AHSLEA

Australian Hide, Skin and Leather Sustainability Framework 2023

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1. Background

An Industry Steering Group, with members from across the hide, skin and leather industry have been appointed by the Australian Hide, Skin and Leather Exporters Association (AHSLEA) to work with STR Consulting and ERM, to develop a Framework to provide a roadmap for communicating the industry's performance and strategic priorities across economic, social and environmental areas.

This initiative is funded through the Agricultural Trade and Market Access Cooperation (ATMAC) grant and aims to effectively communicate the industry's sustainability-related impacts and performance to key stakeholders, including customers and regulators.
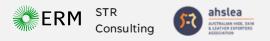
The development of the Australian Hide, Skin and Leather Sustainability Framework (AHSLSF) involved active collaboration with key stakeholders, review of relevant existing frameworks, and a comprehensive assessment of industry practices and industry benchmarking.

2. Framework overview

Australian Hide, Skin and Leather Sustainability Framework						
Guiding principles						
Dialogue	**Responsibility**	**Partnership**	**Transparency**	**Adaptability**	**Innovation & improvement**	**Long-term vision**

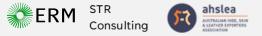| Theme	Priority Topic	Commitments
Environmental impact	GHG emissions	We are committed to reducing our GHG emissions in line with the Australian government's decarbonisation commitments.
	Chemical management	We are committed to responsible chemical management and continuous improvement.
	Water usage and management	We aim to minimise water consumption while increasing recovery and reuse rates.
	Waste and circular economy	We are committed to reducing waste to landfill and increasing circular economy innovation within the industry.
People and community	Health and safety	We are committed to continual improvement to support health, safety and wellbeing for industry workers.
	Talent and skills development	We are committed to supporting and growing our workforce and securing a pathway of skilled workers for the industry.
	Labour and human rights	We are committed to upholding national good practice on labour and human rights.
	Community contribution	We are committed to having a positive impact in the communities in which we operate.
Economic resilience	Market access and profitability	We are committed to ensuring the competitiveness of Australian hide, skin and leather in international markets and ensuring that the Australian hide, skin and leather industry is compliant with all EU regulations and follows good practice.
	Climate resilience	We are committed to investing in adaptation and innovation to enable long term resilience for the industry in regard to a changing climate.
Value chain innovation	Traceability	We are committed to investing in value chain traceability that improves transparency of sustainability credentials from farm to finished product.
	Animal welfare	We are committed to ensuring suppliers meet animal welfare requirements, in line with Australian Livestock Processing Industry Animal Welfare Certification System (AAWCS) requirements.
	Deforestation	We are committed to working with our suppliers to eliminate deforestation in our supply chain.
	Biodiversity	We are committed to achieving a net positive impact on biodiversity across our supply chain and rural operations.
	Collaboration	We are committed to collaborating with partners across our value chain to increase transparency and reporting in regards to sustainability impacts.

3. Principles

Seven foundational principles will guide the implementation of the Australian Hide, Skin and Leather Sustainability Framework:

1. **Responsibility** – We take responsibility for the sustainability performance of the Australian hide, skin and leather industry and we are committed to working with partners across our value chain to reduce potentially negative impacts in areas both inside and outside of our direct operational control.
2. **Dialogue** – We engage in ongoing dialogue with both external and internal stakeholders, facilitating the exchange of expertise and knowledge, and fostering good practice.
3. **Partnership** – We recognise that we must partner with a variety to stakeholders across the industry's value chain to develop solutions and quantify and communicate our sustainability performance.
4. **Transparency** – We are committed to transparently reporting our management of industry risks and opportunities in a fair and balanced manner, including publishing ongoing performance data, and communicating progress against our commitments and targets.
5. **Adaptability** – We continue to refine and adapt our approach in the face of changing regulations, reporting requirements and stakeholder expectations.
6. **Innovation and continual improvement** – We foster a culture of ongoing learning and adaptation, regularly reviewing and refining sustainability practices in line with global best practice and scientific advancements.
7. **Long-term vision** – We guide action over the long term, anticipating shifts in the regulatory and stakeholder landscape and proactively engaging with value chain participants.

4. Framework scope and boundary

The Framework provides a centralised approach to advancing the sustainability efforts of the Australian hide, skin and leather industry. The principles and recommendations offered within this document are grounded in

research, consultation with key stakeholders and alignment with both local needs and global good practices.

Scope:
The Framework serves as a foundation for managing and evaluating industry-level sustainability performance for the production of sheep and cattle hide, skin and leather in Australia, as well as managing sustainability risks and opportunities across the value chain.

Limitations:
The Framework does not engage in auditing or certifying individual businesses. Its purpose does not entail enforcing change or driving adoption among Australian hide, skin and leather industry participants. Instead, it offers a standardised approach to collecting data and information and reporting industry-level performance.

Boundary:
The Framework covers sheep and cattle hides, skin and leather and is not inclusive of other types of Australian hides and skins, such as kangaroo. The Framework encompasses the entire value chain for sheep and cattle hides and skins, with particular emphasis on the industry's areas of influence and impact. The Framework is initially focused on the industry's manufacturing practices, including environmental and social practices. This includes topics such as chemical management, water usage, labour and human rights and health and safety practices, amongst others.
Additionally, the Framework covers key areas of impact across the value chain (upstream and downstream), over which the industry has limited influence. These include topics such as traceability (upstream and downstream), biodiversity, animal welfare, and deforestation due diligence.

5. Stakeholder engagement

Stakeholder engagement played an important role in the development of the Australian Hide, Skin and Leather Sustainability Framework. Understanding and addressing the concerns and expectations of key stakeholders across the value chain is crucial to the industry's long-term success.

Stakeholder engagement took a multifaceted approach, incorporating both in-depth interviews and on-site visits, to determine the current state of sustainability maturity across the Australian industry, including its strengths, challenges, and key opportunities for further action.

Key stakeholder groups engaged during the development of the Framework were: Australian tanneries, customers, global leather experts and suppliers.

6. Sustainability framework themes, priority topics and commitments

The Framework is founded upon four themes, outlined in the following sections. These themes have been developed through extensive research and comprehensive engagement with both internal and external stakeholders. Each theme holds equal significance, addressing the key priority topics spanning Environmental impact; People and community; Economic resilience and Value chain innovation.

6.1 Environmental impact

The first theme within AHSLSF focuses on the industry's operational environmental impacts and management strategies across four priority topics.

Industry commitment: *As an industry, we seek to minimise our negative impacts on the environment and use natural resources responsibly. We are committed to doing our part in addressing climate change and mitigating our own greenhouse gas (GHG) emissions.*

Below, we share the **topic definitions and commitments** that define the industry's approach to managing our environmental impacts:

➢ **GHG emissions:**
   Definition: Mitigation of Scope 1, 2 and 3 emissions to align with climate science, regulatory requirements and customer expectations.
   Commitment*: We are committed to reducing our GHG emissions in line with the Australian government's decarbonisation commitments.*

➢ **Chemical management:**
   Definition: Responsible management of chemicals used in hide, skin and leather processing and production.
   Commitment: *We are committed to responsible chemical management and continuous improvement.*

➢ **Water usage and management:**
   Definition: Water use, re-use and wastewater treatment.
   Commitment: *We aim to minimise water consumption while increasing recovery and reuse rates.*

➢ **Waste and circular economy:**
   Definition: Circular management of solid waste streams.
   Commitment: *We are committed to reducing waste to landfill and increasing circular economy innovation within the industry.*

6.2 People and community

The people and community theme within AHSLSF explores the industry's social contributions, underscoring our dedication to health and safety as well as our commitment to having positive impacts in the local communities where we reside.

Industry commitment: *Our people, the workers and communities in which we operate, are the backbone of our industry. We maintain high standards to keep our people safe and are proud of the contribution we make in regional communities.*

Below, we share the topic definitions and commitments that define the industry's approach to managing our impacts on people and communities:

➢ **Health and safety:**
  Definition: A safe work environment for workers including direct employees, and contractors.
  Commitment: We are committed to continual improvement to support health, safety and wellbeing for industry workers.

➢ **Talent and skills development:**
  Definition: Ensuring a pathway of workers with the appropriate skills, knowledge, training, and experience to meet industry needs.
  Commitment*: We are committed to supporting and growing our workforce and securing a pathway of skilled workers for the industry.*
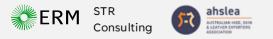
➢ **Labour and human rights:**
  Definition: Labour practices and decent working conditions for all workers including freedom of association, freedom from modern slavery and non-discrimination.
  Commitment*: We are committed to upholding national good practice on labour and human rights.*

➢ **Community contributions:**
  Definition: Positive contribution to local communities through employment and philanthropy.
  Commitment*: We are committed to having a positive impact in the communities in which we operate.*

6.3   Economic resilience

Our third theme centres on economic resilience and articulates the industry's approach to achieving sustainable, long term value creation and fostering resilience.

Industry commitment: *The Australian Hide, Skin and Leather Industry has an important role to play in the Australian economy, as both a regional employer and contributor to national GDP. We aim to ensure the industry remains adaptable and competitive, delivering financial value creation over the long term.*

Below, we share the **topic definitions and commitments** that define the industry's approach to managing long term economic resilience:

➤ **Market access and profitability:**
Definition: Ensuring continued access and expansion in international markets. Industry contribution to national and regional development through export income and employment.
Commitment: *We are committed to ensuring the competitiveness of Australian hide, skin and leather in international markets and ensuring that the industry is compliant with all regulations and follows good practice.*

➤ **Climate resilience:**
Definition: Assessing the physical and transitional risks of climate change across the leather industry value chain.
Commitment: *We are committed to investing in adaptation and innovation to enable long term resilience for the industry in regard to a changing climate.*

6.4   Value chain innovation

Our fourth and final thematic area, Value chain innovation, addresses topics outside of the Australian hide, skin and leather industry's direct operational control, where we have only partial or limited influence.

Industry commitment: *The industry is committed to working with value chain stakeholders to reduce negative impacts and increase innovation and transparency around our sustainability performance and impacts across the entire value chain.*

Below, we share the **topic definitions and commitments** that define the industry's approach to value chain innovation:

➢ **Traceability**:
Definition: Collaboration with value chain stakeholders to develop traceability from farm to finished product.
Commitment: *We are committed to investing in value chain traceability that improves transparency of sustainability credentials from farm to finished product.*

➢ **Animal welfare:**
Definition: Working with suppliers to help ensure animal welfare standards are maintained within the leather industry supply chain.
Commitment: *We are committed to ensuring suppliers meet animal welfare requirements, in line with Australian Livestock Processing Industry Animal Welfare Certification System (AAWCS) requirements.*

➢ **Deforestation:**
Definition: Working with suppliers towards deforestation-free sourcing in our supply chain.
Commitment: *We are committed to working with our suppliers to eliminate deforestation in our supply chain*.

➢ **Biodiversity:**
Definition: The protection of native plant and animal species and rehabilitation of natural ecosystems in our supply chain and rural operations.
Commitment: *We are committed to achieving a net positive impact on biodiversity across our supply chain and rural operations.*

➢ **Collaboration**:
Definition: Collaborating with a variety of stakeholders across the leather value chain to develop solutions, improve and communicate the industry's sustainability performance.
Commitment: *We are committed to collaborating with partners across our value chain to increase transparency and reporting in regards to sustainability impacts.*
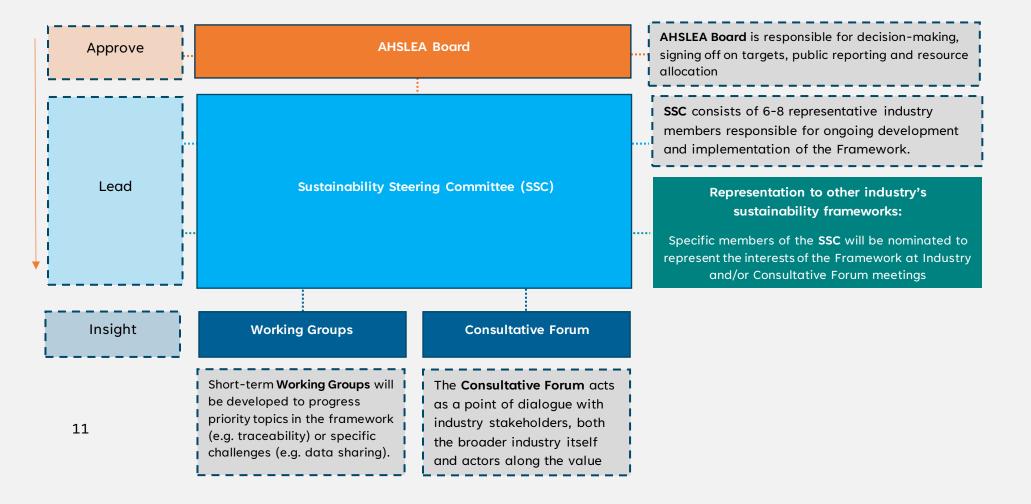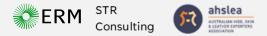
7. Governance

The Framework is being led by AHSLEA's **Sustainability Steering Committee**, with the **AHSLEA Board** providing oversight and final decision-making.

The Steering Committee has been formed to identify priority issues related to the Australian leather hide and skins production with strong representation across regions. A governance structure for the ongoing development of the Framework has been proposed and can be further developed over time.

The development of a Sustainability Steering Committee and representation to other industry's sustainability frameworks are the recommended initial priorities.

To support transparency and accountability, the industry commits to reporting its progress against the framework on an annual basis. Further insights into the governance structure and additional details are provided below.

Approve	**AHSLEA Board**	**AHSLEA Board** is responsible for decision-making, signing off on targets, public reporting and resource allocation
Lead	**Sustainability Steering Committee (SSC)**	**SSC** consists of 6-8 representative industry members responsible for ongoing development and implementation of the Framework.
		Representation to other industry's sustainability frameworks: Specific members of the **SSC** will be nominated to represent the interests of the Framework at Industry and/or Consultative Forum meetings
Insight	**Working Groups** / **Consultative Forum**	

Short-term **Working Groups** will be developed to progress priority topics in the framework (e.g. traceability) or specific challenges (e.g. data sharing).

The **Consultative Forum** acts as a point of dialogue with industry stakeholders, both the broader industry itself and actors along the value

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8. Roadmap

The proposed future roadmap is presented below, displaying estimated timelines for data collection and reporting.

Theme	Topic	Targets and commitments	2024	2025	2026	2027 onwards
Environmental impact	GHG emissions	We are committed to reducing our GHG emissions in line with the Australian government's decarbonisation commitments	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress
	Chemical management	100% compliance with EPA	Establish reporting processes	Report status of compliance	Report status of compliance	Report status of compliance
		Zero use of restricted list chemicals	Establish reporting processes	Report status of compliance	Report status of compliance	Report status of compliance
	Water usage and treatment	Tanneries: By 2040, treat and/or reuse 100% of wastewater	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress against target
		Brine cured and drum salted facilities: net improvement in water management	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress
	Waste and circular economy	Committed to continuous improvement in waste reduction	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress

People and community	Health and safety	Year on year reduction in Lost Time Injury Frequency Rate	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress
		100% of employees to complete safety training	Establish reporting processes	Establish data collection	Commence public reporting	Report progress against target
		Compliance with State and Federal workplace safety regulations	Establish reporting processes	Report status of compliance	Report status of compliance	Report status of compliance
	Talent and skill development	Upskilling and training of employees	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress
	Labour and human rights	Zero tolerance for child labour, forced labour and human trafficking	Establish reporting processes	Report status of compliance	Report status of compliance	Report status of compliance
		Committed to treat men and women equally (pay, opportunities, hiring)	Establish reporting processes	Report status of compliance	Report status of compliance	Report status of compliance
		Committed to zero harassment and discrimination	Establish reporting processes	Report status of compliance	Report status of compliance	Report status of compliance
	Community contribution	Total people employed directly in the leather industry	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report

Economic resilience		Number of partnerships/ collaborations with local community	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report
	Market access and profitability	Revenue	Industry survey	Establish data collection	Commence public reporting	Report
		Access to new international markets	Industry survey	Establish foundation for reporting	Commence public reporting	Report
		Leather Working Group medal rating of eligible leather producers	Industry survey	Establish data collection	Commence public reporting	Report
	Climate resilience	Adapt to critical climate impacts and risks for the industry	Industry survey and benchmarking	Establish foundation for reporting	Commence public reporting	Report on adoption of initiatives
Value chain innovation	**Traceability**	We are committed to investing in value chain traceability that improves transparency of sustainability credentials from farm to finished product	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress
	Animal welfare	% of industry suppliers with Australian Livestock Processing Industry Animal Welfare Certification System (AAWCS) accreditation (aligns with	Industry survey and benchmarking	Establish data collection	Commence public reporting	Report progress

		Australian red meat industry)				
	Deforestation	We are committed to working with our suppliers to eliminate deforestation in our supply chain.	Establish foundation for reporting	Data collection	Commence public reporting	Report progress
	Biodiversity	Net positive contribution to nature	Establish foundation for reporting	Data collection	Commence public reporting	Report progress
	Collaboration	Collaborate with key industry organisations to ensure industry alignment and positive contributions to a more sustainable future	Industry survey and benchmarking	Establish foundation for reporting	Commence public reporting	Report on adoption of initiatives
		Partnerships on critical value chain issues, such as deforestation, traceability and animal welfare	Industry survey and benchmarking	Establish foundation for reporting	Commence public reporting	Report on adoption of initiatives