

EXECUTIVE SUMMARY

How to do better: an exploration of better practices within the footwear industry



The report presents a short review of the better practices in the shoe industry. The practices we found were assessed according to how they improved five key areas:

1. Improving working conditions in all parts of the production supply chain (from tanneries to factories) including employment contracts, protection of vulnerable workers, working time etc.
2. Occupational health and safety (OHS) for workers in all parts of the production supply chain (from tanneries to factories).
3. Freedom of association – including collective bargaining, cases of good industrial relations, effective resolution of industrial disputes, and support for trade unions and workers' rights.
4. Environmental issues including the use of toxins, water and waste treatment etc.
5. Transparency and traceability of the supply chain - including public reporting of audits, suppliers, grievance mechanisms, wages etc.

The report aims to share good practice learnings, case studies and results for others to follow and to share with all stakeholders' examples of sustainable alternatives within the shoe industry. It is not designed to be used as a shopping guide nor does it attempt to rank or rate brands. Cases are not examples of compliance with local, international or EU laws and regulations but are examples of significant steps to develop innovative and outstanding practices which provide positive impact for workers and their families.

Cases included in the report are divided into four categories:

Brands with an ethical ethos

The report presents some cases (including Ethletic, Veja, Sole Rebels, Nisolo and Po Zu) of brands who work towards a more sustainable supply chain and end product, as defined by a focus on ethical and fair production and/or ecological materials grown without harm for people, animals, and the environment. We were looking for an integrated and holistic approach with certain level of evidence and transparency.

The main better practices found are: comprehensive supply chain management, product transparency, premium payments, wage levels disclosure, gender specific data on the composition of the workforce and impact

reports published online. Most of the presented cases use externally certified materials and/or certified production sites. Many focus on minimalization of waste at each stage of production and innovative materials which allow to reduce the environmental impacts. Importantly, many focus on disclosure of some information about the production sites, workers and/or audit reports.

All presented cases avoid chromium tanned leather by using vegetable tanned leather, or alternative materials for upper parts of shoes like organic cotton, Pinatex, JMesh etc. There are some brands who have chosen to source all their materials, as well manufacturing, locally. On the other hand, there are also those who source the materials and work from different countries according to where they could find certified or controlled production sites in terms of working conditions and environmental standards.

However, a lack of information was found in many cases – especially a lack of specific data about production sites and risk assessments.

NGO collaboration

Here cases involve collaboration between a brand or large retailer and NGOs. A lasting solution to the endemic issues in shoe production and leather tanning – from working conditions to environmental harm will only be solved by key stakeholders – including brands, suppliers, unions (local, national, and global), employer federations, civil society, and governments - working together. It is vital that brands play their part in initiating partnerships with corporate and labour stakeholders.

Presented examples include a collaboration involving Homeworkers Worldwide which addresses the issue of homeworkers in the supply chain in India and focus on working conditions (including OHS) as well as employment relations, representation, and the needs of workers rather than focusing on one specific issue. The project hopes that once a practical system has been developed to ensure that homeworkers are treated as recognized workers, the system can be more widely adopted.

Another case looks at how the World Wildlife Fund (WWF) and partners – including major brands - are working to reduce pollution from tanneries along the Ganges River. This cooperation focuses primarily on water and environmental issues- including work reducing impact on local communities. It does this through encouraging supply chain co-operation, best practice infrastructure, inno-

vation (e.g. pipe treatments of chemicals) and environmental better practice in tanneries (particularly smaller ones often overlooked in supply chains). In this aspect it shows a relatively holistic view of the related issues and the need for collaborative action and support for small tanneries (capacity and resources).

Multi stakeholder initiatives (MSIs)

MSIs have grown as a response or solution to the resistance from companies (and many governments) to legislating company behaviour and creating binding regulations on 'corporate social responsibility'. Some MSIs consist of brands and NGOs, others involve government actors while others place value in a tripartite structure involving companies, NGOs, and trade unions/workers' representatives. Of these types, the tripartite model is generally considered to be the most successful in effective change.

There are examples of initiatives such as Better Factories Cambodia, which monitor and report on factory compliance with international standards on improving several aspects of working conditions e.g. OHS, wages, working hours and overtime, leave, child labour and freedom of association and workers' exposure to chemicals through specialized air testing. Secondly, it delivers a range of training programs and advisory services to workers and management to build capacity and increase organizational productivity.

Enforceable binding agreements are also included. For example, the Accord on Fire and Building Safety in Bangladesh in the garment industry is presented as unique and legally binding agreement between key labour rights stakeholders in Bangladesh and provides a model for the footwear industry. Another example, the Freedom of Association Protocol in Indonesia, signed through carefully negotiated agreements between stakeholders including international brands, factory management and unions highlights the practical implementation of freedom of association as a crucial aspect of any sustainable production in Indonesia.

Another example of the Fairwear Foundation focuses on tripartite cooperation and verification of the improvements made by members. It publishes information about the progress and work plans of members and recognizes the interconnection between reasonable working hours, living wages, employment relationships, healthy working conditions, and freedom of association in the factory as well as the business practices of brands.

Labels and Certification Bodies

There are numerous labels and certification systems, private and public, that monitor conditions in the footwear industry. One of the presented examples of certification systems, Bluesign, deals with health and safety of employees in the textile industry, the management of chemical substances and related environmental concerns. It provides a system of guidelines and procedures for safe handling of chemicals and OHS standards as well as built in training and monitoring systems.

Second example is the Higgs Index, a suite of self-assessment tools for brands, retailers, and producers. It also includes a section on how company sourcing policies consider the needs of manufacturers. While this is a useful too, more is needed to monitor integrated impacts. Another case, IVN, covers both the environment, social and labour standards and health and safety. IVN has developed comprehensive guidelines for both an 'ecological' and a 'socially responsible' production of textiles and leather. The quality seals incorporate requirements to ensure compliance with social standards.

Cooperation is also a crucial aspect of sustainable production in the leather industry. The Leather Working Group highlights its aim of improving of the leather manufacturing industry by creating alignment on environmental priorities, bringing visibility to best practices and providing guidelines. Its auditing protocol for tanneries sets traceability guidelines for leather, and leather sourced from the Brazilian Amazon is graded on whether it can be traceable to supplying ranches. However, it focuses on environmental impacts and lacks focus on workers and overall improvements in working conditions.

The Austrian Ecolabel is an ecological label awarded to products and services are subject to a "holistic evaluation". Chrome tanning is not included in any product awarded because of the risk of allergic contact dermatitis caused by chromium in leather products and the environmental impact associated with disposal of such leathers. In addition to chrome tanning agents, it also excludes the use of other mineral tanning agents. This Ecolabel is the first Ecolabel that includes labour rights and working conditions as well as ecological criteria and thereby follows a useful integrated approach.

FINDINGS

We found some exemplary cases in all sections. However, what is most striking is the lack of holistic approaches especially among the smaller brands. The second most striking aspect was the low level of transparency and documentation among all cases - among the small 'ethical' companies and multi-stakeholder initiatives. Most rely on the good faith of consumers to trust their claims. While their claims are laudable, they do not show a proper appreciation of the need for transparency and the issues that arise in any supply chain.

Recommendations

Overall issues include a need for increased credibility – for brands – large or small to make credible claims to support environmental or ethical standards, it is imperative that these brands always include both ecological and social criteria. CYS is concerned that very few of the cases analysed have comprehensive business processes and practices initiatives in place which allow the identification of all potential and actual negative impacts on human rights. The identification of human rights impacts is a prerequisite for mitigation and remediation. Changes are needed to ensure meaningful due diligence by companies. Without behaviour that supports change on the

ground by producers – such as increased lead times, fairer pricing systems etc there will be little improvement for the vast majority of workers and their families.

The report outlines specific recommendations regarding the over reliance on auditing, the lack of transparency in supply chains, the need for greater inclusion of the workers, civil society and trade unions in the different initiatives, the perceived outsourcing of social responsibility by brands to business partners such as MSIs, auditors and suppliers. For systematic change to happen, the main responsibility and especially the financial burden, should be shared by the buying company. Especially when it comes to mitigating breaches and remediate adverse human rights impacts, most cases do not show much evidence of a shared-responsibility approach. Working conditions are also discussed including the need for greater focus on vulnerable workers including migrants and homeworkers, increased scrutiny of employment relations and negative human rights impact as well as improvements in wages, working hours, health and safety and effective grievance mechanisms. The report also highlights the lack of attention given to support for freedom of association and collective bargaining. It stresses that the focus of many initiatives on the environment need not and should not be at the expense of overlooking the needs of the workers themselves.



Change Your Shoes is an international campaign which has been set up to work towards better social and environmental conditions in the tanneries, factories, workshops and homes where leather shoe production takes place. This campaign is a partnership of 15 European and 3 Asian organisations. Change Your Shoes believes that workers in the global shoe supply chain have a right to a living wage and safe working conditions, and that consumers have the right to safe products and transparency in the production of their shoes.



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