



# TRAMPLING **WORKERS** **RIGHTS** UNDERFOOT

A snapshot on the Human Rights Due Diligence performance of 23 companies in the global footwear industry

# CHANGE YOUR SHOES

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

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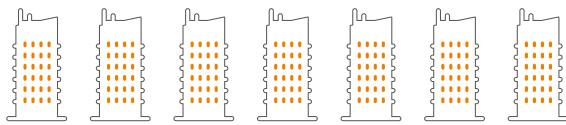
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# ABBREVIATIONS

<b>BSCI:</b>	Business Social Compliance Initiative
<b>CAP:</b>	Corrective Action Plan
<b>CBA:</b>	Collective Bargaining Agreement
<b>CoC:</b>	Code of Conduct
<b>CoE:</b>	Code of Ethics
<b>CoP:</b>	Code of Practice
<b>CSR:</b>	Corporate Social Responsibility
<b>CYS:</b>	Change Your Shoes
<b>FLA:</b>	Fair Labor Association
<b>FoA:</b>	Freedom of Association
<b>HRDD:</b>	Human Rights Due Diligence
<b>IEH:</b>	Ethical Trading Initiative Norway
<b>KPI:</b>	Key Performance Indicator
<b>LWG:</b>	Leather Working Group
<b>MSDS:</b>	Material Safety Data Sheet
<b>OHS:</b>	Occupational Health and Safety
<b>PPE:</b>	Personal Protective Equipment
<b>RSL:</b>	Restricted Substances List

# EXECUTIVE SUMMARY

Change Your Shoes initiated this shoe company assessment to get a snapshot of where the shoe industry stands in regard to social sustainability and to provide a resource for consumers on which brands are doing more and which are doing less to combat problems occurring throughout the global supply chain concerning workers' rights. Therefore, 23 companies with an influential presence on high streets across Europe have been assessed.

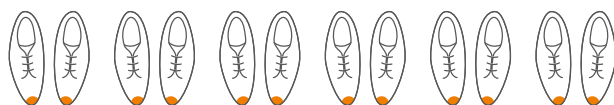


**23 companies  
have been assessed**

**More than 24 billion pairs of shoes were produced in 2014,<sup>1</sup>** which perfectly represents the dynamic global market where **fast fashion** dictates consumption trends in Europe and in every emerging country where affluence is consistently growing. Labour-intensive processes, combined with time and price pressures, have an impact on working conditions and workers' lives, no matter where they are based. Global dynamics of the sector have an impact also on working conditions within Europe, where decades of the global race to the bottom have reduced wages among low-income as well as high-income economies. This is generating an important phenomena of relocation back to Europe. As campaigners advocating for labour and human rights, we are deeply concerned about the working conditions of workers producing our shoes, wherever they live. It's time for change, it's time to change the way our shoes are produced.

According to the UN Guiding Principles on Human Rights and Business,<sup>2</sup> **companies do have the responsibility to carry out Human Rights Due Diligence across their global supply chains.** Assessment of company responses and available documentation revealed that shoe companies are not yet meeting their responsibility to respect human rights across their global supply chains.

CYS calls on the shoe companies to intensify their efforts to systematically assess the risks in their business operations to ensure labour and human rights are respected globally. CYS hopes the results in this report will encourage companies to learn from the work being done by others, and that this information will allow synergies between organised worker efforts and brands in moving forward on human rights due diligence.



**> 24 billion pairs  
produced in 2014**

<sup>1</sup> Portuguese Shoes, *World Footwear Yearbook*, APICCAPS, June 2015, p. 4.

<sup>2</sup> United Nations Human Rights Office of the High Commissioner, *Guiding Principles on Human Rights and Business. Implementing the United Nations "Protect, Respect and Remedy" Framework*, United Nations, New York and Geneva 2011. [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf) (26.04.2016).

## COMPANY PERFORMANCES:<sup>3</sup>

### NOTHING TO SAY:



ara

BALLY

BIRKENSTOCK  
MADE IN GERMANY - TRADITION SEIT 1774

CAMPER

CCC

ECCO®

Salvatore Ferragamo

LEDERUNDSCHUH®

rieker

TOD'S

wojas

### DRAGGING THEIR FEET:



Gabor

GEOX

PRADA

### SOME EFFORT:



Bata

Clarks

D  
DEICHMANN

LOWA  
Outdoor- & Skiboots

MANGO

NILSON SHOES

### ON THE WAY:



adidas

EUROSKO

IN EL  
NATURALISTA

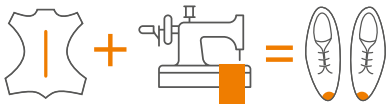
### PROGRESSIVE:



*None of the assessed companies*

Having a closer look at the company performance in the key areas of social responsibility with-in human rights due diligence, it becomes clear that there is in general room for improvement.

<sup>3</sup> Please see Chapter 3 of this report for more detailed explanations on the assessment categories.



### Supply chain set-ups provide good preconditions for

**HRDD activities:** The supply chain structures for the majority of the companies have been assessed as manageable and would provide good preconditions for meaningful HRDD. **7 out of 12 companies that replied produce a portion of their shoes in their own factories.** 1 company even produces all of their shoes in their own production sites. Most of the companies have a limited number of suppliers. 3 out of 12 responding companies have all their shoe production or the larger part of production in Europe. 8 companies are sourcing a larger percentage of their shoes from Asia.

### Lack of transparency: Only 12 out of 23 companies participated in the survey.

Most of the companies do not meet their responsibility to account for how negative impacts have been addressed. Just 9 out of 23 companies publish a sustainability report.



### Main responsibility to mitigate breaches remains with business partners: Few of the assessed companies showed evidence

of jointly mitigated breaches or remediated violations of labour rights in the leather and shoe production.

### Payment of living wages in sourcing countries not ensured: Only 1 company obliges its business partners to pay a living wage,

and none of the 12 companies that replied ensure that workers in their supply chains are paid a living wage.



### Occupational health and safety (OHS) not ensured: Especially negative impacts on working conditions in tanneries don't seem to be diligently and proactively assessed and mitigated.

This survey shows that the responsibility to ensure OHS and mitigate breaches remains entirely with the business partners. Most of the implementation and monitoring practices the companies indicated to protect workers are not convincing.

### No promotion of Freedom of Association (FoA) and Collective Bargaining:

The company assessments show that, for the majority of the companies, effective practices are almost nowhere integrated into business operations to actively promote FoA and collective bargaining at supplier level. **Only 1 out of 6 companies producing shoes in Indonesia signed the FoA Protocol in Indonesia.**<sup>4</sup>



**Weak protection of vulnerable groups:** The assessment reveals a high risk that vulnerable groups like **migrant and home-based workers are neither identified nor protected.**

**Few initiatives to improve working conditions:** The footwear sector as a whole has just started its work on social supply chain responsibility. While many initiatives to improve environmental and consumer friendly production have been developed in the industry, **initiatives to protect workers in the global supply chains remains rare.**



<sup>4</sup> The FoA Protocol is an agreement between local trade unions, sports brands and suppliers in Indonesia regulating specific issues regarding Freedom of Association.

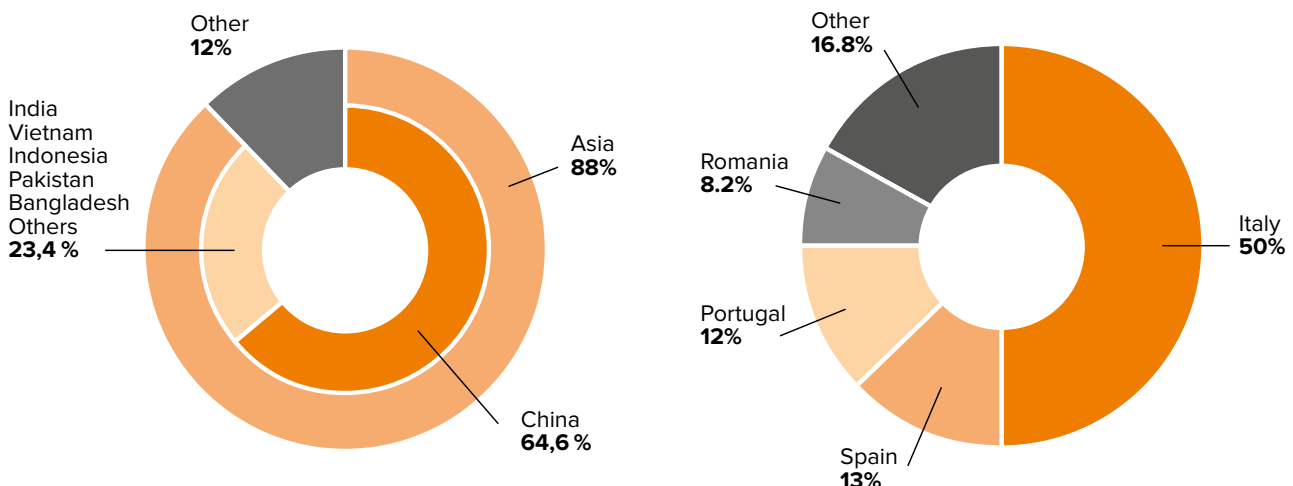
# 1. THE FOOTWEAR INDUSTRY – MAIN CHARACTERISTICS

One of the main characteristics of the footwear industry as well as the textile, clothing and leather industries, as identified by the International Labour Organisation (ILO), is the common pattern of **subcontracting production to suppliers** in different countries. According to ILO, this can lead to fierce competition that drives costs down. Additionally, the sector remains among the most labour-intensive industries.<sup>5</sup> An integral part of modern production patterns is also **the hiring of homeworkers**.<sup>6</sup> Their employment is precarious and wages are the lowest in a sector that is already low-paid. Homeworkers are not directly employed by the factories but get their supply of work from an intermediary, who in turn gets the work from a subcontractor of the main factory.<sup>7</sup>

The footwear industry is a **very dynamic sector showing consistent growth** – in 2014 growing by 8%, where Asia was the source of 88% of the footwear produced worldwide. Among the major footwear manufacturing countries, China is the clear leader, producing 64.6% of the shoes in the world.<sup>8</sup> Other shoe producing countries includes India, Vietnam, Indonesia, Pakistan, and Bangladesh. Even though Asia plays the major role for the global market, the European production remains central for European consumption. Almost 90% of the shoes produced in Europe are also consumed in Europe.<sup>9</sup> Italy is responsible for 50% of EU shoe production, followed by Spain (13%), Portugal (12%) and Romania (8.2%).<sup>10</sup>

In terms of worldwide consumption, the European market represents 17%, making it the second largest player in this respect. While Asia has 57% of the global shoe market, this still remains below the 60% share that Asia represents in terms of world population.<sup>11</sup>

## FOOTWEAR PRODUCED WORLDWIDE FOOTWEAR PRODUCED IN EUROPE



5 *Textiles, clothing, leather and footwear sector*, International Labour Organization (ILO). <http://www.ilo.org/global/industries-and-sectors/textiles-clothing-leather-footwear/lang--en/index.htm> (25.04.2016).

6 See more: Anton Pieper, *Does the shoe fit? An overview of global shoe production*, Change Your Shoes Campaign, June 2015, p. 7.

7 *Stitching Our Shoes. Homeworkers in South India*, Homeworkers Worldwide, Label Behind the Label, Cividep, March 2016, p. 2.

8 Portuguese Shoes, *World Footwear Yearbook*, Op. cit., p. 5.

9 Portuguese Shoes, *World Footwear Yearbook*, Op. cit., p. 15.

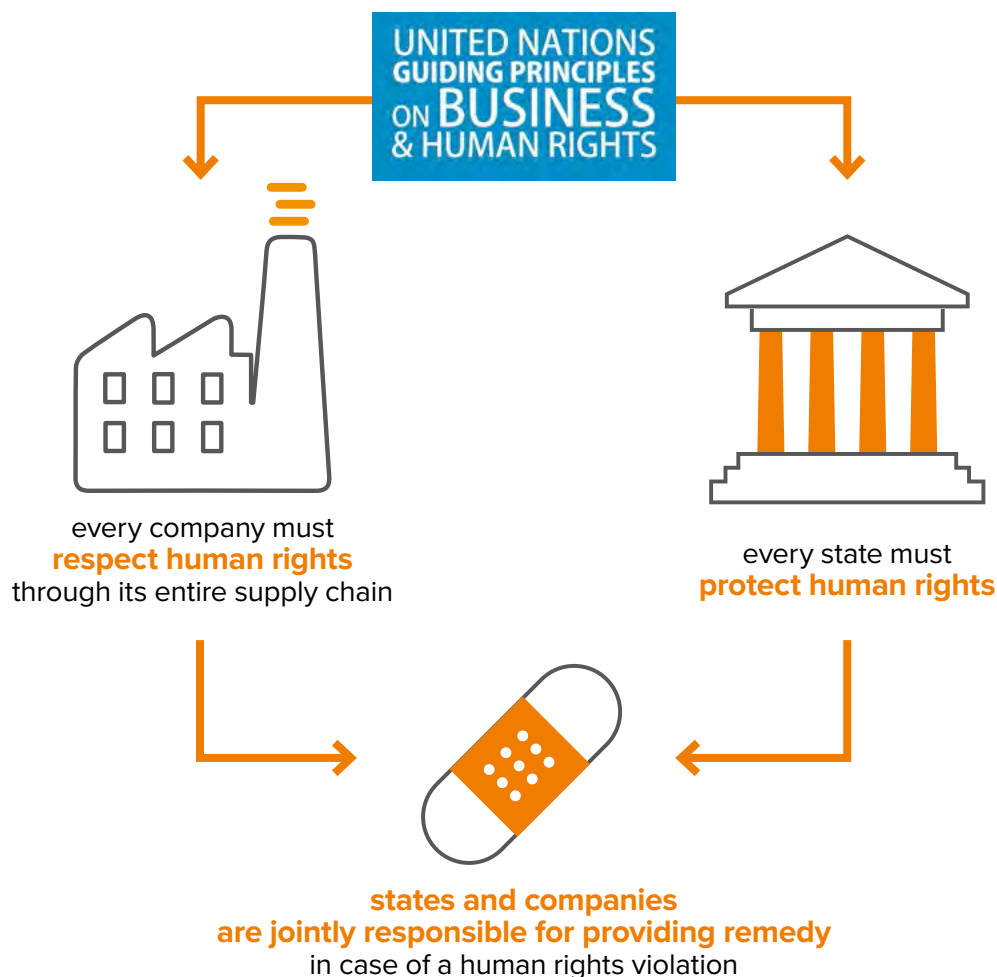
10 Centre for the Promotion of Imports from developing countries (CBI), CBI Market Intelligence, Ministry of Foreign Affairs of the Netherlands, *CBI Trade Statistics: Footwear sector in Europe*, December 2015, p.10. <https://www.cbi.eu/sites/default/files/trade-statistics-europe-footwear-2015.pdf> (25.04.2016).

11 Portuguese Shoes, *World Footwear Yearbook*, Op. cit., p. 6.



## 2. HUMAN RIGHTS DUE DILIGENCE - A RESPONSIBILITY FOR EVERY COMPANY

In 2011, the UN adopted The UN Guiding Principles on Business and Human Rights (UNGPs). These guidelines demand that every company, regardless of size or geographic context, **respect human rights** through its entire supply chain. Further, every corporation should act with **due diligence and avoid adverse human rights** violations. If human rights violations do occur, the company must **provide remedies**. While the UNGPs establish the **states' responsibility** to protect human rights, they also set out the **responsibility of companies** to respect **human rights independently of States' abilities** and/or willingness **to fulfil their own obligations**. For example, in case the legal minimum wage set by the State does not meet a subsistence level (living wage) – the business nevertheless has the obligation to respect human rights and not to take advantage of this shortcoming. Conducting proactive Human Rights Due Diligence (HRDD) is a cornerstone of the UNGPs. This report will evaluate the companies survey responses along the key principles of what Change Your Shoes understands as HRDD.<sup>12</sup>



<sup>12</sup> See more: Clean Clothes Campaign, *Position paper on human rights due diligence*, March 2016. <http://www.cleanclothes.org/resources/publications/position-paper-on-human-rights-due-diligence> (25.04.2016).

# 3. HOW THE SURVEY WAS CONDUCTED

## AIM:

The survey, developed by the Change Your Shoes (CYS) project, aimed at creating a **snapshot showing where the shoe industry stands** and to provide a resource for consumers about which brands are doing more and which are doing less to combat problems concerning workers' rights throughout the supply chain. For data collection, we designed a dedicated questionnaire and asked selected companies to respond.

## SELECTION OF BRANDS:

The report analyses **23 European companies** with an influential presence on high streets across Europe that are producing and retailing leather shoes. We intentionally selected a wide spectrum of companies – including small, medium and big players in the leather shoe industry as well as luxury brands, sportswear and fashion retailers. This miscellaneous approach was considered valuable in order to identify potential differences in terms of corporate social responsibility among companies of different sizes and from different sectors.

## QUESTIONNAIRE:

The questionnaire was comprised of **52 questions**. Mainly formulated as open questions, it also included some multiple choice questions. Companies had the possibility to leave questions blank or to mark them as confidential, if they were not able or willing to submit such information to the public. The questions were organised under five headlines, corresponding to key areas of interest which CYS believes to be the cornerstones of any credible corporate attempt to meet the responsibility to respect human rights:

1. **General questions**
2. **Supply chain responsibility**
3. **Wages**
4. **Environmental, health and safety issues**
5. **Communication of sustainability initiatives (e.g. level of transparency)**

Companies were asked to respond in the most comprehensive way and to **provide documentary evidence to back up their answers**.



**select brand**



**dedicated questionnaire**



**data collection**



**public resource**

## PROCESS:

**October 2015:** Companies contacted and invited to fill in the questionnaire. **Companies were informed** that the profiles of nonrespondent companies would be based on publicly available information.

**Mid-November 2015:** Deadline to submit questionnaires. Once submissions from respondent companies were read and processed, each company was evaluated according to specified criteria and a **profile developed** regarding its performance towards human rights due diligence.

**End of March 2016:** Drafts of these **profiles sent to the 23 companies** for factual check or to provide further information supporting their submissions **prior to publication**. In some cases, clarifications were needed.

**Mid-April 2016:** **Deadline for companies** to correct factual inaccuracies. Where appropriate, changes were made to **reflect feedback**.

## SCOPE AND METHODOLOGY OF ASSESSMENT

The company assessments were evaluating efforts on human rights due diligence (HRDD) carried out by European companies to respect workers' rights making leather and shoes for their brands. The information related to environmental issues gathered from companies' responses will be presented in a future publication by the CYS project. Future plans mentioned by some companies have not been assessed, although they have been included in the profiles where relevant.

Assessments are based on information that the responding companies issued, complemented with desk research of publicly available information. No field research has been carried out at this stage to corroborate the information provided by the companies.

In addition to the alluded five thematic areas, it is important to note that we considered the right to FoA as a crosscutting issue and pivotal for any progress towards improvement of workers' labour condition. The responses to the questionnaire in these five thematic areas were evaluated against the three key indicators of HRDD: identification of negative impacts on human rights, adaptation of business practices for HRDD, accountability for how negative impacts on human rights has been addressed. Once assessments were completed, each company was given an evaluation, which represents the extent to which CYS believes it is attempting to tackle social concerns throughout its supply chain.

**NOTHING TO SAY:**

Companies who **did not respond or communicated** with CYS about the survey but failed to fill in the questionnaire.

**DRAGGING THEIR FEET:**

Companies showing **hardly any evidence** that either workers' human rights are respected or that comprehensive human rights due diligence processes are in place.

**SOME EFFORT:**

Companies that acknowledge and mention **work on human rights due diligence, but did not show much evidence** of a fully implemented and comprehensive approach so far. These companies all filled in the questionnaire.

**ON THE WAY:**

Companies showing **some evidence of human rights due diligence processes** which are largely incorporated across business operations, but not yet enough.

**PROGRESSIVE:**

Companies **show evidence** of carrying out human rights due diligence processes across the entire supply chain and **continuously adapting business practices** to identify negative impacts on human rights in order to respect workers' rights. These companies are accounting for how negative impacts on human rights have been addressed.



# 4. COMPANY PROFILES

## COMPANIES NOT RESPONDING TO THE SURVEY:

**ARA**  
brand: 

**Bally**  
brand: 

**Birkenstock**  
brands:    
   
 

**Camper**  
brand: 

**CCC**  
brands:      
     
   

**ECCO**  
brand: 

**Ferragamo**  
brand: 

**Leder & Schuh AG**  
brands:    
  **Rieker**  
brands:   


**TOD'S**  
brands:    
  **Wojas**  
brand: 

### HUMAN RIGHTS DUE DILIGENCE

Due to a lack of transparency, it was not possible to assess the human rights due diligence performance of these companies or to see if their responsibility to identify, prevent and mitigate/remediate labour and human rights violations along their global supply chain has been met.

CYS looked at all these companies' websites and other publicly available information to learn more about how the companies are approaching their responsibility to respect labour and human rights in their supply chains worldwide. Human rights due diligence includes public reporting on any work done to assess potential and actual adverse human rights impacts and action taken to end future violations. Being publicly accountable for this is key.

ALL OF THE FOLLOWING INFORMATION SHOULD BE EASILY ACCESSIBLE TO THE PUBLIC:

**YES** NO

**Is the company's Code of Conduct publicly available?**



\* but has a Code of Ethics covering issues on Occupational Health and Safety  
 \*\*but policy documents mentioning environmental and socio-economic goals are available

**Does the company publicly report on its responsibility to respect human rights (e.g. by publishing action plans and impact reports?)**



**Does the company publish any public statements on human rights and/or labour rights?**



\* but company did publish an anti-slavery and human trafficking declaration under the California Transparency in Supply Chains Act  
 \*\*but some standards are mentioned in a document entitled "Policy on sustainable development"

**Is the company a member of a multi-stakeholder initiative, business initiative or other?**

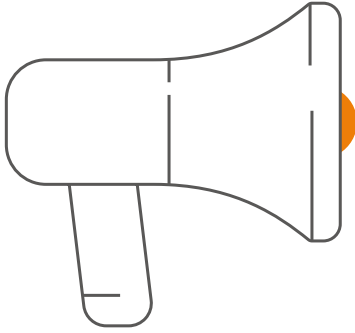


\* Leather Working Group  
 \*\*CADS

**Does the company publish a supplier list?**



\* but some information is available about production units CCC uses in Polkowice Special Economic Zone in Poland  
 \*\* it owns its own tanneries in Europe and some production factories in Indonesia and China  
 \*\*\* there is some information showing that products are made in Italy  
 \*\*\*\* information on its factories in Italy were provided



## COMMENTS FROM CHANGE YOUR SHOES

These companies did not respond to our request for information. Limited or no evidence of policy commitments about human rights due diligence is available. It therefore **remains unclear if the companies are taking any action to meet their responsibility to respect human rights** in their global supply chains.

CYS therefore assumes that these companies do not have a comprehensive human rights due diligence process in place. This lack of process means the brands are **failing to meet their responsibility to identify, prevent and mitigate/remediate negative impacts in their supply chains around the world**. Any comprehensive human rights due diligence process would include measures to ensure the payment of a living wage, to guarantee freedom of association and to make sure that workplaces are safe.

**ARA:** The non-participation is surprising, as the company had responded in an open and constructive manner to previous approaches by a partner organisation of CYS. ARA has even undertaken some improvements in one of its subsidiary factories after a dialogue in 2014. However, at the time of writing this report, the dialogue seems to have come to a halt.

**ECCO:** While the company did not respond to our request for information, it has entered into dialog with CYS representatives in Denmark. ECCO owns most of its supply chain, including factories in Indonesia and China, but it also uses subcontractors. The production ratio between ECCO factories and subcontractor factories is unknown. It remains unclear what sustainability policy, if any, ECCO has when outsourcing to subcontractors. It can be assumed that ECCO takes some responsibility to make sure labour and human rights in its supply chain are protected. However, it remains unclear if the company has a comprehensive human rights due diligence process in place.

# ADIDAS GROUP

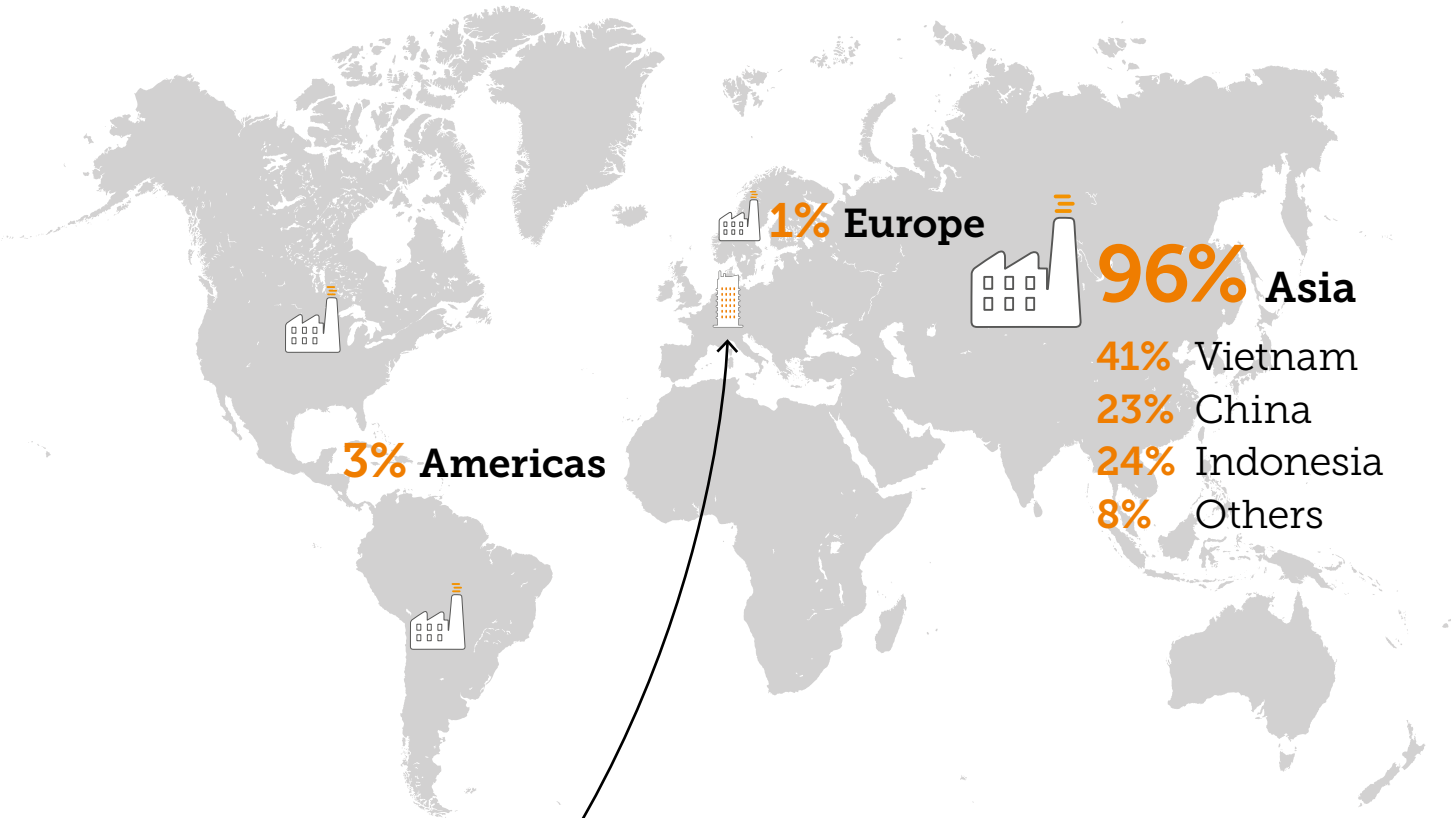


ON THE WAY

Sub Brands:



## SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



\* part of the Adidas Group since 2005  
\*\*golf brand

## COMPANY FACTS AND FIGURES (2015)

**HEADQUARTERS:**  
**Herzogenaurach (Germany)**

**TURNOVER:**  
 €€€€€€€€€€€€  
 €€€€€€€€  
**16.92 billion**

**NUMBER OF SUPPLIER FACTORIES (shoes and leather):**  
  
**1,100+**

**SHOE PRODUCTION COUNTRIES**  
  
**61 countries**



## COMPANY RESPONSES ON:

### Supply chain responsibility:



To assess working conditions in its supply chain, Adidas relies mainly on an audit programme carried out by third parties and its own teams. The monitoring programme of Adidas has a risk management approach, which means that the company does not have 100% audit coverage in every country where its factories are located. All shoe suppliers (tier 1) in risk countries and some selected subcontractors (tier 2) are monitored. Adidas carries out environmental audits at selected tier 2 supplier factories operating processes with a significant environmental impact. Tanneries are audited through the Leather Working Group (LWG). The company indicated that approximately 98% of the leather it sources comes from tanneries that achieved LWG Silver or Gold rating. A guidance on responsible purchas-

ing practices for business entities was piloted in 2014. Documents from the company state that it shares outcomes of assessments with unions/workers, but there was no evidence to show a systematic mechanism. Adidas operates an internal and a third-party grievance mechanism to register complaints and breaches with its standards. The "enforcement guidelines" of Adidas include a process on mitigation and remediation. In case of breaches, Adidas says it uses corrective action plans and provides relevant training inputs plus support for suppliers. Adidas informed that termination of business relations is used as a last resort. However, the company stated that they work closely with its suppliers to help them improve their performance.

### Living wage:



There are no indications that the company has made any calculations to identify the needs of a living wage for workers in its sourcing countries. Adidas is a mem-

ber of the Fair Labour Association focusing on wage issues, and it participates in an ongoing Fair Wage Assessment procedure within the Fair Wage Network.

### Health and safety:



The company is aware of problematic substances and processes in its supply chain. Adidas showed some awareness of the risks for workers' exposure to hazardous substances and processes in tanneries. The company says it reviews its standards and policies on restricted substances on an annual basis. Some evidence in its sustainability report shows that the compa-

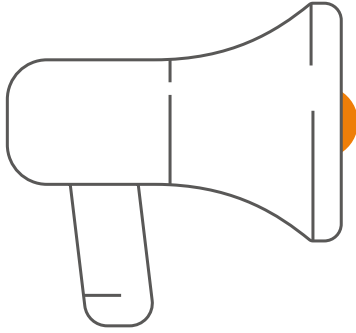
ny's health and safety guidelines for suppliers have a positive impact on the ground. Adidas expects that its supplier factories provide adequate Personal Protective Equipment (PPE) to workers. Adidas stated that fire and building safety are important parts of the supplier programme and are regularly audited. On its website, Adidas reports on non-compliances.

### Communication on social sustainability:



Adidas makes its CoC, Restricted Substances List (RSL), supplier list (not including upstream suppliers like tanneries) and third-party complaints publicly available on its website. Further, Adidas published information on how it engages with other stakeholders and how complaints are processed. Since 2000, Adidas has published an annual sustainability progress report, including

detailed findings of workers' complaints and mitigation/remediation actions. The report does not include specific data on wage development at supplier level. On its website, the company reports on its supply chain responsibility. Adidas does not report on tannery audits, and no concrete findings on impacts achieved through mitigation/remediation are available.



## COMMENTS FROM CHANGE YOUR SHOES

### IDENTIFY:

**The provisions and practices in place largely fulfil the preconditions to meet the responsibility to identify vulnerable groups and negative impacts on human rights.** Nevertheless, the supply chain structure with intermediaries, the large number of supplier factories and the potential lack of transparency of subcontractors and upstream suppliers (e.g. tanneries) do not favour the identification of negative

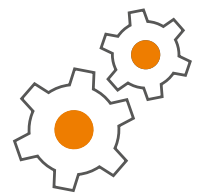
impacts on working conditions and human rights. CYS sees a risk that workers, especially home-based, will not be identified and protected. CYS encourages Adidas to extend the monitoring and grievance mechanism to all supplier levels in order to cover all workers in the whole supply chain. CYS challenges Adidas to identify benchmarks with meaningful involvement of local stakeholders in order to implement a living wage for all workers in its supply chain.



### ADAPT:

With group-wide standard operating procedures in place, **Adidas laid a foundation for concrete actions for a meaningful HRDD and there are processes in place that allow for the prevention, mitigation and remediation of adverse human rights impacts in its supply chain. Nevertheless, CYS sees room for improvement.** Cases on adversely affected labour rights, like the one at the Adidas supplier PT Panarub in Indonesia,<sup>13</sup> show that Adidas does not yet take enough responsibility to mitigate and remediate labour and human rights infringements at supplier level. CYS sees a risk that Adidas pass-

es on the responsibility to execute the CAPs to business partners. CYS calls on Adidas to trigger lasting change for all workers in the global shoe production by taking more responsibility and by supporting mitigation and remediation processes financially. CYS calls on Adidas as an industry driver with significant global buying power to intensify its work in co-operation with local stakeholders and multi-stakeholder initiatives. CYS encourages Adidas to address root causes of the endemic problems in the global shoe industry and to tackle core issues more systematically.



### ACCOUNT FOR:

The company participated in the survey, filled in the questionnaire and provided a lot of supporting documents. **Adidas to a large extent meets its responsibility to account for how negative impacts on labour and human rights have been addressed.** CYS challenges Adidas to account more for results achieved through mitigation/remediation and how tanneries comply with Adidas standards, as well as how Adidas addresses negative impacts on human rights in tanneries.

CYS looks forward to hearing more about progress related to the revised third-party complaints mechanism launched in 2014 and the follow-up on third-party complaints received in 2015. CYS hopes that Adidas continues to contribute to significant change in working conditions in the global shoe and leather industry. CYS encourages Adidas to use its power to lead the way towards lasting changes in the industry and to set a high priority for HRDD.



<sup>12</sup> Clean Clothes Campaign, "Mizuno denies support to unfairly dismissed Indonesian workers", 7 March 2016, <http://www.cleanclothes.org/news/press-releases/2016/03/07/mizuno-denies-support-to-unfairly-dismissed-indonesian-workers> (25.04.2016) and "Adidas and Mizuno involved in unfair dismissal case", 9 November 2015, <http://www.cleanclothes.org/news/2015/08/26/adidas-and-mizuno-involved-in-unfair-dismissal-case> (25.04.2016).

# BATA\*

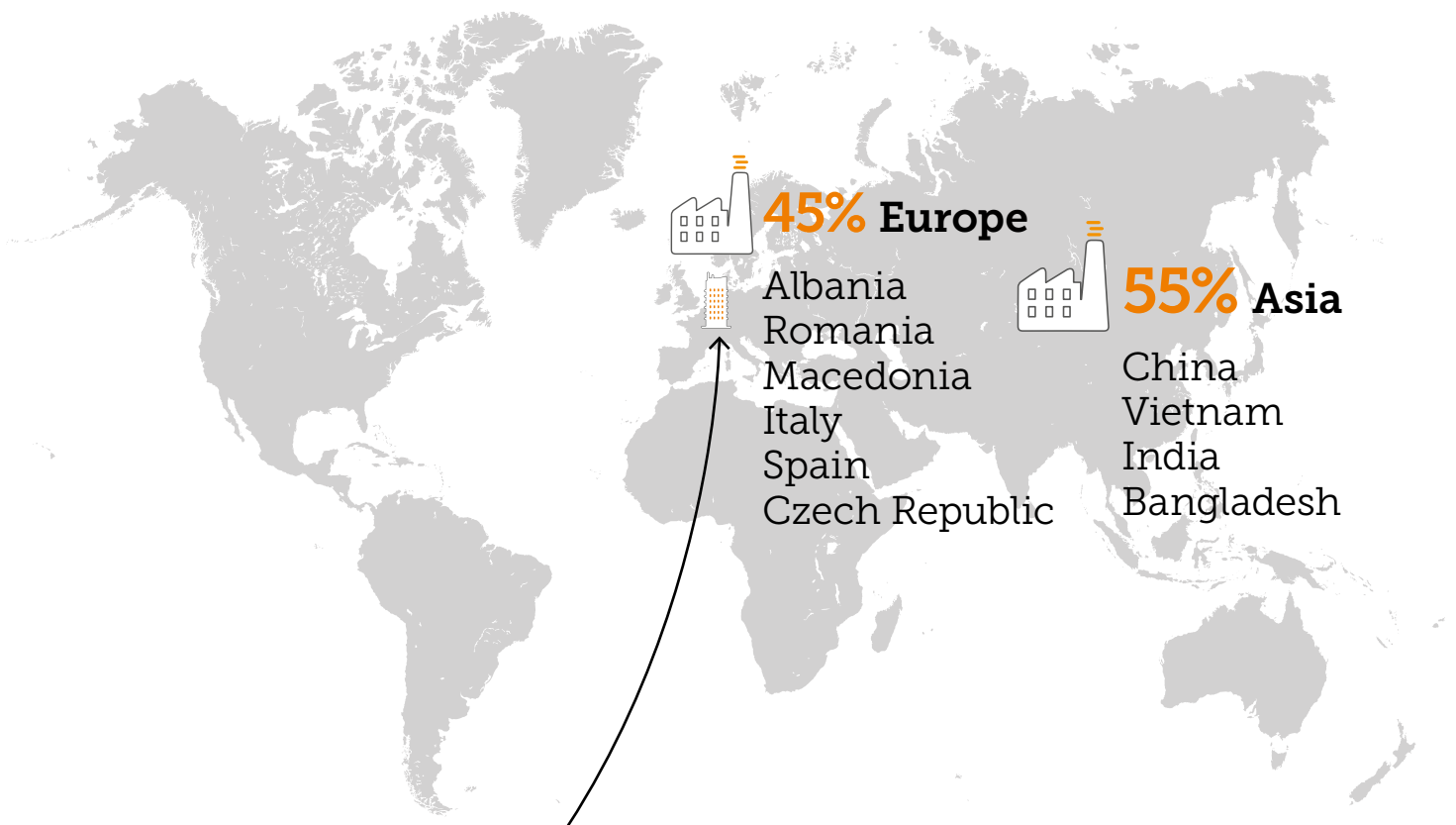


SOME EFFORT

Sub Brands:



## SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



\* Information in this report refers only to Bata Europe.

## COMPANY FACTS AND FIGURES (2014)

HEADQUARTERS:

Lausanne (Switzerland)

TURNOVER (2015):

€ ?

Bata does not publicly disclose this information

NUMBER OF SUPPLIER FACTORIES (shoes):

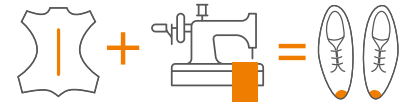


SHOE PRODUCTION COUNTRIES



Bata Europe produces 15% of its shoes in an own factory in the Czech Republic

## COMPANY RESPONSES ON:



### Supply chain responsibility:

According to documentation provided, the company has elaborated and implemented an audit and compliance standard operating procedure (ACSOP) aligned with the Global Social Compliance Programme (GSCP). Its assessment strategy for Asian suppliers relies on an audit programme, while for European suppliers it is based on a formal and ongoing dialogue with the purchasing team. Bata teams in China and India are auditing suppliers according to the Bata Sourcing Social and Environmental Audit and Compliance guidelines. Bata provides support

and training on the Bata CoC for suppliers through workshops and one-to-one meetings. To report breaches on the CoC, workers and other stakeholders can send an email to Bata (contact details on corporate website). In case of breaches, corrective actions and a timeline are agreed between the supplier and Bata. The company informed that it has been working for more than three years with HIVOS and FLA, together with a number of international brands, on a project in India to eradicate child labour involved in home-based work.

### Living wage:



No calculations on living wage benchmarks have been undertaken so far. Bata is not a member of a

multi-stakeholder initiative with a focus on wage issues.

### Health and safety



In the company's CoC there is a short and generally drafted chapter on worker health and safety provisions, not referring to international standards. The company does not monitor working conditions at tanneries. Bata stated that suppliers provide Personal Protective Equipment (PPE) to all workers free of

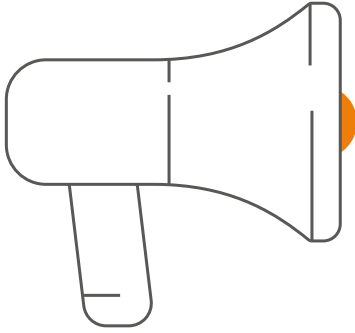
charge and that this is monitored by Bata. The company stated that the CoC provisions together with the Bata Health and Safety Policy make sure that the fire and building safety for workers is guaranteed.

### Communication on social sustainability



The supplier CoC is publicly available. Apart from its corporate website, Bata has an additional website dedicated to sustainability. Detailed findings of audits, worker complaints, mitigation/remediation actions, and data on wage development at supplier level are not published. Bata published a sustainabil-

ity report for the first time in 2013 and another one in 2016, aligned with Global Reporting Initiative. The supplier list is not available publicly, and neither is the Restricted Substances List (although it was disclosed to CYS upon request).



## COMMENTS FROM CHANGE YOUR SHOES

### IDENTIFY:

The responses of Bata, together with documents provided to CYS, show awareness of problematic human rights issues in the shoe production. Nevertheless, **CYS has concerns that the provisions for business partners, the moni-**

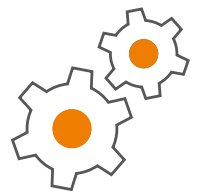
**toring scope, and the limited personnel resources for CSR only partially allow to identify workplace hazards and vulnerable groups across the entire supply chain.**



### ADAPT:

Bata only recently started to lay the foundations for concrete actions for meaningful HRDD. Within a few years, Bata managed to elaborate a comprehensive audit assessment programme to monitor its supply chain. Based on the information submitted, **CYS concludes that Bata is in a good starting position, but there is still a lot of work ahead to adapt business practices in order to fully meet its responsibility on HRDD.** We look forward to seeing the implementation, at a similar pace, as the elaboration of the assessment programme. CYS encourages Bata to address root causes and to

proactively ensure good working conditions in tanneries. CYS hopes the company intensifies co-operation with local stakeholders and multi-stakeholder initiatives. CYS particularly laments the missing engagement of Bata to resolve the human and labour rights conflicts at two of its former supplier factories, Palla & Co. in Sri Lanka<sup>14</sup> and Calzado Sandak in Mexico.<sup>15</sup> Regarding the payment of living wages to all workers, CYS calls on Bata to take a more proactive approach.



### ACCOUNT FOR:

Bata participated in the survey, filled in the questionnaire and provided some relevant supporting documents. The company was available for clarifications. The company showed efforts to improve social and ecological conditions in its supply chain over the last couple of years. CYS welcomes the political will of setting 2020 commitments<sup>16</sup> and sees potential in what Bata initiated so far. **CYS hopes that**

**Bata will soon fully meet its responsibility to account for how negative impacts on labour and human rights have been addressed.** The company publicly committed to become more transparent and announced plans to move to an annual reporting cycle.



<sup>13</sup> Clean Clothes Campaign, *Bata dodging responsibility*, 26 May 2014, <http://www.cleanclothes.org/ua/2014/cases/palla> (26.04.2016) and Clean Clothes Campaign, *Bata refuses to step up for the people who made their shoes*, 25 September 2014, <http://www.cleanclothes.org/news/2014/09/25/bata-refuses-to-step-up> (25.04.2016).

<sup>14</sup> IndustriALL Global Union, *Bata worker in Mexico arrested*, 17 September 2015. <http://www.industrialunion.org/bata-worker-in-mexico-arrested> (25.04.2016).

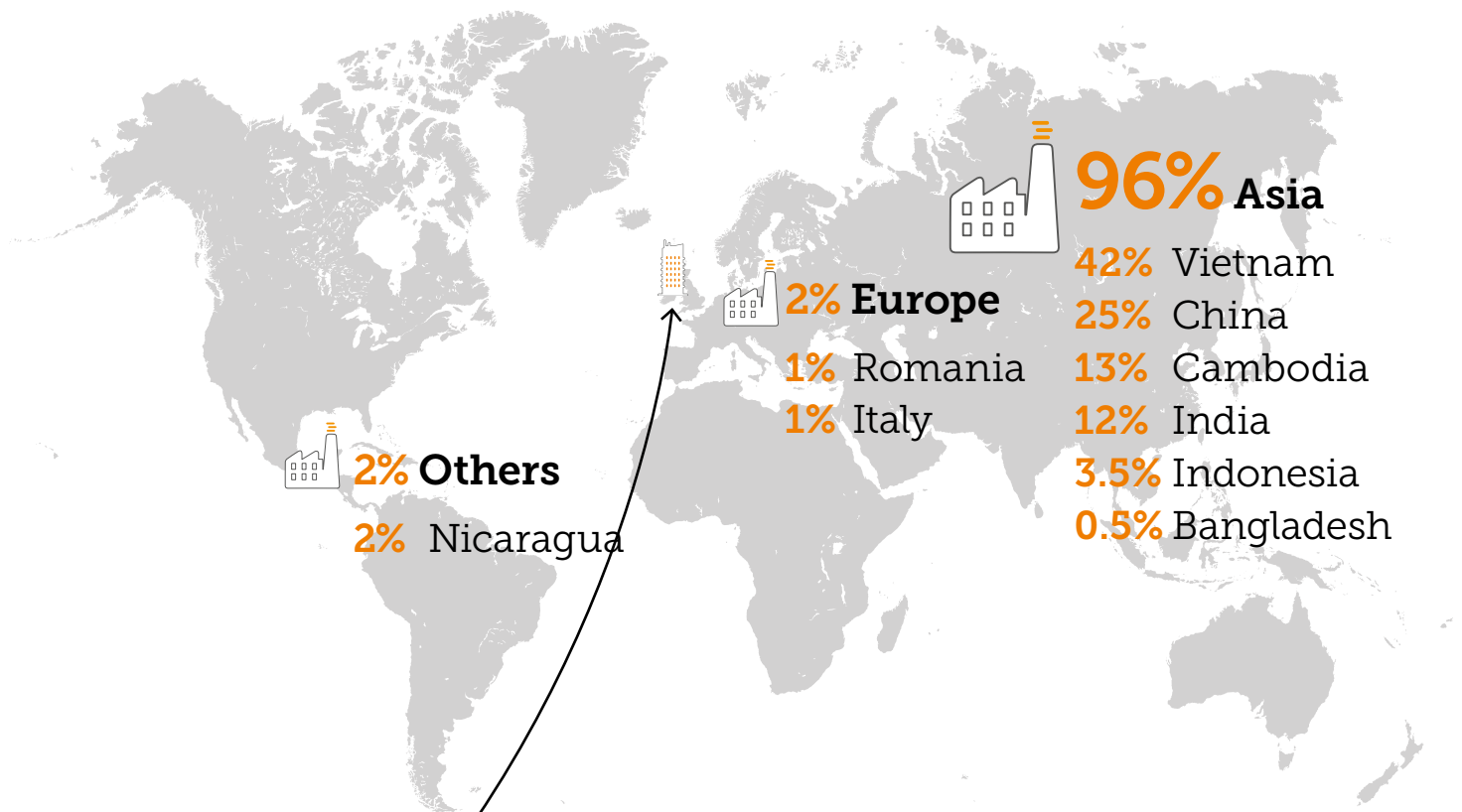
<sup>15</sup> Bata, *Our 2020 commitments, Bata Life*. <http://batalife.com/thinking-long-term/our-commitments/> (26.04.2016).

# C&J CLARK INTERNATIONAL LTD\*



SOME EFFORT

## SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



\* hereafter referred to as Clarks

## COMPANY FACTS AND FIGURES (2014)

### HEADQUARTERS:

Somerset (England)

### TURNOVER:

€€  
**1.9 billion**

### NUMBER OF LEATHER SUPPLIER FACTORIES (TANNERIES):

Company did not disclose this information

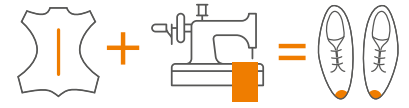
### NUMBER OF SHOE SUPPLIER FACTORIES 79



### LEATHER PRODUCTION COUNTRIES (TANNERIES):



## COMPANY RESPONSES ON:



### Supply chain responsibility:

The company responses indicate that some HRDD actions are integrated in business activities throughout the whole supply chain and at central level. Its assessment process to verify the compliance with its standards is entirely based on an audit approach (carried out by the company itself and third-party audit service providers). The audit programme covers nearly all of Clarks production. The company recently started to strengthen the involvement of workers and supervisors through more detailed surveys in addition to its audit processes. Over 75% of

Clarks leather used for its footwear is sourced from tanneries that achieved a Bronze, Silver or Gold rating by the Leather Working Group (LWG). Clarks has no independent worker grievance mechanism in place for its suppliers. The company manages non-compliance with its Code of Practice (CoP) by developing a Corrective Action Plan (CAP) with the supplier factory and by providing input for training. The company stated that it takes measures to rectify and improve matters, and that withdrawing business remains the final sanction.

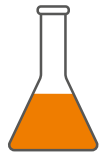
### Living wage:



The company has not made any calculations to identify the needs of a living wage in its sourcing coun-

tries. Clarks is not a member of a multi-stakeholder initiative with focus on wage issues.

### Health and safety:



The company has a provision on health and safety in its CoP and is aware of hazardous substances and problematic processes in its shoe production supply chain. According to Clarks, its policy sets restrictions on a wide variety of substances and it operates a chemicals management programme for its products. Clarks monitors working conditions in tanneries. Clarks indicated that the Personal Protective Equip-

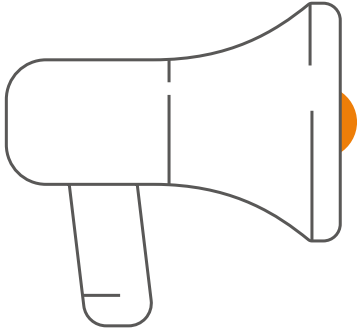
ment (PPE) and training for proper use has to be provided by its business partners. Clarks monitors fire and building safety for workers by auditing its business partners. In countries where there is a higher risk of building safety being a risk, the company undertakes structural assessments through a service provider.

### Communication on social sustainability:



The company's CoP for suppliers is publicly available. Clarks does not publish a sustainability report. Clarks publishes information about its corporate responsibility activities on its website, but does not inform in more detail about outcomes of supply chain activities, mitigation/remediation actions and impacts.

Annual sustainability reports are exclusively available to shareholders and posted at Companies House in the UK. Clarks does not have a supplier list and Restricted Substances list (RSL) publicly available, nor were they disclosed to CYS.



## COMMENTS FROM CHANGE YOUR SHOES

### IDENTIFY:

Clarks **supply chain structure shows relevant characteristics that are good preconditions for meaningful HRDD actions. CYS sees a risk that the provisions for business**

**partners and the practices in place only partially allow for the identification of negative impacts on human rights and vulnerable groups,** especially at tanneries and subcontracting shoe factories.

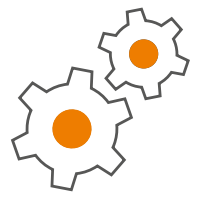


### ADAPT:

From a HRDD point of view, CYS sees a high probability that **the processes Clarks has in place only partially allows for the prevention, mitigation and remediation of adverse human rights impacts in its supply chain.**

Clarks is in a good starting position to take more responsibility for its global supply chain and to ensure that the rights of all workers within that supply chain are respected so that real change can hap-

pen. Experience from the garment industry shows that audits as a single tool are often not enough to adequately assess the real situation in factories. Further, CYS hopes that Clarks intensifies the involvement of relevant stakeholders (such as workers and trade unions) in its business approach. CYS sees a risk that Clarks passes its responsibility along, down the supply chain.



### ACCOUNT FOR

The company participated in the survey, filling in the questionnaire and providing some supporting material. Clarks was available for the clarification of queries. **From a HRDD perspective, the actions of Clarks do not yet meet its responsibility to account for how negative impacts on labour and human rights have been**

**addressed.** CYS is looking forward to get a timely update on the concretisation of plans for a road map to increase the level of information, including the disclosure of a supplier list and the implementation of a new approach of extensive worker and supervisor surveys at supplier level.





# DEICHMANN



**Sub Brands:**

5TH AVENUE

AGAXY

AM

Bären-Schuhe

Björndal

blue fin

Bobbi Shoes

BORELLI

casa mia

CATWALK

CLAUDIO CONTI

CORTINA

Cupcake Couture

easy STREET

elefanten

Gallus

Graceland

HIGHLAND CREEK

LANDROVER

medicus

MEMPHIS one

SAHARA

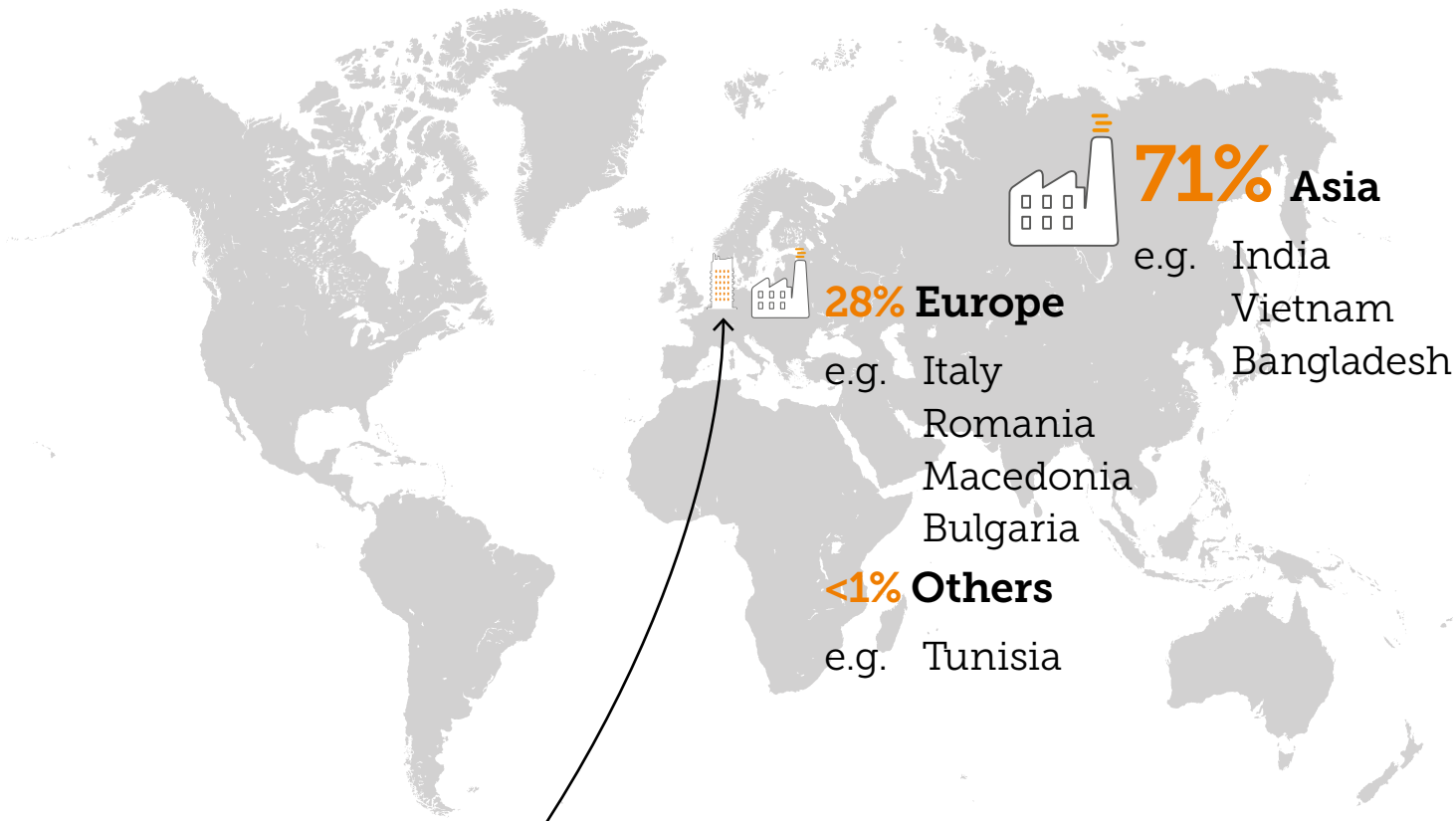
VENICE street & sportswear

victory

victory performance

Vty

**SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):**



**COMPANY FACTS AND FIGURES (2015)**

**HEADQUARTERS:**

Essen (Germany)



**NUMBER OF SHOE SUPPLIER FACTORIES:**



**TURNOVER:**

€€€€€

**5.3 billion**

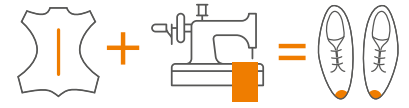
**NUMBER OF SHOE SUPPLIER COUNTRIES:**



## COMPANY RESPONSES ON:

### Supply chain responsibility:

To assess labour and human rights violations in its supply chain, Deichmann uses audits from third parties (BSCI, SAI, LWG), and has a global quality and development team of 60 people operating on-site in most of the production units. According to Deichmann, tier 1 and 2 suppliers are monitored and Deichmann plans to extend the audit process to all upstream suppliers (tanneries have been audited or are in the process of being audited). Deichmann stated that it has integrated a process of analysing the alteration of supplier structure and planning all necessary steps for auditing and improving. In some production countries (e.g. India), Deichmann sup-



ported the establishment of working centers in the neighborhoods of home-based workers in order to avoid their shoes being produced beyond its control. Together with FLA, Deichmann works on a project to mitigate the risk of child labour. Deichmann stated that it works according to the BSCI grievance mechanism process. If audits show non-compliance with standards, Deichmann develops a remediation plan with its suppliers in face to face discussions. The company developed regular control systems to check the progress of suppliers and give support as necessary.

### Living wage:

Deichmann stated that calculations have been made to identify the needs of living wages paid in its supply chain. The company did not disclose any concrete benchmark calculation, but explained how they proactively undertook their own research at factories



in India and China. The company obliges its business partners to pay a living wage, and monitors this through audits. Audits carried out by BSCI include a non-binding gap-analyses on "minimum-living wage".

### Health and safety:

The company's CoC provides standards on occupational health and safety. Deichmann showed awareness of risks in the shoe and leather production processes. The company stated that it asks business partners in production for Material Safety Data Sheets (MSDS). Deichmann explained that the LWG audits ensure that all workers are wearing PPE



requested in the MSDS and that the factories are providing the PPE free of charge.

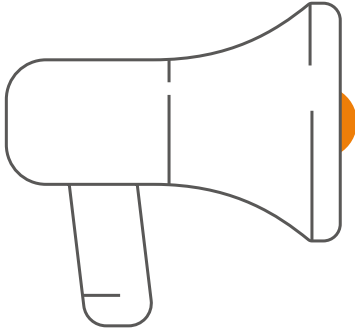
To make sure that fire and building safety for workers is guaranteed, Deichmann nominated independent audit companies to certificate the production locations in India and Bangladesh.

### Communication on social sustainability:

The CoC is publicly available. Deichmann's Restricted Substances List (RSL) is not public but was disclosed to CYS. The company stated that their RSL is based on CADS RSL, which is publicly available. Deichmann neither publishes a supplier list nor a



sustainability report. The company informs generically on its website about supply chain responsibility, but does not publicly report on outcomes of supply chain activities, nor on mitigation/remediation actions and impacts.



## COMMENTS FROM CHANGE YOUR SHOES

### IDENTIFY:

Deichmanns supply chain structure has relevant characteristics that are a good precondition for meaningful HRDD. **The provisions and practices in place partially fulfil the preconditions to meet the responsibility to identify vulnerable groups and negative**

**impacts on human rights in its supply chains.** Neverthe-

less, CYS sees a probability that negative impacts on workers, particularly in tanneries, are not identified. CYS encourages Deichmann to undertake more calculations to identify the needs for a living wage in sourcing countries.

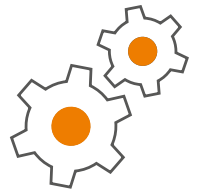


### ADAPT:

**Deichmann showed that it invested in CSR and showed some strategies to implement and monitor human rights. However, CYS has concerns if Deichmann manages to prevent, mitigate and remediate adverse labour and human rights impacts in its whole supply chain.**

CYS encourages Deichmann to take an even more shared-responsibility approach to mitigate and remediate breaches, to actively promote FoA/CBA and to execute a more comprehensive risk management which is centered on the affected right-holders

and is rooted in strong and meaningful consultations with potentially affected actors (workers, trade unions, civil society organisations). Experience from the garment industry shows that commercial audits are often not enough to adequately assess the real situation in factories. The LWG has no process to mitigate or remediate violations. CYS is looking forward to receiving a timely update on the action plan to ensure that all workers in its supply chain earn a fair remuneration and to involve the workers' representatives in this process.



### ACCOUNT FOR:

Deichmann participated in the survey, filled in the questionnaire and sent supporting material to CYS. The company was available for further feedback and showed a general openness to engage in dialogue. Deichmann showed willingness and made efforts to improve social and ecological conditions in its supply chain over the past years. **From a HRDD perspective Deichmann does not yet meet its responsibility to account for how negative**

**impacts on labour and human rights has been addressed.** CYS

looks forward to reading publicly information about concrete proof of impact on the ground and benchmark figures of its living wage calculations. As one of the industry drivers in Europe, Deichmann should lead the way towards lasting changes in the industry by setting a high priority to HRDD and to speed up implementation in their own supply chain.



# EL NATURALISTA



ON THE WAY

### SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



### COMPANY FACTS AND FIGURES (2014)

HEADQUARTERS:

Quel La Rioja (Spain)

NUMBER OF SUPPLIER FACTORIES (shoe manufacturing):



**3 own** shoe factories producing all their shoes

TURNOVER:

€€€€€€€€€€€€

**32.1 million**

SHOE PRODUCTION COUNTRIES



**2 countries**

## COMPANY RESPONSES ON:

### Supply chain responsibility:

El Naturalista produces all of its shoes, in three of its own factories in Spain (35%) and Morocco (65%). The company places its leather orders directly with upstream suppliers in Italy (10%) and Spain (90%). El Naturalista indicated to CYS that it owns a tannery in Spain. The strategy of El Naturalista to assess and implement labour and human rights in its supply chain is to produce its shoes in its own factories, having direct contractual relationship with workers, and to source leather and shoe components from business partners based in Italy and Spain that comply with EU regulations. According to El Naturalista,



all its factories are unionised and have CBA in place. El Naturalista indicated that CSR is being dealt with at a higher management level, specifically within the sales department. The company stated that it makes regular visits to the tanneries to ensure they respect EU regulations and carries out tests on material/products. El Naturalista did not indicate a grievance mechanism for workers in its supply chain nor did it share with CYS any process for mitigation and remediation that is applied in case of breaches of its CoC throughout its supply chain.

### Living wage:

El Naturalista stated that the payment of a living wage is ensured by the fact that all its suppliers are located in Europe. It further stated that the wages fixed for its factories in Spain follow the footwear industry's Collective Agreement at national level which sets a higher standard than the national minimum wage level. Regarding its factories in Morocco, El Natu-



ralista informed that it abides by the national wage legislation. All its factories apply a variable wage improvement on activity and quality that can be a 20% increase over to the wage base agreement (in Spain) and wage legislation (in Morocco). The company is not a member of any multi-stakeholder initiative that focuses on the issue of wages.

### Health and safety:

El Naturalista is aware of hazardous substances and procedures in its supply chain. However, the health and safety provision in its CoC is not comprehensive (not mentioning the relevant ILO Convention No. 155 & Recommendation No. 164). To ensure health and safety for workers, the company requires its business partners to comply with European health and safety laws and REACH regulations. The company indicat-

ed that business partners provide Personal Protective Equipment (PPE) to workers for free. Regarding fire and building safety in its supply chain, the company stated that it obliges business partners to comply with its safety policy. At its own factories the company's insurance provider, as well as its General Risk Manager, carry out audits.

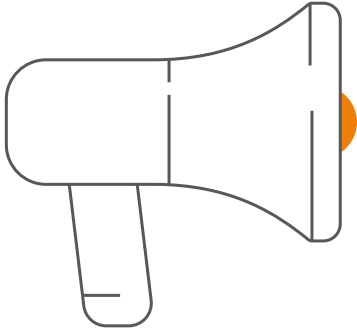


### Communication on social sustainability:

El Naturalista's code of conduct is publicly available. Its supplier list is also available on its website, but only includes the suppliers in Spain, not the tanneries in Italy nor the Moroccan factories. On its website, El Naturalista reports generically about supply chain responsibility, but does not yet report on its entire supply chain, nor does it include detailed findings and impacts achieved through mitigation/remedia-

tion. The company does not publish a sustainability report on an annual basis. The last and only sustainability report available dates back to 2012. El Naturalista indicated to CYS that the next sustainability report will be released in May 2016. The company stated that it has a Restricted Substances List (RSL), but it is publicly not available, nor did they disclose it to CYS.





## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

**The business model of El Naturalista provides relevant characteristics that are good preconditions for meaningful HRDD actions. The provisions and practices in place largely meet the responsibility to**

**identify vulnerable groups and negative impacts on human rights.** CYS still sees a risk that infringements of labour and human rights at upstream suppliers like tanneries are not identified.

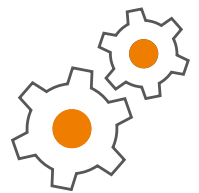


### ADAPT:

**The processes El Naturalista has in place do largely allow for the prevention, mitigation and remediation of adverse human rights impacts in its entire supply chain.**

Having shoe production in a limited number of its own factories allows for better control and monitoring regarding HRDD, and provides more leverage about working conditions. The fact that CBAs are reportedly in place in all production factories should minimise the risk of labour rights violations and should facilitate remediation where violations occur. However, El Naturalista did not provide CYS enough

evidence to demonstrate that the company systematically and effectively assesses and monitors working conditions, either in its own factories or in the rest of its supply chain. CYS sees a risk that in tanneries, the main responsibility for mitigation of breaches and remediation of labour rights violations remains with its business partners in the supply chain. In the documentation made available, the focus of audits is on environmental issues and quality management of products, but not on working conditions.



### ACCOUNT:

El Naturalista participated in the survey and filled in the questionnaire. The company was available for further clarifications, but failed to provide comprehensive support documents to CYS. In relation to its own factories, El Naturalista failed to document which unions operate in their factories and what the role of the unions is in case of remediation, especially in the Free Trade Zone in Morocco where unions reportedly have barriers to exercise their activity. While the company has good general conditions and showed willingness and has made efforts to improve

social and ecological conditions in its supply chain, **the actions of El Naturalista – from a HRDD perspective – do not yet meet its responsibility to account for how potential and actual adverse human rights impacts have been addressed.** CYS encourages El Naturalista to become more transparent and to publish more on suppliers, documenting concrete results and impacts, especially reporting about the involvement of unions on remediation activities.

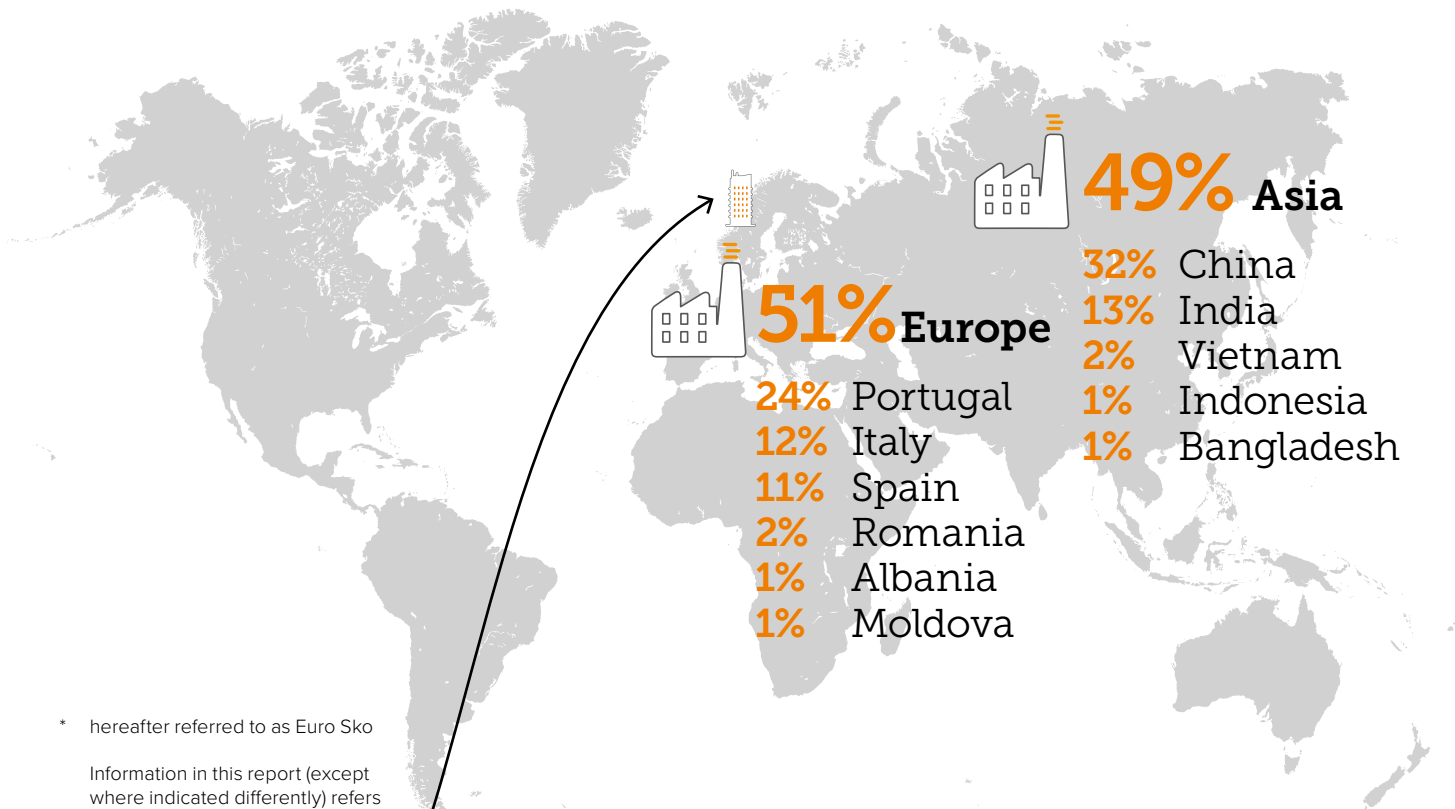


# EURO SKO NORGE AS\*



<b>Sub Brands:</b>	BLACK	BRONCO	BUNAD	CHICAS	COMFY STEP	CRUIZER		
DESIGN GROUP	EDIT	FACE	FLOGGER	FOLKLORE	FUEL	HOTSPOT	ICE	ON THE WAY
ICONIC	IN2	JOJO	KEEPERS	LIMITED	loop	MATROS	MILTON	MUZZO
NO87	PEPPER	PINKY AND FOXY	PLAYGROUND	POIN	REACTION	REBEL	ROCKIT	ROOTS®
SOFTWALK	SLUSHER	STOCKHOLM SKOOTY TEX		TODDLER	TEENERS		TWINX	

## SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):

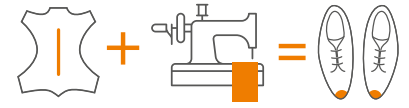


\* hereafter referred to as Euro Sko  
 Information in this report (except where indicated differently) refers only to Euro Sko's own shoe brands, which make up 41% of their sales.

## COMPANY FACTS AND FIGURES (2015)

<p><b>HEADQUARTERS:</b></p> <p><b>Moss (Norway)</b> </p> <p><b>TURNOVER:</b></p> <p>€€€€€€€€€€€€€€€€</p> <p>€€€€€€€€</p> <p><b>366.83 million</b></p>	<p><b>NUMBER OF SHOE SUPPLIER FACTORIES:</b></p>  <p><b>159</b></p>
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## COMPANY RESPONSES ON:



### Supply chain responsibility:

The company has elaborated and implemented a human rights impact and risk assessment to identify potential and actual labour and human rights violations. Its work on social responsibility is anchored at board level and largely incorporated in business entities through an overall sustainability business strategy plan. Euro Sko utilises an assessment approach including supplier surveys, risk analyses, factory/tannery visits, social audits and systematically asking business partners for documentation on existing audit reports and certifications. Euro Sko's Development Offices assess risks in the shoe production supply chain and feed back to headquarters. Regarding tanneries, the company stated that its CSR department and Development Offices observe working conditions, that visits are documented and, in case of breaches with CoC, they are followed up

with the tannery management. Twice a year via supplier surveys, Euro Sko asks its suppliers to identify their tanneries and present current membership in the Leather Working Group (LWG), along with other certifications and chemical legislation. Euro Sko is a member of the Norwegian Ethical Trading Initiative (IEH), an independent multi-stakeholder initiative. IEH members are required to tackle challenges in their supply chain and to report openly on the status and progress of efforts. In case of breaches with its CoC, observed during factory or tannery visits, the CSR department writes a report with recommendations on improvements including a timeline. These reports are sent to business partners. To mitigate breaches, Euro Sko recommends that the business partners conduct trainings in collaboration with their service provider in China or through IEH.

### Living wage:



The wage definition in the CoC does not include family members. No calculations to identify the

needs for a living wage in sourcing countries have been conducted.

### Health and safety:



There is a comprehensive provision on Occupational Health and Safety in Euro Sko's CoC. The company is aware of hazardous substances and processes in its shoe production supply chain. Euro Sko stated that it enforces strong demands and all orders to its

suppliers are accompanied by documentation that clearly explains the company's requirements and gives guidance. Euro Sko factories have to provide Personal Protective Equipment (PPE) to workers for free.

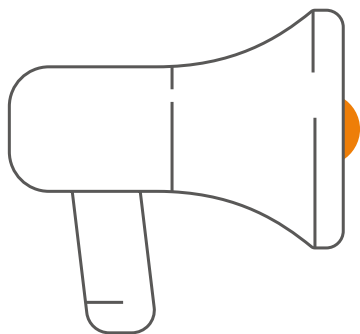
### Communication on social sustainability:



Its CoC, RSL and supplier list (since February 2014) are publicly available. The supplier list includes tier 1 and 2 suppliers. In March 2016, after the questionnaire was sent out, Euro Sko also published a supplier list on tanneries. Euro Sko publishes a sustainability

report and informs publicly on findings and generically on mitigation/remediation actions and impacts. Information about working conditions in tanneries and data on wage developments at supplier level are not included.





## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

**Euro Sko showed evidence that it has comprehensive provisions and credible practices in place to identify negative impacts in its supply chain.** Based on the evidence provided, **CYS sees a general risk that vulnerable groups are not identified.**

The supply chain structure for the production par-

tially builds good preconditions for responsible business. CYS considers the sourcing via intermediaries as a hurdle for meaningful actions due to a lack of direct leverage on working conditions. CYS doubts that the grievance mechanism in place is an effective tool to identify breaches of labour standards.

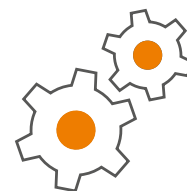


### ADAPT:

As a member of IEH Norway for 6 years, **Euro Sko has laid a fundament for concrete actions for a meaningful HRDD and the processes that are in place allow for the prevention, mitigation and remediation of adverse human rights impacts in its supply chain.**

Euro Sko showed willingness to be more transparent and commits to continuously improve and adapt its business operations. CYS encourages Euro Sko

to take a more shared-responsibility approach to mitigate and remediate breaches and to more systematically strengthen FoA and CBA in the supply chain and strategically involve local stakeholders. CYS welcomes the participation of Euro Sko at the IEH Norway living wage forum 2016 and its plan to include living wage calculations in sourcing countries in its 5-year strategy.



### ACCOUNT:

The company participated in the survey, filled in the questionnaire and documented its responses with relevant supporting material. **Euro Sko largely meets its responsibility to account for how negative impacts on labour and human rights have been addressed.** Nevertheless, CYS hopes to see more concrete proof of impact on the ground. CYS looks forward to learning

about the results of the 5-year strategy and the recently launched Sustainable Social Compliance Programme, which aims to build capacity at supplier factories through a third party. There is still a long way to go, but the company has started to tackle challenges and showed willingness for real and lasting changes for workers.



# GABOR SHOES AG

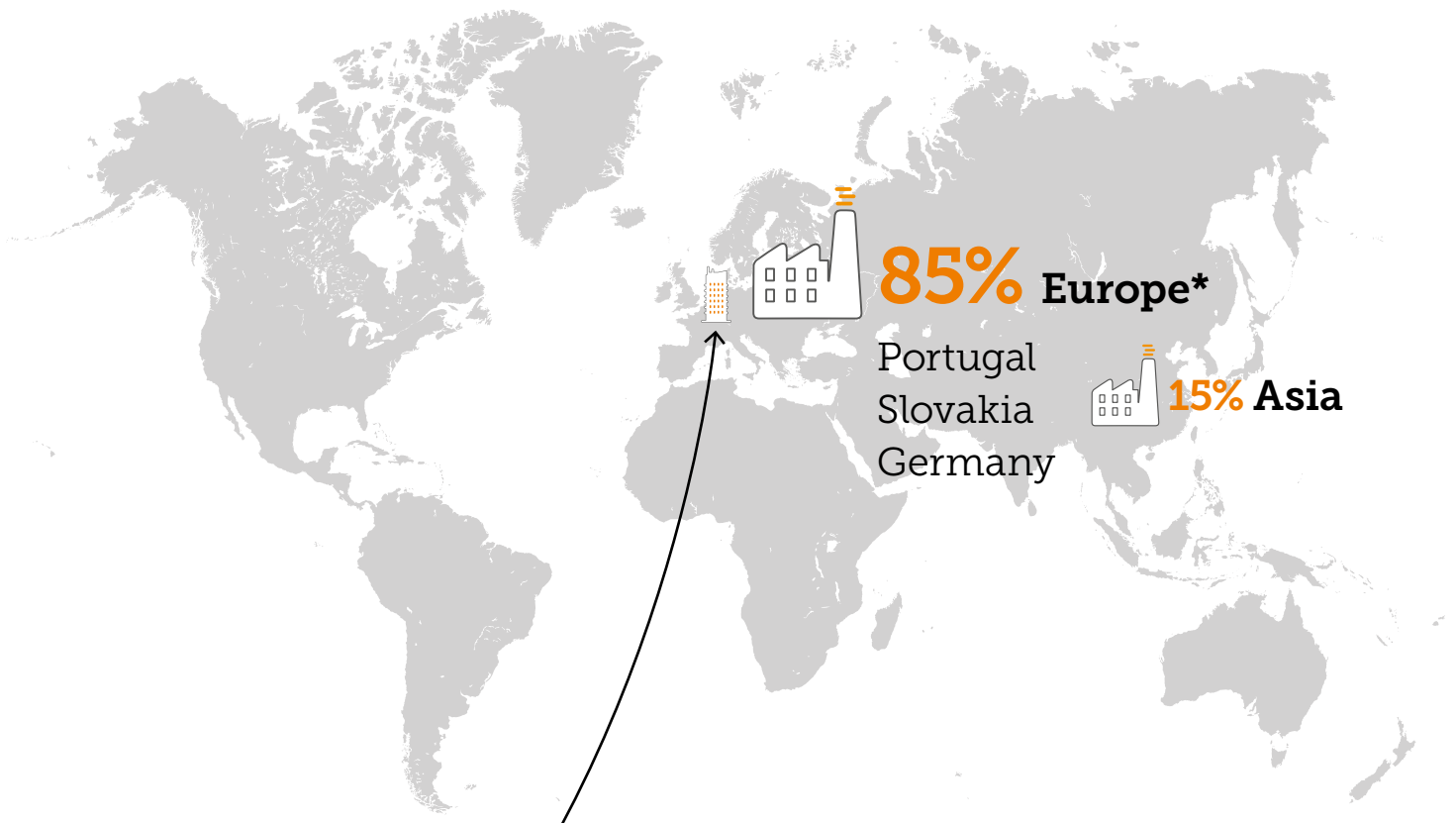
## Gabor

Sub Brands:



DRAGGING THEIR FEET

### SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



\* own production sites

### COMPANY FACTS AND FIGURES (2014)

HEADQUARTERS:

Rosenheim (Germany)

NUMBER OF SUPPLIER FACTORIES:

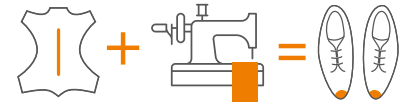
Company did not disclose this information

TURNOVER:

€€€€€€€€€€  
€€€€€€€€

**393 million**

## COMPANY RESPONSES ON:



### Supply chain responsibility:

According to its website, Gabor monitors all business partners on a regular basis to identify breaches of its CoC. Technicians carry out controls of all business partners on a regular basis. These controls include compliance with its standards, quality checks of products, as well as production requirements. Gabor is a member of CADS, a co-operative venture of the German Shoe Institute, focusing on pollutants in footwear and leather goods. Further, Gabor stated that since 2016, that it has participated in an initiative

of the German Federal Association of the Footwear and Leather Goods Industry to develop a social and ecological sustainability management tool for shoe companies. In case a supplier violates one or several provisions of its CoC, Gabor stated that it compels the company to initiate immediate corrective actions. If the corrective actions requested are not undertaken, Gabor may stop any current production, stop existing orders, suspend future orders or terminate the business relationship.

### Living wage:



Gabor indicated that it pays workers in its own factories more than the legal minimum wage. In its CoC, Gabor grants workers a remuneration corresponding to comparable standards in the relevant country and the general remuneration directives of Gabor. Wag-

es and other payments must correspond to the legal minimum wages, or those wages applicable in the industry, and are sufficient to fulfil the basic needs of the workers. Gabor is not a member of a multi-stakeholder initiative with a focus on wage issues.

### Health and safety:

The company is aware of hazardous substances and processes in its shoe production supply chain. CADS is dealing with the subject of hazardous substances in shoes and seeking to prevent their use. There

is a standard for health and safety defined in Gabor's CoC, but does not in detail refer to the ILO Convention No. 155 or Recommendation No. 164 on Occupational Health and Safety.

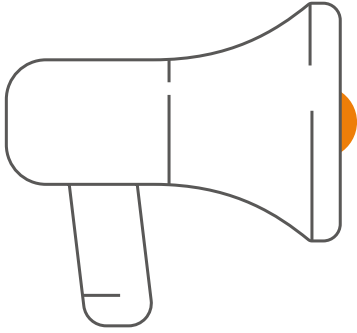


### Communication on social sustainability:

Gabor's CoC is publicly available on its website. The company informed that it uses the Restricted Substances List (RSL) of CADS, which is publicly available. Gabor does not publish a supplier list nor have

they disclosed it to CYS. According to the information available on its website, Gabor does not publicly report on outcomes of supply chain activities, on mitigation/remediation actions and impacts.





## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

The **supply chain structure of Gabor could allow for meaningful actions** to identify negative impacts on labour and human rights. Nevertheless, **CYS has concerns if its provisions for business partners and practices to manage HRDD in its entire supply chain allow to identify and protect vul-**

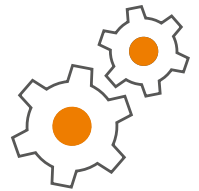
**nerable groups like migrant and home-based workers or to reveal negative impacts on labour and human rights in its supply chain.** The company did not disclose information to CYS if a grievance mechanism exists to identify breaches of its CoC across the supply chain.



### ADAPT:

Gabor is a long-established company, producing shoes for over 60 years. Efforts have been made by the company on corporate social responsibility towards business partners and workers. From a HRDD perspective, there is still room for improvement, but Gabor is at a good starting point. **CYS sees a risk that the business practices in place do not allow Gabor to prevent, mitigate and remediate adverse human rights impacts in its entire supply chain.** CYS has concerns that the

responsibility to mitigate breaches and remediate human rights violations remains entirely with its business partners. Having production at its own factories certainly provides leverage on working conditions and builds good preconditions, but CYS hopes Gabor will take into account some very important points raised in this report when further developing its strategy on HRDD to ensure the rights of all workers in its entire supply chain.



### ACCOUNT FOR:

Gabor did not fill in the questionnaire, but participated in the survey by providing documentation on its supply chain management. Gabor did not fully provide transparency about its supply chain structure and management. **CYS assessed the actions**

**of Gabor as not yet sufficient with regards to meeting its responsibility to account for how negative impacts on labour and human rights in its entire supply chain have been addressed.**





## COMPANY RESPONSES ON:

### Supply chain responsibility:

To monitor the compliance with its CoC, Geox relies entirely on a third-party approach. In 2014, Geox launched a sustainability audit programme to assess its supply chain, which became fully operational in 2015. The company monitors suppliers (tier 1) and tanneries, but not subcontractors (tier 2) nor upstream suppliers (producing components). The company stated that it has carried out audits through a third party of all suppliers for finished products and started the process with suppliers of raw materials.



According to Geox, the audit focuses on three main areas: human capital, environmental protection and supply chain transparency. The company stated that it monitors tanneries by systematically visiting them, and through the Leather Working Group audit protocols. The company stated that if audits reveal breaches of its CoC, a corrective action plan (CAP) is drafted and agreed, together with the supplier. The plan is assigned to an individual responsible for this and it has to be implemented within a fixed deadline.

### Living wage:

Geox did not make calculations of what represents a living wage in its sourcing countries and Geox does not have an action plan to ensure that workers in its supply chain are paid a living wage. For its own factory in Serbia, Geox checked the average worker's wage in the shoe industry and informed that their workers



get a salary 20% higher than the average wage paid in the industry. Geox stated that the audit programme includes analysis to verify that suppliers guarantee a fair salary, in line with the legal minimum wage. The company is not a member of any multi stakeholder initiative with focus on wage issues.

### Health and safety:

The CoE does not include comprehensive provisions on Occupational Health and Safety for workers in the entire supply chain. The company indicated problematic substances in shoes, and showed some awareness of the risks for workers' exposure to hazardous substances and processes in tanneries. Geox



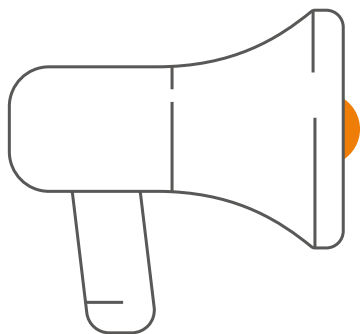
stated that the local regulations make sure that tanneries and suppliers provide workers with Personal Protective Equipment (PPE). According to Geox, the fire and building safety for all workers is guaranteed through its audit programme.

### Communication on social sustainability:

Geox makes a Code of Ethics publicly available, but not its Code of Conduct for suppliers. Geox does not publish a sustainability report and does not publicly communicate on outcomes of supply chain activi-



ties, on mitigation/remediation actions or impacts. Its supplier list and its Restricted Substances List (RSL) are not publicly available, but Geox disclosed its RSL to CYS.



## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

Although the supply chain structure at Geox would create good preconditions for meaningful actions, **CYS sees a high risk that the standards and processes in place do not allow an extensive identification of negative impacts on labour and human rights nor**

**do they protect vulnerable groups in its supply chain.**

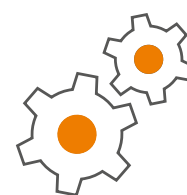
CYS hopes that the grievance mechanism Geox is planning will provide all workers, trade unions and NGOs an effective tool to address complaints on breaches of labour standards.



### ADAPT:

GEOX seems to be in the early stages of building up an assessment process to manage its supply chain responsibility. **CYS encourages Geox to elaborate and implement a comprehensive business strategy to manage human rights risks and impact assessments in its supply chain at a central level**, and to develop a business approach that goes beyond commercial audits and integrates HRDD in all entities and across all business operations. CYS sees a risk that Geox leaves the main responsibility for the prevention of adverse labour rights and the mitigation of breaches of social standards with its business partners. Geox

did not disclose to CYS the wage calculations for the factory in Serbia, but considering GEOX stated it pays 20% more than the average in the shoe industry, it can be assumed that it pays about 200 EUR per month. According to workers in neighbouring countries, the estimated living wage for Bosnia and Herzegovina is 767 EUR and in Macedonia 790 EUR.<sup>16</sup> CYS calls on Geox to take actions to ensure that all workers in its supply chain are paid a living wage. The legal minimum wage is often not enough to meet the basic needs for workers and their families.



### ACCOUNT FOR:

Geox participated in the survey, filled in the questionnaire and provided one additional document. **CYS assessed the actions of Geox as insufficient with regards to meeting its responsibility to account for how negative impacts on labour and human rights have been addressed.** Geox showed

willingness for improvement and announced plans to publish a sustainability report. CYS hopes to see more evidence in the future of concrete impacts on working conditions, the active promotion of FoA/CBA and on a worker-centered approach.



<sup>16</sup> Christa Luginbühl and Bettina Musiolek, *Stitched Up: Poverty Wages For Garment Workers In Eastern Europe and Turkey*, Clean Clothes Campaign, Zürich and Sachsen 2014, p. 72. <http://www.cleanclothes.org/resources/publications/stitched-up-1> (Viewed on 27.04.2016).

# LOWA

**LOWA**  
Outdoor- & Skiboos



SOME EFFORT

SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



COMPANY FACTS AND FIGURES (2014)

HEADQUARTERS:

Jetzendorf  
(Germany)



NUMBER OF SHOE SUPPLIER FACTORIES:



TURNOVER:

€€€€€€€€

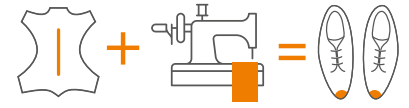
162 million



## COMPANY RESPONSES ON:

### Supply chain responsibility:

The strategy presented by Lowa to support and respect labour and human rights is to choose suppliers from Europe and to carry out internal audits by asking suppliers to fill in a questionnaire. Lowa indicated that it directly monitors shoe and leather supplier factories in its supply chain. According to Lowa, it monitors tanneries through conversations, meetings, plus environmental and CSR-reporting. Lowa lists a reporting and grievance procedure in its CoC for suppliers, providing all employees at sup-



plier factories with a direct contact address to register complaints. The company stated it demands that suppliers present the CoC to all employees and distribute hard copies of the CoC to every employee. In case of misconduct, the supplier must solve the problem and has four weeks to present a Corrective Action Plan (CAP) to Lowa. Afterwards, Lowa verifies the result. Lowa did not define the termination of a business relation as only a last resort.

### Living wage:

The wage definition does not include family members of the workers and the payment of a living wage to all workers in the supply chain is not binding for business partners. Lowa indicated it calculated benchmarks to identify the needs for a living wage. It remains unclear if these calculations were made only for its own production sites or also for its shoe and



leather supplier factories. Neither figures nor further information have been disclosed to CYS showing if the calculated benchmarks meet a living wage, or if an action plan to implement a living wage at supplier level has been enacted. Nor is Lowa a member of a multi-stakeholder initiative with focus on wage issues.

### Health and safety:

Lowa defined standards on Occupational Health and Safety in its CoC. While the company is aware of hazardous substances in its shoes, Lowa did not show high awareness of the risks for workers' exposure to hazardous substances and processes in tanneries. Lowa stated that its supplier factories provide Personal Protective Equipment (PPE) for workers free of charge. To identify negative health and safety impacts for workers producing the leather and its



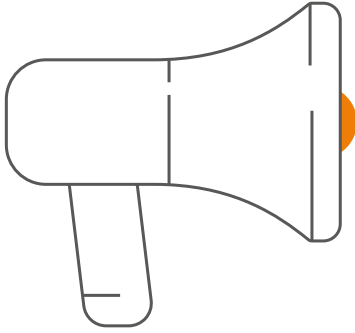
shoes, Lowa relies on an internal audit. The company explains that its strategy to mitigate hazardous substances and processes for workers is through the selection of only European, high-quality tanneries as well as through regular testings. According to the company, Lowa headquarters buys all the adhesives and solvents that are used in the shoe production in their factories.

### Communication on social sustainability:

The code of conduct for suppliers is publicly available in German, and is translated to other business partners. Lowa neither publishes a sustainability report, nor publicly informs about outcomes of supply



chain activities, on mitigation/remediation actions or impacts. Its supplier list and Restricted substances List (RSL) are not publicly available, but the RSL was disclosed to CYS.



## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

The supply chain structure of Lowa shows relevant characteristics that are good preconditions for meaningful HRDD actions. **Regarding its provisions for business partners and practices**

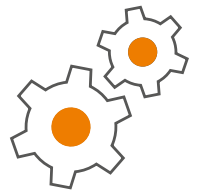
**in place, CYS sees a risk that negative impacts on human rights and vulnerable groups in its entire supply chain will only partially be identified.**



### ADAPT:

Lowa seems to be in the early stages of building up an assessment process to manage its supply chain responsibility. It was only in April 2015, Lowa hired a CSR-manager. Although its supply chain structure allows for meaningful actions to protect workers, no evidence has been provided to show that Lowa has elaborated and implemented a comprehensive human rights impact and risk assessment throughout its supply chain. **CYS therefore sees a risk that the processes and practices only par-**

**tially allow for the prevention, mitigation and remediation of adverse labour and human rights impacts in its supply chain.** Certainly, producing in Europe requires different HRDD awareness and measures than production in high risk countries. Regardless of the production country, all companies have a responsibility to carry out HRDD and to assess risks in its supply chain.



### ACCOUNT FOR:

Lowa participated in the CYS survey, filled in the questionnaire and provided supporting documents. The company showed a general openness to engage in dialogue and willingness to improve its sustainability engagement. **From a HRDD perspective, the actions of Lowa do not yet meet its responsibility to account for how negative impacts on labour and human rights have been addressed.** CYS is looking forward to getting an update on the efforts

Lowa mentioned: identifying CSR action fields, developing a strategy to manage its suppliers, and the intention to publish a supplier list. CYS sees a lot of potential that Lowa will become a responsible company throughout its supply chain. CYS hopes that Lowa will engage in sectoral, collective and multi-stakeholder approaches focusing on a living wage that could trigger lasting change for workers in the shoe production.



# MANGO

# MANGO



SOME EFFORT

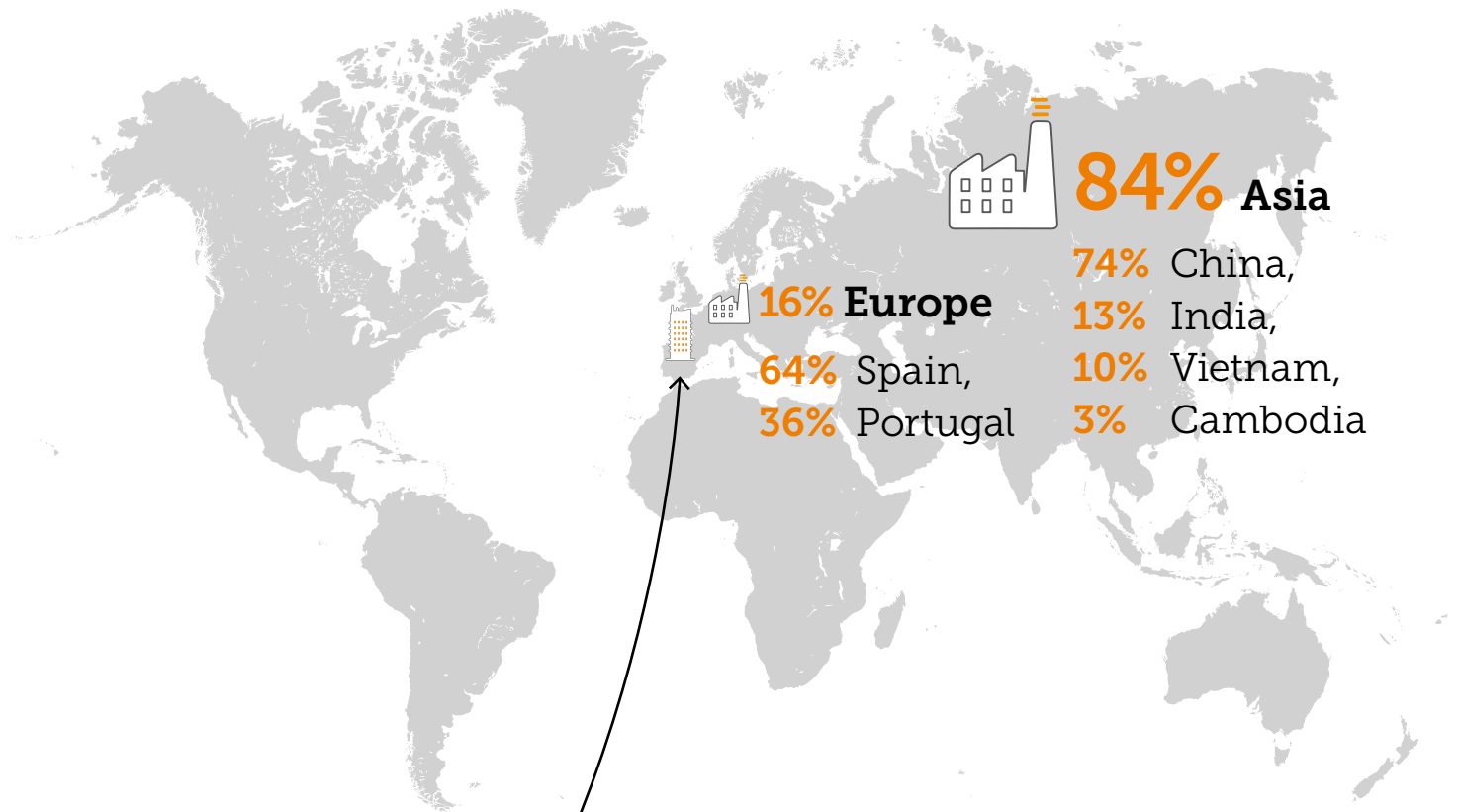
Sub Brands:

**H.I.E.**  
BY MANGO

**MANGO**  
KIDS

violeta  
BY MANGO

## SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



## COMPANY FACTS AND FIGURES (2014)

HEADQUARTERS:

**Barcelona**  
(Spain)



NUMBER OF SHOE SUPPLIER FACTORIES: **23**



TURNOVER:

€€

**2.02 billion**

**16 Asia**

9 China,  
2 India,  
4 Vietnam,  
1 Cambodia

**7 Europe**

4 Spain,  
3 Portugal

## COMPANY RESPONSES ON:

### Supply chain responsibility:



The company stated that they use a risk reduction strategy before selecting suppliers and confirming orders. Mango indicated that different departments at central level are ensuring that the company respects labour and human rights throughout its operations. To assess and monitor working conditions in its supply chain, Mango mainly uses audits carried out by third-party and internal audit teams. The company monitors tier 1 shoe suppliers, but does not monitor subcontractors (tier 2) and upstream suppliers (e.g.

tanneries). In 2014, 350 audits were carried out at all suppliers (garment, accessories and shoes). The CSR department of Mango is involved in a training programme for suppliers. New suppliers get training at the headquarters. Mango has a process for corrective actions outlined in the CoC that suppliers sign. In case of breaches of its CoC, Mango requires a corrective action from its shoe suppliers within six months. Mango stated that they take part in the actions providing technical support.

### Living wage:



The CoC does not oblige business partners to pay a living wage. No calculations are undertaken to identify the needs for a living wage in sourcing countries.

The company is not a member of a multi-stakeholder initiative with focus on wage issues.

### Health and Safety:



The company is aware of hazardous substances and problematic processes in its supply chain, but Mango did not take measures to identify and mitigate adverse working conditions in tanneries. The company informed that they ask business partners for Material Safety Data Sheets (MSDS). According to Mango, Personal Protective Equipment (PPE) is provided for free by its shoe suppliers and that work-

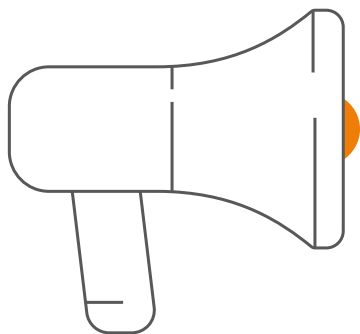
ers receive special training. According to Mango, its CoC and audit programme ensure that fire and building safety for workers is guaranteed. Regarding building safety, audits have so far only been performed in Bangladesh. In some other countries, some selected factories have been inspected for building safety.

### Communication on social sustainability:



Mango makes its CoC publicly available. The supplier list and Restricted Substances List (RSL) are not publicly available, but Mango disclosed the RSL to CYS. Mango indicated that it has shared a list of factories with a trade union. Mango publishes an annual sustainability report, and informs on findings and results from controls. The report includes details of

supplier selection and all audited suppliers including breaches of the CoC. However, concrete mitigation/remediation actions and results on impacts achieved through mitigation/remediation, as well as specific data on impacts and wage development at supplier level, are missing.



## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

**CYS sees a risk that the supply chain structure only partially allows the identification of negative impacts on working conditions and vulnerable groups in the**

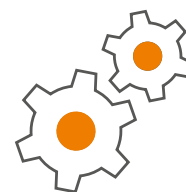
**supply chain.** CYS has in particular concerns because Mango does not have a systematic mechanism for workers or other stakeholders to register complaints about breaches of the company standards.



### ADAPT:

**Its processes partially allow for meaningful actions to improve working conditions in the production and to prevent, mitigate and remediate adverse human rights impact.** CYS sees a risk that Mango passes the responsibility for executing the CAPs on to suppliers. Comprehensive processes for mitigation and remediation have to include specific actions of the buyer. Otherwise, breaches will be repeated. CYS

encourages Mango to take more direct responsibility for its supply chain and to actively make sure that the rights of all workers within that supply chain are respected. CYS hopes that Mango does not limit its HRDD efforts to a geographical prioritisation of locations, but rather prioritises the issues and tackles them in a systematic way.



### ACCOUNT FOR:

Mango participated in the survey, filled in the questionnaire and submitted some supporting documents. It was available to respond to queries. **Mango partially meets its responsibility to account for how negative impacts on labour and human rights have been addressed.** From a HRDD perspective, CYS sees a gap in the accountability of Mango for concrete mitigation and remediation activities of human rights violations. CYS looks forward reading the results of Mango's next action

plan: defining a living wage in its CoC, calculating living wage benchmarks in sourcing countries, as well as extending the external audit system to tiers of its value chain and hopefully including the monitoring of working conditions in tanneries. With its significant buying power around the globe, Mango has the responsibility as an industry driver, to set HRDD as a high priority to lead and to step up the pace of improvements towards lasting changes for workers.



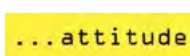
# NILSON GROUP\*

**NILSON GROUP**  
DIN SKO / SKOPUNKTEN / NILSON SHOES / RADICAL SPORTS / JERNE



SOME EFFORT

**Sub Brands:**



depeche\*



gyllene-gripen



MINO

N&C



STEPSIDE

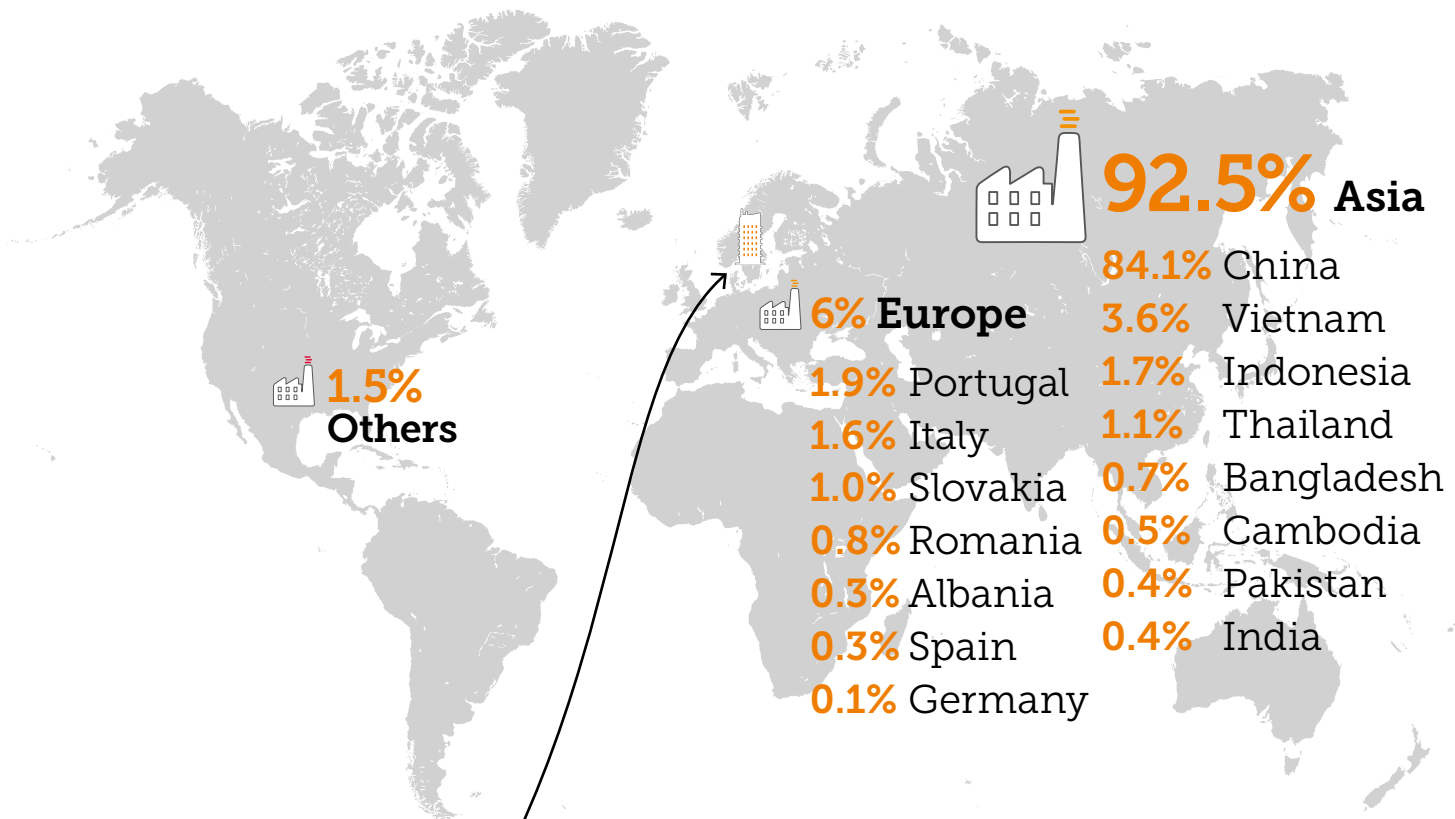


XIT

ZACK

ZOEY

**SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):**



\* Information in this report refers only to Nilson Group's own shoe brands, which make up 74% of their sales.

**COMPANY FACTS AND FIGURES (2015)**

**HEADQUARTERS:**

**Varberg (Sweden)**

**NUMBER OF SHOE SUPPLIER FACTORIES: 119**



**TURNOVER:**

€€€€€€€€€€€€

**247 million**

**71 Asia**

**48 Europe**

## COMPANY RESPONSES ON:

### Supply chain responsibility:



The assessment approach of Nilson Group to monitor compliance with its CoC relies on supplier inspections and coaching, primarily carried out by the company itself (98%). The company indicated that it monitors tier 1 suppliers, subcontractors and upstream suppliers (mainly tanneries). Half of the inspections undertaken are unannounced and the suppliers are visited at least twice a year. In 2015, 127

inspections were undertaken covering 89.3% of its business volume, produced by 32.5% of the suppliers. To mitigate breaches, the company stated that it uses action plans based on the findings from these inspections. According to Nilson Group, all action plans are re-checked during follow-up visits in the factory. Nilson Group specifies an action plan against child labour in its CoC.

### Living wage:



No calculations to identify the needs for a living wage in sourcing countries have yet been undertaken. Nil-

son Group does not ensure all business partners pay a living wage to workers.

### Health and safety:



The CoC provides standards on Occupational Health and Safety. According to Nilson Group, the personal protective equipment (PPE) is paid by the supplier factories. The company stated to present tanneries guidelines of the Swedish Textile Water Initiative. Nilson Group stated that it asks business partners in

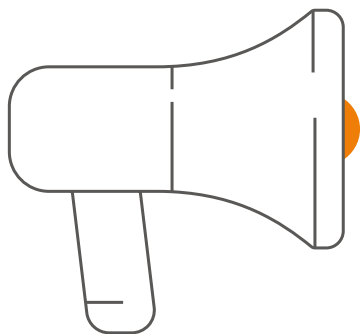
production for their MSDS. The company provides training to business partners on health and safety issues and the use of chemicals. The company explains that an internal tool to implement its CoC makes sure that the fire and building safety is guaranteed for all workers.

### Communication on social sustainability:



The CoC and a Restricted Substances List (RSL) are publicly available. Nilson Group publishes a sustainability report annually since 2009 and is reporting on

findings from inspections. Its supplier list is not publicly available.



## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

The presented guidelines for suppliers build a good basis to identify adverse labour and human rights. Nevertheless, **CYS sees potential for improvement to ensure that the guidelines and business practices allow for the iden-**

**tification of vulnerable groups and negative impacts in its global supply chain.**

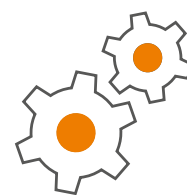
CYS sees a potential risk that the set-up of the supply chain and the lack of a grievance mechanism do not allow for the identification of workplace hazards.



### ADAPT:

**CYS sees a high risk that the processes Nilson Group have in place do not allow for the prevention, mitigation and remediation of adverse human rights impacts in its supply chain.** CYC would welcome seeing more indications of a proactive and shared-responsibility approach. CYC has particular concerns that the responsibility to execute the corrective action plans is passed on to suppliers. Comprehensive processes for mitigation and remediation must include specif-

ic actions of the buyer. CYC encourages Nilson Group to engage more with local stakeholders and initiatives where stakeholders concerned are full partners at a decision-making level. According to the company's responses, CYC assumes that Nilson does not yet have an approach to systematically strengthen FoA/CBA to empower workers as right holders in the supply chain. CYC welcomes the intention of Nilson to calculate benchmarks of a living wage.



### ACCOUNT FOR:

The company did participate in the survey, filling in the questionnaire and sending supporting documents. The company was available for additional feedback and showed an open and transparent communication about its activities. Nilson is publicly accounting for its supply chain responsibility. Nevertheless, the report is not available in English and does not include findings on tannery inspections, worker complaints, impact achieved through

mitigation/remediation, nor data on wage development at supplier level.

**From a HRDD perspective, the actions of Nilson only partially meet its responsibility to account for how negative impacts on labour and human rights have been addressed.** CYC encourages Nilson to invest more in HRDD work, to respect labour and human rights globally and to account for it.





# PRADA GROUP PRADA



Sub Brands:

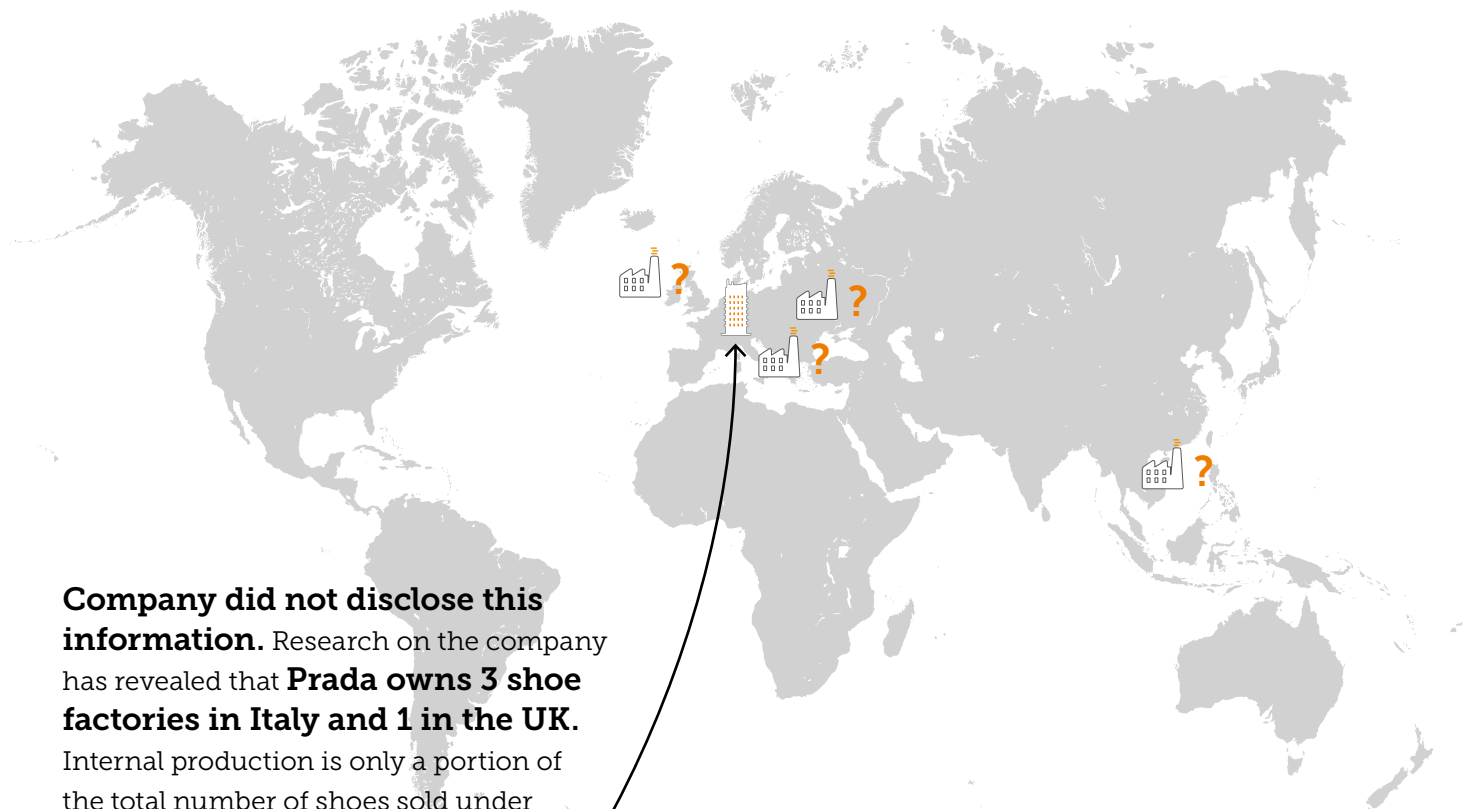
THE ORIGINAL



MIU MIU

DRAGGING THEIR FEET

## SHOE PRODUCTION COUNTRIES (SHOE MANUFACTURING):



**Company did not disclose this information.** Research on the company has revealed that **Prada owns 3 shoe factories in Italy and 1 in the UK.** Internal production is only a portion of the total number of shoes sold under its brands. **Prada's shoes are also produced by subcontractors in Italy, Eastern Europe, Turkey and Vietnam.**

## COMPANY FACTS AND FIGURES (2014)

HEADQUARTERS:

Milan (Italy)

NUMBER OF SUPPLIER FACTORIES:

Company did not disclose this information

TURNOVER:

€€€€

3.55 billion

## COMPANY RESPONSES ON:



### Supply chain responsibility:

There is not much information disclosed on business strategies for labour and human rights. Neither is there any information about how the company manages human rights risks and impact assessments in its supply chain. According to the company, it monitors its own factories and suppliers. The company indicated that they have a team of instructors who carry out audits in its own factories and at external manufacturers, according to an auditing programme covering the production process. To

monitor compliance with its Code of Ethics, Prada carried out 1,000 audits in 2014. It remains unclear to CYS to what extent the audit programme covers the shoe production supply chain and what measures the company has taken to address problems specifically in tanneries. Prada has not confirmed a grievance mechanism for workers in its entire supply chain. Based on the information provided, CYS is not aware of any engagement to mitigate and remediate breaches of the CoE.

### Living Wage:



The company's CoE does not include wage issues (e.g. the payment of a living wage). No further infor-

mation has been disclosed.

### Health and safety:



The company is aware of hazardous substances in products. However, no information has been disclosed to prove any measures to identify negative safety and health impacts for workers producing

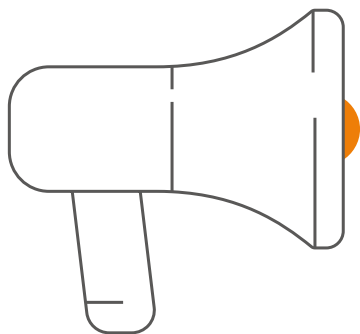
its shoes. The CoE generally includes employee safety, health and welfare, but there is no information on measures Prada have taken to protect workers' health and safety.

### Communication on social sustainability:



The CoE is publicly available. Since 2013, Prada publishes a social responsibility report. However, no monitoring results, impacts or data on wage developments in its supply chain are reported. Prada does not publish its supplier list nor its Restricted

Substances List (RSL). The company refused to disclose the RSL to CYS. There is no indication that the company has committed publicly to an action plan to ensure that all suppliers would pay a living wage.



## COMMENT FROM CHANGE YOUR SHOES

### IDENTIFY:

While the supply chain structure most likely would offer good preconditions for meaningful HRDD, **CYS sees a high risk that Prada does not have adequate standards and pro-**

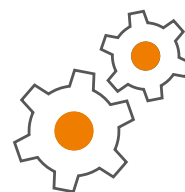
**cesses in place that allow for the identification of negative impacts on labour and human rights and vulnerable groups in its supply chain.**



### ADAPT:

**A major concern of CYS is that Prada has neither business processes nor practices adapted and implemented to prevent, mitigate and remediate adverse human rights impacts.** CYS welcomes that Prada is cooperating with other brands to formulate guidelines about hazardous substances used in shoe and garment production. CYS is looking forward to learning more

about the impacts of this co-operation on safe and healthy working conditions. Prada, as a luxury brand with one of the highest turnovers and profits among the companies assessed, could be expected to invest proper resources to ensure that workers' rights are fully respected and a living wage is paid all along the supply chain.



### ACCOUNT FOR:

The company participated in the survey, but refused to disclose all the information requested in the questionnaire, mainly regarding its social responsibility report. **CYS sees very few actions of Prada that show it meets its responsibility to account for how negative impacts on labour and human rights have been addressed.** Prada has not shown any transpar-

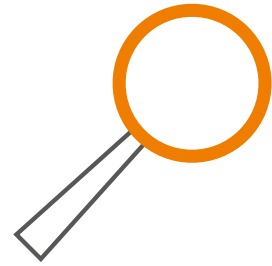
ency about steps taken to secure HRDD in its supply chain. Accounting publicly is key in a meaningful HRDD business approach. CYS invites Prada to disclose information on its efforts towards an improvement of the situation in its own supply chain in order to initiate lasting change for workers at all production places.



## 5. CONCLUSIONS

This report shows that shoe companies are not meeting their responsibilities to carry out Human Rights Due Diligence (HRDD) throughout their supply chains. HRDD includes identifying, preventing, mitigating and accounting for potential and actual adverse human rights impacts. HRDD has to happen in a comprehensive, ongoing and transparent manner. It has to be centered around affected right holders (the workers) and include publicly accounting for the work done. The industry cannot stay out of this process and needs to keep up with the changes in society and in consumers' demand for sustainable products. Here follows CYS conclusions taken from the result of the survey, divided into the different parts of HRDD:

### IDENTIFY NEGATIVE IMPACTS ON HUMAN RIGHTS:



**CYS sees that** the **supply chain structures** of the majority of the assessed companies **could allow for meaningful HRDD**. HRDD is a responsibility for all companies, as it is a question of the individual set-up of the supply chains rather than the size of a company.

**CYS is concerned that** none of the companies have **comprehensive business processes and practices in place** which allow the identification of all potential and actual negative impacts on human rights. Needless to say, the identification of human rights impacts is a prerequisite for mitigation and remediation.

**CYS sees a risk that** the **companies focus on the contractual business link to the direct supplier rather than looking at the actual production places** for the most urgent, actual or potential breaches of labour and human rights.

**CYS has concerns that** **vulnerable groups** like migrant and home-based workers **are not identified** by the companies in order for these groups to get the special protection they need.

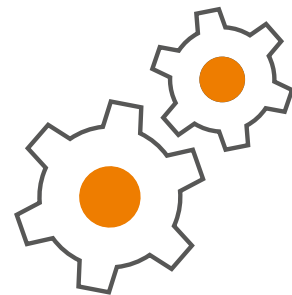
**CYS sees a risk that** the **scope of implementing and monitoring social standards** is not allowing for the identification of negative impacts on human rights. Not all companies know and trace subcontracting and the **tanneries** producing the leather for their shoes. Relying on the LWG to monitoring tanneries is not enough. LWG focuses on environmental issues, but not on wages, working hours or FoA/CBA, and is looking only to some extent at working conditions like health and safety. The results of these audits are not public nor does LWG have a process to mitigate or remediate.

**CYS sees a lack of efficient, independent grievance mechanisms** to identify breaches of social standards at most of the companies.

While all assessed companies showed some **awareness of hazardous substances**, **CYS has concerns that** the main focus is limited to protect the environment and the consumers, not the workers. CYS sees a high risk that violations of OHS at tanneries are neither identified, nor actively mitigated and remediated.

## ADAPT BUSINESS PRACTICES TO PREVENT AND MITIGATE HUMAN RIGHTS VIOLATIONS:

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**CYS is concerned that most companies rely on an audit approach** to ensure compliance with their social standards. Experience from the garment industry shows that audits are not enough to assess the complete situation in factories. Only a few companies indicated that results of auditing are tied together with other business processes such as a company's purchasing practices. HRDD is an ongoing process and should be incorporated throughout a company.

**CYS hopes that** the companies systematically adapt and incorporate a **worker-centered HRDD approach**. Core issues that affect workers are directly linked with purchasing practices, price calculations and price escalation. It is key that companies do not limit their HRDD to a geographical prioritisation of locations, but rather prioritise the urgency of the issues.

**CYS noticed a low degree of co-operation with stakeholders; however, such co-operation is a prerequisite** for systematic change for workers in the global shoe production. To trigger lasting change, companies should intensify the local stakeholder inclusion within monitoring processes (e.g. workers, trade unions and NGOs).

**CYS is concerned about the outsourcing of social responsibility to business partners**. For systematic change to happen, the main responsibility and especially the financial burden should be shared by the buying company. Especially when it comes to mitigating breaches and remediating adverse human rights impacts, companies did not show much evidence of a shared-responsibility approach. The report shows that audits are mostly complemented with Corrective Action Plans (CAPs). The responsibility to execute CAPs is usually passed on to the suppliers. Processes for mitigation and remediation must include specific actions of the buyer, since many breaches have their root causes in purchasing practices.

**CYS is concerned that shoe companies are not actively supporting FoA/CBA.** Most of the companies are not at all aware about unionisation at its suppliers. FoA and CBA are enabling rights for workers and are therefore central elements of any HRDD process.

**CYS did not see any credible efforts to ensure the payment of a living wage.** Responses and publicly available information from the 23 assessed companies indicate that almost nothing is done to ensure that workers in their global supply chains are paid a living wage. None of the companies publicly commit to an action plan to ensure that all suppliers pay a living wage.

## ACCOUNT FOR HOW NEGATIVE IMPACTS ON HUMAN RIGHTS HAVE BEEN ADDRESSED:



**CYS is concerned about the very low level of transparency in the industry** in general. The fact that only 12 out of 23 companies decided to respond to the questionnaire is a big disappointment. More importantly, this level of intransparency and the lack of accountability should worry all actors involved, from consumers to the workers producing the shoes. The lack of information on working conditions and HRDD activities in tanneries is especially worrying. It is problematic that LWG, on which many companies rely to audit tanneries, do not make their audits public. Further, very little evidence on mitigation and remediation has been disclosed to CYS.

From these results, it is clear that shoe companies need to intensify their efforts to systematically assess the risks in their business operations and to ensure labour and human rights are respected globally. Particularly with regard to highly important aspects – such as living wage, occupational health and safety, freedom of association, transparency and public accounting – a lot remains to be done. This report should be seen as a snapshot about where the industry stands with regard to their HRDD performances. Results indicate that there is a clear need for improvement.

CYS EXPECTS SHOE COMPANIES TO **CATCH UP** WITH THEIR RESPONSIBILITY **AND STOP** TRAMPLING RIGHTS UNDERFOOT

# GLOSSARY

## **B** **Business Social Compliance Initiative (BSCI):**

BSCI is a business-driven initiative that was founded to align the efforts of various companies for improving working conditions and to avoid duplication, particularly in factory audits and corrective measures.

Over 1,800 companies are members as of April 2016. The BSCI standard includes an opt-in payment of the living wage. Independent verification methods are not included. There is no clear obligation to define a buying policy that would support suppliers to improve working conditions.

**<http://www.bsci-intl.org>**.

## **C** **CADS:**

Cooperation of the German Shoe Institute, a venture consisting of more than 60 companies in the shoe, leather and textile industry. CADS was founded in November 2007 and focuses on pollutants in footwear and leather goods. The aim is the creation and dissemination of knowledge for non-polluting, footwear material and environmentally friendly production. CADS affiliates call for stricter guidelines than legislators.

**<http://www.cads-shoes.com/en/index.html>**

## **Collective Bargaining Agreement (CBA):**

An agreement between one or more employer(s) and one or more trade union(s) which covers such issues as wages, benefits, FoA and worker representation, working conditions and other rights and responsibilities. The CBA could be local for a certain employer or covering a whole region or country in a certain industry. The CBA is to be considered as the bottom line for an industry or an employer. The CBA gets renegotiated with a certain frequency.

## E Ethical Trading Initiative Norway (IEH):

IEH is a resource centre and an advocate for ethical trade practices. Its objective is co-operation on trade that promotes human rights, workers' rights, development and environmental standards. Ethical Trading Initiative Norway is a multi-stakeholder initiative that consists of NGOs, Trade Unions, Businesses and the Enterprise Federation of Norway.

<http://etiskhandel.no/English>

## F Fair Labour Association (FLA):

Based in the USA, the FLA monitors the compliance with social standards in the factories that supply its member organisations including, among others, Nike, Adidas and Puma. Representatives of NGOs and universities are also part of FLA. The FLA carries out verifications.

<http://www.fairlabor.org/>

### Fair Wage Network:

The Fair Wage Network was created 2009. The aim of this network is to regroup all the actors involved along the supply chain and create an arena for the actors that are ready to commit themselves to working to promote better wage practices. FWN wants to involve NGOs, managers, workers' representatives and researchers.

<http://www.fair-wage.com/>

## G Global Reporting Initiative (GRI):

GRI is an international independent standard for sustainability reporting which helps corporations and other organisations to show the impact of their specific business on critical issues such as climate change, human rights, corruption, etc.

<https://www.globalreporting.org/Pages/default.aspx>

### Global Social Compliance Programme (GSCP):

GSCP is a business-driven initiative, facilitated by The Consumer Goods Forum and founded to enable cross-industry collaboration in the area of social and environmental sustainability along the supply chain. The GSCP aims to tackle the proliferation of codes, audit duplication and divergence of approaches through harmonisation, training and capacity building. <http://www.theconsumergoodsforum.com/gscp-home>



## HDS/L:

The German Federal Association of the Footwear and Leather Goods Industry represents German manufacturing companies in the shoe and leather goods industry. The HDS/L actively advocates for the business interests of its members in relation to political institutions and in the public sphere.

<http://www.hdsl.eu/Home>

## HIVOS:

Hivos is an international development organisation with its headquarters in the Netherlands and offices abroad. Together with local civil society organisations in 26 developing countries, Hivos wants to contribute to a free, fair and sustainable world. One of the guiding principles of its philosophy is strengthening the social position of women.

<https://www.hivos.org/>

## ILO Core Labour Standards:

Four fundamental principles determine the International labour organizations (ILO) ethos and activities: freedom of association and the right to collective bargaining, the elimination of forced and compulsory labour, the abolition of child labour, and the elimination of discrimination in the workplace. These fundamental principles are housed in eight conventions, also known as the core labour standards:

### **N° 29/1930 Forced Labour Convention**

### **N° 87/1948 Freedom of Association and Protection of the Right to Organise Convention**

### **N° 98/1949 Right to Organise and Collective Bargaining Convention, 1949**

### **N° 100/1951 Equal Remuneration Convention**

### **N° 105/1957 Abolition of Forced Labour Convention**

### **N° 111/1958 Discrimination (Employment and Occupation) Convention**

### **N° 138/1973 Minimum Age Convention**

### **N° 182/1999 Worst Forms of Child Labour Convention**

In addition to the core labour standards, there are other binding and relevant ILO conventions with respect to human rights at work, covering the following aspects:

- **Right to a living wage**
- **No forced overtime**
- **Occupational Safety & Health**
- **Employment relationship**

## Living Wage:

A living wage, by definition, means that a working person must be able to support themselves and their family. The notion of a living wage is well embedded in the international human right discourse. The United Nations Universal Declaration of Human Rights, Article 23(3) states: "Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection." The right to a living wage is, in addition, established in several ILO declarations and conventions:

- **Constitution of the ILO, 1919: Preamble of the Charter**
- **Declaration of Philadelphia, International Labour Conference, 1944**
- **ILO Declaration on Social Justice for a Fair Globalization, 2008**
- **Convention numbers 131 and 156 (indirectly) and Recommendations Numbers 131 and 135 (indirectly)**

The Clean Clothes Campaign, as part of the Asia Floor Wage (AFW) Alliance, and Change Your Shoes, define a living wage as follows: "Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

More specifically, a living wage:

- **Applies to all workers, which means that there is no salary below the living-wage level**
- **Must be earned in a standard work week of no more than 48 hours**
- **Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime**
- **Covers the basic needs of a family of four (two adults, two children)**
- **Includes an additional 10% of the costs for basic needs as discretionary income**

## Leather Working Group (LWG):

The objective of this industry group is to develop and maintain a protocol that assesses the environmental compliance and performance capabilities of tanners and promotes sustainable and appropriate environmental business practices within the leather industry. The group seeks to improve the tanning industry by creating alignment on environmental priorities, bringing visibility to best practices and providing suggested guidelines for continual improvement. <http://www.leatherworking-group.com/>

## **M** **Material Safety Data Sheet (MSDS):**

A system for cataloguing information on chemicals, chemical compounds, and chemical mixtures. The information may include instructions for the safe use of and potential hazards associated with a particular material or product.

## **N** **Net profit:**

Profit after tax (or bottom line profit).

## **R** **Restricted Substances List (RSL):**

A list from a given company detailing which chemicals or other substances whose presence in a given product is restricted by that company and are communicated to suppliers and/or subcontractors.

## **S** **SA8000:**

A system of certification of suppliers worldwide that was initiated by Social Accountability International (SAI), a multi-stakeholder organisation aiming at the improvement of workplaces by developing and implementing socially responsible standards. A certification in accordance with SA8000 means that a supplier is willing to comply with the most important labour standards and to be audited on its compliance. It is important to note that NGOs are, for all intents and purposes, not satisfactorily involved in the auditing process and do not see SA8000 as a guarantee for fair working conditions.

<http://www.sa-intl.org/>

## **Swedish Textile Water Initiative:**

Started in 2010 by the environmental NGO Stockholm Water House and major Swedish leather and textile brands with the idea to gain a better understanding of the water challenges faced by the industry and finding the right mechanisms to address them.

<http://stwi.se/>

## **T** **Tier 1 suppliers:**

Describes the direct trading partners of the companies assessed.

## **Tier 2 suppliers:**

Describes subcontractors of the direct trading partners of the companies assessed.

## **Turnover:**

Total amount of money the company runs through its books each year.

## **U** **Upstream suppliers:**

Tanneries or other production units refining raw material, dying or in any way involved in the production process prior to tier 1 supplier.

