

The awards recognise best practice in environmental stewardship, sustainability and social responsibility

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Tannery of the Year Awards goes far beyond benchmarking

A review of the first Tannery of the Year Awards Programme, offering a recap of what the initiative stands for, what the criteria are for tanneries across the world to become finalists and an extensive report of the first Gala Dinner in Hong Kong on March 29 at which the winners of the 2009 competition were announced.

As international legislation imposes more controls on industry at large, tanneries have begun to realise that their business is not just making leather and turning a potential environmental hazard into an important value-added product. As a result, various organisations serving the industry have created protocols and bench-marking programmes to help tanners meet their local, national and international responsibilities, especially in terms of the environment and chemical usage.

In recent years, however, there has been another, broader agenda developing, one that is not so easily defined. Consumer

attitudes have changed, often manipulated by the news channels. Issues which could be resolved through sensible negotiation and discussion can suddenly become major news stories, driven by the need of the media to fill their channels 24 hours a day, 365 days a year. Lobbyists, who frequently feel that only they can lay claim to the moral high ground, have political and business agendas that can make normal trade relations difficult. Their organisations are not in the business of handing out compliments or recognising industrial improvements and progress.

It is against this background that the Tannery of the Year awards



On top of the world

At the first-ever Tannery of the Year Awards ceremony on March 29, the Ethiopia Tannery Share Company (ETSC) from the Africa region was chosen as the global winner of this new initiative. Tanneries from Germany, the UK, Ethiopia, South Africa, China, India, Vietnam, Mexico and Argentina made it through to the final vote held in Hong Kong.

Some 50 tanneries were nominated for assessment, which has been carried out over the past ten months by *World Leather*. The magazine published in-depth reports on ten finalist tanneries over the course of 2009 and the early part of 2010.

Final face-to-face presentations were made to the panel of judges in Hong Kong on March 29, the first day of the APLF event. The group of judges was chaired by Alan Smith, who was vice-chairman for the Pacific region at leading global investment bank Credit Suisse First Boston (CSFB) until his retirement. He is currently a member of the Hang Seng Index Advisory Committee, and of the EuroMoney Asia Advisory Board.

Other members of the panel were Kim Reid, currently head of leadership and talent at British Airways, Professor Dr Bi Shi, president of the International Union of Leather Technologists and Chemists Societies (IULTCS), Paul Pearson, secretary to the International Council of Tanners (ICT), and Steven Joseph, chief executive of Worldwide Responsible Accredited Production (WRAP).

The annual awards programme has been introduced to recognise best practice in terms of environmental stewardship, sustainability and social responsibility, as well as best corporate practice that includes labour policies and working with local communities. The awards programme also aimed to increase awareness of the fact that the industry—at one time considered to be a major polluter—is in fact today one of the principal business sectors working to enhance the environment. Without tanneries, the world also would have to cope with a major environmental headache in terms of getting rid of the hides and skins generated by the meat industry. Instead, tanners turn a potential waste product into a highly desirable material, the benefit of which is enjoyed by consumers worldwide.

The total value of the leather sector, including raw hides, finished leather and leather footwear, is estimated at \$54 billion, a figure only marginally less than the combined total value of meat, coffee, tea, rice, sugar, cotton and rubber production.

In the context of spreading this message to the outside world, it was significant that the panel of judges for Tannery of the Year included three business experts from outside the leather industry. One of the fundamental aims of the awards programme was to present the leather sector in a much more positive light to the outside world. The judges read and heard all the stories the finalist tanneries had to tell, and drew the conclusion that the most deserving of the global award was ETSC.



ETSC managing director, John Moriarty (holding award), prepares to celebrate the Tannery of the Year Global Award with his colleague Dagnachew Demelash (holding champagne).

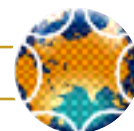
The Ethiopian tannery has launched initiatives such as running a clinic, not just for its more than 600 employees, but also the whole population of the nearby village of Ejersa, supporting the local school, not least because it is the tannery that feeds the teachers at lunchtime. The tannery has also launched a project to extract hot water from natural bore holes.

It was these stories that made the most impact on the judges.

Tanning group Pittards announced the acquisition of the Ethiopia Tannery Share Company from the Ethiopian government in December 2009. It described the deal as “the logical extension” of its long relationship with the African country. Ethiopia has long been an important source of raw material for its glove leather manufacture, and, since 2005, it has been running the ETSC as a managing partner of the government.

For this reason, an extensive team representing Pittards and ETSC attended the Tannery of the Year Awards Ceremony in Hong Kong. The group said afterwards that it was initially delighted to receive the regional award for Africa and that winning the global award “exceeded all expectations” against stiff competition from around the globe. The award was collected by John Moriarty, the long-serving ETSC managing director. It was he who made the final presentations to judges and fielded their questions during the judging process.

On receiving the global award, Mr Moriarty said: “The award is an award for our people at ETSC. We are justifiably proud of all of them and it is an honour to receive it on their behalf.” He was joined on the podium at the awards ceremony by Teferi Tilahun and Dagnachew Demelash from ETSC’s commercial and financial teams, as well as the Pittards chairman, Stephen Boyd, and managing director, Reg Hankey. 🍷



programme was introduced to recognise best practice in terms of environmental stewardship, sustainability and social responsibility, as well as best corporate practice that includes labour policies and working with local communities. Corporate social responsibility (CSR) is a combination of all these ideas. For too long the leather industry has allowed the assumption that it is a sector of business to which CSR does not especially apply. Therefore, the launch of the Tannery of the Year concept, proving that there are examples all across the world of CSR in the leather industry, was not without difficulty but the gala presentation of the first-ever Tannery of the Year awards at the end of March in Hong Kong added a special buzz at the APLF exhibition and underlined the success of the project.

The five winners on the night were the Ethiopia Tannery Share Company for Africa, Curtiembres Fonseca from Argentina for the Americas, PrimeAsia Vietnam for Asia excluding China, Simona Tanning for China and Bridge of Weir Leather Company,



Scotland, for Europe, with the Ethiopia Tannery Share Company also winning the global award.

The runners-up for the different geographical regions were, respectively, South Cape Ostrich Tanning from South Africa, Procesos Húmedos de León from Mexico, Tata International from India, ISA

TanTec Guangzhou and Josef Heinen from Germany.

In reality all ten finalists were winners on behalf of the industry worldwide, proving that the leather industry is a responsible business sector and one that is prepared to be judged and recognised for its achievements. 📷

Excellence on every continent

At the Gala Awards dinner in Hong Kong, the announcement of ETSC as the global winner was, naturally, the dramatic finale to a spectacular evening.

Village life

ETSC had already been declared the winner for Africa. On making their decision on the regional award, the judges commented that they had been particularly impressed by the commitment that this business shows to the community around it. ETSC built the school in the local village of Ejersa and still supports it by allowing the teachers who work there to eat in its workers' canteen. The children have to go to school in two shifts, which means that the teachers have a keen need of a hot meal between morning and afternoon classes. There is a clinic attached to the tannery that also serves the wider community, offering blood tests, treatment for conditions such as malaria and advice on a range of health topics. That the village now has a clean water supply is also down to the tannery; ETSC



Africa: Teferi Tilahun of the Ethiopia Tannery Share Company receives the congratulations of Paul Pearson, secretary of the International Council of Tanners, the member of the judging panel who presented the Tannery of the Year award for Africa.

paid the contribution the community had to make to match a government water grant. On the land surrounding the tannery the company has planted 1,500 mango trees, 600 for avocados, 300 coffee plants and 35 beehives. The produce from

the estate benefits the 631 people (474 men and 157 women) who work in the ETSC tannery, either through the crops going directly into the canteen, or through their sale, with the money going to local labour unions.



Tannery of the Year 2009: Review

Helping hand

Curtiembres Fonseca, from Lanús in the province of Buenos Aires, Argentina, was the winner of Tannery of Year for the Americas. Curtiembres Fonseca employs around 750 workers who, depending on their shifts, have either lunch or dinner at the company canteen. Employees that have children of school age are given a pack of school materials at the start of each academic year and presents to mark the Day of the Child, celebrated in Argentina on the second Sunday in August. The company also runs its own school for workers who, for whatever reason, were unable to complete their education. Those who wish to do so attend classes before or after their shifts. At the end of the school year, certificates are awarded at an official ceremony and a celebration takes place. Many workers were unable to read but had been too embarrassed to do anything about it, and several found they needed glasses as a result of attending the school, which Fonseca supplied. The company also supports external initiatives such as the Alternativa 3, a micro-credit organisation. Fonseca helps by making some of its skilled workers available to help local entrepreneurs set up viable micro-businesses. The Tannery of the Year judges said they were impressed by this and by the company's achievement in growing its customer-base, in spite of an important joint venture coming to an end.

Strong partner

For Asia excluding China, the winner was PrimeAsia Vietnam (PAV). What the judges liked most about this tannery were its "strong core supply chain values". PAV is committed to being the best supplier it can be to many of the world's best known and biggest footwear brands. Its use of solar energy at the plant in Vietnam—installed in September last year—helped it reduce energy costs by 18% in 2009 and the company anticipates a further 8% in savings this year. It is also using rain water it collects during Vietnam's extensive wet season to lower the amount of water it needs to take from the municipal supply. Around 55% of the members of the PAV workforce are women, which is in keeping with a government policy of empowering women as a means of alleviating poverty in Vietnam. Around 800 of the 1,200



Americas: Mr Su Chaoying of the China Leather Industry Association (left) looks on as Jorge Glauber (centre) and Diego Beverstein of Curtiembres Fonseca celebrate their success as Tannery of the Year for the Americas.



Asia: The PrimeAsia Vietnam team, led by chief executive Jon Clark, move forward to collect the trophy for Tannery of the Year for Asia.



China: Simona Tanning's Keith Hill receives the Tannery of the Year Award for China from Kim Reid, head of leadership and talent at British Airways.



Tannery of the Year 2009: Review

workers live on the site and PAV works hard to provide a high level of care, including library and sports facilities, good food and a first-aid station staffed by two full-time nurses.

Social contract

In naming Huizhou-based Simona Tanning as the Tannery of the Year for China, the judges said they had been impressed by the amount of work Simona has put into treating waste water, concluding that the company has “gone a long way in these matters—further than it needs to”. At the same time, Simona Tanning has what it calls a social contract with its Chinese employees. The company offers its workers food, housing and transportation as well as health insurance and pension benefits. In addition to this, the company hosts a range of social events including an annual basketball tournament, special dinners to mark the New Year and monthly dinners to celebrate employees’ birthdays. Many of the company’s workers are female migrants who are living as cheaply as possible in order to send money home to their families. One of the ways it supports these employees is to offer a subsidised canteen so that the cost of food is at a minimum and to make sure that workers are fed properly. Simona also works hard to support the local community, sharing



Europe: Professor Bi Shi, president of the International Union of Leather Technologists and Chemists Societies (left) hands over the Tannery of the Year Award for Europe to Iain McFadyen, managing director of Scottish tannery the Bridge of Weir Leather Company.

out food, drinks and cooking ingredients ahead of three major Chinese festivals.

Zero waste

Finally, for Europe, the Bridge of Weir (BoW) Leather Company from Scotland came out as the winner. The judging panel recognised the company’s efforts in keeping on its whole workforce during the global economic downturn, and the “tight processes” it has in place with regard to certification. The Scottish Environmental Protection Agency gave BoW the second-

best score in the country in a programme of assessments it has carried out across all industry sectors into pollution control. The company has also developed a project to generate energy from its own waste output, confident that the calorific value of the waste material will be high enough to allow it to have a zero-waste and energy-neutral operation. It will plant extra trees on its site to screen the new thermal energy plant from the public and its plans have the support of the community and the local authorities. ■

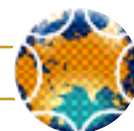
Pioneering spirit

Of the ten tanneries who travelled to Hong Kong to attend the Gala Awards dinner on March 29, only five could walk off with a regional Tannery of the Year award. But in presenting the five runners-up with their trophies at the dinner, Simon Yarwood, publisher of *World Leather* magazine, said: “There are no losers here tonight.” He explained that all ten finalists were pioneers who were willing to contribute to the work of improving the image of the leather industry worldwide. “You opened your doors to the World Leather team and the magazine has published those stories of success and good practice,” he continued. “Tanneries around the world have embraced the idea

of singing the praise of their own industry, of addressing concerns and criticisms head on and countering them with countless examples of corporate social responsibility. Your companies care about the environment and look after your workforces. You hold your heads up in society and take seriously your responsibilities for sharing resources with the people in your communities. You meet your obligations, you pay your way. You are good corporate citizens. And all this while continuing to make beautiful leather, this amazing material that almost the whole world loves, and dreams of, and desires. This is what we are here in Hong Kong to celebrate. We will congratulate all ten finalists.”

Power to the people

Taking the runner-up prize for Africa was South Cape Ostrich Tanning from Mossel Bay, Western Cape province, South Africa, a specialist in producing ostrich leather for high-end leathersgoods and footwear. The judges paid special tribute to the high quality of the product SCOT is producing and the tannery’s commitment to preserving the unique, natural attributes of ostrich leather. In terms of its involvement with the local community, SCOT is making a difference in a number of ways. For the last three years or so, a 6.5% shareholding in the company has been in the hands of a body called the Mosstrich Black Economic Empowerment Trust, set up by the tannery’s parent



company specifically to help the local Black community. The Mosstrich Group has also worked hard to raise awareness of HIV and AIDS among its workers. It sponsors student places for people from disadvantaged local communities at some of the best schools in the area and pays the way of a local football team for which many of its workers play.

Credit where it's due

In the Americas category, the runner-up was Mexican wet blue producer Procesos Húmedos de León (PHL), a pioneer also in its role in introducing the Cangilones drum to the tanning sector. The Tannery of the Year judges were impressed by the story the Guanajuato-based tannery had to tell and said specifically that deserved much more credit than it seems to have received for its work on the drum. They also said PHL's ongoing commitment to continued innovation was very clear. Technical director, Samuel Juárez, has developed techniques for reusing pickle and deliming liquors, saving electricity and using solar energy, and has won recognition from Mexico's National Science and Technology Council and cemented Procesos Húmedos's reputation as an innovator. The solar energy project is already providing the tannery with all the hot water it needs.

Clear lines of sight

For Asia, excluding China, the runner-up was the Tata International tannery at Dewas in Madhya Pradesh state, India. Part of the Tata Group, the largest private sector company in India, the tannery shares the corporate philosophy of ploughing profits back into the community with which it shares resources. The Dewas tannery was the first in India to secure the right to use the Eco-Mark label on its finished leather. The Bureau of Indian Standards introduced the label for finished leather in January making it clear that tanneries using it would have to stick to strict guidelines on water and air quality, on packaging and on hazardous waste. In addition to its ISO certification, Tata was given a national pollution control award by the federal government in New Delhi in 2003. Furthermore, the company has been keen to benefit the local community economically. It has particularly focused on supporting young,



Technical director, Peter Yzelle (right), receives the runner-up award for Africa on behalf of South Cape Ostrich Tanning from Elton Hurlow, marketing director for leather at Tannery of the Year sponsor specialty chemicals company Buckman.



The chief executive of Procesos Húmedos de León, Jaime Dueñas (right) and technical director, Samuel Juárez step forward to receive recognition for their tannery's achievements.



Mr Goel (centre) and Mr Ramalingan (right) from Tata International accept the runner-up award for Asia excluding China from Elton Hurlow.



Tannery of the Year 2009: Review

local women, many of whom work at the firm's new footwear factory, which shares the same site as the tannery. Some of the women that work there came from families who had never allowed their daughters to work before, but the company convinced them by providing transport facilities in both directions to keep the women safe and by providing a canteen, among other benefits. On the environmental side, the company is proud of having increased the number of trees on its site from one when it moved there in 1975 to 200,000 today. The Tannery of the Year judges said that it was clear to them that Tata International has very strong people processes in place, with clear lines of sight.

Low impact

Choosing between the winning tannery and the runner-up for China was a "tough, tough decision", the judges said. The runner-up, ISA TanTec's facility in Guangzhou, has been "enterprising and energetic" in attaining its current high standing. The company has made a breakthrough with a product it calls LITE (Low Impact on The Environment) leather. As a result of making its use of machinery, chemicals, energy and water as efficient as possible, ISA TanTec believes it is now able to offer footwear brands high-performance materials with a "drastically reduced" ecological footprint. The local authorities in Guangzhou have held ISA TanTec up as something of a model in corporate social responsibility. Among the reasons for this is the fact that the tanning group is faithful to the principle of paying into a workers' housing fund, a fund that aims to help workers buy a house. Some commentators suggest that as many as 80% of private-sector companies in China neglect the fund.

Care for the earth

One of the ways in which European runner-up, Josef Heinen, has contributed to awareness of corporate social responsibility in the leather sector is through an idea it has called Terracare. This initiative is designed to help shoe firms respond to increasing demand for eco-friendly footwear. The Terracare label comprises four major ecological and social elements. The first is water usage. The company reduced its already efficient



Thomas Heinen, accompanied by his children, Grace and Vincent, accepts his award as runner-up for Europe from Buckman's Elton Hurlow.



ISA TanTec founder, Thomas Schneider (right) shows off the award for his company's tannery in Guangzhou, runner-up for China in the Tannery of the Year Awards.

water consumption levels by 28% between 2003 and 2007 and now uses just 90 litres of water for every square-metre of finished leather produced. Wastewater is then treated for discharge to the sewer. The second area is energy usage. Special lightweight containers carry hides to the Heinen tannery in Wegberg, Germany, to minimise fuel consumption, and machinery is chosen carefully taking into account the amount of energy it uses. Lighting has been adapted and heat generated by machinery is reused for drying purposes. Between 2003 and 2007, the amount of energy consumed at the

facility fell by 14.4%. This is then offset by energy produced by bio-gas, which amounts to 14.7% of the tannery's total energy needs. The third element is chemicals. Heinen buys approved chemicals from reputable companies and uses chemicals that biodegrade where possible. Finally, the choice of raw hides is taken seriously. Government veterinarians are used to ensure humane conditions and safety standards are kept. The judges at the Tannery of the Year Awards said they had been very impressed by the way Heinen presented itself and by the work the company has done on Terracare. 🌱



Fine judgement

The judging panel for the inaugural Tannery of the Year Awards consisted of five carefully chosen business leaders with different backgrounds and specialisms. Two of the judges were from the leather industry and three from outside. As mentioned elsewhere in this section, one of the main aims of the Awards Programme is to promote and celebrate the good work tanners across the world are doing, to share their success stories with a wider audience. This is why the balance of the Tannery of the Year judges tipped in the direction of the outside world. Short profiles of each of the judges follow.

Alan H Smith

Alan H Smith was vice-chairman for the Pacific Region of leading global investment bank Credit Suisse First Boston (CSFB) until his retirement. Prior to joining CSFB, Mr Smith was the chief executive of the Jardine Fleming Group, a leading Asian investment bank, and its chairman from 1994 to 1996. During this period, he was named Asia's Banker of the Year.

Mr Smith has over 25 years' investment banking experience in Asia. He was elected a council member of the Hong Kong Stock Exchange on two occasions, and was a member of the Hong Kong government's Economic Advisory Committee from 1994 to 2001. He is currently a member of the Hang Seng Index Advisory Committee, and of the EuroMoney Asia Advisory Board. He is also an independent non-executive director of a number of companies listed in London, Hong Kong, Singapore and Kuwait.

Kim Reid

Kim Reid is currently head of leadership and talent at British Airways. Her roles include identifying and developing people to their highest potential at all levels in the organisation. She is also involved in much of British Airways' charitable work.

Prior to joining BA, Ms Reid was global human resources director of MBDA, a joint-venture set up by leading aerospace groups EADS, BAe Systems and Finmeccanica. Her primary role was to establish cross-border HR strategies and



Chairman of the judging panel, Alan Smith, prepares to present the Tannery of the Year Global Award.

working practices. Previously she was HR director of the customer support and solutions division of BAe Systems, a highly innovative team whose function was to supply complete solutions to BAe's customers. Prior to this position, she was head of young people, education and charities at BAe Systems.

Professor Dr Bi Shi

Professor Dr Bi Shi is the president of the International Union of Leather Technologists and Chemists Societies (IULTCS). He was a member of the organisation's executive committee for four years before that.

Professor Bi is the professor of the leather engineering department of Sichuan University, China. He is also the director of the national engineering laboratory for clean technology in leather manufacture. He was elected as a member of the Chinese Academy of Engineering in 2009 as a result of his outstanding contributions to the Chinese leather sector in science and technology.



Kim Reid, head of leadership and talent at British Airways.



Professor Bi Shi, president of the International Union of Leather Technologists and Chemists Societies (right) in conversation with Simon Yarwood, publisher of World Leather, the magazine which has initiated the Tannery of the Year programme.



Paul Pearson

Paul Pearson is secretary to the International Council of Tanners (ICT), a role he has carried out since December 1997. He is also the director of the UK Leather Federation. With a history of work in trade associations, including 14 years with the Food and Drink Federation, Mr Pearson joined the British Leather Confederation (BLC) in 1988 and has also acted as secretary to BLC Research, and director of the Hide and Allied Trades Improvement Society.

His areas of special interest and expertise include raw material supplies and quality, environmental legislation, international trade and statistics.

Steven A Jesseph

Steven A Jesseph is chief executive of Worldwide Responsible Accredited Production (WRAP), a non-profit, factory certification group. WRAP certifies factories to a 12-point code of conduct covering legal, labour, environmental, security and customs compliance areas for labour-intensive consumer products manufacturing. It is supported by 22 international trade and business associations and has certified factories in over 72 countries.

Prior to joining WRAP, Mr Jesseph was the vice-president for compliance and risk management at Sara Lee Branded Apparel.



International Council of Tanners secretary, Paul Pearson presenting the Tannery of the Year award for Africa.

His responsibilities included environment, health and safety, product liability, and social compliance for operations in more than 30 countries. He was the founding chair of the Social Responsibility Committee of the American Apparel & Footwear Association.



Steven Jesseph, chief executive of Worldwide Responsible Accredited Production at the Tannery of the Year Gala.

All five members of the panel studied the in-depth reports *World Leather* published on the ten finalist tanneries, met the finalists on Monday, March 29 in Hong Kong, and listened to a presentation from each one before deciding on the winners.

Launch of the 2010 competition

The ten finalists and all the nominated tanneries for the inaugural Tannery of the Year Awards certainly represent a tough act to follow. Nevertheless, the first year has provided plentiful proof that examples of excellence in corporate social responsibility abound in the global leather industry. There is absolutely no shortage on any continent of wonderful leather production facilities.

The task of finding the best examples for the 2010 Tannery of the Year awards is already under way. As in the first year of the competition, *World Leather* will work with a group of industry experts to put together lists of nominated tanneries for five regions: Africa, the Americas, Asia excluding China, China itself, and Europe.



Each of the nominated tanneries will receive an invitation to take part in the competition, which will mean nothing more than opening their doors to the *World Leather* team, allowing the magazine to write an in-depth report on their work, their backgrounds, their relationships with their workers, with their customers, suppliers, partners and with the local authorities. The reports will examine the tanneries' commitment to innovation and continuous improvement, to the highest level of environmental performance and, of course, to producing beautiful leather. Two finalists from each region will be asked to tell their stories again in a presentation to the judging panel at the APLF event next year. One of them will emerge as the new Tannery of the Year.