



# Do leather workers matter?

Violating Labour Rights and  
Environmental Norms in India's  
Leather Production



A report by ICN – March 2017

## Colophon

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Front cover picture: Sean Gallagher

*'Saida, a tannery worker suffering from a serious skin condition believed to be from the toxic conditions in which she works'*

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## About ICN

The India Committee of the Netherlands (ICN) is an independent non-governmental organisation campaigning and doing advocacy work on human rights issues. Central to the work of ICN are the issues of caste-based discrimination, labour rights and child labour & education. ICN co-operates with organisations in India and elsewhere in combating discrimination, poverty, oppression, exploitation and lack of education, focusing on the role of policy makers and companies. ICN is an active member of networks like the Stop Child Labour campaign, the Clean Clothes Campaign, the International Dalit Solidarity Network and the Dutch MVO Platform.

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## 1. Introduction

The environmental impact of the leather industry is well known, with tanning being one of the most polluting industries in the world. Waste water from tanneries often contains high amounts of acids, salts and heavy metals. These toxic chemicals also negatively impact the health of workers, as has been documented by Human Rights Watch and many others.<sup>1</sup> The short film 'The Toxic Price of Leather' by Sean Gallagher, for instance, strikingly illustrates the harmful effects on people and environment of extreme pollution caused by tanneries of the city of Kanpur, the biggest producer and exporter of leather goods in India.<sup>2</sup> Less known are the many other sustainability and human rights issues related to the leather and footwear production in India. This report explores labour conditions in the leather industry that are related to deep-rooted social inequalities in Indian society. It highlights underlying structural issues that impact the labour conditions in the leather industry in India: caste and gender discrimination. ICN feels that tackling these structural social conditions is a crucial prerequisite for the success of any CSR initiative in the Indian leather industry.

This report focuses on three main production areas that supply hides, leather, garments, accessories and footwear for export, namely Kolkata, Agra and the Vaniyambadi–Ambur cluster in Tamil Nadu. Traditionally leather production in India is interrelated with the caste system. While production patterns have changed over the past five decades, Dalits (outcastes or untouchables) and Muslims still make up the majority of the workforce in the leather industry. Dalits have a weak bargaining position in the Indian labour market, due to discrimination and a weak socio-economic position. This position is further undermined by the casualization of labour and the weak position of trade unions. Findings of the research show that while leather production has modernised, caste discrimination has not vanished. It has just taken another, less visible shape. Furthermore, in the unregulated leather and footwear industry, we find female homeworkers, responsible for a highly labour intensive part of shoe production, to be among the most precarious workers. They face insecure and unprotected work, receive poverty wages and work under unsafe conditions. Moreover, children are often involved in leather production in India, mostly in the unorganised part of the sector, working in smaller tanneries and workshops.

### Research methodology

The main pillars of this study are literature research and field research at three production hubs in India: Agra, Tamil Nadu and Kolkata. Through comprehensive literature research an analysis is made on labour conditions throughout the leather production chain in India, specifically focussing on the structural underlying issues of caste-based discrimination and gender discrimination but also on the environmental impact of the leather industry.

For the field research, the researcher interviewed 166 workers of 46 companies and 14 home-workshops in three production areas in India: Agra, Tamil Nadu and Kolkata. Leaders of five trade unions were interviewed. The researcher visited the units in 2011 and 2012. Despite the fact that this field research is relatively old, we decided to include it because the findings are quite concrete while the more recent findings generally confirm that the situation has hardly changed.

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<sup>1</sup> For example: *Toxic hazards of leather industry and technologies to combat threat: a review* (Dixit S, Yadav A, Dwivedi PD, Das M, Oct 2014); *India: The Toxic Price of Leather* (The Pulitzer Center, Feb 2014); *Special report: Toxic chemicals used for leather production poisoning India's tannery workers* (The Ecologist, Oct 2012); *Toxic Tanneries: The Health Repercussions of Bangladesh's Hazaribagh Leather* (Human Rights Watch, Oct 9, 2012); *BANGLADESH: Hazardous Child Labour in the Leather Sector of Dhaka* (Anna Ensing, IREWOC, May 14, 2009)

<sup>2</sup> *The Toxic Price of Leather* (S. Gallagher, supported by Pulitzer Center, 2014); retrieved from: <https://vimeo.com/88261827>

The report shows a cross section of different kind of production units - varying from homeworkers, workshops in the informal sector to large, modern export units - that produce in different stages of the leather production chain. It does not intend to look into the supply chains of specific brands, but mainly sketches labour rights concerns that surround leather and leather goods production in India which so far have received little attention. It specifically focuses on casualization, freedom of organisation, child labour, wages and discrimination.

## 2. Leather and footwear industry in India

The leather industry holds an important place in the economy of India. As India is the world's second largest producer of footwear and leather garments, the leather industry is among the top ten foreign exchange earners for the country. The most prominent markets for leather and leather products are the USA, the U.K., Germany, Italy, Hong Kong, the United Arab Emirates, Spain, France, the Netherlands, China, Vietnam and Belgium. These 12 countries together account for nearly 75% of India's total leather and leather products export.<sup>3</sup> The leather sector is highly labour-intensive and provides employment for over 2.5 million people in India.<sup>4</sup> The footwear sector in India specialises in medium to high priced leather footwear, particularly men's wear. See the table underneath for an overview of major brands sourcing footwear, garment and other leather goods from India.

Footwear	Leather garments	Leather goods and accessories
Acme, Ann Taylor, Armani, Bally, Bata, Brasher, Bugatti, Calvin Klein, Camper, Charter Club, Christian Dior, Clarks, Coach, Cole Haan, Daniel Hector, Deichmann, Diesel, DKNY, Docksteps, Double H, ECCO, Elefanten, Esprit, Etienne Aigner, Florsheim, French Connection, Gabor, Geoffrey Beene, Geox, Guess, H&M, Harrods, Hasley, Hush Puppies, Johnston & Murphy, Kenneth Cole, Kickers, Lacoste, Legero, Liz Claiborne, Lloyd, Marks & Spencer, Massimo Dutti, Mercedez, Nautica, Next, Nike, Nunn Bush, Pierre Cardin, Rockport, Salamander, Sioux, Stacy Adams, Ted Baker, Timberland, Tommy Hilfiger, Tony Lama, Versace, Yves St. Laurent, Zara, Zegna	Abercrombie & Fitch, Andrew Marc, Ann Taylor, Armani, Charter Club, Cole Haan, Daniel Hector, DKNY, Guess, Kenneth Cole, Liz Claiborne, Mango, Marco Polo, Nautica, Pierre Cardin, Tommy Hilfiger, Versace, Zegna	American Eagle Outfitters, Banana Republic, Bracciliani, British Home Stores, Coach, Etienne Aigner, Furla, GAP, Geoffrey Beene, Marks & Spencer, Guess, H&M, Harrods, Levi's, Liz Claiborne, Next, Pierre Cardin, Prada, Tommy Hilfiger, Walmart, Yves St. Laurent

*Council for Leather Exports (CLE), 2016*<sup>5</sup>

In general, the main product manufactured from leather is footwear with leather uppers. India is the third exporter of footwear to the EU, after China and Vietnam. Almost 90% of India's footwear exports goes to the EU. The regions of Agra and Vaniyambadi-Ambur (Tamil Nadu) are

<sup>3</sup> *Analysis of Export Performance of Leather and Leather Products April-August 2015 vis-à-vis April-August 2014* (website Council for Leather Exports, 2015); retrieved from: <http://leatherindia.org/analysis-of-export-performance-of-leather-and-leather-products-april-august-2015-vis-a-vis-april-august-2014/>

<sup>4</sup> *Indian Leather Industry* (India Trade Promotion Organisation, 2015), retrieved from: [http://www.iilfleatherfair.com/leatherfair/leather\\_industry.php](http://www.iilfleatherfair.com/leatherfair/leather_industry.php); and *Sustainability in the leather supply chain: Research for MVO Nederland* (Ernst & Young, Final Report June 2013)

<sup>5</sup> Council for Leather Exports, 2016: <http://leatherindia.org/industry-at-a-glance/>

the most important shoe production centres in India. Mumbai and Kolkata are also important footwear production centres.<sup>6</sup>

Over the past century, the Indian leather industry has undergone a significant change from concentrating on exports of raw skins and hides towards exporting finished, value-added leather products. This shift occurred in the post-colonial times, as independent India recognized the potential of the leather industry to increase foreign exchange earnings.<sup>7</sup> One goat or sheep skin has a market value of 1.5 euro, while it has the potential to produce 3 to 6 pairs of shoes that might be sold for 150 euro.<sup>8</sup>

The policy initiatives of the government of India concerning the leather industry have been built on two premises. The first one is that, being a traditional industry employing a large number of people, production within small-scale units will offer maximum employment opportunities and will preserve traditional skills. Promoting the small-scale sector started in the late 1960s and created a fragmented leather sector by giving only small companies permission to produce leather items and by limiting investment activities of large-scale producers of labour-intensive goods.<sup>9</sup> This small-scale industries reservation policy has contributed to a leather industry in which small companies contribute to 90 percent of the total production. Of the tanneries in India, 75 percent are small-scale units, 20 percent medium-size and 5 percent large-scale units.<sup>10</sup> The second premise is that since the sector has been a large foreign exchange earner since colonial times, exports should concentrate on adding value to raw material. Therefore, the export of raw material was restricted while the export of higher value-added goods is encouraged.

In the early part of the twenty-first century, the government sponsored a large five-year plan to modernise the leather industry.<sup>11</sup> With the growth of the export sector and the policy boost of the Indian government, urban export clusters were developed and the traditional rural leather industry dominated by the Dalit community collapsed. This created huge unemployment and a livelihood crisis among the Dalit leather workers in the rural and semi-urban areas. Hence, a huge pool of Dalit leather workers, traditionally small-scale entrepreneurs, lost their trade and were turned into mere workers for the urban leather clusters.<sup>12</sup>

While more employment was created in the leather industry through the growth of large-scale export centres, no attention was paid to the nature and quality of the employment created. The increased emphasis on the growth of exports of finished leather goods had however serious consequences down the line. Tanners needed to acquire more skins and hides and workers were confronted with increased intensity of work, pollution and hazards.<sup>13</sup>

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<sup>6</sup> *Where the shoe pinches: Child labour in the production of brand name leather shoes* (SOMO, Jun 2012; research commissioned by the Stop Child Labour Campaign)

<sup>7</sup> *Structural Changes in India's Foreign Trade* (T.P. Bhat, Institute for Studies in Industrial Development, New Delhi, 2011); website: [http://isidev.nic.in/pdf/ICSSR\\_TPB.pdf](http://isidev.nic.in/pdf/ICSSR_TPB.pdf)

<sup>8</sup> *Von giftigen Gerbereien und stinkenden Fabriken* (Christina Schröder, Südwind magazine, 2015): <http://www.suedwind-magazin.at/von-giftigen-gerbereien-und-stinkenden-fabriken>

<sup>9</sup> *Economic Change in India* (A. Cagliarini & M. Baker from Economic Group, 2010): [http://www.rba.gov.au/publications/bulletin/2010/sep/3.html#fn\\*](http://www.rba.gov.au/publications/bulletin/2010/sep/3.html#fn*)

<sup>10</sup> *Tannery Clusters in India and waste management practices in tannery intensive states - inventory and status* (S. Gupta, M. Sharma and U.N. Singh, IOSR Journal of Environmental Science, Toxicology and Food Technology (IOSR-JESTFT), ISSN: 2319-2399. Volume 8, Issue 4 Ver. II (Apr 2014)), p 88-96

<sup>11</sup> *Leather Industry in India* (Center for Education and Communication (CEC), 2008), p 12-18

<sup>12</sup> *Globalization and its impact on Dalits* (B. C. Mandal, Afro Asian Journal of Social Sciences, 2014): <http://www.onlineresearchjournals.com/aajoss/art/135.pdf>

<sup>13</sup> Ibid.



## The leather and footwear industry in Agra, Tamil Nadu and Kolkata

The states of Tamil Nadu, West Bengal (production centre in Kolkata) and Uttar Pradesh (main production centres in Kanpur and Agra) together account for about 90 percent of all tanneries in India.<sup>14</sup> This study will focus on three of the main production areas that supply leather goods, including footwear, for export, namely Agra in Uttar Pradesh, Kolkata in West Bengal and the Vaniyambadi–Ambur cluster in Tamil Nadu. In the North of India, a large part of the manufacturing process is subcontracted out to smaller workshops, whereas in the South most of the work is done in large factories.

### Agra

Agra, in North India not far from Delhi, is a major centre for footwear manufacturing for both the domestic and export market. There are about 70 - 75 export-oriented units exporting mostly to Europe and some also to the US, Australia and other countries. Most of the production that is taking place through community-based units remains unrecorded, which makes it difficult to determine the exact number of micro- and small-scale (informal) units. According to the Ministry of Small-Scale Industries there are about 5,000 small-scale units with a joint capacity to produce 200 million pairs of shoes and sandals a year<sup>15</sup>. The number of workers directly employed in Agra's footwear industry is estimated at 100,000. According to the Institute for Studies in Industrial Development, the footwear industry in Agra offers employment to 500,000 to 800,000 (between 25% and 40% of the population of Agra), including the people who make their livelihood indirectly from this.<sup>16</sup>

Regarding the tanning industry in Agra, administrative officials report that there are no more tanneries located in Agra. The Supreme Court passed an order in 1996 to reduce pollution in Agra, as a safety measure against the deterioration of the Taj Mahal, directing polluting industries to shift outside of Agra.<sup>17</sup> The Agra Development Authority prepared a feasibility report in 2009 on shifting polluting tanneries - 70 such units were identified - to an industrial estate outside the city. Administrative officials are under the assumption that there are only two units left in Agra. However, it has been reported that currently around 50 tanneries are still functioning illegally in the heart of Agra city. These are very small units, processing 200 skins per day through a highly unhygienic and polluting process. As the people involved are poor and cannot buy land on their own, locals have sought help from government authorities to find land for shifting the tanneries, but with no result.<sup>18</sup>

### Kolkata

Kolkata is the second most important tanning centre in the country. Approximately a quarter of India's tanning is done in Kolkata. Furthermore, it produces leather goods and accessories, such as gloves, wallets and belts. It houses around 500 tanneries, 1,500 leather goods manufacturing

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<sup>14</sup> *Tannery Clusters in India and waste management practices in tannery intensive states - inventory and status* (S. Gupta, M. Sharma and U.N. Singh, IOSR Journal of Environmental Science, Toxicology and Food Technology (IOSR-JESTFT), ISSN: 2319-2399. Volume 8, Issue 4 Ver. II (Apr 2014)), pp 88-96

<sup>15</sup> *Diagnostic Study Report for Leather Footwear Cluster, Agra* (Government of India, Ministry of Small-Scale Industries, Small Industries Service Institute, Agra, 2007)

<sup>16</sup> SSI estimates the number to be 25% (*Diagnostic Study Report for Leather Footwear Cluster, Agra* (Government of India, Ministry of Small-Scale Industries, Small Industries Service Institute, Agra, 2007). Another set of data states that around 40% of the city's two million population is directly or indirectly involved in the production or sale of footwear (*SME Clusters in India, Identifying Areas of Intervention for Inclusive Growth* (Institute for Studies in Industrial Development, Delhi, Apr 2010; sponsored by Planning Commission of India)

<sup>17</sup> *Polluting bangle units grow around Taj despite SC order* (The Times of India, 2015):

<http://timesofindia.indiatimes.com/city/agra/Polluting-bangle-units-grow-around-Taj-despite-SC-order-MoEF-pleas/articleshow/47800524.cms>

<sup>18</sup> *Illegal tanneries thriving in the middle of Agra city* (The Times of India, 2016):

<http://timesofindia.indiatimes.com/city/agra/Illegal-tanneries-thriving-in-the-middle-of-Agra-city/articleshow/50420154.cms>

units, 3,000 footwear units and 240 industrial gloves fabricating units.<sup>19</sup> An estimated 8,500 workers are employed in the tanneries, almost 38,000 in leather goods production and industrial gloves manufacturing units and 4,000 in footwear factories. Informal household workshops employ another 10,000 workers.<sup>20</sup> Traditionally production took place in Kolkata's city centre at Topsia, Tangra and Tilaja districts. But a Supreme Court order from December 19, 1996 directed these polluting tanneries to relocate to the Bantala Leather Complex, 15 km away from Kolkata, established by the government of West Bengal. Samudra Dutta, the leader of Kolkata Leather Tannery Workers Union, interviewed in 2012, described the years after the court order as the worst time in the leather industry of Kolkata, because many units closed during relocation, without providing any compensation to the workers. There still are tanneries and production units in Topsia and Tangra, mostly smaller units.

### Tamil Nadu

Tamil Nadu is India's leader in leather with around 60 percent share in the country's tanning capacity and finished leather production. About 6 percent of the global finished leather supply is manufactured in this state.<sup>21</sup> Leather production in Tamil Nadu ranges from preparing raw hides for tanning to the production of finished leather, to the production of 'wet blue' (raw chrome-tanned hides) and it provided employment to more than 100,000 people in 2008-2009, with consistent growth over the last years. Companies in Tamil Nadu export both finished shoes and components, including uppers which account for much of the labour-intensive work of assembling a shoe. Manufacturers in the UK and other countries like Portugal or Slovakia import the uppers and do the assembly in Europe with relatively high-tech machinery. Other companies import the whole shoe. The stitching of uppers, the most labour-intensive part of shoe production, is done by (home)workers here, while the assembly and finishing is done in European countries.

Vaniyambadi and Ambur, two cities in Vellore district, are the main centres of leather and leather products manufacturing in the state. 198 leather tanning, footwear and leather goods units are registered in Vaniyambadi, generally (much) larger ones than in Kolkata. In Ambur, 102 tanning units are registered under the Factories Act. According to the Vaniyambadi Tanners Association, 90% of the units in the Ambur cluster are export-oriented and production in Vaniyambadi is exclusively for export.

### Leather and footwear production process

The stages in the leather production process are preparation of the skin, tanning, finishing and manufacturing.<sup>22</sup> Each of the steps in the production chain from hide to handbag can be done in ways that are either purely manual, or highly mechanized or in between. The operations can be done under one roof, or can be split up between as many units as there are operations. Therefore, the supply chain is often complex and may involve units ranging from state-of-the-art production units to homeworkers.<sup>23</sup>

Most of the manufacturing process of shoes is being done in factories, only the sewing of the shoe uppers is often outsourced to homeworkers.<sup>24</sup> Export firms sometimes subcontract (part of) their production to smaller workshops, since it provides them with flexibility, low prices and

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<sup>19</sup> *Leather Industry* (West Bengal Industrial Development Cooperation): [http://www.wbidc.com/images/pdf/annual\\_report/annual\\_report-09-10/Leather-Industry.pdf](http://www.wbidc.com/images/pdf/annual_report/annual_report-09-10/Leather-Industry.pdf), retrieved Nov 8, 2013

<sup>20</sup> *Diagnostic Study Report on Implementing BDS in the Kolkata Leather Cluster* (Entrepreneurship Development Institute of India, 2010)

<sup>21</sup> *Tamil Nadu in Leather Map of World* (The All India Skin and Hide Tanners and Merchants Association (AISHTMA), 2014): <http://www.aishtma.com/leathermap.html>

<sup>22</sup> *Best Available Techniques (BAT) Reference Document for the Tanning of Hides and Skins* (European Commission, 2013)

<sup>23</sup> *Leather Industry in India* (Center for Education and Communication (CEC), 2008), p 12

<sup>24</sup> *Does the Shoe Fit? An overview of global shoe production* (Anton Piper, Südwind, 2015)



makes it easier to cater to fashion specific seasonal demands. Through subcontractors, the actual work is done by informal workers at stitching centres, in factories or at home by informal homeworkers. At the bottom of the leather production process the collection and trade in hides is controlled by middlemen and traders, who take advantage of the low social status of the Dalit leather workers by paying low prices.<sup>25</sup>

### 3. Environment, health and safety

The leather industry is hazardous for the environment and for the many people working in it. It has an enormous impact on the people and the environment across the country and the situation in the research areas – Tamil Nadu, Kolkata and Agra – reflect the magnitude and gravity of the related problems.

#### Environmental impact of leather industry in India

The tanning industry causes one of the world's worst polluting problems, mainly because of its intensive use of chrome.<sup>26</sup> Nowadays, about 90% of all leather produced is tanned using chromium sulphate. The entire leather manufacturing process involves intensive use of different chemicals, including chrome, zinc, arsenic, cadmium.<sup>27</sup> Up to 250 kg of chemicals are used for the production of 500 kg leather.<sup>28</sup>

The major environmental hazard relates to the dumping of solid and liquid waste, which holds leftover chrome and other dangerous compounds. The tanning process of one ton of hide generally produces 20 to 80 cubic meters of waste water.<sup>29</sup> An estimated 2000 to 3000 ton of chromium ends up in the environment of India every year, leading to a concentration of chromium in the waterways of 2000 to 5000 mg/l, while a level of only 2 mg/l is permitted.<sup>30</sup>

The tannery belt in Tamil Nadu, including the Vaniyambadi–Ambur cluster, has seen far-reaching pollution from chromium and other chemicals coming from tanneries. There has been a severe drinking water crisis for decades in villages around Ambur, caused by chrome pollution from wastewater discharged by the tanneries.<sup>31</sup> The wastewater found its way into the agricultural fields, roadsides, open lands, and also into the river Palar, the main source of water for the residents of Tamil Nadu. The documentary 'En Peyar Palar'<sup>32</sup> (My Name is Palar) shows how the water in the river Palar in Tamil Nadu is murky and coated with a layer of slime and the river banks are littered with waste from unchecked discharges of effluents from the tanneries. Farming activities have come to a standstill, as crops have disappeared due to the pollution.<sup>33</sup>

In Kolkata the problem of water pollution caused by toxic waste water from tanneries is a great concern as well. The Bhargar Canal receives most water from the tanneries processing leather nearby. A 25-year old fishery owner in Kolkata explains that he does not use the water from the

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<sup>25</sup> *Leather Industry in India* (Center for Education and Communication (CEC), 2008), p 9-10

<sup>26</sup> 2015 World's Worst Pollution Problems: The New Top Six Toxic Threats: A Priority List for Remediation (Pure Earth, 2015): <http://www.worstopolluted.org/2015-report.html>

<sup>27</sup> *Leather and leather goods* (B. Thomson, 2012): <http://www.web.net/~bthomson/fairtrade/fair6612.html>

<sup>28</sup> Schuften für den Hungerlohn–hier drückt der Schuh (2015), Südwind: [http://doku.cac.at/sw\\_schuhproduktion.pdf](http://doku.cac.at/sw_schuhproduktion.pdf)

<sup>29</sup> *Unexplored Vegetable Fibre in Green Fashion: 8. Environmental Impacts* (Green Fashion, Volume 2 (2016), Springer Science & Business Media Singapore, ISSN 2345-7651)

<sup>30</sup> *Sustainability in the leather supply chain – research for MVO Nederland* (Ernst & Young, 2013)

<sup>31</sup> *Tougher than Leather: Working conditions in Indian Tanneries* (P. Ray for Cividep–India and Framtiden i våre hender, 2015)

<sup>32</sup> *En Peyar Palar part 1* (YouTube, Nov 2013): [https://www.youtube.com/watch?v=ndhXM\\_gvc7U](https://www.youtube.com/watch?v=ndhXM_gvc7U)

<sup>33</sup> *A Documentary charts the plight of Palar* (The Hindu, 2008): <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/article1289050.ece>

chemical-laced Bhangar Canal, because it's black in colour and it smells. There are several places along this canal and the large river Ganga where toxic waste water is discharged. Furthermore, air pollution caused by the leather industry is a big problem for Kolkata. The burning of leather trimmings – used as fertilizers and as food for farm animals – causes harmful smoke.<sup>34</sup>

A Supreme Court judgement obliged tanneries to connect to a Common Effluent Treatment Plant (CETP) or an Individual Effluent Treatment Plant (IETP). These effluent treatment plants aim to achieve cleaning of waste water. However, the CETPs in India are often malfunctioning – for instance due to power cuts or a chemical content in the effluent beyond their capacity – and effluents from tanneries continue to be released untreated into nearby waterways or fields.<sup>35 36</sup> Furthermore, there is weak governance and surveillance in the leather industry, which can lead to fraudulent activities.<sup>37</sup>

### Health and safety of workers

The work in the leather supply chain is risky and hazardous, as it entails working with chemicals. The toxic chemicals have a major negative impact on the health of the people working in the tanneries. Tannery workers often suffer from fever, eye inflammation, skin diseases and lung cancer.<sup>38</sup> The use of chromium often implies serious human and labour rights violations, as tanneries regularly ignore the necessary health and safety guidelines. Furthermore, the semi-solid effluent of leather production diffuses toxic gases. The leather workers often lack sufficient protection against these toxic gases. In December 2015, three leather workers died and two workers were hospitalized after inhaling toxic gases from the leather effluent in a leather complex in Kolkata.<sup>39</sup> Generally, workers are not sufficiently protected and trained to ensure their health and safety.<sup>40</sup>



Also in Tamil Nadu the toxic working environment severely affects the health of the tannery workers. Workers report that they suffer from frequent bouts of fever, severe body, bone, joint and muscle pain, severe headaches, nausea and reproductive health problems. Other common

<sup>34</sup> India: Choke Point Kolkata (Pulitzer Center, 2013): <http://pulitzercenter.org/reporting/india-kolkata-urban-environment-water-wetlands-waste-ramsar>

<sup>35</sup> Ganga's burden of pollutants from Kanpur to Varanasi (Down to Earth, 2015): <http://www.downtoearth.org.in/blog/gangas-burden-of-pollutants-from-kanpur-to-varanasi-45382>

<sup>36</sup> Can we save Ganga (Down to Earth, 2014): <http://www.downtoearth.org.in/coverage/can-we-save-ganga-45282>

<sup>37</sup> From farms to fashion: Inside leather production in India (L. Leonard, 2014): <http://mashable.com/2014/11/17/leather-tanneries-india/#C.VZOB.I.SqJ>

<sup>38</sup> Leather and Leather goods (B. Thomson, 2012): <http://www.web.net/~bthomson/fairtrade/fair6612.html>; Toxic Tanneries: The Health Repercussions of Bangladesh's Hazaribagh Leather (Human Rights Watch, Oct 9, 2012)

<sup>39</sup> 3 die after inhaling toxic gas in Bantala (The Times of India, 2015): <http://timesofindia.indiatimes.com/city/kolkata/3-die-after-inhaling-toxic-gas-in-Bantala/articleshow/50084347.cms>

<sup>40</sup> Does the Shoe fit? An overview of global shoe production (Anton Pieper, Südwind, 2015)

problems are eye irritation and coughing. Helpers and other workers carrying heavy loads of hides often suffer from back pain, excessive fatigue and musculoskeletal injuries. Moreover, some workers have to quit their job because of chronic body pain, reproductive health problems and other health issues related to the heavy work in the tanneries.<sup>41</sup>

The hazards of the toxic working environment for tannery workers in Tamil Nadu is clearly shown in the movie 'What are your shoes stepping on?' by Danwatch. Dr. G. Asokan, a doctor interviewed in Vaniyambadi, explains that 40% of the tannery workers in Tamil Nadu suffer from allergic asthma and eczema.<sup>42</sup> The movie also indicates the high risk of accidents at the tanneries. Accidents regularly occur with machine operators getting trapped, workers cleaning underground waste tanks suffocating from toxic fumes, or workers drowning in toxic sludge at the tannery premises. In January 2015, for instance, the collapse of an illegally constructed effluent storage tank at a Common Effluent Treatment Plant (CETP) in Tamil Nadu caused a great disaster. Ten workers, who were sleeping at the tannery next to the CETP, were caught unaware and drowned in the toxic sludge that gushed out of the tank.<sup>43</sup> Officials from the Tamil Nadu Pollution Control Board (TNPCB) knew about the violations in the usage of the precarious tank at the CETP, but were bribed not to take action against the building of the tank.<sup>44</sup> Right after this accident, the 78 functioning tanneries were closed down. However, most of the tanneries reopened in August 2015.

In case of accidents at the workplace or health issues related to work, only immediate first aid is arranged, but most employers do not provide compensation for (further) medical treatment to the leather workers. Furthermore, since informal workers do not have a contract, there is no Employee State Insurance (ESI) coverage, which leaves them without health insurance and cash benefits as compensation for the loss of income after an accident.<sup>45</sup>

***Ramu, Dalit worker in Tamil Nadu: Left in the dark.***

*Ramu, born in 1975, comes from a poor Dalit family. Ramu belongs to the Arunthathiyars, a Dalit sub-caste that is assigned the task of manual scavenging. He joined a large tanning company in 1998 as a toilet cleaner earning INR 20 a day. In January 2005, he started working as a leather handler via a contractor delivering to the tanning company and was paid on a piece rate basis amounting to about INR 40 a day. As the contractor and the company were in dispute over nonpayment of the minimum wage, the company cancelled the contract with the contractor and refused to absorb the subcontracted workers. Ramu lost his job in June 2007. He had 2 sons, a daughter and his wife and parents to support. While his fellow workers waited for the dispute over their retrenchment to be settled, Ramu went back to the company and joined again as a toilet cleaner at a daily wage of INR 90. In June 2010, an accident occurred in the company and both Ramu's eyes were affected by acid splashing. The management, apparently to avoid*

<sup>41</sup> *Tougher than Leather: Working Conditions in Indian Tanneries* (Cividep and Framtiden i vare hender, 2015)

<sup>42</sup> *What are your shoes stepping on?* (Danwatch, 2012): <https://www.youtube.com/watch?v=CsVFd6MorrA>

<sup>43</sup> 10 workers killed in Ranipet tannery (The Hindu, 2015): <http://www.thehindu.com/todays-paper/10-workers-killed-in-ranipet-tannery/article6843775.ece>

<sup>44</sup> *An Inquiry into the Death of Ten Workers at the Tanning Effluent Treatment Plant, Ranipet, South India – January 31, 2015: A Fact-finding Report* (Cividep-India, Feb 18, 2015)

<sup>45</sup> *Tougher than Leather: Working Conditions in Indian Tanneries* (Cividep and Framtiden i vare hender, 2015)

*any legal complications, surreptitiously transported him out of Tamil Nadu and admitted him in the PES Institute of Medical Sciences and Research in Chittoor, Andhra Pradesh. He was diagnosed with vitreous hemorrhage in both eyes (leakage of blood into the eye) and was advised to have surgery. Doctors referred him to the Christian Medical College (CMC), Vellore for surgery. Unable to get admission at the CMC, Ramu arrived at Dr. Agarwal's Eye Hospital, Vellore and was sent to their clinic in Chennai in November 2010. The condition of both his eyes remain unchanged and he was going blind. In all these months the management of the tanning company did not help him, as he was not given any compensation or medical support. Finally, Ramu was treated in Sankara Eye Centre in Coimbatore, 200 km from Ambur. He was treated free of charge under the Tamil Nadu Chief Minister's Scheme for Eye Treatment. While the vision in one of his eyes could not be restored, doctors managed to restore 25% of vision in the other eye. When our researcher met him in Vaniyambadi in 2012, he shared photos of his family and all the medical documents that he had and explained that he had been forced to send his 13-year-old daughter to work in one of the largest footwear factories, producing for the export market.*

#### 4. Dalit workers in the leather industry

Traditionally leather production in India is interrelated with the caste system, in which individuals are assigned a certain hierarchical status. Dalits (outcastes or untouchables) are the lowest rank of Indian society and face discrimination at all levels. According to official figures, about 17% of the Indian population is Dalit.<sup>46</sup> Hindus traditionally consider working with hides and skins as something impure and polluting, and therefore assign working with hides to Dalits and Muslims. Historically, Muslims also dominated the leather trade. In many Indian villages, Dalits are still expected to dispose of carcasses of dead animals and they process the skin of these animals into leather. They earn very little for these activities, as it is seen as a dire necessity.<sup>47</sup>

While the leather industry changed from a traditional craft to a largely industrialised sector still the majority of workers involved in tanning, leather production and shoe making hail from traditional leather-working castes (Dalits) and the Muslim community. In the 1970s the improved technology in leather tanning and the fact that all hides were channelled to the modern chemical tanneries, created mass unemployment amongst traditional Dalit leather workers. These Dalit leather workers became the workforce in the industrial urban leather clusters.

##### Agra

In Agra, the export industry is owned by upper caste Hindus and upper class Muslims. The traditional leather worker castes have not been able to establish themselves as entrepreneurs in the export segment, since they lacked access to resources and capital to make the necessary investments. Jatavs, a Dalit community traditionally engaged in leather working, own small-

<sup>46</sup> Census of India (Government of India, Ministry of Home Affairs, 2011)

<sup>47</sup> *Imprisoned for Life* (Harsh Mander, The Hindu, Jan 9, 2011), retrieved Nov 8, 2013: <http://www.hindu.com/mag/2011/01/09/stories/2011010950100300.htm>

scale workshops producing for the domestic market. However, the impression is that Jatav entrepreneurs are losing ground due to competition from Chinese non-leather footwear. In the workforce Dalits probably make up for around 80% of the workers, although there are no accurate statistics.

### Kolkata

The majority of tanneries and factories in Kolkata are owned by Hindus; around a quarter is run by Muslims. The majority of the smaller informal workshops are run by Dalits, ex-factory workers, who work along with their employees. Leather tanning is dominated by migrants from Bihar, from the traditional leather-working caste Chamar, and by Muslims. These migrant workers come from poor families that either possess very small plots of land or are landless. In leather production the composition of the workforce varies per cluster. In the Bantala leather complex, the majority of the workers interviewed are Chamars by caste. In Topsia, the fabrication units are also dominated by the Chamars, while in Kasba Industrial Estate, the majority of the workers are Muslim migrants.<sup>48</sup> The Dalit workers are mostly employed in the tanneries, in the small-scale and tiny leather goods units and in the home-based units.

#### **Workers Union representative on Dalit workers**

*Ramsagar Das (58) is the Secretary of the Calcutta Leather Tannery Workers Union. He came to Kolkata at the age of 18 from Muzaffarpur in Bihar with one of his relatives back in 1968. He is a Chamar (Dalit) by caste. For 20 years he worked in various tanneries and now he is highly skilled in segregating good leather by measuring the thickness of the hide. He remembers the days when the forced relocation of tanneries in Kolkata brought a severe crisis to the industry, from 1998 to 2002. "Many units were closed, thousands of workers were retrenched without any compensation, social security benefits went unpaid and the government looked the other way. That prompted me to join the union activities and today the situation has worsened", said Ramsagar. He is not sure whether being a Dalit himself prompted him to join a cause where Dalit workers are the most marginalized, but he feels that all leather workers are being exploited today. "It is the class, and especially when I see that today's workers mostly belong to the backward communities and minorities like Muslims", says Ramsagar. He does admit that there has been a change over the years where Dalits have lost their traditional space in the leather industry, from being the forerunners and skilled entrepreneurs having small-scale businesses, to mostly low paid workers today. He also explains that in crisis the system does not favour the Dalits. Still the Dalit trade union leader Ramsagar Das is not very comfortable in distinguishing the Dalit workers from the non-Dalit workers.*

### Tamil Nadu

In Tamil Nadu, Muslims own the majority of the tanneries, footwear and leather goods units, and constitute an estimated 95% of the supervisors and management staff. Close to 80% of the workforce belong to Dalit communities. Around 20% of the workers are Muslims. Besides the

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<sup>48</sup> *Imprisoned for Life* (Harsh Mander, The Hindu, Jan 9, 2011), retrieved Nov 8, 2013: <http://www.hindu.com/mag/2011/01/09/stories/2011010950100300.htm>

traditional leather working communities, Dalit communities that used to be engaged in agricultural activities are now also employed as workers in the leather and footwear industry. The pollution of the Palar river by tannery waste has resulted in dwindling incomes for agricultural workers.<sup>49</sup> But, while different Dalit communities work in the tanneries, the traditional leather workers are mostly engaged in the 'dirty' operations, such as opening the raw curried hides and sorting and trimming them.<sup>50</sup>

In all three research clusters the traditional leather working castes have not succeeded in establishing their own factories, in the medium- and small-scale exporting units, Dalit entrepreneurs are only seen as owners of the small (informal) workshops. There is an absence of Dalits as entrepreneurs in the tanneries that cater to the export market. The owners of the larger facilities are either higher caste Hindus or Muslims from a higher social and economic background. Typically, the employers or owners appoint management staff from their own socio-economic background, connected to their families, to ensure loyalty.

None of the workers from the three production urban clusters complained of being discriminated against at their workplace on the basis of caste. Mostly Dalits or Muslims make up the large majority of workers. When different communities work alongside each other, they all enjoy the same wages, benefits, working hours and conditions. However, some incidences indicate that having a Dalit background still plays an important role in employment opportunities, although not necessarily recognised by the workers themselves. For example, Ramu, who is from the Arunthathiyar caste (Dalit) – a caste traditionally employed as manual scavengers – was employed as a toilet cleaner in a tannery in Ambur while he worked as a contracted leather worker before.

The low wages of the Dalit leather workers reflect the low status of work in the leather sector, being dirty and polluting, and the related caste discrimination. In Tamil Nadu, for instance, the statutory minimum wage for leather workers is the lowest of all sectors. Early 2016 the minimum wage for leather workers is INR 126.48 a day, which is very low compared with, for example, INR 236.34 for electronics and INR 282.40 for an apprentice in textiles. Thus, the low status of Dalit leather workers is reflected in the low minimum wage and the fact that most workers in the sector do not even receive the minimum wage.<sup>51</sup>

Added to this there is the way employers try to control workers through an undercurrent of intimidation, for example by not allowing workers to leave their work place during working hours. Tularam Sharma, leading the Uttar Pradesh Grameen Mazdoor Sangh (Uttar Pradesh Rural Workers Council) summed it up when he said: *"The leather exports sector, in the name of flexibility is trying to do everything at the cost of the workers; from hire and fire, casualization to contractualisation, low wages to having a control over the working conditions of the workers and finally intimidation on a slight pretext. The employers can do this as they please and experiment with the workers' lives simply because the industry is the only livelihood option for Dalits and minority Muslim workers."*

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<sup>49</sup> Due to the dumping of waste and pollutants from the tanneries in the Palar river over the years, the water is not fit to be used in agriculture, and a large part of the river flowing through Vaniyambadi and Ambur got choked with waste. It is only in the last 10 years that treatment plants for tanneries have been installed but the impact is long term. The agriculture has suffered over the last 25 years and will continue to suffer unless drastic action is taken to clean and revive the Palar river

<sup>50</sup> *Leather Industry in India* (Center for Education and Communication (CEC), 2008), p 24

<sup>51</sup> Cividep (2016), explanation provided in email



## 5. Child labour

Children are often involved in leather production in India, mostly in the unorganised part of the sector. In the preparation and tanning stage, children work as assistants in the preparation of the hides, pulling the leather hides out of barrels using pliers. When these barrels leak, children use the remnants of leather to stop up the openings. They are also often involved in cleaning or soaking the leather.<sup>52</sup> Besides the abusive practice of child labour itself, the leather industry is also endangering the health of these children by leaving them unprotected against the harmful toxic chemicals. There are several examples of children found at work in Indian tanneries under inhuman conditions, forced to work more than 12 hours a day. In the tanneries in the region around Tamil Nadu boys aged 11 or 12 are employed to clean the tanning tumblers, since they can easily climb inside the chambers.<sup>53</sup> In February 2015, hundreds of children were rescued from leather units in Hyderabad, who were kept in unhygienic and unventilated dark rooms monitored by video cameras, many suffering from skin problems and other diseases.<sup>54</sup> Similar rescue operations have taken place in many other leather production centres in India.<sup>55</sup>

Child labour is also found further up in the production chain. In 2012, the Stop Child Labour Campaign raised the issue of child labour, especially in subcontracted shoe production. Research commissioned by the campaign found that child labour is widespread in small-scale workplaces in Agra. Child labour has a more structural nature in Agra than in Tamil Nadu, as there are more informal family workshops where, it is claimed, are learning traditional skills to have a better future in the footwear sector.<sup>56</sup> Furthermore, school provision is much worse in Agra than in Tamil Nadu.



<sup>52</sup> Sustainability in the leather supply chain – research for MVO Nederland (Ernst & Young, 2013)

<sup>53</sup> Leather and leather goods (B. Thomson, 2012): <http://www.web.net/~bthomson/fairtrade/fair6612.html>

<sup>54</sup> Police in southern India rescue hundreds of child workers (BBC News, 2015): <http://www.bbc.com/news/world-asia-31148074>

<sup>55</sup> 30 child workers rescued from Bangalore leather units (The Indian Express, 2014): <http://indianexpress.com/article/cities/bangalore/30-child-workers-rescued-from-bangalore-leather-units/#sthash.el92ERqO.dpuf>; 28 trafficked bonded child labourers were rescued from leather units and zari embroidery units (Bachpan Bachao Andolan, 2008): <http://bba.org.in/?q=content/28-trafficked-bonded-child-labourers-were-rescued-leather-units-and-zari-embroidery-units#sthash.WPjfanHd.dpuf>

<sup>56</sup> For example: *Where the shoe pinches: Child labour in the production of brand name leather shoes* (SOMO, Jun 2012), research commissioned by the Stop Child Labour Campaign; *Toxic Tanneries: The Health Repercussions of Bangladesh's Hazaribagh Leather* (Human Rights Watch, Oct 9, 2012); *BANGLADESH: Hazardous Child Labour in the Leather Sector of Dhaka* (Anna Ensing, IREWOC, May 14, 2009)

### **Children at work**

*In Kasba Industrial Estate, in a small eatery serving cheap food where workers from the factories come for lunch, Hillal (13) was carrying back a huge bucket full of rice and was in hurry. He was carrying lunch for his elder brother and co-workers who are employed in Metropolis Fashion, an export company producing leather bags and wallets. Hillal is from a Muslim family residing in Diamond Harbour, around 20 kilometres south of Kolkata. Muslim families in this village are mainly Dalit converts. His parents are poor agricultural labourers, and none of the children go to school. Hillal came to Kolkata towards the middle of 2010 with his elder brother, Atial. Atial (20) works in a group of 5 co-workers on piece-rate producing leather bags for women. The piece-rate workers get INR 90 on an average for each leather bag, depending upon the size, and can produce around 100-120 bags in 15 days. Hillal works as a helper for them learning the trade. Hillal works for 12 hours from 10 am to 10 pm, 6 days a week and gets only INR 300 per week or INR 1200 per month. Hillal mainly does sundry work, pasting, gumming, bringing lunch and tea. He wants to learn the trade and work like his brother soon. He does not like to go to school, they have one government school in his village, but it is not an interesting place at all for him.*

*“I can work for 12 to 14 hours a day and I have acquired all the skills of fabricating a shoe upper”, said Indra happily. Indra is a 13-year-old boy who does not want to go to school but takes tuition classes in Hindi and mathematics during lunch time. Indra’s father passed away when he was 7 years old. He proudly says that he earns INR 1800 per month. Rajesh, employer and owner of the job unit in Gamri where Indra works, is his mentor as well as Guru, since he has learned his skills from him. His work does not stifle him and he does not come across as if he feels deprived or overworked. During the lean season, or when he does not like to work at the job work unit, he takes care of their potato field in the village. An avid fan of cricket, which he plays whenever he gets a chance, Indra’s dream is to own a job work unit and to become a good cricketer.*



## 6. Casualization of labour

In the export sector of the leather industry the casualization of labour is widely present. Casualization can be defined as the hiring of workers on temporary or even no written contracts.<sup>57</sup> Temporary workers and contract workers, those who are indirectly employed through a third party known as a contractor, have much worse working conditions than permanent workers. Most of them lack the minimum statutory and social security benefits and are paid below minimum wage.<sup>58</sup> Much of the employment in the leather industry is on a temporary and contract basis and employers experience this labour flexibility as a fundamental advantage, as they are free to employ and dismiss workers as they please in order to respond to fluctuations on the global market, demands of buyers and exchange rates.<sup>59</sup>

In all three research areas a large proportion of the workforce works on a temporary contract basis and most are paid daily or piece-rate wages. Mr. Karki, the General Secretary of Leather and Leather Goods Democratic Labour Union from Vaniyambadi-Ambur points out: *“Flexibility in the supply chain means both the buyers and the exporters can manipulate the production process, labour costs and employment. If the labour costs have to be cut, the production will take place deeper in the supply chain, most of the core production will be contracted out to the job work units at various levels of the supply chain, where contract workers are employed on daily or piece-rate wages”*. This leaves the temporary and contract workers with very little bargaining power. The legislative framework does not benefit the workers either. As Sukuntan, the President of the same union adds: *“The flexibility also ensures that some parts of the supply chain are not bound by labour laws, such as homework”*. For instance, the Factories Act, the law defining the provision for health, safety, welfare facilities, and guarding working hours and annual leave for labour employed in factories, does not apply to production units employing less than ten workers and using electric power (or less than 20 workers if power is not used). In practice, this means that on average only 28.5 percent of all leather production units in India are registered under the Factories Act.<sup>60</sup> This does not even include the informal work by home-based workers.

According to Indian labour law, particularly the Contract Labour Act, contract workers are entitled to the same wages and other benefits provided to permanent workers for the same type of work.<sup>61</sup> *“Large units in Vaniyambadi-Ambur all employ a fairly large number of contract workers from time to time, depending upon the volume of export order”*, says Sathish of the Leather and Leather Goods Democratic Labour Union. According to Sathish, most of these contract workers are deprived of their statutory benefits such as minimum wages, provident fund and health insurance, while rights to take leave are arbitrary.

While Indian law prescribes that a contract labourer who is engaged in work of permanent nature has to be regularized<sup>62</sup>, this is avoided by hiring a contractor for engaging workers for temporary jobs such as loading trucks, packing, sewing uppers and cleaning. Workers who in

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<sup>57</sup> *From precarious work to decent work. Policies and regulations to combat precarious employment* (International Labour Organization, 978-92-2-125522-2 (print), 978-92-2-125523-9, 2011)

<sup>58</sup> *Precarious work in India* (IndustriALL Global Union, 2012)

<sup>59</sup> *Non-regular workers in India: Social dialogue and organizational and bargaining strategies and practices* (International Labour Organization (ILO), 1 v. (DIALOGUE working paper; No.30) ISBN: 9789221255147; 9789221255154, 2011)

<sup>60</sup> *Report on Leather Industry Including Footwear and other Art Works* (Government of India Ministry of Labour & Employment, Labour Bureau Chandigarh, 2009)

<sup>61</sup> *Contract Labour (Regulation and Abolition) Act, 1970* (Workers Education Series, GoodElectronics & Cividep-India, 2015); *Non-regular workers in India: Social dialogue and organizational and bargaining strategies and practices* (International Labour Organization (ILO). ISBN: 9789221255147; 9789221255154, 2011)

<sup>62</sup> The Contract Labour (Regulation & Abolition) Act 1970

reality perform permanent jobs are also enlisted under the contractor. Workers complain about factories that do not disclose the existence of contract workers. A glove factory in Vaniyambadi-Ambur for example, indicates in its submission for the renewal of its factory license that it has only 69 workers, while according to workers it employs at least 400 workers at any given time.

Another practice found in Vaniyambadi-Ambur is the employment of temporary workers who perform the same type of job as permanent workers, but are paid less and are not provided with any additional benefits. Interviewed workers mention the example of a shoe factory that employs at least 60 temporary workers who have been employed since February 2010 or longer. They are paid INR 100 per day, which is below the minimum wage of INR 126.48 per day<sup>63</sup>, and do not receive provident fund or other benefits. They are not provided with an appointment letter or wage slip and their names are not recorded in the wage register as employees. Many other exporters are outsourcing the fabrication of shoe uppers to the small workshops in Vaniyambadi-Ambur area. These workplaces in turn employ workers purely on a temporary basis depending upon the volume of work.

In Kolkata as well, a majority of the workforce in the leather industry consists of contract workers.<sup>64</sup> A certain amount of work is contracted out to them, they work in the factory premises, and they are paid according to the volume of work. Furthermore, some leather goods and footwear units employ new workers on a very low wage or even without any salary for two months or more with the promise of hiring them when they are sufficiently skilled. Only a small share of the total workforce is made up of permanent workers receiving a monthly wage.

The situation in Agra is similar, with high labour flexibility, as most workers are contract workers paid on a piece-rate. Ahmed Khan, interviewed in 2012, works as a permanent worker in the leather unit Prime International in Agra, and he is a contractor employing relatives and acquaintances as contract workers on a piece-rate basis. He is not a licensed contractor, but he earns INR 5,000 per month and he gets a cut for each worker he brings to the unit (INR 10,000 per month for 100 workers). The contract workers can be dismissed at any time without any retrenchment compensation.

## 7. (Female) Home-based workers

The systematic exploitation continues further down the supply chain, as homeworkers provide even more flexibility and low-cost informal labour than the temporary or contract workers. These workers, who are mainly women combining the work with their responsibilities at home, are an invisible but vital part of the production of many types of leather shoes. They are involved in the most labour-intensive aspects of shoe production: sewing leather pieces to form the uppers of the shoes.

In Tamil Nadu, there are thousands of female homeworkers stitching shoes at home, mostly found in the footwear production centre Ambur. A recent report focussing on homeworkers in Ambur's leather industry<sup>65</sup> finds that women working at home experience extreme insecurity, receive very poor wages and have no health or safety protection. Depending on the type of upper and the amount of shoes they are able to sew, theoretically the women could earn INR

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<sup>63</sup> <http://www.paycheck.in/main/salary/minimumwages/tamil-nadu/minimum-wages-in-tamil-nadu-1>

<sup>64</sup> On the basis of our research, we estimate 60 to 70% of the workers to be temporary workers. Another academic study has similar findings: *Job-security and its impact on unionization of work-force in organized leather industry in Kolkata* (Indranil Bose, 2011)

<sup>65</sup> *Stitching Our Shoes: Homeworkers in South India* (Homeworkers Worldwide, Labour Behind the Label and Cividep, 2016)

96 a day assuming an 8-hour day, which is far below the minimum wage set at INR 126.48 a day in 2016 in Tamil Nadu. In reality, most women combine the work with household tasks and report that they earn INR 50 or 70 in one day. Findings from the Südwind action team<sup>66</sup> confirm that homeworkers in Tamil Nadu earn not more than 1 to 2 Euros a day. There is no job security at all, as they are dependent on 'middlemen' who bring the cut pieces material to their homes and collect the finished work to return to the companies. Whoever demands a higher wage, runs the risk that they will no longer receive the work from these middlemen.

In order to tackle this problem, some companies ban homework in their supply chains. However, banning homework has a detrimental effect on the women and their families. Most home workers are married women who need to earn a cash income to support their family but have few alternatives but to do paid homework as it is difficult, if not impossible, for them to go out to work. These are often women from some of the poorest communities who are most in need of a cash income for basic expenses. In addition, a ban on homework or subcontracting, rarely works out in practice. Given that home working is a necessary part of the production process, it will continue but unauthorised and driven further underground. This makes it even more difficult to address the problems associated with homework such as insecure employment, low pay or no health and safety protection. A banning of homework is also against the spirit of ILO Convention 177 which explicitly recognises home workers as part of the workforce, with the same entitlements as other workers. Many companies base their codes and employment standards on ILO Conventions, but make an exception when it comes to home workers. Given that almost all home workers are women, this is also a form of gender discrimination.<sup>67</sup>

## 8. Wages

Information on wages in the footwear sector comes from different sources over a number of years.<sup>68</sup> However, the different sources consistently point to wide-spread non-payment of (at least) official minimum wages, other benefits such as Employee State Insurance (ESI) and Provident Fund (PF), let alone payment of a wage approaching a living wage. This was confirmed by the International Labour Organization (ILO) in 2014. The ILO concluded that wages in the leather and footwear sector are low and that there is a substantial gap between actual wages and living wages for these workers.<sup>69</sup>

Yet calculations of the share of the final selling price that goes to labour indicate that there is considerable room for improvement of wages. According to one recent source, the workers' wages make up only 2% of the final price of the shoe, while the brands keep a quarter of the price and one third goes to the retailers.<sup>70</sup> For homeworkers the wage component would even make up only around 0.1% of the shoe-price<sup>71</sup>. Thus, a very small portion of the final price of shoes is reaching those actually producing the shoes.

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<sup>66</sup> *Schuften für den Hungerlohn – hier drückt der Schuh* (Südwind, 2015): [http://doku.cac.at/sw\\_schuhproduktion.pdf](http://doku.cac.at/sw_schuhproduktion.pdf)

<sup>67</sup> *Barriers to Grievance: Leather Footwear Workers in Tamil Nadu, South India* (A. Delaney, 2016): [https://www.researchgate.net/publication/309636901\\_Barriers\\_to\\_grievance\\_Leather\\_footwear\\_homeworkers\\_in\\_Tamil\\_Nadu\\_South\\_India](https://www.researchgate.net/publication/309636901_Barriers_to_grievance_Leather_footwear_homeworkers_in_Tamil_Nadu_South_India); and Homeworkers Worldwide: <http://www.homeworkersww.org.uk/homeworking/rights-for-homeworkers>

<sup>68</sup> Wage figures in this section do vary in terms of the year(s) on which sources were found, the specific state and whether there is information available about the wages for skilled and/or unskilled work

<sup>69</sup> *Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries: Issues Paper for discussion at the Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries* (International Labour Organization, Geneva, 2014)

<sup>70</sup> Calculated by Clean Clothes Campaign Denmark (2015) on the basis of *Tracing the Geography of Value Capture / Global Commodity Chain in the Sport Equipment / Sport Shoe Industry* (University Hohenheim, 2013)

<sup>71</sup> Estimation by Homeworkers Worldwide based on 10 INR for stitching the upper of a pair of shoes while the retail price might be GBP 100, while prices and piece-rates vary according to the model of shoe



Moreover, the type of shoes made in India are generally sold in the UK market for between £50 and £100 (about 63 euro to 127 euro<sup>72</sup>) if not more. The fact that the footwear sector in India specialises in medium to high priced leather footwear, particularly men's casual wear, such as loafers, boat shoes and moccasin style shoes, suggests that there is indeed room for raising wages of the (home)workers making the shoes or leather parts to a minimum wage or higher.

In all three production hubs covered by this study – Vaniyambadi-Ambur, Kolkata and Agra – our research found non-payment of minimum wages, non-payment of entitlements such as pension funds and health insurance, and non-payment of overtime at the legal double rate. Furthermore, the majority of contract and temporary labourers received a lower salary than permanent workers. Workers with years of experience often still received the salary of an unskilled worker. Piece-rates are common and often lead to long working hours. Implementation of health insurance, maternity benefits and Provident Fund varied widely.

### Kolkata

In Kolkata, the monthly wage for tannery and leather manufacturers set by the government of West Bengal in 2010 was INR 4,218 for unskilled and INR 5,104 for skilled workers. However, according to our research these minimum wage norms were ignored, as most workers received lower wages. In most factories workers did not receive a wage slip. Furthermore, piece-rates were fixed for leather finishing<sup>73</sup>, but not for the production of leather goods. Piece-rates for leather goods, such as bags, purses and wallets, are generally determined by bargaining between a group of 4 to 5 workers and the management. One group of workers who produce bags for an export company, receive INR 90 (about 1.19 euro<sup>74</sup>) for a bag. On average piece rate workers make INR 3,500 (about 46.34 euro) per month.

### Tamil Nadu

In the Vaniyambadi-Ambur cluster most workers are not paid the minimum wage, not even in the registered export-oriented medium and large units. A large number of the workers are not paid the stipulated minimum wage, which was INR 121.91 per day in 2012<sup>75</sup> and increased to INR 126.48 in 2015-2016. Wages for skilled workers are generally paid to senior workers employed for more than 15-20 years. In two companies that have strong unions, workers who are employed for 20 to 35 years are now being paid wages far above the minimum wage, ranging between INR 300 and INR 346 a day. Thus, strong labour unions do help in ensuring higher wages for skilled workers.

Otherwise, interviewed workers from other factories and units are not paid their due wages. A temporary worker should also be paid the stipulated minimum wages. According to the workers that were interviewed in 2012, temporary and casual workers were not paid wages anywhere near to that. In a shoe company, the temporary workers were paid a consolidated amount of INR 115 per day with no other benefits.

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<sup>72</sup> With an exchange rate of EUR/GBP = 1.2691

<sup>73</sup> For a calf hide it is INR 82/piece, INR 54/piece for a cow hide leather and INR 28/piece for a goat hide

<sup>74</sup> With an exchange rate of EUR/INR = 0.013240

<sup>75</sup> As given for Tamil Nadu in 2012: <http://www.paycheck.in/main/salary/minimumwages/tamil-nadu/minimum-wages-in-tamil-nadu-1>



*According to ex-workers, one of the largest chain of companies, terminates service of its worker after 5 years; reappoints the worker with the same salary that he/she was to get on the 6<sup>th</sup> year, but the service benefits get truncated and get limited to only 5 year terms, so that the company does not have to pay hefty sums for long term benefits such as gratuity, provident fund or pension.*

In footwear production almost all interviewed labourers receive piece-rate wages. These vary between INR 5 and INR 10 per piece. On average workers make INR 80 to INR 125 per day, which is mostly below the legal minimum wage for the footwear sector in Tamil Nadu, being INR 121.91 a day for footwear workers<sup>76</sup>. A very recent study done by Homeworkers Worldwide, Labour Behind the Label and Cividep<sup>77</sup> on homeworkers in Ambur's leather industry estimates that the women, hand-stitching shoes at home, theoretically could earn 96 rupees a day on average, also far below the minimum wage.

### Agra

In Agra, none of the interviewed workers received the minimum wage for skilled workers, even though they had all worked in the leather industry for more than 5 years. While between 1-10-2011 and 31-3-2012 the minimum daily wage for leather workers in the state Uttar Pradesh was INR 165.50 for unskilled workers, INR 188.69 for semi-skilled workers and INR 209.46 for skilled workers, the interviewed workers were paid between 92 and 160 rupees in 2012, depending on the unit. A study published in 2016 but quoting a report from 2008 indicated that 78 per cent of the workers in the footwear factories in Agra did not receive the minimum wage and only very few (about 10 per cent regarding Employee State Insurance and provident fund) received the social insurance benefits that they are entitled to.<sup>78</sup>

## 9. Unions and Collective Bargaining

Trade unions in the leather sector and the footwear industry in India have a strong history. However, employers have found ways to make it increasingly difficult for the workforce to organise, for instance through outsourcing the work to homeworkers or subcontracting to smaller units and recruiting young women for lower wages.<sup>79</sup>

### Kolkata

The Kolkata leather industry traditionally had a strong trade union presence. According to Ramsagar Das of the Calcutta Leather Tannery Workmen's Union (CLTWU), a local union active in the Bantala leather complex, the strength of the trade unions dwindled in the 1990s. Small-scale tanning units closed down due to policies of liberalisation and the collapse of trade with the former Soviet Union. Furthermore, 200 tanneries closed during the relocation ordered by the Supreme Court in an effort to reduce pollution levels.<sup>80</sup> "Around 45,000 to 50,000 workers lost their jobs and we do not know where they have gone," said Ramsagar. "The trade unions only had their offices and no workers". Prior to 2002, collective bargaining took place. Collective bargaining at the industry level no longer takes place today. Employers and unions follow the Government stipulated minimum wages notification and usually not even that.

<sup>76</sup> Minimum wages in Tamil Nadu w.e.f April 1, 2012, retrieved from:

<http://www.paycheck.in/main/salary/minimumwages/tamil-nadu/minimum-wages-in-tamil-nadu-1>

<sup>77</sup> *Stitching Our Shoes: Homeworkers in South India* (Homeworkers Worldwide, Labour Behind the Label and Cividep, 2016)

<sup>78</sup> *Leather Industry in India* (Center for Education and Communication (CEC), 2008)

<sup>79</sup> *Stitching Our Shoes: Homeworkers in South India* (Homeworkers Worldwide, Labour Behind the Label and Cividep, 2016)

<sup>80</sup> In December 1996 the Supreme Court ordered relocation of polluting tanneries to a newly developed complex, the Bantala Leather complex

*"The face of trade unionism has changed during the last 15 years," said Samudra Gupta, leader of CLTWU. "In the Bantala Leather Complex tannery owners flout all labour laws and it is tough setting up a union. There has been an attempt to put together a complex-wide union instead of factory-wise unions. But, the restriction on movement of workers, distance from the city and their living quarters, longer working hours and the continued harassment of workers by the employers are posing a tough time for us". Das, a Dalit and worker in the Bantala complex who recently joined the CLTWU, said that "it is increasingly difficult to mobilize workers, even though most of us are not even getting the government stipulated minimum wage or other benefits. Every day workers in various units are getting victimized. We fail to give them adequate support. We have no rights here."*

In the Kasba Industrial Estate, the security guards prevent outsiders from entering the main complex and the units. Union leaders cannot enter the factory premises and have to meet workers outside. Furthermore, during the relocation, a lot of workers feared losing their job since tanneries were closed down. Workers are now still afraid of losing their jobs if they protest or join unions. Workers lack faith in most of the mainstream trade unions and in the labour enforcement machinery and are aware of the long drawn out court battles. So workers come to the trade union only as a last resort when their job is at stake or when other issues have arisen. Workers are free to join any union, but if they engage in union activities at the workplace or voice union demands, it often leads to suspension, dismissal, police cases etc. Formal membership of unions is still high, but these mostly concern company level unions that are installed by the company.

***Leather worker bargaining for monthly wages and better conditions***

*Upendra (23) is a Dalit from the Chamar subcaste and hails from Bihar. He stays in a rented place with 5 others in Topsia, east Kolkata. Upendra used to work on the leather cutting and finishing machine in a leather goods factory, in the Bantala Leather Complex. He was being paid on a piece-rate. At the end of the month his cumulative income was around INR 4,000 as of March 2011. He and 25 co-workers have been demanding monthly wages since 2010. He also joined the Calcutta Leather Tannery Workers Union. During the last week of March 2011, he was having continuous problems with the supervisor about working conditions. On the 26th of March, when the workers found out that the only toilet at the factory floor for 90 workers was closed, Upendra lost his cool and shouted at the manager. He was immediately terminated. The workers in Dolphin Leathers went on a 3-day strike protesting against the termination of Upendra. He was taken back after negotiations with the management. But after the State Elections in May 2011, Upendra and his 4 co-workers were allegedly framed by the owner of Dolphin Leathers and were arrested by the police on the ground of threatening the owner at his residence. All the four workers including Upendra were jailed for a month when the owner himself bailed them out with the condition that they will not work in his factory anymore. Upendra did not accept the condition and filed a complaint to the Office of the Labour Commissioner in July 2011. It is not known if the case had been resolved by now.*

## Agra

Although all the major national trade unions have a presence in Agra, they do not have a significant presence in the organized leather industry. All the workers interviewed are wary of the trade unions, since past workers' agitation has not benefited the workers. Workers who were seen by the management to lead the agitation were victimized and the unions could not support them. At the most, management floats a union within the factory premises that has some worker representatives. These are then recognized as valid unions. Unions working from outside are not recognized. The industry as a whole does not recognize a single union or a set of unions in Agra.

## Tamil Nadu

In Tamil Nadu, collective bargaining takes place across the leather industry. All trade unions are recognized both by the Government of Tamil Nadu and the leather industry, but they do not have a presence within the factories. At factory level, employers have succeeded in reducing the potential for collective bargaining by unions, as they have replaced trade unions with factory level worker committees. These committees are not linked to an external union. At state level, unions participate in the tripartite consultation with employers and the government that fixes the minimum wage.<sup>81</sup>

In Vaniyambadi-Ambur, there is severe restriction of unionization and union activities of workers within the workshop premises. Union activities mostly take place outside the units. The most active unions, such as the North Arcot District Leather Processing Workers Union and the Leather and Leather Goods Democratic Labour Union (LLGDL), directly negotiate with the concerned employers on various issues concerning the workers and their welfare. They take up complaints and file them on behalf of the workers in the labour court or with any other appropriate authority. Workers themselves cannot directly negotiate with their employers through a recognized union neither can they form their own union, since unionization by the workers within the factory premises is not allowed. If workers openly declare themselves as union members or perform union activities within the factory premises or negotiate with their employers, they face repercussions such as suspension and dismissal. *"Our freedom of association and right to collective bargaining are severely restricted and curtailed. The management sponsored union cannot raise a voice against the unfair labour practices of the company involved,"* says Ramachandran (23). Ramachandran was thrown out of Ala Gloves (Vaniyambadi) by the management along with 20 other workers in January 2010 for demanding a Government declared bonus of 21%.

For both unions and workers, it is hard to change this situation, since employers can refer to the workers' committees - often composed of members appointed by the management - that they set up in their factories. This practice is seen more often when a company needs to prove that it endorses freedom of association, as prescribed by a brand's Code of Conduct or agreement with the buyers.

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<sup>81</sup> The major unions who participate in the collective bargaining process are: North Arcot District Leather Processing Workers Union, Leather Processing Workers Union, Ambur (affiliated to CITU), Vellore District Leather Goods Manufacturing Workers Union, Vaniyambadi (CITU), Leather Processing & Leather Goods District Workers Union, Ambur (AITUC), North Arcot District General Workers Coordination (INTUC), National Tannery and Shoe Workers Union (INTUC), National General Workers Union, AICCTU, Progressive Labour Front (LPF), ATP and Leather & Leather Goods Democratic Labour Union

The factory level unions negotiate so called 'working agreements' with the management. These agreements in leather companies in Vaniyambadi-Ambur include clauses like "Workers are obliged to not resort to any direct action on any account but would lawfully approach the management for the redress of their grievances", "Workers will not refuse any work assigned to them and known to them in the interest of improving production, productivity and profit of the Company", "Workers not to indulge in union activities during the working hours and within the factory premises" and "Compensation due to accidental death only available to permanent workers".

#### ***Difficulties of a worker joining a labour union***

*Raji (38) joined a glove factory in Vaniyambadi in January 1998 and worked as a stitching machine operator. She is a Dalit. She is married to a tailor and has two daughters and one son. In 2004, Raji joined the Leather and Leather Goods Democratic Labour Union (LLGDL), since the workers, mostly women, were not paid minimum wages and they were forced to work for 12 hours each day, even on Sundays after 2 pm, without any overtime wage. She alleged that since then she was harassed by the management and her supervisors abused her. She was retrenched on the ground of absenteeism on the 29<sup>th</sup> of May 2004 by the management, but the union came to a settlement for reinstatement in September of the same year. However, when Raji went back to work she was not allowed to enter. There was a scuffle and Raji alleged that she was assaulted by one of the supervisors. The union filed a breach of settlement in the labour court in Vellore, under Section 29 of the Industrial Disputes Act. In December 2010, the labour court ordered reinstatement of Raji. However, Raji was not given a copy of the court order. Whenever she tried to go to work, she has been denied entry. In tears, Raji tells the hardship she and her family face with her husband now being the only earning member and three grown up kids aged between 17 and 20.*

## **10. Women workers**

Traditionally, labour participation amongst women in North India is low. However, increasingly women are found to hand-stitch shoe uppers both for the export and domestic sector. In the large-, small- and medium-scale export production units, increasingly women are employed as helpers in the packaging department or in jobs that men refuse to do, like serving water, sweeping and cleaning. These are low paid jobs, with an average salary of INR 2500 a month. In hand stitching women earn around the same as men, a piece-rate varying between INR 4 to 10 per pair of uppers.

30 per cent of the 2.5 million workers in the leather industry in India are women, apart from non-registered homeworkers who are more often women.<sup>82</sup> The women are more likely to be informal homeworkers. They have their family responsibilities at home, which makes it difficult for them to work long and unpredictable hours. They are extra vulnerable for exploitation, as

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<sup>82</sup> Sustainability in the leather supply chain – research for MVO Nederland (Ernst & Young, 2013)

they have weak bargaining opportunities and poor or no maternity protection, and they face various forms of violence, abuse and harassment at the workplace.<sup>83</sup>

In Kolkata there are few women workers. The tanning units do not have women workers, while in the leather goods units, women are mostly engaged in packing, stitching and finishing. As to women workers in Agra, the (SISI) report puts the figure at 2,000 women in factories and 10,000 in workshops.<sup>84</sup> In Tamil Nadu it is also more common for women to work outdoor and to commute to and from the workplace. Though women workers are a minority in the tanning units, they usually make up between 25 to 35% of the workforce, mostly working informally without contracts. The majority of the workers employed in the leather products industry in Vaniyambadi-Ambur cluster are women. The units manufacturing gloves, garment and footwear have large number of women workers. Skills like tailoring, stitching, pasting, finishing, checking and packing are seen by employers as mostly fitted for women. But women are also employed with the notion that they will not create trouble, will not unionize or join unions. Usually, women workers have significantly less job security and bargaining power than men.<sup>85</sup> Therefore, most of the women workers face a large number of labour law violations and violations of service conditions and statutory benefits. According to senior women workers in the industry, women also account for the majority of contract workers and temporary employees. According to Sukundun, the President of Leather and Leather Goods Democratic Labour Union, women are victimized at the slightest pretext. Even senior women workers like Kamala Nehru, Tajunnisa,

#### **Two women workers**

*Kamala Nehru, aged 47 years, is an active union member in a footwear factory in Vaniyambadi-Ambur, where she worked for 30 years. After the factory was split into two different establishments in 2009, the management decided that Kamala should join the new establishment, which she resisted. She was then accused by the management of assaulting the staff and a criminal complaint was filed in the local police station to intimidate her. However, the management found it hard to prove the complaint and was forced to withdraw it. Kamala Nehru is still employed at the parent company where she started working.*

*Chandraveni, who has worked with at a glove manufacturer as a tailor for the last 15 years in their garment unit, pointed out that there are around 600 women workers and only 150 men in their unit. "Men don't want to do what the women do here," she said. According to Chandraveni there are a lot of girls aged between 17 and 18 years in her division and most of the women workers are temporary. Chandraveni earns INR 4,758 per month. She said that they often have to work overtime but are not paid any incentives. "I have heard that we are perhaps paid less than the men but we cannot substantiate that without any written proof", said Chandraveni. However, workers are provided with pension, health insurance and maternity benefits. They are also content with their work place. "It is clean, there are enough toilets and facilities for drinking water", added Chandraveni.*

<sup>83</sup> *Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries: Issues Paper for discussion at the Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries* (International Labour Organization, Geneva, 2014)

<sup>84</sup> *Diagnostic Study Report for Leather Footwear Cluster, Agra* (Government of India, Ministry of SSI, Small Industries Service Institute, Agra)

<sup>85</sup> *Tougher than Leather: Working conditions in Indian Tanneries* (P. Ray for Cividep-India and Framtiden i våre hender, 2015)

Ansari Begum, working with the KAR Group of companies for more than 30 years, have faced arbitrary dismissal and filing of criminal cases against them.

## 11. CSR initiatives & campaigns

### CSR initiatives

Several CSR initiatives and companies try to address the environmental and social concerns of tanning and leather manufacturing. The *Leather Working Group* (LWG) is a multi-stakeholder group in which major shoe, sports and garments brands are involved and it is set up to promote sustainability in the leather sector. It mainly focuses on the environmental compliance and performance capabilities of tanners, so health and safety and labour conditions fall outside the scope of the audits.<sup>86</sup> Clarks, Geox, adidas and Nike are some of the companies affiliated to the Leather Working Group.<sup>87</sup> CSR initiatives like *Business Social Compliance Initiative* (BSCI) and the *Fair Labor Association* (FLA) monitor only the first tier suppliers of their members, which does not include tanneries. Some major footwear and garment companies are member of FLA, like adidas, New Balance, Nike, and PUMA.<sup>88</sup> SA 8000 is an auditable certification standard for decent working conditions, developed and overseen by Social Accountability International (SAI). There is an increasing number of leather companies that have obtained SA8000 certification. However, earlier ICN and SOMO research shows that more sensitive issues like discrimination more often than not go undetected in these social audits.<sup>89</sup> Finally, *MVO Nederland* (CSR Netherlands) was set up by the Dutch Ministry of Economic Affairs in 2004 and aims to connect and strengthen companies and sectors to move towards (international) corporate social responsibility.<sup>90</sup> In their leather network they focus on innovation and opportunities.<sup>91</sup> Members of the MVO Nederland Leather Network included the companies Smit & zoon, Stahl, Macintosh and Hulshof.<sup>92</sup> The programme ended in 2016.

### Campaign: Stop Child Labour

In June 2012, the Stop Child Labour (SCL) coalition started the campaign 'We want child friendly shoes!'. It started with the report '*Where the shoe pinches - Child labour in the production of brand name leather shoes*' (June 2012).<sup>93</sup> In November 2013 the report '*Working on the Right Shoes*'<sup>94</sup> was published which gives an overview of the progress made in addressing child labour and other labour rights in the leather footwear sector. It focuses on what has been done by 28

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<sup>86</sup> *We want childfriendly shoes! Kinderarbeid in de schoenensector* (Hivos, 2012):

<http://archieff.hivos.nl/content/download/80791/698923/file/Artikel%20'Ve%20want%20childfriendly%20shoes'.pdf>

<sup>87</sup> Many brands have the LWG membership, brands like Timberland, Nike, Hennes & Mauritz, Bata, adidas, Asos, among others. For all members see: <http://www.leatherworkinggroup.com/lwg-members.htm>

<sup>88</sup> For an overview of all participating companies see: <http://www.fairlabor.org/affiliates/participating-companies>

<sup>89</sup> *Maid in India* (India Committee of the Netherlands and SOMO, Apr 2012: <http://www.indianet.nl/MaidInIndia.html>). Critical analysis of social audit practices can be found in: *Looking for a quick fix: How weak social auditing is keeping workers in sweatshops* (Clean Clothes Campaign, 2005) and *Fatal Fashion: Analysis of recent factory fires in Pakistan and Bangladesh: a call to protect and respect garment workers' lives* (SOMO and Clean Clothes Campaign, Mar 2013)

<sup>90</sup> *Leather Network* (MVO Nederland, 2016): <http://mvonederland.nl/english/leather-network>

<sup>91</sup> *Grensverleggers in de Leersector: Internationaal MVO-Programma voor Nederlandse Leerondernemers* (MVO Nederland): <http://mvonederland.nl/sites/default/files/media/Het%20MVO-netwerk%20Leer%20van%20MVO%20Nederland.pdf>

<sup>92</sup> Confirmed members of the network are Smit & zoon, Stahl, Macintosh Retail, Traced Goods, Arma Leather, Hulshof, Made in Mongolia, PUM, Wouter Verster, Hans Both, Dutch Leather Vision, Tuyu, Fairforward, Laimböck, Donders BV, MYOMY, Emma Safety Footwear, VGS, SLEM, Shoestainable, Stop Kinderarbeid/Hivos, CBI

<sup>93</sup> *Where the shoe pinches pinches - Child labour in the production of brand name leather shoes* (SOMO, Jun 2012): <http://www.indianet.nl/pdf/WhereTheShoePinches.pdf>

<sup>94</sup> *Working on the Right Shoes* (Stop Child Labour, 2013): <http://www.indianet.nl/pdf/WorkingOnTheRightShoes.pdf>



footwear companies since the launch of the campaign. The report is a follow-up of a report on the same topic published in December 2012.<sup>95</sup>

Stop Child Labour did, like in 2012, approach 28 companies asking them about their policy and practices to tackle child labour and labour rights abuses in their full supply chain. From 18 of the 22 responding companies SCL has received sufficiently concrete information to conclude that they have taken steps in the past year to (further) improve their policy, practices and level of transparency. All the 18 companies showing progress have taken certain specific steps, some more than others, to e.g. investigate the risks in their supply chain, improve their policy and supplier code, set up or improve monitoring systems that also take into account subcontractors or material suppliers, start working with third party auditing, join a multi-stakeholder initiative and/or improve their transparency toward the public.

However it can also be concluded from the report – see e.g. the scorecard for an overview - that labour rights related activities of companies often do not go beyond the first tier, including to tanneries. In case they do cover other tiers, it is often not transparent what these activities (like monitoring) include or what their quality is, and especially to what improvements they lead. So as we saw in this report there is a lot of need for improvement regarding the full supply chain of footwear and other leather using and producing companies.

### **Campaign: Change Your Shoes**

Change your Shoes is a partnership of 15 European and 3 Asian organizations aimed at working towards an ethical, sustainable and transparent shoe supply chain. In July 2015, the global Change your Shoes campaign was launched, focusing on achieving a living wage and safe working conditions in tanneries, factories, workshops and homes where leather shoes are produced. Besides awareness raising, lobbying of brands and calling for legislature to address key labour rights issues, the project also conducts research on social and environmental conditions in the footwear industry, including in India. In March 2016 the report '*Stitching Our Shoes*'<sup>96</sup> was published, focusing on the conditions of female homebased workers in South India involved in the production of leather footwear. Recently, the report '*Walk a Mile in their Shoes*'<sup>97</sup> followed describing the Indian leather and footwear industry as a whole and the conditions of the workers that are part of it. This report also found rampant labour rights violations relating to social security, living wages, gender and caste discrimination, working hours, freedom of association and occupational health and safety.

## **12. Conclusions and recommendations**

The majority of workers in the leather processing factories and tanneries are from groups that were traditionally involved in leather works, Dalit leather workers and Muslims. While the stigma associated with working with carcasses of dead animals and hides seems to have ceased in the urban industrialised context, the position of this group is still disadvantaged. Higher caste Hindus have made their way in to the sector and benefited from the - partly government sponsored - modernisation and upscaling. Dalit and Muslim labourers don't seem to have benefited from either the growth of or the support for the sector at all. On the contrary, the Dalits, who are at the bottom of the social hierarchy, are less resistant to exploitation by

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<sup>95</sup> *Child Labour in the Leather Footwear Industry* (Stop Child Labour, 2012):

<http://www.indianet.nl/pdf/ChildLabourInTheLeatherFootwearIndustry.pdf>

<sup>96</sup> *Stitching Our Shoes: Homeworkers in South India* (Homeworkers Worldwide, Labour Behind the Label and Civedep 2016)

<sup>97</sup> *Walk a Mile in their Shoes* (Südwind, 2016): [http://changeyourshoes-bg.org/wp-content/uploads/2015/06/IndiaReportEN\\_korr4.pdf](http://changeyourshoes-bg.org/wp-content/uploads/2015/06/IndiaReportEN_korr4.pdf)

employers. Since the leather industry is the only option for their subsistence, they are highly vulnerable to being abused. They endure meagre wages, long working hours and harsh labour conditions. While a minimum wage should be the lowest wage paid, the reverse is true for the leather industry in India. The highest wages paid in a factory are often around the level of a minimum wage.

Furthermore, the women workers in the leather industry are more likely to be employed on a precarious or casual basis, sometimes as homeworkers. They are extra vulnerable to exploitation and most of the women workers face a large number of labour law violations and violations of service conditions and statutory benefits. Through outsourcing the work via middlemen to informal homeworkers or subcontracting to smaller units and by recruiting young informal women workers for lower wages, employers make it increasingly difficult for the workforce to organise.

Children are often involved in leather production in India, mostly in the unorganised part of the sector, working in smaller tanneries. There are several examples of children found at work in Indian tanneries under inhuman conditions, forced to work more than 12 hours a day.

### Recommendations

Based on the findings of this report we can make a number of recommendations to the companies and the CSR initiatives in the leather and footwear industry:

- **Due diligence:** Companies or CSR initiatives should conduct due diligence by thoroughly investigating to what extent child labour, gender and caste discrimination, minimum wage violations and other labour rights violations occur in their supply chains. It is important to also include local organisations, such as NGOs and unions, in this investigation. Based on the due diligence companies should make a time-bound plan for addressing actual and potential labour rights violations, monitor its implementation and report publicly on this.
- **Mapping of supply chain:** It is important that companies map their supply chains including both tanneries and subcontractors, to identify labour rights issues throughout the chain, paying particular attention to gender and caste discrimination. It would need more than a standard audit to understand the supply chain and conditions at different points in the chain. Therefore, it is highly recommended to include off-worksite interviews with workers in social audits and beyond that regularly engage with representatives of the local community. Furthermore, CSR initiatives – including multi-stakeholder initiatives - should also include health and safety and labour conditions in their audits. Monitoring should cover all tiers of their supply chain, including tanneries.
- **Transparency:** Companies should increase the traceability and transparency of their full supply chain up-to the level of tanneries and subcontractors. CSR initiatives should be transparent about their code of conduct, license agreements, procedures, audit manuals, control systems, results, etc. Apart from internal transparency, greater supply chain public disclosure – including locations and audits - would help to give credibility to the efforts of companies and enable affected individuals and groups to effectively operate as stakeholders.
- **Long-term business relationships:** For effectively addressing violations in supply chains and work towards improvements, long-term business relations, regular communication and inclusion of CSR in purchasing practices should be integrated in companies overall policies and practices.

- **Collaboration:** Companies and CSR initiatives that have limited leverage in leather supply chains should seek for collaboration to make use of their joint leverage to effectively address adverse human rights and environmental impacts. Companies should participate in existing collective CSR initiatives aiming at improved conditions. Cross sector collaboration between the garment, footwear, transport (leather used for cars, planes etc.) auto sector has potential for effective address violations.
- **Mandatory written contracts and equal treatment:** The absence of written contracts makes it difficult for workers to claim legal entitlements like minimum wages, government welfare schemes (such as ESI), etc. Employers are subcontracting much of the leather and footwear production to small workshops who hire contract workers and to middlemen employing informal homeworkers. The tanneries, factories and importing companies should make sure that written contracts are provided to all workers, including workers employed by middlemen and subcontractors.  
Furthermore, equal treatment of all workers should be ensured. Companies should make sure that homeworkers are entitled to the same rights as other workers, in line with the ILO Convention on Homework (1996). Employers should also make sure that contract workers receive the same wages and other benefits provided to temporary workers for the same type of work, following Indian labour law, particularly the Contract Labour Act.
- **Unions and collective bargaining:** Through outsourcing the work to homeworkers or subcontracting to smaller units and recruiting young women for lower wages, employers have found ways to make it increasingly difficult for the workforce to organise. Therefore, companies should make sure workers can freely organise and should respect trade unions rights. Properly mandated independent workers' committees can be very useful but not a substitute for independent trade union representation.
- **Grievance mechanism:** Company level grievance mechanisms are a crucial instrument for workers to have their problems heard and remedied. Victims of human rights abuses should have access to effective grievance mechanisms and remedy, according to the UN Guiding Principles on Business and Human Rights. Every Indian or multinational company dealing with leather should have such a mechanism. In cases of systemic violations programmes to tackle these have to be developed.
- **Role of civil society:** As the role of civil society - including local groups, NGOs and unions - in tackling child labour and labour rights violations in leather producing and processing units, factories and homework, support for organizations that have shown to be effective 'change agents' is of great importance. It is also crucial that workers have the freedom to organize, mobilize and give their opinion as is guaranteed by the Indian Constitution and Indian laws. Any infringement on these rights by vested interest groups should be countered by democratic means.

## 13. Discussion

### *Review with companies and CSR initiatives*

It is part of ICN's research policy to follow a procedure of review with companies that are mentioned in our public reports in order to provide these companies with the opportunity to respond and comment on findings that link to them. A draft version of this report was shared

with 27 companies and 8 CSR initiatives<sup>98</sup> for review. In total 19 companies and 2 CSR initiatives responded to the request for review; they reacted to the content of the report and provided information on their CSR activities and programs aiming at improved environmental and/ or social conditions in their leather supply chain. Twelve member companies of the Ethical Trading Initiative (ETI) reacted jointly by signing the ETI statement. Nine of these ETI members were initially not included in the review procedure, but did react through this joint ETI statement (see Annex 1 for the statement). Four ETI members - C&A, Marks and Spencer, Pentland and Primark - reacted individually. ICN appreciates CSR initiatives and companies' reactions to the report as well as their transparency on the measures they take and/ or are planning to take to combat adverse human rights and environmental impacts in lower tiers of their leather supply chains. See annex 1 to 14 for the company and CSR initiatives responses.

In general, the companies and CSR initiatives that reacted to the draft report value the insights given in the report, recognize the importance of the issues raised and acknowledge the need for improvement (in part) of the leather industry in India. Most companies have a Code of Conduct covering social and environmental requirements and conduct audits to check if suppliers comply with their code.

In the sections below, the measures taken by companies and CSR initiatives are summarized and our reflection on these measures (what needs to be done / further action required) are discussed per topic. The main topics are based on the analysis of all reactions combined. The complete responses of companies can be found in the annexes.

### **Need for collective action**

Several companies and CSR initiatives recognize the need for collaboration in order to tackle the social and environmental issues in the leather supply chain. As the ETI members explain in their joint reaction: *'Due to the lack of vertical integration within the leather supply chain, the proportion that leather represents to our global production, associated with the leverage that we as a business can exercise upon our suppliers, we believe a collective action will deliver positive results more effectively.'*

However, from the reaction it is not clear what the ETI members have done or are planning to do related to this collective action. In its separate reaction, C&A states that under the umbrella of ETI they connected with 20 brands and retailers and complied to *'set up a joint approach to find a solution in the format of a program (with clear goals/scope) that brands could co-design with relevant stakeholders and be able to commit to the program.'* This joint approach for a program is yet to be set up.

Further, about half of the reacting brands are member of LWG, which focusses on environmental issues in the tanneries. One brand, Marks & Spencer, is part of the Ganges Leather Buyers Platform of WWF<sup>99</sup>. This is a platform for businesses sourcing leather from Kanpur and Kolkata to collectively address pollution in their supply chains. One of the brands, van Lier, is a member of the Fair Wear Foundation, an independent multi-stakeholder initiative that works to improve conditions for workers in the garment industry. Pentland note that they are open to work together with other companies on a project on homeworkers they have with two organisations, Home Workers Worldwide (HWW) and Cividep.

Thus, a number of brands, in line with our recommendation, seek collaboration to address the social and environmental issues. However, the actual measures taken so far need more

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<sup>98</sup> Including CSR initiatives and other initiatives aiming at improved working conditions and environmental standards in the leather industry

<sup>99</sup> Ganges Leather Buyers Platform (WWF, briefing Jul 2016): <http://www.indianet.nl/pdf/GangesLeatherBuyersPlatform.pdf>

specification and commitment. Still much needs to be done, further collaboration is needed and more companies need to join. We urge all companies to become engaged in relevant existing initiatives like HWW and FWF that work on labour and other human rights issues and/or urge other leather-related initiatives like LWG (also see below) to take up labour issues and participate in collective plan of action.

### **Beyond environmental issues**

In general, there has been a focus on the environmental impact of tanneries and many companies have paid attention to this particularly through participation in the Leather Working Group, but little attention has been paid to labour standards throughout the leather footwear chain apart from some focus on child labour. The LWG is concerned with pollution, use of chemicals and impact of liquid or solid waste products on the environment. Better environmental standards and control of use of chemicals have a direct impact on the workforce as well as the local community. However, LWG does not audit for labour and other social issues, such as wages, child labour and the position of women and Dalits, and it is clear that there is little control of working conditions in the tanneries. C&A states in their response to explore 'the possibility to include labour standards in the current scope of the Leather Working Group', while the LWG emphasizes in their reaction that social elements are not part of their scope of work and they state that their member brands work on the social aspects of their supply chain either individually or through other working groups.

We recommend CSR initiatives, including the LWG, to combine social and environmental audits, as they are often interlinked (e.g. the use of chemicals impacting the health and safety of workers). Moreover, various CSR initiatives like ETI, FWF, SA 8000 and BSCI are in the position to discuss work on or intensify their work on labour and other social issues not directly related to environmental issues like wages, child labour and the position of women and Dalits in the leather industry. WWF is setting a good example, as they are looking for possibilities to include social conditions in their program in Kanpur, but only one of the reacting brands is member of the WWF platform.

### **Beyond 1st tier**

There is quite a wide recognition among the reacting companies that less is known about conditions beyond first tier suppliers. There is very little discussion on conditions for workers in subcontractors or informal employment with most attention being on tanneries i.e. suppliers. As PUMA also explains in its reaction: *'... we welcome the focus of your report which goes beyond manufacturing of finished goods. We can also confirm that many of the problems you mention, such as unstable working conditions or a lack of social security coverage are zero tolerance issues for brands including PUMA at the direct manufacturer level, but can typically still be found at the lower tiers of the supply chain, where brand audits have had limited or no coverage so far.'* In its reaction PUMA explains it is taking action, as is Dr. Martens, by extending the CSR policies and program they use in their 1st tier further downstream into the second tier. Furthermore, Primark is in the process of mapping the supply chain for products that contain leather.

With regard to homeworking, most companies still deny that homeworkers are producing their shoes, despite the given evidence of widespread homeworking, particularly in the assembly of uppers, in India.

Two of the responding companies (Clarks and Pentland) have begun to address issues around home working and do not deny that home workers are found in their supply chains. Deichmann and ECCO forbid outsourcing to homeworkers, and Deichmann arranged working centres in neighbourhoods of (potential) homeworkers. Except for these companies, most brands are still

in denial about home working and their policies are likely to have a negative impact on women home workers.

We recommend all brands that take part in the leather industry to establish long term relationships with their suppliers, and also suppliers in lower tiers of their supply chain. All brands should extend their policy and programs on CSR in lower tiers of their supply chains, including in tanneries.

### **Transparency**

As explained in the recommendations, we believe companies should increase the traceability and transparency of their full supply chain up-to the level of tanneries and subcontractors. Of the 13 reacting companies, only two brands (adidas and C&A) publicly disclosed the tanneries on their corporate website. C&A is increasing its supply chain transparency and is planning on disclosing second tier suppliers, including tanneries, on their corporate website in 2017.

### **To conclude**

Thus, there is considerable difference in measures taken by the different brands. Most companies recognize the urgency to address the issues identified in this research and some of the reacting brands shared concrete commitments to combat adverse human rights and environmental impacts in their leather supply chains. However, it can be concluded that more action is needed and more collaborations needs to be sought, with an emphasis on: collective action plans focussing on both environmental as well as social conditions, extension of CRS actions to lower tiers of the supply chains and increasing supply chain traceability and transparency.



## **Annexes: Responses of companies and CSR initiatives**

- Annex 1: Joint statement of ETI member companies: Arco, Asos, Boden, C&A, H&M, Inditex, Monsoon Accessorize, New Look, Next, Pentland, Sainsbury's and Tesco
- Annex 2: Response C&A
- Annex 3: Response Clarks
- Annex 4: Response Deichmann
- Annex 5: Response ECCO
- Annex 6: Response Gabor
- Annex 7: Response M&S
- Annex 8: Response PUMA
- Annex 9: Response Van Lier
- Annex 10: Response Primark
- Annex 11: Response MVO Nederland (CSR Netherlands)
- Annex 12: Response Leather Working Group

**Annex 1: Joint statement of ETI member companies: Arco, Asos, Boden, C&A, H&M, Inditex, Monsoon Accessorize, New Look, Next, Pentland, Sainsbury's and Tesco**



13th September 2016

Re: Joint -Statement– Do leather workers Matter? Violating Social and Environmental Norms in India

Dear Gerard,

Please see enclosed a Joint- statement from a group of ETI brands in response to the report *“Do leather workers Matter? Violating Social and Environmental Norms in India”*

We are pleased to see these brands recognising their responsibilities in line with the UN Guiding Principles on Business and Human Rights as well as ETI's Human Rights Due Diligence Framework.

We would be happy to facilitate further discussion with the brands on what the collective effort should look like.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'M. D. Buttle', is written over a light grey circular background.

Martin Buttle

Apparel & Textile Category Group Lead

## Joint-Statement – Do leather workers Matter? Violating Social and Environmental Norms in India

The signatories to this statement welcome the ICN report '*Do leather workers matter? Violating Social and Environmental norms in India's Leather Production.*'

The report documents a wide range of worker rights issues in the leather industry including discrimination against low caste Dalits and Muslim workers, environmentally hazardous work, poor health and safety, poverty wages, casualization and informal working practices. Child labour, exploitation of homebased women workers as well as practices to undermine rights to freedom of association and collective bargaining. Taken together we recognise the very concerning issues in the leather supply chain.

We the undersigned agree that there needs to be a collective response to these issues in line with the UN Guiding Principles on Business and Human Rights to identify, prevent and mitigate these Human Rights impacts.

We commit to working with international and national stakeholders to develop a strategic response to the issues in our leather supply chains.

Due to the lack of vertical integration within the leather supply chain, the proportion that leather represents to our global production, associated with the leverage that we as a business can exercise upon our suppliers, we believe a collective action will deliver positive results more effectively. Hence, we actively seek industry-wide initiatives and would be happy to engage with any collective effort that aims to tackle the issues highlighted in the report.

### Brand Signatories

**arco**<sup>®</sup>  
experts in safety

**dsos**  
discover fashion online

*Boden*

**C&A**

**H&M**

**INDITEX**

Monsoon Accessorize

NEW LOOK<sup>®</sup>

next

**Pentland**

**Sainsbury's**

**TESCO**

## Annex 2: Response C&A



Sunday, 11th September 2016

Dear Gerard,

I hope this email finds you well. First of all, many thanks for reaching out to us. We value your input and insights as they encourage us in our ongoing efforts to eliminate harmful chemicals throughout the industry, improve working conditions and promote system-level change.

In this context, we are aware of the challenges facing our industry with regard to Chrome VI and its impact on the health of workers in tanneries as well as consumers. This is why C&A decided in 2014, well ahead of other major fashion retailers, to use only chrome-free tanning for all leather products. Hence, although we are very small in terms of overall leather production, all leather products delivered to C&A stores as of fall 2014 are made from leather that has been processed in tanneries audited by C&A on their capacity to produce good quality, chrome-free tanned leather. In addition and based on our C&A Policy, we have strictly forbidden outsourcing to homes and it is regularly monitored.

This was preceded by talks in the leather supply chain starting already in 2012, with the aim of replacing the conventional chrome-based tanning chemicals by synthetic or vegetable-based tanning agents. We have since then invested in this process, which is already widely used in the automotive industry, in order to maintain the same quality, performance and handling of the leather, while avoiding any potential negative impact on human health. In order to meet and even surpass the requirements we have set for ourselves, we require all our leather suppliers to **disclose the tanneries** they use for our production since 2014, and our Sustainable Supply Chain Team regularly audits the related tanneries to certify the non-usage of chrome.

Also in this regard and as part of our strategy and true commitment to ensuring a transparent supply chain, we published a detailed overview of all our direct suppliers' factories on our corporate website in May. This was the first step of a robust strategy that aims to increase the degree of transparency in our supply chain, which will enable the customer to trace their garment back to the production unit. As it has been released in our website, the following step of our Strategy is to disclose other global second-tier suppliers, including tanneries, as of 2017. You can find further detailed information in the following site: <http://materialimpacts.c-and-a.com/supplier-list/>

Currently, all our leather production in India comes from 3 tanneries. Our SSC team has conducted social audits in two of those tanneries in order to determine the current labor conditions and corrective action plans have been established. This action is included in our SSC plan to widen the scope of social auditing into all our second tier. This process was set up during the second half of 2016 and will continue its implementation during 2017 and beyond.

What we have understood so far is, that in the tanneries there is a high presence of casualization and informality of labor and its direct intricacies with the caste system and religious minority groups in India. This current situation brings us to the conclusion that liaising with the government and coming up with a joint strategy to work across brands, other related industries and stakeholders will be deemed vital. Hence, we have already started to connect with other industry players and key sectors such as the automotive industry, which have greater leverage in the leather manufacturing industry.



The first step was, under the umbrella of the Ethical Trading Initiative, we connected with other 20 brands and retailers and agreed to set up a joint approach to find a solution in the format of a program (with clear goals/scope) that brands could co-design with relevant stakeholders and be able to commit to the program.

Helping to ban the international use of harmful chemicals remains a top priority for C&A. In addition to our own C&A Chemical Policy, we also encourage our suppliers to implement chrome-free production for other clients as well.

Additionally, we are also exploring the possibility to include labor standards in the current scope of the Leather Working Group that aligns the environmental priorities, bring visibility to sustainable and appropriate business practices, and suggest guidelines for continuous improvement.

While there is still progress to be made, we believe this is the most structured and sustainable way forward. In this regard, we count on the support from all industry stakeholders in endorsing the achievements and abovementioned objectives to set up a joint approach that helps us to find a solution in the format of a program co-designed with all relevant stakeholders.

Kind Regards,

Aleix Busquets Gonzalez  
Global Head of External Stakeholder Engagement  
C&A Global



## Annex 3: Response Clarks

### Response to report “Do leather workers matter?” by the India Committee of the Netherlands

At Clarks, everything we do is built on our strong ethical heritage and the way we do business is underpinned by a strong sense of our responsibilities as an international shoe retailer. Our company is proud of its commitment to corporate responsibility. We attach real importance to the welfare of our employees and those employed by our suppliers, and are committed to maintaining our reputation for fair dealing and retaining the confidence of our consumers.

It is disappointing that this report is reliant on research undertaken 4 – 5 years ago and is largely reproducing information that has been previously published. We acknowledge the important intent of the report as stated in the introduction, “This paper explores labour conditions in the leather industry that are related to deep-rooted social inequalities in Indian society. It highlights underlying structural issues that impact the labour conditions in the leather industry in India: caste and gender discrimination. ICN feels that tackling these structural social conditions is a crucial prerequisite for the success of any CSR initiative in the Indian leather industry.”. However much of the content and all of the recommendations are focused on the specific environmental and social issues found within some parts of the leather and footwear industry in India and are centred on activities undertaken by the brands sourcing from there. They do not address the “deep-rooted social inequalities in Indian society” and the underlying structural issues.

Clarks will continue to work with all our suppliers to ensure that the working condition standards set out in our Code of Practice are met.

Clarks acknowledges that there remains much need for improvement in some parts of the leather and footwear industry in India. In response to the key points made within the report:

- We map and have visibility of the production facilities used to produce our products in India as elsewhere. We do not currently have any footwear production in the Agra region of India.
- We operate an audit programme that in 2015 covered over 99% of our first tier footwear production, i.e. the factories that produce the finished product.
- In addition to undertaking social audits of our finished goods factories Clarks undertakes audits at satellite production units, predominantly stitching units used in the production of shoe uppers and key Clarks nominated material and component suppliers. This includes Clarks nominated tanneries producing 80% of the leather specified in Clarks footwear.
- As a founding member of the LWG the Clarks business values the environmental certification provided it and are proud that over 75% of the leather we specify for our footwear is sourced from tanneries that have achieved bronze, silver or gold certification against the Leather Working Group Environmental Stewardship Protocol.

- Through our social audits and the environmental certification of the LWG we have a holistic overview of both these aspects for the tanneries used to supply material for Clarks products.
- All Clarks nominated tanneries in India have either attained or are working towards LWG certification and have undergone a social audit by Clarks.
- We do ensure that all workers engaged in the production of our products are paid at least the legal minimum wage and are provided the relevant legal benefits regardless of their contractual status.
- While only relevant to a small proportion of our products we do monitor the use of homeworkers and the rates they are paid.

Further information on Clarks Corporate Responsibility including our Code of Practice and our work on working conditions with our suppliers can be found on our website, <http://www.clarks.com/CSR/corporate-responsibility> .

## Annex 4: Response Deichmann

The report *'Do leather workers matter? Violating social and environmental norms in the Indian leather production'* critically examines leather production in India. Naturally, we cannot speak for other participants in the market, but for our company, we can state:

We have made and are still making every effort to achieve a continuous improvement process together with our suppliers. From our view this will benefit standards for the whole industry in India. Our work is based on our Code of Conduct which obliges producers to treat both employees and environment with care.

As a footwear retailer, the DEICHMANN Group is not directly procuring leather. We are sourcing footwear directly from footwear manufacturers without any middleman or wholesale trade. This direct business relationship with our partners enables us to have a stronger influence. The responsibility of sourcing materials and components which are required for producing our footwear lies in the hands of our business partners, keeping the DEICHMANN group informed about these sources.

Our business partners source the leather directly from tanneries. All of the tanneries supplying leather for DEICHMANN footwear in developing countries are already in process of Leather Working Group (LWG) and social audits.

Our Code of Conduct covers social and environmental requirements (based on BSCI Code of Conduct and ILO). It is valid for all DEICHMANN business partners and sub-contractors along the supply chain. The intention of the DEICHMANN Code of Conduct is to establish and develop its social and environmental standards in close collaboration with suppliers and subcontractors, and not simply to terminate the business relationship in the case of a non-compliance. Our general rule is that our business partners must, in all of their activities, follow this DEICHMANN Code of Conduct.

Of course child labour is forbidden by our Code of Conduct. Violations of this rule are not tolerated, since we know what harm this can cause for a child's future. To point it out, there are very less handstitched products in our collection which are potentially produced by homeworkers (e.g. Moccasins). However, we are participating in a project of FLA (Fair Labor Association) together with our suppliers, to stop Child Labour in the Agra Region. (Flyer: <http://www.stopchildlabour.eu/assets/Leather-Project-FLYER-010517.pdf> )

To avoid that any work which is involved in our shoe production in countries like India is done without our control, work at home is not accepted – we have arranged some working centres in the neighbourhoods of potential homeworkers.

The DEICHMANN Group is a member of the BSCI (Business Social Compliance Initiative). It has thus undertaken, among other things, to have all its suppliers regularly audited by independent assessors. This means: All factories producing and delivering footwear to DEICHMANN Group are audited by independent auditing companies for example TÜV, SGS and BV. After these audits we develop remediation plans with our suppliers and help them to make improvements if necessary.

Suppliers who meet all the BSCI requirements are encouraged to go further and to obtain certification according to SA8000. This certification, awarded by Social Accountability International (SAI), is an international standard which aims to improve the working conditions of employees. In contrast with national laws and regulations, SA8000 is an international standard, and certification and compliance are binding for the companies. It is based on conventions of the International Labour Organization (ILO) and the United Nations (UN).

As part of our commitments mentioned above, we could not recognize the irregularities described in the report.

## Annex 5: Response ECCO



### **Do Leather Workers Matter?**

ECCO would like to take this opportunity to comment on the draft report “Do leather workers matter?” received from the India Committee of the Netherlands 9th August 2016.

ECCO finds that the report is well written, and despite a few questions to the methodology and sources, the report leaves no doubt that the Leather industry in India has a need for improvement, in particular with regards to working conditions.

### **About ECCO**

ECCO is a family-owned Danish company that owns and manages every aspect of its leather and shoe productions and its retail sales. Its four tanneries are currently Gold- and Silver rated by the audit protocol the Leather Working Group. The company produces app. 95 % of its shoes at its factories. ECCO relies on sourcing materials and components for the shoes, for example laces, inlay soles, packaging externally.

### **ECCO’s Code of Conduct and Auditing**

ECCO’s Code of Conduct applies to its own operations and to any of its suppliers. ECCO requires its suppliers to follow the same standards with respect to social and environmental performance as ECCO follows itself.

Audits are conducted at ECCO’s own factories, at suppliers and sub-suppliers prioritized by risk assessments, where e.g. working conditions and risk of environmental impact are decisive parameters. This implies that ECCO also conduct audits at our supplier’s sub-suppliers, for example a dying house, where chemicals are used.

ECCO’s audit checklist is based on the Code of Conduct and is broken down to 153 items where the aim is to find evidence of how each item is in compliance. Audit consists of a factory tour at the entire facility from warehouses, production to canteen and toilets; interviews with employees and managers; and document review.

The audit checklist includes chemical management, energy and water savings, waste management, health and safety, working hours, payment, employment contracts, child labor, forced labor, training, respect of culture, etc. The frequency of audits depends on the performance of the supplier and the follow-up plans made with the given supplier.

Audit findings are categorized as minor, major and critical findings. While minor and major findings leads to a joint action plan to remedy the issue, critical findings lead to termination of the collaboration with the supplier. ECCO defines critical findings as situations that pose a significant threat to employees, environment, operations, brand reputation, or stakeholders. Example of critical audit findings include but are not limited to blocked emergency doors, child labour, children at the work place, and employees without contracts.

ECCO’s own audits are supplemented with external assessments, for example the Audit Protocol “Leather Working Group”. As members of multi stakeholder initiative “Sustainable Apparel Coalition” ECCO’s shoe factories and tanneries have tested the HIGG index (environment module and sociallabour module).

### **ECCO's suppliers in India**

ECCO does not have own production in India but has a long-term relationship with a few renowned Indian suppliers. ECCO conducts audits at suppliers of leather, lining, soles, thread, shoeboxes, uppers and full shoes. In general, ECCO's suppliers perform well at ECCO's Code of Conduct audits, but over time a few examples of what ECCO defines as critical audit findings have been identified and the collaboration with the given supplier has been terminated.

ECCO recently conducted a survey on the employment of homeworkers at its suppliers in India, ECCO found out that one upper supplier occasionally used up to 15 homeworkers for assisting the factory on handstitching. Albeit the supplier did do their part in ensuring that the home workers were working under proper conditions, ECCO required the supplier to terminate this setup immediately and insource the jobs to the factory.

ECCO's policy about homeworkers states the following:

*"A natural part of the ECCO Code of Conduct is not to use "Home Work" for manufacturing of any part of ECCO's products. In accordance with the International Labour Organisation (ILO) Convention concerning Home Work, the term Home Work means work carried out by a person, to be referred to as a "homeworker", (i) in his or her home or in other premises of his or her choice, other than the workplace of the employer; (ii) for remuneration, and; (iii) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used. This implies that any person who as part of an employment relationship or similar relation with a supplier or any of their sub-suppliers or subcontractors carries out manufacturing works outside an authorized workplace, e.g. in a home-setting, is considered a homeworker by ECCO."*

### **Health and safety**

ECCO provides free medical service to employees at its factories and ensures that employees possess and use safety equipment. We require the same from our suppliers.

Among many initiatives to secure the health of its employees, ECCO has fully automated machines and cranes to carry the heavy hides, to avoid that employees should suffer from carrying the hides.

ECCO provides its employees with safety equipment and training to avoid situations where employees' health is at risk.

### **Contracts, salaries, working hours and agents**

It is a requirement that all employees – regardless of the length of the employment – have a contract, and have understood the content in the contract. Collaboration with suppliers that do not have contracts on all their employees are being terminated immediately.

ECCO requires suppliers to follow national minimum wages as a minimum, and ECCO does not pay salaries based on piece rate.

ECCO does not allow a normal workweek to exceed 48 hours. ECCO allows for a maximum weekly overtime of 12 hours. Overtime must be announced minimum 24 hours in advance, and all hours exceeding the normal working week must be compensated at the rate legally required or, in those countries where such laws do not exist, at a rate exceeding the regular hourly compensation rate. Employees must have at least one day off in seven.

ECCO does not allow middlemen (or agents) to earn money on supplying employment to a factory.

### **Child work**

ECCO does not allow child work and children at the workplace. The minimum age limit accepted by ECCO is 15 years, and certain rules apply to young workers between 15 and 18 years to protect them.

### **Labour Unions**

ECCO respects the freedom of association. Employees are free to join associations of their own choice without fear of reprisals and ECCO's own tanneries and factories are examples on this. While ECCO's audits control the freedom of association, ECCO's experience is that it can be difficult to assess at suppliers.



In general, ECCO seeks to learn from best practices in the industry or other industries in this regard.

**Communication with the public**

ECCO's Code of Conduct is available at: <http://global.ecco.com/en/company/responsibility>, and further information on ECCO's Corporate Responsibility initiatives can be found on <http://global.ecco.com/en/company/newsroom/annual-report>

Bredebro, 26th August 2016

Lene Raunkjær,

Head of Group Conduct, ECCO Sko A/S

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**About ECCO**

*ECCO, a world-leading brand of shoes combining style and comfort, has built its success on great design, leather quality, and innovative technology. ECCO is one of the few major shoe manufacturers in the world that owns and manages every aspect of its leather and shoe productions and its retail sales. ECCO is among the largest producers in the world of high-quality leather, which is used in ECCO's shoes and own production of leather goods and is also sold to several leading luxury brands. Today, ECCO products are sold in 87 countries in more than 3,300 ECCO shops and shop-in-shops and at more than 14,000 sales points around the world. The company is family-owned, founded in Denmark in 1963, and employs more than 19,000 people worldwide. [www.ecco.com](http://www.ecco.com)*

## Annex 6: Response Gabor

# Gabor

Gabor Shoes AG · Postfach 10 03 51 · D-83003 Rosenheim

India Committee of the Netherlands  
Mariaplaats 4e  
3511 LH Utrecht  
Netherlands

Ihre Zeichen/Nachricht vom

Es schreibt Ihnen

Telefon-Durchwahl

Datum

Dr. Reheis

-396

25.08.2016

Dear Sirs,

We are convinced that companies have a responsibility towards the environment and society as well as for health. At Gabor we are aware of the responsibility incumbent on us as a manufacturer due to our globalised business activities and employment of an international workforce, and we recognise that this responsibility extends to every worker who manufactures products or parts for Gabor – regardless of whether they are Gabor employees or not.

With its brand name and reputation, Gabor champions compliance with good working conditions not only in Germany but also at all production sites the world over.

Besides its headquarters in Germany, Gabor operates its own production sites in the EU (Portugal and Slovakia), where about 85% of all Gabor shoes are made by a workforce of more than 3,200. In addition we purchase from suppliers in Asia that we have worked with for many years. Gabor does not source any finished shoes from India, only individual components such as uppers.

Gabor Shoes AG · Marienberger Straße 31 · D-83024 Rosenheim

Telefon : 49 8031 801-0 · Telefax : 49 8031 801-275 · info@gabor.de · www.gabor.de

Vorstand: Achim Gabor (Vorsitzender), Martin Hofmann, Michael Tackenberg · Aufsichtsratsvorsitzender: Dr. Dieter Schenk

Registergericht: Traunstein HRB 9155 · Sitz der Gesellschaft: Rosenheim · Ust-Id.-Nr. DE 13 117 7880

HypoVereinsbank 3 904 776 · BLZ 711 200 77 · Swift-Code HYVEDEMM 448 · IBAN-Code DE 40 7112 0077 0003 9047 76  
Commerzbank AG 240 440 000 · BLZ 711 800 05 · Swift-Code COBADEFF 711 · IBAN-Code DE 38 7118 0005 0240 4400 00

# Gabor

We also attach great importance to fair working conditions, health and safety at supplier firms. For over 10 years now we have systematically applied our Code of Conduct, which we update on a regular basis. This Code of Conduct stipulates concrete practices and procedures on a broad spectrum of pertinent issues of human rights and sustainability, and is guided by the labour and social standards of the International Labour Organisation (ILO). All our contractors, subcontractors, suppliers and licensees are required to comply with the minimum standards listed below:

1. Voluntary labour – prohibition of forced labour
2. Freedom of association and the right to collective bargaining
3. The abolition of child labour
4. The elimination of discrimination
5. Fair wages and promotion at work
6. Health and safety at work
7. Regulated hours of work

Working conditions and our Code of Conduct's standards are scrutinised on an ongoing basis both by external institutes and by our own staff. Gabor employees are regularly on the spot to check compliance with the regulations. - At every production site and at every contractor's.

We hope that this letter has brought home to you our extensive efforts for fair and environmentally friendly footwear manufacture.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Markus Reheis', with a stylized, flowing script.

p.p. Dr. Markus Reheis

## Annex 7: Response Marks & Spencer

### M&S response to ICN report 9/9/16

Ethical trading is fundamental to Marks & Spencer's business and all our suppliers must adhere to our Global Sourcing Principles, which cover what we expect and require of our suppliers on a wide range of employment issues including pay, minimum age, working hours, health and safety in the workplace, workers representation, contracts and the prohibition of subcontracting. We take all appropriate measures to promote and enforce compliance with these principles by our contracted suppliers and we expect them to do the same within their supply chain.

As well as 100% of our 1st tier suppliers having an annual independent 3rd party audit, we do carry out due diligence audits and visits in this 1st tier and tanneries. We have full mapped our leather supply chain and 100% of our tanneries have completed an Environmental & Chemical Policy assessment. We have been members of the ETI Tamil Nadu Multi Stakeholder initiative since its inception in 2013, working to contribute to the elimination of exploitative practices, including the Sumangali scheme, in the garment & textile industry in Southern India by implementing a replicable model that promotes ethical recruitment and retention of young women into the sector, focussing on Workers health, Recruitment practices and Employment practices in spinning mills and factories.

In addition, under Plan A, our eco and ethical programme, we have committed to source 50% of the leather used in M&S Clothing & Home products from suppliers who demonstrate continuous improvement against environmental industry based metrics by 2020. In 2015/16, 28% of the leather used to make M&S leather products was sourced from Leather Working Group rated tanneries, based on an annual supplier survey conducted in October 2015. LWG standards were developed by a collaboration of retailers and tanneries. The standards include the evaluation of energy efficiency, water usage, chemicals management, discharges, emergency plans and traceability of leather. We are also part of the WWF Ganges programme looking at environmental controls in the Indian Mill industry.

## Annex 8: Response PUMA



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To  
Mr. Gerard Oonk  
Director India Committee of the  
Netherlands  
via Email

August 28, 2016

Dear Mr. Oonk,

thank you for sharing your draft report „Do leather workers matter?“ and for inviting us to comment on the report prior to publication.

As a global brand we have been working on improving social and environmental standards in our supply chain since our first Code of Conduct was established in 2003. We have been doing this not only by conducting over 5000 compliance audits over this period but also by joining relevant industry and sustainability initiatives like the Fair Labor Association, the ILO/IFC Better Work Program, the Sustainable Apparel Coalition or the Zero Discharge of Hazardous Chemicals Foundation and last but not least the Leather Working Group, just to name a few.

Our team of 20 experts in social and environmental topics is deployed in our key sourcing countries and works hard to check compliance at supplier level, and help to pave the road for continuous improvement through capacity building projects, regular meetings and the collection of environmental and social KPIs from our suppliers.

For example, we have only recently finished a large scale capacity building project on energy and water efficiency as well as waste reduction in four Asian countries ( <http://puma-save.org/> ). At the same time we have been rolling out the HIGG Index Facilities Module of the Sustainable Apparel Coalition to our key suppliers over the past two years. Only recently, we hit the mark of 300 posted facilities modules (social and environmental) from our vendors.

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Our experience shows that while the apparel and footwear industry has clearly put compliance to the ILO Core Labor Standards on the agenda of export oriented finished goods manufacturers, the same standards often remain less communicated or even implemented in the lower Tiers of the supply chain. Therefore, we welcome the focus of your report which goes beyond manufacturing of finished goods. We can also confirm that many of the problems you mention, such as unstable working conditions or a lack of social security coverage are zero tolerance issues for brands including PUMA at the direct manufacturer level, but can typically still be found at the lower Tiers of the supply chain, where brand audits have had limited or no coverage so far.

We at PUMA recognize the importance of the issue. We have therefore included working on social and environmental challenges at component and material production level as part of our new 10FOR20 sustainability strategy and targets.

To give you two examples, we have recently expanded the coverage of our compliance auditing program SAFE beyond Tier 1 suppliers and added our core component and material suppliers. On the environmental side, we have been working with our key suppliers with wet processing (mainly dye-houses and tanneries) on environmental topics and consequently 30 of our core suppliers with wet processing have already published their waste water discharge reports on the website of the Chinese NGO IPE.

Regarding the regional focus of your report on India, we would like to let you know that in contrast to many other Asian countries, India is not a key sourcing country for PUMA's international collections. This also holds true for leather sourcing, where we source over of 90% of our leather from Leather Working Group Medal rated tanneries, mainly in China, Vietnam and Taiwan. Therefore, we feel less confident to comment on the country and region specific issues discussed in the report.

Having said that, we do have some PUMA production in India for the Indian market and do source a limited amount of specialized leather items such as goat leather. Having distributed the "Do leather workers matter?" report to our Indian supplier base, we will cover the content of the report in our Annual Indian Supplier Round Table Meeting, which will happen in September this year.

We would like to conclude this letter by extending an invitation to you to present the findings of your research during one of our next sustainability meetings in the region, potentially already the supplier Round Table in India which we had mentioned above.

We remain at your disposal for further questions.

Sincerely,

Michael Bennett  
Global Director SourceCo

Stefan D. Seidel  
Head of Corporate Sustainability

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## Annex 9: Response Van Lier

# VAN LIER

Van Lier has been a member of Fair Wear Foundation (FWF) since 2015. FWF's mission is to improve labour conditions in the garment industry. FWF keeps track of the improvements made by its members through audits, a performance check system, and a complaints hotline, among others.

As a FWF member, Van Lier monitors conditions in its supply chain, adapts its management practices to support better working conditions, and resolves problems when they are found. Responsibility for worker welfare is shared between Van Lier and the factories where it has production.

In August 2016, Van Lier had a brand performance check over financial year 2015. It was found that Van Lier's sourcing practices support effective implementation of the FWF Code of Labour Practices. Van Lier has a stable supplier base with long term relations and substantial leverage, accounting for 77% of the company's 2015 purchasing volume. Of Van Lier's 2015 total production volume, 81% is sourced from countries that are classified as low risk, and the company has met FWF's monitoring requirements. Van Lier was placed in FWF category 'Good'; this means that, as a FWF member, Van Lier is engaged in serious and verifiable efforts to implement the FWF Code of Labour Practices (CoLP).

Van Lier has been doing business in Agra (India) for many years. Particularly, it has a long-term supplier, a family business that produces shoes for their own shops in Europe as well as for Van Lier and other brands. The entire production cycle takes place within the factory premises and no subcontracting or outsourcing has been found.

The Agra factory receives some of its leather from a tannery in Italy. Yet, a Chennai-based tannery, a joint venture between the Agra factory owner and a partner, is the main supplier of the leather used for producing shoes at that factory. The joint ownership and close working relation with this tannery allow for more transparency and control regarding worker rights and environmental issues. It also gives the factory independence to select its material, and oversight regarding regulated and correct chemical use during the tanning process. Tests are carried out on the leather and the certificates are sent to Van Lier for additional control. The leather in this factory is tested according to the standards set out by REACH.

The Van Lier supply team has regular contact with the factory owner and management and visits the manufacturing factory to assess working practices and conditions. Van Lier is in the process of planning a Fair Wear Foundation audit at the Agra factory towards the end of 2016. This will give Van Lier better insight into the CSR practices of the factory and where improvements can be made.

The factory owners are aware of and have signed the FWF Code of Labour Practices. The manufacturer has good knowledge of the expected labour standards and has always been willing to participate in research projects. The details of the factory have been shared with several NGO project groups because of the factory's readiness and willingness to participate and engage in these projects.

Van Lier also does research further down the supply chain, and keeps a record of the tanneries that produce the leather; it requests and keeps record of certificates of testing for chemicals done on the leather by the tanneries under the testing standards set out by REACH.

## Annex 10: Response Primark



Primark welcomes the ICN report and takes the issues it raises extremely seriously. We are currently in the process of mapping the supply chains of the few products we offer that contain leather. Unfortunately, as an individual retailer sourcing a small amount of product, Primark has limited leverage to exercise over suppliers. This in turn, hinders our ability to effectively address potential issues relating to leather workers and tanneries, which may occur several tiers down the supply chain. To overcome this challenge, a group of brands, including Primark, have convened through the Ethical Trade Initiative (ETI) to discuss a more cohesive joint approach. We hope that collectively, we can work towards delivering positive results and effectively address these issues.

## Annex 11: Response MVO Nederland



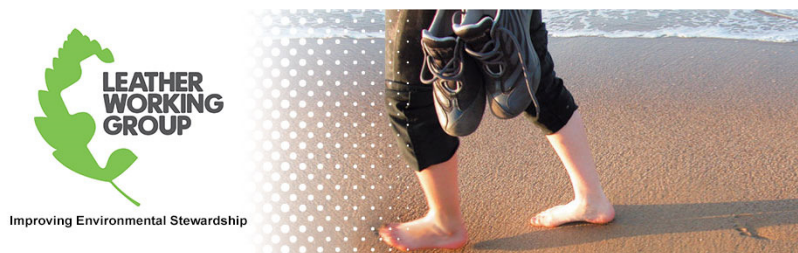
Most consumers in Western markets attribute only positive things to ‘genuine leather’: high quality, craftsmanship and durability. This applies even to a lot of people within the industry. Few consumers and professionals realize that animal hides and the garments and shoes that are crafted out of them do sometimes hide a world of trouble: unfair labour conditions, low wages, child labour, dangerous working environments, animal suffering, environmental degradation and more.

This report deserves recognition for raising awareness about the plight of workers in the Indian leather industry, with special attention for the groups that suffer the most: Dalits, Muslims, women and children. What should raise special concern is the finding that many children work in the tanneries and workshops observed. Child labour in the leather industry is a relatively rare phenomenon in most leather producing countries, because the work in tanneries is so heavy and dangerous (children working in workshops is unfortunately more common). This stresses the fact that especially these children deserve a better fate.

Luckily an increasing number of leather companies are doing their due diligence and start to recognize the potential risks in their supply chain. Ever more retailers, brands and wholesalers take action to improve the working conditions for the labourers in their supply chain. This proves to be hard in many cases, especially because small and medium sized companies often lack the leverage to push improvements through. In these cases, companies can add weight to their efforts by working in coalitions. CSR Netherlands supports a number of these coalitions in different fields.

The Sustainable Leather Award, the first and only prize contest for sustainable initiatives in the Dutch leather industry is one example. The [Tanneryofthefuture.org](http://Tanneryofthefuture.org), an easy self-assessment tool for tanneries and their buyers, is another. Last but not least, CSR Netherlands guides groups of companies in sourcing and investing sustainably in low-income leather producing countries. For CSR Netherlands this report once again emphasizes how urgent these efforts are in building a fair and sustainable international leather supply chain.

## Annex 12: Response Leather Working Group



### Leather Working Group

The Leather Working Group (LWG) is approached regularly by a range of organisations that see some form of symbiotic relationship or seek to leverage its support. As such, the LWG has adopted a policy of not recommending, partnering or favouring any one organisation or service provider.

The LWG was set up to tackle environmental issues within the leather supply chain and during the formation of its objectives, although important to the members, socially orientated aspects like those mentioned were specifically excluded from the LWG's scope of operation. This was done for several, positive reasons:

- the brand members already had extensive social auditing and compliance procedures in place;
- the brand members were already involved in other social improvement initiatives;
- there are many existing social auditing assessment tools, auditing companies and solutions available to the brands;
- the members wanted a protocol that was focused on environmental stewardship and was not to duplicate or create a more general protocol;
- the members wanted a targeted and relevant environmental audit process (all the auditors are individually selected and approved for their leather industry expertise).

Our member brands deal with social aspects of their supply chain on an individual basis or in collaboration with other working groups. To this end it is better that you contact them all directly for a more thorough and meaningful response.

It should be noted that the description of the leather industry as one of the world's major polluters using toxic chemicals to which workers and the environment are exposed is not characteristic of the leather manufacturers involved in the Leather Working Group environmental stewardship programme. It is believed that the programme ensures that the vast majority of leather manufacturers within the group use chemicals responsibly, look after their workers, and care for the environment. The LWG is committed to a policy of continuous improvement that seeks to elevate environmental standards and works to ensure the safe and responsible use and disposal of all chemicals".

As the LWG does not represent the individual members' views and or policy we are not able to give specific feedback and we therefore recommend that you contact them individually.

While we are not able to provide the contact details of the relevant contacts with the member brands, the LWG EC has agreed to mention the publication at our next meeting as part of our NGO review and we will also put an article about the report in our next newsletter. Brands that wish to comment will then be able to do so. Please provide a relevant link to the report.

For information there are a number of other projects in India that are looking at a similar scope of work run by WWF and Solidaridad and it may be worth co-ordinating with them.