SOCIAL AND ENVIRONMENTAL REPORT OF THE FRENCH LEATHER AND TANNING INDUSTRY

SEPTEMBER 2010
Foreword

This report has been prepared by the Federation Française de la Tannerie-Mégisserie, in strict compliance with the commitments taken by the European social partners: COTANCE (Confédération des Associations Nationales des Tanneurs et Mégissiers de la Communauté Européenne) and ETUF:TCL (European Trade Union Federation: Textile-Clothing-Leather). It has been elaborated in the framework of the COTANCE-ETUF:TCL Social Sectoral Dialogue (SSD) project “Social & Environmental Reporting in the European Leather Industry” developed with the support of the European Commission – DG Social Affairs.

We collected information from our companies and the Observatoire Economique of the National Leather Council (Conseil National du Cuir).

The French social partners work within a national Joint Social Committee, the “Commission sociale paritaire” for hides and skins, as well as the national commission for employment and professional training in hides and skins. These commissions include employers representatives from the tanning industry as well as national delegates from 5 Trade Unions: the Fédération Générale Force Ouvrière des Cuirs Textiles Habillement (F.G.C.T.H.), the Fédération Textile Habillement Cuir C.G.T., the Fédération des Services C.F.D.T. (HACUITEX), the Syndicat National du Personnel de l’Encadrement des Cuirs et Peaux (C.F.E. – C.G.C. – F.N.A.A.) and the Fédération CMTE – CFTC Secteur Cuir.

French partners also take part in Brussels in the work meetings of the Social Sectoral Dialogue Committee.

Through this document, the French social partners of the leather and tanning industry state their ultimate respect for the Human right to work and for the responsible use of environmental resources.

After the signature by the European social partners of the Code de Conduct in the leather industry (Brussels, 10 July 2000), following the amendment to the National Collective Contract (Avenant n° 3 à la CCN Industrie des Cuirs et Peaux) implementing the provisions of the Code de Conduct in the Tanning sector (Paris, 8 July 2003), following the approval by the Social Sectoral Dialogue Committee of the Standard for Social & Environmental Reporting for the European leather industry in Brussels, on 17 July 2008, and finally following the COTANCE “main event” at the General Assembly held in Stockholm on 4 June 2010, the social partners have adopted their first French Social and Environmental Report (Paris, 13 September 2010).

At company level, the RSE Template will be progressively implemented on a voluntary basis.
Introduction

Presentation of the Fédération Française de la Tannerie Mégisserie (FFTM)

The FFTM is a Union of Trade Associations (Art.2133.1. Labour Law).

Date of creation: Extraordinary General Assembly (A.G.E.) of 2 October and 5 November 1969.

This Union succeeded to the French General Trade Association of Hides and Skins (Syndicat Général des Cuirs et Peaux de France).

It is constituted by the Syndicat de la Tannerie Française (STF) and the Syndicat de la Mégisserie Française (SMF).

The purpose of the FFTM is essentially to represent its members at national and international instances in economic, technological, social and environmental areas.

To this day:

- 64 member companies
- 1,529 workers
- 10 companies employ + 50 workers (16 %)
- 41 companies employ – 20 workers (64 %)
- 20 % executives and employees / 80 % factory workers
- 220 millions € of turnover (34 % to exports)
- 15th world exporter of finished leathers.
- Production: 6 million m² of bovine, ovine, caprine, porcine and reptile leather.

Producing regions: - Rhône-Alpes, Alsace Lorraine, Aquitaine (bovine)
- Midi-Pyrénées, Centre, Limousin (ovine/caprine)

Specificities: Deluxe products, fashion, for major national and international brands.

Markets: leather articles, shoe, clothing, furniture.

Our federation is represented in the main trade fairs around the world (22 companies): PARIS, MILAN, BOLOGNE, HONG KONG, NEW DELHI, SHANGHAI, NEW YORK.

Environmental considerations

The societal role of the tanning sector

Leather production plays an important part in our society: it deals with hides and skins derived from meat production for human consumption and transform them into a noble material that can be applied in many high quality products.

The sector thereby contributes to the disposal of waste produced by the meat industry, while creating a noble material used in our daily life.

Moreover, this activity generates employment and wealth.

However, tanning used to be a polluting activity. This is why tanneries have applied prevention, recycling and pollution abatement techniques (clean technologies, sewage stations, valorisation and disposal of waste).

Our sector’s companies aim for a sustainable development and take social and environmental responsibilities.
The national environmental report

In order to prosper, tanneries must apply state-of-the-art technologies. In collaboration with CTC (Technical Centre), our sector endeavours to reduce the impact of the tanning process on the environment while improving the quality of the finished product.

In the last few years, our industry has developed innovating clean technologies that bring sustainable solutions to complex issues, in keeping with the directives approved at the conferences in Rio, Kyoto and Copenhagen.

Thanks to the combined efforts of our technicians and companies, the environmental performances of the sector have continued to improve as well as the quality of life of the employee and the citizen.

Moreover, French tanneries implement the provisions laid down in the “Arrêtés Préfectoraux” authorizing their activity (DREAL).

Environmental indicators

The manufacturing process consists in producing finished leather with animal raw materials (bovine, ovine, caprine and reptilian hides). The main operations are tanning and dyeing.

In order to optimise clean production, the following measures have been taken by our companies:

- Savings on water
- Screening
- Desulfurisation
- Dechromation
- Recovery of solvents
- Finishing without solvents
- Filtering of hair
- Treatment of COD
- Individual or collective sewage treatment plants
- Recovery, valorisation and recycling of sewage sludge and other waste destined, for instance, to the manufacturing of organic fertilizers.

These Prevention and/or Recycling measures of sludge disposed in nature have a cost (average)

- Wastewater treatment 2 % of turnover
- Energy 3 % of turnover
- Other (waste…) 1 % of turnover
- Total environmental costs 6 % of turnover

PS: In addition, our companies must pay fees to regional river basin agencies and also must bear the costs of ad-hoc or State-programmed campaigns of measures
Conclusions of the environmental report

– Even though our tanneries comply to the specific environmental provisions (Arrêtés Préfectoraux d’Autorisation), they must already prepare for the future.

– Our companies must face very aggressive competitive markets (in terms of purchases of raw materials, of sales of finished products and in terms of customers).

– However we should not make the mistake of not being attentive. We must analyse new events, behaviours and opinions that are the harbingers of a “new world”.

– One thing is certain: more and more regulations will have to be applied in order to answer consumers’ concerns as they want to buy ethical and eco-friendly products and be kept informed on the manufacturing process.

– This is why our tanners could follow a sustainable development on the way to “Eco-conception” that would consist in integrating environmental aspects right from the treatment of raw materials to the end of life of their products. This would imply being aware of all the environmental consequences at each step of the cycle and proposing, if possible, alternatives (at every stage: raw materials, processes, methods…) in order to reduce, or even eliminate these consequences, while at the same time preserving the quality and performances of the finished product.

– Indeed, the integration of “sustainable development” in the future strategies of companies should create a differentiation with competitors and accelerate innovation.

– However dreaming is not allowed in the industrial world. This is why this must be studied with great care without jeopardizing the balance of our tanneries.

– Experience has taught us that the resolution of constraints and issues is often, eventually, profitable to those who committed themselves in such action.
The social report

The French leather trade is developing in a global context of social unbalance.

We cannot compare social conditions in our companies with those in emerging economies: very high differences in salaries, social protections hardly existing in these countries.

In this context, French tanneries apply for their employees all social benefits, whether they are dictated by law or decided on by social partners.

Social indicators

Sources: « Observatoire Economique » of the « Conseil National du Cuir » and the « Commission Sociale Paritaire » of the FFTM.

<table>
<thead>
<tr>
<th>Category</th>
<th>1999</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>90 companies</td>
<td>64 companies</td>
</tr>
<tr>
<td>Number of workers</td>
<td>2,468 workers</td>
<td>1,529 workers (2010 stable)</td>
</tr>
<tr>
<td>Average workers per company</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>Average age</td>
<td>45 years old</td>
<td>16 years</td>
</tr>
<tr>
<td>Nationalities</td>
<td>French (few foreigners)</td>
<td></td>
</tr>
<tr>
<td>Contractual categories:</td>
<td>CDI 98 % (indefinite term)</td>
<td>CDD/INTERIM 2 % (Fix term/Interim)</td>
</tr>
<tr>
<td>Female workers</td>
<td>10 %</td>
<td></td>
</tr>
<tr>
<td>Average salaries:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive/Employees:</td>
<td>45,000 € gross/year</td>
<td></td>
</tr>
<tr>
<td>Factory workers:</td>
<td>17,000 € gross/year</td>
<td></td>
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<tr>
<td>Trade Unions represented:</td>
<td>5 (CGT, CFDT, FO, CFE-CGC, CFTC)</td>
<td></td>
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<td>Work conflicts (strikes):</td>
<td>few, occasional</td>
<td></td>
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CONCLUSION OF THE SOCIAL REPORT

Aware of the responsibilities, social partners in the leather sector have signed Agreements, often unanimously.

A few examples:

- In the field of salaries: conclusion of a salary amendment on 20 January 2010;
- Improvement of our Collective Agreement on Hides and Skins;
  - On 6 October 2009, national sectoral agreement on professional equality between men and women;
  - On 2 December 2009, national sectoral agreement in favour of senior workers (these agreements have been extended by ministerial directives);
- In the field of training, in partnership with FORTHAC (Organisme Paritaire Collecteur Agréé) that raises funds (public, regional and European funds in support of enterprises) in the development of their training projects.
  For this purpose, on 5 February 2009, we signed a national framework agreement for employment and competences of sectoral workers (“Accord Cadre National pour l’Emploi et les Compétences des salariés du secteur”) 2009/2011, with the State Secretariat for Employment.
Prospects: strengthened by actions that have already been taken, we advocate for the continuous development of a fruitful collaboration between social partners, as much at national as European level, both in our sector and at cross-sector level.
General conclusions

Social and Environmental Reports drafted by tanners are amongst the most innovative tools given to our companies that may then exploit these documents as communication tools of their social and environmental commitments as well as to interested parties such as: workers, clients, suppliers, authorities, State departments, financial institutions, control agencies, competitors.

Therefore, following the organisation of the “main event” for the promotion of the French Social & Environmental Report, FFTM strongly encourages its members to implement, individually, such an action on a voluntary basis. This will, without undoubtedly, shed a positive image on our trade in the world of the 21st Century.

Acknowledgements:

The FEDERATION FRANCAISE DE LA TANNERIE MEGISSERIE would like to thank all the persons, companies and bodies that have taken part in this national Social & Environmental Report, and more particularly the following four companies:

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TANNERIE ROUX (since 1803) 26100 ROMANS, Mr Jean-Claude RICOMARD

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