions. In order to retain the wealth of knowledge acquired and developed by their employees, European tanneries offer stable and continuous employment contracts.

Continuous employment contracts come with solid guarantees of transparent working relationships and conditions.

More than 90% of workers in European tanneries have a **permanent employment contract**. This means that the industry is providing increasingly stable and reliable employment conditions and the majority of workers have the security of a long-term job.

Leather production is characterised by seasonal peaks and considerable market fluctuations that require increasing flexibility. Despite this, the use of flexible contracts is very limited and has decreased, compared to previous years.

The stability of employment may be driven by the

difficulty of recruiting and retaining new staff but with a view to the future, the creation of consolidated employment relationships is a very positive response from the sector.

It is increasingly important for the European tanning industry to promote and strengthen initiatives aimed at young people, to inspire them, to eradicate the preconceptions and prejudices attached to the tanning industry and to highlight the opportunities for stable employment and professional growth that it offers.

AGE DISTRIBUTION IN THE EU WORKFORCE

The age distribution data revealed an increase in the over 55 age group and a decrease in the 36-45 age group.

The percentage of employees aged in the under 35 and 36-45 category has decreased (since 2011). Both older categories (46-55 and over 55) have increased significantly with the percentage over 55 having almost doubled.

Human capital is essential for the European tanning industry. The **combination of experience and youth** is a key factor on which the competitiveness of the sector is based. The figure shows, however, a critical scenario: the progressive **ageing of the workforce**, due in part to the increase in the retirement age, and low number of young entrants, is a crucial problem that, if not managed properly could threaten the sector's future.

The future economic growth, effectiveness and competitiveness of businesses will increasingly depend on their ability to maintain and transfer the wealth of experience, knowledge and skills embedded in older workers and to attract young skilled people to work with them.

Despite the initiatives promoted both at national level and within Social Dialogue, a more comprehensive and effective effort is needed from industry to develop projects aimed at improving the reputation of the sector, encouraging more young people into the sector and ensuring the transfer of "know-how" from older and experienced workers to younger ones.

The challenge will be to **promote a positive image** of the sector, enhancing the technological and creative aspects of an activity that combines progress and tradition and which has a key position within prestigious supply chains. This will also require specific training programmes to prepare and support people for work in a tannery.

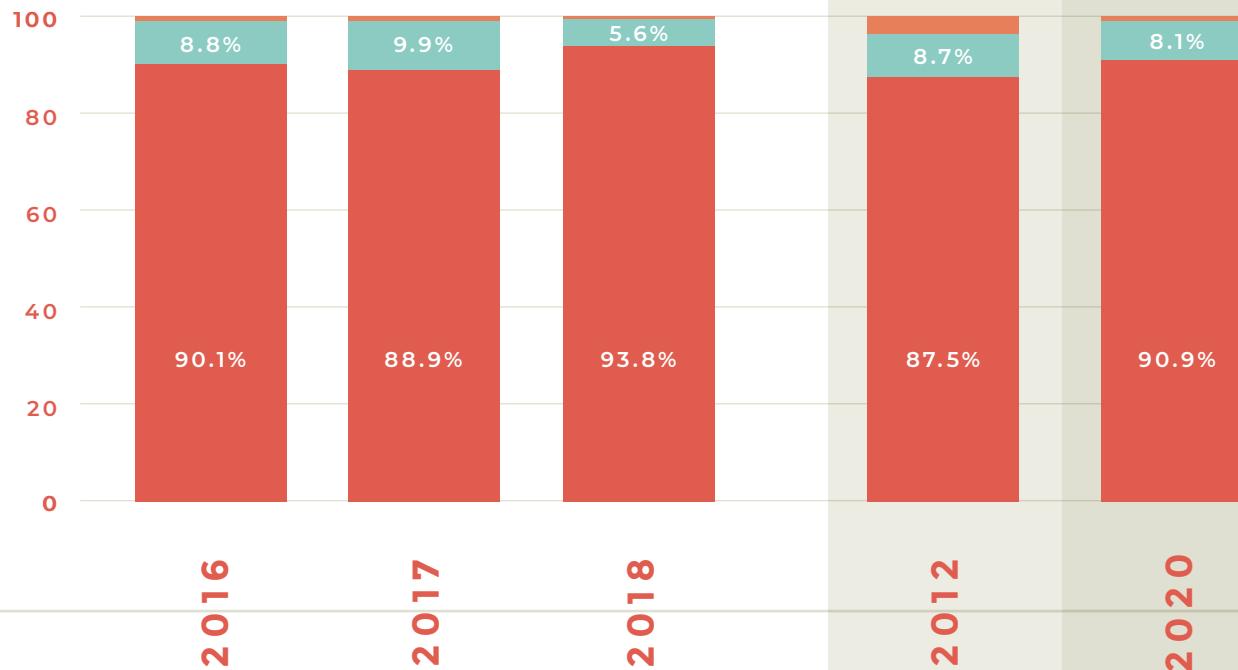
The leather industry offers the chance to work with amazing industries including fashion and automotive, international travel, and a free rein on creativity

Strategic EU-funded initiatives, such as **Leather is my job**, are aimed at raising awareness of the sector, increasing the number of students enrolled in technical schools, promoting courses and adequately communicating to young people the opportunities for employment and professional growth it offers.

CONTRACT TYPE

Breakdown of workers in the sample by employment contract 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020

- Others
- Fixed-term employment contract
- Permanent employment contract



AGE BRACKETS

Age distribution of workers in the tanneries composing the sample, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020

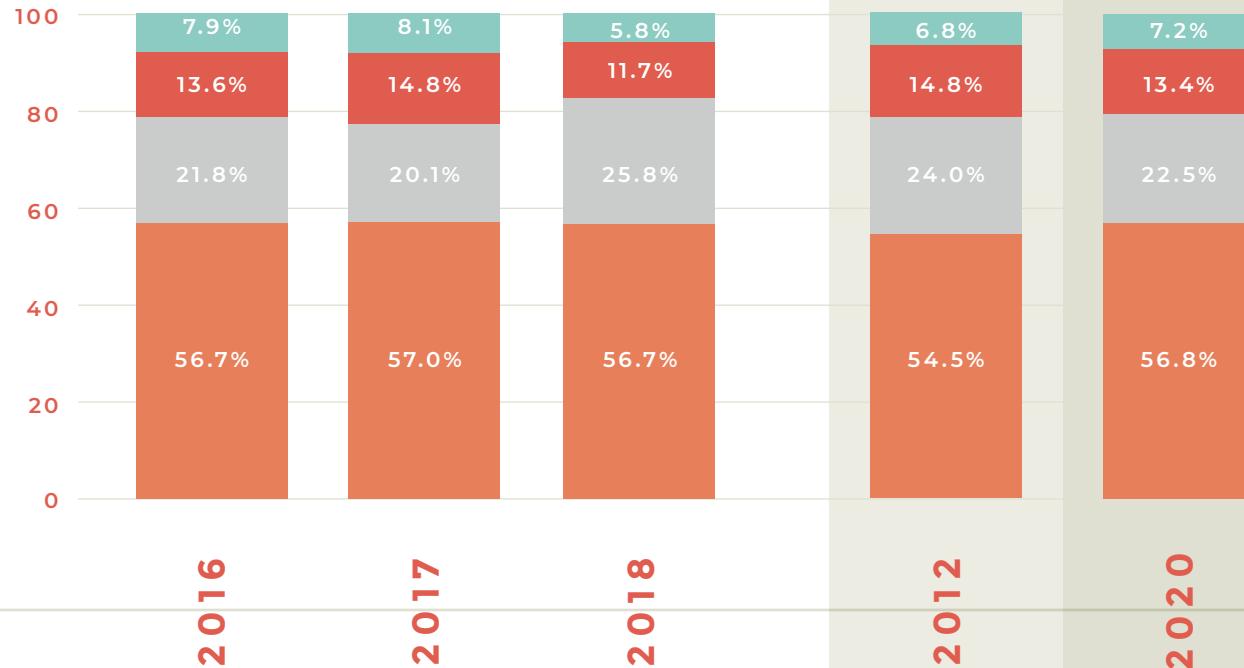
- 16 - 18
- 19 - 25
- 26 - 35
- 36 - 45
- 46 - 55
- Over 55



LENGTH OF SERVICE

Distribution of tannery employees in the sample by length of service, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020

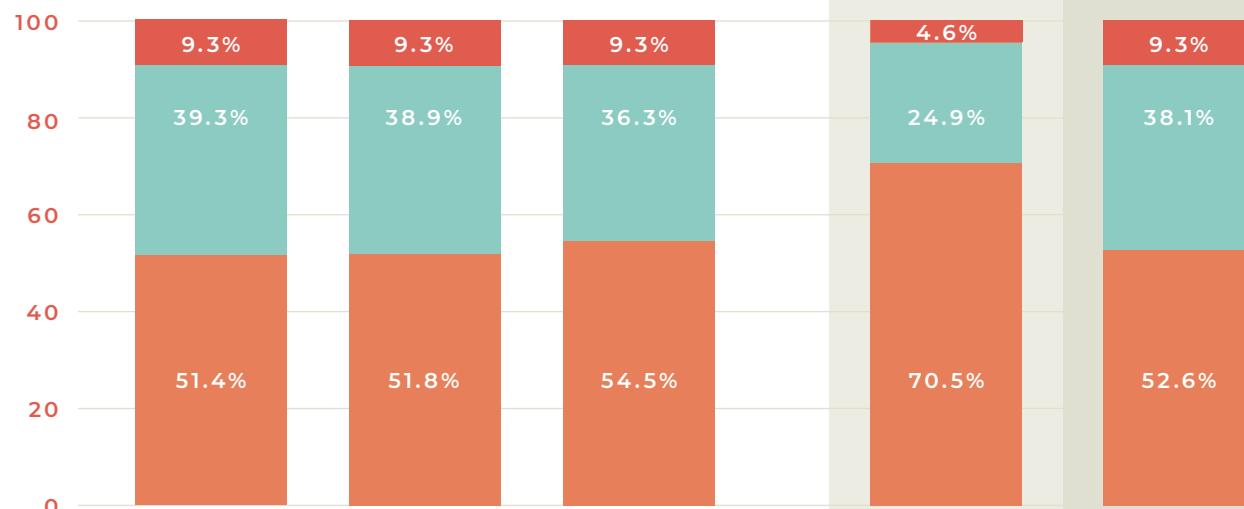
- Over 30
- 21 - 30
- 11 - 20
- Up to 10 years



EDUCATION

Distribution of tannery employees in the sample according to levels of qualification, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020

- EQF 5 or higher level
- EQF 3-4
- EQF 1-2





STAFF RETENTION

The results of the survey in terms of staff retention are substantially aligned with the results of the first SER. The data confirm that almost 50% of the workforce has been employed in the tanning sector for more than 10 years, 26% from 10 to 20 years and 12% between 20 and 30 years. This confirms that employees recognise and value work in the tannery, which, despite its unwarranted negative image, is characterised by **a safe and stimulating working environment**.

In order to protect the knowledge and experience of their workers, tanning companies prioritise working relationships, staff loyalty and the continuous development of their workers. This is an investment in their employees for the long term and guarantees the maintenance of the skills required in the tannery.

The long service by employees in the sector can also be linked to **geographical factors**. Tanneries are often located in areas where there are limited employment opportunities. As such, the turnover and fluctuation of the workforce is lower than in other sectors. In the future, this could change. Young people view the world of work differently, and no longer seek stability but a career that offers more diversity and continuous change.

Good contractual and working conditions lead to increased staff loyalty

However, the tanning industry not only guarantees safety and stability, but also the opportunity to work with other industries such as **fashion, automotive and footwear, to work around the world, and above all, free rein to creativity**. This is the message that companies in the sector and employers' and trade union representatives must give to the next generation.

EDUCATION

The education data reveals a **more educated workforce** than seen in 2012. The number of employees with qualifications of EQF 5&6 has doubled and those with EQF 3&4 has also increased, compared to 2012.

Market trends including new regulatory factors, greater awareness in both business customers and consumers, new technologies and a different production culture focussing on process efficiency, have led to a new framework for the tanning sector, requiring an increase in the skill levels of staff.

Workers are increasingly educated, learning technical skills from their peers

This requires a different approach to personnel selection and training. Candidates are no longer chosen using outmoded evaluation standards, largely based on physical strength, but on the possession of basic skills, learning skills and their **potential for professional growth**.



CODE OF CONDUCT

In 2000, COTANCE and ETUF:TCL (now called IndustriAll-Europe), social partners of the Leather/Tanning Industry at European level, signed an ambitious Social Code of Conduct covering ILO core labour standards and beyond. The leather industry Code of Conduct has become a reference for labour rights in the leather industry.



CITIZENSHIP

The number of migrant workers has doubled since the previous survey. This is linked to the increased mobility of workers in the sector in EU countries, especially in Central and Northern Europe, in the last year.

The results show a decline in the number of local workers in the sector suggesting a decrease in its attractiveness and the increasing difficulty of attracting new workers.

Workers come from all over the world

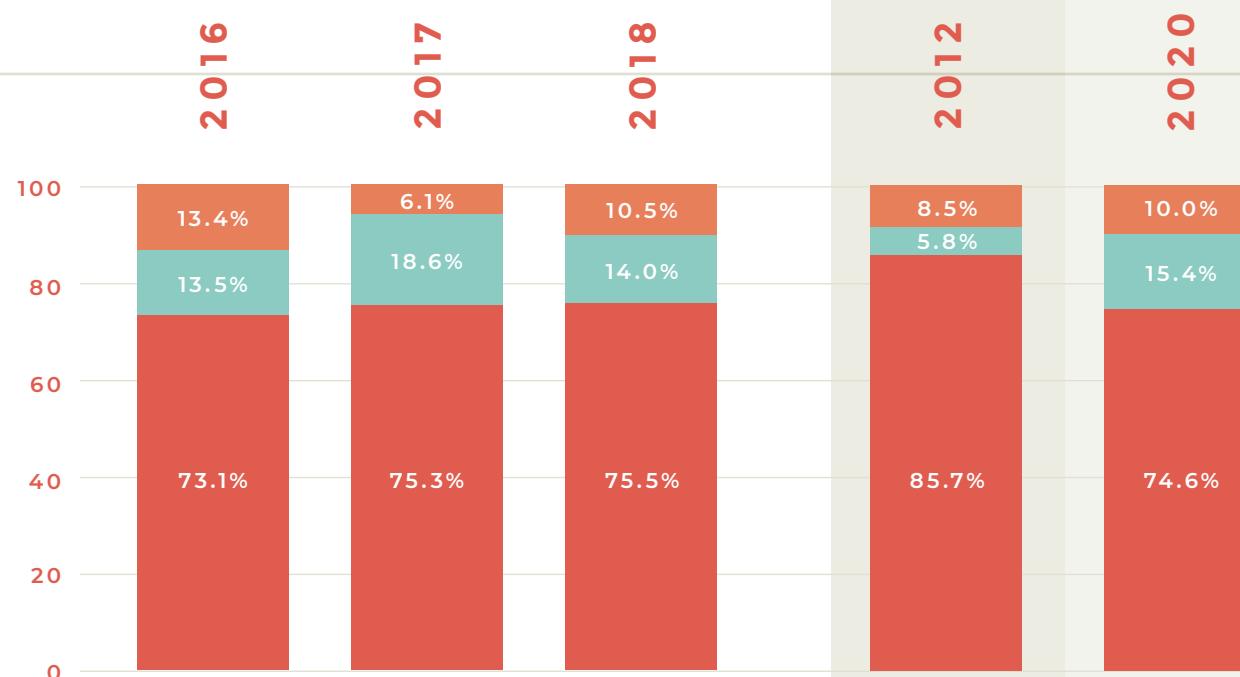
Another factor influencing this problem could be the reduction in vocational training and higher education for leather sector in some countries, requiring employers to seek qualified professionals from outside their country to meet their staffing needs.

However, it is an important and positive characteristic of the sector that extra-national workers have been fully integrated into the community and companies in which they operate and are guaranteed stable working relationships and a dignified lifestyle.

CITIZENSHIP

Distribution of tannery employees in the sample according to levels of qualification, 2016 – 2018 and comparison of average values for SER 2012 vs SER 2020

Non EU countries
Other EU countries
National citizens



GENDER BALANCE

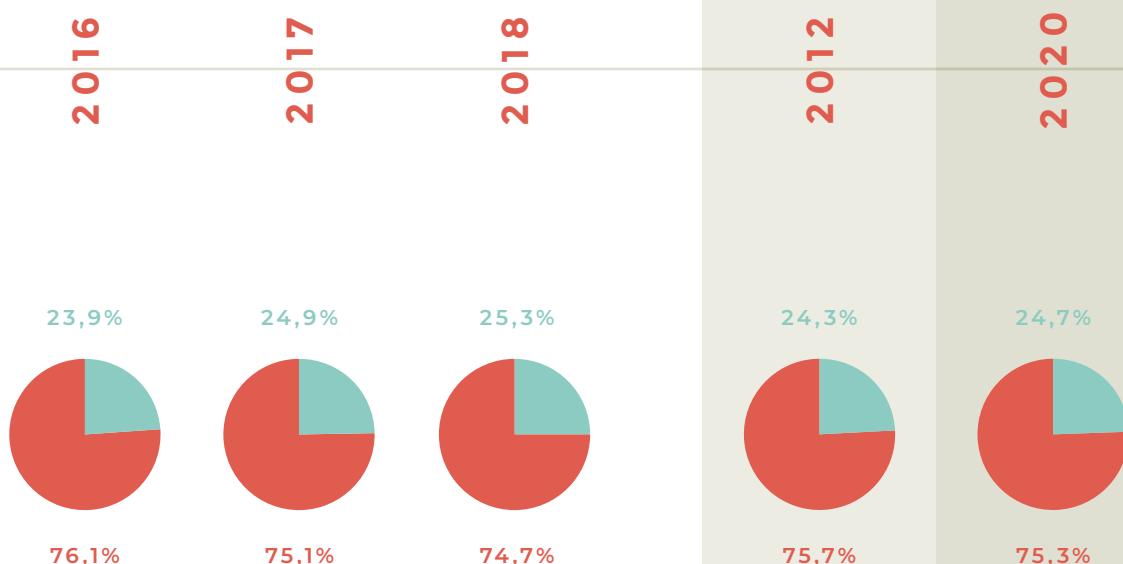
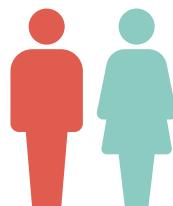
The number of females in the workforce has increased slightly compared to 2012. The trend is certainly positive, although with the physical nature of tannery work, it is unlikely that gender balance will be achieved. The slight increase in female personnel could be linked to the ongoing process of transformation and technological innovation of manufacturing processes, which has reduced the very physical nature of some activities.

Thanks to innovation in manufacture and the way the world does business, the gender divide has shrunk, with more women than ever working with leather

Furthermore, the introduction of new functions, linked to the management of commercial relations, communication and sustainability, have led to an increase in the number of office-based professionals in the tanning sector, and greater opportunities for women.

GENDER BREAKDOWN

Breakdown of tannery employees in the sample according to origin, 2016 – 2018 and comparison of average values for SER 2012 vs SER 2020





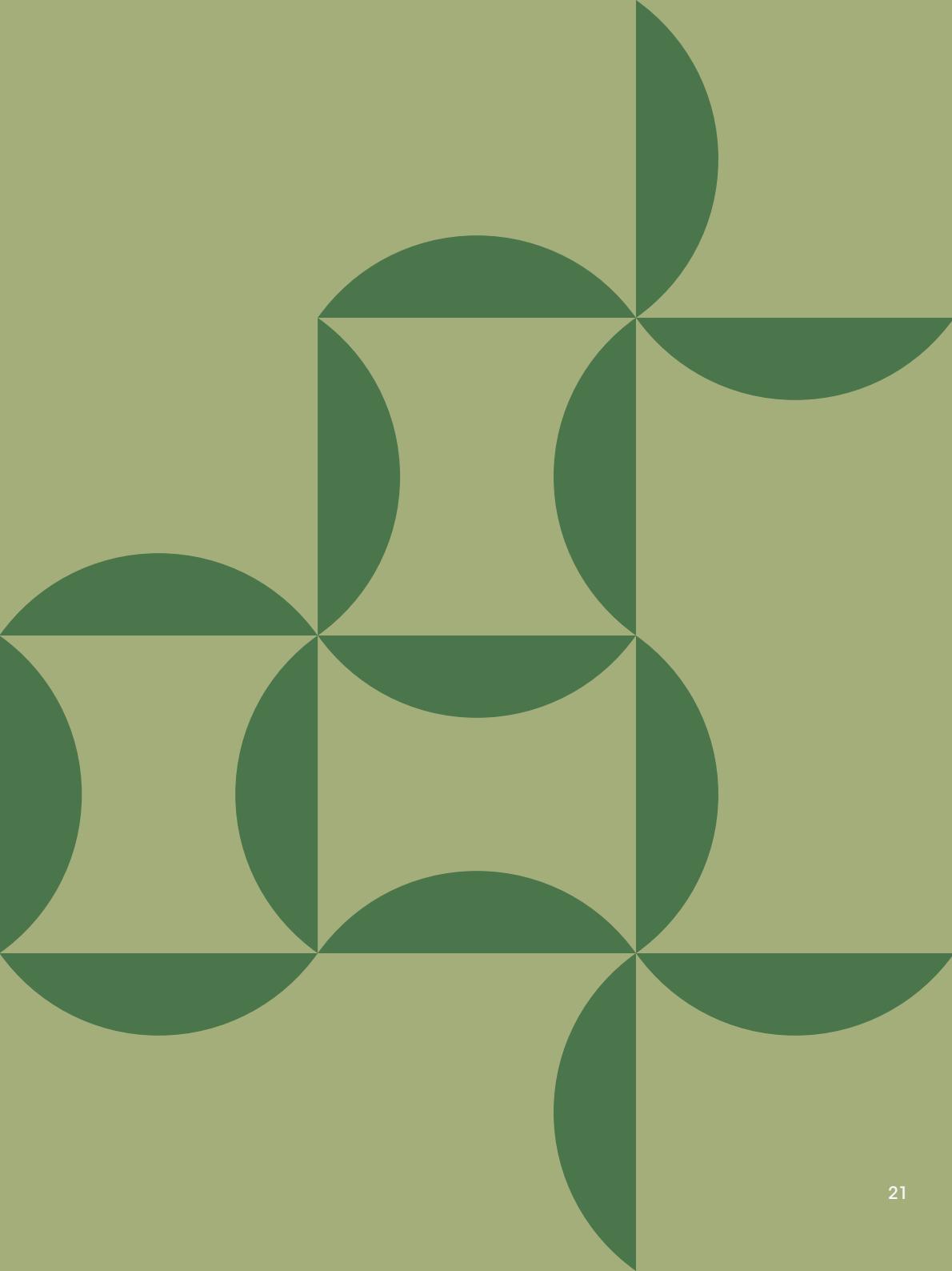
COLLECTIVE AGREEMENTS

The European tanning and leather sector is made up of numerous SMEs, many of whom do not have the time or resources to negotiate individual company-agreements with trade unions. The tanning industry in most EU member States prefers to rely on sectoral agreements on wages and conditions which can help to create a level playing field between companies.

Collective bargaining and collective agreements are perceived by both, employers and workers, as very positive. European employers in various sectors, including COTANCE, have stated that collective bargaining is a “win-win” situation where both workers and employers gain something. Moreover, countries with sectoral bargaining enjoy higher employment and lower unemployment.

Based on this common understanding, the sector's Social Partners are working on a new EU social dialogue project to create a databank of collective agreements and a series of national workshops to spread best practice among employers and worker's representatives.





ENVIRONMENTAL FOOTPRINT OF THE EUROPEAN TANNING INDUSTRY

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CHEMICAL CONSUMPTION

Chemicals play a major role in leather manufacture. They are used to remove unwanted components from raw hides and skins, make them durable and confer the desired mechanical and aesthetic properties to the finished leather.

Data collected for this survey show that between 2016 and 2018, European tanneries consumed an average of 2.15 kg of chemicals per square metre of finished leather. Chemical products are normally applied in aqueous solution during the ‘wet processes’ of leather manufacture (liming, tanning, dyeing and fatliquoring) and sprayed or layered on the surface of the leather during the finishing phase.

Chemical consumption was 6% higher than reported in the first edition of the SER. This is mostly due to variation in the companies that contributed to the survey. In 2020, the survey included more companies processing from raw hides and skins to finished leather*. In 2012, the majority of companies surveyed began their processes from semi-finished leather. As such, because they did not carry out the beamhouse and tanning phases, they consumed less chemicals.

The sample also has a different composition in terms of end use of the produced leathers. In comparison with the first SER, there is a larger share of tanneries producing automotive and upholstery leathers. These products usually have a higher thickness and weight and consequently, require the use of a larger amounts of chemicals per square metre.

In recent years, the sector has also faced an increased demand for metal-free leathers. These are produced with substances that can substitute chromium, but they usually require larger quantities of auxiliaries, particularly during the retanning phase, to obtain performances comparable to chromium-tanned leather.

Moreover, the tanning industry has worked continuously towards the substitution of hazardous and environmentally harmful substances, following legal requirements, customer demands and voluntary initiatives. However, the replacements for these substances usually require larger offers of the active substances.

12%. This significant reduction was achieved through the implementation of energy-efficient solutions, including replacement of old plants and machinery with modern, low-consumption equipment.

The development of a set of organisational tools, through the EU-funded IND. ECO project, also allowed companies to design an Energy Management System (EMS) or at least an “energy review” and an energy monitoring system.

Importantly, the use of efficient cogeneration systems by the sector has steadily increased, from 5.9% in 2016 to 9.0% in 2018.

ENERGY CONSUMPTION

The tanning industry is not energy-intensive. Leather production typically utilises thermal energy to heat water and for leather drying operations. Electricity is used mainly to power drums and other machinery.

Over the last three years, European tanners used an average of 1.76 Tonne of Oil Equivalent (TOE) per 1000 square metres of leather. This unit represents the amount of energy released by burning one tonne of crude oil, about 42 gigajoules or 11630 megawatt-hours.

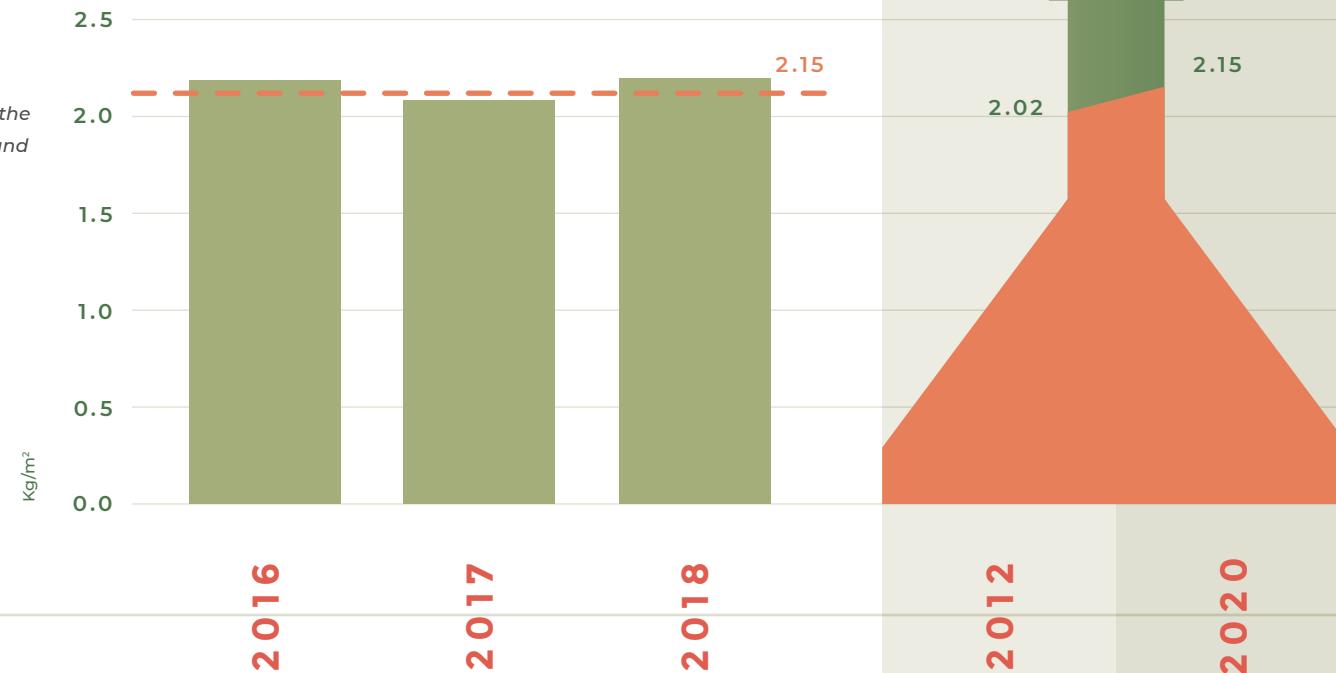
The European tanning industry is constantly working to reduce energy consumption. A comparison with data from the first SER shows that efforts in recent years have reduced energy consumption by approximately

* For more information, please refer to the methodological notes regarding the composition of the sample.

CHEMICAL CONSUMPTION

Average consumption of chemicals (kg/m^2) in the tanneries composing the sample, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020 (see also methodological notes)

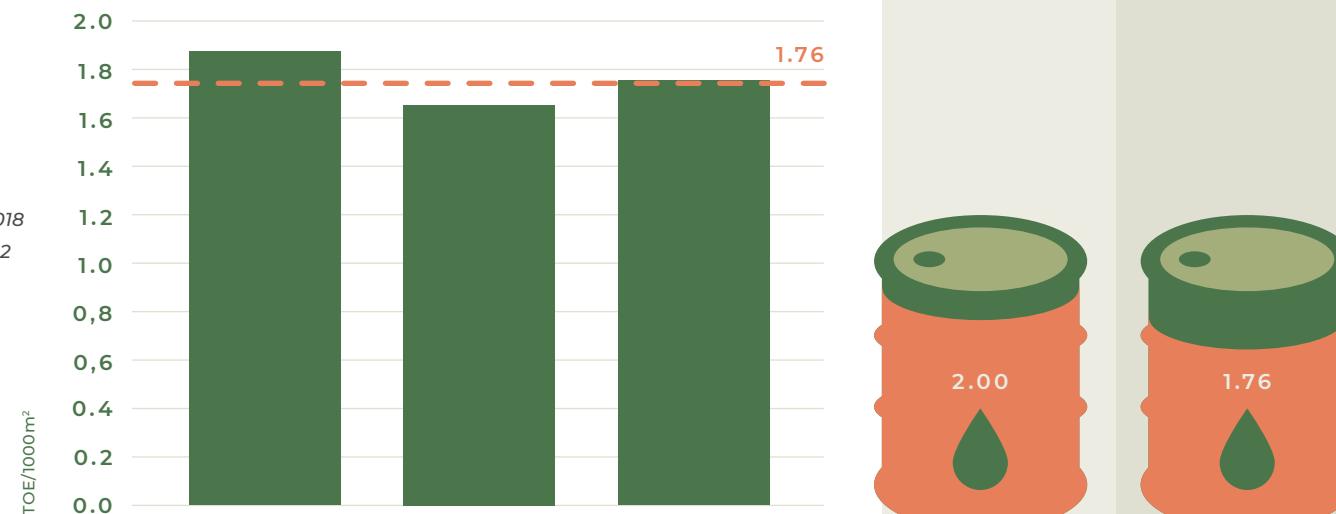
 Chemicals consumption
 Average



ENERGY CONSUMPTION

Average consumption of energy by tanneries composing the sample expressed in terms of Tonnes of Oil Equivalent (TOE) per m^2 , 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020 (see also methodological notes)

 Energy consumption
 Average



BREAKDOWN OF ENERGY SOURCES

Natural gas is the main source of energy for European tanneries, accounting for more than 2/3 of total energy consumption

However, tanneries are investing more and more in renewable energy resources.

The change in distribution of energy sources, between SER 2012 and SER 2020, is due to the different type of companies that were included in the sample and the increase in the number of cogeneration plants being used. Moreover, the increasing use of natural gas for drying operations, due to its significantly higher efficiency, means tanneries now use more gas than electricity.

Equally, the adoption of efficient systems to minimise electrical consumption such as integrated electrical motors controlled by inverters, efficient compressors and voltage optimisation has also significantly reduced electricity consumption.

WATER CONSUMPTION

As the majority of tanning processes take place in aqueous baths, water is a crucial resource for tanneries.

European tanneries collect their water from industrial or civil aqueducts or even local wells, authorised and controlled by local authorities. After use in tanning processes, the wastewater contains residual chemicals

and organic matter and needs to be properly treated in either on-site or common effluent treatment plants, before being returned to the environment.

Europe leads the way in saving water and has reduced water use by 7% in the last 6 years

The European tanning industry has always sought to reduce water consumption. This trend started many years ago and continues today through the implementation of water efficient processes and water recycling technologies. In 2016-2018, European tanneries consumed an average of 0.121 cubic metres of water to produce one square metre of finished leather, about 7% less than the amount reported for years 2010-2011.

It is also important to note that this has been achieved even with a higher number of full cycle companies, which have higher water consumption, i.e. the sector improvement may be greater than indicated.

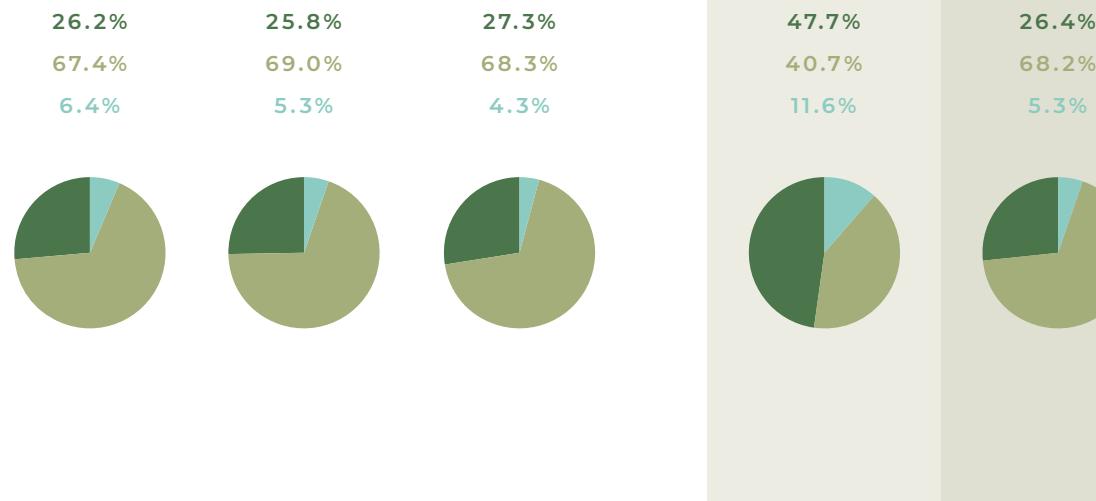
The challenges of tackling pollutants in effluents are increased if there is also a requirement to reduce the volume of effluent. Halving the effluent volume, without decreasing the pollutant load, will effectively double the pollutant load. The European leather industry has taken great strides in reducing both the volume of water used in processing and the pollutant load of the resulting wastewaters. However, the limits of what can be achieved through process efficiency, and commercially-viable chemicals and treatment technologies, will soon be reached. To address this, the European leather industry is working with its

partners in the chemical industry to develop more efficient processes and novel chemicals, which will improve still further, the environmental profile of the sector.



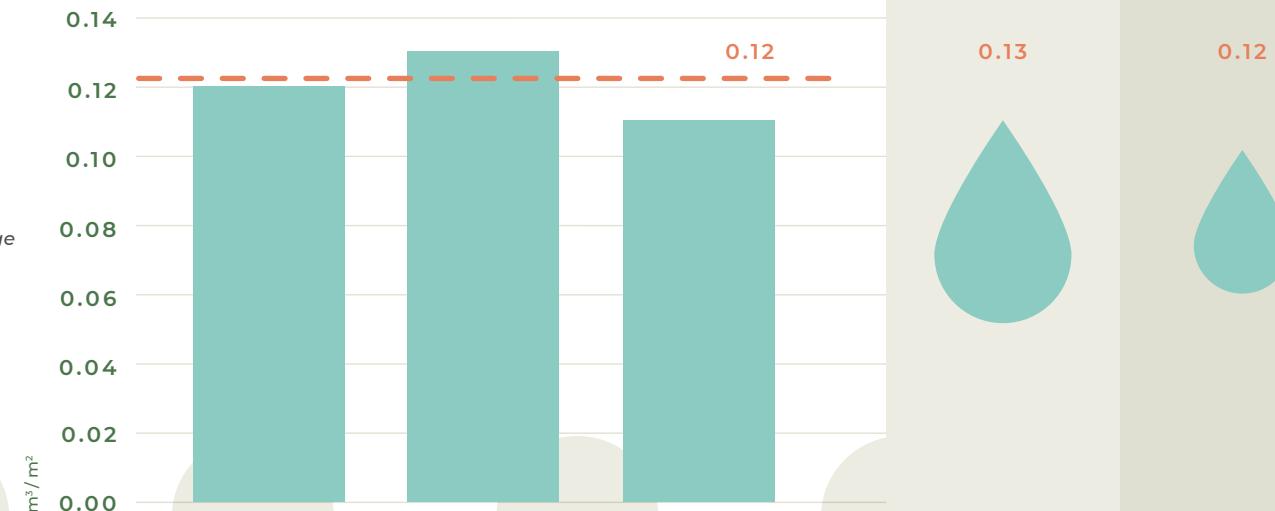
BREAKDOWN OF ENERGY SOURCES

Breakdown of energy consumption by type of power used by the tanneries composing the sample, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020



WATER CONSUMPTION

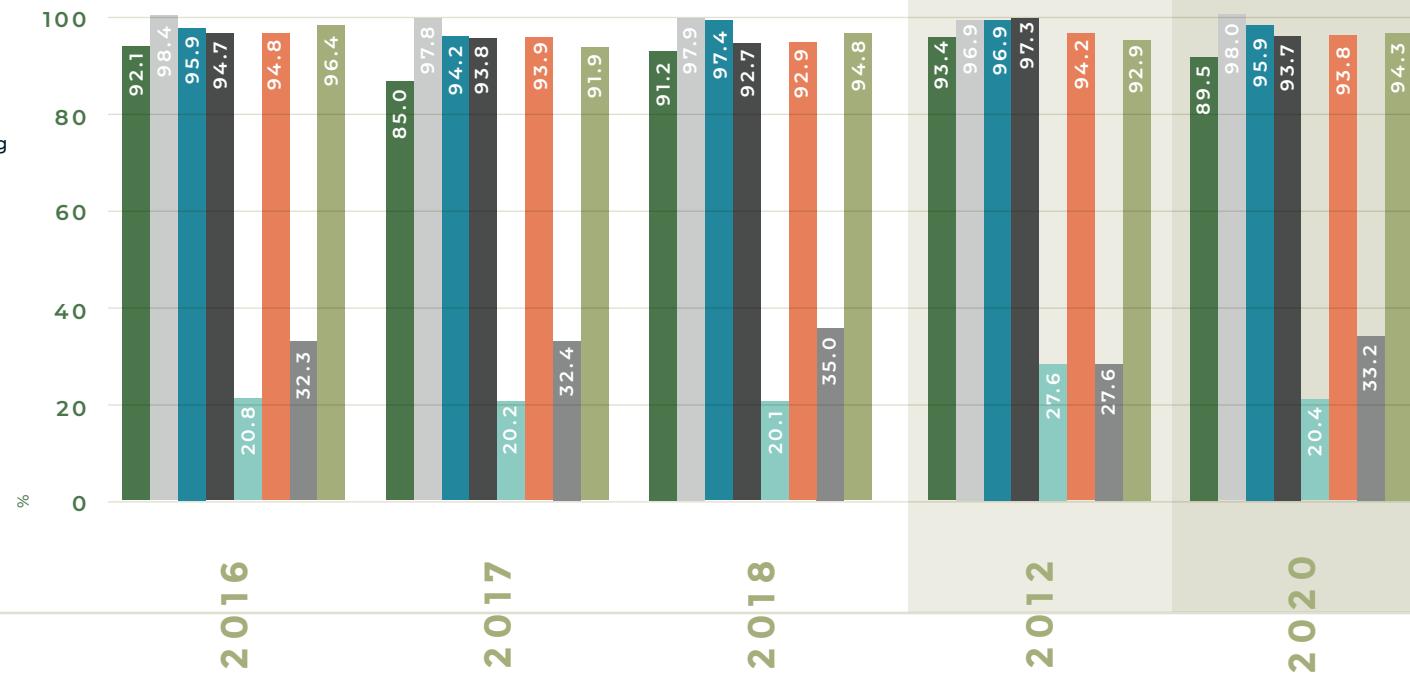
Average process water consumption per m² produced by the tanneries composing the sample, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020



WASTEWATER: REMOVAL OF WATER POLLUTION

Efficiency of wastewater treatments with regard to certain pollutants for the tanneries composing the sample, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020

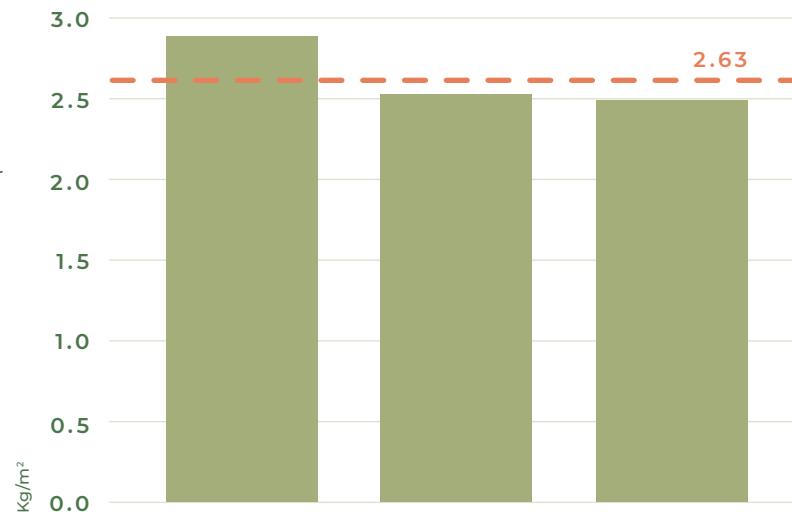
- Total nitrogen (TKN)
- Total chrome
- Suspended solids
- Sulphides
- Sulphates
- COD
- Chlorides
- Ammonia



WASTE GENERATION

Average solid waste generated per m² of leather produced in the tanneries composing the sample, 2016 - 2018

- Waste produced per year
- Average



REMOVAL OF WATER POLLUTION

Treatment of wastewater is one of the greatest challenges faced by tanneries and, for this reason, represents the largest proportion of environmental management investment.

A good share of European tanneries are located in manufacturing districts served by Collective Treatment Plants (CTPs). These plants are able to reduce and remove water pollutants to achieve the regulatory minimum quality requirements before the treated water is returned to the environment.

Modern wastewater treatment plants are able to **eliminate nearly 100% of most pollutants** like nitrogen (TKN), trivalent chromium, suspended solids, sulphides, COD and ammonia from industrial wastewater.

Salts, including chlorides and sulphates are more difficult to remove, due to their high solubility.

The results obtained for SER 2020 are aligned with those reported in SER 2012. There are a few exceptions, including a slight decrease of COD removal, which is related to the increased incidence of metal-free tanning. **Metal-free tanning processes can increase the level of COD in the wastewater** which, due to a higher level of difficult-to-treat components, can make it more resistant to treatment in CTPs.

The removal of sulphates reported in 2020 is lower than that reported in 2012. However, chloride levels have improved, with lower quantities of salt discharged to the wastewater. This is due to the increased use of fresh hides and the mechanical removal of salt from salted hides, before processing.

into collagen and gelatine or fertilisers and bio-stimulants for agricultural applications. Chromium, the most used tanning chemical, can be recovered from exhausted tanning baths and reused on-site. Sludges can be used to produce energy in waste-to-energy plants, to create additives for the construction industry or as agriculture soil improvers.

After valorisation of by-products, European tanneries generate an average of 2.63 kg of wastes per square metre of finished leather produced. This figure is higher than reported in SER 2012 because, as previously noted, the sample includes more full-cycle companies with a higher number of operations, which necessarily produce more waste. The survey also included a higher number of automotive leather tanneries, which typically supply pre-cut panels for upholstery. This generates greater cutting waste at the tannery which inevitably increases the amount of tannery wastes quantified in this survey. Furthermore, recent years have been characterised by a generally lower quality of raw hides/skins. **Lower quality raw materials will inevitably create a higher percentage of scrap.**

WASTE GENERATION

As with any other production activity, leather processing generates waste. Waste management was the second largest environmental cost for European tanneries and the area in which there were increased investments between 2016 and 2018.

The efforts made by the industry over the years, have made it a great example of the circular economy. Recovery rates are, in fact, very high for both by-product and wastes. It is possible to convert solid residues, such as fleshing, splits, shavings and trimmings,



PEFCR: AN OFFICIAL TOOL TO DEMONSTRATE THE ENVIRONMENTAL PERFORMANCE OF LEATHER

In the framework of the EU initiative “A Single Market for Green Products”, the European leather industry developed the Product Environmental Footprint Category Rules (PEFCR) for leather where criteria were defined to evaluate the environmental impact attributable to the production of leather. The PEFCR for Leather was approved and published in May 2018 and is currently being rolled out on the market.

A PEF requires the quantification of fifteen environmental impact categories. The most relevant for the leather industry are therefore:

- Acidification
- Climate change
- Terrestrial eutrophication
- Particulate matter
- Use of fossil resources

However, this picture is somewhat distorted, as the upstream rearing of livestock, allocated to hides and skins, significantly contributes this result. COTANCE – and the Global tanning industry – contends that the lifecycle of leather starts at the slaughterhouse, when the hides/skins are collected, and advocates that they should be free from the environmental burden of livestock, i.e. 0-allocation; as by-products, they are diverted from waste streams of the production of meat for human consumption. The European Commission is reluctant to treat by-products as “waste” and has required the industry to take a portion of the environmental impact of the animal’s lifecycle. Although very small in percentage terms of the animal’s footprint (less than 0,5%) it has a significant contribution to the footprint of leather, particularly for certain impact categories.

0-allocation for hides and skins remains a priority for COTANCE, as some PEF topics, including allocation, will gain significant importance in the Commission’s “Green Deal” and “Circular Economy Action Plan”. After the “Transition phase”, the European Commission will implement the PEF in EU policy to promote the circulation of greener products in the EU market.



SOLVENT CONSUMPTION

*Air emissions have been lowered by 32%
in the last decade*

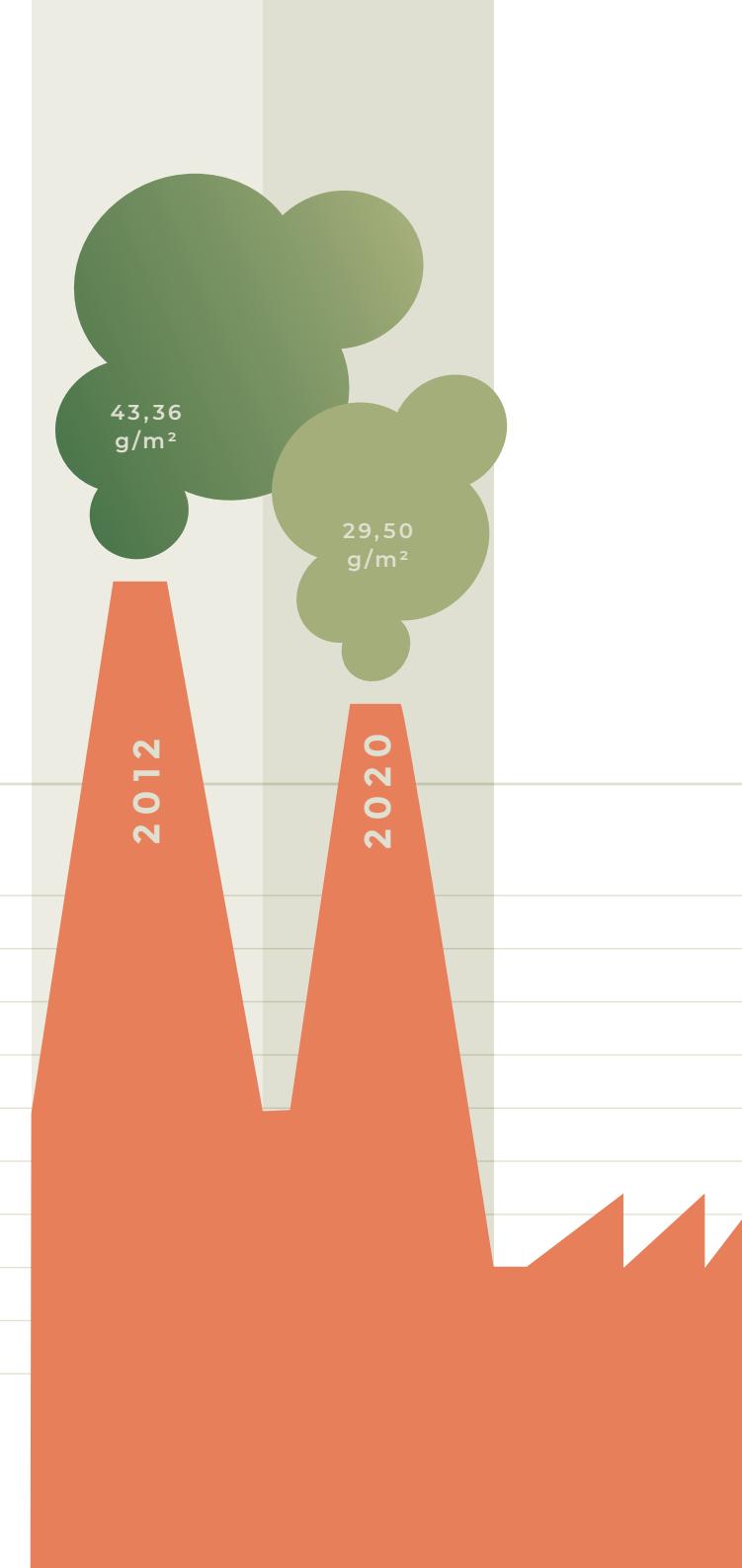
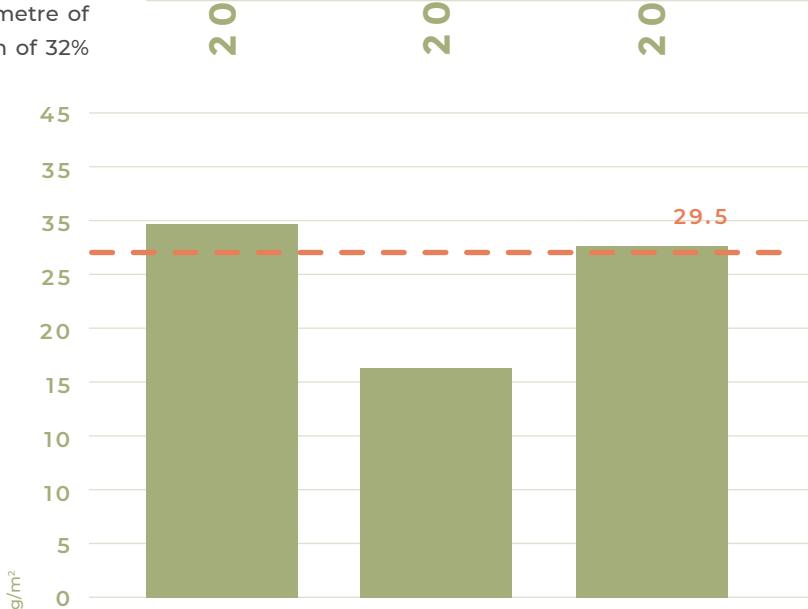
Air emissions are a relevant environmental concern for tanneries, regulated at both European and national level. For this reason, tanneries have implemented advanced technologies that have led to a **significant reduction of emissions of particulate matter and Volatile Organic Compounds (VOC)**.

In order to further reduce emissions to air, the European tanning sector is constantly working to reduce the use of solvents. As such, solvent consumption is a good measure for monitoring the quality of tannery air emissions. The 3-year analysis shows an average solvent consumption of 29.5 g per square metre of finished leather. This represents a reduction of 32% compared to the previous report.

SOLVENT CONSUMPTION

Average solvents consumed per m² of leather produced by the tanneries composing the sample, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020

 Solvent consumption
 Average



ENVIRONMENTAL COSTS AND INVESTMENTS

Tanners spend on average 4% of their turnover in environmental management

Environmental costs in 2020 are similar to those reported in 2010, averaging around **4% of turnover**. The value represents the “equilibrium level” between increased investments/costs and efficiency in processing (from both an environmental and economical perspective).

Sustainable development is a priority that has become a common denominator of the corporate strategies of European tanneries. It is an irreversible trend, involving all the players in the supply chain.

This is demonstrated by the huge investments that the industry has made over the years and the significant costs that companies have to bear in relation to all aspects of environmental management and, more generally, **corporate social responsibility (CSR)**.

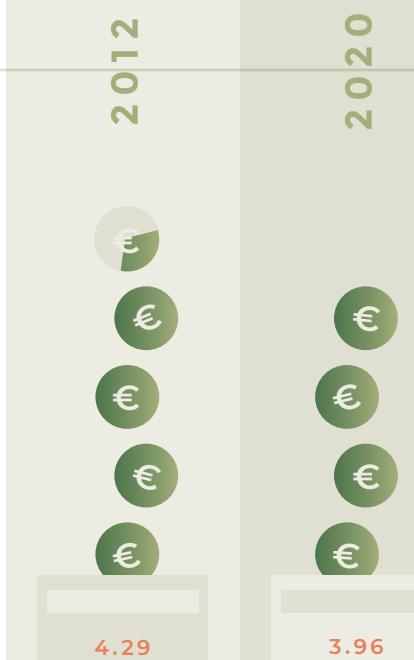
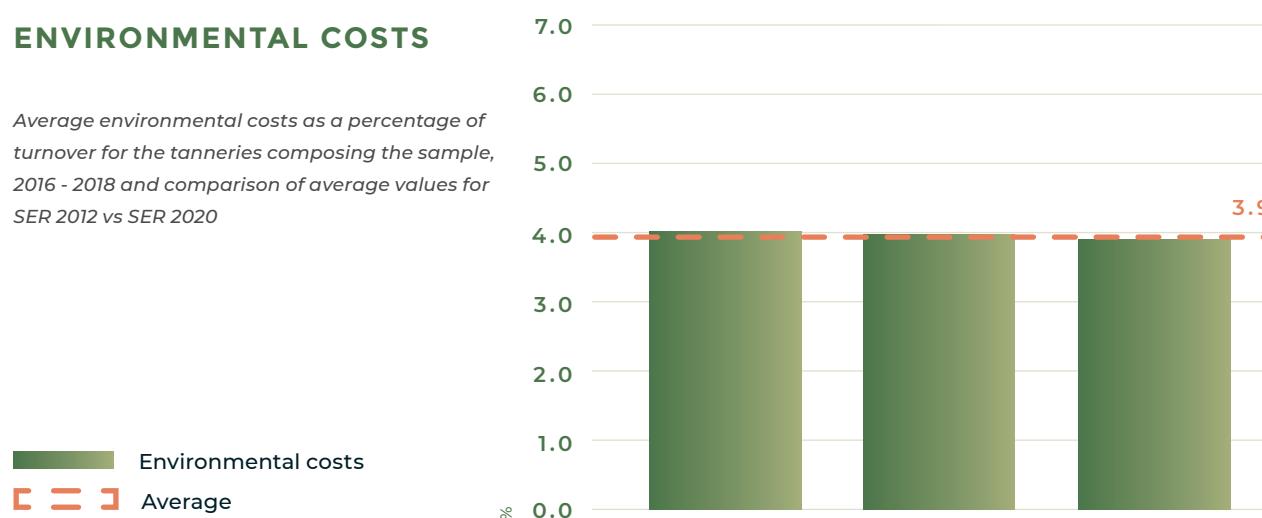
This commitment costs on average, 4% of turnover, a figure that grew markedly in the first decade of the 2000s and which has now become a constant on the

balance sheets of the sector. The current cost is in line with that found in the last survey and results from the balancing of two opposite effects; on the one hand, the continuous increase in actions linked to CSR management, with a relative increase in costs, and on the other, an increase in efficiency resulting from the investments made.

As these investments are often ‘one-offs’, their impact on year-on-year spending can be quite volatile. In general, they have focused on the **key aspects of the environmental footprint of production**, with almost 60% invested in water treatment. Waste treatment is the next largest area for investment, an area of

ENVIRONMENTAL COSTS

Average environmental costs as a percentage of turnover for the tanneries composing the sample, 2016 - 2018 and comparison of average values for SER 2012 vs SER 2020



strategic importance for the tanning industry, as the valorisation of waste is of primary importance in the development of a responsible production model that supports the circular economy. Equally, investments in the fields of emission reduction and energy saving have seen the implementation of extremely virtuous and efficient solutions, such as **cogeneration**.

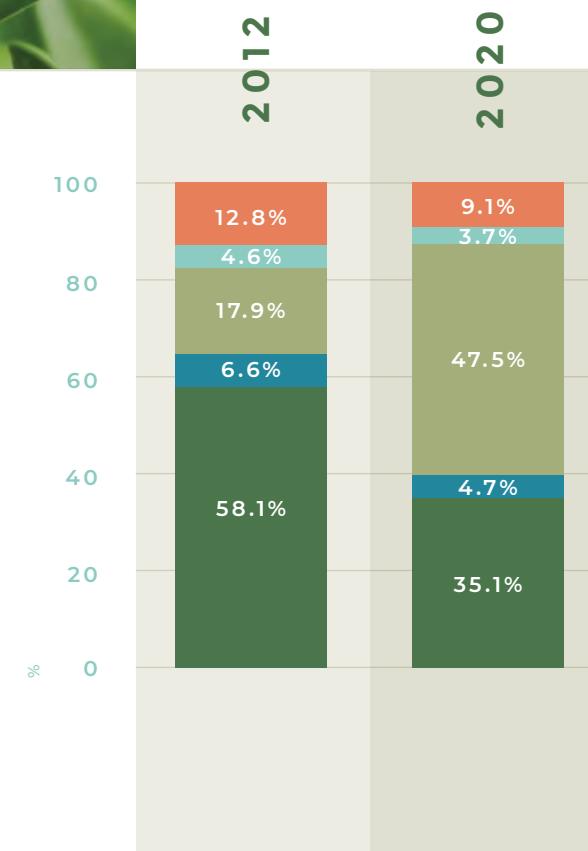
The leather industry will continue along this path, exploring new collaborations that can be translated into tangible results and ensuring that sustainability becomes a journey towards common and mutually beneficial improvement.



ENVIRONMENTAL INVESTMENTS

Distribution of environmental investments per area of concern for tanneries composing the sample, comparison of average values for SER 2012 vs SER 2020

- Other
- Energy saving / Renewable energy
- Waste management
- Air pollution abatement
- Waste water treatment



CERTIFICATIONS & AUDITS

Brands at the end of Leather or Textile value chains increasingly demand that the products they buy display their social or environmental credentials, in the form of certifications or audits. Certification and/or audit bodies addressing leather on the market are not all equivalent. Some are industry-led working to official standards, others are multi-stakeholder organisations with their own protocols, etc. Although a lack of reciprocal recognition of certifications can lead to testing or audit fatigue, due to the repeat audits and testing for the same purpose, their activity is generally understood to support the environmental improvement of the leather industry.

The box shows some of the most relevant certification and audit bodies active in the leather industry, with data regarding the European sector.





DESCRIPTION	SERVICES	TOTAL TANNERIES	EUROPEAN TANNERIES
Environmental, social and quality / product certifications based on official standards. ICEC is the industry-led Institute for Quality Certification in the leather sector.	<ul style="list-style-type: none"> Environment (ISO 14001, EMAS, PEF schemes, etc.) Social (ISO 45001, Social Accountability) Quality and product (ISO 9001 MADE IN, traceability and chemicals management (REACH, ZDHC, etc.) 	130 280 certifications	85%
Environmental compliance and performance protocols and audits developed by the Leather Working Group Ltd, a multi-stakeholder group.	<ul style="list-style-type: none"> Environmental Audit Protocol for leather manufacturers Trader Assessment Protocol for traders of part-processed and finished material Chemical Management Module for leather manufacturers 	550	20%
Auditing model determining the energy efficiency and the CO ₂ emissions of a tannery controlled by a research & test Institute, FILK.	Label for energy efficiency and CO ₂ emissions of a tannery	25	56%
Awards programme for the global tanning industry, launched by World Leather magazine.	Various awards at different levels celebrating tanning excellence.	6	33% + 6 finalists
Modular certification system offered by Oeko-tex, an association of 18 textile and leather testing institutes in Europe and Japan.	<ul style="list-style-type: none"> Products: LEATHER STANDARD Production: STeP (Sustainable Textile and Leather Production) Use of chemicals: ECO PASSPORT Product/production: MADE IN GREEN 	46	48%





SUSTAINABILITY PRIORITIES AND ETHICAL ISSUES FOR THE VALUE CHAIN

Europe's Leather industry lost the protection of tariffs during the Uruguay Round of multilateral trade negotiations (1986-1993). Without robust procedures to ensure fair trade (banning of export restrictions/taxes on raw materials) production moved to developing countries, to the benefit of cheaper suppliers, for whom social and environmental concerns were not really a business priority.

Indeed, the liberalisation of trade and globalisation made it easier and cheaper for many customers in the consumer goods and retail sectors in developed economies, to source anywhere in the world. Supplies of leather articles are easily shifted from one country to

another and suppliers of leather are quickly replaced when what counts is price.

Globalisation is understood to have lifted millions out of poverty and boosted global economic growth and interdependencies through trade and Foreign Direct Investment (FDI) flows. However, the detrimental impacts on labour market standards, the environment, product excellence and sustainable development have received much less attention.

In a market lacking protection against leather produced under conditions of social and environmental dumping, the survival of Europe's tanners has been

predicated on specialising in product quality and innovation on the one hand, and in social accountability and environmental performance on the other.

Globalisation has also exposed human rights violations and environmental pollution in deprived parts of the world, but the reporting of these unacceptable practices often paints the whole sector with the same brush. As such, there is often a wholly inaccurate perception that European tanners no better than those reported in other parts of the World. Therefore, in the evolution of the sustainability model pursued by Europe's tanning industry, and in addition to its social and environmental credentials, there are an

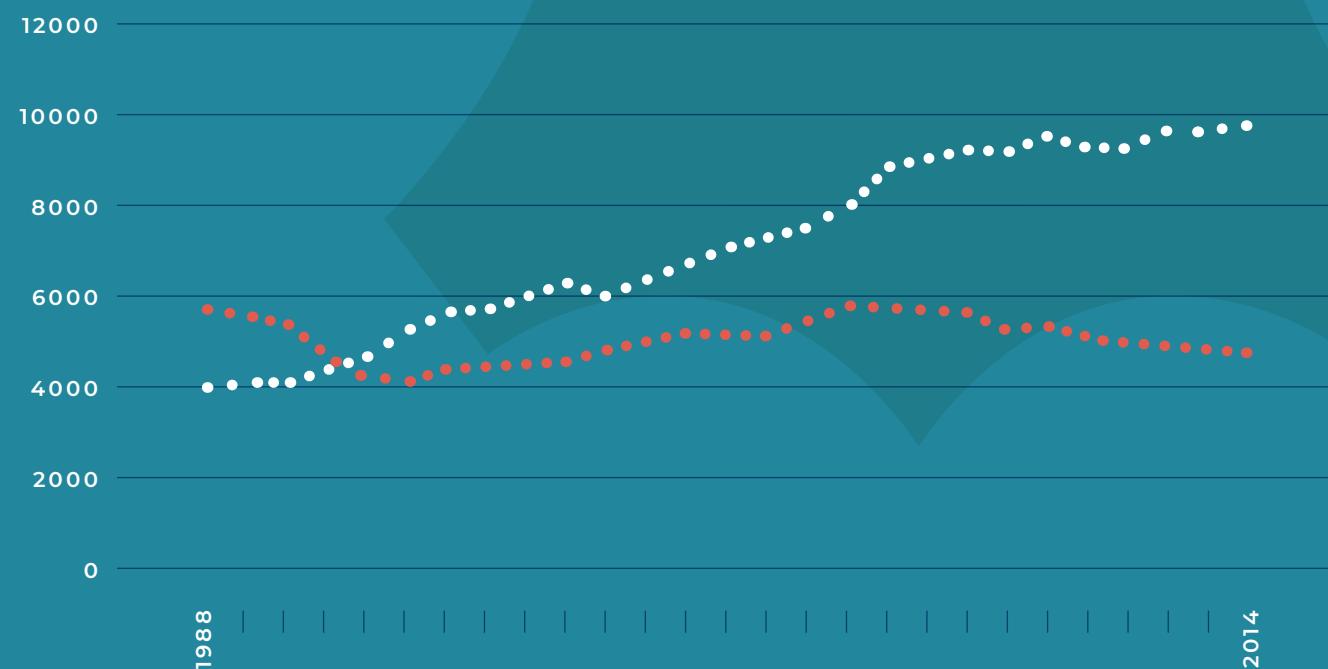
PRODUCTION OF BOVINE LEATHER

1988- 2014 in million square feet.

Source: FAO World Statistical Compendium for raw hides & skins, leather and leather footwear.

Note: China is included in Developing Countries.

- ● ● ●
DEVELOPING countries
production of light leather from bovine animals
- ● ● ●
DEVELOPED countries
production of light leather from bovine animals



increasing number of cross-cutting ethical issues that are of great importance for companies, stakeholders and consumers. These include issues such as transparency and traceability, and a new range of product and process guarantees.

DUE DILIGENCE

Exerting **Due Diligence** over the supply chain allows brands and retail groups to manage their reputational risks. This management tool is not reserved only for the last link of a value chain. Clearly, those companies selling directly to consumers are more exposed, but in reality, any company at any tier in a supply chain is involved, including tanneries.

European tanners are ready for Due Diligence. As early and active adopters of CSR, with particular reference to sustainability, **European tanners have become the preferred suppliers for high end luxury brands** in fashion, interior design and the automotive sector.

In the context of the Industrial Emissions Directive (Directive 2010/75/EU), European tanners have contributed to the **BREF for the Tanning of Hides & Skins**. This EU reference document informs the setting of tannery emission limits by public authorities, with reference Best Available Techniques (BAT) and is increasingly replicated in many extra-EU countries. It addresses important environmental concerns for the tanning of hides and skins, such as: the reduction of emissions to water; efficient usage of energy and water; minimisation, recovery and recycling of process residues; as well as an

effective implementation of environmental and energy management systems. The review of the original 2003 BREF was published in February 2013.

Yet, Europe's leather industry and its Social Partner went further and addressed an area that is often overlooked, **health & safety at the workplace**. Far too often images of unsafe working conditions in sub-standard tanneries are shown in the media, adversely impacting the image and reputation of the sector as a whole. European tanneries consider health and safety in the workplace a priority. While their good practice is a function of their excellence and competitiveness in the leather market, European tanners and worker's representatives are keen that compliance with high workplace safety standards becomes a global priority.

In 2017-2018, European Social Partners of the leather sector delivered the project «Due Diligence for Healthy workplaces in Tanneries». The aim was to give safety and health at work the same priority as environmental protection in the due diligence debate in the leather value chain. **OiRA** (Online Interactive Risk Assessment) the workplace risk assessment tool developed in 2012 was also updated. OiRA is a free and interactive tool that helps SMEs across the Globe to carry out risk assessments and support health and safety management in the workplace.

However, while tools like OiRA can assist in the delivery of health & safety in tanneries, the main driver is market demand.

THE OIRA TOOL FOR TANNERIES

In 2018, within the framework of the Social Dialogue "Due Diligence" project, the Social Partners of the European Leather Industry, COTANCE and industriAll-Europe, updated their On-line interactive Risk Assessment (OiRA) tool to support small and medium sized tanneries in the proper management of occupational safety and health (OSH) risks.

After addressing 91 risk statements clustered into 12 modules, the user obtains: an evaluation of the OSH level of the installation; suggestions for improvement in an action plan, and a report.

While the OiRA tool does not necessarily ensure legal compliance with the respective national health and safety regulations, it helps tanners save time and money in the development of their mandatory Risk Assessment Report. They learn how to carry out a risk assessment and take adequate measures to eliminate and/or minimise health and safety risks. Furthermore, the self-assessment reports based on this OiRA tool can be used as an instrument in the supply chain for communicating on OSH.

The OiRA tannery tool is free and has been credited by the UNIDO Leather Unit as a very useful instrument. COTANCE and industriAll-Europe have authorised UNIDO to spread the OiRA tool in support of developing countries.



TRACEABILITY : “The ability to trace the history, application or location of an object” in a supply chain (ISO, 2015). In this context, it is defined as the ability to “identify and trace the history, application, location and distribution of products, parts and materials, to ensure the reliability of sustainability claims, in the areas of human rights, labour (including health and safety), the environment and anti-corruption” (UN Global Compact 2014); and “the process by which enterprises track materials and products and the conditions in which they were produced through the supply chain” (OECD, 2017).

TRANSPARENCY : Transparency relates directly to relevant information been made available to all elements of the value chain in a standardized way, which allows common understanding, accessibility, clarity and comparison (EC 2017)

SUSTAINABILITY : Sustainability in this context, is understood as the manufacturing, marketing and use of garment, footwear and accessories, their parts and components, taking into account the environmental, health, human rights and socio-economic impacts, and their continuous improvement through all stages of the product's life cycle (UNECE 2018).

DUE DILIGENCE : Due diligence is an ongoing, proactive and reactive process through which enterprises can prevent and mitigate adverse impacts related to human rights, labour rights, environmental.

PRODUCT SAFETY

Negative and shocking stories in mass and social media often attract much greater attention than positive stories. Leather is regularly the victim of negative reporting, particularly when unsafe leather articles are imported and sold on the EU market. However, the origin of unsafe leather articles is rarely reported. This is due to the **lack of an origin marking regulation** or “Made-in regulation”, identifying the country of origin of the article and its composition material. Such mandatory rules exist in other large markets and are called for by many EU industries, including leather, whose image has suffered through the import of sub-standard goods.

Consumers can be confident when they buy articles made with European leather, that they comply with the most stringent regulations, such as **REACH**. The quality of European leather is a guarantee for consumers that the highest safety standards, required by regulation in Europe and its member states, are consistently applied.

The customers of European tanners know that their products are produced in high-performance processes that control the use of harmful substances that could present a risk for the health of workers, consumers or the environment.

However, further to legislative compliance, **European tanners are engaged in dialogue with high-end customers to develop standards that go beyond legal requirements**. This practice has increased the need to

focus attention on the selection of raw materials and chemical products.

Working closely with representatives of the supply chain is vital to **jointly define minimum requirements applicable to leather, process chemicals and auxiliaries** for leather production. Ad hoc expert groups have cooperated to draft good practices and guidelines on specific issues.

TRACEABILITY & TRANSPARENCY IN THE SUPPLY CHAIN

Although the leather industry insists on the principle that **the lifecycle of leather starts when the hides and skins are obtained in the slaughterhouse**, their animal origin is not to be ignored or disregarded. The European tanning sector pays particular attention to the upstream dynamics of its industry and is strongly committed to achieving the highest standards of raw material traceability. European tanners aim to collect all product-relevant information on their raw material, including the rearing, transport and slaughter of animals.

The origin and history of hides & skins have always been important for European tanners, as they are directly related to the nature and amount of skin defects, and thus to leather quality. But these



parameters have gained a new dimension. **Traceability** guarantees to the customer and the consumer, that the leather they receive comes from ethical sustainable sources.

However, as a by-product, obtaining information on the origin of hides and skins is complex, especially in the **absence of a regulatory obligation**. Ordinarily, tanners only receive information from their immediate suppliers.

In this context, European tanneries have:

- from 2018, engaged with other stakeholders in a UN initiative (UNECE-CEFACT) to produce recommendations and tools for the traceability and transparency of products and materials in the Garment and Footwear sector;
- increased information about relevant certifications;
- set up a dialogue with the livestock and meat sector on this and other issues of common concern.

In a joint statement issued in 2019, the supply chain partners agreed to implement systems to trace hides and skins back to the slaughterhouse (by 2025) and where appropriate, to the individual animal (by 2030).

Tanners are working hard with their suppliers on these solutions. The speed with which they will arrive on the market will depend on pressure from the consumers and the willingness for transparency of data holders.

ANIMAL WELFARE

The concept of animal welfare first emerged in the 1960s with the definition of the **Five Freedoms** (Freedom from hunger and thirst, discomfort, pain, injury and disease, to express normal behaviour, and from fear and distress). These were adopted by the OIE (World Organization for Animal Health) which defines animal welfare as “how an animal is coping with the conditions in which it lives. An animal is in a good state of welfare if (as indicated by scientific evidence) it is healthy, comfortable, well-nourished, safe, able to express innate behaviour and if it is not suffering from unpleasant states such as pain, fear and distress».

The growth of animal welfare concerns in recent years has led to an increasing number of requests from customers for information on the welfare conditions of the animals from which the hides/skins originate. As such, the monitoring of animal welfare and material traceability is an issue of great importance for European tanneries.

Most of the raw hides and skins processed by European tanneries are from European origins. The EU began to address animal welfare issues over forty years ago and now has the **most advanced welfare legislation**

for the farming, transport and slaughter of animals in the world*.

In addition to protection within the EU, the EU also promotes a culture of animal welfare outside its borders, through multilateral cooperation with bodies such as the OIE and FAO (Food and Agricultural Organization), with third countries under trade agreements and through training and technical assistance.

However, Europe is not the only region concerned with these issues and globally, tanneries are committed to **selecting sustainable sources of supply**. Here too, dialogue within the supply chain is of fundamental importance.

Furthermore, the leather itself allows for an appreciation of the treatment of the animal. **A hide or skin is like an open book, reflecting the life of the animal**. The hides and skins of healthy, clean and well raised animals have no or few grain defects and will become the high quality leather consumers want to buy.

* Directive 98/58/EC (welfare in farming) and specifically for calves
Directive 2008/119/EC. Regulation 1/2005/EU (welfare during transport).
Regulation 1099/2009/EU (Welfare at slaughterhouse)





OBJECTIVES & CHALLENGES FOR THE FUTURE

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In 2016 COTANCE and industriAll-Europe undertook the Social Dialogue Project “Objective 2025! - A Future for European Leather”. They adopted a Joint Manifesto in which they outlined the challenges and opportunities for the sector in four areas: industrial, social/societal, trade and environmental.

TRACEABILITY & TRANSPARENCY, THE UNECE INITIATIVE

UNECE, CEFACt, ITC, ILO and the EU have joined forces in an initiative whose overall objective is to strengthen sustainable consumption and production patterns in the garment and footwear sector. This should be achieved through the development and implementation of a Framework Initiative and a Transparency and Traceability Tool. The outputs will help both government and industry partners to take risk-informed decisions and operate along a set of internationally agreed practices, thus increasing transparency vis a vis the final consumers.

It consists of the following key components:

1. A Multi-stakeholder policy dialogue platform and policy recommendations towards enhanced transparency and traceability for sustainable value chains in the sector.
2. Traceability standards and implementation guidelines.
3. An online Transparency and Traceability Tool, for customized, open self-assessment and data sharing solutions for value chain stakeholders.
4. Piloting of the project outputs with selected companies and countries, and training and continuous improvement programme in collaboration with strategic partners.

COTANCE has been appointed as an expert to contribute to the smooth development of the initiative.

INDUSTRIAL MATTERS

While our industry must continue to adjust to structural changes in a rapidly advancing digital environment, a major concern is the need to protect the term leather and guarantee the authenticity of leather in labels and descriptions of articles and products, so that consumers can make informed purchasing choices. This needs to be furthered with regulatory action and by successfully communicating the values of leather to the general public.

Confronted with a myriad of alternative materials blurring the very identity of leather, both sides of the leather industry have long fought for **clear and uniform EU leather authenticity rules**. Indeed, only an EU regulation protecting the good name of leather, will provide consumers of leather goods with the guarantee that the articles they buy are made with genuine leather. Unfortunately, numerous synthetic products are wrongly described as leather, usurping both its image and its name.

To counter misinformation about leather in today's world, digital communication and social media have become increasingly important. Its natural origin, renewability, circularity, durability, reusability and even recyclability are values that must be **effectively communicated to the public**. Initiatives such as the Newsletter launched by COTANCE in 2019 are an example of such communication exercises.

But the best defence of leather is the product itself. Nothing convinces consumers more than quality.

Europe's leather industry is focussed on the high end of the market, a segment that is deeply dependent on the **quality of raw materials**. This is clearly another major industrial challenge that requires the alignment of all the links of the supply chain, from livestock breeding and transport, to slaughterhouses and hides & skins collection and storage centres. Being a by-product of meat, milk or wool production, hides and skins are often not given the attention and care they deserve, and quality issues are increasing. This could see a fall in the quality of European leather jeopardising the value and perception of European leather and the economic security of those involved in its production.





CAPACITY BUILDING FOR SOCIAL PARTNERS IN SOUTH-EAST EUROPE

Strong social partners with good working relationships are key for the European tanning and leather industry. A well-functioning Social Dialogue provides for good working and wage conditions and increases the attractiveness of the sector to ensure a properly qualified workforce in the future.

However, social dialogue and collective bargaining can only take place when there are recognised social partners in the sector able to negotiate eye-to-eye. IndustriAll-Europe successfully implemented an EU-funded project "Strengthening the capacity of trade unions in South-East Europe to improve wages and working conditions in the garment and footwear sectors" which resulted in 6,500 new trade union members and 36 new company-level Collective Bargaining Agreements.

The social partners in the tanning and leather sector (and the entire TCLF sector) have identified a potential future EU-funded project in South East Europe to further build capacity and develop social dialogue and collective bargaining for a sustainable future for the sector.

Through an EU funded training project, social partners aim at building capacity in South East Europe and supporting small businesses in the supply chain and their workers for better wages, improved working conditions, safer and healthier workplaces, sufficient and qualified work force and a more sustainable future for the continent's fashion sector.



SOCIAL/SOCIETAL MATTERS

With an ageing population, it is important to ensure the renewal of the workforce and the transmission of knowledge as well as the provision of new skills. The Social Sectoral Dialogue is one of the driving forces behind education & training initiatives as well as the continuous improvement of the leather industry in Europe.

All sectors of the fashion industry are confronted with the problem of falling birth rates in Europe and a rapidly ageing workforce. This has led the various industry sector organisations of Europe's textile and leather value chains, including COTANCE and industriAll-Europe, to pool resources and coordinate efforts to make the image of their industries as employers more appealing and to secure the provision of sectoral education & training services. The Skills for Smart TCLF Erasmus + project, focused on developing a blueprint for skills attraction and development, is an example of good practice that needs to be continued. Acting on the sectors' industrial clusters and on key professional profiles should be the next step.

Another important societal challenge for Europe's leather industry is to **strengthen the good governance of the sector at the international level**. Acting as a global industry with common goals and instruments requires the combined efforts of all parties. Taking advantage collectively of the support that can be garnered from European and international inter-governmental organisations, as well as from

national development agencies, is an opportunity that an industry such as the leather sector should not ignore. Work in this regard is already giving good results in the area of **internationally validated standards** and in the cooperation for the **definition of methodologies for the assessment of the environmental footprint of leather**. But there are many more areas where international cooperation could be mutually beneficial: in the area of leather promotion, research and technological development for the environment, in the definition of social standards, in the agreement of free and fair trade rules, and much more.

TRADE MATTERS

Consolidation of free & fair trade rules in the leather sector, as well as a sound development policy applicable to leather are unfinished business for Europe's trade policy. The Social Partners of the European leather industry will have to carefully monitor the appearance of any new unfair competitive trade measures.

Export restrictions or export taxes on raw materials are unfair trade practices that are difficult to fight with WTO rules. Falling demand for leather - and consequently of hides & skin prices - have been much more effective in lifting many of these measures. A number of countries applying export restrictions to hides and skins have suspended them in an attempt to attract the attention of international markets. This is an opportunity for trade authorities to apply

binding rules, to ensure freedom of trade and that unfair trade practices do not return in the future.

Certain GSP+ beneficiary countries have systematically infringed on the conditions of the scheme by banning the export of raw and semi-tanned hides and skins. Moreover, much of their production violates international labour, gender equality and human rights conventions. This unfair practice makes the exports of such countries significantly more competitive. This not only harms the EU leather industry but also other poorer GSP beneficiary countries which cannot compete in the EU market.

Some international trade commentators contend that the Covid-19 crisis is likely to stimulate extra-EU countries to return to practices of protectionism in the trade of hides and leather. Such an attitude could jeopardise multilateralism and recent positive developments of global trade rules. For the leather industry in the EU and elsewhere, keeping hides, skins and leather markets open is the best way to support the recovery of the global value chain. It is in the interest of all parties to ensure that governments do not close borders, adversely affecting the recovery.

ENVIRONMENTAL MATTERS

Europe's environmental ambitions are described in its Green Deal, the Circular Economy Action Plan and the Farm to Fork Strategy. The European Leather industry expects much from these. After the adoption of the PEFCR for leather, the industry is now advocating for zero-allocation of the environmental impact of livestock rearing to hides and skins, and participating in the development of a PEFCR for Apparel & Footwear. In this context, R&D for cleaner production technologies continues to improve the sector's environmental performance while improving the quality of products and processes. The EU leather industry also demands better enforcement on the market, of the REACh rules on chemicals for products.

Although small, the allocation in the EU's Product Environmental Footprint of the impact of animal rearing to hides and skins remains excessive. The PEF fails to recognise the unique nature of non-edible animal by-products. Today they are treated as products, like meat, when in reality they are a residue of meat production that is recycled into leather. Being closer to "waste" than to a "product", they should be free from any upstream allocation. The lifecycle of leather starts at the slaughterhouse with the production of hides and skins.

Achieving this objective will focus the environmental footprint of leather on the core production phase: tanning. It will allow for quantification of improvements in tanning processes and identify hotspots requiring research and technological development as well as process innovation, which might otherwise not be visible.



Tanning is fundamentally a process for the circular economy. The raw materials, hides and skins, are residues of the food industry, bio-based substances synthesized from by-products or residues of other industries are used in tanning processes, and residues from the leather process can be recovered and used by other industrial sectors, including agriculture, food, pharmaceuticals and others. Finally, leather is a durable material. Leather articles will last a lifetime and can be repaired or remanufactured, going well beyond resource efficiency and recycling.

The EU's policy for chemicals in articles on the market needs to be consistent when it comes to its enforcement. It serves little to have the most stringent rules when unsafe products continue to be imported and placed on the market in the EU.

Both sides of the industry agree that the future of the European leather industry requires effective enforcement of restrictions on restricted and banned substances in articles when these are placed on the market. This should complement the efforts of supply chain partners in the area of Restricted Substance Lists (RSL) and Manufacturing Restricted Substance Lists (MRSL). Multi-stakeholder initiatives such as ZDHC need the support of the European leather industry, in the form of data and science-based sector intelligence to ensure their relevance. Our objective is that the high level of environmental and safety standards achieved in Europe are followed by tanners around the world, to protect the reputation of our industry and its product.



COTANCE SUPPORTS CUSTOMERS ACHIEVING THE AMBITIONS OF THE FASHION PACT SUBMITTED TO THE G7 LEADERS IN BIARRITZ

COTANCE welcomed the sustainability ambitions described in the Fashion Pact subscribed to by 32 luxury and fashion brands, many of which are good customers of European tanners. The support of the G7 leaders for this significant initiative is important in achieving the target of 20% of the global fashion industry (in terms of volume) delivering the intended environmental benefits.

The European leather industry shares the aims expressed in the 7-page Fashion Pact and is committed to contributing to achieving them. Indeed, COTANCE has been a pioneer in sustainability initiatives for the leather industry, developing instruments to account, deliver and certify best practice in social accountability and environmental performance. COTANCE instruments are generally open standards and freely available to any tanner, worldwide. Furthermore, COTANCE cooperates in many cross-sector initiatives within intergovernmental organizations, such as OECD, UNIDO or UNECE, or with private bodies such as ICEC, LWG, SAC, ZDHC, that support ongoing environmental good practice and innovation of the leather industry.

METHODOLOGICAL NOTE

COTANCE and IndustriAll-European Trade Union publish the second Social and Environmental Report (SER) of the European Tanning Sector to show its social and environmental performances and to set the aims of the Tanning roadmap.

The sample comprised 79 companies (5% of the EU total) from Italy, Germany, Austria, Denmark, Sweden, UK, Spain, France, Portugal, Hungary and Romania. Although the distribution of the respondents in the EU countries does not replicate the structure of the European tanning sector, the representativeness in terms of production volume is quite high at 43% of total EU production.

Company data have been collected for each year of the reference period (2016 – 2017 – 2018). To enable an assessment of trends between the first and second SER, the same Key Performance Indicators (KPIs) have been considered. They constitute the most significant parameters to assess sustainability. The comparison between SERs has been made on the basis of the average results of the first SER and the current one.

A detailed analysis of variation has also been included, as a comparison with the results of the two reports. KPIs reported in the social and environmental sections are a weighted average of the data provided by the sample of companies that completed the detailed questionnaire. Structural data from other sources were also considered and reported for the economic overview, where appropriate.

For the comparison of the results, it is worth noting that the samples of the two editions of the SER differ in terms of representativeness of company size, production cycle, leather typologies and countries of reference.

In particular, the 2019 survey is characterised by a higher percentage of full cycle companies (from hides/skins to finished leather). There were also differences between the reports, in terms of production specialization of the responding companies and their wastewater treatment options. Therefore, comparison of certain KPI was not done, due to the inconsistency of reporting between the two reports, e.g. waste production and removal of pollutants. Moreover, the different sample composition led to a slight increase of some environmental indicators (chemicals consumption, waste) due to inherent differences in the processes described, skewing the final result. For example, the second report included a higher proportion of full-cycle, high volume bovine leather manufacturers for the automotive sector which as previously noted, will report more process steps and consequently, greater use of chemicals and energy, artificially distorting any comparison with the first report.

Finally, on environmental investments only environmental investment in the range of €5,000 to €3,000,000 have been considered, excluding very low erratic data and major 'one-off' capital investments.



GLOSSARY

BREF: BAT reference document (BAT : Best Available Techniques)
CEFACT: United Nations Centre for Trade Facilitation and Electronic Business
CTP: Collective Effluent Treatment Plant
COD: Chemical Oxigen Demand
CSR: Corporate Social Responsability
EQF: European Qualifications Framework
EU: European Union
FAO: Food and Agricultural Organization
FGL: German Forschungsgemeinschaft Leder (Leather Research Foundation)
FILK: Forschungsinstitut für Leder- und Kunststoffbahnen gGmbH
GSP: Generalised System of Preferences
ICEC: Institute of Quality Certification for the Leather Sector
ILO: International Labour Organisation
ITC: International Trade Centre
KPI: Key Performance Indicators
LWG: Leather Working Group
OECD: Organisation for Economic Co-operation and Development
OIRA: Online interactive Risk Assessment
PEFCR: Product Environmental Footprint Category Rules
REACH: Registration, Evaluation, Authorization and restriction of Chemicals
SAC: Sustainable Apparel Coalition
SER: Social and Environmental Report
TCLF: Textile-Clothing-Leather-Footwear
UNECE: United Nations Economic Commission for Europe
UNIDO: United Nations Industrial Development Organisation
ZDHC: Zero Discharge of Hazardous Chemicals
RSL: Restricted Substance Lists
MRSList: Manufacturing Restricted Substance Lists
WTO: World Trade Organisation

REFERENCE

All the projects mentioned in this report can be found here: <https://euroleather.com/news/projects>



COTANCE AFFILIATES

AUSTRIA : Fachverband der Textil-, Bekleidungs-, Schuh- und Lederindustrie
DENMARK : Scan-Hide
FRANCE : Fédération Française de la Tannerie-Mégisserie
GERMANY : Verband der Deutschen Lederindustrie e.V.
HUNGARY : Association of Hungarian Light Industry
ITALY : UNIC – Concerie Italiane
NETHERLANDS : Federatie van Nederlandse Lederfabrikanten
PORTUGAL : Associação Portuguesa dos Industriais de Curtumes
ROMANIA : Asociatia Producatorilor de Piele si Blana din Romana
SPAIN : ACEXPIEL - Asociación Española del Curtido
SWEDEN : Svenska Garveriidkareforeningen
UK : Leather UK

INDUSTRIALL-EUROPE AFFILIATES (LEATHER)

AUSTRIA : Pro-Ge
BELGIUM : ABVV/FGTB AC/CG; ACLVB/CGSLB; ACV/CSC METEA
FINLAND : Teollisuusliitto ry
FRANCE : CFDT Services; CGT - Textile, Habillement, Cuir
GERMANY : IG BCE
HUNGARY : BDSZ (ME-Ind)
ITALY : FEMCA-CISL; CGIL FILCTEM; Uiltec-Uil
LITHUANIA : LPS Solidarumas Industrial Workers TCL
NETHERLANDS : FNV Bondgenoten; CNV Vakmensen
PORTUGAL : FESETE; SIMA
ROMANIA : Confpeltex
SPAIN : UGT-FICA ; FITEQA-CC.OO
UK : Community Union

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INFORMATIONS

The report is available in English, French, German, Hungarian, Italian, Portuguese, Romanian, Spanish and Swedish at: <https://www.euroleather.com/news/projects/european-social-environmental-report>
<https://tinyurl.com/LeatherSER>



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PROJECT PARTNERS

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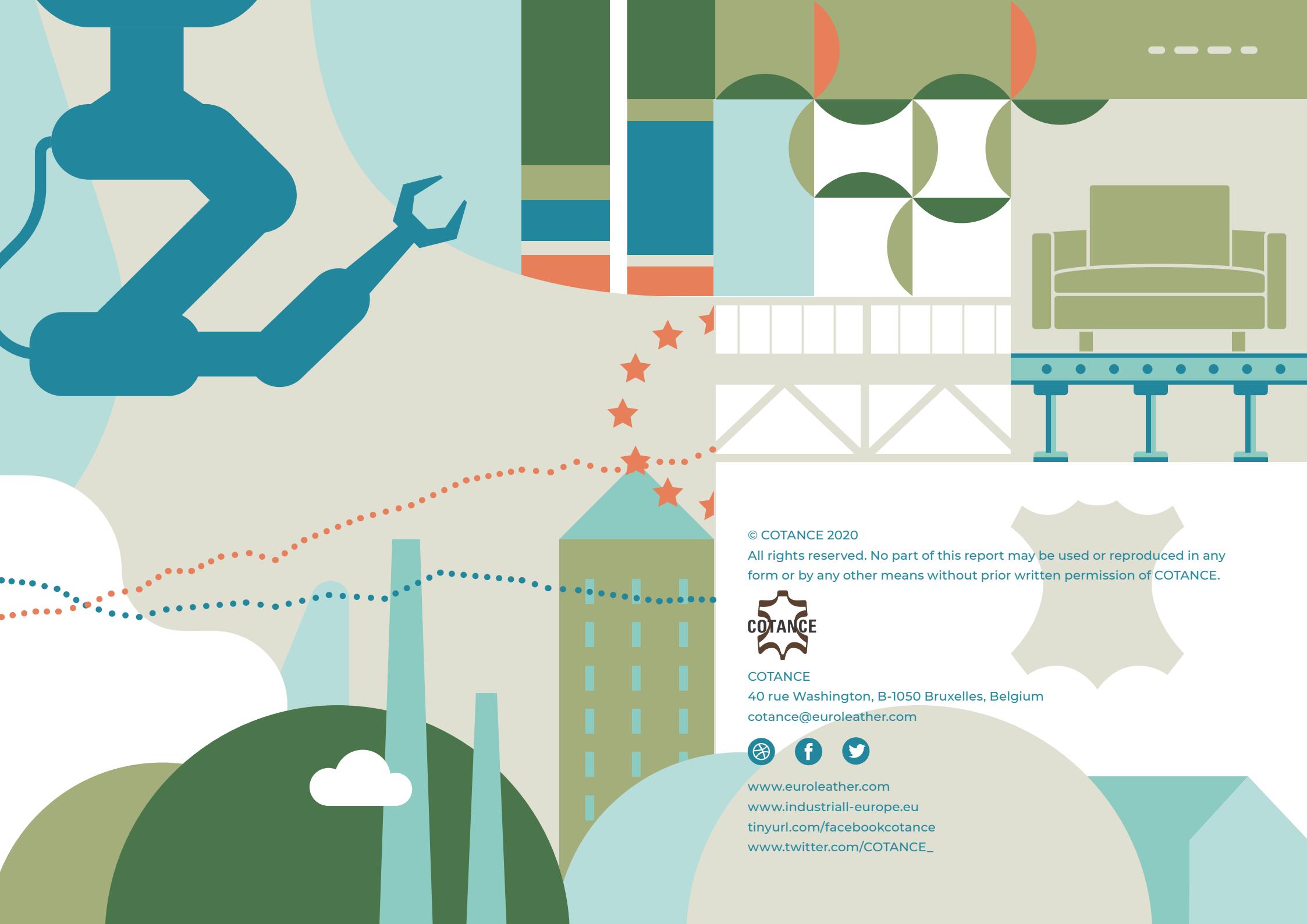


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The background of the page features a stylized industrial and architectural illustration. On the left, a large blue mechanical arm or conveyor belt system is shown against a light blue curved shape. In the center, there's a multi-story green building with blue horizontal stripes at each floor level. To the right of the building is a white bridge-like structure supported by teal pillars, with several red stars arranged in a path along its top. The sky above the bridge is filled with various geometric shapes in shades of green, blue, and orange.

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