



Social significance in the Leather Supply Chain

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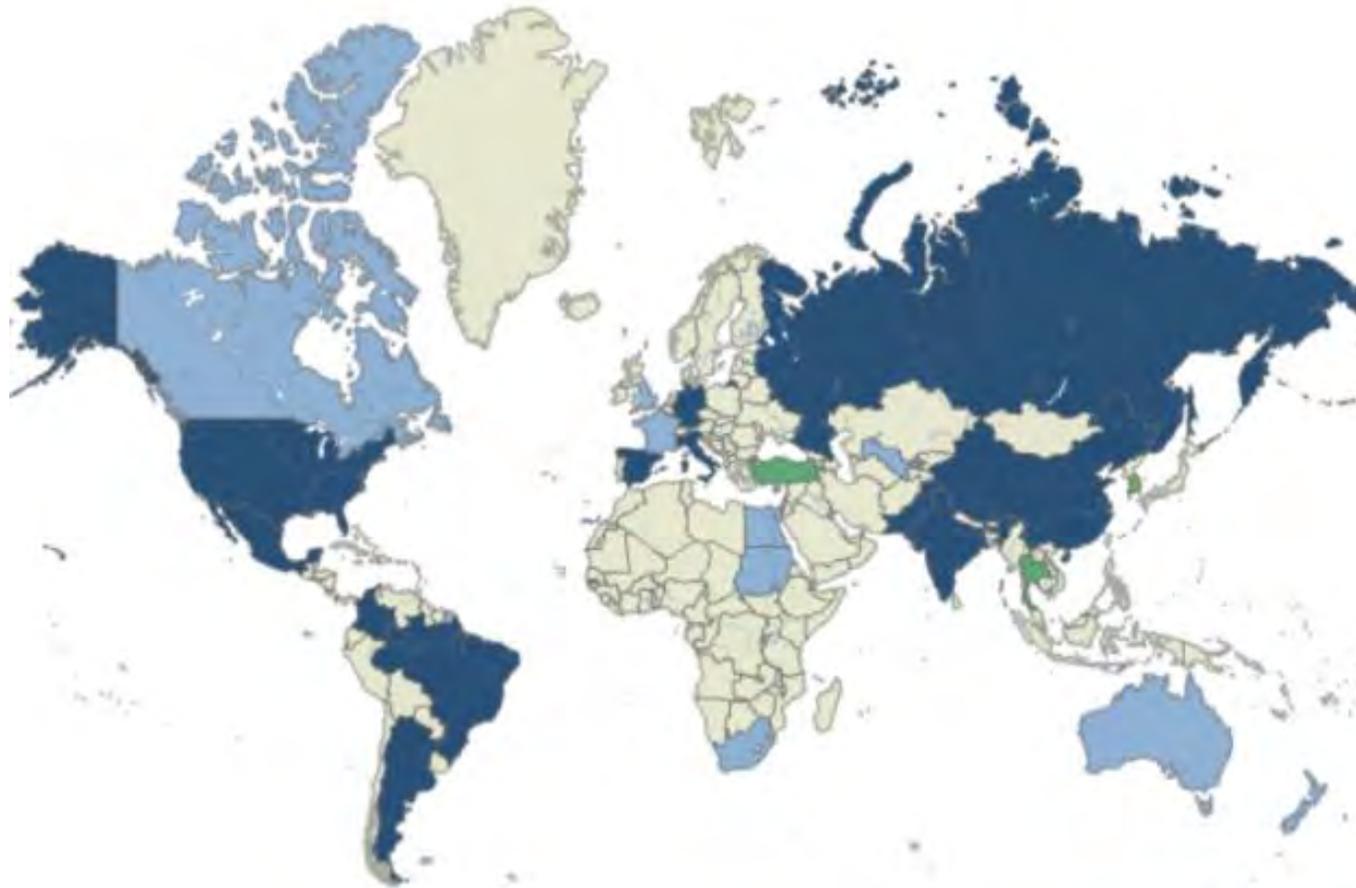
Leather products and their supply chain

- Global leather production ca. 2,100 Mio. m² (FAO2008)



Leather products and their supply chain

Global Leather Market



**Origin of >75% of
global bovine hide &
leather production**

- Hide Production
- Leather Production
- Both Phases

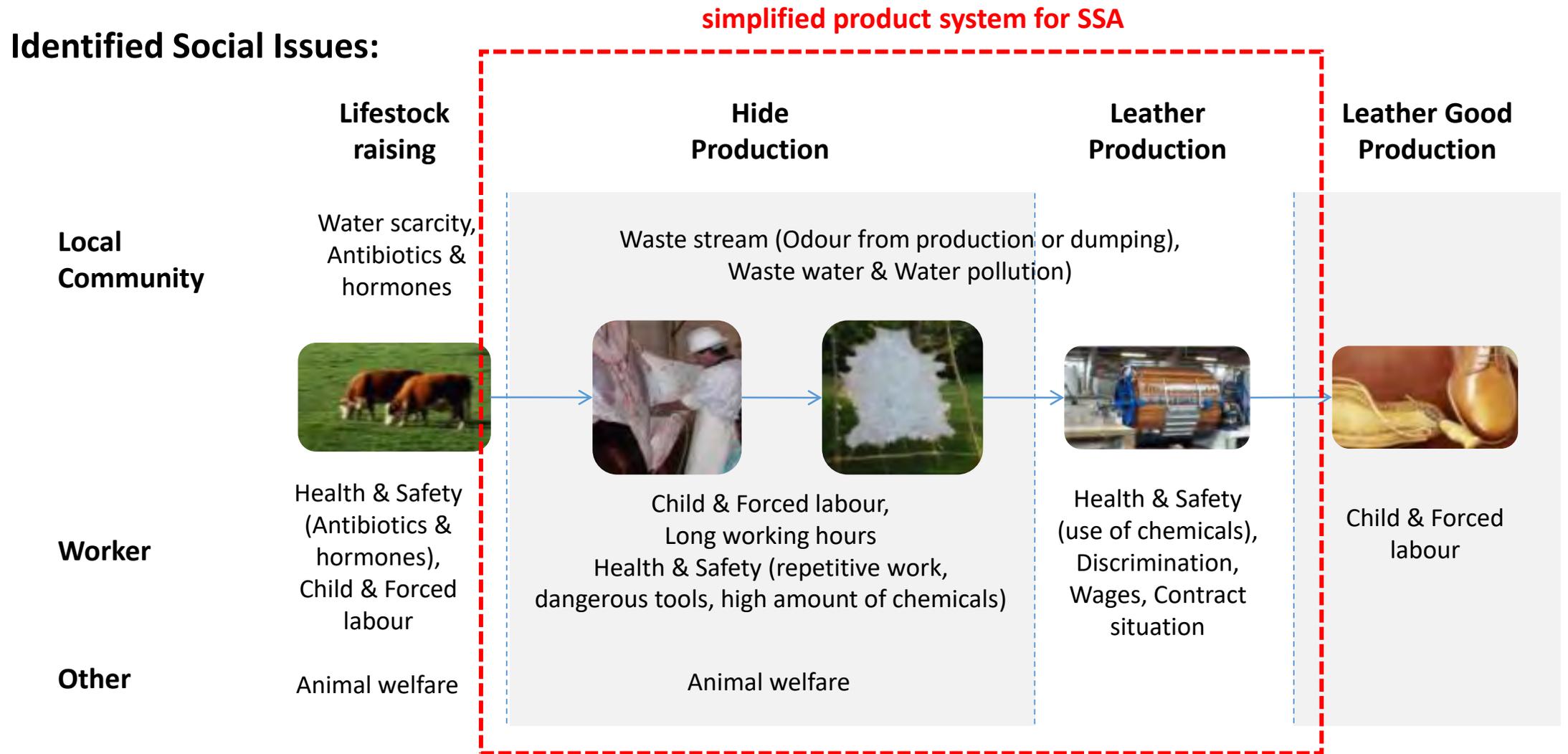
Source: FAO 2013

Life Cycle Phases of Leather

Reported Social Issues:

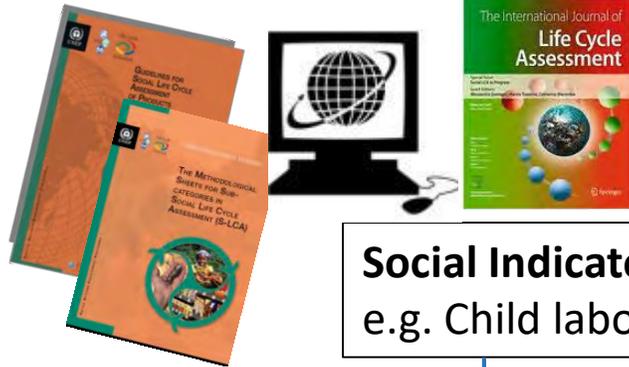


Life Cycle Phases of Leather



Analysing the Social Significance

Step 1: Assessment of Risks



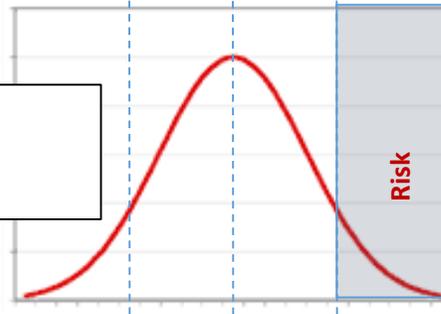
Social Indicator
e.g. Child labour [%]

relating to...

Performance reference points
(e.g. min = 1%, max = 49%)

Using quartiles to assess...

Social risk
(e.g. for child labour data > 25 %)



Step 2: Prioritization

Calculating the country activity
 $= \text{countries' significance} \times \text{phase significance}$

Using quartiles to allocate countries to...

Categories
("very large", "large", "moderate"
and "minor" activity)

Defining Hotspots
(Countries with very large activity exceed
the third quartile ...)

Social Indicators used to assess the leather supply chain

Stakeholder group	Sub-Category	Indicator	Unit	Countries of relevance
Worker	Child labor	Percentage of Child labor (UNICEF)	%	General
	Forced labor	Forced labor by region (ILO)	Cases / 1,000 inhabitants	India, Brazil, USA, Russia
	Health & Safety	Frequency rate of fatal injuries (ILO)	Total number	General
	<i>Fair Salary</i>	<i>Percentage of earning less than 2/3 of median wages (ILO)</i>	%	General
	<i>Equal opportunities</i>	Female labor force participation rate (The World Bank)	%	India, Mexico, Bangladesh, Pakistan

Local Community	Cultural Heritage	Amount of intangible cultural heritage per country (UNESCO)	Total number	China, India, Bangladesh
	<i>Local Employment</i>	Local suppliers (WEF)	Total number	General
	<i>Delocalization & Migration</i>	Forced evictions per region (COHRE)	%	China, Pakistan, India, Thailand

Results – Social Significance Analysis of Leather

Indicator	Worker						Local community					
	Child Labour	Fair Salary	Forced Labour	Equal opportunities/Discrimination	Health & Safety	Delocalization & Migration	Cultural Heritage	Safe & healthy living conditions	Respect of indigenous rights	Community engagement	Local employment	
Source	UNICEF	ILO Global	ILO 2012	WorldBank	ILOSTAT	Implemented Forced Evictions per COHRE	Amount of intangible Cultural UNESCO,	Water pollution, textile WorldBank		Consultation on rule-making OECD,	Local supplier quantity World	Extent of staff training World
Unit	[%]	[%]	[prevalence]	[%]	[-]	[%]	[-]	[%]	[-]	[-]	[-]	[-]
min	1,00	4,69	1,5	14,20	0,00	0,84	1	0,29		2	2,95	2,51
max	49,00	50,00	4,2	90,00	116,80	54,90	7	93,54		11,5	6,19	5,57
Positive direction	min	min	min	max	min	min	min	min		max	max	max
Country												
China		21,9	3,3	70,0	6,8	54,9	7	20,6			5,0	4,3
Brazil	8,6	22,8	3,1	64,8	7,4	27,2	1			4,0	5,3	4,3
United States		24,5	1,5	66,5	3,2		0	4,3		8,3	5,5	5,0
India	11,8		3,3	30,3	116,8	54,9	0				5,7	4,2
Pakistan	8,9		3,3	25,4	0,0	54,9	0	55,6			4,7	3,2
Spain		17,6	1,5	68,1	1,9	0,8	0	8,4		7,3	5,3	3,7
Germany		18,6	1,5	72,0	1,8	0,8	0	2,4		4,5	5,6	5,1

Conclusion

Identification of 8 hotspots countries

China, India, Russia, Argentina, Mexico, Pakistan, Turkey, Thailand

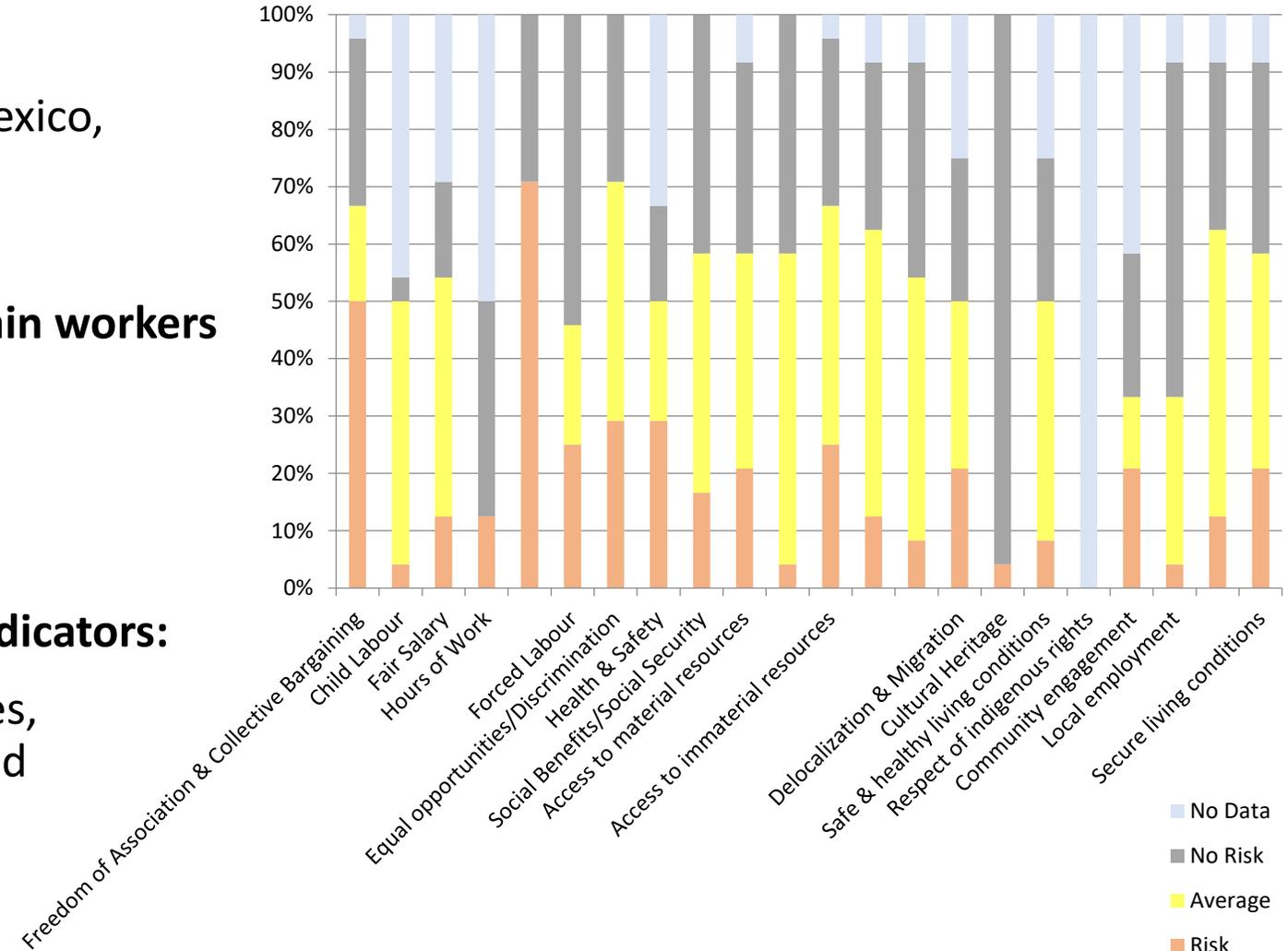
Identification of major risks for supply chain workers

Worker (40-43%)

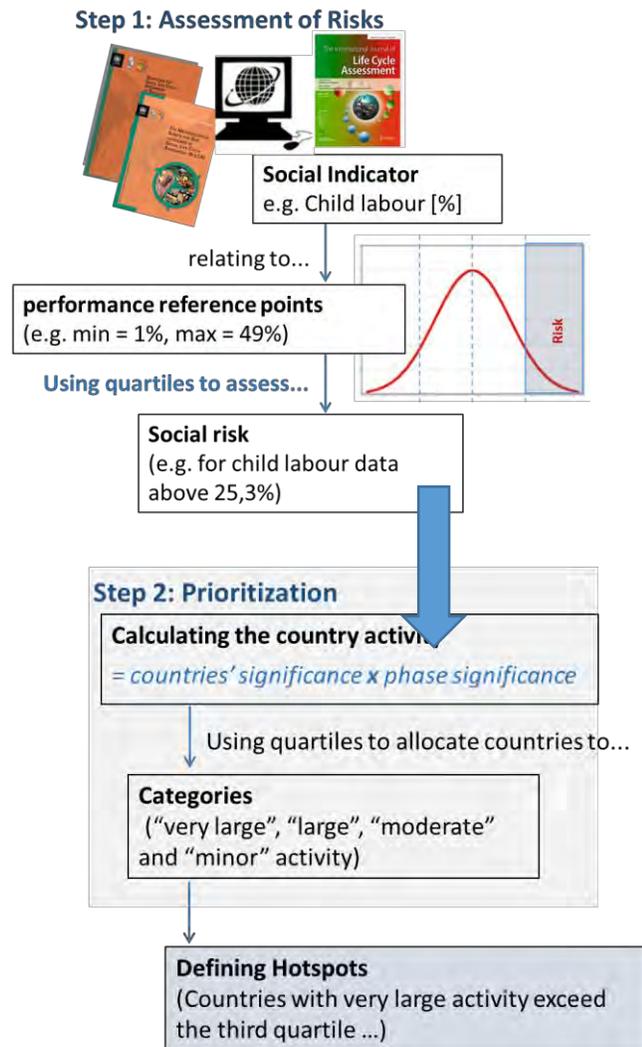
Local Community (25-26%)

Highest risks could be identified for the indicators:

Hours of work, Equal Opportunities, Health & Safety, Social Security and Delocalization & Migration



Next Step – Primary Data



Step 3: Gathering of Primary Data

Adaption of the Questionnaire provided by the Roundtable of Product Social Metrics

Quantitative

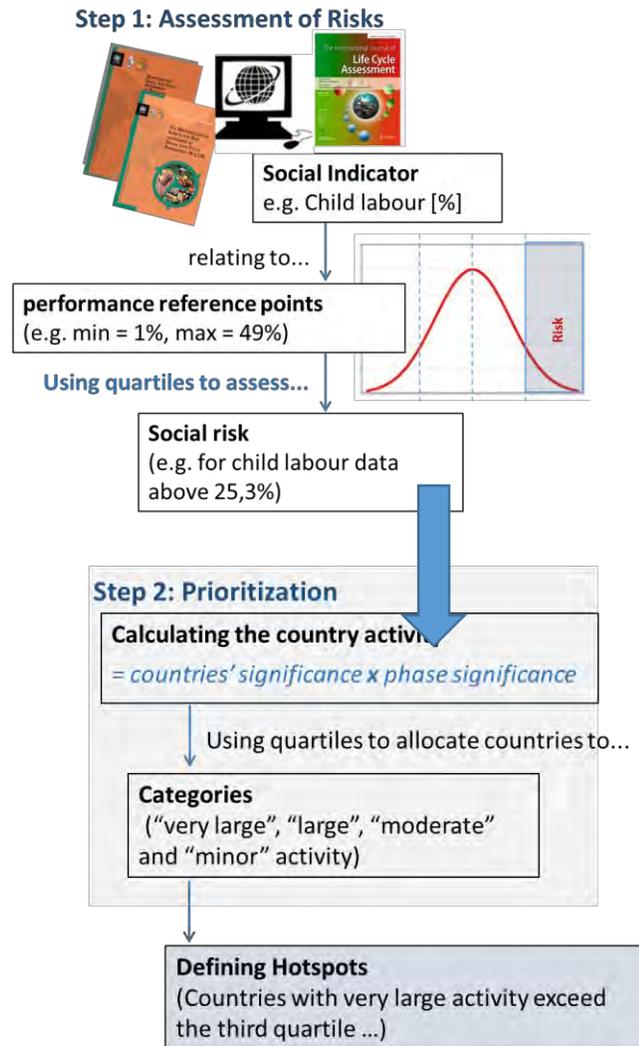
holder group	Social topic	Performance indicator	Unit / year*
Workers	Health and safety	Health and safety training	number of worker place indicate the type of training
		Average score of chronic disease	number of worker place indicate the type of disease
		Average rate of injuries	number of worker place indicate the type of injury
Workers	Wages	Minimum wage or prevailing wage	% of workers earning those wages plus other indicate amount payments
		Remuneration wage according minimum wage	% of workers earning those wages plus other indicate amount payments
		Remuneration wage under cutting minimum wage	% of workers earning those wages plus other indicate amount payments
Workers	Social benefit	Pay rate between highest and lowest wage category paid	ratio / year
		Obtainment of social benefit	% of workers receiving social benefit plus other indicate the different type
Workers	Working time	Employment status - provision of membership (e.g. gym) or living space (e.g. apartment)	% of workers receiving support plus other indicate the different type

Qualitative

Workers	Health and Safety	The purpose of occupational health is the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations. This included: prevention of ill health conditions for workers caused by their working environment taking gender differences into account and, adaptation of work to each person and of each person to his/her job.	<ul style="list-style-type: none"> The company or site complies with local regulations on workers' health and safety. Health risk assessments are available for all concerned functions regarding the toxicity of all chemicals or products handled at the company or site. The occupational health of the personnel is monitored. Measures based on the risk assessments are implemented to protect the health of workers. <p>n/a</p>
		The purpose of Minimum Wages is the lowest level of remuneration a worker can legally earn. The level of Minimum Wages differ depending on the country, sector or profession.	<ul style="list-style-type: none"> All workers are paid the legal or industry minimum wage. <25% of workers paid below legal or industry minimum wage. >25% of workers paid below legal or industry minimum wage. <p>n/a</p>
		The purpose of Living Wages is to enable an individual and his/her family to achieve an adequate living standard including health care, education and community/social participation.	<ul style="list-style-type: none"> All workers received a wage that allows to support their family's needs (education, health insurance, leisure and sport activities etc.) >25% of workers received a wage that allows to support their family's needs (education, health insurance, leisure and sport activities etc.) <25% of workers received a wage that allows to support their family's needs (education, health insurance, leisure and sport activities etc.) <p>n/a</p>
Workers	Social Benefits	The purpose of social benefits is to support workers and their families beyond monetary support, e.g. by offering memberships (e.g. in gym) or by providing social programmes (e.g. educational programmes).	<ul style="list-style-type: none"> All workers are paid the social benefits required by law. <25% of workers not paid the social benefits required by law. >25% of workers not paid the social benefits required by law. <p>n/a</p>
		Working time is a crucial factor influencing different social aspects, such as health, work-life-balance and job satisfaction.	<ul style="list-style-type: none"> Normal working week, does not exceed legal limit or 48 hours for hourly workers. Normal working week, exceeds legal limit or 48 hours for hourly workers

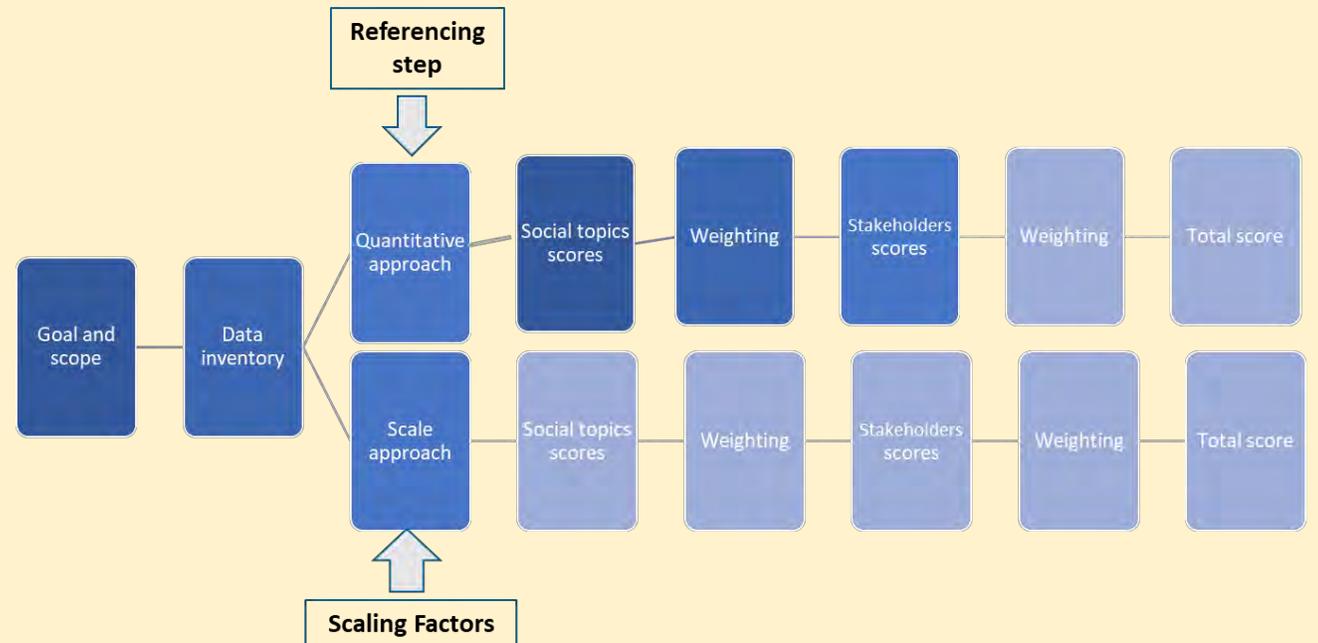
Covering the supply chain of one European Fashion Brand

Next Step – Detailed Assessment

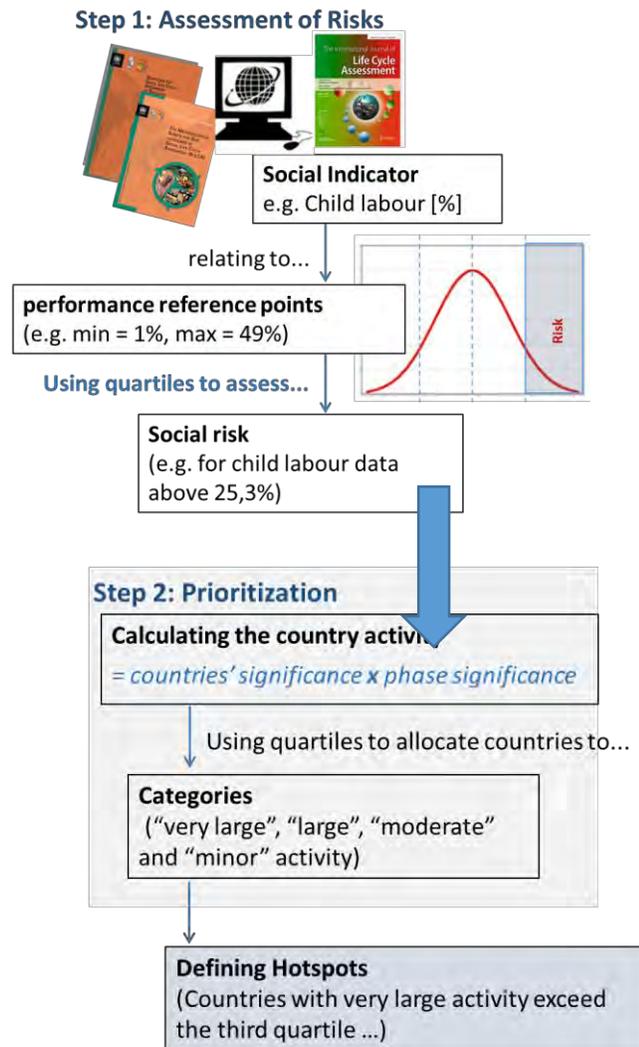


Step 4: Quantitative and Qualitative Assessment

Following the method, which was developed within the Roundtable of Product Social Impact Assessment

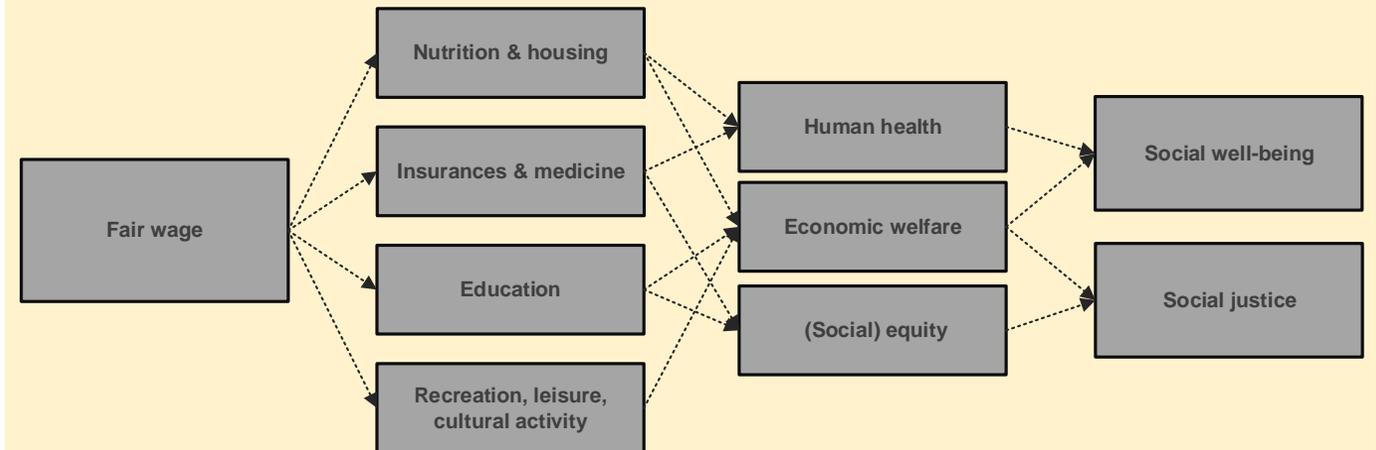


Next Step – Determination of social consequences



Step 5: Social Impact Assessment & Social Pathways

Description of Social Consequences (positive & negative) by means of social cause-effect chains



Reflection of most relevant indicators within impact pathways determining the social impacts

SPECIAL ISSUE

Special Issue "Social Life Cycle Assessment—The Implementation in Different Sectors"



resources

A special issue of *Resources* (ISSN 2079-9276).

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Thank you for your kind attention!



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