

Arisa

Leather and leather shoes from India

# Labour abuses in supply chains uncovered

March 2023

## Colophon

### Leather and leather shoes from India **Labour abuses in supply chains uncovered**

March 2023

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This paper was created with the financial support of the European Union and various other funders, including the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland) and Mondiaal FNV. Its contents are the sole responsibility of the authors of the Together for Decent Leather consortium and do not necessarily reflect the views of the European Union or the other funders.



#### **Arisa**

Arisa – *Advocating Rights in South Asia* – works to improve working conditions in international supply chains in South Asia. In collaboration with partner organisations in countries including India, Bangladesh and Pakistan, Arisa monitors the working conditions in the production of garments and textiles, leather, natural stone and vegetable seeds. Many workers in supply chains for Dutch and European companies face challenging working conditions and social issues. Arisa prioritises the most vulnerable workers in these supply chains, and works to eliminate child labour, forced labour and discrimination based on caste or gender. For more information, see [www.arisa.nl](http://www.arisa.nl)



#### **Together for Decent Leather**

Together for Decent Leather is a three-year programme, carried out by a European-Asian consortium of seven civil society organisations. The goal is to improve working conditions and to reduce labour rights abuses, focusing on production hubs for leather products in South Asia – in particular in the Vellore and Chennai districts in Tamil Nadu, India; in greater Karachi in Pakistan; and in the greater Dhaka region of Bangladesh. Together for Decent Leather works to secure increased commitment from companies to fulfil their human rights due diligence obligations and with governments to put in place safeguards and regulations to improve adherence to international labour standards. For more information, see [www.togetherfordecentleather.org](http://www.togetherfordecentleather.org)



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# 1 Introduction

The leather and leather goods industry in India makes a substantial contribution to global demands for leather and leather goods, as well as contributing a decent share to the country's Gross Domestic Product (GDP). In 2019, Indian leather exports totalled about 5.5 billion USD and helped to employ nearly 4.42 million formal workers.<sup>1</sup> All stages of leather production take place in India – from larger export tanneries and factories manufacturing leather goods to smaller workshops and home-based workers stitching leather uppers for shoes by hand. The sector is often associated with poor working conditions, such as low wages, long working hours, health and safety issues, informal employment relationships and challenges when it comes to freedom of association.

New information about the working conditions in India, Bangladesh and Pakistan was gathered for the Together for Decent Leather programme. Three field studies were carried out in each of these countries. In this briefing paper, we provide an overview of the study's main findings about the working conditions of leather workers in the state of Tamil Nadu in India. This summary is based on the full field study report published under the umbrella of Together for Decent Leather. The full report can be found [here](#).

As well as highlighting the main findings of the field study, researchers also carried out desk research to identify which international companies are related to the Tamil Nadu leather industry and therefore face potential risks in their supply chains. These companies are listed in this briefing paper in Chapter 4. As part of a review process, a draft version of the briefing paper was shared with the international companies mentioned. Any responses received are included in this paper in Chapter 5.

First, this briefing paper briefly turns the spotlight on the leather cluster in Tamil Nadu, and how this cluster relates to the Indian leather industry and export market. After this, the paper focuses on the field study, with a brief introduction regarding the context/methodology of the study, followed by the main findings. It then turns its focus on the international buyers of leather and leather shoes from Tamil Nadu, and their responses to the issues found. The paper closes with recommendations for international buying companies and for the governments of countries where global garment, footwear and accessories companies are headquartered.

## 2 The Tamil Nadu leather industry

Tamil Nadu, a state in South India, is the largest leather producing region in India. About 70% of the total Indian leather output comes from the 1,650 formally registered entities in the state. Together, the factories produce 40-50% of total Indian leather exports. Workers are mostly from marginalised communities, which means they often have a more disadvantaged position within Indian society. Women make up 25-35% of the total workforce in the leather sector in Tamil Nadu, which is similar to the industry-wide ratio in the rest of the country.

The leather industry in Tamil Nadu exports to buyers located all over the world, with a strong connection to European countries. Around 67% of the leather apparel exported from this state ended up in the European Union (EU) in 2019, based on export value. In the same year, almost half of the leather footwear exported from Tamil Nadu was sourced by EU-based entities, and around a third of leather trunks, bags and (suit)cases was shipped to Europe.<sup>2</sup>

Within the state of Tamil Nadu, the most prevalent leather production clusters are Chennai, Ranipet, Vaniyambadi, Pernambut and Vellore-Ambur. The field study that was conducted for Together for Decent Leather focused on the export-oriented leather production in the Vellore-Ambur cluster. This area has the highest number of leather tanneries in Tamil Nadu, with around 400 registered units employing over 100,000 people directly, and another 250,000 workers indirectly as informal workers or daily wage labourers.<sup>3</sup>



One of the end products of the Tamil Nadu leather industry - leather shoes - on display.

© Together for Decent Leather

## 3 Field study in Tamil Nadu

### Brief explanation of the field study

The field study in the Vellore-Ambur cluster in Tamil Nadu was developed to gather up-to-date information about working conditions in export tanneries and export shoe factories. This was especially relevant as India-wide and regional workplace lockdowns took place due to Covid-19, affecting many industries across the country, including the leather industry in Tamil Nadu. This also builds on prior research highlighting poor working conditions and labour rights violations at leather tanneries and leather goods-producing facilities in the region.<sup>4</sup>

Interviews with workers of both tanneries and shoe factories that cater to the international market made up a large part of the study. A pre-determined questionnaire was used for the interviews, including various topics linked to the working environment. Two specific questionnaires were developed, for tanneries and shoe factories respectively. The interviews were carried out in October and November 2021. Additionally, a qualitative sub-study was carried out with informal tanneries in nearby villages, where informal workers were interviewed based on a short interview guide in December 2021.

Sampling for the study was non-random and researchers specifically reached out to as diverse a group as possible. In total, 61 formal workers of five export tanneries and five export shoe factories were interviewed, as well as 10 informal workers of non-registered tanneries and workplaces in surrounding villages. Due to the small sample size, the study cannot automatically be seen as representative for the entire leather industry in the Vellore-Ambur cluster. However, for the previous studies that were done, similar type of issues were found, which hints towards a more widely presence of the issues presented in this briefing paper.

The five tanneries selected for the study included both exporting tanneries and tanneries connected to export-oriented shoe factories. There were 31 tannery workers interviewed for the study. The average age of the workers was 43, and 29 of them indicated they came from lower-caste communities. Almost all of the respondents were men; only one female tannery worker was interviewed. For tanneries it proved to be more challenging to find women employees who were willing to participate in the study. Although women are employed in large numbers in the footwear and leather goods manufacturing units, they have a more limited presence in the tannery units. Female tannery workers are also involved in so-called non-core activities, such as housekeeping or working as helpers, carrying out various supporting roles.

All five export-oriented shoe factories covered by the field study were part of big industrial groups that specialise in the production of leather and leather goods. These groups have vertically integrated production facilities with multiple units across several districts of Tamil Nadu for producing leather, shoe uppers and finished products. According to the workers and trade union representatives interviewed, each of these factories had 1,000 to 6,000 workers across different production units in Ambur. However, it was not possible to ascertain the actual number of the workforce in the factories. The 30 interviewed shoe factory workers were on average approximately 34 years old. Of these workers, 12 workers were Muslims, and 18 were Hindus. Of the 18 Hindu workers, 15 mentioned they came from lower-caste communities. The workers were mostly women, making up 23 of the 30 workers. Of the interviewees, 21 workers indicated they were permanent workers.

The leather and footwear industry in Ambur is largely dominated by big supplier companies. However, there are also small and micro enterprises, mainly tanneries that operate in the informal sector. These informal tanneries are linked to the export-oriented factories, with some of the informal tanneries taking orders from the large supplier companies. Interviews with 10 informal workers from villages around Ambur were carried out to gain an understanding of the working conditions in these enterprises. Six men and four women were interviewed. Their workplaces employed a number of workers, ranging from seven to 50. The average age of the interviewed workers was higher than in factories and tanneries, with most of the interviewed workers being above the age of 50.



A hide lying to dry in a tannery. © Together for Decent Leather

## Summary of main research findings

This section presents the main findings of the field study in the Vellore-Ambur cluster in Tamil Nadu. First, the main issues uncovered through interviews with workers are presented, which are evident in all three workplace categories, being export-oriented tanneries, export-oriented shoe factories and informal tanneries and workshops. Following this come a number of prevalent issues observed in both the export-oriented tanneries and the export-oriented shoe factories. Findings on workplace-specific issues (i.e., particularly evident in either one or the other) raised by workers are presented last.

### Main issues found in all workplace categories

**Insufficient formalisation of employment relationship.** The majority of interviewed workers received little to no documentation on the formalisation of their employment from their employers. In the export-oriented shoe factories only six out of the thirty workers interviewed received all three documents (i.e., appointment or contract letter, a company identification card and pay slips), half received only one or two documents and eight received no formal documents. In both the export-oriented tanneries and the informal tanneries and workshops no workers received appointment letters or contracts from their employers and particularly in the informal tanneries and workshops, workers are not covered under social security schemes.

**Low wages.** The issue of low, insufficient and unequal wages was raised across all three workplace categories. Workers from the export-oriented tanneries and export-oriented shoe factories indicated that their salaries were insufficient to cover basic needs and live decent and healthy lives. One third of the workers from the export-oriented tanneries received salaries that were lower than local legal minimum wage requirements stipulate,<sup>5</sup> which also applied to over half of the workers from the export-oriented shoe factories.<sup>6</sup> Wages varied considerably, from around INR 6,000 to around INR 12,000 per month, for both workplace categories.<sup>7</sup>

**Wage disparities between male and female workers.** Of the 16 shoe factory workers who said they received less than the legal minimum wage, 14 were female workers. Of the seven male workers interviewed for the study, at least five reported receiving monthly wages at the level of INR 10,000<sup>8</sup> and above. Two of the 23 women workers said they were paid INR 10,000 and above. Only one female tannery worker was interviewed. Yet, according to several respondents, a wage gap existed in the tanneries between male and female workers. The average wage range for female workers was reported as INR 5,500 to INR 12,000<sup>9</sup> while for men it was INR 7,000 to INR 15,000<sup>10</sup>. For the informal tanneries and workshops, the daily wage of male workers interviewed ranged between INR 200 and INR 310<sup>11</sup>, while the daily wage received by female respondents ranged between INR 150 and INR 250.<sup>12</sup> At least five respondents confirmed that the wages for female workers were lower than for male workers. Only four male respondents received wages between INR 270 and INR 310,<sup>13</sup> which was comparable to the minimum wage rates for formal tanneries.

**Occupational health and safety issues.** Issues relating to occupational health and safety were also observed in all three workplace categories. The majority of workers experienced work-related health issues such as pain in their joints, legs, shoulders and/or back caused by long periods of standing, sitting, (heavy) lifting and bending while carrying out their work. More than 20% of workers from the export-oriented tanneries have either experienced or witnessed accidents at the workplace. Workers mentioned using chemicals and heavy machinery while not always having received proper protective equipment and/or the required training. For the informal tanneries and workshops, four respondents indicated that accidents like cutting fingers and hands and skin burns were quite common, and that workers often did not receive the personal protective equipment necessary for protecting themselves from chemicals.

### **Specific issues for export-oriented tanneries and shoe factories<sup>1</sup>**

**Regular overtime.** In both the export-oriented tanneries and export-oriented shoe factories regular overtime was common and at times mandatory. Weekly overtime at tanneries ranged from three to 24 hours a week, and most workers did not receive the legally required double pay for their overtime. Some workers reported punitive actions upon refusal of overtime work, such as verbal harassment, being assigned higher work targets, or being removed from work. For workers at the shoe factories, overtime ranged from one to 24 hours per week. A third of the interviewed shoe factory workers said they faced scolding or harassment if they did not agree to work overtime.

**High production targets.** The workplaces maintained high production targets. Disciplinary actions can be used when targets are not met, including being asked

<sup>1</sup> The issues listed here came forward through interviews with workers in the respective workplaces. This does not mean that these issues are not present in the informal tanneries and workshops, yet it means that only workers from export-oriented tanneries and shoe factories explicitly mentioned these issues.

to work extra hours, verbal harassment, and for shoe factory workers also threats of being fired.

**Difficult access to paid leave.** Among the interviewed workers, taking paid leave was hard, even when people were sick. For 17 of the 31 tannery workers it was difficult to access paid leave during emergencies. Also, 13 tannery workers reported that it was easier to access unpaid leave for emergencies such as health reasons. Some workers described punitive measures in response to leave requests beyond the leave quota. These measures included deduction of wages and warnings about removal from the workplace. Shoe factory workers often faced scolding when they asked for leave.

**Lack of a grievance procedure.** Grievance mechanisms or relevant legally required factory committees were often non-existent or barely functioning for both type of workplaces. Accordingly, workers frequently relied on the immediate management hierarchy to resolve their issues. Some tannery workers reported the possibility of losing their job if they raised grievances. Most shoe factory workers were not able to approach local unions with their grievances. It was also indicated by the majority of shoe factory workers that social audits took place in the factories where they worked.<sup>14</sup>

**Low union presence.** Most of the workers in both workplace categories were unaware of union presence in their workplace, and there was a fear of losing their job if they joined a union. Many of the tannery workers noted that Freedom of Association activities were discouraged by their employers, and the majority of shoe factory workers said that no union activity was allowed in the factory. Some factories in the region have management-sponsored unions.

## **Workplace-specific issues<sup>11</sup>**

### **Export-oriented tanneries**

**Seven-day work weeks.** Many workers had to work during weekly holidays and some even indicated that working seven days a week was their normal routine.

### **Export-oriented shoe factories**

**Verbal and physical harassment.** Workers faced harassment by their supervisors, an issue sometimes related to the high production targets, coming to work late or making mistakes.

**Low awareness of labour rights.** The workers were mostly unaware about their rights – for example, around leave entitlements.

**Lack of crèche facilities in the workplace.** Around two-thirds of the workers indicated that there were no crèche facilities for children available in their workplace.

### **Informal tanneries/workshops**

**Long and irregular working hours.** Workers indicated that working times were irregular and sometimes long. Normal working hours in their tanneries were between nine to 10 hours a day. The work was precarious as the available amount of work fluctuated. Therefore, the daily wages that workers received often did not add up to a decent monthly wage.

<sup>11</sup> The issues listed here came forward through interviews with workers in the respective workplaces. This does not mean that these issues are not present in the other workplace categories, yet it means that only workers from the type of workplaces as listed below explicitly mentioned these issues.

## 4 International companies linked to the leather industry in Tamil Nadu

### Methodology

A substantial portion of the leather and leather shoes produced in Tamil Nadu is exported to various parts of the world for further processing or to be sold in shops and online. International companies that source leather and/or leather shoes from Tamil Nadu face the presence of the above-mentioned risks in their supply chains. Following the [United Nations Guiding Principles on Business and Human Rights](#) and the [Organisation for Economic Co-operation and Development \(OECD\) Guidelines for Multinational Enterprises](#), companies have a responsibility to protect human rights, including labour rights, throughout their supply chains. This includes the mapping of supply chains to be aware which actors are involved in the specific supply chain, identifying risks in the different stages of production, and actively engaging in addressing any issues identified. Not taking up this responsibility may risk not adhering to the various human rights due diligence laws that are currently active or being developing in a growing number of countries where buying companies are located, as well as at an EU level.

To see which companies source leather and/or leather shoes from Tamil Nadu, a desk study was carried out to identify the main international buyers of leather and/or leather shoes from Tamil Nadu. A trade data platform was used to gather information on international shipments regarding leather and leather shoes shipped from Tamil Nadu.<sup>15</sup> The timeframe of 1 July 2021 to 30 June 2022 was chosen to look at relevant shipments, since this was the most recent full year of data at the time of performing the desk study. It also overlapped with the period in which the field study in Tamil Nadu was conducted. Within the trade data platform, the relevant product types were filtered out by selecting specific HS codes.<sup>III</sup> HS code 41 was used to list shipments related to leather, while HS code 6403 was used to list shipments related to leather shoes. All shippers located in Tamil Nadu were included in the searches.

Various searches were carried out based on the above criteria to identify the main receivers of international shipments of leather and/or leather shoes from Tamil Nadu, based on the number of shipments received. First, the main worldwide receivers were lifted out of the shipment data, to see which international companies seemed to have the strongest connection to leather and/or leather shoes from Tamil Nadu. As well as this, the main European receivers were also identified, with an additional focus on Austria, Germany and the Netherlands, since these European countries are directly linked to the Together for Decent Leather consortium. An overview of the main international receivers of leather and/or leather shoes shipped from Tamil Nadu in the above-mentioned timeframe, according to the criteria as listed in the trade data platform, are presented in the next section.

III HS Codes, or Harmonised System codes, refers to an internationally standardised system of names and numbers to classify traded products.



Chemicals in barrels outside of a tannery © Together for Decent Leather

## Review procedure and overview of identified international buyers

All companies identified as main international receivers of leather and/or leather shoes shipped from Tamil Nadu, and that are listed in this report, were approached with a request for a review of this briefing paper. A draft version of the paper was shared with them, holding information on the field study findings and the overview of identified companies listing their connection to the Tamil Nadu leather industry. They were asked to check whether there were any factual errors linking them to the leather industry in Tamil Nadu, and to respond to the risks that were identified through the field study. If no response was forthcoming, a reminder was sent out to these companies, again asking them to review the briefing paper.

In total 47 companies were approached with the request for review. Of the 47 companies that were approached, 35 did not provide any response at all. Another two companies sent a confirmation of receipt. A total of nine companies responded to our request while also providing feedback on the content of the briefing paper. The German-based company Deichmann indicated that their response was given on behalf of the Deichmann Group, which also includes VanHaren, located in the Netherlands. Therefore, VanHaren is added to Deichmann from this point on. In Table 1, the companies in question are listed, showing their link to the leather industry in Tamil Nadu, as well as the type of response given to the request for review.

**Table 1: List of companies and type of response**

Company name	Receiving leather from Tamil Nadu	Receiving leather shoes from Tamil Nadu	Type of response to request for review		
			Did not respond	Confirmation of receipt	Responded
ABN AMRO (The Netherlands)	✓				✓
Airborne Footwear (Pentland Brands) (United Kingdom)		✓			✓
Alran S.A.S. (France)	✓		✓		
Arnold Klümpen GmbH & Co. KG (Germany)	✓		✓		
AstorMueller AG (Switzerland)		✓	✓		
BÄR GmbH (Germany)	✓	✓			✓
Clarks (United Kingdom)		✓			✓
Cole Haan (United States)		✓		✓	
Deichmann (Germany), also on behalf of VanHaren (The Netherlands)		✓			✓
Ecco (Denmark)		✓	✓		
Erwin Oettinger GmbH (Germany)	✓		✓		
Feng Tay Enterprises (Taiwan)		✓	✓		
Friedr. Wilh. Schwemann GmbH (Germany)	✓		✓		
Genesco Inc. (United States)		✓	✓		
Geox (Italy)		✓	✓		
Golden Star Co. Ltd (Vietnam)	✓		✓		
Grenson (United Kingdom)		✓	✓		
Hc Footwear / Hamm Group (Germany)		✓	✓		
H&M (Sweden)		✓	✓		
Intesa Sanpaolo (Italy)	✓				✓
IS International Sourcing (Switzerland)	✓		✓		
Josef Seibel (Germany)		✓	✓		
KEEN Footwear (United States)		✓	✓		
Kreissparkasse Kusel (Germany)	✓		✓		
Leeway International Co. Li (Hong Kong)	✓		✓		
Legero (Austria)		✓			✓
Lloyd Shoes GmbH (Germany)	✓	✓	✓		
Lorenz Shoe Group (Austria)	✓			✓	
Lukas Meindl GmbH & Co. KG (Germany)	✓		✓		
Maasleder (The Netherlands)	✓		✓		
Marks & Spencer Plc (United Kingdom)	✓	✓	✓		
Müller & Meirer (Germany)		✓	✓		
Next (United Kingdom)		✓			✓
Nike Inc. (United States)		✓	✓		
Place Vendome / Melvin & Hamilton (Germany)		✓	✓		
Sioux (Germany)		✓	✓		
Start-Rite (United Kingdom)		✓	✓		
Tempe / Inditex (Spain)		✓	✓		
The Royer Group (France)		✓	✓		
The Wortmann Group / Caprice (Germany)	✓				✓
Tommy Hilfiger (United States)		✓	✓		
Tripos International Co., Ltd. (Cambodia)	✓		✓		
UniCredit (Italy)	✓		✓		
Van Drunen Schoenfabriek (The Netherlands)	✓	✓	✓		
Van Hoorn Shoe Linings (The Netherlands)	✓		✓		
Wolverine Worldwide Inc. (United States)		✓	✓		

## Company responses

The answers of the nine companies that provided a substantive response to our request for a review of this briefing paper are presented below. The responses presented here have been roughly edited by Arisa for different purposes, such as regarding summarising extensive responses or leaving out more personal comments. Arisa has tried to reflect the responses of the companies as accurately as possible.

### ABN AMRO (The Netherlands)

ABN AMRO stated that, because of client confidentiality, it does not respond to specific clients' names. It referred to the following ABN AMRO policies and statements:<sup>16</sup>

- A summary of sustainability requirements for manufacturing;
- A human rights statement;
- An exclusion list that explains situations that ABN AMRO will not provide financial products or services to.

### Airborne Footwear (Pentland Brands) (United Kingdom)

Airborne Footwear (Pentland Brands) stated that issues in the report are reflected in its code of conduct, which aligns with the Ethical Trading Initiative (ETI)<sup>17</sup> base code. First-tier suppliers<sup>18</sup> are audited against these standards. They mentioned that many of the most pressing issues in this briefing paper would be raised as Zero Tolerance issues, which they would work closely with their factories to resolve.

Airborne Footwear (Pentland Brands) is a member of the Leather Working Group (LWG),<sup>19</sup> and sources products from Gold-certified tanneries. They explained that the company has longstanding relationships with many of their factories and has worked with all three shoe manufacturers in India for over a decade, where they have built up trust and are able to have honest and meaningful conversations. They said that they know there is more to do and they are currently in the process of strengthening processes beyond their first-tier factories.



The hands of a homemaker who stitches shoe uppers – she wears a self-made finger guard made from waste leather  
© Together for Decent Leather

### **BÄR GmbH (Germany)**

BÄR indicated that the BÄR Group, which includes BÄR Germany as well as the subsidiary BÄR India in Ambur, proactively follows the recommended standards and actions outlined in the briefing paper every day on the basis of its company values worldwide. They objected to being associated with the negative impacts of the overall leather industry. They do not see the findings of this briefing paper as matching the situation with their supplier in Ambur, and mention that they can prove compliance by audits done by non-governmental organisations (NGOs) and auditing in various types of certificates. They offered the research team to visit their suppliers in Ambur at any time, to see for themselves what the situation is like with BÄR India, instead of BÄR representatives in Germany explaining it through an email or call. They indicated to be open for suggestions and ideas for further improvements in the facility, if the research team would see openings for this during their visit. Following this invitation, introductions are being planned among the different parties, for realising such a visit.

### **Clarks (United Kingdom)**

Clarks expressed its interest in the issues brought up in the briefing paper and confirmed its willingness to engage in a call with the researchers.

In the follow up call, the approach and methodology of the research was discussed. The Clarks representatives explained that they have strict Codes of Practice<sup>20</sup> in place to ensure their suppliers pay relevant legal minimum wages, and that they expect all Clarks partners and suppliers to comply with these policies and practices. They also explained that Clarks conducts regular and rigorous audits of suppliers to ensure that this is the case.

Clarks is a founding member of the Leather Working Group. They indicated that they were open to further direct engagement with the Indian research team that executed the field study in Tamil Nadu.

### **Deichmann (Germany) including VanHaren (The Netherlands)**

Deichmann indicated that responsibility for the socially and environmentally compatible configuration of its worldwide activities and products has been crucial for many years for the company. The company requested specific production facility names where human rights violations for productions of Deichmann or for VanHaren would have taken place so that representatives could follow up the identified violations and find out if any of the company's suppliers had been involved.

Deichmann was offered a call for further illustrating the study, and for discussing how to mitigate the existing risks. Deichmann indicated that they did not have staff available for such a call at the moment. Specific facility information was not shared with Deichmann. It was explained to them that the idea of the field study was not to assess risks at the company level, yet it is expected from international companies that the issues that were identified and presented in this briefing paper will enable them to review their policies and processes with respect to their due diligence practices and ensure that they have robust systems to address such issues in their supply chains.



Hundreds of hides piled up on the floor of a tannery and a worker walking barefoot © Together for Decent Leather

### **Intesa Sanpaolo (Italy)**

Intesa Sanpaolo stated that it has no direct involvement in leather processing. Intesa does provide trade financing but was not able to trace a connection to the activities mentioned in the briefing. At the request of Intesa, extensive information was shared on the trade data in which their name appeared. Intesa said they would use this information to check on their possible links with the leather industry. No further communication took place after this.

### **Legero (Austria)**

Legero expressed an interest in the issues raised in the briefing paper and stated its willingness to engage in a call with the researchers, as part of an ongoing dialogue with members of the Together for Decent Leather coalition. Legero had a call with representatives from Germany, the Netherlands and India. In the call, Legero declared it uses labour standards in India that are comparable to those implemented in European countries. Legero also said it pays higher wages than the legal minimum, provides childcare facilities, and has some form of workers representation.

The company said it is also aiming for SA 8000 standards,<sup>21</sup> and as part of its next sustainability report, the company intends to include a social and labour rights section.

### **Next (United Kingdom)**

Next assured researchers that they are a responsible retailer, respecting the human rights of people employed within their supply chain. Their Code of Practice teams work to achieve this objective in line with the United Nations Guiding Principles on Business and Human Rights.

Next acknowledged that they do source footwear from Southern India and they work with a small number of factories there, which are all regularly audited. They have Code of Practice teams based in the region to monitor their supply chain in line with their Code of Practice standards,<sup>22</sup> which are aligned to ETI's base code.<sup>23</sup>

In a follow up call, the Next representative explained the work of the Code of Practice teams and mentioned Next's membership of the [ACT Initiative \(Action, Collaboration, Transformation\)](#), which works on collective bargaining and living wages. Next was interested in keeping the dialogue going, and to further engage with the research team for discussing how to mitigate the existing risks.

### **The Wortmann Group / Caprice (Germany)**

Wortmann responded that it was aware of the Together for Decent Leather programme and had communicated extensively with partners in the campaign.

The company stated it is currently not aware of any anomalies within its supply chain, and it was ready to take direct action on specific circumstances or irregularities identified within its supply chain.

## 5 Summary and recommendations

### Summary

While the Indian leather and leather goods industry is an important contributor to the country's economic wellbeing, it holds many risks in terms of labour rights violations for the more than 4.42 million formal workers engaged in the industry.

This briefing paper highlights the findings of a new study on working conditions in export-oriented tannery and leather shoe factory workers in Tamil Nadu. It shows that workers were facing various issues that seem to be structurally prevalent in the industry, and continue to be so after Covid-19 induced measures affected the industry. The lack of formal employment relationships, poverty wages, health and safety issues, difficult access to paid leave, low union presence and challenges in organising for workers, lack of proper grievance mechanisms and harassment related to working overtime and high production targets were issues that were commonly reported by the workers that were interviewed for the study. In total, 31 workers from export-oriented tanneries were interviewed, 30 workers from export-oriented shoe factories, and 10 workers employed in informal tanneries/workshops.

International buyers of leather and leather shoes from Tamil Nadu have a responsibility to make sure that the workers who are employed to produce the leather and leather shoes for these buyers have decent working conditions, according to the applicable local laws and international standards on business and human rights. For this reason, the main international buyers of leather and leather shoes produced in Tamil Nadu were identified as part of developing this briefing paper, and are presented in this report.

Companies were approached to review the findings of the study and were asked to reflect on how they would mitigate the risks that were identified and that may be part of their supply chains. The majority of the international buyers did not respond to this request. Only nine of the 48 companies that were approached provided a substantial response, ranging from short referrals to company policies to more extended communication and a willingness to further engage in taking steps in improving workers' situations.

### Recommendations

In order to take responsibility for protecting and respecting leather workers' rights, sourcing companies and the governments of countries where sourcing companies have links should take note of the following recommendations.

#### **International buying companies, brands, retailers and importers should:**

Conduct due diligence for responsible business conduct throughout their supply chain, in line with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. This should include the following:

- Tracing and publicly disclosing the full extended supply chain: all supplier facilities at all tiers, covering all processing and all inputs, including raw materials.

- Carrying out risk assessments including assessing and addressing risks beyond end-manufacturing units (first-tier suppliers); that is, suppliers in upper supply chain tiers such as tanneries. Salient risks such as those mentioned in this briefing paper should be prioritised.
- Providing for and cooperating in remediation and/or mitigation measures.
- Engaging meaningfully with South Asian/Indian and international trade unions, civil society organisations and other stakeholders, among others, to identify risks and monitor the outcomes of remediation actions.
- Adhering to responsible purchasing practices that enable those involved at all supply chain tiers to be decent employers, offer employment contracts, and pay a living wage to workers as well as taking other measures to help establish and maintain decent working conditions. It is not acceptable for buyers to pressure suppliers to meet human and labour rights standards without providing them with the means to do so.
- Building business operations for the long term through better contracting processes of buyer companies. Disengagement from a business relationship is only appropriate as a last resort and should reflect practices as presented in OECD literature<sup>24</sup> on responsible disengagement.

**Governments of countries where global garment, footwear and accessories companies are headquartered, stock listed, incorporated and/or that raise finance should:**

- Develop, adopt and implement legislation at a national level and in the European Union and other regional and international settings to make sure companies conduct human rights due diligence. The UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises should serve as the threshold, representing the lowest common denominator. Proper supervision and monitoring systems should be part of the package.
- Develop, adopt and implement legislation at a national level and in the European Union and other regional and international settings requiring comprehensive corporate supply chain disclosure. This legislation could be part of overarching mandatory human rights due diligence laws or stand-alone legislation.
- Use diplomatic means as well as the conditioning of cooperation programmes or agreements with India to urge the Indian government to do more to enforce labour rights and to address human rights violations such as those mentioned in this report.
- In particular, EU governments need to express the need to include strong labour rights and human rights requirements in the free trade agreement that the EU and India are currently negotiating.

## Notes

- 1 Indian Brand Equity Foundation. Leather Industry and Exports. (n.d.). Retrieved 3 June 2022 from <https://www.ibef.org/exports/leather-industry-india>.
- 2 Figures based on shipment data retrieved from trade data platform Panjiva, <https://panjiva.com/>. More information on the links between the international market and the Tamil Nadu leather industry can be found in [this trend report](#) published in 2021 by the Together for Decent Leather consortium.
- 3 Frontline (2017). No skin in the game: <https://frontline.thehindu.com/cover-story/no-skin-in-the-game/article9731110.ece>.
- 4 See for example:  
Chellapilla, S. L., Jaiswal, R., Haller, S., Kernegger, L., & Ravi, P. (2017). Watch Your Step! A Study on the Social and Environmental Impacts of Tanneries in Uttar Pradesh and Tamil Nadu, India. Change your Shoes: [https://cividep.org/wp-content/uploads/2018/01/44-CYS\\_report\\_Watch-Your-Step\\_India-ENG-1.pdf](https://cividep.org/wp-content/uploads/2018/01/44-CYS_report_Watch-Your-Step_India-ENG-1.pdf).  
Ravi, P. (2020). A Study on the Impact of the COVID-19 Induced Lockdown on Leather Sector Workers in Tamil Nadu. Cividep India: <https://cividep.org/wp-content/uploads/2021/06/A-Study-on-the-Impact-of-the-COVID-19-Induced-Lockdown-on-Leather-Sector-Workers-in-Tamil-Nadu-Cividep-India-Dec-2020-1.pdf>.  
Ray, P. (2015). Tougher than Leather. Working Conditions in Indian Tanneries. Cividep; Framtiden i våre hender: <https://cividep.org/wp-content/uploads/2016/02/28-FIVH-CIVIDEP-Tougher-than-Leather-2015-2-15.pdf>.
- 5 The local minimum wages for unskilled tannery workers at the time of the study was set at INR 8,229 (EUR 92.75, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate>, on February 8, 2023).
- 6 The local minimum wages for unskilled footwear workers at the time of the study was set at INR 9,103 (EUR 102.61, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate>, on February 8, 2023).
- 7 Between EUR 67.59 to EUR 135.18 per month, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate> on February 9, 2023.
- 8 EUR 114.61, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate> on March 7, 2023.
- 9 Between 63.04 and 137.53 per month, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate> on March 7, 2023.
- 10 Between 80.23 and 171.92 per month, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate> on March 7, 2023.
- 11 Between EUR 2.25 and EUR 3.49, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate>, on February 8, 2023.
- 12 Between EUR 1.69 and EUR 2.82, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate>, on February 8, 2023.
- 13 Between EUR 3.04 and EUR 3.49, according to <https://wise.com/gb/currency-converter/inr-to-eur-rate>, on February 8, 2023.
- 14 Social audits are done at factories, usually initiated by international companies that buy from these factories. They aim to bring forward risks on human and labour rights abuses in working environments. However, it is known that many social issues do not come forward through these audits, and therefore companies cannot solely rely on social audits for doing their due diligence with regards to human and labour rights abuses in their supply chain. For more information on the limitations of social audits, see for example this report on audit deception by Transparentum: <https://transparentem.org/project/hidden-harm/>.
- 15 The Trade Data platform Panjiva was used to gather this information, [www.panjiva.com](http://www.panjiva.com).
- 16 [Manufacturing\\_Sustainability\\_Requirements.pdf](#) (ctfassets.net)  
[ABN\\_AMRO\\_Human\\_Rights\\_Statement\\_2020.pdf](#) (ctfassets.net)  
[ABN\\_AMRO\\_Exclusion\\_List-20211125.pdf](#) (ctfassets.net)
- 17 The Ethical Trading Initiative (ETI) is an alliance of companies, trade unions and NGOs that work together to strive for ethical trade and improving workers' lives. All ETI corporate members have to adopt the ETI Base Code of Labour Practice. The ETI Base Code consists of nine provisions and is founded on the conventions of the International Labour Organization (ILO). It is an internationally recognised code of labour practice. Pentland Brands is a member of ETI.
- 18 First tier suppliers are suppliers that are in a direct business relation with the buying company. Second and lower tiers refer to stages of production further down the supply chain.
- 19 The [Leather Working Group \(LWG\)](#) is a business-led, leather industry initiative and certification scheme to advance sustainability. The LWG certifies leather manufacturers and leather traders. Its membership base also includes brands, retailers and industry suppliers such as chemicals producers and machinery suppliers. LWG certification covers environmental standards but currently excludes key labour rights such as freedom of association, precarious employment, working hours, wages or discrimination. While labour rights issues (except for occupational health and safety) are not part of the LWG audit, LWG expects certified tanneries to undergo a social audit by a recognised third-party social auditing scheme such as SA8000, amfori BSCI or SMETA. However, a social audit is not seen as an essential requirement to gain certification.
- 20 Clarks' Code of Practice can be found here: <https://www.clarks.com/made-to-last/media/ClarksCodeofPractice202111.2.pdf>.
- 21 The SA8000 standard is a certification programme aiming to improve social conditions at a workplace. For more information on the standard, see: <https://sa-intl.org/programs/sa8000/#:~:text=The%20SA8000%20Standard%20is%20based,%E2%80%94not%20checklist%2Dstyle%20auditing>.
- 22 Next Code of Practice standards can be found here: <https://supplier.next.co.uk/>.
- 23 Next is a member of the Ethical Trading Initiative.
- 24 Global Forum on Responsible Business Conduct. (2017). Responsible Disengagement. <https://mneguidelines.oecd.org/global-forum/2017-GFRBC-Session-Note-Responsible-Disengagement.pdf>.