

Drive Sustainability releases 'Material Change' report

Drive Sustainability has released its “Material Change” report, a study of risks and opportunities for collective action in the material supply chains for the automotive and electronics industries. Leather has scored as a ‘high’ risk material in many categories. Writes Erica Caron.

Related on July 1, the report seeks to present a general industry level assessment of many materials used in the automotive and electronics industries, including leather, with the aim of “challenging the reader to broaden their view of multifaceted and interconnected manufacturing supply chains”. Of the 37 materials analysed for the report, the ‘top 18 material profiles’ represented the highest risk in countries selected by Drive Sustainability and RMI (Responsible Minerals Initiative) members.

Leather has scored ‘high’ in many categories, apart from those related to mining. These include the following; in association with child labour; in association with incidences of conflict with indigenous peoples; countries with weak rule of law; countries experiencing corruption; countries with high-intensity conflict; in association with the potential for harm from hazardous materials or chemicals; and leather scored ‘very high’ in countries with high CO₂ emissions. In terms of chemical hazards, the study says that, rather than an indication of industry prevalence, it “highlights the importance of having in place the management measures to address the potential of exposure to hazardous materials or chemicals”. It is important to point out the research covered the entire leather sector, rather than focusing on the automotive sub-set, and the researchers were constrained by desktop research due to anti-competition rules. They could not risk talking to individual tanneries for fear of giving one business an advantage over others as a result of their involvement.

Reviewing the Material Change report, ILM has noted that some of the negative reporting of leather has been toned down in



Drive Sustainability OEM stakeholders

severity since the publication of the first report in November 2017 and that some of the recent engagement with the industry has had an effect. However, its latest “heat-maps” still present a negative focus and the industry still has work to do to address the concerns raised.

Curious reference data

The authors of the report say they draw information from sources such as peer reviewed papers, industry reports and media articles. Since ILM was invited to participate at the DS Stakeholder meeting last November, we were curious to find out what documents the Dragonfly Initiative used to carry out the analysis. We are surprised to see that no official leather organisation or institution has been referenced for the most up-to-date figures and developments, as far as the leather sector is concerned. Sources cited to compile and analyse information on leather include broad areas such as a topic discussed during the World Economic Forum in 2015 titled “How do batteries affect the environment?”; an article published on the global press release platform, Business Wire, in 2016 titled “China Textile Industry Overview 2017-2021”; and a paper by Lu, S., and Dickson, M., (2015) “Where is China’s Textile and Apparel Industry Going?” published on the online journal of the China Policy Institute in 2015. It is difficult to see how much of these referenced papers or articles could be directly relevant to leather and, it must be said, any company can disclose whatever they wish to communicate on online press releases platforms, which have no guarantee of credibility. A broad article also referenced in the report was Wei, Y., and Balasubramanyam, V., (2015), “A Comparative Analysis of

casestudy : Automotive report

Edify Digital Media (publishers of ILM and theSauerReport) has commissioned a report by independent, third-party specialist consultants in the leather sector to investigate the sustainability of automotive leather manufacturers. The report takes an in-depth look into the environmental, social and governance sustainability of automotive leather, drawing on data received directly from a number of tanneries. The report is not a positive white-wash of the leather industry but highlights some of the areas for improvement within the industry as well as examples of best practice.

The Edify Digital Media commissioned report will be published from the end of July.

BUSINESS INFORMATION

Drive Sustainability report

China and India's Manufacturing, Sectors", Economics Working Paper Series 2015/003 from Lancaster University in the UK.

Referenced sources

Another source referenced is a simple press release by the Centre for the Brazilian Tanning Industry (CICB) announcing the launch of the 'Brazilian Leather Law' published on the APLF's blog back in 2013. Again, one wonders how the inspection of misleading leather tags on final products would help the authors to assess leather in terms of risks. It is perhaps of relief to see that at least two sources seem to be directly related to leather: an article by Gombault et al., (2013) titled "Sustainability in the leather supply chain", published by Ernst & Young, Research for MVO Nederland Final Report, and another by Ramesh, K., and Thirumangai, K., (2014) titled "Impacts of Tanneries on Quality of Groundwater in Pallavaram, Chennai Metropolitan City" published in the International Journal of Engineering Research and Applications.

There is no denying of the fact that the leather sector in countries such as Bangladesh and others have many more industry improvements to be made to reach international norms. Any automotive leather supplier to the OEMs directly involved in the DS Initiative surely laments the fact that the report has not worked with institutions such as Cotance, the International Council of Tanners, CLIA or initiatives such as Leather Naturally, before producing the report. A presentation by Christina Bercher, Project Manager, CSR Europe, at the ILM Automotive Leather Supply Chain conference held in Stuttgart in June, drew a strong response from some delegates in defence of leather, who questioned the methodology of the draft report, which was not disclosed during



■ Assheton Carter, CEO, The Dragonfly Initiative

the presentation. They asked that CSR Europe consider receiving further information which would help to portray the industry in a better and more accurate light before publishing this second report. It would appear that the Material Change report only goes part-way towards this goal and some of the findings will require the global leather industry to improve in some areas.

Facilitated by CSR Europe, Drive Sustainability (DS) is a partnership of ten major automotive brands, manufacturers of commercial and passenger vehicles; BMW Group, Daimler AG, Ford, Honda, Jaguar Land Rover, Scania CV AB, Toyota Motor Europe, Volkswagen Group, Volvo Cars and Volvo Group, which aims to "positively influence the automotive supply chain" by promoting a common approach within the industry and by supporting the integration of sustainability into procurement processes.

The "Material Change" report was compiled and analysed by Drive Sustainability, the Responsible Minerals Initiative and The Dragonfly Initiative. The facilitator of the Drive Sustainability initiative, CSR Europe, has told ILM that it wishes to engage collaboratively with industry and work together on those areas requiring further improvements. ■

PRODUCT INNOVATION

More companies choose Olivenleder

First BMW and now Audi – Olivenleder tanned leather can now also be found in the A8 model. Office furniture specialist Steelcase also presents designs with Olivenleder at the Neocon exhibition in Chicago.

The amount of Olivenleder in the automotive, clothing and furniture industries continues to increase. But success did not come easily, as Thomas Lamparter openly admits. As the Head of Sales of the south German company wet-green, he is responsible for winning over decision-makers. "By now, we have visited almost every notable company in the world", Lamparter describes his work in recent years.

Newly returned from India, Lamparter is already facing his next challenge. For the first time, Olivenleder will have a stand of its own at the Première Vision Leather fair in Paris. In the meantime, Lamparter and Dr Heinz-Peter Germann have swiftly mastered the Ethical Fashion Show in Berlin, together with partners Werner Shoes and Ackermann, the bag designers.

■ Terra Aegean leather chair from Moore and Giles

On the subject of current trends, Lamparter says, "No one really feels like explaining to their customers any more that there is definitely no chromium (VI) their high-quality sofa. The never-ending discussions about harmful substances in conventional leather are grist to the mill for us."

In addition to this, customers are asking more adamantly about product origins, social responsibility, environmental

pollution and similar topics. In today's market, ducking away from these questions is no longer enough.



Audi and Steelcase specify Olivenleder

Olivenleder is and remains the only solution for producing industrial quantities of leather which is healthy for both people and the environment. BMW and Audi have recognised this, with the latter initially using this ultra-fine leather in the A8 model. Partner tannery HEWA delivers Olivenleder for this use in nine colours.

If one glances through the list of companies that use Olivenleder, it is apparent that the material is often used by companies where values do not exist only on the balance sheet. Steelcase, a leader in contract furniture from the U.S., is a prime example of successful brand management among customers. The American market is supplied by, among others, Moore and Giles, an 85 year-old leather company which was the first to offer Olivenleder in its product range, in the form of its own Olive Green Collection which is Olivenleder certified and comes in various styles and colours, including the Terra collection which Steelcase chose for their Select Surfaces program. Moore & Giles is also using Terra in its own line-up of furniture and fine leather goods.