# UNIONE NAZIONALE INDUSTRIA CONCIARIA

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## TRANSPARENCY OF THE ORIGIN OF HIDES & SKINS (VS/2011/0145)

## National Report from Italy

We ran the consultation from mid-November 2011 until the end of January 2012

The questionnaire, prepared in Italian on the model provided by Cotance for all the project members, was sent to a sample of Italian tanneries, selected by UNIC on the basis of size, geographical location, type of production and market leadership. The objective was to obtain an highly representative sample of the Italian tanning industry, characterised by a wide range of different business models. UNIC chose this approach because the original request of the project (i.e. sample of 10% of the companies operating in the sector) would not ensure the same reliability of results. In Italy there are 1,330 tanning companies, but about ¾ of them are craftsman laboratories, or micro-companies, or small sub-contractors, often operating only on a single process operation as outsourcers for other tanneries, and therefore can not be considered representative of the national tanning sector.

The sample obtained (12 companies) is strongly representative of the whole industry: it is composed by leading companies and all major national tanning districts are represented, as well as all the most important market segments and tanning business models (from small but highly specialised niche companies to large groups).

In addition, the sample represents approximately 10% of Italian tanning sector's turnover and 7% of total employees.

## 0. IDENTIFICATION OF THE RESPONDENTS (IN PERCENTAGE)

The tanneries that replied to the consultation supply the following downstream sectors:

| | | | |
|---|---|---|---|
| Footwear | X | Furniture | X |
| Leathergoods | X | Automotive | X |
| Clothing/Gloves | X | Wet Blue | |

## 1. PERCEPTION OF THE ISSUE

### 1.1. What type of news regarding the conditions of sourcing of hides and skins has what level of shocking potential for consumers?

| **Social** | **Total sample** | **Av. Rate (1-5)** |
|---|---|---|
| -Child labour in connection with hides and skins | 12 | 2.2 |

| | | |
|---|---|---|
| -Unhealthy working conditions in slaughterhouses | 12 | 2.1 |
| -Forced or Compulsory work in Farms | 12 | 1.8 |
| -Other: unspecified | 2 | 1.0 |
| **Environmental** | | **Av. Rate (1-5)** |
| -Rainforest deforestation for getting grazing land for herds in connection to hides and skins | 12 | 2.2 |
| -Chemical Risks, including preservation Salt use | 12 | 2.4 |
| -Other: unspecified | 2 | 1.0 |
| **Animal Welfare** | | **Av. Rate (1-5)** |
| -Animal mistreatment at the farm | 12 | 2.3 |
| -Animal mistreatment during transport to slaughter | 12 | 2.3 |
| -Non “humane” slaughter methods | 12 | 2.5 |
| -Other: unspecified | 2 | 1.0 |

The area of highest concern for the tanneries in our country concern animal welfare aspects followed by environmental issues. The lowest sector concern regards social aspects.

Within the above areas, specific concerns relate to unethical slaughtering methods and chemical risks.

### 1.2-4. Perception of how consumers care when the Media bring shocking stories about irresponsible behaviour of economic operators in terms of Social or Environmental aspects in supply chains

According to the tanneries consulted, consumers in our country care (83% of total sample) when shocking stories on Social or Environmental aspects of their supply chain are portrayed in the media.

Our tanners believe that the negative impression left in the mind of consumers tends to fade (100% of sample concerned).

Consequently, the consultation reveals that tanners in our country understand that concerned consumers tend not to react by boycotting leather in consumer goods and do not try to get assurances from the supply chain regarding the conditions of environmental performance and social accountability under which the purchased products have been sourced.

### 1.5-6. Interpretation of customers of such societal concerns and consequent reactions

| | **Total** | **Av. %** |
|---|---|---|
| Percentage of customers who “are concerned” | 8 | 66.6% |
| | **Total** | **Av. %** |
| Customers don’t translate such concerns into action | 12 | 64.6% |
| Customers contact suppliers and try to sensitise them on their values | 10 | 16.8% |
| Customers translate societal concerns sooner rather than later into specific requests to suppliers | 10 | 16.5% |
| Other: unspecified | 2 | 2.1% |

According to our sector's operators, the manufacturers of leather articles, the customers of our tanners, perceive the negative publicity brought by the media as concerning (2/3).

They believe that customers don't translate these concerns into action (65%).

**1.7. When the media unveils a scandal in the leather sector who gets hurt?**

| | Total sample | Av. Rate (1-5) |
|---|---|---|
| the image of the leather industry in general? | 12 | 2.8 |
| the image of the entire leather sector in the concerned country? | 12 | 3.3 |
| the image of the leather sub-sector concerned independent of location, eg footwear leather/clothing leather? | 12 | 2.3 |
| the image of the leather sub-sector in the country concerned? | 12 | 3.2 |
| the image of the company/ies concerned? | 12 | 4.4 |

The perception of the tanners in our country regarding the damage caused by media scandals involving leather is that mainly the image of the companies concerned gets hurt, followed by the image of the leather sector and sub-sector concerned.

**1.8. Consequences mostly feared for business and personnel**

| | Total sample | Av. Rate (1-5) |
|---|---|---|
| loss of orders | 12 | 2.0 |
| cancellation of orders | 12 | 1.3 |
| reduction of volume in orders | 12 | 1.7 |
| less candidates for taking a job in the company | 12 | 1.1 |
| not getting top people for the company | 12 | 1.3 |
| staff getting stressed or depressed from the pressure of public opinion | 12 | 1.3 |
| losing staff for ethical considerations | 12 | 1.1 |
| loss in the value of the company brand name | 12 | 1.8 |
| loss of consideration in society as a tanner | 12 | 2.5 |
| official controls | 12 | 2.5 |
| pressure/attacks from NGOs | 11 | 2.2 |
| other: unspecified | 1 | 1.0 |

Economic consequences of scandals rank 2nd in the order of fears of the tanners in our country. Consequences regarding human resources are perceived as less important (3rd place in the ranking), while those affecting the image are ranked 1st.

More specifically, the potential adverse effect of "sensationalist" news in the media most feared by tanners is loss of consideration in society as a tanner and official controls, followed by pressure/attacks from NGOs.

Possible problems regarding less candidates for taking a job in the company or losing staff for ethical considerations are not perceived as crucial.

## IDENTIFICATION OF THE ORIGIN OF HIDES & SKINS

### 2.1. The respondents to our consultation use the following raw materials

Cattle X Calf X Sheep X Goat X Other X (deers)

It is in line with the entire national tanning sector.

### 2.2. Origin (average percentage on an annual basis)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Domestic | 5.0% | EU | 42.7% | Other European | 3.4% | Extra-EU | 48.9% |

These data reflect quite well the supply situation in our country. According to a recent UNIC analysis on raw material supplies for the Italian tanning industry, based on 2010 data of external trade, the whole EU provides nearly 40% of the raw hides/skins and semi-processed leathers used by our sector. The difference can be explained by the year involved and the methodology used in the analysis (raw material data were elaborated on the base of the related finished leather produced).

### 2.3. State (average percentage on an annual basis)

| | | | | | |
|---|---|---|---|---|---|
| Fresh/Dried | 3.6% | Salted | 38.0% | Wet-Blue | 33.8% |
| Limed/Pickled | 2.7% | Crust | 21.8% | | |

These data do not reflect perfectly the whole supply situation in our country. According to the above mentioned analysis (comment to point 2.2), 63% of the finished leather produced in Italy derives from wet blue as starting material, 34% from raw hides and skins (salted, fresh or dried), 2% from crust and 1% from pickled. The difference can be explained as above.

### 2.4. Nº of suppliers reported on average by our national tanners

1-5: 8% of the sample 5-10: 17% 10-20: 75% more than 20 suppliers: 0%

These data reflect well the supply situation in our country.

### 2.5. Nº of orders (per year) reported on average by our national tanners

1-5: 0% of the sample 5-10: 0% 10-20: 8% 20-50: 0% more than 50: 92%

These data reflect well the supply situation in our country.

### 2.6. Relationship with suppliers as reported by our national tanners (% per category)

| | | | |
|---|---|---|---|
| Stable | 85% | Occasional | 15% |

### 2.7. Suppliers are reported to be in general (% per category)

| | | | |
|---|---|---|---|
| Bigger than tanners | 75% | Smaller than tanners | 25% |

**2.8. Our country's tanners can identify the source of the following percentage of raw materials supplies (% per category)**

| | | |
|---|---|---|
| 0%: none | 10-20%: 8% of the sample | 20-40%: none |
| 40-60%: 8% of the sample | 60-80%: 8% of the sample | 80-100%: 76% |

**2.9. Our national tanners claim to be able to identify:**

| | | | |
|---|---|---|---|
| -the precise country of the hides and skins bought | 100% | Yes | |
| -the precise slaughterhouse of the hides and skins bought | 42% | Yes | 58% No |
| -the precise farm/herd of the hides and skins bought | | | 100% No |
| -the precise cohort of the hides and skins bought | 67% | Yes | 33% No |

**2.10. Tanners claim to be able to set up communication channels with:**

| | | |
|---|---|---|
| -slaughterhouses | 67% Yes | 34% No |
| -animal transport companies | 8% Yes | 92% No |
| -farmers | 17% Yes | 83% No |

**2.11. The preferred route for communications upstream of the tanning sector is:**

| | | |
|---|---|---|
| -Electronic communication (e-mail, blogs, chats…) | 83% Yes | 17% No |
| -Paper based communications (letters, circulars, Newsletters) | 58% Yes | 42% No |
| -Personal contacts (meetings, telephone calls, fairs, auctions) | 75% Yes | 25% No |

## 2. HOW TO ORGANISE A RELIABLE ASSURANCE MECHANISM?

Tanners were requested to rate from 1 to 5 (best option). The table shows the average values obtained regarding the preferred assurance mechanism.

| | |
|---|---|
| a standard for a self-declaration of suppliers | 2.8 |
| a contractual clause in the supply contract | 3.7 |
| a company-based public societal commitment | 2.3 |
| a Multi-Stakeholder Code of Conduct | 2.8 |
| Other: a standard verified by a third-party | 0.6 |

## 3. HOW TO PROVIDE A CREDIBLE ASSURANCE TO THE GENERAL PUBLIC?

**4.1. How to provide a credible assurance to the general public?**

Tanners were requested to rate from 1 to 5 (best option). The table shows the average values obtained regarding the most appropriate assurance mechanism.

| | |
|---|---|
| an identifying tag for identifying the origin of each hide or skin | 3.0 |
| a paper-based documentation for lots | 2.6 |
| a self-declaration of herds | 2.1 |
| Slaughterhouses | 2.1 |
| Suppliers | 2.3 |
| a certification of herds | 2.8 |
| Slaughterhouses | 2.9 |
| Suppliers | 3.2 |

| | |
|---|---|
| a “black list” of suppliers | 3.2 |
| a list of “good” suppliers | 3.5 |

**4.2. How should compliance be audited?**

Tanners were requested to rate from 1 to 5 (best option). The table shows the average values obtained regarding the most appropriate audit mechanism.

| | |
|---|---|
| by buyers | 2.5 |
| by an independent party: Veterinary/sanitary services | 3.6 |
| NGOs | 2.6 |
| Technical centres | 2.8 |
| Others:……………. | 0.6 |
| by the Sector institutions and Stakeholders jointly | 2.6 |