



***'We want childfriendly shoes!'***

## **Child labour in shoe manufacturing**

*11<sup>th</sup> June 2012*

**Shoes produced by children are still for sale in the Netherlands. This is one of the main conclusions of a recent study conducted by the Centre for Research on Multinational Corporations (SOMO)<sup>i</sup> and the Stop Child Labour campaign. The large majority of Dutch shoe companies refused to cooperate with this investigation and did not respond to a questionnaire about what they do to eradicate child labour.**

### **Where do our shoes come from?**

Leather shoes on the Dutch market are mainly produced in China, Vietnam, India and Indonesia. The shoe production chain starts in these countries. This supply chain begins at cattle farms supplying the hides to produce leather. Via leather tanneries where these hides are processed into leather, the chain continues to the factories and workshops where the shoes are produced. Extremely poor working conditions are particularly found at the beginning of the shoe supply chain. People have to work long hours, are paid low wages while being exposed to dangerous chemicals. And this is where children are at work; right at the beginning of the supply chain.

Field research by SOMO reveals that in countries such as Brazil, China, Vietnam and India children aged 12 - 14 are involved in the production of leather shoes for export to international shoe brands. They tan and process leather, glue shoe soles or sew parts together.

### **Subcontracting out the work**

Both leather tanneries and shoe factories subcontract out much of the work to medium-sized companies and small workshops. In addition, many shoes or parts of shoes are produced by home workers. A piece wage is paid to these workers in the informal sector that is so low that adult workers do not make enough money to live on. That's why they regularly involve their children in the work to increase the family income. The same goes for the small workshops, where the owner employs his own children to reduce the wages of his adult employees.

The smaller workshops in India that were visited as part of the field research by SOMO employ three to five workers. These workshops produce the tops of shoes and attach them to the sole. Children are regularly involved in this production process. The workers who were interviewed explained that the skills are passed on from generation to generation. When they were young, their parents taught them the skills needed for working in the shoe trade. This is still the way it goes today. Nearly all the workshops that were visited as part of the study supply to the major export companies that, in turn, supply to European brands. But it was found that child labour also occurs in the medium-sized factories employing 80 to 100 workers. Based on these findings, SOMO concludes that child labour is not exactly a rare incidence in the production of leather shoes for European export markets. Child labour was found in the supply chain of 8 of the companies approached by Stop Child Labour (inspections took place simultaneously). Children were found working in shoe manufacturing at the medium-sized factories and workshops that supply to companies that sell shoes to a number of the above mentioned brands and shops.

## **Inspections**

One of the major obstacles in checking whether child labour occurs is caused by the fact that a substantial part of the work, both in leather tanneries and in shoe factories, is carried out in the informal sector. According to Indian law, labour inspections are permitted in companies with ten or more employees. This means that child labour legislation is not reinforced in smaller businesses or workshops in the home. Moreover, if inspections take place on the basis of official company records of the large company, it may well be the case that the activities that are subcontracted out to the informal sector are not monitored.

No evidence was found during the investigation that child labour is used by the large export companies. Shoe companies themselves also state that their suppliers do not use child labour. The research does show, however, that many shoe exporting companies subcontract out the work and it is precisely there, 'further down' the supply chain, that child labour occurs. Companies that buy these shoes do not inspect these subcontractors because most of the international brands only focus on the first suppliers in the chain.

## **Shoe companies remain silent**

In the autumn of 2011 SOMO approached 21 important shoe companies that sell shoes on the Dutch market. It proved extremely difficult to get into contact with these companies. Only a few companies had a CSR department and/or a CSR policy clearly published on their website. It can be concluded from the response of these shoe companies that they are not very willing to provide details about their procurement policy. Only two of the 21 companies who were approached responded to our request to complete the questionnaire; Van Haren (Deichmann group) and Timberland. These two companies each have a specific CSR policy including attention for child labour in the supply chain.

Similarly, very few shoe companies participated in the study of the Belgian consumer organisation *Test - Aankoop* into the level of corporate social responsibility at European shoe companies.<sup>11</sup> The consumer organisation checked to what extent 20 brands have a policy regarding social and environmental issues in their chain. Only 8 companies took part in the study, some more extensively than others. *Test-Aankoop* was surprised to find that very few companies are prepared to reveal who their suppliers are. Furthermore, few companies have full control over the entire supply chain. Eleven of the twenty brands that were investigated scored poor results. Of the popular brands, Timberland and Ecco are the most responsible choices, according to *Test-Aankoop*. The shoe manufacturing industry does not sufficiently check the entire supply chain from source material (cattle) to finished product (shoe), concludes the Belgian consumer organisation. The industry shows too few initiatives to improve the social and environmental standards including animal wellbeing.

## **Follow-up study by Stop Child Labour**

Because of the low response of shoe companies to the SOMO study, Stop Child Labour decided to carry out a similar investigation at the beginning of 2012 involving a larger number of shoe companies. As many as 41 shoe companies received a questionnaire. Again, most shoe companies were not prepared to provide information about where and by whom their shoes are manufactured, nor about their approach to eradicate child labour. Repeated requests for information remained unanswered. The following shoe companies did not respond: Bata, Birkenstock, Van Bommel, Bugatti, Cruijff Sports, Dr. Martens, ECCO, Fred de la Bretonière, Gabor, Van Lier, Lotto Sport, Sacha Shoes, Schoenenreus, UGGs, Veja, Van Woensel and Wolky.

Only 11 companies replied to the Stop Child Labour request for information or completed the questionnaire: Timberland, Deichmann (Van Haren), Macintosh (Scapino, Manfield, Invito, Dolcis), de Bijenkorf, Camper, Clarks, Geox en Marks & Spencers. In addition, Adidas, Nike and Puma replied to the questionnaire.

The good news is that all these shoe companies have a policy against child labour. A number of them gave concrete examples about how they deal with child labour. Unfortunately, it was noted that the policy and the strategy of most companies merely focus on their direct suppliers without including the subcontractors where, according to the findings of the study, child labour occurs. A number of companies

indicate that they see risks in the supply chain regarding child labour. Three of the six companies that completed the questionnaire even answered the question as to whether they had been confronted with problems in their supply chain due to child labour over the last two years with 'yes'. If shoe companies are working on making their supply chain sustainable they seem to focus on environmental problems (pollution by leather tanneries and deforestation), health and safety (use of chemicals). Existing initiatives such as the Leather & Shoes (Leer & Schoenen) group of TFT<sup>iii</sup> and the 'Leather Working Group'<sup>iv</sup> mainly focus on these aspects and seem to pay little attention to child labour as yet.

### **Strategies of Dutch shoe companies**

The shoe company with the largest number of shoe shops in the Netherlands is Macintosh with shops including Scapino, Manfield, Invito and Dolcis. Macintosh indicated that they have paid a great deal more attention to making their supply chains more sustainable in recent years. This is also stated in their annual report: *"We developed a supply chain mapping system with TFT in which suppliers indicate for each part of the shoe what materials are used and where these come from. This goes all the way until the origin. This provides us with a detailed overview of the entire shoe supply chain. This knowledge enables us to notice and deal with problems in the supply chain. Cooperating is essential. In 2009 Macintosh started to reduce their number of suppliers from 1,800 (in 2009) to approximately 100"*.

The contrast with another major player on the Dutch shoe market is striking, namely Euro Shoe Group with Bristol as its most important retail chain. Bristol did not want to cooperate with the SOMO study in 2011, nor with the Stop Child Labour study in 2012. It was extremely difficult to get into contact with them, both in 2012 and in 2011. We would have liked to know more about their policy and approach especially because they had included the Stop Child Labour logo on their website last year accompanied by this statement: *"We ensure that child labour is not used in the manufacturing process of our products. We assure our customers that our products meet social, environmental and economic standards!"* Unfortunately, we must conclude that this statement is not supported by any further details on the website. It is not known whether Bristol takes part in initiatives or standards to make their supply chains more sustainable.

#### **Statements by companies on account of the Stop Child Labour study**

*"We are aware of the phenomenon of underage workers/child workers in several production countries, so we believe this also to be the case in the shoe industry"*

*"Subcontracting to informal workshops and domestic workers takes place in the supply chain"*

*"All 1st tier suppliers are audited and as of now there has not been any cases of child labour in those factories"*

*"All results are confidential but we are in a position to state that no case of (i) child labour (ii) forced employment or (iii) discrimination by reason of sex, race, religion...was detected in any of the companies that work with ... since 2004"*

*"One of the most important tools to eradicate child labour is to ask employees to show their passport, birth certificate or another official document. Activities including training our suppliers and raising awareness are of course part of the measures we take to eradicate child labour and these are also covered by our BSCI membership."*

*"We are not aware of any cases involving child labour at our suppliers. In shoe manufacturing cases of child labour are very rare anyway due to the complexity of production process."*

### Other problems in the supply chain

Even though the SOMO and Stop Child Labour research focuses on child labour in the supply chain and on the production of shoes in particular, there is plenty of room for improvement in the shoe industry. In March 2012 the Belgian consumer magazine *Test-Aankoop*<sup>v</sup> looked at the level of corporate social responsibility in European shoe companies. They found that the industry gives hardly any thought to the entire supply chain (from cattle to shoe) as there are very few responsible brands. This study focused on cattle farms and leather tanneries. These are important elements in the supply chain because more than half of the leather is used to produce shoes.

According to *Test-Aankoop*, the following problems occur in the supply chain of shoes and can be linked to the industry:

- \* deforestation in Amazonia due to cattle farms
- \* poor working conditions on cattle farms, bordering on slavery in Brazil
- \* severe environmental pollution caused by leather dyeing factories
- \* severe health problems due to the use of dangerous chemicals in leather tanneries
- \* low wages and poor working conditions

### Conclusion

Child labour still occurs in the supply chain of leather shoes for export and also in the well-known international brands for the European market. A recent study reveals that a substantial part of the work is subcontracted out and that is where child labour occurs in the shoe manufacturing industry.

Additional research by the Stop Child Labour campaign shows that most shoe companies are not prepared to provide information about where and by whom shoes are produced, nor about their strategy to deal with child labour. Based on this, it can be concluded that the shoe market is not very transparent and that very few companies have a complete view of their entire supply chain. The companies that do pay attention to child labour mostly focus only on the first tier supplier. Even though child labour seems to occur less frequently in the factories that supply directly to European brands and shops, even more child labour can be found 'further down' the chain.

Child labour was found in 8 of the 28 companies (32 brands) that were included in the SOMO field research. However, due to the relatively short time period in which the study took place it remains likely that child labour also occurs in the supply chains of other companies. According to Stop Child Labour, based on the SOMO study, the findings in India and their own follow-up investigation, there is not one shoe company that has a supply chain that is 100% child labour free.

**Additional information can be found at: [www.stopchildlabour.org](http://www.stopchildlabour.org)**

In March 2012 Dutch broadcasting corporation BNN made a television programme about the working conditions in leather tanneries and in shoe factories in Ethiopia in the programme 'Bloed, zweet en luxeproblemen' (Blood, sweat and luxury problems). You can find out more about the leather tanneries in episode 3 (<http://www.uitzendinggemist.nl/afleveringen/1242067>) and about shoe factories and a small workshop in episode 4 (<http://www.uitzendinggemist.nl/afleveringen/1242864>).

<sup>i</sup> SOMO, "Waar de schoen wringt, Kinderarbeid in de productie van leren merkschoenen", juni 2012

<sup>ii</sup> Test-Aankoop, "Leren schoenen struikelen over ethiek", Test-Aankoop magazine 562, maart 2012 <<http://www.test-aankoop.be/ethisch-consumeren/leren-schoenen-struikelen-over-ethiek-s751263.htm>>

<sup>iii</sup> <http://www.tft-forests.org/product-groups/pages/?p=6278>

<sup>iv</sup> <http://www.leatherworkinggroup.com/>

<sup>v</sup> Test-Aankoop, "Leren schoenen struikelen over ethiek", Test-Aankoop magazine 562, maart 2012 <<http://www.test-aankoop.be/ethisch-consumeren/leren-schoenen-struikelen-over-ethiek-s751263.htm>>