
SUSTAINABILITY

TALKS

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Sustainability in the Tanning Sector: **Excellence «Made in Italy»**

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Preface

The Italian Tanning Sector has consistently strived to galvanise its world wide reputation, as well as establish and maintain its leading role as a global reference of excellence of MADE IN ITALY, not only in terms of product quality, high fashion content and performance, but most importantly, during the last decade, by taking the strategic initiative to coordinate and stir actions at a National and European level towards the attainment of **Sustainability**, as a direct response to growing interest from end users, consumers and society as a whole.

More specific, **Sustainability** comprises in the best practises for the joint achievement of environmental, social, ethical and economic performance. Quite often only one of the four pillars of sustainability has been addressed, promoting for example only Environmental Sustainability, possibly resulting in compromising Tannery competitiveness, as well as rendering de facto redundant legitimate and fair trading at a global scale.

A win-win strategy was forged by UNIC towards Sustainability at Regional, National and European level, founded upon synergies and alliances of companies, authorities and communities primarily, but not only, in the three (3) major Italian Tannery Districts, which has already yielded admirable results in enhancing Italian Leather Sector competitiveness, in spite of the prevailing adverse economic and financial conditions, whilst, concomitantly, assuring **Environmental, Social and Ethical Sustainability**. An emphatic demonstrator of the goals achieved is that in 2013 Italian leathers accounting for more than 50% of the total Italian Tanning Industry annual turnover value have been currently certified for compliance to specific requirements (environmental, social, ethical, safety, and quality), through accredited certifications by ICEC - the only certification body IN THE WORLD specialised in tanning process and leather sector certifications.

Highlights of Italy's Tanners actions promoting and implementing all four pillars of Sustainability are depicted in the following sections, whilst constitute undisputable witnesses of Italy's Tanners unique and holistic Sustainability strategy of excellence.

Economic Sustainability and Enhanced Competitiveness

Along these lines, the Italian Tanning Sector with a production output of 127 Million sq.mt and 32.5 thousand tonnes of sole leather, a total production value over 5.33 Billion Euro and a growing share of global leather sector exports, second to none and exceeding at present a total value of 4.1 billion Euro to 121 countries, engaged actively in the promotion of cooperative solutions addressing and resolving the most urgent environmental problems, optimising for this purpose the use of human, technological and financial resources.

Environmental Sustainability

ENVIRONMENTAL INVESTMENTS AND PERFORMANCE TRENDS- SUSTAINABILITY REPORTS

Italy's Tanners' continuous and persistent commitment to improving environmental performance, in the form of district-wide environmental certification and constantly growing investments in environmental technologies, waste and water management infra structures, and most recently energy efficiency, was recognised with their latest relative ranking from third to sixth position amongst all of Italy's manufacturing districts in 2013; the incidence of the later investments over the total production value has doubled in the period 2002-2014, namely raised from 2% to 4%, respectively.

On the other hand, tangible results obtained so far were exemplified in the evolution trends of a number of indicators, which, in turn, relate to physical and financial magnitudes and figures, as systematically assessed and periodically communicated (on an annual basis) during the last decade, initially with UNIC Social-environmental Report, most recently succeeded by UNIC Sustainability Report. Indeed, these Indicators depicted environmental efficiency obtained, as well quantified the necessary investment towards sustainable leather manufacture, outlined as follows:

- ▶ **Consumption of water** per product functional unit was reduced by 13.4% (2003-2014).
- ▶ The quantity of **chemical** auxiliary products consumed during processing has been reduced by 40% (2004-2014).
- ▶ Savings obtained on average on **energy consumption** were equal to 21% (2003-2013).
- ▶ Differentiated Tannery **waste collection** amounts currently to 90% of the total quantities of Italian Tanneries solid waste outflows, whilst 62-77% of the collected waste is recycled, valorised or recovered (2014)
- ▶ **Volatile Organic Compounds (VOC)** air emissions to the atmosphere were reduced by 40% (2004-2014).

LIFE-CYCLE ASSESSMENT AND LEATHER'S ENVIRONMENTAL FOOTPRINT

Italy's Tanneries have responded to the growing importance and consumer demand for a complete assessment of the life cycle of leather, encompassing the entire value chain – from the raw hides/skins-to-finished leather – coupled to the consistent and reliable quantification of **leathers' Carbon Footprint (PCF)** and **Environmental Footprint (PEF)**, and, thereof, eventually results and indicators, which shall serve as a benchmark for the Leather Industry in Europe and World wide.

Towards that end UNIC is involved in the leather pilot during the SMfGP (Single Market for Green Products) initiative. The initiative, organised by the European Commission, provides for the development of a global LCA model which defines the Product Environmental Footprint Category Rules (PEFCR) for the assessment of the level of environmental sustainability of a certain product which can act as single element of reference for the market for green products. **Pilot «Leather» project**, promoted by the European Commission and aiming to facilitate better information on the environmental performance of products and organisations, as well as to establish and stipulate guidelines and rules for LCAs and calculating the environmental impacts of a product in accordance to ISO 14040, mitigating differences in calculation methods, lack of specific quality data in existing data bases. Using early figures at this stage, as has already happened elsewhere, could constitute the gateway for tannery, product and technologies erroneous characterization. Moreover, the evident lack of agreed «system boundaries» and allocation rules across the supply chain has been addressed with the «**Cow Model Working Group**» (CMWG), with the participation of UNIC and COTANCE at a European level. **In 99% of cases raw hides and skins are a residue of the food industry**, transformed by the Tanning Industry into a durable, high-value «sensual» product, rather than being disposed of as a waste. Market availability of leather depends on the quantity of livestock slaughtering, whereas is by no means determined by the raw material needs of leather manufacture, but is a function of the needs of other industries (meat, dairy goods, wool etc.). For the tanning industry the «**system boundaries**», which, in turn, determine the processes to be included in the LCIs and thereof calculating the carbon- or environmental- footprints, must start from the moment the hide or skin is flayed, excluding upstream processes, namely farming and animal husbandry, which can easily amount for up to 80% of the carbon footprint and up to 99% of the water footprint. Allocating even a relatively low quota of these upstream processes to leather manufacture would undoubtedly yield an absurd competitive disadvantage for leather, a renewable resource, and leather articles, which can be perceived as having a more significant environmental impact than that of non-renewable materials (such as synthetics)! **Instead, a "zero allocation" to the Tanning Industry should have been granted.**

During the 6 months of life of the **CMWG**, UNIC and COTANCE claimed and supported with scientific studies the right of the tanning industry to obtain so-called "zero allocation" (of impact) in that not able to exert any influence on the market and environmental strategies of the processes upstream. Despite the fact this proposal was accepted by all the participants of the CMWG except for meat products the commission rejected this hypothesis. Given the lack of agreement, those in charge of the Commission itself defined a regulation, which laid down that leather take on 0.42% of the impact deriving from agriculture and livestock breeding and 3.5% of that deriving from butchering. Comparing these values with the percentages of allocation imposed on tanning by the currently most widespread standards (approximately 7% for agriculture and livestock farming) it is seen that this allocation brings in any case an advantage to the sector: **no longer burdened with the load of livestock breeding and agriculture, tanners can act both on their own process to improve significantly and transparently the environmental performances of their firm.**

Social Sustainability

Social sustainability of the tanning industry comes down to the promotion of the social relations between the various stake holders – the workers first – and to the development of the territory and communities where businesses operate.

Italy's Tanneries' cooperative actions assure social sustainability, by actively promoting the development of a socioeconomic context, in which they operate, and creating jobs and financial well being, as well as advancing initiatives that benefit the community for optimising:

- ▶ Human resources
- ▶ Labour relations
- ▶ Health & Safety in the workplace
- ▶ Relations with the community

UNIC Code of Conduct is a fundamental tool for the spreading of the principles that govern the business activity in the tanning sector. It **considers ALL the contents of the SA8000, ISO 26000, International Labor Conventions (ILO)** concerning the protection of workers' rights, especially with regard to child labor, as well as the main requirements for social responsibility, environmental and ethics. Shared by Trade unions in 2013, the Code of conduct and social responsibility **has been included in the renewal of the National Collective Negotiating Agreement** for the tanning sector.

Ethical Sustainability

In a gradually changing marketplace with a growing emphasis by both businesses and consumers on the issue of sustainability, the concept of quality was relaunched in order to address not solely the characteristics of the product, but, de facto, also each and every one of the following aspects:

- ▶ **Raw material availability** and trading free-of-protectionism (controlled pricing). UNIC has been engaged and calling upon the EU for actions to combat protectionism, the liberisation of International Leather trading and the eventual attainment of reciprocity in treating protectionists in the non-EU landscape, despite the fact that EU has achieved highly unsatisfactory results, leaving no other alternative but to take legal action in the General Court of the EU (May 2014) against the Commission and the preferential tariff rates granted to a number of protectionist Nations.
- ▶ **Traceability of raw hides and skins**, an integral and complementary part of concerted efforts aiming at optimising the amount of reliable information that can be gathered systematically and in a reliable manner on certain Industrial sustainability aspects; Technical and bureaucratic impediments, in conjunction to emerging upstream obstacles of commercial nature have to be circumvented.
- ▶ **Animal welfare**, with the Italian Tanning Industry, in spite of the lack of authority and economic «suasion» to intervene, actively supports the manifesto for animal welfare, stipulating, in turn, healthy and controlled breeding conditions, safe transfer/transport conditions of livestock, as well as killing conditions to minimise pain and distress possibly inflicted to the animals.

- ▶ **Transparency and country of Origin («Made in»)** for the disclosure of a number of social, safety and environmental requirements related to the entire production process found in a given country. In fact, Italy's Tanning Industry strongly believes and supports the idea of true transparency in the consumer goods market, achieved by identifying and communicating where the consumer article was made, as well as where its component materials, as leather components, originated from. Trade marks like «**Vera pelle**» or «**Vero cuoio**», ensure material authenticity, whereas, given the fact that these are in Italian, assure the Italian origin of the product.
- ▶ **Leather product safety and consumer protection**, to ensure, guarantee and consumer safety and certify the utmost intrinsic quality of «Made in Italy» leather products. This, in turn, requires daily quality controls achieved through standard production process management, selection of suppliers and controls of raw and auxiliary materials, in order to assure performance under stress matching quality values set for a certain end use, as well as compliance with the stipulated EU standards, Norms and Legislation. Along these lines, UNIC has responded to the new SVHCs inventories (ECHA) by developing an easy-access document, updated every semester (**Specifications: Leather and chemical substances**). UNIC specifications support Tanneries in handling legal, normative and standard obligations regarding the management of restricted chemicals (RSs), coupled to customers' requirements – often inapplicable and irrelevant -, whereas these have been approved by the leading product buyers. In this respect, turn key and critical factors are the reliability and repeatability of leather quality testing conducted by accredited for this purpose Testing Laboratories; UNIC in 2013 established a network of competent laboratories and verification / validation procedures (Inter-laboratory Testing), as stipulated by certifying bodies.