Due Diligence FOR Healthy Workplaces IN THE Tanning Industry

Final Report

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Contents

WHY DO THE SOCIAL PARTNERS OF THE EUROPEAN LEATHER INDUSTRY ENGAGE IN DUE DILIGENCE?

Corporate Social Responsibility is vital to pursue the systemic changes needed within business and value chains to achieve the Sustainable Development Goals (https://www.un.org/sustainabledevelopment/sustainable-development-goals/). The fashion industry is no exception. Much needs to be done in Global Value Chains of the fashion industry to redress reputation, regain its appeal and respect its ambitions.

COTANCE and industriAll-Europe, the leather sector's European Social Partners, want to spearhead this process in their Industry.

We understand that health and safety in tannery workplaces is a key priority for leather value chains and we believe that Social Dialogue at sector level is the right instrument for setting Due Diligence standards which are technically feasible, appropriate and effective, and can lead businesses to exploit new opportunities and gain enhanced competitiveness.

We have worked in the context of an EU sponsored Social Dialogue project to find out more about the levels of maturity and integration of health and safety practices in tannery workplaces and its communication along the leather value chain. With the support of the University of Northampton (UK), we launched in this context, a survey on practices and perceptions of four distinct stakeholder groups of the sector. With the support of Prevent (Leuven, Belgium), we have also updated the OiRA tannery risk assessment tool developed in Social Dialogue in 2012.

The key results of this project will be presented at a final Conference in Brussels in October 2018.

This report presents the findings from our survey. They are a call to action to drive market transformation at sectoral level. After our Conference, we will extend the dialogue to:
- sector and industry leaders on practical ways to take action around Due Diligence; and
- European Union (EU) institutions to explore how they can support industry leadership to accelerate the uptake of Due Diligence, notably in workplace health & safety in Global Value Chains.

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Results at a glance

1. TANNERY WORKPLACE SAFETY IS A KEY PRIORITY ACROSS LEATHER VALUE CHAIN PARTNERS, BUT MATURITY LEVELS VARY IN UNDERSTANDING HOW TO IMPLEMENT DUE DILIGENCE

2. THERE IS A WIDE CONFUSION ACROSS STAKEHOLDERS ABOUT SECTOR SPECIFIC INSTRUMENTS USED TO ASSESS TANNERY WORKPLACE SAFETY, WHILE THE OIRA TANNERY TOOL DESERVES TO BE MORE WIDELY KNOWN

3. THE CUSTOMERS OF LEATHER DOWN THE VALUE CHAIN (BRANDS AND RETAIL GROUPS) HAVE A KEY ROLE TO PLAY IN FURTHERING HEALTH & SAFETY IN TANNERY WORKPLACES

4. IMPLEMENTING DUE DILIGENCE FOR HEALTH AND SAFETY AT TANNERY WORKPLACES BEARS GREAT BUSINESS OPPORTUNITIES, WHILE FAILURE TO ENFORCE GOOD PRACTICE INVOLVES HIGH RISKS AND LOSS OF COMPETITIVENESS

Hazaribagh is to the leather sector what Rana Plaza is to textiles and clothing*. Both are sad examples of how irresponsible attitudes, situations and circumstances can adversely affect people and businesses in fashion value chains. However, Bangladesh is not the only country blemishing the reputation of the textiles and leather sectors for high standards of workplace safety. Other low-cost countries supplying Global value chains with fashion materials, components or products are also contributing to a deteriorating image of the industry, due to the risks their workers endure day by day, in production facilities and working conditions that would not be allowed in our developed economies.

Where the legal order fails in providing healthy workplaces, it is up to the businesses in value chains to exercise due diligence, in particular with regard to concerns for the health and safety of the people who supply the goods that we consume. A well-functioning Social Dialogue at sector level is a significant asset for the production of instruments that can assist businesses to improve their social credentials. These two basic ideas were at the origin of the Social Dialogue project "Due Diligence for Healthy Workplaces in the Tanning Industry".

Leather is a fabulous product. It is the result of the recycling of hides and skins of animals slaughtered for the production of meat for human consumption. Without tanneries, these organic residues, if not properly disposed of, would constitute a major health hazard. Thanks to its beauty and usefulness, leather has become a globally traded commodity generating a global value of trade of over 82 billion US dollars (FAO stat) annually. Nearly every country in the World has a tanning sector, but not all work to meet correct social or environmental standards.

A survey was set up to explore current practices in reporting and communicating health and safety risks along the leather supply chain and how they are managed in tanneries. The aim was to provide a snapshot of the current situation within the value chain in relation to the perceived importance, reporting models, motivations and certification/auditing practices on health and safety in company-owned or outsourced tannery operations.

The COTANCE and industriAll-Europe survey ran from October 2017 to February 2018 in the context of their EU-funded Social Dialogue project. They were assisted by the University of Northampton (UoN) for collating the survey results. A separate report presents UoN's full data analysis.

The survey's target audience consisted of all the leather value chain stakeholders, from those directly involved in the production of leather, to those producing and selling leather articles to the final consumers and including suppliers of machinery and chemicals as well as miscellaneous organisations following the leather sector such as NGO's, associations, hide traders, consumers, consultants and designers, etc.

This report presents the main conclusions of the Social Partners of the European Leather Industry. With leather being a 'Global Value Chain', the research reflects practices that span beyond European borders and the implications from the findings have global resonance for the leather value chain.

Hazaribagh is a tannery area in the city centre of Dhaka on the Buriganga River. In 2015 it has been reported by Human Rights Watch as one of the world's most polluted urban areas. People live and work there in unbearable conditions.

FOUR KEY FINDINGS EMERGED FROM THE RESEARCH:

1. Tannery workplace safety is a key priority across leather value chain partners, but maturity levels vary in understanding how to implement due diligence

2. There is a wide confusion across stakeholders about sector specific instruments used to assess tannery workplace safety, and it is clear that the OiRA tannery tool needs to be more widely known

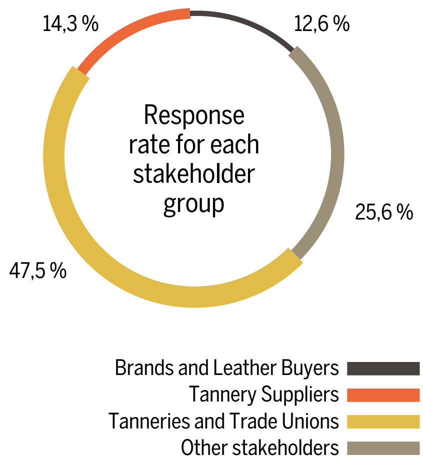
3. The customers of leather down the value chain (Brands and Retail Groups) have a key role to play in furthering health & safety in tannery workplaces

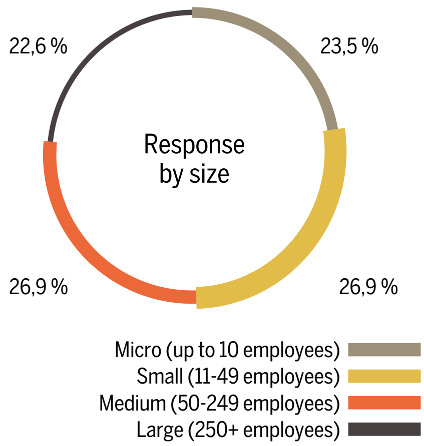
4. Implementing due diligence for health and safety at tannery workplaces offers great business opportunities, while failure to enforce good practice involves high risks and loss of competitiveness

In this report, we explore these findings on the basis of the analysed data. A better understanding of the state of play will help the leather value chain to build on best practices and the work already done and maximise the opportunities they offer.

From a total of 238 survey respondents, the breakdown was as follows:

Figures 1 & 2- Response rate for each stakeholder group and Response rate by size





RESPONSE RATE BY TYPE OF BUSINESS:

Tanners & Trade Unions: The 'tanners and trade unions' category is in turn, divided into tannery owners (46%), tannery workers (47%), and trade unionists (7%).

Brands & Leather Buyers: Among the 30 brands and leather buyers: 83% produce or sell footwear, 53% clothing (including belts and gloves), 53% leather accessories (handbags, wallets, bags & satchels, etc.), 10% furniture, and 3% automotive*.

- With respect to the brand, of the 30 brands & leather buyers 57% have a global brand, 47% a national brand, 30% a supra-national (i.e. EU), and/or 20% a local brand.
- The last specification investigated refers to the business sector, in particular 73% of the 30 brands and leather buyers manage their own production and 53% outsource their production.

Tannery Suppliers: The majority of tannery suppliers (91.4%) were chemical suppliers, with other responses also coming from machinery suppliers (8.6%).

Other stakeholders: These included responses from NGOs, research centres, consultants and federations. The other stakeholder groups includes 'other' 73.8%, consumers 4.9%, NGO 19.7%, and Public authority 1.6%.

Table 1 - Response rate by country:

Country	Tanners & Trade Unions	Brands & Leather Buyers	Tannery Suppliers	Other Stakeholders
UK	7.1%	12.9%	5.9%	16.7%
Germany	11.5%	3.2%	17.6%	11.7%
Spain	11.5%	16.1%	47.1%	11.7%
France	17.7%	12.9%	0.0%	3.3%
Italy	20.4%	6.5%	11.8%	13.3%
Portugal	12.4%	0.0%	2.9%	1.7%
Romania	4.4%	29.0%	2.9%	15.0%
Austria	4.4%	6.5%	0.0%	5.0%
Other Countries	10.6%	12.9%	11.8%	21.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

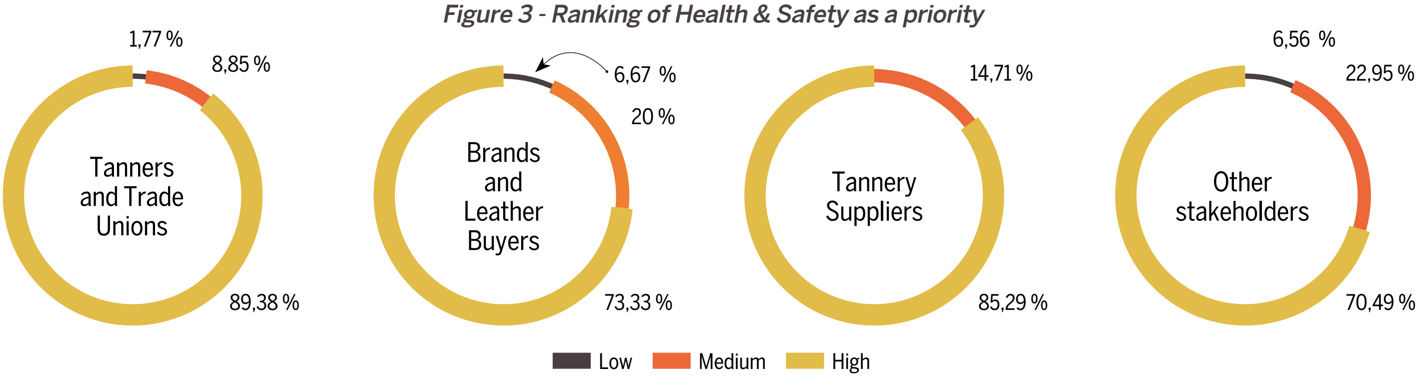
**All these information (market destination, the sources of production, and the type of brand) were collected in the survey by giving the possibility to the respondents to select more than one option, therefore the percentages presented here do not refer to the total responses but to the number of the brands and leather buyers, which is 30.*

Key finding 1

TANNERY WORKPLACE SAFETY IS A KEY PRIORITY ACROSS LEATHER VALUE CHAIN PARTNERS, BUT MATURITY LEVELS VARY IN UNDERSTANDING HOW TO IMPLEMENT DUE DILIGENCE

There is no hesitation among European leather value chain partners in clearly ranking workplace health and safety as a key priority. Surprisingly there are still some 6-7% of operators among leather buyers' and other stakeholders that minimise the strong societal call for due diligence in fashion supply chains. This may only find an explanation in the inconsistent implementation of business strategies along the value chain with regard to tannery workplace health and safety, which testifies to a certain lack of maturity. Levels of maturity in managing due diligence in leather value chains can be explored in various ways. We have considered the level of transparency towards customers or consumers in communicating the credentials of the leather sold in terms of workplace health and safety, and the internal transparency with regard to informing workers on tannery workplace risks.

Figure 3 - Ranking of Health & Safety as a priority



About 2/3 of operators, both of those selling leather and those selling leather products still do not communicate spontaneously about tannery workplace health and safety conditions down the value chain (Figure 4). Among those who do so as a business practice with regard to all their customers, European tanneries seem to be slightly more inclined to convey this information than their clients.

Internal transparency, however, seems to be a common feature in the majority of businesses in the leather supply chain. Leather buyers and sellers make their Health & Safety Risk Assessment Reports (H&S RAR) available to personnel, with 70% of tanneries and trade unions and 77% of brands and leather buyers doing so (Figure 5). The EU-OSHA Directive 89/391/EEC "Framework Directive" indicating that it is the responsibility of employers to inform employees regarding the risks associated with the work they conduct, seems to be widely acknowledged in the sector.

While the implementation of this legal obligation is left to the EU member States, it is apparent from the responses that all risks are not openly disclosed to all people in tannery workplaces.

With only about 1/3 of operators communicating spontaneously about tannery workplace safety to the next link in the value chain, there is room for improvement. However, the leather sector's business partners are moving in this direction, as is apparent from the question regarding the monitoring of tannery workplace safety. We wanted to know whether they asked for assurances to their suppliers and if so what kind of assurance.

Figure 4 - Stakeholder offering information on H&S to their customers/consumers (%).

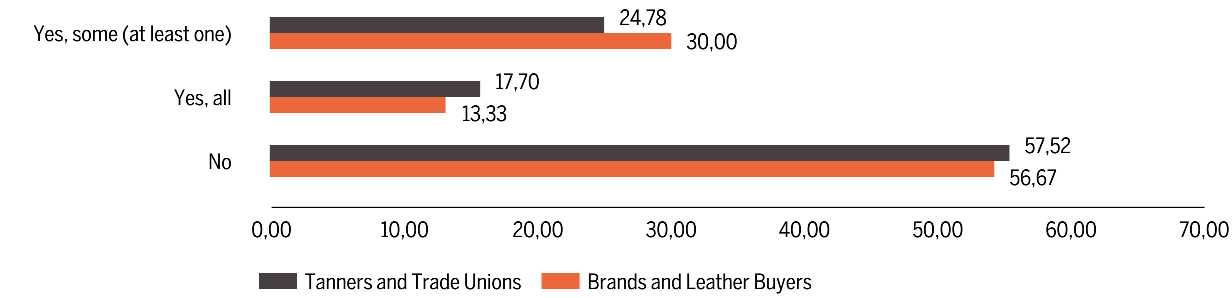


Figure 5 - Availability of the H&S RAR for all the personnel (%).

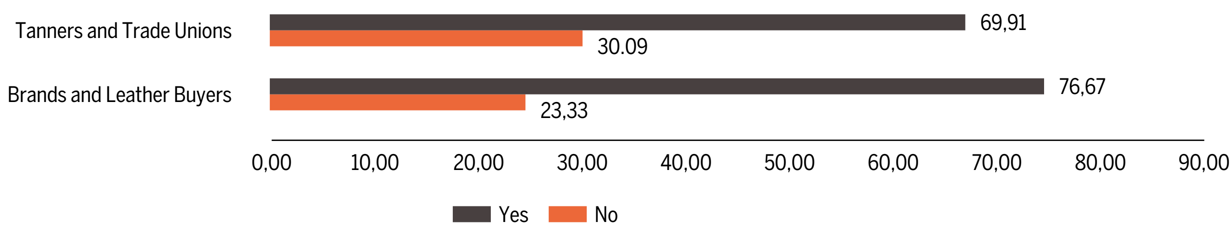


Figure 6 - Customer/Consumers asking for assurances on the implementation of a H&S RAR for leather workplaces (%).

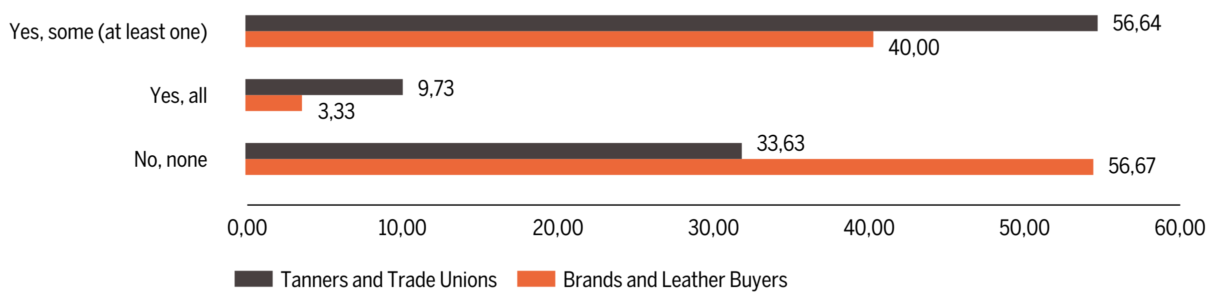


Figure 6 reveals a dichotomy between tanneries and brands and leather buyers in relation to customer assurance on H&S RARs for tannery workplace safety. Indeed, 57% of the brands and leather buyers and 34% of the tanneries report not having customers asking for assurances on the implementation of a H&S RAR for their leather supplies, whilst some 10% of tanneries and 3% of all their customers/consumers do. Leather producers and their customers develop closer due diligence with regard to workplace safety, than other segments in the leather industry. Further survey results appear to confirm this by indicating that 40% of the brands and leather buyers and 57% of the tanneries have customers asking for at least one assurance on the implementation of a H&S RAR in tannery workplaces.

However, the fact that a majority of the customers for brands and leather buyers will be consumers, may explain a lower incidence of requests for specific H&S instruments. Yet, workplace safety in brand's supply chains is becoming increasingly an issue in the textile sector and is likely to expand with demands for "social labelling". For tanneries with business customers (including brands and leather buyers) it seems that the request for assurances from customers has become a more frequent feature.

With Brands and leather buyers being the highest profile group in the leather supply chain, if NGOs were to highlight bad practice regarding H&S issues in the leather supply chain, it would be the brands who would be publicised and their reputation damaged. We asked all stakeholders what type of assurance they were seeking (Figure 7).

Conversely, we asked leather suppliers whether they actually received a pull by their customers to provide assurances on their tannery workplace (Figure 8).

The differences that one can observe from the replies evidence a high level of confusion around the topic, which clearly denotes varied levels of maturity in the industry.

Data was also captured from tanneries and from leather buyers as to whether they know if their leather suppliers keep and apply a H&S RAR.

It emerged that the majority of the leather value chain partners have no certainty as to whether their leather suppliers keep and apply a H&S RAR (Figure 9). For the tanneries' group, if those who do not have leather suppliers are removed from the analysis, the revised figure for 'no awareness of supplier H&S RARs' is nearly two-thirds (62.5%). This evidences a lack of awareness of H&S practices in upstream suppliers in the value chain and exposes downstream leather buyers to reputational risks.

Finally, maturity is also evidenced by the level of support provided to upstream suppliers in implementing good practice, notably when there is uncertainty with regard to business relevant features, such as due diligence for tannery workplace safety.

The data also explored whether the leather value chain partners offered in-factory training in H&S to their suppliers and they reveal that this service is not a common feature (70% of brands and leather buyers and approximately 80% of tanneries and trade unions responded 'no'). There is significant scope for improvement in this area.

Figure 7 - What assurance of H&S do you require from your leather suppliers (%)?

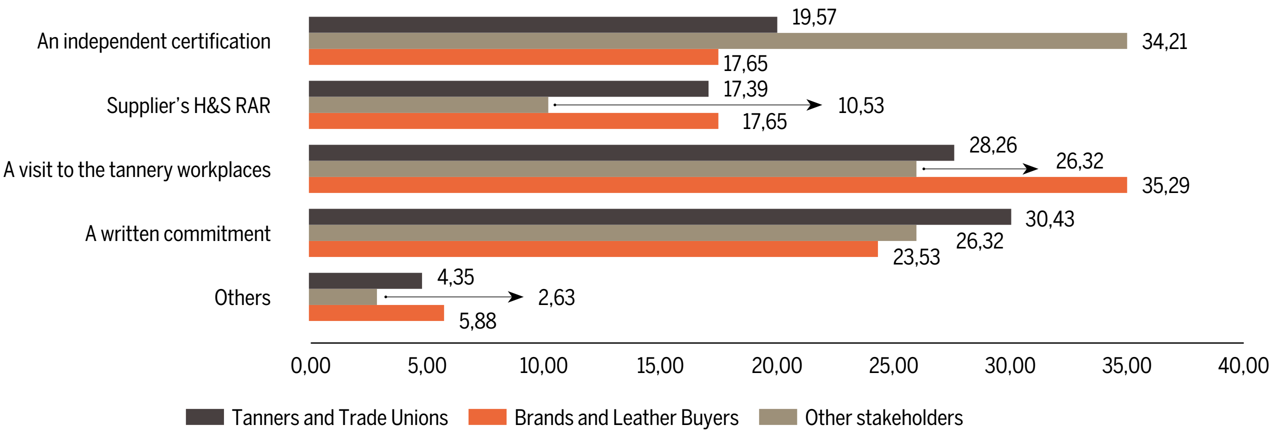


Figure 8 - What H&S assurance do the customers of leather suppliers request (%)?

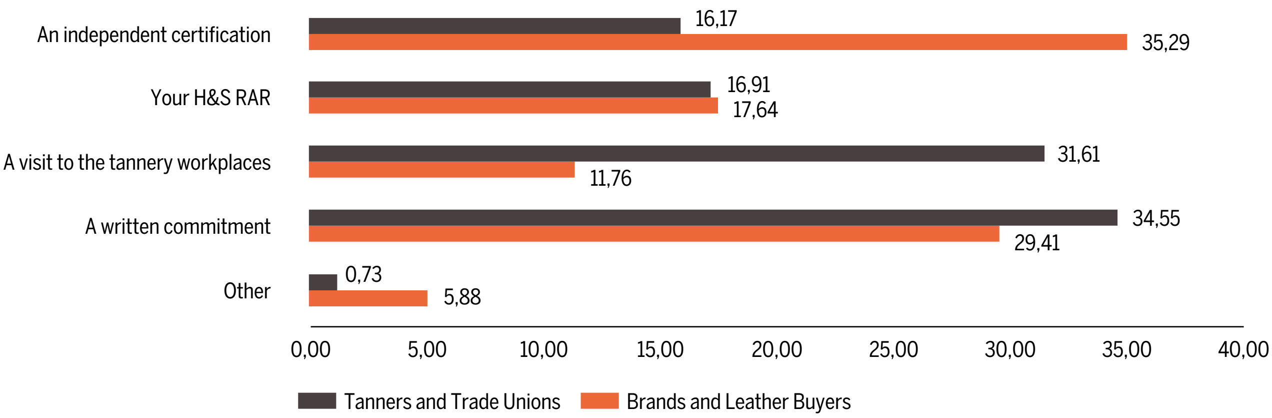


Figure 9 - Leather suppliers keeping and applying a H&S RAR (%).

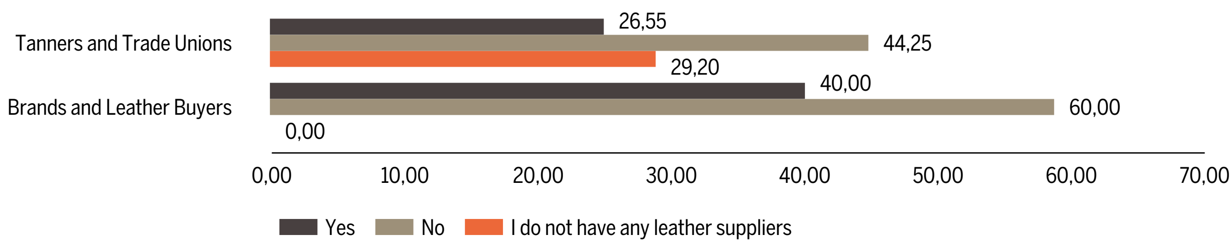
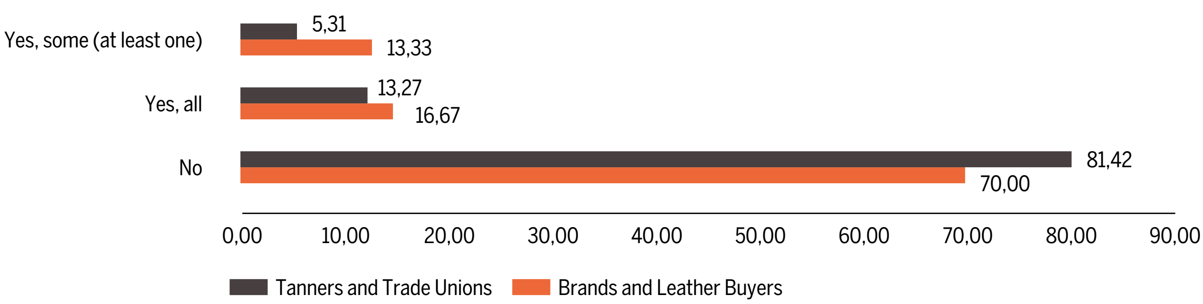


Figure 10 - Stakeholders offering in-factory training in H&S to the suppliers (%).



Key finding 2

THERE IS A WIDE CONFUSION ACROSS STAKEHOLDERS ABOUT SECTOR SPECIFIC INSTRUMENTS USED TO ASSESS TANNERY WORKPLACE SAFETY, WHILE THE OIRA TANNERY TOOL DESERVES TO BE MORE WIDELY KNOWN

A company's H&S Risk Assessment Report (RAR) is the instrument used for assessing workplace health and safety and for presenting the means selected for preventing, reducing or eliminating the identified risks. Its indicators include the appropriate personal protective equipment for workers and it sets the monitoring strategy of the company as well as the corresponding training. It is a robust instrument that reveals whether and how risks are identified and managed.

How such an instrument has been produced in a company has its importance, as it requires significant specific knowledge about the processes and products being employed in production.

In both stakeholder groups, the majority of H&S RARs are drafted in-house, with brands and leather buyers showing a slightly higher score than tannery workplaces (Figure 11). Nearly two-thirds of the brands and leather buyers have defined in-house, the H&S requirements that they intend to apply to their leather suppliers.

The survey investigated whether the respondents considered a company H&S RAR as a useful tool for testifying how workplace safety is managed.

All stakeholder groups concur in general that a H&S RAR is a useful tool for testifying how workplace safety is managed in a tannery (Figure 12). However, there are some differences between groups, that are most likely related to their position in the leather value chain. Interestingly, the number of respondents in the 'other stakeholder' group, without an opinion, is relatively large (39%).
The 'other stakeholder' group is composed of NGOs, research centres, and consultants, of which a certain number may not necessarily be acquainted with H&S RARs. However, 56% agree about the usefulness of the instrument. All other groups show a much higher trust rate, with four-fifths of tanners and trade unions and tannery suppliers, and nearly 97% of brands and leather buyers, answering in the affirmative.

Figure 11 - How the H&S RAR has been drafted (%).

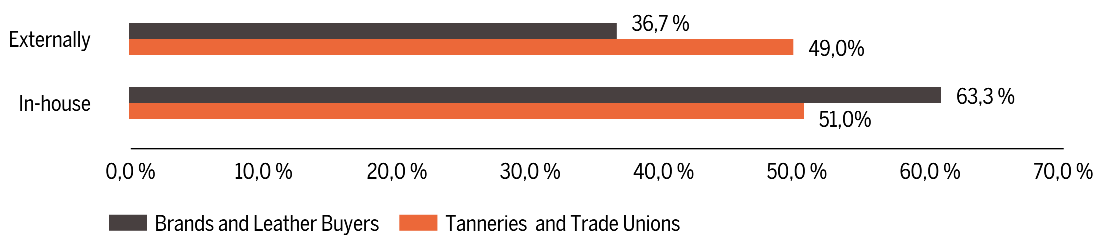
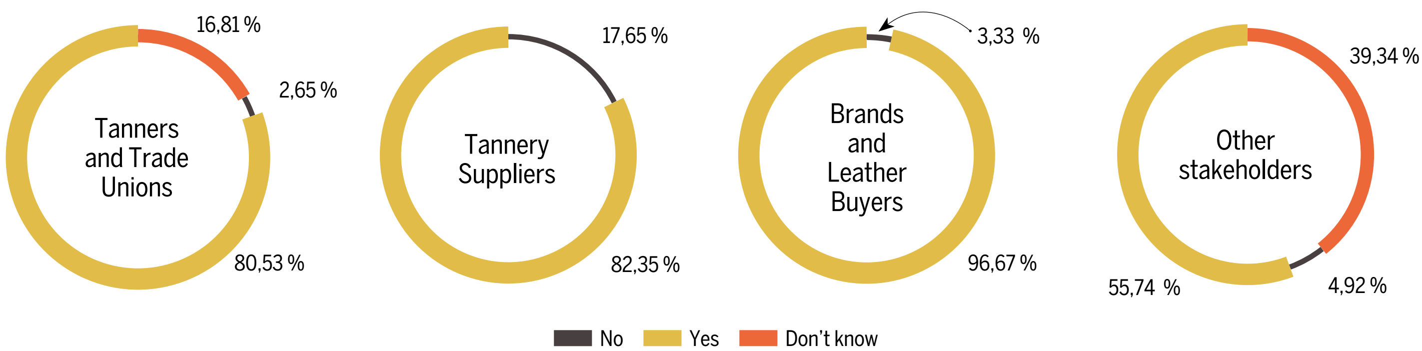


Figure 12 - Usefulness of the H&S RAR, for each stakeholder group (%).



The confusion across stakeholders is in relation to the knowledge of tannery specific H&S frameworks. The survey investigated which tannery specific references for workplace safety the stakeholders were aware of, proposing a number of answers, including both tannery specific (OiRA Tannery Tool) and non-tannery specific (SA 8000, ISO, CEN), as well as an environmental auditing protocol with a certain reputation in the leather sector, but that does not have a H&S section (LWG).

The results demonstrate that, to a large extent, all four stakeholder groups ignore the only tannery-specific tool for tannery workplace risk assessment (Figure 13). ISO, a system of standards that provides only a framework that needs to be adapted to the specific needs of the sector, is the leading reference point, followed by the LWG which does not address H&S in its auditing protocol. SA 8000, a generic tool, occupies the third rank.

The high response regarding ISO standards is surprising. In reality, the ISO 45001 health and safety management standard was not launched until March 2018 and is not tannery specific, suggesting that respondents are not really acquainted with the instruments available.

The SA 8000 standard is an internationally recognised private social standard. However, it is primarily concerned with social accountability, of which H&S forms a part, but it is not a H&S risk assessment tool.

Figure 13 - References for workplace safety acknowledged by the stakeholder groups (%).

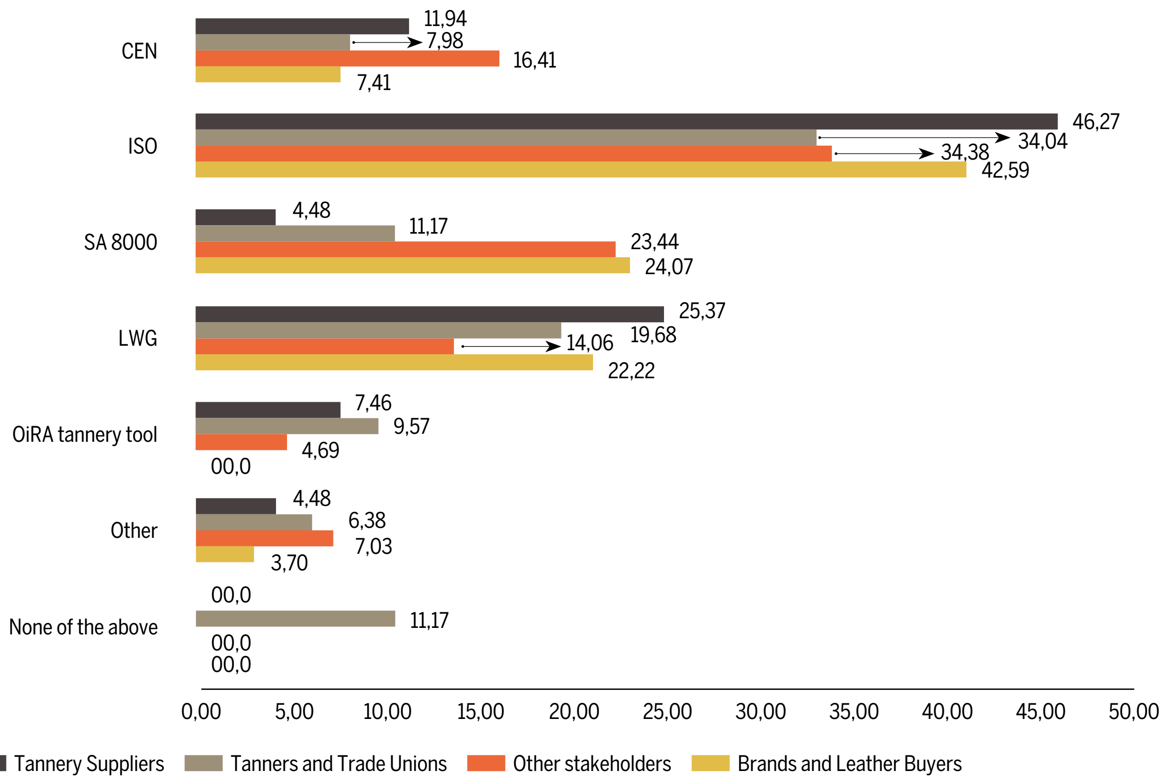


Figure 14 - The use of the Online Interactive Risk-Assessment for Tanneries (%).

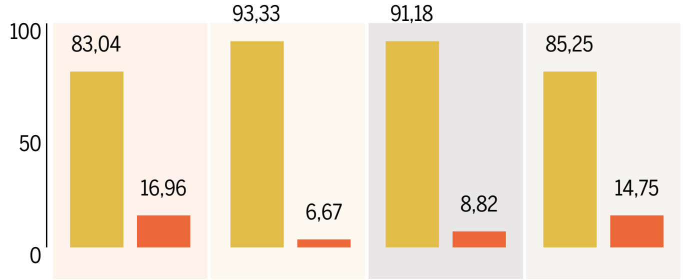


Figure 15 – Opinion on the suitability of the OiRA tannery tool among the four groups of respondents.

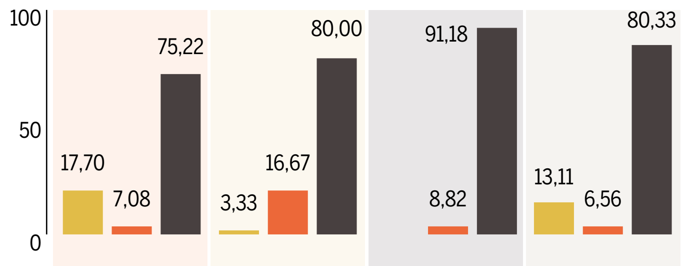
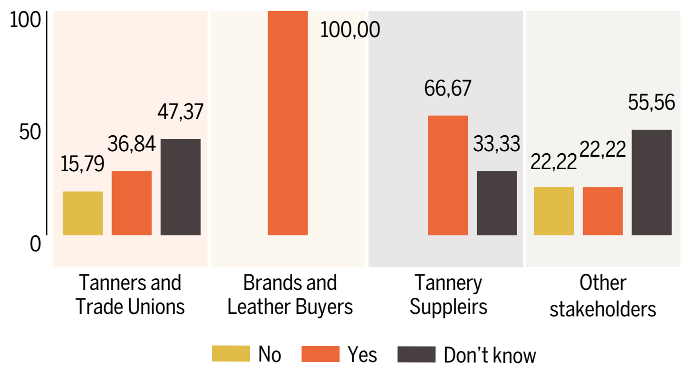


Figure 16 - Suitability of the OiRA tannery tool among the four groups of respondents for those who are aware of the tool.



The least recognized reference is OiRA, only known/used by 6% of respondents overall, albeit nearly 10% of tanneries and trade unions were aware of it. OiRA was developed in 2012 and after 5 years of existence has already reached a certain sector audience. There is, however, a high potential for the OiRA tannery tool. Figure 14 - The use of the Online Interactive Risk-Assessment for Tanneries (%).

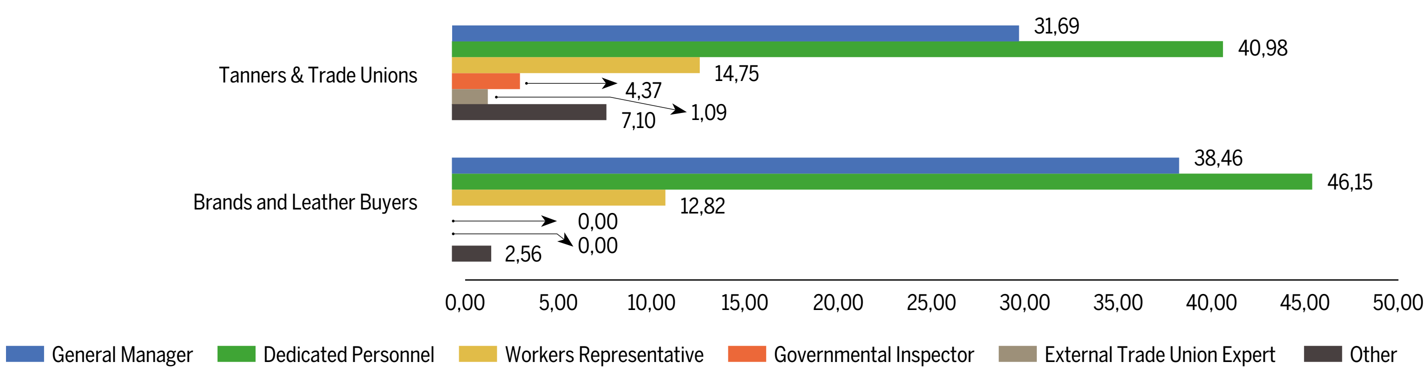
The majority of stakeholders have not considered the free OiRA tool for the identification of tannery workplace risks, and tanners and their customers do not use this instrument for setting up their company RAR (for the former) or the H&S requirements to suppliers (for the latter) (Figure 14). This result evidences the low awareness of the OiRA tool in the leather value chain. However, with respect to the dimension of the organization, the results show that 'large' and 'medium' enterprises are less likely to use the OiRA tool. Therefore, OiRA use and awareness is more prevalent in smaller organisations.

Moreover, the confusion regarding OiRA spans through the majority of respondents, as they have no opinion on its eventual suitability to address all tannery risks (Figure 15).

However, of those aware of the OiRA tannery tool, leather buyers and tannery chemicals and machinery suppliers seem to be more confident in its suitability to address all key risks in leather production (Figure 16). Strangely, only about a third of tanneries trust that all key risks are addressed by OiRA.

The survey also addressed the question to all stakeholder categories on their practice regarding the person responsible for monitoring the implementation of the H&S Risk Assessment Report (RAR) in tannery workspaces (Figure 17)*.

Figure 17 - Person responsible for monitoring the implementation of the H&S RAR in workspaces (%).



The specific question asked here was 'Who is in charge for monitoring the implementation of the H&S RAR?'. This related to the individual/job role within the company who had primary responsibility for the RAR implementation.

Across stakeholder categories, the main occupational roles identified as being in charge for monitoring the implementation of the H&S RAR in tannery workspaces are displayed in the following Table (2).

Great confusion applies also with regard to this question. Looking closer at the vertical stakeholder categories in the leather supply chain, dedicated personnel seem to be the preferred option across both stakeholder groups (46% of the brands and leather buyers and 41% of the tanners and trade unions). For both groups, the other personnel identified as being responsible for monitoring the implementation of the H&S RAR are the general manager, followed by worker representatives, and other personnel. However, the percentage of the Tanners and Trade Unions identifying the general manager as being responsible is lower with respect to the Brands and Leather Buyers respectively (32% versus 38%). The converse is true for the data in relation to worker representatives and other personnel, for which less Brands and Leather Buyers rely on them with respect to Tanners and Trade Unions.
In particular, for tanners and trade unions the general manager is in charge for monitoring the implementation of the H&S RAR in 32% of the cases, in particular for medium enterprise (34%), followed by small enterprise (31%), large enterprise (19%), and micro enterprise (16%). With respect to Brands and Leather Buyers, the person considered to be responsible is the dedicated personnel category (46%), in particular for large enterprises (61%), followed by small and medium enterprise (both 17%), and micro enterprise (6%).

Table 2 - Person responsible for monitoring the implementation of the H&S RAR in workspaces for all stakeholder groups (%).

	Brands & Leather Buyers	Other Stakeholders	Tanners & Trade Unions	Tannery Suppliers	Total
General Manager	38.46	23.19	31.69	21.67	28.10
Dedicated Personnel	46.15	29.71	40.98	48.33	38.81
Workers Representative	12.82	20.29	14.75	13.33	16.19
Governmental Inspector	0.00	10.87	4.37	13.33	7.38
External Trade Union Expert	0.00	10.14	1.09	1.67	4.05
Other	2.56	5.80	7.10	1.67	5.48
Grand Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
	N= 39	**N= 138**	**N= 183**	**N=60**	**N= 420**

Key finding 3

THE CUSTOMERS OF LEATHER DOWN THE VALUE CHAIN (BRANDS AND RETAIL GROUPS) HAVE A KEY ROLE TO PLAY IN FURTHERING HEALTH & SAFETY IN TANNERY WORKPLACES

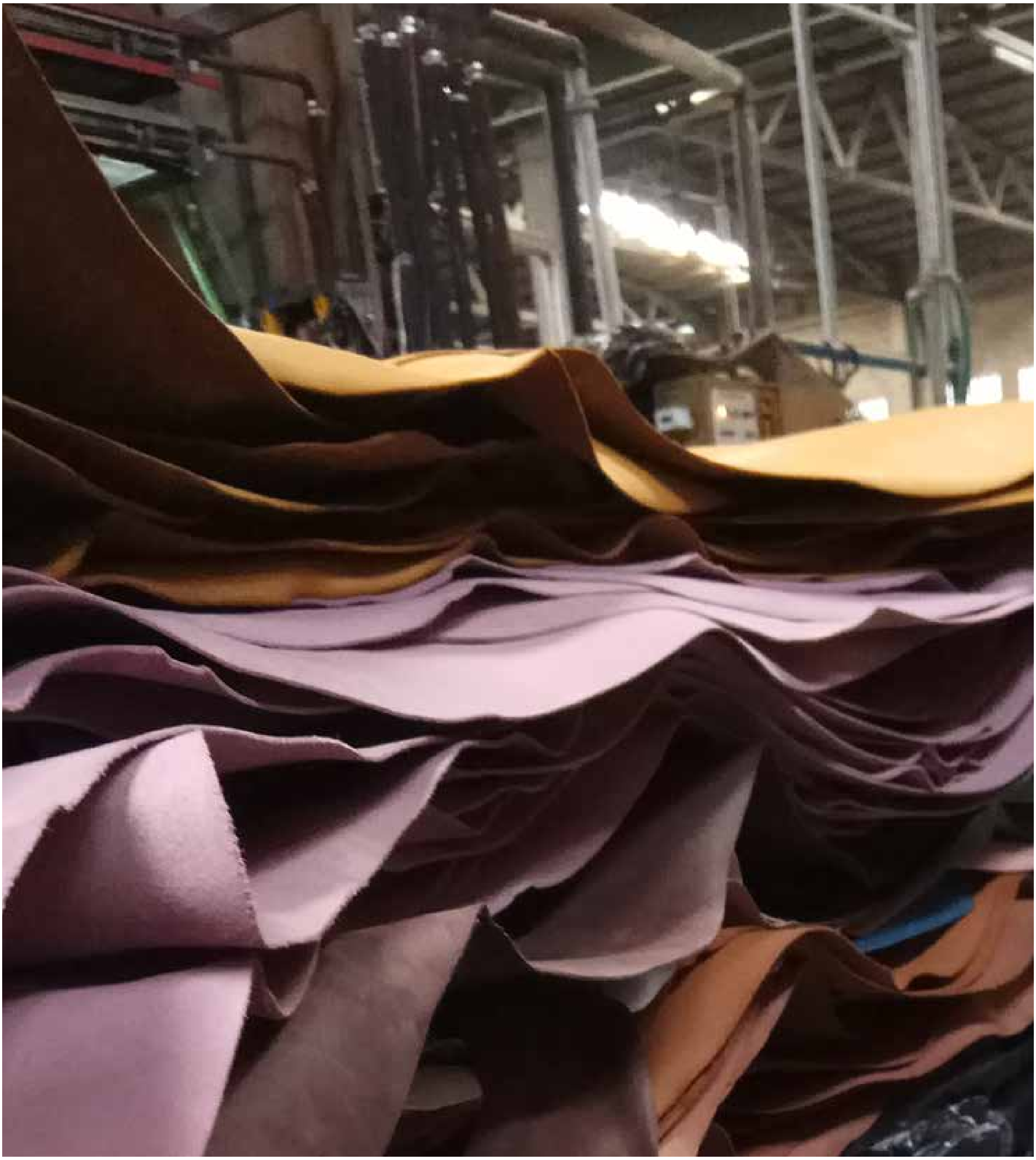


Figure 18 - Awareness of workplace safety in the tanneries (%).

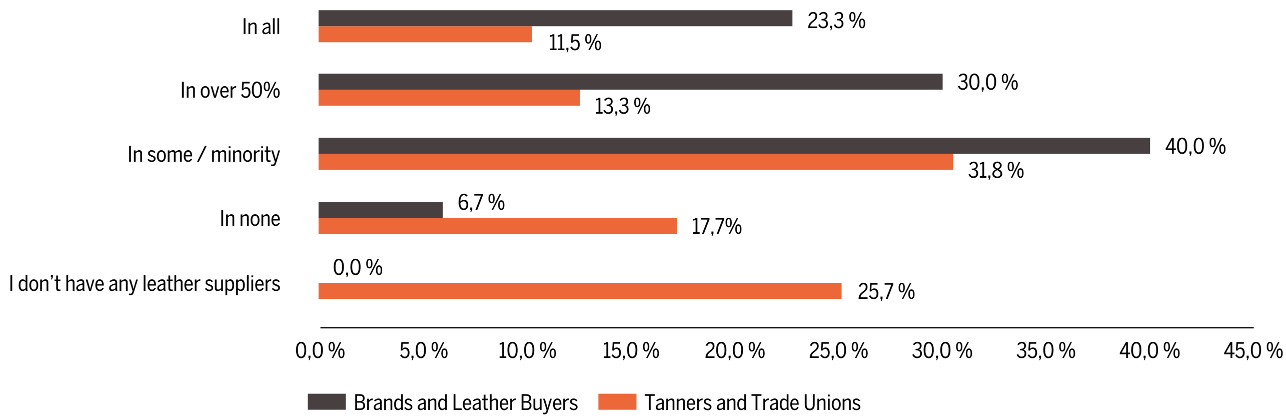
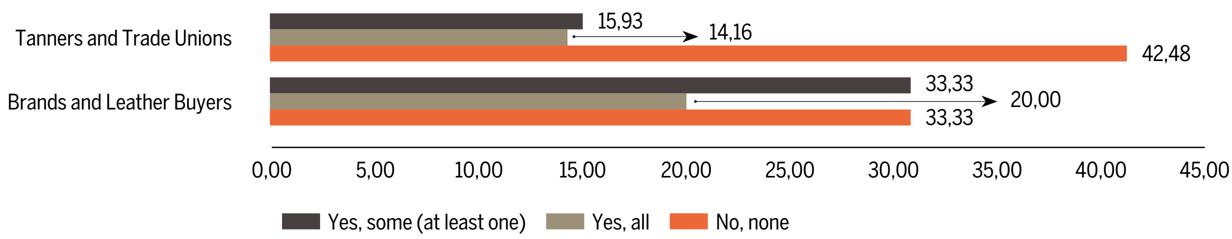


Figure 19 – Requesting assurances on the implementation of a H&S RAR from leather suppliers (%).



Reputational risk increases the closer businesses are to consumer markets. The bigger the Brand, the less it can afford to be exposed to adverse publicity due to CSR failures. Reputational risk is probably the main driver for businesses when it comes to applying due diligence in their supply chains.

How do businesses prevent this risk when it comes to tannery workplace health and safety? Can downstream leather value chain partners drive good practice along supply chains?

Since you can only address what you know, we wanted to understand to what extent leather business partners are in general "aware" of workplace safety in the tanneries from which they get their supplies.

It was found that for tanneries, awareness of workplace safety in the majority or all of their supplier tanneries is low (24.8%), whilst the equivalent figure for brands and leather buyers is much higher (53.3%) (Figure 18). This is also reflected by the fact that twice as many brands and leather buyers (23.3%) have H&S awareness across all their suppliers compared with tanneries and trade unions (11.5%)*. However, the difference is not as stark as it first appears; if the tanneries who do not have any leather suppliers are removed from the analysis, then awareness rises to one-third (33.4%) for tannery awareness in all or the majority of their suppliers, and 15.9% for all suppliers. However, brands and leather buyers, still have greater knowledge of their suppliers' H&S practices.

Improving awareness levels implies taking an active role in obtaining the information required.

We learned already that 40% of the brands and leather buyers, and 57% of the tanneries, have customers asking for at least one assurance on the implementation of a H&S RAR in tannery workplaces.

We also investigated whether they themselves requested assurances on their suppliers for completing the picture.

A majority of Brands and leather buyers (53%) reported asking for assurances from their leather suppliers, while only about a third of the tanneries consulted, that purchase leather from other tanners, reported the same (Figure 19). This may be because tanners know the tanners from whom they buy leather.

With regard to the key role played by those pulling demand for leather down the value chain, we were interested to know whether the survey data could reveal which market segments where most active in driving due diligence in their leather supply chains, and which were not.

**It must be noted though that we need to remain cautious in relation to interpreting these results, as it remains to be seen how truthful companies are being (more in relation to capacity than intention) in having knowledge of their supplier's H&S practices, especially when said supplier might be 3 or 4 tiers removed in the value chain. As was noted earlier, awareness of and auditing of supplier H&S is more prevalent in larger organisations (especially B&LBs) and those organisations that draft their own RARs in-house, which would suggest a greater capacity to monitor H&S in complex supply-chains, even if that monitoring is not always effective to the maximum.*

From the research data we could find out that 38% of the footwear brands, 33% of the furniture brands, 20% of the leather accessories brands and about 6% of the clothing brands consulted were actually not asking for any type of assurances from their leather suppliers (Table 3). It would be expected that more leather buyers would seek assurance from their suppliers.

Leather clothing followed by accessories, furniture and footwear were the sectors most active in implementing due diligence in their leather supply chains. Automotive supply chains seem not concerned at all with this question. The tanneries from which the car industry gets their leather supplies have to fulfil many corporate requirements that their customers may assume high H&S standards.

Seeking assurances can evolve into getting objective intelligence in the form of audits.
Therefore, in relation to leather buyers, the survey also explored whether the customers of tanners audited the workplaces of their leather suppliers on the safety of their production processes.

Figure 20 provides the perception from the supplier of leather and leather articles to the next link in the value chain. A majority of tanneries declared being audited by their customers (67,5%), while only about a third of the latter declared being audited in turn by their customers. This again may relate to the different types of customers that the two stakeholder groups engage with.

The survey also investigated whether leather sellers and leather buyers audit their leather suppliers on tannery workplace safety (Figure 21).

The survey data shows that most tanneries do not audit their leather suppliers on tannery workplace safety (55%). This feature is even more marked if those tanneries that do not have leather suppliers are removed from the sample (77.5% of tanneries not auditing their suppliers). Conversely most of the brands and leather buyers do (57%). This may be due to the fact that most tanners purchase wet-blue or crust from suppliers they know, for reasons of quality and compatibility with their own production process. Having in-depth knowledge of the leather production process and its related risks, they may feel that auditing suppliers is not as critical. However, this cannot be ascertained from the data, and further research and consultation with Tanneries and Trade Unions is required.

Finally, stakeholders were asked to indicate whether independent certification of supplier's H&S RARs can help prevent reputational damage.

Both stakeholder groups, leather suppliers and leather buyers, acknowledged the value of independent certification of H&S practices in tanneries for reassuring the actors along the value chain (Figure 22). Indeed, the survey data evidenced that if suppliers of leather provided both to other tanneries or to tanners' customers, independent certification on their implementation of H&S RARs, then reputational damage can be prevented (44% of tanneries and trade unions; 76% of brands and leather buyers). Again, if those tanneries reporting that they do not have leather suppliers are removed from the analysis, then the proportion acknowledging RAR prevention of reputational damage rises to 62.5% in this stakeholder category.

Table 3 - Assurances on the implementation of a H&S RAR from leather suppliers and market sector (%).

	Footwear	Clothing	Leather Accessories	Furniture	Automotive
Yes, all	19.05	31.25	40.00	33.33	0.00
Yes, some (at least one)	42.86	62.50	40.00	33.33	0.00
No, none	38.10	6.25	20.00	33.33	100.00
Overall	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Figure 20 - Customers auditing tannery workplaces on the safety of production processes (%).

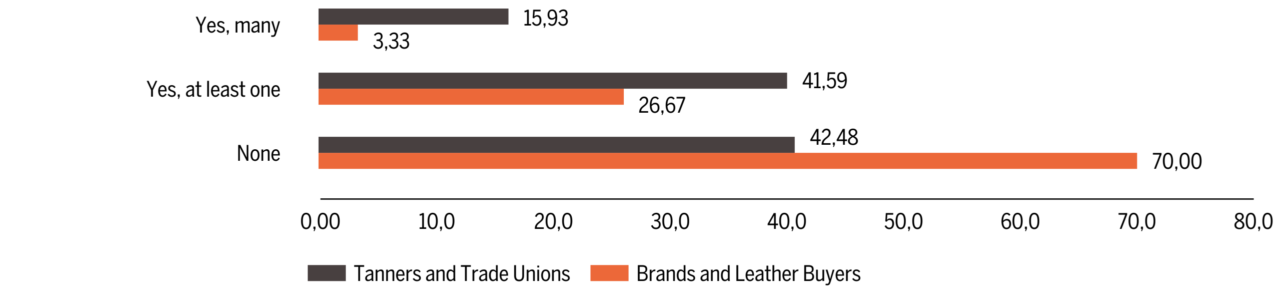


Figure 21 - Tanneries and brands and leather buyers auditing their leather suppliers on tannery workplace safety (%).

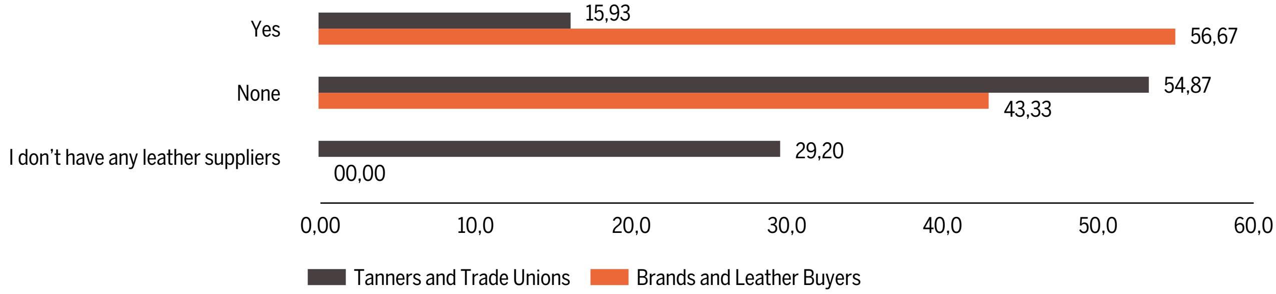
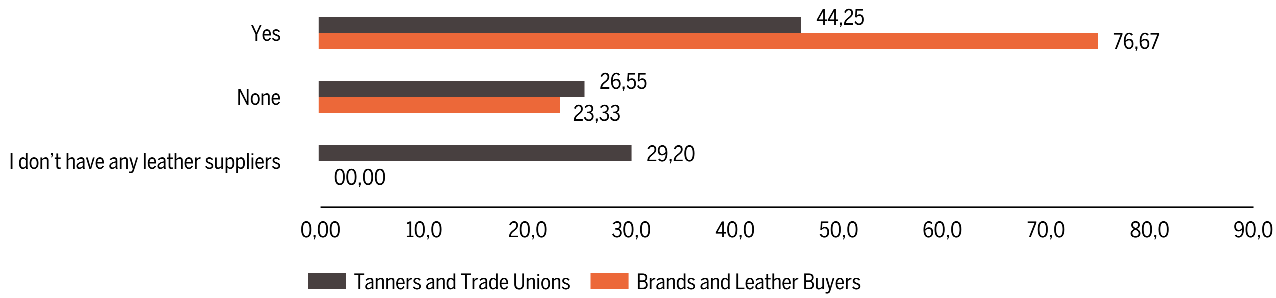


Figure 22 - Preventing reputational damage through independent certification of supplier RARs(%).



Key finding 4

IMPLEMENTING DUE DILIGENCE FOR HEALTH AND SAFETY AT TANNERY WORKPLACES BEARS GREAT BUSINESS OPPORTUNITIES, WHILE FAILURE TO ENFORCE GOOD PRACTICE INVOLVES HIGH RISKS AND LOSS OF COMPETITIVENESS

There is a clear business case for implementing due diligence for health and safety in the tannery workplaces of your leather supply chain. Most importantly, it ensures the best working conditions for the people producing your leather, which is also a positive factor for employee retention and product quality, and puts you on the safe side with regard to risks on your business reputation. You may be paying a little bit more for your leather in the short run - because responsibility has a cost - but you will win in the long term. This equation applies to anyone buying leather and both to tanneries getting inputs from colleagues and to brands outsourcing production of leather.

Consumers and customers increasingly ask for assurances on workplace safety in tanneries, which testifies that there is a real demand for due diligence in the leather supply chain, notably in the fashion sectors. Over 90% of leather clothing producers, some 80% of leather accessories producers and nearly 72% of leather footwear producers request workplace safety assurances from their leather suppliers.

When customers don't get what they ask for, they tend to use the "stick", excluding the supplier at term from their supply chain (Figure 23).

While at present only a marginal number of leather buyers (tanneries or Brands and leather buyers) would immediately stop buying from suppliers that opposed provision on demand of assurances on their workplace safety practices, 66% of the tanneries and the 63% of the brands and leather buyers respectively, would do so after a limited number of reminders, signifying that their patience has a limit.

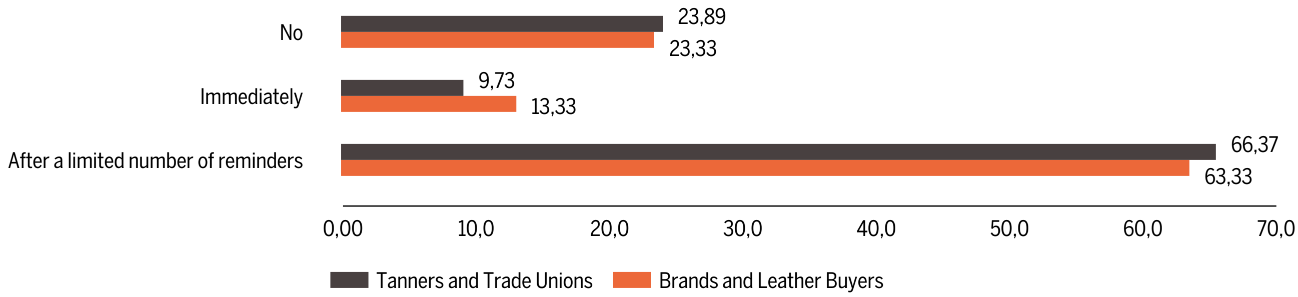
If both stakeholder groups were to continue buying for a certain time, giving the supplier the opportunity to comply to the request, this "extra time" ought to be used for implementing the changes that will allow the leather supplier to keep the customer.
Europe is still the largest and most demanding open consumer market for leather and leather products in the world. Everybody wants to sell here and with its open trade policy, Europe demonstrates that it wants to buy from everywhere.
However, with increasing adverse coverage in the media of bad corporate behaviour from certain leather suppliers, perceptions shape purchasing decisions, in both the short- and the long term. We wanted to know what the perceptions of leather buyers are, with regard to a number of supply markets in the world.
We explored stakeholder perceptions of the level of enforcement of H&S standards in several geographical regions around the world (EU, non-EU Europe, Russia and former Soviet Republics, Asia, Latin America, Africa, Oceania, and North America) (Figures 24a-h)*.

The figures show that all suppliers have a high/medium level of trust with respect only to the EU and North American regions. The rest of the geographical areas are considered as medium/low level of trust by the stakeholders (non-EU Europe, Russia & former Soviet Republics, Asia, Latin America, Africa, and Oceania). Whilst these are only perceptions, it should be noted that this represents at the minimum a marketing failure in these regions to demonstrate adherence to H&S frameworks, and at worst a lack of adherence in these regions to those frameworks. This was a particularly acute problem across the stakeholder groups for the Africa and Asia regions, where mean responses were 1.1 and 1.3 respectively (minimum score 1; maximum score 3).

While it is noted that the majority of the respondents are from within the EU region, this suggests a wider level of mistrust from within the industry regarding certain geographical regions. It is likely that this also relates to perceptions around general CSR, including environmental concerns.

The perception mapping can be seen as a clear encouragement for European and North American leather suppliers. If it is true that brands and leather buyers are more willing to trade with tanneries they trust regarding H&S, they have a clear competitive advantage. But clearly Europe and North America cannot satisfy the entire demand for leather that will end up in their markets. Other suppliers are also needed. Asia, which is probably the largest supplier of leather in the world, Russia and other former Soviet Republics, Latin America and notably Africa would be well advised to follow the example of European tanneries with regard to workplace health and safety for securing their market shares. It may well be that the promotion and adoption of a European framework, such as OiRA, in these regions could help to improve perceptions within the sector of their adherence to H&S frameworks/ processes.

Figure 23 - Would you stop buying leather from suppliers who do not provide you assurances on standard tannery workplace safety? (%).



It should be noted that these only relate to stakeholder perceptions and so may not correspond to the realities on the ground. Furthermore, the respondent bias to Europe as a region (92% of all responses received) intrinsically makes these results a European-centric perception.

FIGURES 24 A-H - PERCEPTION OF THE LEVEL IN SEVERAL GEOGRAPHICAL AREAS

Figure 24a - Trust in the EU Countries

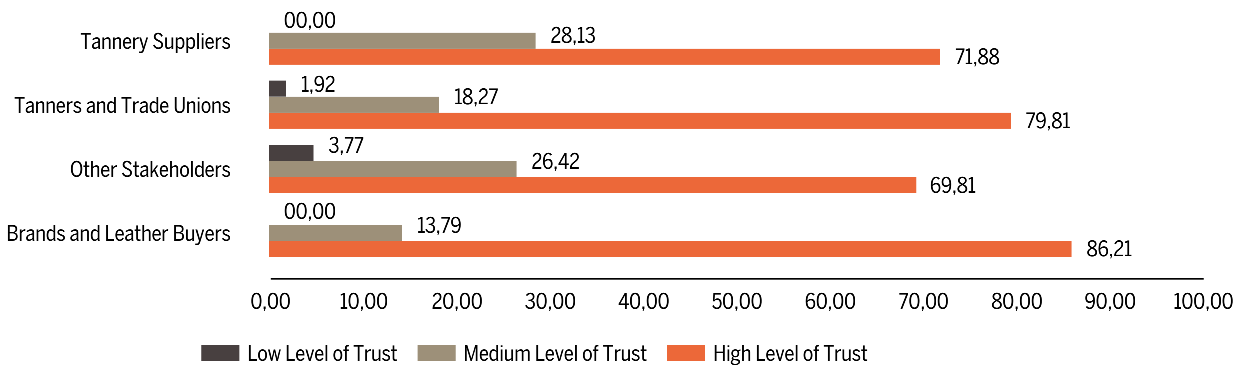


Figure 24b - Trust in the Non-EU European Countries

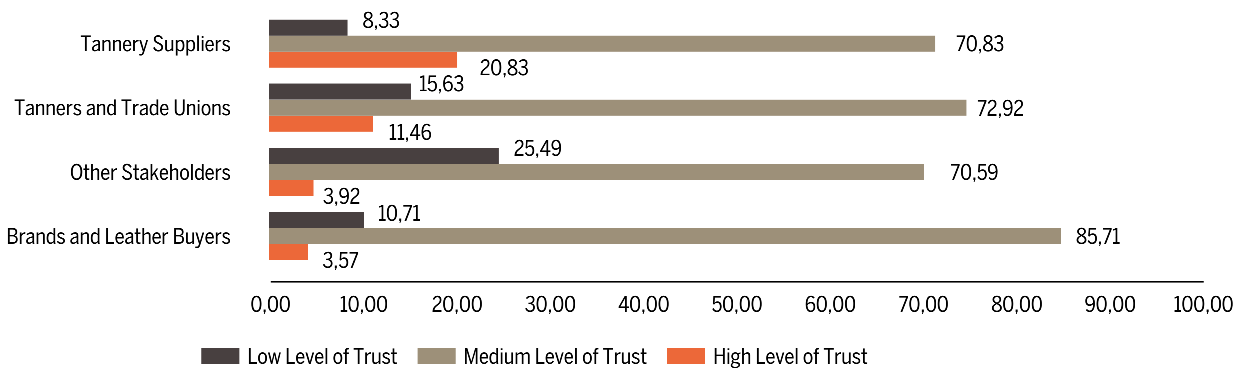


Figure 24c - Trust in Russia and ex-Soviet Countries

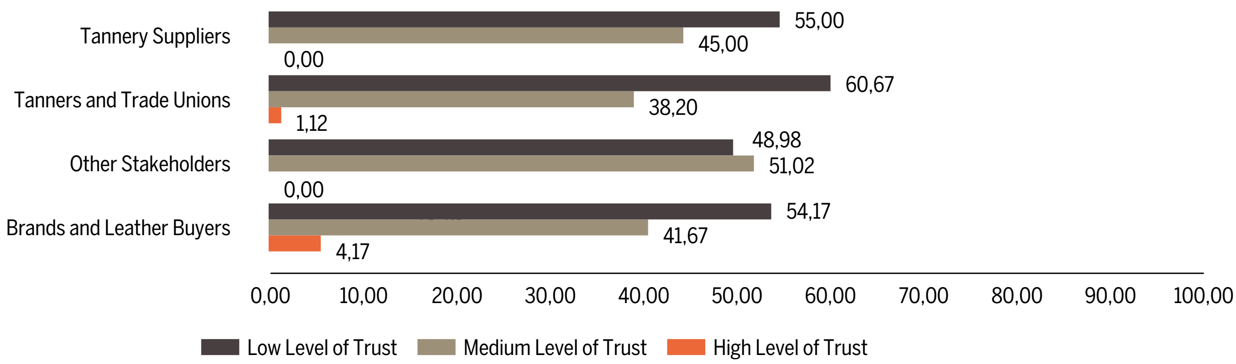
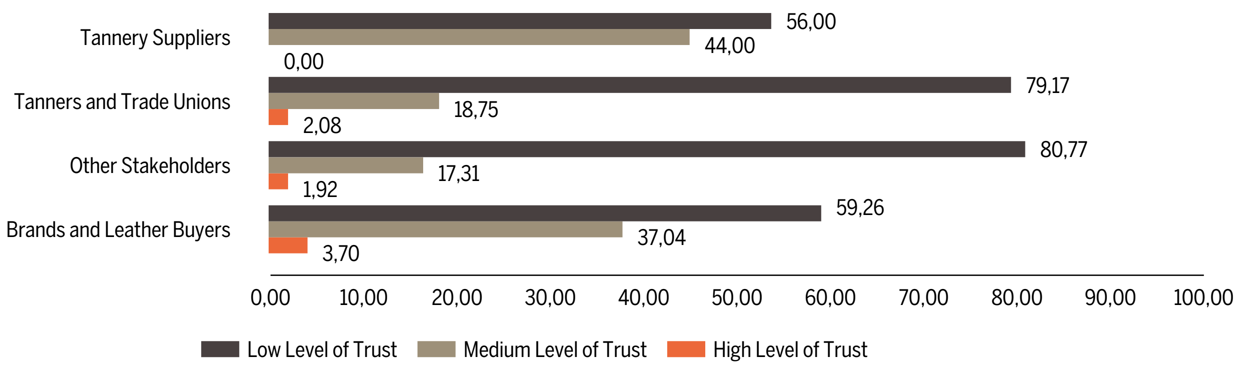


Figure 24d - Trust in Asian Countries



OF ENFORCEMENT OF H&S STANDARDS FOR EACH STAKEHOLDER GROUP (%).

Figure 24e - Trust in Latin American Countries

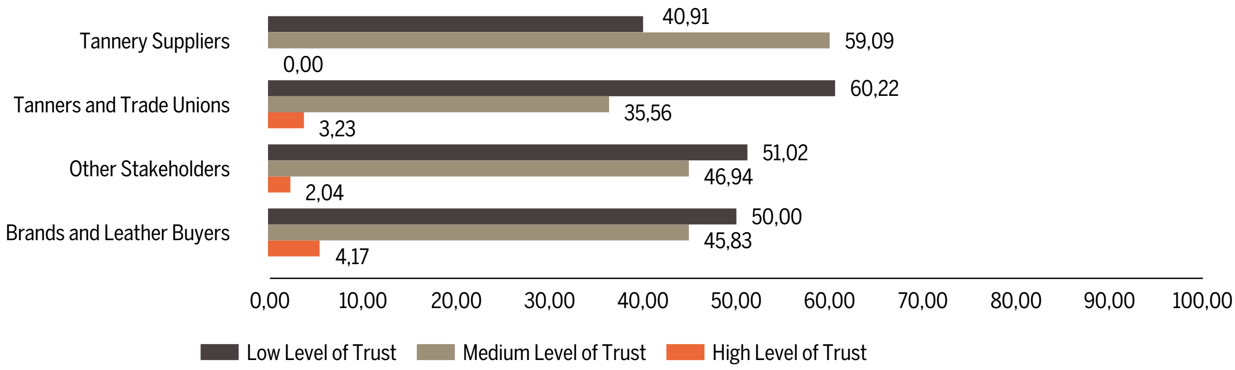


Figure 24f - Trust in African Countries

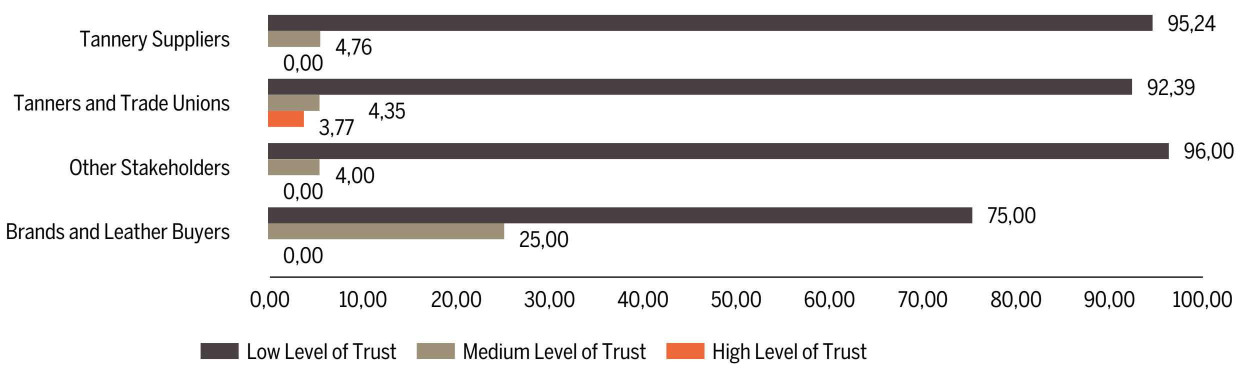


Figure 24g - Trust in Oceanian Countries

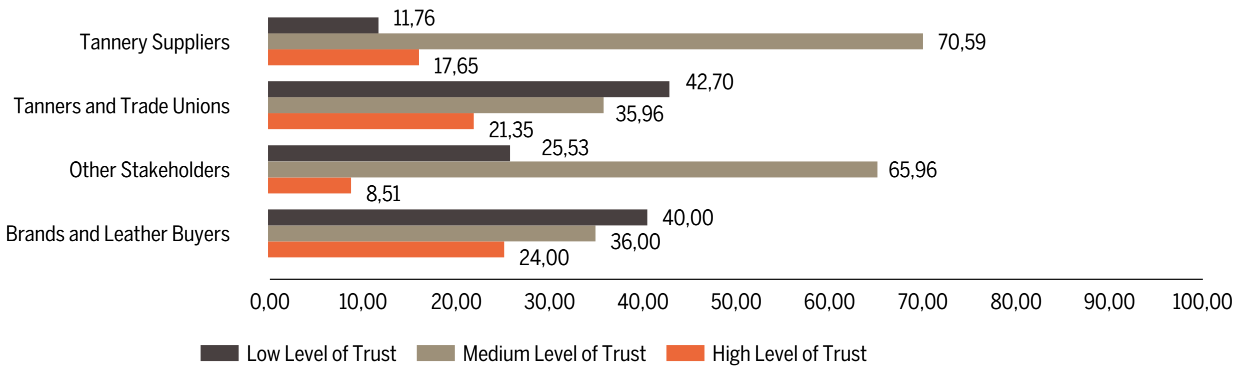
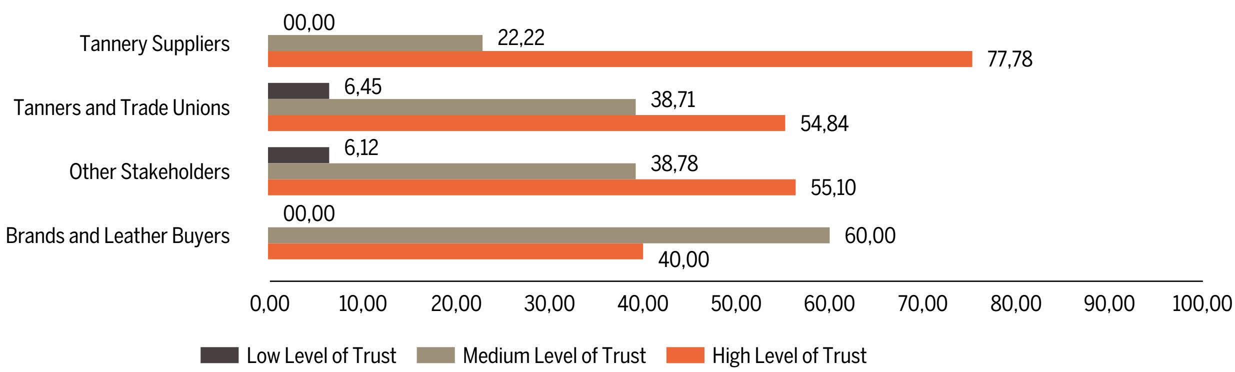


Figure 24h - Trust in North American Countries



1. **SOCIAL DIALOGUE AT SECTOR LEVEL IS A KEY INSTRUMENT** for the sustainable development of industry. Strenghtening it in Europe and promoting it throughout the leather value chain at global scale, can only bring benefits to its workers and businesses.

2. The free **ON-LINE INTERACTIVE RISK ASSESSMENT TANNERY TOOL** (OiRA tannery tool) developed by the Social Partners of the European leather industry needs to be promoted within the tanning industry and across the leather value chain. Social Partners of the leather sector at national level, whether in the EU or not, are invited to use and widely promote it.

3. The OiRA tannery tool is freely available in English. The leather sector's stakeholders are invited to collaborate with the EU Social Partners and come up with possible arrangements or projects where it can be **TRANSLATED INTO OTHER LANGUAGES** so as to widely disseminate its benefits. The UNIDO Leather Unit has already indicated its interest here, to support the development of infant industries.

4. It is important to ensure that Brands and Leather buyers, and also NGOs, technology centres and consultants learn about the availability of the OiRA tannery tool **TO ENCOURAGE THE IMPROVEMENT OF WORKPLACE SAFETY CREDENTIALS OF LEATHER SUPPLIERS**, reduce reputational risks in the value chain and help the industry to improve its image.

5. **MACHINERY AND CHEMICALS SUPPLIERS** of the tanning sector could draw marketing benefits from providing their support to the continuous update of the OiRA tannery tool. Providing information for their products, on risks and their management during use, in a format that allows for enhanced uptake could be an example of good sector governance.

6. The Leather Value Chain should consider adopting the OiRA tannery tool and notably its Risk Assessment Report (RAR), as a **SECTOR STANDARD** for the communication of health and safety credentials down the supply chain. Certified RARs based on OiRA should be recognised as a reliable assurance making a customer audit redundant.

7. Making Due Diligence for health and safety in tannery workplaces a reality requires the **COOPERATION OF ALL STAKEHOLDERS OF THE LEATHER VALUE CHAIN**, the adoption of a standard (OiRA) across the supply chain, the development of opportune training material and appropriate incentives through media coverage. All stakeholders are invited to this joint endeavour and their public authorities are invited to support their efforts.

Methodology

The research adopted a quantitative methodological approach to the data collection process, which involved the design and build of an online survey. The online survey was launched between October 2017 and February 2018 and responses were sought via email sent to pre-identified stakeholders. The survey's target audience consisted of:

Tanneries and Trade Unions

Brands and Leather Buyers

Tannery Suppliers

Other Stakeholders
(NGOs, research centres, regulators, consultants and federations).

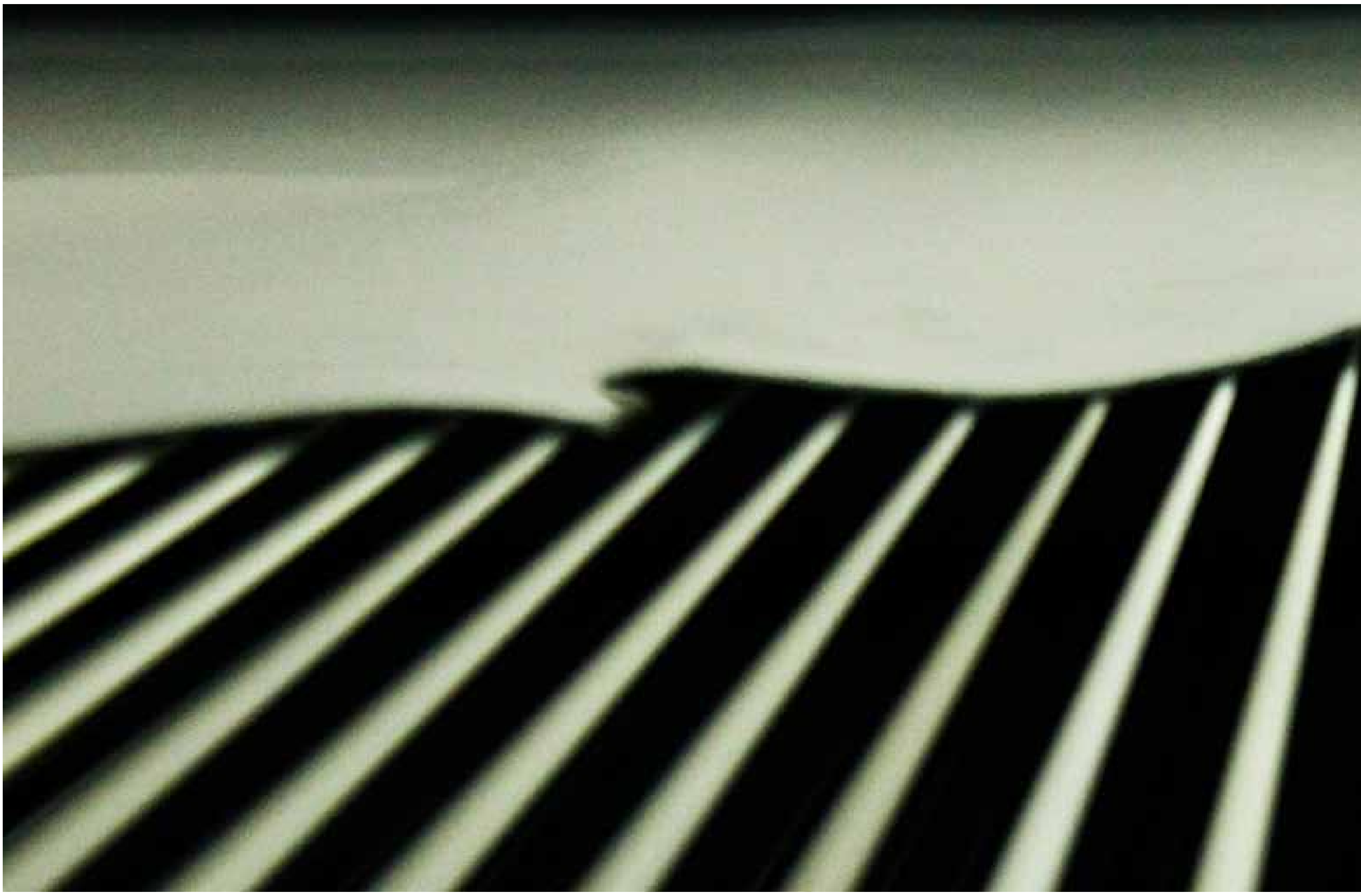
The survey sought to provide quantitative data that would answer the overall research aim and three specific research questions:

1.HOW EUROPEAN TANNERIES ARE REGULATED AND CONTROLLED WITH REGARD TO KEY HEALTH AND SAFETY REQUIREMENTS, AND WHETHER OR HOW THEIR OWN LEATHER SUPPLY CHAIN CAN BE MONITORED?

2.HOW LEATHER PRODUCTS MANUFACTURERS AND IMPORTERS SET TANNERY WORKPLACE STANDARDS AND MONITOR TANNERY WORKPLACE CONDITIONS IN THEIR SUPPLY CHAIN?

3.HOW OBSERVERS AND OTHER STAKEHOLDERS OBSERVE AND INTERACT WITH THE LEATHER VALUE CHAIN?

The survey was designed specifically for each of the four stakeholder groups so as to ensure that the questions were context specific. However, there were a high number of questions that were the same across the surveys, so as to ensure that the research could also engage in comparative analysis between groups.

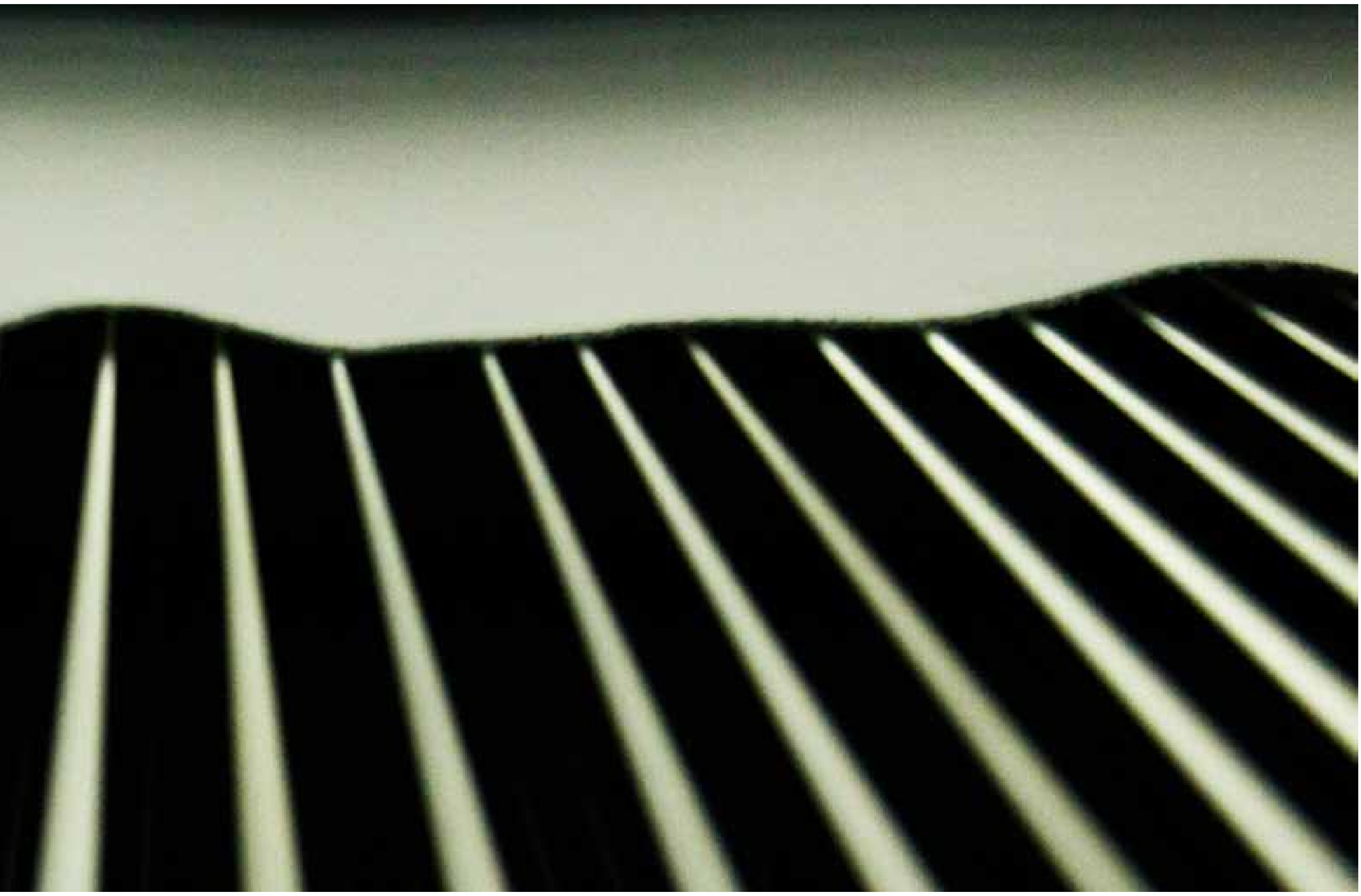


The survey was designed in English, before being translated by the project partners into six other language versions (German, Spanish, French, Italian, Portuguese and Romanian). Each of the survey language versions contained all four of the stakeholder group sub-surveys. The links to the seven survey languages were sent out to a pre-identified database of stakeholders (n=698) in an email containing details regarding the project and the seven survey links.

In addition to this, the survey links were also distributed by COTANCE and industriAll-Europe to stakeholder networks through industry links, secondary emails from project partners and word of mouth. This makes it difficult to ascertain an exact response rate for the survey, as the total number of organisations engaged cannot be identified due to the fluid nature of the dissemination and the multiple networks engaged. The survey can therefore be seen as adopting two sampling techniques; first, a stratified sample of targeted stakeholders, and second, a snowball sample of stakeholders affiliated to partners or respondents.

In total, 238 participants responded to the survey, giving an estimated response rate (based upon the primary database engaged) of 34.1%. The respondents were engaged from 27 different countries globally, although 92.9% (n=221) of the respondents were from Europe. However, participants did engage from across the globe including: North America (n=5); South America (n=1); Asia (n=6); Middle East (n=1); Oceania (n=2); and Africa (n=2). The data can therefore be viewed as global in scope, albeit with a strong focus towards the European leather market. This European bias to the sample should not be viewed negatively, but rather as a representative factor of the global leather value chain and the role that Europe can play in improving H&S standards in other regions.

All data was analysed in SPSS version 22.0 or Stata. Both are statistical analysis software packages that allow detailed examinations of datasets, over and above mere comparisons of averages. The analysis included descriptive tests (means and median average values), and comparative analysis using cross-tabulation Pearson Chi-squared tests. The latter Chi-squared tests allows for a comparison of two or more categorical datasets to see if the observed differences between them arose by chance or not (e.g. differences in yes/no responses amongst the different stakeholder groups). This allows the research to state whether there are indeed significant differences between different stakeholder responses or not.



Survey

QUESTIONS WERE ASKED TO:

T TANNERIES AND TRADE UNIONS
(tannery owner, tannery worker, trade unionist)

S TANNERY SUPPLIERS
(chemicals, machine tools)

B BRANDS AND LEATHER BUYERS

O OTHER STAKEHOLDERS
(consumer, public authority, NGO, other)

T **S** B O

Tannery workplace safety is ranked in my company policy...
High / Medium / Low

T S B O

Do you keep a Health &Safety Risk Assessment Report (RAR) for the tannery operations involved in the manufacture of your product?
All / Some / None

T S **B** O

Do you keep a Health &Safety Risk Assessment Report (RAR) for your leather suppliers involved in the manufacture of your product?
All/Some/None

T S **B** O

How has your H&S RAR been drafted?
In house / External consultant

T **S** **B** **O**

Do you know tannery specific references for workplace safety?
No / OiRA tannery tool / LWG / SA 8000 / ISO / CEN / Other

T **S** **B** **O**

Have you considered the free OiRA tool in the identification of tannery workplace risks?
Y / N

T **S** **B** **O**

Do you believe the OiRA tannery tool addresses all key risks of leather production?
Y / N

T S **B** O

Is your H&S RAR available to all your personnel?
Y / N / Not required by law in my country

T **S** **B** **O**

Who is in charge for monitoring the implementation of the H&S RAR?
General manager / Dedicated personnel / Workers representative /Governmental inspector / External trade union expert / Other

T **S** **B** **O**

Do you consider a Company H&S RAR a useful tool for testifying how workplace safety is managed?
Y / N

To what extent are you aware of workplace safety in the tanneries from which you get your leather supplies?
In none / In some / In over 50% of my suppliers / In all

Do you know whether your leather supplier keeps and applies a H&S RAR?
Y / N

Do you ask for assurances on the implementation of a H&S RAR to your leather suppliers?
Yes all / Yes some / No / I don't have any leather suppliers
If yes, what type of assurance?
Suppliers' H&S RAR / A written commitment / An independent certification / A visit to the tannery workplaces / Other

Do your customers ask for assurances on the implementation of a H&S RAR?
Yes, all / Yes, some (at least one) / No, none
If Yes, what type of assurance?
Your H&S RAR / A written commitment / An independent certification / A visit to the tannery workplaces / Other

Do your customers audit your workplaces on safety of production processes?
Yes, at least one /Yes, many / None

Do you audit your leather supplier on tannery workplace safety?
Yes all / Yes some / No / I don't have any leather suppliers

Do you think you can prevent risks on your reputation if your suppliers of leather could provide you an independent certification on the implementation of a H&S RAR?
Y / N

Based on your experience, how would you rate the enforcement of H&S standards in EU / Non-EU Europe / Russia & former Soviet Republics / Asia / Latin America / Africa / Oceania /North America?
Possible answers: *High / Medium / Low*

Would you stop buying leather from suppliers who do not provide you assurances on standard tannery workplace safety?
No / Immediately / After a limited number of reminders

Do you offer information on H&S to your customers?
Yes all, Yes some (at least some) / No

Do you offer in-factory training in H&S to your customers/suppliers?
Yes all, Yes some (at least some) / No

Do you provide your customers in the tanning sector the corresponding Safety Data Sheets for your supplies?
Y / N

Do you follow the tanning sector?
Y / N

What is the level of your concern of tannery workplace safety?
High / Medium / Low

Project Partners

COTANCE - Confederation of National Associations of Tanners and Dressers of the European Community
industriAll-European Trade Union.

Steering Committee:
COTANCE, industriAll-Europe,
FFTM, VDL, UNIC, ACEXPIEL, UKLF, APPBR, SG.

COTANCE affiliates:

AUSTRIA: Fachverband der Textil-, Bekleidungs-, Schuh- und Lederindustrie
BELGIUM: Union de la Tannerie et de la Mégisserie Belge
BULGARIA: Branch union of Leather, Furriers, Footwear and Leathergoods Industries
DENMARK: Scan-Hide
FRANCE: Fédération Française de la Tannerie-Mégisserie
GERMANY: Verband der Deutschen Lederindustrie e.V.
HUNGARY: Association of Hungarian Light Industry
ITALY: Concerie Italiane - Unione Nazionale Industria Conciaria
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: UK Leather Federation

IndustriAll-Europe affiliates:

AUSTRIA: Pro-Ge
BELGIUM: La Centrale Générale
BULGARIA: FOSIL ; PODKREPA
ESTONIA: The Association of Estonian Light Industry Workers Trade Union
FINLAND: PRO ; TEAM
FRANCE: Fédération des Services – CFDT ; CGT - Textile, Habillement, Cuir
GERMANY: IGBCE
HUNGARY: Mining, Energy and Industry Workers' Trade Union - BDSZ
ITALY: FEMCA-CISL; FILCTEM-CGIL
LATVIA: Latvian Industrial Workers' Trade Union
LITHUANIA: Lithuanian TU "Solidarumas" of Industry Enterprises : Lithuanian Trade Union of Manufacturing Workers
MACEDONIA: Trade Union of Textile, Leather and Shoe Making
MONTENEGRO: Independent Trade Union of Textile, Leather, Footwear and Chemical Workers of Montenegro
NETHERLANDS : FNV Bondgenoten; CNV Vakmensen
POLAND: OPZZ Federacja NSZZ Przemslu Lekkiego
PORTUGAL: FESETE
ROMANIA: Confpeltex
SLOVAKIA: IOZ
SLOVENIA: STUPIS
SPAIN: UGT-FICA ; FITEQA-CC.OO
SWEDEN: If-Metall
TURKEY: DERIS
UK: Community

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Photographs from the *Leather is my Job project* (2014) and the *Leather is my Job photo contest* (2017).

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Due Diligence FOR Healthy Workplaces IN THE Tanning Industry

Final Report

JUNE **2018**