



2022 LWG MEMBER CONFERENCE

Hybrid • September 22, 2022

SESSION 2:
Traceability in Focus



SESSION 2

Traceability in focus

Traceability is one of the most critical areas to address, to date. Consumers want to know where the leather in their product comes from and that it has been sourced responsibly.

This session will give a deep dive into the realities of driving transparency and developing a robust global due diligence framework for the leather industry. Both critical to facilitate better traceability, deforestation due diligence, and address other crucial issues across the leather supply chain.

- 11:10 ● Monitoring deforestation due diligence in Brazil
Lisa Rausch, *University of Wisconsin-Madison*
- 11:25 ● A market-based approach to due diligence & traceability
Hillary Fenrich, *National Wildlife Federation*
- 11:40 ● The tannery perspective on traceability
Ivens Domingos, *Durli Leathers*
- 11:50 ● Turning targets into action and solutions through the LWG Traceability Roadmap
Vanessa Brain, *Leather Working Group*
- 12:00 ● Q&A Panel Discussion
Panellists: *Vanessa Brain, Hillary Fenrich, Lisa Rausch, Austin Davidsen, Ivens Domingos, & chaired by Tim Wilson (3P Strategy)*
- 12:30 ● NEXT SESSION: CHAIN OF CUSTODY



Ivens Domingos
Sustainability Manager
Durli Leathers

The tannery perspective on traceability

Ivens will explain the work of Durli Leathers to prioritize their sustainability efforts and traceability work in both Brazil and Paraguay. Explaining the challenges and opportunities for implementing rigorous due diligence efforts.

Speaker Profile

Ivens Domingos is currently Sustainability Manager at Durli Leathers and a member of the LWG and CICB Traceability Working Groups. Graduated in Veterinary Medicine, Ivens has more than 19 years of experience working as a specialist in sustainable livestock, contributing to the development and implementation of innovative solutions for organizations such as WWF - Brazil where Ivens worked for more than 14 years, IDH - The Sustainable Trade Initiative and reNature. At Durli Leathers, Ivens works in ESG management, bringing greater transparency and expanding what the company already develops in terms of sustainability, prioritizing advances in the raw materials responsible sourcing, monitoring and traceability.



***Challenges, Opportunities and Innovation on
Traceability & Due Dilligence.***

The Tanneries perspective...

***LWG Members Conference
Milan – Italy – September 22nd 2022
Session 2 – Traceability & Due Dilligence***

Durli Leathers & ESG

- ✓ *Governance & ESG;*
- ✓ *Full compliance on national and international standards;*
- ✓ *Impacts reduction and mitigation;*
- ✓ *Water and energy efficient and sustainable use;*
- ✓ *Responsible Sourcing Policy;*
- ✓ *Monitoring and Traceability*



Brazilian outlook – Beef Sector



8.516.000 km²

23,8 x 



Approx. 200 M heads (2021)



Abiec - 2022

160 units / 39 companies

Y 2021 - 39,4 M heads

Jul 2022 - 1,98 M heads



Approx. 5 M / 350 M ha



Brazilian outlook – Leather Sector



244 Production Sites



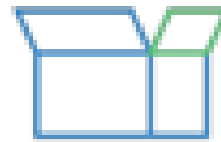
160 Exporters



R\$ 10 Billion Revenue



**Sector Exports
US\$ 1,5 Billion**
**Average last 5 years*



**Third largest
Leather
exporter**



**Trade balance
in 22 years
US\$ 34,6
Billiom**

Fonte: ITC / UN COMTRADE e ITC statistics /
Broccoli Partners / Secex

Main challenges

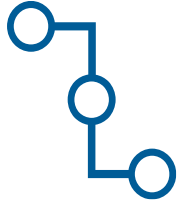
- ✓ *Beef Supply Chain - **Complex and heterogeneous**;*
- ✓ ***Limited engagement of meatpackers** to advance for responsible sourcing policies and implementation of their own traceability and monitoring systems.*
- ✓ ***Differences in procedures** between regions regarding **commitments and implementation of monitoring and traceability**;*
- ✓ ***Differences in the institutional environment** between regions;*
- ✓ *Limited **power of influence and leverage** of the **Tanneries** over the Beef Supply Chain, mainly producers. (**Hides represents 1% of live cattle value US\$**)*
- ✓ ***Complexity to reach the Indirect suppliers** (Birth and Rearing farms);*
- ✓ ***Low adherence of calf producers** adopting **individual animal identification**. There is **no specific legislation** that obliges Producers to carry out the identification and there is a **lack of adequate funding lines to support small producers** to implement this practice..*
- ✓ ***Many Producers still do not adopt** the individual identification of animals .*

Opportunities

- ✓ *Production chains for **leather and other by-products** are committed to transparency in their supply chains, especially in relation to the **origination of raw materials** and their **socio-environmental compliance**.*
- ✓ ***Leather sector is already advancing in initiatives and partnerships with suppliers, key stakeholders and civil society, to develop innovative solutions in scale towards Deforestation and Conversion Free (DCF) value chains.***
- ✓ *Professionalization of **farm management, incorporating individual identification of animals from birth, and using traceability as a tool for continuous improvement and productivity;***
- ✓ ***Initiatives and projects already underway developing financing solutions and access to technical assistance for smallholders.***
- ✓ ***Amazon Biome: Existence of effective legislation and control, in addition to sector initiatives that enable full traceability and monitoring of direct suppliers free from socio-environmental problems (Exp: Pará State);***
- ✓ ***Replicate the model implemented in the Amazon Biome for the other Biomes, using as a competitive advantage the learning accumulated in these more than 10 years of implementation of DCF agreements and commitments.***

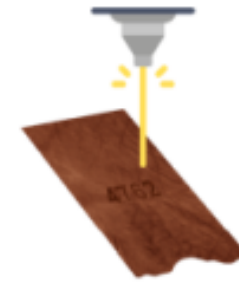
Innovation in transparency & credibility

Traceability



Geo monitoring

*Systems / Info
Integration*



*Leather
Stamping*

*Info
Integrity*



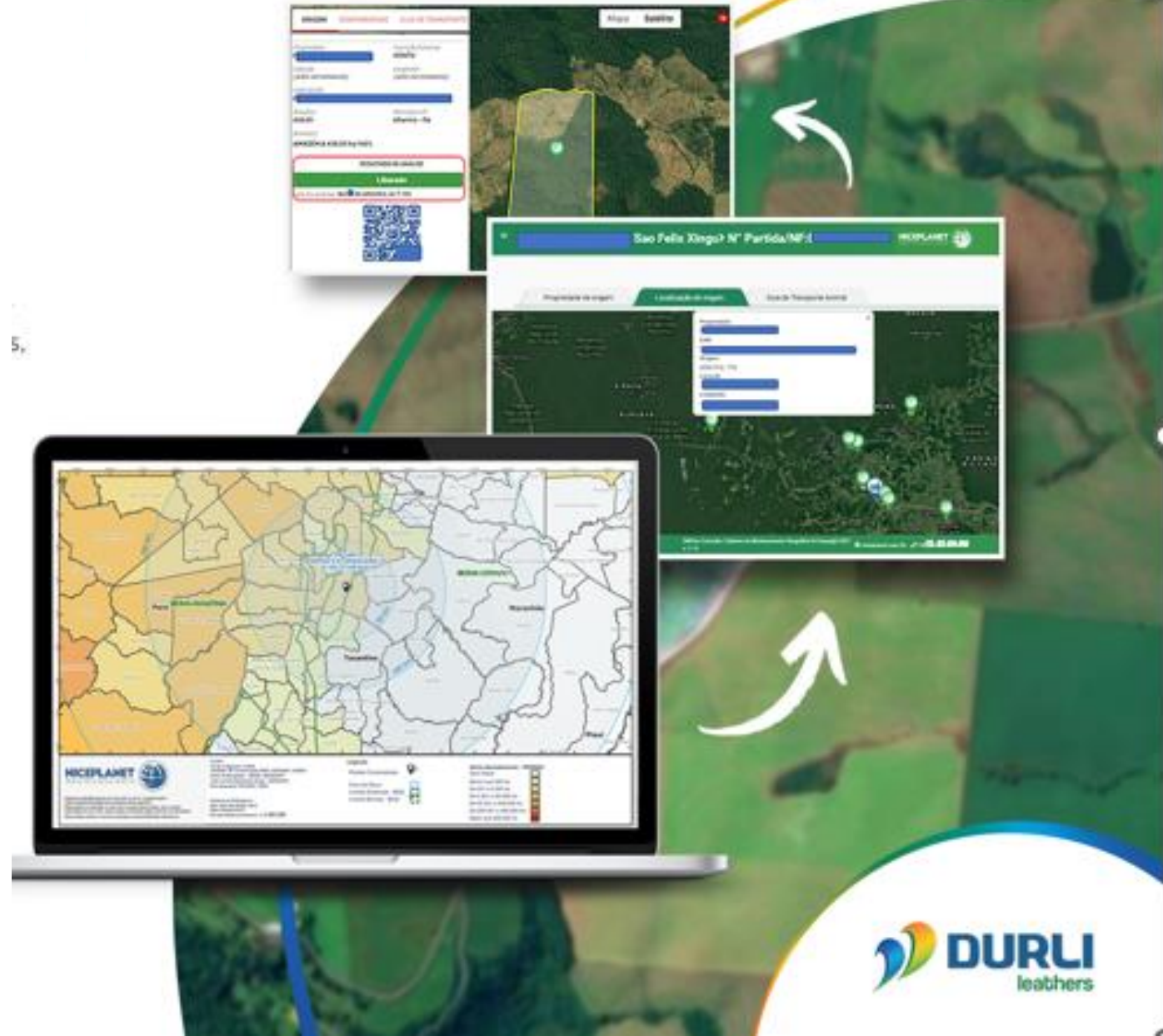
Durli Leathers Approach

- ✓ ***Monitoring and traceability System since 2010;***
- ✓ ***Raw Material Responsible Sourcing Policy;***
- ✓ ***Leather by leather physically stamped with a code;***
- ✓ ***Clear technical traceability procedures audited by the LWG and an independent audit companies;***
- ✓ ***Geo monitoring Service Provider audited;***
- ✓ ***Document evidences available and filed;***
- ✓ ***Constant engagement and support in the continuous improvement of suppliers;***

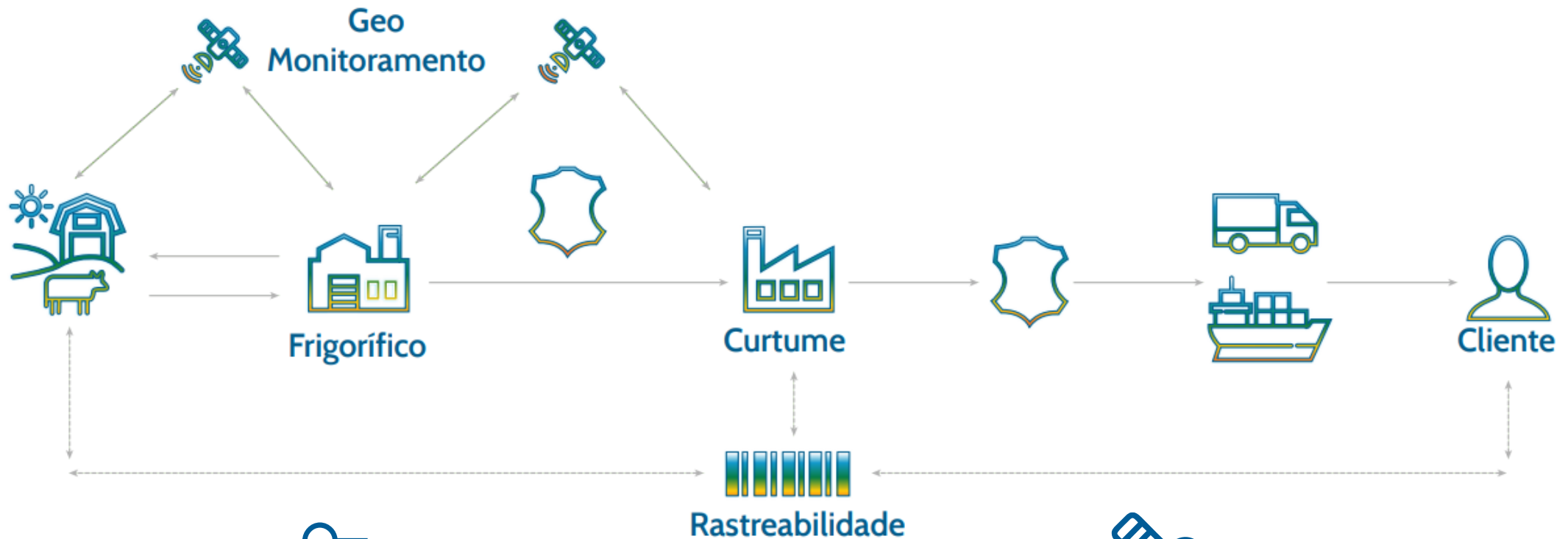


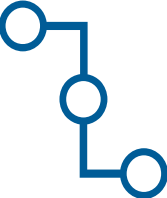
Durli Leathers Approach


- ✓ Risk exposure analysis maps by each slaughterhouse;
- ✓ Suppliers monitored in a daily basis reaching the farms compliance info;
- ✓ Traceability reports;
- ✓ Geo monitoring results available;
- ✓ Strategic partnerships to advance on continuous improvement;
- ✓ Advances in key information and systems integration; and
- ✓ Integrated Full Traceability Pilot Project in Scale under development and implementation.(Including Indirect Suppliers)



Durli Leathers Traceability & Monitoring System




100 %


Aprox. 80 %



Strategic collaborations & Certifications





Thank you

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Thank you!