



A solar energy 'farm' at the PrimeAsia tannery in Vietnam. This idea saved the company 18% on energy bills in 2009 and is an example of the 'real improvements' the Leather Working Group has brought to its business. CREDIT: WTP

Leather Working Group prepares to take next steps

Although the assessment parameters are broader in scope, it was interesting to note that some 16% of the tanneries nominated in the Tannery of the Year Awards Programme for 2009, (see separate section starting on page 39 for details of the Awards Gala presentation night in Hong Kong) were also subject to audit under the Leather Working Group (LWG) environmental performance protocol. Five years on since the LWG came into existence, influential members believe the organisation is ready to become more targeted, to welcome involvement of other leather industry organisations and of more brands outside the footwear sector. Awareness of its achievements beyond the confines of the leather industry needs to be raised.

The first meeting of the Leather Working Group—the multi-stakeholder group that assesses the environmental performance of tanneries and awards gold, silver and bronze status to those achieving the best results—took place at the 2005 APLF exhibition in Hong Kong. Since then, the LWG protocol, which auditors use to conduct an environmental stewardship audit of each facility, has gone through a series of updates, the number of tanneries putting themselves forward for audit has grown to 144 and the participating brands (mostly

footwear companies, but also major furniture firms Natuzzi and Ikea) have increased their number to 16.

At a meeting ahead of the 2010 APLF event in March, some influential members of the group began to put forward the case for celebrating its fifth anniversary by making it more open than ever before, saying that a crossroads is in front of the LWG now and that it would do well to invite the involvement of leather industry organisations that have remained on the outside until now to help it decide the best way forward.

Quicker momentum

Steering committee member David Wright, chief environmental officer of one of the founding tanning groups, PrimeAsia, says that observers who have noticed momentum building up behind the LWG at a much quicker pace in the last two years are “dead right”, but there is an excellent reason for this. “We spent the first 18 months writing the original protocol,” he explains. “Sections of it required the opinions of various people working in the business, rather than just the perspective of one company and,



naturally, that took quite a bit of time.”

With the protocol in place, the first audits of tanneries took place in 2006 and once they had enough audit reports to look at to see that the exercise was worthwhile, brands began to commit to the programme and it is this that has led to a quickening of the pace in recent times.

One of the first to walk the walk—in the sense that it made the LWG protocol part of its sourcing strategy—was sports brand adidas. The adidas group’s senior manager in charge of leather, Federico Roth, points out that his company was a founding member of the LWG, actively participating in the creation and development of the protocol, which it is happy to have as the tool with which tanneries supplying the adidas group are measured.

The motivation for adidas is that the LWG is in keeping with one of the four “cornerstones” that the sports brand has in place to support its sustainability strategy; by sourcing leather from tanneries that meet the demands of the protocol, adidas believes it can reduce the environmental impact of its own operations and in its supply chain.

At the forefront

“Being a European company, it’s very important for us to be at the forefront on environmental issues,” Mr Roth says. “As part of this, we decided that the people we buy leather from should not only be compliant with the with the LWG protocol, but that as from 2009 they should achieve at least a bronze level on the audit if they want to be an adidas group supplier. We were the first ones to come up with that commitment. Originally we had tried on our own to collect environmental data about our leather suppliers, from local authorities and governmental entities but the standards from place to place are so different and information was not always available or reliable. The LWG protocol is perfect for us, as it allow us to know in a very transparent way if tanneries are environmentally responsible as per the standards we required. We are helping the LWG protocol become a standard for the industry.”

Adidas has more than 95% of its leather delivered from tanneries that have achieved bronze level, and aims to make this 100% by the end of 2010.

With rival footwear brands such as Nike, Timberland and others following



Adidas took the decision in 2007 that all its suppliers of leather would have to be LWG-accredited and achieve the bronze level, at least, by the autumn-winter 2008–2009 season. It was the first footwear brand to make such a commitment.

CREDIT: ADIDAS

suit in encouraging supplier tanneries to open themselves up for audit, interest in the LWG is keener than ever. Nevertheless, PrimeAsia’s David Wright is among those who believe the group is now nearing a new turning point.

PrimeAsia thinks that it and other tanning industry groups that have taken part—including Ecco, ISA TanTec, Simona Tanning, Sadesa, and Shanghai Richina—have benefited greatly from the audit process. The company runs three large tanneries, in Taiwan, China and Vietnam, that have a combined production capacity of 12 million square-feet of “sports-inspired” and “lifestyle” leathers per month. PrimeAsia China and PrimeAsia Vietnam

(recent winner of a 2009 Tannery of the Year award) currently hold gold status. PrimeAsia Taiwan’s current status is silver. The China facility has already undergone three LWG audits, while its sister sites have been audited twice.

Cleaner and greener

PrimeAsia believes the exercise has given it the chance to co-ordinate and improve the way it measures its own tanneries, and has reinforced its commitment to continuous improvement and efficiency. At the same time, by encouraging it to be as efficient as it can, LWG participation has allowed the group to make its leathers “cleaner and greener”. Its LWG experience led to the inclusion of global citizenship as one of its core values. The combination of these factors is allowing PrimeAsia to be, and to market itself as, best in class. And it has achieved important financial gains as a result, saving 15% across the group on water and energy in 2009 compared with the year before.

The company also believes there have been benefits for the entire leather industry because the LWG has proposed minimum standards for tanneries around the world, helped to push those standards higher and offered recognition to the tanneries who work hard to achieve the necessary performance improvements. But its view now is that the leather industry as a whole (including raw materials, machinery and chemical suppliers and the international organisations that represent them), as well as the wider group of customer organisations using the material,



David Wright, chief environmental officer of PrimeAsia and member of the Leather Working Group’s steering committee.

CREDIT: PRIMEASIA



should have the opportunity to share these benefits and help drive future progress.

"These improvements are real," David Wright continues. "We've seen 35% energy and water savings from audit one to audit two. So that's a great improvement in efficiency, but it's also better for the environment. Some of the things we've done, such as installing solar energy at the site in Vietnam, have begun to pay for themselves immediately. The 'solar farm', as we call it, is really starting to make a difference there, and because we are all going to see a huge increase in traditional energy costs further down the road, we know this is going to make a real difference at that tannery."

Another of the tanneries using the LWG protocol to keep track of its own progress is the ISA TanTec facility in Guangzhou, China. The protocol is helping it bring a concept it calls LITE (Low Impact on The Environment) leather to market. It has achieved silver status, but its chief operating officer, Carl Flach, is sure that a gold award cannot be far away. The ISA TanTec tannery is consuming 33 megajoules of energy to produce one square-metre of finished leather, considerably better than the LWG protocol's requirement. The same applies to water consumption. The LWG expects gold level tanneries to consume 88 litres per square-metre of finished leather; ISA TanTec is already achieving a level lower than 50 litres in Guangzhou.

Wider targets await, for the LWG as a whole, in the years ahead. For automotive and more furniture brands to lend their support, and for the tanneries that supply leather to them to open their doors to the auditors, the footwear-dominated focus of the first five years will require some adjustment. All industries have their standards to stick to, some incredibly stringent, but demands can vary, as can the nature of the dialogue between brands and consumers.

New battles, more auditors

Even in the context of footwear, there will still be challenges. The current estimate is that 23% of all the leather produced in the world is subject to LWG audit. This is an impressive proportion, but is still less than half the total that goes into footwear alone. The steering committee would like to increase that. There will also be new battles to fight, for example on the subject of restricted substance lists (RSLs). Wolverine World Wide, Nike and adidas were, until recently, among the few companies in the



The ISA TanTec tannery in Guangzhou, China. The company believes a gold status award from the Leather Working Group cannot be far away as its consumption of water and energy in producing each square-metre of finished leather is well ahead of 'gold' requirements.

CREDIT: WTP

global footwear sector to impose formal RSLs on their suppliers. In the last year, the number of brands doing this has increased to 27. "RSL is going to be a big thing for the Leather Working Group and if, for example, the International Union of Leather Technologists and Chemists Societies (IULTCS), were to become involved to help us address the questions our clients pose, it would be great," David Wright says. "We sense that some of the brands are being too strict in some of their requirements, for example on Azo dyes where limits for leather are set lower than the ISO method states to be accurate. If we had the support and learning of IULTCS behind us, it would be easier for us to persuade customers against imposing unnecessarily strict demands on us, which will prevent tanneries from failing an audit when there is no need for them to fail."

The question of widening the pool of potential auditors has also come up. This would involve identifying or recognising other bodies around the world with high levels of expertise in leather and leather

production and making the protocol available to them to share in the assessment work.

These are important areas for discussion, and they could put a degree of pressure on the partnerships and positive momentum that the LWG has generated in the first five years of its existence, but perhaps the moment has come to look forward to the next five years, and beyond. If the needs of the group are changing, the chances are the group itself will have to change, to some extent, to meet those needs. This is, after all, simply part of life and part of business.

Federico Roth of adidas believes change is already happening to some extent and the view of his company is that "any reputable group" should be able to carry out the audits. "It's critical that the audit is reliable," he says. "If we or any brand thought a tannery was below standard and was getting away with it, the whole thing would begin to crack. We support the LWG 100% and we've never had any reason to doubt it; we would not like that to change." ■