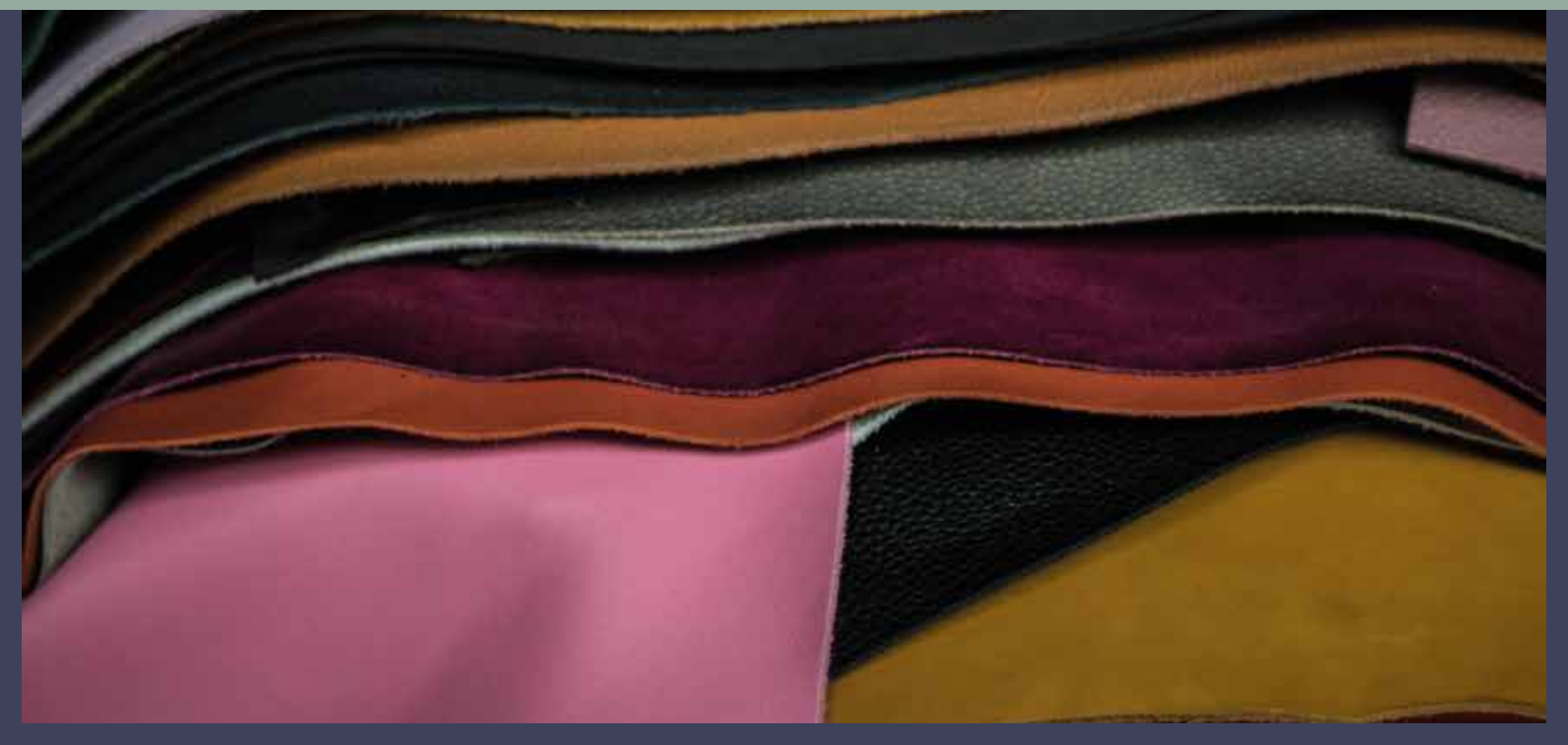




CONSEIL  
NATIONAL  
de CUIR

# THE FRENCH LEATHER INDUSTRY

SHOWS ITS COMMITMENT  
TO CSR AND CAPACITY  
FOR INNOVATION





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EDITORIAL

# CSR IS HERE TO STAY IN THE FRENCH LEATHER INDUSTRY



2019 was the year our communication around *Corporate Social Responsibility* (CSR) in our sector really took shape. With the organisation of the first *Sustainable Leather Forum* in Paris, broadcast around the world, we sought to showcase our professions, our know-how and our traditions, in line with our CSR commitments.

## The French Leather Industry has a proactive ethical and responsible policy

For this second edition, placed under the high patronage of the **French Ministry for the Economy and Finance, Secretary of State Olivia Grégoire** and **SMEs Minister Alain Griset** honoured us with their presence. This support is important for our companies, which have been weakened like never before by the economic crisis provoked by the pandemic. Their revenue fell by between 20% and 35% on average in the first half of 2020. However, there are disparities between sectors. Distribution and, to a lesser extent, the footwear and tannery sectors are experiencing hard times, whereas the strongly export-focused leather goods sector is holding up better with a drop of less than 20%.

But the entire ecosystem has been disrupted by the economic difficulties. We should be particularly alarmed by the future prospects for those who collect raw hides and who continued to accumulate skins while the production of leather slowed. These companies must be given support for the risks they are running by holding large stocks. After supporting the economic effort at the height of the health crisis, by making it possible for abattoirs to continue operating, they are now faced with excess stock levels, which represents both an economic and a health risk.

This very unusual year has underlined the fact that the companies in our industry are not only united but also inter-dependent. It also strengthens the idea that our ethical and responsible efforts must be lasting and aligned with the challenges that unite our companies and our know-how, with the goal of ensuring that not only our traditions, but also our innovations are widely known.

Despite a difficult context, the *2020 Sustainable Leather Forum* was a success. It brought together more than 240 participants at the **Conseil Economique, Social et Environnemental (CESE)** in Paris. This success confirms the commitment and the desire of our industry members to take into account the social, economic and environmental impact of their activities, focused on five key issues: valuing people within companies; managing environmental impacts at all stages in production; exercising their duty of vigilance over the entire value chain; protecting and informing consumers; respecting and ensuring humane treatment of farm animals.

On the basis of these five undertakings, we have established measurable criteria in order to be able to communicate on a regular basis about progress in CSR within the industry. By taking this initiative, the French Leather Industry wishes to make CSR an integral component of the entire sector, with its stakeholders becoming models of sustainable development and the circular economy.

However, these subjects must be accompanied by better risk management, innovative approaches, a good understanding of the challenges of responsible development, while maintaining the regional anchorage of skilled professions.

Discussions during the second edition of the forum on how to continue to reinvent the sector particularly focused on these points, along with the issues of transparency and responsibility about the environmental impact and respectful animal husbandry that are demanded by consumers and stakeholders today.

**Frank Boehly,**  
**President of the Conseil National du Cuir**

# THE FRENCH LEATHER SECTOR, A SOURCE OF INNOVATION AND QUALITY

*"The industry now has common reference criteria which will allow us to measure our CSR results, on the basis of the five main principles we have adopted. This will allow us to communicate more effectively about our know-how and our innovation efforts with consumers and various stakeholders in the social and environmental fields."*

**Frank Boehly, President of the Conseil National du Cuir**

## The French Leather Industry has decided to lead by example

The industry is a pioneer in terms of CSR commitments. *Corporate Social Responsibility* is no longer discussed as an option: it has become a deliberate decision to form part of a larger movement, shared by all of society from the consumer to movements focused on ethics, morality and the strict respect of international regulations. While there is no doubt that the current climate may slow some of the efforts made in recent years by companies, the CSR approach adopted by all in the industry is now underway and irreversible.

To raise awareness of these efforts, the French Leather Industry is also conscious of the need for better communication around its CSR commitments and everything that plays into them: better traceability of hides, waste processing, reduction of the environmental impact, harmlessness, regional anchorage... More than ever, the consumer wants to know, in all transparency, what they are buying. This is a real opportunity for the industry to prove just how integrated these issues have become in the leather professions, and indeed have been for many years. Companies have largely demonstrated

their capacity to adapt with the times, innovate and evolve, within the constraints of complex European regulations, to promote CSR and it is time to learn how to communicate these initiatives, which make the French Leather Industry one of the most advanced in the area of sustainable and responsible development.

Consisting of 12 800 companies, from VSE/SMEs to big luxury houses, the French Leather Industry employs some 133 000 people who combine tradition and innovation, perpetuating the excellence of our know-how and bringing dynamism to our regions. With a turnover of 25 billion euros, including 13 billion euros of exports, France ranks in fourth place worldwide on the leather market. The luxury sector, and its leather goods in particular, has become the driving force of this industry, actively participating in its international reputation.



CSR is an efficient way of converging towards the new demands of consumers and the interrogations of the younger generations. It allows the entire industry, which is already the keeper of traditional know-how, to go further by communicating around its best practices which, in turn, contribute to the development of a circular economy. The implementation of CSR policies in recent years has also helped the industry address the profound economic and social changes that are looming on the horizon and which require companies to create new models for managing costs and investments. This virtual model is growing in importance for the companies in the sector, with the aim of recruiting and training the next generations of artisans but also attracting investors, financiers, and capturing the interest of public authorities and business creators.

*“Companies which do not incorporate CSR into their DNA today are falling behind and it will be difficult to catch up in the future. To establish their CSR policy, they should first of all reconnect with their core purpose, as this will always offer them a guide and help steer them through the necessary changes.”*

**Nicole Notat, Chair of the Board of Directors of Vigéo Eiris**

Corporate Social Responsibility (CSR) is defined by the **European Commission** as the process whereby companies integrate social, environmental, ethical and human rights concerns into their core strategy, operations and integrated performance, in close collaboration with their stakeholders. A company that practices CSR will seek to have a positive impact on society while remaining economically viable. The international ISO 26 000 standard establishes the perimeter of CSR around seven core areas: governance of the organisation; human rights; working conditions and relations; the environment; fair and loyal practices; consumer-related issues; communities and local development. All companies can apply a CSR approach, whatever their size, status or area of activity.

## Towards regenerative CSR

Behind the current CSR challenges are those of regenerative CSR. For the environment aspect, this means preserving or recreating areas rich in biodiversity or that have been undermined by human activity. For the social aspect, it involves reducing the risk of social inequality through the production chain, and notably taking into account the situation of farmers, the first link in that chain.

The challenge is to go beyond a CSR that simply existed to manage the negative risks on sustainable development. Instead, the aim is to gradually regenerate natural environments and compensate for social inequalities, subjects which consumers have become increasingly aware of through social and traditional media.

These issues concern all the companies in the industry, who soon could be required to demonstrate not only their control over the impact of their activities on the environment but also to accompany the global effort of ecosystem regeneration and resolution of social disparities.

Leading groups are already working towards regenerative CSR, aware that this is a long-term effort which requires a clear definition of the scope and the process of evaluation. **Alexandre Capelli, Environment Manager for LVMH Group** explained that regenerative CSR is one of the key challenges on the horizon for 2025 and started his intervention with an assessment of the situation in terms of moving towards holistic agriculture from a social and environmental point of view. **Marie-Claire Daveu, Chief Sustainability Officer and Head of International Institutional Affairs for The Kering Group** presented their objectives; they are committed to regenerating a million hectares of grassland and a million hectares of critical and irreplaceable ecosystems to have a “positive net” impact on biodiversity. This represents at least six times the group’s environmental footprint from its activities.

## The international challenge of CSR

The CSR efforts of the French Leather Industry go beyond national boundaries and require all stakeholders, particularly Europeans, to become models of sustainable economies while at the same time, emerging from the current crisis.

**Paola Migliorini, Deputy Head of the Sustainable Production, Products & Consumption unit at the European Commission**, noted that the leather and textiles industry in general is a pillar of European economies, employing millions of citizens and generating substantial revenue. Unfortunately, the activities of this sector place great pressure on the environment and the climate: ranking fourth place in Europe for its impact on the environment and pressure on resources, and fifth place in terms of impact on the climate. That is why a new plan of action for a circular economy was adopted in March 2020, to render the textile industry more sustainable.

The consequences of the pandemic will require businesses to become more sustainable and resilient. This means identifying the most appropriate incentives to reinforce the market, eliminating barriers

that hinder the reuse and recycling of waste textiles and encouraging sustainable business models in the perspective of a circular economy.

*“The textile sector is now a global industry”, she said, and this has an impact on respect for the workplace organisation principles in force in the OCDE and on the reduction of environmental impacts, in which all players must participate.*

Among the various initiatives under discussion at the **European Commission**, the textile sector will be affected by the reduction of the environmental footprint of its products, with the impending arrival of a new European rating system for the environmental performance of products and organisations, the **Product Environmental Footprint (PEF)**. Sorting and separating textile waste will also be compulsory from 2025. To manage the resulting streams of products, there needs to be an improvement in recycling infrastructure and reuse must be made easier







A woman with short brown hair, wearing a green sweater over a white collared shirt, is working in a leather workshop. She is standing next to a wooden shelf filled with numerous rolls of leather in various colors, including green, yellow, blue, and purple. The leather rolls are neatly stacked and some have labels. The background shows more shelves and rolls of leather, creating a sense of a well-stocked workshop.

# THE FRENCH LEATHER INDUSTRY SHOWS ITS COMMITMENT TO CSR AND CAPACITY FOR INNOVATION

## **Chapter 1:**

### **Learning to better manage the risks**

And improve responses to the CSR challenges

## **Chapter 2:**

### **Sharing and disseminating best practices**

Innovation, a formidable challenge





### **Chapter 3:**

#### **Encouraging a circular economy**

From intentions to actions

### **Chapter 4:**

#### **Developing the sector**

Enhancing the appeal of the professions and regions

CHAPTER

# 1



# LEARNING TO BETTER MANAGE THE RISKS AND IMPROVE RESPONSES TO THE CSR CHALLENGES

CSR is a strategic issue for ensuring the durability of the industry's economic model and its know-how. It has already allowed French companies to maintain their leading position in the face of international competition and particularly the powerful Asian and American models. It is also the combat of each and every company, whatever its size, to obtain recognition of a "responsible economy", an idea which has been part of the industry through its know-how and innovation for centuries. However, this is a difficult exercise in a leather economy that has become international and therefore global. For years, traditional French companies have been attentive to the regulations in force, but they attach particular importance to their regional anchorage where, in some cases, the know-how has been handed down for generations. They feel committed to those who live near them, their local environment and the next generations to be trained. However, they must now also participate in a movement that affects the entire production chain and which means learning to manage risk, not only financial but also human and environmental.

*"CSR also means getting involved in risk management. It means controlling the negative impact on employees, the natural environment, suppliers and consumers. Companies have embraced the subject and have realised that the risks could be anywhere in the supply chain, not necessarily in their own business. Therefore, each company must not only assess their own risks but also those of the production chain"*

Sylvain Guyoton, Senior Vice-President of Research at EcoVadis

## The rapidly-changing French and European legislation

French legislation sets out strict rules governing the use of chemical substances as well as environmental protection from industrial waste. The French Leather Industry has worked within the confines of this legislation for years and scrupulously respects it. Thanks to the proactive approach of the **CTC (economic development committee for the footwear, leather and leather goods industry)** in the areas of research and innovation, the companies in the industry apply CSR procedures that go beyond the stipulations of the regulations.

However, as the French industry becomes ever more integrated into the global production chain, all companies, whatever their size, their set-up and their export profile, are required to take into account the rapidly-changing European and International standards and risk management.

*"For a long time, CSR was seen as a philanthropic endeavour, but current events show that the risks are global, multidimensional and interdependent. Risk management must become systemic, not only at the financial level."* - **Siham Belhadj - Senior Manager at MAZARS.**

The inclusion of risk management in CSR approaches is also accelerated by the rapid changes in regulations, particularly European. Thus, the European Non-financial Reporting Directive (NFRD) sets out that public interest companies and those with more than 500 employees and a turnover of more than 100 million euros must now present the main CSR risks in their paper and online publications.

The entire industry is affected by the **REACH** regulations on chemical products, led by the **European Chemical Agency (ECHA)**. **REACH** has changed the responsibility of stakeholders regarding the use of chemical substances. It is now up to companies to prove that the substances they manufacture or import can be used safely, from the production site to their use by consumers. Companies are therefore invested with what is known as "the burden of proof", which primarily affects chemical companies but also producers. They must collate all the information on the properties of their substances, assess their effects on human health and the environment and propose, if necessary, risk management measures.

**Christel Schilliger-Musset, Directrice, Director of Hazard Assessment at the ECHA**, also noted that the European member states are essential stakeholders in the **REACH** legislation and therefore it is incumbent on each of them to propose, where necessary,



additional risk management measures at the European level. This could include restrictions ranging from a total or partial ban on the use of a chemical substance to bans on hazardous substances or substances of concern.

In addition to all this, there is the impact of the European *Green Deal* on the chemical industry, which is of increasing relevance to tanneries. While it is currently difficult to assess the impact in the medium-term as the new strategy was only published in September 2020, the objectives of the *Green Deal* will have to be taken in to account, notably on substances considered to be endocrine disruptors, the combined effects of products, and substances that can contaminate groundwater and drinking water. The European *Green Deal* also includes a number of sub-committees on financial reporting, the directive on the circular economy, the future European directive on the duty of vigilance and more. The **CNC** is committed to working with the authorities to orient these regulations so that they provide optimum support to the industry in the long term.

What these regulations impose on the entire industry is that, whatever the constraints they represent on a daily basis, the ultimate goal is to increase transparency and information to facilitate communication between stakeholders and industry players. The other goal is to reduce risk along the entire production chain. Each substance presents a risk that must be assessed, taking into account its impact on human beings and on the environment.

*“Businesses in the leather sector must remain vigilant in order to provide the right risk management responses. The aim is to relieve pressure, not to add it.”*

**Régis Lety, Head of Sustainable Development at CTC (economic development committee for the footwear, leather and leather goods industry)**

**ECHA, the European Chemical Agency,** has a database of more than 23 000 substances produced or imported in volumes exceeding 1 ton per year. As a result, Europe has the most extensive information in the world on the properties and effects of these chemical substances. All this information is available on the **ECHA** site. Because the *REACH* legislation also affects companies outside of Europe who wish to sell to the European market, this database is currently the world reference.

## The French Leather Industry is committed to a protected environment

### Water treatment

- Implementation of a national research programme on the emission of dangerous substances in water (*RSDE for Rejets de Substances Dangereuses dans l'Eau*).
- Reduction in water pollutants: in France, the very strict regulations governing *ICPE* require companies to respect pollutant emissions limits.

### Protection of air quality

Implementation of European directives seeking to reduce atmospheric emissions of certain pollutants by industrial activities and the use of certain products such as solvents.

### Reduction and reuse of waste

Incentives and commitment in the tannery and production sectors to implement the emerging principle of upcycling (adding value to used products or objects by giving them a new life), for reuse, recycling or repurposing waste.

## The leading luxury houses intend to set an example with actions that seek to preserve biodiversity and fight against climate change

**The LVMH Group** has created a carbon fund to manage greenhouse gas emissions caused by its activities, and is also acting on materials sourcing. **The Kering Group** is committed to ensuring a net positive impact on climate improvement by 2025, taking a multifaceted approach: 50% reduction in greenhouse gas emissions through its activities, regeneration of a million hectares of grassland and a million hectares of critical, irreplaceable ecosystems to have a “positive net” impact on biodiversity. For a long time, **Hermès** has been working with NGOs to fight against poaching and understand the issues of biodiversity. It has just confirmed a further 20-year commitment to **Livelihoods**, to offset its carbon footprint and help local populations benefit from a carbon fund.

## Anticipate, plan, prepare for risks

The lessons of the 2020 pandemic remind us not only of the “principle of non-permanence,” noted **CNC President, Frank Boehly**, but also show the vulnerability of the supply chain. “Companies that have yet to integrate a responsible buying policy have been weakened,” noted **Sylvain Guyoton Senior Vice-President of Research at EcoVadis**. **EcoVadis** offers a complete assessment of the *Corporate Social Responsibility (CSR)*, of a company via the SaaS Global platform, with more than 25,000 supplier companies.

A responsible procurement programme does not simply involve evaluating or auditing one’s suppliers. Buyers also have to be trained to incorporate CSR issues and the risks inherent in each activity. This means defining new management rules that combine both price, quality and CSR criteria without forgetting to establish a common language among all stakeholders.

*“The question of risk management must be addressed as if it were the beginning of a long-term approach with stakeholders, working together as much as possible to build a plan of action and the regular evaluation of that plan.”*

**Siham Belhadj, Senior Manager at MAZARS**

Risk management, integrated into the CSR policy of companies in the industry, must ultimately be seen as the search for a competitive advantage for France on the international stage. It is for this reason that it should be seen as a lever for improving performance and strategic prospects for companies and not as a constraint or an additional bureaucratic impediment.

Nevertheless, we must remain pragmatic. The idea is to capitalise on current strengths, not to completely overhaul everything overnight. However, all speakers agreed that it is important, in terms of risk management and CSR, to manage risk but also have a strategy which is co-designed with stakeholders.

## Alleviating environmental risk

### Fighting toxic substances

Chemistry is at the heart of the processing activities of the French Leather Industry, whether being used directly or through the use of products such as glues and solvents. The challenge in risk management is not only to avoid the use of dangerous substances but also to understand the criteria relating to storage conditions, management of quantities, handling, risks of pollutions, particularly of soils, collection of effluent and risks of fire or explosion. In France, these subjects have been taken into account for a long time, as in the 1970s the *ICPE* regulations governing establishments classified for environmental protection set out the best practices.

However, to act on the toxicity of some of the products used in the production of leather, traceability needs to be implemented by all producers worldwide. The French Leather Industry is working to be heard beyond France. However, the risk relating to chemical substances remains a daily battle for companies in the sector.

In 2018, France imported 43 million euros worth of cow, calf, lamb and goat skins and raw hides. It is therefore essential to ensure the traceability of skins on an international level to reduce the risks linked to the use of banned chemical substances in the production of leather. Traceability can also provide consumers with information on animal husbandry.

Two reference documents currently incorporate all the risks relating to chemical substances in the leather industry: the *RSL* and the *MRSL*. The first includes the list of chemical products covered by the regulations. All these products are known to have a negative impact on either human beings or the environment. The second document, on manufacturing processes, is particularly directed at tanneries. It contains a list of substances that are not authorised in the production of leather.

While it is relatively easy at the European level to verify these processes are being respected, it becomes much more complex at the international level, as companies in the industry import hides and tanning products. There are not only more regulations at the international level but it is even more difficult to identify the sources of skins in certain countries. As an international consensus is sometimes difficult to achieve concerning the *RSL* and particularly *MRSL* documents, the *ZDHC* initiative is tending to become the reference.



## The ZDHC initiative helping to overcome a lack of international consensus

The *ZDHC* (*The Zero Discharge of Hazardous Chemicals*) programme is an initiative for moving towards the total elimination of dangerous chemical products in the textiles, leather and footwear value chains, to reduce the negative impacts on the environment and human well-being. Launched by six major labels in 2011, the *ZDHC* programme has grown to include 30 signatory labels and 123 contributors from the chemical industry, the textile manufacturing sector and testing and accreditation laboratories. Not only does the programme make it easier to assess the chemical risk in the production of textile or leather items, but the *ZDHC* encourages stakeholders to disseminate knowledge, train employees and other players and to publicise best practices in terms of risk management and integrated systems.

## Harmlessness: a major issue

European standards on chemical substances are strictly respected and monitored: the dosage of water and volatile materials, restrictions on substances in terms of extractable materials, soluble materials and soluble mineral materials and chloride ions, to limit the risks to the health of the consumer or the manufacturer. The French Leather Industry uses harmless substances such as chromium III or vegetable tannins. The *CTC* carries out checks using ultra-high-tech tools, which allow them to measure the concentration of chemicals even at a very low ppm (parts per million or mg per kg of leather), and more.

With regards to operators in the sector exposed to chemical risks, companies are required to formally carry out a professional risk assessment as part of a document that imposes an understanding and evaluation of the risks of each job function for each employee using chemical products. Air samples are also regularly taken in order to detect substances, including in the ambient environment and to measure whether the health limits set by the regulations are being respected.

Regarding harmlessness, the cooperative approach goes even further, such as in the region of Cholet, for example, where a dozen footwear manufacturers have signed the *INNOSHOE* charter guaranteeing the harmlessness of the products used.





## Chromium III versus Chromium VI

The chrome sulphate used for chromium III tanning, which can be found as a trace element in nature, is not a dangerous substance. Chromium VI is an allergen by skin contact and is never used in the tanning process nor found in tannery effluent. However, it can sometimes form on leather through the oxidation of chromium III, in the same way as iron can rust. The presence of chromium VI in a leather that comes into contact with the skin can provoke skin allergies. That is why the tanning industry is so strictly regulated and ensures that all leather respects the currently applicable standards.



### The need for traceability

The implementation of traceability from the farm to the finished leather is an unavoidable necessity, in order to improve the quality of skins and guarantee the origin of a leather, in line with the growing demand from consumers who want to know the background of their purchase. **CNC** members, whether industrial groups, distributors, importers or wholesalers, are particularly strict about respect for the standards of *Corporate Social Responsibility* by their suppliers. Consequently, raising awareness about CSR amongst businesses in the sector is a priority. Even more so given that many millions of skins and raw hides are imported into France each year, making traceability difficult at the global level. Supply chains are also complex because the production of a leather or a finished product may involve a number of countries.

Meat traceability is compulsory in Europe but the French Leather Industry is organising and innovating to go even further and ultimately guarantee information for all parties along the production chain, including the consumer. Each farm animal has a unique number marked on an ear tag. This same number or another numerical code specific to the abattoir can then be marked onto the skin using a thermal laser. As the skin passes through the tannery, any hide defects will appear as a result of the various treatment processes. They are noted and compared with the traceability data, meaning the information can be provided to the farmer in order to act on the causes (ringworm, veins, damage from fencing, bedding, transport, carcass, etc.). Currently this laser marking system is mainly applied to calf skins, but it will be rolled out to all bovine hides and then to ovine hides as well.

### Towards 100% transparent traceability

France is currently a pioneer with its innovative laser marking system for raw hides, which had traditionally been marked in batches until the processing stage. This technique allows the abattoir to ensure traceability of the animal and its skin, by marking it with a unique code, using a laser. Using software, the tannery can then read this code, which remains unaffected by the transformation processes. This technology makes it possible to ensure that the farming and slaughter were done under good conditions. The **CTC** has filed a patent allowing it to roll out the commercialisation of this process abroad, in order to promote the system in Europe and all leather-producing countries.

*“One of our objectives since 2017 was to certify 68 tanneries in order to guarantee the traceability of 70% of skins by 2020. We have almost achieved this objective. Each one has been audited by the **Leather Working Group (LWG)** or is currently finalising the process. We are going to intensify this programme from now until 2025, incorporating 2<sup>nd</sup> and 3<sup>rd</sup> category tanneries by then.”*

**Alexandre Capelli, Environment Director for LVMH**





Since 2010, **CTC** has been carrying out important research to provide the industry with a leather traceability system that would be operational along the entire supply chain. The current solution is based on the laser marking of a unique code for each skin, using technology adapted to the constraints of the leather manufacturing process and allowing automatic reading of this code at the various stages of production. This approach makes it possible to store a lot of information about the life cycle of each leather.

While maintaining their efforts with local farmers, a number of companies in the sector are now also working with international platforms such as the *Leather Impact Accelerator (LIA)*, a forum for collective discussion on the various topics of animal well-being, deforestation, traceability, production and measuring its impact.

The *Leather Impact Accelerator (LIA)* is a programme led by **Textile exchanges** which allows members of the leather value chain to work towards common goals in a coordinated manner. It provides a set of tools to align actions towards significant global impacts. The *LIA* is not a standard. It has been designed to take advantage of and add value to the work that is already done in the meat and leather industries. To this end, *LIA* uses this information to set a minimum threshold and recognise those who meet or exceed it. *LIA* consists of six themes which serve as tools that participants in the leather supply chain – from farmers to retailers – can use to meet the needs of their company and contribute to a more sustainable leather supply chain: welfare, deforestation protocol, guide to traceability, benchmark of leather products, *LIA* incentives and framework of demands.



CHAPTER

# 2



# SHARING AND DISSEMINATING BEST PRACTICES INNOVATION, A FORMIDABLE CHALLENGE

*“Without innovation there is no sustainable development or lasting CSR. Of course, it is important to respect traditions but we must also move forward in a deliberate and pragmatic way. We are currently working with 119 start-ups across all **The Kering Group** labels, which is a tangible way of constantly challenging ourselves to improve our professional processes and pursue innovation.”*

**Marie-Claire Daveu, Chief Sustainability Officer and Head of International Institutional Affairs for The Kering Group**

The tanning industry has always been a recycling activity, adding value to the millions of tons of skins generated each day by the slaughter of animals destined to be eaten as meat. Sustainable development has long been integrated into the tannery business, but is now taking on a formal role in the policies of various professionals, suppliers and buyers, who are looking for ways to enhance the value of their work and their products with regard to public opinion and consumers.

The chemical safety of French leather is one of the priorities of the country's tanneries. The application of best practices, both at the purchasing and the manufacturing stage, ensures the respect of European standards on chemical substances (*REACH*). Controls are regularly made by accredited bodies including **CTC**. Companies are subject to French and European legislation on classified facilities for the protection of the environment (*ICPE*) and are audited by regional state inspectors (*DREAL*) as well as the Ministry for Work and Employment and various other government units.

The longstanding methods and technology used by the French tanning industry guarantee respect for the natural environment. Waste is sorted, recycled and volumes are reduced as fast as scientific progress allows it. Water is also protected thanks to separate sewer systems and suitable processing plants. Aqueous formulae have been developed to reduce emissions of organic solvents in order to safeguard air quality.

Animal welfare has also gained in importance in recent years. In order to improve the quality of hides and in application of the strict European regulations, animals are raised, transported and slaughtered with real concern and respect for their well-being. However, these matters are increasingly the focus of consumer questions, which has not gone unnoticed by tanneries. In all these areas, investments are constantly being made in order to improve tools, industrial processes and animal welfare in order to further reduce the ecological impact of the sector's activity. Thanks to their ongoing efforts, a majority of tanneries now hold the “sustainable and responsible business” (*entreprise responsable et durable*) label awarded by the **Centre National des Risques Industriels**.

## Animal welfare: from ethics to constant research

French leather sector professionals have long been involved in improving animal welfare. The recent intensification of their communication comes from the need to improve awareness of the practices and innovations in this area. This is particularly important as they have to manage the reactions of consumers who are increasingly interested in knowing the ethical content of the products they are purchasing, as well as the media interest in animal welfare and the actions of the vegan and antispecism movements. Faced with these phenomena, precise responses are required to promote the best practices already in place in the leather professions, but also to show the ongoing innovations.

Traditionally, the sector has always been very active in the fields of research and innovation, even with regard to products from distant farms, such as exotic skins. A number of labels within major groups such as **Kering**, **Louis Vuitton** and **Hermès** have chosen to work with farmers who guarantee sustainable farming practices and respect certain standards, such as the **ICFA (International Crocodilian Farmers Association)**. The standards cover the recommended best practices for each species, from the farm to the abattoir, and also include the working conditions of farmers.

*“The working conditions of the people in charge of farming or slaughtering animals are important. If the operators feel good psychologically and when carrying out their duties, animal welfare is respected and regrettable actions are avoided.”*

**Luc Mounier**, Professor of animal well-being and coordinator of the well-being chair at **VetAgro Sup** in Lyon

As **Christophe Dehard**, 5<sup>th</sup> Quarter Director for **SVA Jean Rozé Group** and President of the **Syndicat Général des Cuirs et Peaux** reminded us, 99% of European operators have applied best practices in terms of animal welfare for decades, notably at the moment of slaughter. Notwithstanding, this has become a central question for the entire industry, in order to respond in a reassuring and coherent manner to a population that has been alerted and informed about the subject.

Furthermore, this question should be approached in a cross-sectional manner, which confirms the research undertaken by **VetAgro Sup**, financed by the **French Directorate for food (DGAL)**. The **One Welfare** concept is the best illustration. This is an international concept developed in 2020 but built on an older programme dating from 2007, **One Health**, which had been piloted by the **National Agronomic Research Institute (INRA)**, in partnership with three technical institutes (**Idele**, **Ifip** et **Itavi**) and the four French veterinary schools. Since 2007, the research and dissemination of best practices has evolved, and **One Welfare** broadens the concept by placing animal well-being at the heart of a global approach closely linked to humans and the environment. It demonstrates that an animal that spends its life in a suitable environment, attended to by professionals who understand it and act according to its physiological and behavioural needs is less stressed. This will have a positive impact on the health of both humans and the environment.

Although animal welfare has always been a key topic for the entire industry, today it is more than ever a fundamental issue in view of efforts to internationalize trade and compensate for the drop in the domestic market. The French Leather Industry exported goods to a value of 13 billion euros (+11%) in 2019, buoyed by demand for its luxury goods. The boom in exports of



finished goods is closely linked to an increase in the quality of the products sold rather than a net increase in the volumes exported. One key element in maintaining the reputation of these labels is the quality of the materials they use. Raw hides must not contain any scars, lesions or visible marks. Awareness-raising among farmers and other upstream players by the **Syndicat Général des Cuirs et Peaux (SGCP)** and supported by the entire leather industry has borne its fruits by reducing the risks of defects being caused in farms, during transport and during processing.

## Well-being versus animal welfare

While there may be a debate around the terminology to use, the concepts of animal well-being and animal welfare are actually complementary. Well-being takes into account the mental state of the animal on the farm, during transport or at slaughter, while the concept of welfare incorporates all the actions put in place to ensure animal well-being, without necessarily providing objective guarantees, which is encouraged in the concept of well-being. European legislation issued in 2009 strictly regulates farming processes. It draws on the definition given by the **World Organisation for Animal Health** on animal welfare, based on five fundamental rights: freedom from hunger, malnutrition and thirst, freedom from heat stress or physical discomfort, freedom from pain, injuries or disease, freedom to express normal patterns of behaviour and freedom from fear or distress.



## Waste processing and recycling continues

The CSR of the French Leather Industry also includes a subject which is of increasing importance for the environment, namely the processing and recycling of waste. Today, as **Christophe Dehard** noted, “we do not talk about “waste” in our factories but ‘by-products’ because the philosophy is different. We throw away waste, whereas we can re-use a by-product.” Leather is not only the result of recycling in itself, but also one of the leading products in the circular economy. Animal skin can be used to produce gelatine, glues and additives for food and pharmaceutical products and even for rubber. Its solid waste can be composted, due to the presence of azote. **SVA Jean Rozé Group** has a factory that processes 75 000 tons per year of bovine fats from slaughterhouses, which are transformed into biofuels. This is just one of the many examples currently to be found in Europe. Tanneries are faced with a growing problem of how to eliminate solid waste, which they have to try and reduce in order to limit the number of traditional landfill sites, noted **Wolfram Scholz, Chairman of the Environment Commission of the International Union of Leather Technologists and Chemists Societies (IULTC)** and **Chairman of W20 Environment Ltd.**

*“In our workshops, we think about what to do with offcuts from the early stages of cutting out the leather, and they follow an internal process to be upcycled or recycled as much as possible.”*

**Jean-Olivier Michaux, Industrial Director of ERAM Group and Managing Director of Manufacture 49**

The processing of effluent is also gaining in importance, with significant progress being made to purify wastewater containing sulphate or chrome. The same applies to the processing of sludge, with a growing ability to remove the toxic substances from this waste. **Philippe Alfonsi, Managing Director of SATURNE Group - Maison Fortier et Masure**, which was awarded LWG Bronze certification in 2018 and Gold in 2019, and a leading French specialist of vegetable tanning, noted that **CTC** has been working for years on the reuse of waste products, but that recent research to eliminate the chrome from this waste now makes it possible to broaden their use.



## Leather is a product of recycling and forms part of the circular economy.

According to an estimate by the **United Nations Food and Agriculture Organisation (FAO)**, more than 800 000 tons of solid leather waste are produced by the industry each year. A figure which leaves no participant in the industry indifferent and which is the reason for the multiplication of initiatives and research to find ways of using leather waste, which had been considered unusable. The vast majority of actors now seek to take a global approach to production, anticipating and including the recycling of waste, and even *upcycling*: using materials or products that are no longer in use and transforming them into quality products with a new use.

## Constant efforts are being made in the areas of water purification and air quality

At the national level, the regulations are very strict. Tanneries are subject to French and European legislation on *establishments classified for environmental protection (ICPE)*. These standards are among the strictest in the world, whether for the protection and purification of water or for the protection of air quality and emissions reduction.

In France, the **DREAL (Regional directorate for the environment, land development and housing)** supervises and monitors the application of pollution standards and visits tanneries to audit whether production processes are being correctly applied. In addition, water companies often send service providers to tanneries to sample and analyse effluents (looking for dangerous substances).

Despite their respect of these regulations, the leather industry is often criticised. In response, chemical companies that supply tanneries have launched a number of R&D campaigns to develop their techniques. This is not only an environmental issue; it also responds to the expectations of consumers who want to see the quality of a product taking into account sustainable development, notably by reducing water consumption or emissions into the air.

### Water protection

Large quantities of water are used during the various stages that transform a raw hide into a finished leather. Water is becoming a scarce resource in many regions of the world and the leather industry is adapting its methods to limit waste. New washing and rinsing techniques make it possible to reduce water use. In 20 years, tanneries have reduced their water consumption by around 60%.

They are part of a European effort which is starting to bear fruit, according to a biannual report from **COTANCE**, the European association that brings together the national tannery associations in the main European companies.

The latest report was published at the end of 2020, but **Gustavo Gonzalez-Quijano, COTANCE Secretary General**, gave a glimpse of its content during the Forum. The results are very satisfying, showing a 10% reduction in water consumption compared to 2012, representing some 120 litres/m<sup>2</sup> of processed skin.

Effluents from the tanning process transit via a de-chroming plant before they feed into the municipal water treatment network in the areas where the tanneries are located. The chrome is extracted from the water and gathered in the form of a sludge which is dehydrated or dried. The sludge is then analysed by industrial waste companies to verify their compatibility with the waste removal chains.





Providing it is within approved limits, it is sent to class 2 landfill sites, just like household waste. Finally, the colorants used to dye the skins undergo a biological treatment which aims to ensure they will breakdown in the municipal water treatment stations.

### Air protection

The French Leather Industry is also constantly improving its processes to filter emissions and protect air quality. Regarding leather production, tanneries have greatly reduced their solvent emissions during the finishing stages. The footwear and leather goods industries have worked very hard on their bonding processes to reduce their impact, as these processes represent an important source of solvent exposure. Water-based glues are now regularly used, and solvent consumption, and therefore VOC (*volatile organic compound*) emissions have been significantly reduced.

### The veracity of the term 'sustainable'

Just like all other sectors, the French Leather Industry must find ways to guarantee the accuracy of information on so-called 'sustainable' products. The most reliable way is to ask for an independent audit from a third party using a recognised methodology. The *PEF* (*Product Environment Footprint*), programme, created in 2013 by the **European Commission** in cooperation with companies and sustainable development experts, has become the reference for informing consumers and facilitating the transition of companies. The goal of the *PEF* is to improve the validity and the comparatives for evaluating the environmental performance of companies compared to existing methods. The *PEF* notably allows tanneries to calculate their environmental footprint per square metre of leather produced, which becomes an important piece of data for all companies in the sector. In the last report by **COTANCE**, the results show that since 2012, leather companies have reduced their consumption of oil-equivalent energy per square metre. Progress is underway but given the expectation for change, companies will be required to make further substantial efforts.



### Defend the term 'leather'

Not only is leather tanned in France and Europe a material that provides some of the greatest security to consumers (see Chapter 3) but recognition of the term 'leather' is also important for the industry in light of the way non-leather products are described, and the widespread counterfeiting of luxury labels.

Fraudulent materials are used to make counterfeit products, while incorrectly describing certain materials as 'leather' undermines the reputation of the true product. This misuse of terminology also creates great confusion in the minds of consumers and has a negative long-term effect on companies in the industry. More and more so-called 'leather' products are made from plant-based or synthetic materials.

In the first White Paper on CSR, mention was made of the joint initiative led by **COTANCE**, the **FFTM** and **CNC** for the recognition of the term 'leather' in Europe, and these efforts are ongoing. The dissemination of best practices in terms of innovation and CSR also play a primordial role in this area.

CHAPTER

# 3





## CHAPTER 3

# ENCOURAGING A CIRCULAR ECONOMY FROM INTENTIONS TO ACTIONS

Once just an ecologist philosophy, the concept of the circular economy is gaining ground in both leather and textiles. Until recently, the French Leather Industry had not been very vocal on the subject but it now has everything to gain in publicising its efforts. Leather is the result of reusing a waste product, and is a high-performance, sustainable material with an intrinsically circular potential, as it is made in a responsible manner and proclaims the virtues of a recycling economy. These are the aspects that allow consumers to appreciate its quality and they help to build the reputation of labels on the domestic market and abroad. From a social point of view,

the sector has shown clear commitment by placing human beings at the centre of its values. Proud of its ancestral and artisanal know-how, it creates jobs and helps to stimulate regional dynamism thanks to its regional anchorage. With 12 800 companies, 80% of which are SMEs and VSEs, the sector employs some 133 000 people. Confirming its circular potential also means ensuring traceability, reducing water consumption, controlling toxic substances and recycling waste (see Chapter 2) as well as the applying the eco-design philosophy that has been developing in recent years. It is therefore time for the sector to overcome its natural discretion and instead communicate about its know-how, traditions and innovations as well as its practical efforts to create a circular economy. It is committed to meeting the needs of consumers who want greater transparency in order to buy “responsibly”.

*“A product that lasts does not have to be short on style. It is a product that allows the wearer to create their own silhouette. It is not impossible for a sustainable item to be elegant and on-trend. We also make an effort to communicate to our clients so they can understand and appreciate our products and what they are really investing in.”*

**Thierry Oriez, Chairman of J.M Weston.**



## An intrinsically circular potential

Made from a natural primary material, leather is a high-performance, strong, rot-proof and breathable material. Its softness and elasticity make it suitable for many uses and it has an inimitable texture. The tanning industry continues to expand its performances, making it ever more innovative (water-resistant, machine washable, printable, perfumed, stretchy, ultra-light, tactile, etc.).

However, leather is often compared in the media to plant-based ('pineapple leather', 'mushroom leather', 'grape leather') or synthetic ('vegan leather' or 'eco-leather') materials using erroneous terminology, despite the fact that the term 'leather' is covered by a decree from 2010 setting out that leather can only be so-described when it is of animal origin. This is what makes it such a virtuous product: a by-product of the agri-food industry it is transformed by the French Leather Industry into a primary material used to produce high-quality, durable and repairable products.

According to the *Ministry of Ecological and Solidarity Transition*, the circular economy designates an economic concept that represents a form of sustainable development and whose objective is to produce goods and services while limiting consumption and waste of primary materials, water and energy. The idea is to develop a new, circular economy rather than the previous linear model, based on the principle of "closing the life cycle" of products, services, waste, materials, water and energy.

Leather fits neatly into the definition of the circular economy given by the *Ministry of Ecological and Solidarity Transition*. Because of its widespread use in leather goods and footwear, it is also a material that consumers think of as being solid and aesthetic. However, that would overlook the fact that it is the product of an entire value chain that starts with meat production: leather is a by-product of livestock farming. Without the processing carried out by the leather professions, it would be necessary to bury in landfill or incinerate almost all the 7 million tons of skins generated each year worldwide by the consumption of meat, which would have a substantial economic, energetic and environmental impact. As a by-product of the meat industry, leather is at the heart of a complex system of inter-dependency around the agri-food industry. Slaughtering animals primarily produces meat, but also by-products known as the fifth quarter (skin, blood, horns, bones, viscera, tallow, tendons, etc.)



They are processed by other industries, namely the pharmaceutical, cosmetic, fertilizer, pet food, bio-fuel, food-grade gelatine, oleochemical sectors and by the French Leather Industry through its tanneries. Understanding the environmental impacts of leather requires a cross-cutting and global approach, taking into account all stakeholders starting from the farming sector.

When we address the development of a circular economy for leather, this also means developing the second-hand market and adding more value to existing finished goods.

*"Leather offcuts have an important value for us. Like many other users, we recognise their value, but we also think about them right from the design stage, so that the leathers are cut out intelligently. We have a whole system in place to ensure that they are used correctly."*

**Jean-Olivier Michaux, Industrial Director of ERAM group and Managing Director of Manufacture 49**

## Rental services and second-hand goods are growing in popularity

The desire to consume differently is gaining ground. While the concept of useable value is being revised, ideas for extending the lifespan of products are multiplying. The model of the *Functional and Cooperation Economy (FCE)* responds to the demand for new forms of economic development that are more respectful of sustainable development issues, by favouring performance based on quality and service rather than the consumption of resources and the volume of products. The programme launched over a year ago by the shoemaker **Bocage**, through the *Atelier Bocage*, has found real success: “almost 2000 subscribers in one year to the platform,” said Jean-Olivier Michaux, who also noted that **Erasm Group** is part of the “*Change For Good*” programme which seeks to respond to the new usages made by consumers.

### *Atelier Bocage brings the “Change for Good” to life*

Not only an idea, but a dream that has become a reality, **Atelier Bocage from Groupe ERAM** has successfully launched an online shoe-rental service. Interest in this service shows that, a year down the line, it is possible to meet new usage demands while reducing the ecological footprint by extending product lifespan.

Leather is known for its quality and its solidity and should be ideal for *upcycling*, particularly in the footwear sector. This iconic product is sometimes described as a “throwaway fashion item, that encourages waste production” or as “a pollutant that is difficult to recycle”. The second-hand market is gradually evolving into becoming a more virtuous way of consuming and may even outstrip the “*fast fashion*” market within ten years. **Clara Chappaz, Chief Business Officer at Vestiaire Collective**, told us more. She underlined the fact that since this second-hand platform was created, more than 11 years ago, the client base has expanded beyond the Generations Y and Z (the under 30s), who prefer to use rather than own items. Today, clients are also attracted for reasons related to the price of second-hand items, and others are looking for so-called “vintage” products that have gained real value. One of the keys for the French Leather Industry is to create an alternative fashion sector at the service of the circular economy, which means making constant efforts to innovate. This is proven by initiatives such as **Bleu de Chauffe** or **Sessile**. **Bleu de Chauffe**, is a leather goods label which, according to its founder and di-

rector **Alexandre Rousseau**, “refuses to make fashion items, only durable products” and it undertakes not to source from Asia, use polluting dyes or engage in assembly-line production.

Since its creation 10 years ago, **Bleu de Chauffe** has defended French production that is respectful and reasoned, placing human beings and the environment at the heart of its concerns. The company “seeks to develop a tried and tested” alternative production model: no assembly line production, reasonable production rates, holistic management of the chain.



**Sessile** is a young French sneakers label, belonging to **Groupe ERAM**, which offers eco-designed, repairable models that are made in France. The sneakers are made from natural components, as often as possible recycled or recyclable, while offering characteristics of comfort, aesthetic appeal and durability. The company has also invented a process for dismantling shoes. Once worn out, the shoes can be sent back to the manufacturer to be processed and then resold on the second-hand market. If they are beyond repair, they are recycled and made into soles.



### Repairing is a key link in the chain (again)

It is clear that the circular economy stands in contrast to obsolescence. Consequently the art of repairing, and particularly the skills of the shoemaker, have regained in importance. Leather artisans have always repaired and restored bags and shoes but today the aim is to create a new value chain and continue to innovate. That is what **Thierry Oriez, Chairman of J.M Weston** tells us: *"We are fortunate that our clients wear our models for a long time. This gives us the time to explain to them that we conceive our shoes with the idea of them being worn for a lifetime, and maybe even passed on one day. This means being able to make use of repair services, which can go as far as completely dismantling the shoe to follow new trends, while maintaining the properties of the patina on the upper. There are few materials in the world that can aspire to this multi-generational lifespan."* The biggest exporting groups (**Kering, LVMH, Hermès...**) have also developed workshops and train artisans in the world's biggest cities. **Alexandre Capelli - LVMH Group**, told us that *"enhancing the lifespan of our products is the number one criteria of an environmental approach, one of the pillars of the circularity question."*

Traditionally, luxury sector products, which have forged the reputation of the French Leather Industry by exporting 90% of its output, are made according to best practices and designed to be almost indestructible. However, they may get damaged over time or as a result of poor care from their owner. The production of a **Hermès** bag involves a perfectly-mastered chain of excellence, seeking to ensure that a product preserves its properties and its interest for as long as possible. It is a product that is made to last and be passed on, and with a respectful manufacturing process. The material is an important feature because good quality leather improves over time. Each bag therefore bears the mark of the craftsman who made it and, where necessary, restored it.

The French label **J.M Weston** has been producing "shoes that last" since 1891. The principle of timelessness forms part of their DNA. Proof of this is their inherited traditional know-how of the *Goodyear* welt, but also their repair service, a mark of quality and responsibility. The label's repair unit is located within the production site in Limoges and repairs an average of 10 000 pairs per year. Shoes sold in Japan have been repaired for the last ten years by the shoemaker Takumi in Tokyo, with French materials and following original French processes. The label has been thinking hard about the acts of production and consumption. The *Weston Vintage* project, launched in 2019, is based on the repair of worn shoes. Once they have been revamped, the moccasins, derbies or ankle boots are put on sale again at second-hand prices.

Just like these luxury houses who have incorporated the circular economy into their way of being, more and more members in the French Leather Industry will have to think of repairing as an area for the future. Any request for repairs starts with an audit or by an upstream consideration when the product is being designed, as we saw with **Sessille** earlier. The next stage is to find leathers or composite products that are similar to the originals, which means being able to source such items even many months after purchase. This involves putting in place a logistics system and adjusting to new forms of partnership. The repair of bags or shoes can also require so-called "noble" repairs such as resoling, which in turn enhances the value of specific professions such as shoemakers or artisan bootmakers. However, all of these techniques must continue to develop and innovate to take part in a value chain that is



expanding as other stakeholders get to grips with the subject of the circular economy. We are on the cusp of a systemic change that will gain in impetus in the years to come.

*“Vestiaire collective has put in place a CSR strategy to give form and structure to its initial commitments. This strategy is based around three main pillars, one of which involves communicating with and educating our clients to hold on to their purchases for longer. The circular economy primarily means making products last, and this includes selling them second-hand.”*

**Clara Chappaz, Chief Business Officer at Vestiaire Collective**

### Communication and education for all

One of the keys to a successful inclusion of these changes in the circular economy is communication and discussion with all stakeholders, including employees themselves. *“In-house know-how is very important to us and we seek to keep staff turnover to a minimum. We see the circular economy as a phenomenon that starts with people happy in their roles. We do not use assembly-line production and we are careful to look at each position to understand how best to integrate them and how to create new forms of cooperation. We have a management style adapted to our objectives but also a workplace that is designed to be pleasant and functional,”* explains **Alexandre Rousseau, founder and director of Bleu de chauffe.**

For the circular economy to develop in the French Leather Industry, education of consumers needs to be improved to ensure they understand the complexity of making so-called virtuous products. *“One of the advantages of having a CSR policy is that you no longer limit yourself to declarations but you also measure the effects of the decisions taken. Thanks to the efforts of a number of companies in recent years, we are now close to being able to make a first assessment,”* said **Nicole Notat, former Secretary General of the CFDT union and now President of Vigeo-Eiris.** Very committed to the cause, she took part in the *“Entreprise et intérêt général”* (companies and the general interest) mission launched on 5 January 2020, alongside **Jean-Dominique Senard, CEO of Michelin Group.** They submitted a report on 9 March 2020 to **Bruno Le Maire, Finance and Economy Minister, Elisabeth Borne, Minister for the Ecological and Solidarity Transition, Muriel Pénicaud, Minister for Work and Nicole Belloubet, the Minister of Justice.**

There is no doubt that consumers are more committed these days to the idea of “responsible” consumption and the COVID crisis has certainly turned the spotlight on the need to rethink short supply chains, but if it is to last, the circular economy will also require an understanding of the role of each stakeholder. It is also in this perspective that French standards agency **AFNOR** insists on the idea that the circular economy must develop around seven key levers: sustainable supply

chains, eco-design, industrial symbiosis, a functional economy, responsible consumption, extending lifespans of items, efficient management of materials and products at the end of their life. These seven areas of action, crossed with the three dimensions of sustainable development, are included in the *Experimental Standard XP X30-901*, setting out guidelines for the management of circular economy projects, published in October 2018, explained **Anne Benady, Environment and Circular Economy Director for AFNOR.** Today **AFNOR** also focuses on extending the scope of the circular economy to the international level, as a member of the *TC 323 Technical Committee of ISO*, chaired by France. The *XP X30-901 standard* could therefore be the model for the standard shared by other countries, with **AFNOR** acting as the standard bearer for French advocates of this approach.

### A real circular economy is only possible with collaboration

The collaboration (industrial symbiosis) needed in order to move away from the linear model is largely based on company alliances, to create new resources from waste. With this goal in mind, the success of the circular economy model could come from combinations of stakeholders from outside of the French Leather Industry. **Wolfram Scholz, Chairman of the IULTCS Environment Commission and Chairman of W20 Environnement Ltd** described initiatives carried out in Scotland and Germany around processing leather waste through pyrogasification, creating a synthetic and combustible gas. This process has also been developed in France by **CTC.** Other example is a young South Korean company, **Morethan**, which recycles leather car seats, transforming them into new products such as bags and small leather goods under the **Continew** label. The partnership formed with carmakers and big companies has been central to the success of the project.

A man with glasses and a beard, wearing a dark t-shirt, is leaning over a large, industrial-looking generator or pump. He is using a tool to work on the front of the machine. The background is a workshop with various tools and equipment visible. The entire image has a dark, muted color palette.

CHAPTER

# 4

# DEVELOPING THE INDUSTRY

## ENHANCING THE APPEAL OF THE PROFESSIONS AND REGIONS

Leather is a product with a long history, the result of a number of very different professions that draw on traditions of excellence. These traditions have developed from technical competencies that are under constant pressure to innovate, but it also come from expertise acquired through the exchange of best practices and a skills transfer towards the younger generations. Sadly, the leather professions are not very appealing to the younger generations. However, those who are interested in it are keen to play an active role in bringing about the changes they want to see in the future for the environment, the quality of work, and a search for meaning in their activity, respect for diversity, technological innovation, etc. So many challenges that are now encouraging players in the industry to communicate better about their CSR undertakings and to innovate, in order to share the potential for development and satisfaction inherent in their professions.

### Regional anchorage and preservation of know-how

Today, the vast majority of leather companies are still located in rural areas. A feature that **Laurent Duray, Chairman of LIM Group** sees as an advantage: *"Leather working is above all industrial artisanry. Regional anchorage allows us to build real loyalty with our employees and discuss innovations and how the sector is developing with other professions in the industry. If the rapid globalisation of our activities has been experienced positively, its precisely because our local roots are strong, which allows us to invest our time in our teams and partners."* An opinion shared by the **Hermès** luxury house, noting that it is also an opportunity to work with all the stakeholders in a region and offer employees exceptional working conditions, features that form part of the label's quality strategy.

This regional heritage has also allowed companies to develop centres of excellence, such as the **FECNA (Filière Excellence Cuir Nouvelle Aquitaine)** which aims to lay the technical and economic foundations of a meat, leather and regional centre of excellence that respects the needs of all involved. Since 2020, the goal of the **FECNA** project is to federate more than 80 potential partners: farmers associations, cooperatives, slaughterhouses, processors, public and regional partners, institutional and professional partners, technical experts, tanners and processing companies. The **FECNA** also helps to add value to outputs, from quality leathers to meat products, with a goal of establishing the traceability of the hides.

This regional anchorage also allows players in the industry to provide support with the rapid changes in the professions. In a search for solutions for generating economic development and corporate social responsibility, increasingly creative initiatives are being put in place to bring together the various stakeholders (professionals, companies, elected officials, the general public, partners, other professions, etc.) offering training, educational equipment and technical platforms for use by the professions in the sector. An example of this is the network of companies, **Reso'Cuir**, based in Thiviers in Dordogne, whose goal is to structure the sector by creating an ecosystem within which collaborative and innovative projects can be implemented. In this Nouvelle-Aquitaine region, which is the second largest French region for the leather industry in economic terms, the goal is clearly defined: to become a major leather region and offer the 3 800 people currently employed in the sector plenty of reasons to look to the future.

Regional anchorage is a challenge for the future for all the other regions as the French Leather Industry has always been located outside of the big cities. For the last 10 years, **Maison Hermès** has been creating new regional production centres, working with local partners and the state employment agency **Pôle Emploi**, to make use of the industrial wastelands in town centres. There are currently 21 production sites, nine of which have opened since 2010. **Emmanuel Pommier, Managing Director of Leather Goods**, sees this project as *"a lasting contribution to*



*growth and a presence in the regions, as well as the sustainable development of skills.”*

The regional anchorage of companies in the French Leather Industry allows them to retain the quality artisanal expertise typical of each region’s history. Indeed, many of the companies in the industry have been awarded Living Heritage Company status (*EPV for Entreprises du Patrimoine Vivant*). Their desire to pass on their skills means that these companies are committed to training. Depending on their size, this can take place in their in-house schools or via systems designed to pool competencies, as **Thierry Voisin, Director of knowledge management and economic intelligence for CTC** explained. He is regularly asked to create inter-company training programmes for new recruits, or training programmes specifically designed for employees. He also works on training in-house trainers and provides support to training bodies.

*“The **LVMH Institut des Métiers d’Excellence** exists as part of the group’s decade-long approach to social responsibility, recognising skills and appreciating know-how and talents. It is continuing to work to improve the employability of trainees, whatever their initial level of qualifications, whilst ensuring the durability of know-how within the various companies of the group.”*

**Florence Rambaud, Director of the LVMH Institut des Métiers d’Excellence**

*“At **Hermès**, the recruitment of artisans is not a question of speed, but an acquisition of know-how, artisanal culture and **Hermès** story. Above all, we need people who believe in the products they create.”*

**Emmanuel Pommier, Managing Director of Leather Goods, Maison Hermès**



## Developing skills, know-how and soft skills

The French Leather Industry is buoyed by the worldwide success of the big luxury French leather goods labels. The major luxury houses are keen to preserve French know-how and look for qualified artisans to produce very detailed and precise work.

However, their recruitment needs are far from being met. This is the case in the glove making sector, for example, or for sewing machinists in the leather goods and footwear sectors, assemblers, last makers, and more. Even though companies offer employment prospects, satisfactory pay and the pride of being a link in a unique value chain that is important to the French economy, recruitment is a source of concern for many companies.



Regional anchorage plays an active role in developing training and enhancing professionalism in line with market developments and technical innovations. However, in light of the rapid development of the sector internationally and the limited appeal, particularly to young people, of artisanal professions in general, the French Leather Industry must find ways to train new recruits, whether these are young trainees or people changing professions.

Information and communication activities are carried out in the regions where companies from the leather sector are the most present (Greater Paris, Aquitaine, Centre, Rhône Alpes, Midi-Pyrénées, Alsace, Lorraine). Local initiatives such as *Les Portes du Cuir* in Aquitaine, open days in workshops and companies across the sector, or the *L'Aventure des Métiers* careers fair, in which **CNC** participates every November, help to revive interest in the industry's professions and render them more attractive.

Training and communication activities already draw on a network of schools in France, but **CTC** has just

enhanced the existing offer with the signing of partnerships with "scientific and technological" or "fashion" schools. A leather engineering school (**ITECH**), the **University of Savoie** (sports engineering), the **Institut Colbert** and the **Institut Français de la Mode (IFM)** allow students to discover the products and materials specific to the leather industry. The **CTC** also assists the various federations in developing professional training for young people.

The sector can draw on a network of 165 schools in France offering preparation for qualifications ranging from +16 diplomas to Master's degrees in all sectors: footwear, shoe and boot making, design/ fashion, leather apparel, leather goods, binding and gilding on leather, saddlery and tanning.

Initiatives taken by certain large companies have also led to the creation of programmes that showcase the many professional opportunities in the industry. For example, the **LVMH Institut des Métiers d'Excellence (IME)** offers a programme of vocational training courses that allow the various companies of **LVMH** to ensure they pass on their know-how to the younger generations, in the artisanal, design and sales professions. Described as a "second-chance school", according to **Florence Rambaud, Director of the LVMH Institut des Métiers d'Excellence**, the **IME** offers opportunities for young people who have not yet decided on a career path. Since its creation in 2014, it has trained 800 apprentices in France, Switzerland, Italy and Spain, in partnership with schools that are renowned in their respective fields. **Maison Hermès** also offers attractive career options for people changing careers or with disabilities. **Vincent Vaillant, Human Resources Director of the Leather Goods department of Maison Hermès** illustrated the atypical recruitment process offered in partnership with **Pôle Emploi** selecting people using aptitude tests and personalised interviews rather than on the basis of their CV. **Maison Hermès** also collaborates with industrial companies such as **Peugeot**, to reintegrate staff.

In light of the efforts made to find the right human resources and train them, industry players also seek to offer interesting career paths drawing on the transmission of best practices and soft skills. It is important, underlined **Maison Hermès** to train workshop managers who will have an overview of the work and training of each artisan. In addition to the journeyman spirit that applies to the whole sector, the acceleration of international development and technological progress means a culture of tutoring and mentoring also has to be developed. This involves training managers to be focused on team work, the health of their staff, their well-being at work and their creativity in a spirit of sharing information in a cross-sections and down-top way.

## Ideas and actions

A number of innovative initiatives are being attempted by major houses and companies, to train their experts. In 2019, **The Kering Group** launched the *Sustainability Chair* with **IFM**, the aim being to create a high-level centre for research and teaching about fashion, including elements of CSR. **Louis Vuitton** has put in place a skills sponsorship programme which consists of a 250-day fund for employees to use to transmit their know-how to other organisations. The size of the company is not a criterion for innovation, however. **Groupe LIM** has 1 000 employees and makes the **Butet**, **CWD** and **Devoucoux** saddles. It created the **LIM Institute** with the help of the **Meilleur Ouvrier de France**, to meet specific professional requirements, including on digital aspects.

## Quality of life at work

The longevity of the know-how and the soft skills of the French Leather Industry are undeniably linked with the search for quality of life at work. This means creating a pleasant working environment that is functional, open to the outside world and to positive professional experiences. **Bleu de Chauffe**, a leather goods and fashion accessories company, created a building that looks out onto the Mil-lau Viaduct, where all employees have a pleasant workspace that reduces distances between each stage in production. They can also participate collectively in maintaining a permaculture vegetable garden.

For the more physically demanding professions, it is also important to offer ergonomic workstations. As **Christophe Dehard**, **Fifth Quarter Manager for SVA Jean Rozé** explained, their employees take part in warm-up sessions before going to their workstations. **SVA** have also provided an in-house nursery having noted that the company employs many couples.

For **Hermès**, the aesthetics, the quality of buildings, and the workplaces rich in history are traditionally part of an artisanal model with humanist values. Freedom to create, the constant search for the most beautiful materials, transmission of artisanal excellence and the beauty of the task forge the uniqueness of **Hermès**, which “above all creates products

that last.” However, **Maison Hermès** also makes an effort to organise workspaces in order to facilitate discussions and communication between artisans, seeking to further improve quality and reduce waste.

Quality of life is also an important criterion for the younger generations who clearly express the changes they expect to see in their relationship with their employer.

## Making the leather professions

*“New students are very attentive to the way in which a company or a sector contributes actively to the ecological transition and what policies they are putting in place to achieve this. They ask searching questions about this and clearly show their determination to speed up the necessary transformations.”*

**Anne-Andrée Lemieux,**  
Director of the **IFM-Kering Sustainability Chair**

## more attractive

At a European level, the various information and communication campaigns directed at young people are starting to bear fruit, in particular the action by **COTANCE**, with the **European Commission**, to put in place a training and education programme to attract young people to the French Leather Industry. However, the sector has to address the fact that the younger generations are not satisfied with words. They want to see proof and transparency from the companies in the sector, particularly in terms of CSR and the ecological transition.

This is what drives the actions of “**Collectif pour un réveil écologique**” in seeking to “accelerate the transition to an economic model that is sustainable for humanity and that takes into account the limits of the planet.” The collective is an initiative that emerged from the “manifesto for an ecological awakening” published in 2018, which gathered more than 30 000 signatures from students. It wants to see economic and social issues integrated within companies and higher education establishments. **Solène Dailloux**, a student, clearly identified the companies who answered the most recent “*best practices barometer*”, with a real desire to offer the younger generations employment that was a part of a project, with clearly defined and measurable actions. All of this information has been published on the collective’s website and is available to all students.

CSR is not a way of showing off the intentions of a company, which in the minds of the younger generations tends to be equated to “*greenwashing*”. It is undeniable that future employees of the companies in the French Leather Industry want to feel like they belong to a label that defends its values transparently, such as **Kering**, **LVMH** and **Hermès**, who are really driving the trend for CSR, quality



of life at work and ecological commitments. The **Institut Français de la Mode**, through the voice of Anne-Andrée Lemieux, Director of the *IFM-Kering Sustainability Chair*, confirmed the enthusiasm of students to learn about this speciality. Indeed, the **IFM** has decided to make *CSR* compulsory in all its courses and to create a special programme, launched in 2021, with the top 30 students at the institute being trained in *CSR* management.

In the leather professions the future is prepared a long time in advance. **Hermès** has understood this and has launched a series of initiatives through its **Hermès corporate foundation**. In particular, **Maison Hermès** has designed a programme for schools, entitled *Manufacto - La fabrique des savoir-faire* - to raise awareness among pupils about artisanal know-how and materials. *Manufacto* consists of ten 2-hour sessions per class, during school time, for schools that volunteer to take part. The project can be used from primary school through to high school. Under the supervision of a trio of professionals – an artisan, an assistant and a teacher – the students discover the creative handiwork involved in leather

work, carpentry and saddlery. There is a specific objective for each level, specially conceived by a pair of designers according to strict specifications. An entire philosophy that illustrates the strength of traditions, the desire for transmission and the optimism of the entire French Leather Industry, looking to enjoy a rich, exhilarating future with plenty of possibilities on the horizon.





# CONCLUSION

*"As Secretary of State in charge of the social, solidarity and responsible economy, I know how ingenious the Leather industry has already been in response to the crises affecting our societies."*

The highly-anticipated speech by the **Secretary of State in charge of the social, solidarity and responsible economy, Olivia Grégoire**, closed this second edition of the *Sustainable Leather Forum 2020*. Opening the event, **Alain Griset, Minister for SMEs within the French Ministry for the Economy and Finance**, had already outlined the commitments of the government that may help the French Leather Industry to recover, particularly its SMEs and VSEs. *"I am here to fill the gaps in the stimulus package,"* he explained.

Impressed by the creativity of the French Leather Industry, which has shown its capacity to reinvent itself and its desire to promote best practices, **Olivia Grégoire** noted that in addition to its ongoing participation in the *"Fashion and Luxury"* strategic committee, the Industry could now join the *"relocalisation and sustainable fashion"* initiative, in place since June 2020. The first stage involves taking stock of the recovery of activities then outlining the future prospects for the industry, around sustainable development and also the relocation of production. The Industry would be able to participate in concrete measures that need to be defined, and then benefit from them to ensure a rapid recovery of economic activity and companies.

By preparing a CSR reference document for the French Leather Industry, announced that very morning by **Président Frank Boehly**, and by communicating energetically about its professions and their challenges, the French Leather Industry is demonstrating its ability to cope with events and anticipate the future, noted **Olivia Grégoire**. She also emphasised the fact that transforming the French economic model is above all *"a constant and collective effort"* based on interaction between all actors and not on open competition that would sidestep the challenges of sustainable development.

Whatever the impetus for making sustainable development decisions today – the climate and environmental emergency, the strong reaction of consumers, the expectations of the younger generations, shareholders, etc., they are nothing more than a signal encouraging us to work together for *"a society that is no longer based on consumption but on responsibility"* where companies also play their part.

She also reminded us that France *"is fortunate to be able to offer quality products to its citizens and can be proud of its premium products for export,"* suggesting that the patriotic effort is first and foremost to buy French goods, thus endorsing the efforts and the inventiveness of the leather industry, among others.

*"Patriotism is a word that is rich in meaning, based on the idea of buying French products that respect our values, our social model and our culture. It also means buying a product developed according to above-average social and environmental standards."*

**Olivia Grégoire** then went further by asserting that consuming French goods when companies are working hard to develop activities that are respectful of people, the environment and animals is a *"political, militant action"* which gives new meaning to the idea of a consumer society.





## 2<sup>ND</sup> EDITION SUSTAINABLE LEATHER FORUM

*"This does not stop us from remaining lucid," she noted. Some consumers are committed to the environmental aspect, but the majority still make their choices according to price. It is therefore fundamental for the French government to support companies engaged in sustainable development and "accelerate the cultural change by giving everyone the means to take part," through a system of incentives and encouragements.*

*This can only be done if, in turn, companies produce "a responsible range" and the authorities choose to play their part by building a public-private-civil society partnership. This is even more pertinent given that French companies in many areas, leather being a prime example, are in advance in terms of CSR. "For 20 years now, our big companies have been required to file extra-financial reporting. We also clearly specified the requirements of the 2014 European Directive when it was transposed into law. We were the first to put in place ESG reporting (environment, social and governance) for investors. We also have something that is unique in the world, the law on the duty of vigilance. These will all be strengthened in the years to come," said Olivia Grégoire.*

*While there seems to be a growing desire for transparency, it is above all the pertinence of the CSR approaches that needs to improve, in so far as companies must gradually integrate concepts such as short supply chains, recycling, product traceability, etc. All areas in which the French Leather Industry is a pioneer today, and which gives it a leading role with regard to other sectors of activity.*

*However, this also requires a constant search for innovation and a desire to make information clear and accessible for all stakeholders. Indeed, it is even more important given that as part of the revision*

*of the Directive on Extra-Financial Reporting scheduled for 2021, France must be ready to play its role at the European level. For this it is essential to have between ten and fifteen clearly defined sustainable development indicators in order to fully participate in the debate.*

*"The French Leather Industry is a source of pride for the French economy. With its ancestral practices, its exceptional know-how, the diversity of its members and their expertise, its regional anchorage, its efforts to promote the image of France abroad and now, by its steadfast commitment to CSR, it represents a model for our entire economy."*

*Today, like all national activities, it is affected by the consequences of the pandemic, but the French Leather Industry could nevertheless soon become a sector with a mission for the whole country. To achieve this, it needs to benefit rapidly from the measures currently put in place by the Government, which Alain Gri-set set out in detail at the introduction to the event.*

*And yet, the future of the French Leather Industry will also depend on its capacity to go beyond the question of standards, and integrate sustainable development widely in its companies, while continuing to dazzle the world with its exceptional professions, its creativity and the quality of its products.*

**See all the speakers on the website:  
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# FILIÈRE FRANÇAISE DU CUIR



Created in 1948, the National Leather Council is the inter-professional organisation of producers and users of leather and, by extension, all those involved in the production, use or retail of leather. Organised into a confederation, it brings together 21 federations and professional unions, ranging from the farming of livestock through to the finished products, and leads the entire French leather sector.

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