



VS/2011/0145 - Transparency of the origin of hides & skins

National Report from the Netherlands

We ran the consultation from September to January 2012. We received 4 replies from our major companies, corresponding to 70-80% of the sector's turnover.

0. IDENTIFICATION OF THE RESPONDENTS (IN PERCENTAGE)

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

| | | | |
|-----------------|----|---------------------------------|----|
| Footwear | 75 | Furniture | 50 |
| Leathergoods | 75 | Automotive/aero/other transport | 25 |
| Clothing/Gloves | 50 | Wet Blue | 50 |
| Other | | | |

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 | average |
|---|--------------|----------------|
| -Child labour in connection with hides and skins | 15 | 3.75 |
| -Unhealthy working conditions in slaughterhouses | 14 | 3.5 |
| -Forced or Compulsory work in Farms | 15 | 3.75 |
| -Other:..... | 0 | 0 |
| Environmental | Total | |
| -Rainforest deforestation for getting grazing land for herds in connection to hides and skins | 13 | 3.25 |
| -Chemical Risks, including preservation Salt use | 9 | 2.25 |
| -Other:..... | 0 | 0 |
| Animal Welfare | Total | |
| -Animal mistreatment at the farm | 15 | 3.75 |
| -Animal mistreatment during transport to slaughter | 14 | 3.5 |
| -Non "humane" slaughter methods | 15 | 3.75 |
| -Other:..... | 0 | 0 |

The area of highest concern for the tanneries in our country concern social and animal welfare aspects, with environmental aspects a lower sector concern. Within the above areas, specific concerns relate to child or forced labour, and animal mistreatment.

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 the Netherlands care (100%) 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 remain.

The consultation reveals that Dutch tanners understand that concerned consumers do not boycott leather in consumer goods but try to get assurances from the supply chain (50%) 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

| | | |
|--|-------|-----|
| Percentage of customers who “are concerned” | 100% | |
| | Total | % |
| Customers don’t translate such concerns into action | | 70% |
| Customers contact suppliers and try to sensitise them on their values | | 20% |
| Customers translate Societal concerns sooner rather than later into specific requests to suppliers | | 10% |
| Other:..... | | |

According to all our sector’s operators, the manufacturers of leather articles, the customers of our tanners, perceive the negative publicity brought by the media as concerning. However, they believe that customers don’t translate these concerns into action (70%).

Action is expected to be in the form of a non-compulsory dialogue (20%).

1.7. When the media unveils a scandal in the leather sector who gets hurt? (1-5)

| | |
|--|----------------|
| | average |
| the image of the leather industry in general? | 2.75 |
| the image of the entire leather sector in the concerned country? | 3.5 |
| the image of the leather sub-sector concerned independent of location, eg footwear leather/clothing leather? | 3.25 |
| the image of the leather sub-sector in the country concerned? | 3.5 |
| the image of the company/ies concerned? | 4.25 |

The perception of the tanners in our country regarding the damage caused by media scandals involving leather is that the company gets hurt mostly, followed by the entire leather sector or the sub-sector concerned.

1.8. Consequences mostly feared for business and personnel (1-5)

| | |
|---|----------------|
| | average |
| less orders | 1.75 |
| cancellation of orders | 1.5 |
| reduction of volume in orders | 1.75 |
| less candidates for taking a job in the company | 1.75 |
| not getting top people for the company | 1.5 |
| staff getting stressed or depressed from the pressure of public opinion | 1.5 |
| losing staff for ethical considerations | 1.25 |
| loss in the value of the company brand name | 1.75 |
| loss of consideration in society as a tanner | 2 |
| official controls | 2.25 |
| pressure/attacks from NGOs | 2.5 |
| other:..... | 0 |

The loss of image and consideration, as well as the fear for pressure or official controls rank higher than any economic or labour consequences.

Possible problems regarding human resources are not perceived as crucial.

2. IDENTIFICATION OF THE ORIGIN OF HIDES & SKINS

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

Cattle 75% Calf 25%

Compared with the entire national tanning sector, this is representative.

2.2. **Origin** (percentage on an annual basis):

| | | | | | | | |
|----------|------|----|------|----------------|---|----------|-------|
| Domestic | 8.75 | EU | 67.5 | Other European | 5 | Extra-EU | 18.75 |
|----------|------|----|------|----------------|---|----------|-------|

2.3. **State** (% on an annual basis):

| | | | | | |
|-------|------|---------------|------|----------|-------|
| Fresh | 32.5 | Salted | 17.5 | Wet-Blue | 46.25 |
| Dried | 0 | Limed/Pickled | 0 | Crust | 3.75 |

2.4. **N° of suppliers reported on average by our national tanners:**

5-10 suppliers: 2 companies ; 20-50 suppliers : 1 company

2.5. **N° of orders (per year) reported on average by our national tanners:**

All companies report more than 50 orders.

All these data reflect our national situation well as the companies represent a large majority of leather producers in the Netherlands.

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

| | | | |
|--------|----|------------|---|
| Stable | 97 | Occasional | 3 |
|--------|----|------------|---|

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

| | | | |
|---------------------|-------|----------------------|-------|
| Bigger than tanners | 83.75 | Smaller than tanners | 16.25 |
|---------------------|-------|----------------------|-------|

Capacity of European tanners to identify the precise provenance of the hides or skins

2.8. **Our country's tanners can identify the source of the following percentage of raw materials supplies:**

0%: 1 company ; 80-100% : 3 companies

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

| | | |
|---|-----|-----|
| -the precise country of the hides and skins bought | 75% | Yes |
| -the precise slaughterhouse of the hides and skins bought | 50% | Yes |
| -the precise farm/herd of the hides and skins bought | | No |
| -the precise cohort of the hides and skins bought | | No |

Capacity of European tanners to communicate with the originators of hides and skins e.g. husbandry, abattoir, type of communication personal/paper-based/electronic

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

| | |
|-----------------------------|---------|
| -slaughterhouses | 50% Yes |
| -animal transport companies | No |
| -farmers | No |

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

| | |
|---|----------|
| -Electronic communication (e-mail, blogs, chats...) | 100% Yes |
| -Paper based communications (letters, circulars, Newsletters) | 100% Yes |
| -Personal contacts (meetings, telephone calls, fairs, auctions) | 100% Yes |

3. HOW TO ORGANISE A RELIABLE ASSURANCE MECHANISM?

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

| | |
|--|------|
| a standard for a self-declaration of suppliers | 3 |
| a contractual clause in the supply contract | 3.5 |
| a company-based public societal commitment | 2.75 |
| a Multi-Stakeholder Code of Conduct | 3.5 |
| Other:..... | 1.25 |

Comment: the preferred mechanism would be a multi-stakeholder code of conduct, or a contractual clause in the supply contract, followed closely by a standard for a self-declaration of suppliers.

4. 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 the various options proposed 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 | 2.75 |
| a paper-based documentation for lots | 3.25 |
| a self-declaration of herds | 2 |
| Slaughterhouses | 2 |
| Suppliers | 2.75 |
| a certification of herds | 2.25 |
| Slaughterhouses | 2.25 |
| Suppliers | 3.25 |
| a "black list" of suppliers | 4.5 |
| a list of "good" suppliers | 4.5 |

Comment: the most favoured method would be a list of good and bad suppliers..

4.2. How should compliance be audited?

Tanners were requested to rate the various options proposed 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 | 2.75 |
| NGOs | 3.25 |
| Technical centres | 4 |
| Others:..... | 0.75 |
| by the Sector institutions and Stakeholders jointly | 2.5 |

Comments: the favoured audit would be through technical centres.