

Working on the *Right* Shoes



Progress made in addressing child labour and other labour *rights* by 28 footwear companies since June 2012

November 2013

STOP



Child Labour
school is the best place to work

Colophon

Working on the *Right Shoes*. Progress made in addressing child labour and other labour rights by 28 footwear companies since June 2012
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'Stop Child Labour – School is the best place to work' is an international campaign, coordinated by Hivos in the Netherlands, and executed in cooperation with partner organisations world-wide.

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Summary ‘Working on the Right Shoes’

The report ‘Working on the Right Shoes’ of ‘Stop Child Labour – School is the best place to work’ (SCL) gives an overview of the progress made in addressing child labour and other labour rights in the leather footwear sector. It focuses on what has happened in the sector and what has been done by 28 footwear companies since the launch of the campaign ‘We want child friendly shoes!’ in June 2012. The report is a follow-up of a report on the same topic published in December 2012.

More than half of the companies show progress

SCL has again, like in 2012, approached 28 companies asking them about their policy and practices to tackle child labour and labour rights abuses in their full supply chain. From 18 of the 22 responding companies SCL has received sufficiently concrete information to conclude that they have taken steps in the past year to (further) improve their policy, practices and level of transparency.

Based on an assessment, 17 companies out of a total of 28 received a total score ‘good’, seven more than a year ago. Nike, PUMA and Timberland scored well because of their already existing good policy and practices. The other 14 companies have clearly taken steps toward (further) improvement: adidas, Bata, bugatti shoes, Camper, Clarks, Premium INC (Cruyff Sports), Deichmann (Van Haren), Dr. Martens, ECCO, Euro Shoe (Bristol), Geox, Macintosh (Dolcis, Invito, Manfield, Scapino), Van Bommel, and Veja. Eight companies that received better scores than last year are: Bata, bugatti shoes, Camper, Clarks, Euro Shoe, Fred de la Bretoniere, Geox and Van Bommel. Most progress was made by Premium INC (Cruyff Sports), who had received a ‘bad’ score a year ago. The company received ‘good’ for their steps taken, concrete ambitions and their affiliation to the FairWear Foundation.

The following six companies received a ‘moderate’: De Bijenkorf, Fred de la Bretoniere, Sacha Shoes and Van Lier because of steps taken, although still limited. Birkenstock and UGG (Deckers) did not respond, but received a moderate score based on the information available on their website and/or provided earlier.

All the 18 companies showing progress have taken specific steps, some more than others, to: investigate the risks in their supply chain, improve their policy and supplier code, set up or improve monitoring systems that also take into account subcontractors or material suppliers, start working with third party auditing, join a multi-stakeholder initiative and/or improve their transparency toward the public. These steps seem to be – at least to a large extent – the result of the campaign ‘We want child friendly shoes!’ Despite the fact that many of the mentioned companies still have a long way to go, Stop Child Labour is positive about the progress and the promises made by these companies regarding further improvement in the coming year.

Five companies scored poorly and six did not respond

Of the 22 responding companies, two received a ‘bad’ overall score from SCL: Lotto Sports and Schoenenreus. Lotto Sports provided us insufficient data to conclude that they have good or improved policy and practices. Schoenenreus has made very little or no progress in the last year, although they informed us that they are aware of the importance of addressing child labour. They promised to improve their policy and the information on their website regarding CSR.

Six companies did not respond despite our repeated requests: Birkenstock, Gabor, Marks & Spencer, Nike, UGG (Deckers) and Wolky. Three of them received a negative overall score: Gabor, Marks & Spencer and Wolky. There is insufficient information available on Gabor and Wolky to know what measures they take. Marks & Spencer was mentioned a year ago as possibly linked with the findings of child labour in India. They responded that their own investigation did not uncover any child labour. But as Marks & Spencer produces shoes in India, including through subcontracting, it is disappointing that the company has not been cooperative in the least nor has it shown interest in the meetings on child labour in the footwear sector held in April 2013 in India.

Five companies received a more negative score than one year ago. Birkenstock went from a ‘good’ to a ‘moderate’ and Gabor, Lotto Sport, Marks & Spencer and Wolky received a ‘bad’ instead of last year’s ‘moderate’.

Frontrunners

The 22 responding companies include four real frontrunners: adidas, ECCO, Puma and Timberland. Especially adidas and ECCO have provided detailed and practical information for this report. Among the retail companies, Deichmann and Macintosh are considered to be the most advanced. Their current efforts to take further steps to increase sustainability and traceability are certainly inspiring examples for other footwear companies.

‘We want child friendly shoes!’

For about 3 years now, Stop Child Labour has been working on the preparation and implementation of a campaign on child labour and labour rights in the leather footwear industry. On 12 June 2012, Stop Child Labour published the SOMO report, ‘Where the shoe pinches – Child Labour in the production of leather shoes’. This was the start of the campaign ‘We want child friendly shoes!’ In 2012 SCL started contacting 28 footwear companies asking for information on their policy and practices to tackle and prevent child labour in their full supply chain. This resulted in a report published in December 2012 giving an overview and assessment of policies and practices of 26 responding companies of a total of 28. A scorecard and the opinion of SCL on their policy and practices were also included.

The aim of Stop Child Labour and the campaign ‘We want child friendly shoes!’ is to stimulate all footwear companies to improve their policy and practice to improve labour conditions in their full supply chain with a specific focus on child labour. SCL expects companies to work proactively. Recommendations on how to do this and what is expected from footwear companies that have (a part of) their production in risk countries were given to the footwear companies in October 2012.

Risk of child labour in the footwear sector

Various sources, including a comprehensive overview of the US Department of Labor, clearly indicate the risk of child labour in the production on leather and footwear. Some relevant and interesting investigations have been done since the publication of the SOMO report in June 2012. Human Rights Watch has done research in leather tanneries in Bangladesh, also pointing out the existence of child labour, and a new documentary (December 2013) by a Dutch filmmaker shows the use of child labour in Turkish footwear production. In a desk study by Ernst & Young for MVO Nederland (CSR Netherlands) on sustainability in the leather supply chain, several issues including child labour are mentioned.

In the past year the link between child labour and home workers has also been highlighted. Campaigns of other organisations already addressed the higher risk of child labour when there is outsourcing to home workers. One lesson from these experiences is that simply prohibiting outsourcing to home workers as a measure to prevent child labour runs a high risk of negative impact on the family, including the children. Instead, it would be better to tackle the child labour issue in combination with addressing low wages, legal protection and organising home workers into unions.

Dialogue and meetings

Several initiatives and developments in 2013 resulted directly from the campaign 'We want child friendly shoes!' In January, the Dutch Ministry of Foreign Affairs organised a meeting with representatives of some Dutch footwear companies and Stop Child Labour. The aims of the campaign, the concerns and challenges of the footwear companies as well as recommendations for the way forward were discussed.

In April 2013, two stakeholder meetings were held in India in the cities of Agra and Chennai. The meetings were organised by the Business Social Compliance Initiative (BSCI) and brought together mostly international brands and their suppliers, as well as some NGOs and other stakeholders, to discuss the issue of home work and child labour in the Indian shoe and leather industry. The companies Deichmann, bugatti shoes (AstorMueller), Bata, Clarks and adidas participated in the meetings. As a follow-up, BSCI started to draw up a plan for additional research for 'mainstreaming responsible business practices in the leather and footwear sector in India with special focus on the elimination of child labour'.

Scorecard

In mid-2013, all 28 footwear companies were requested to provide SCL with information on the steps taken and improvements made in the last year regarding their policy and practices as input for this current report. The results, given above, are summarised in a scorecard. The scorecard was based on the assessment of the information provided by the companies and gives the scores 'good', 'moderate' and 'bad or unknown' based on a total of 15 criteria. This scorecard was developed in 2012 and improved and extended in 2013 as a means to get more insight in the policy and practices of the companies. Companies were given the opportunity to view and respond to SCL's scores and assessments prior to publication. The scorecard and its additional criteria turned out to be important for raising awareness about and expressing urgency for the importance of having good policies and procedures in place and stimulated most companies to speed up certain steps for improvement in order to receive a higher score.

Introduction

'Stop Child Labour – School is the best place to work' (SCL)¹ has been working on the preparation and implementation of a campaign on child labour in the leather footwear industry for about 3 years now. On the 12th of June 2012 Stop Child Labour published the SOMO report 'Where the shoe pinches – Child Labour in the production of leather shoes'. This was the start of the campaign 'We want child friendly shoes!' Since then a lot has happened and several companies have taken up the responsibility and challenge to (further) improve their policy and practices to tackle child labour in their full supply chain. It is now time for an update on what has happened since the last report was published by SCL in December 2012.

The goal of the shoe campaign was and still is to stimulate all footwear companies to improve their policy and practice to improve labour conditions in their full supply chain with specific focus on child labour. A proactive approach of companies is expected to get more insight in the human rights risks in their full supply chain and to address these in an effective and responsible manner.

With the present report we want to update public and policy makers about the progress made by the 28 footwear companies targeted by our campaign 'We want child friendly shoes!' Moreover we believe that this report is useful for the companies themselves, as much can be learned from what other companies have already done and experienced or are planning to do. Several companies have shared their practices and lessons learnt in an open and detailed manner, which shows their commitment to eliminating child labour from the footwear sector. We hope that this report and the experiences and commitments of the frontrunner companies and the companies who have taken important steps forward will inspire and encourage those companies still lagging behind. We urge them to take up the responsibility to be transparent and proactive in the process of eliminating child labour, addressing labour rights violations and improving sustainability in the full supply chain.

In part A of the report information is given on the background of the campaign, an overview of the risks and issues in the production of leather shoes including some new and relevant research and the link with home working, as well as an overview of what has been done in 2013 in relation to the campaign. This is followed by the outcomes of the assessments by SCL on the 28 footwear companies regarding their policies and practices. A scorecard gives a clear and interesting overview of the current state of the companies. Additionally information is given on the progress made by the companies, steps taken and action needed, followed by recommendations, lessons learned and the overall conclusions of Stop Child Labour.

Part B of the report contains the information and our present opinion on all 28 footwear companies that we have focussed on since the beginning of our campaign. The information and advice provided by 22 responding companies is given as well.

¹Stop Child Labour - School is the best place to work' is an international campaign of Alliance2015, coordinated by Hivos (Netherlands). The campaign is executed in co-operation with Cesvi (Italy), FNV Mondiaal (Netherlands), the General Education Union (Netherlands), Ibis (Denmark), ICCO & Kerk in Actie (Netherlands), the India Committee of the Netherlands (ICN), People in Need (Czech Republic), Stichting Kinderpostzegels Nederland (Netherlands) and local partner organisations in Asia, Africa and Latin America. Stop Child Labour aims to eliminate all forms of child labour and to ensure formal full-time and quality education for all children, at least until the age of 15. The campaign calls on consumers, companies, governments and international organisations to be part of the solution. The campaign also supports organisations in Asia, Africa and Latin America that work on the principle that 'no child should work; every child must be in school'. In doing so, the campaign works towards increasing and strengthening so called 'child labour free zones'. www.stopchildlabour.org

1. Background

During the research phase in 2011 and 2012, and since the start of the campaign ‘We want child friendly shoes!’ in June 2012, Stop Child Labour has put a lot of effort in getting into contact with the footwear companies. A diverse group of 28 companies was selected, together representing a large part of the footwear being sold in the Netherlands specifically, and Europe as a whole. Among this group are well known brands, retail companies, frontrunners, companies clearly lagging behind, companies producing high end quality shoes and companies selling shoes at low prices. It proved very difficult to get in touch with a large number of these companies. However in December 2012, after one year of research and half a year of campaigning, Stop Child Labour was happy to note that 26 of the 28 companies had actively responded to our requests and had provided information on their policy and practices.

After the publication of the SOMO report in June 2012, Stop Child Labour had sent a letter to all companies requesting them to provide information – if not already done so (sufficiently) during the research phase - on their policy and practices to combat child labour. Based on that information SCL published another report in October 2012 with an assessment of the policies and practices of the 28 footwear companies. In addition, names of four companies were mentioned as being possibly linked with the findings of child labour in India.

This report was updated in December 2012 and has given insight in the background and process of the campaign ‘We want child friendly shoes!’ and information about the policy and practices of 28 footwear companies, including their responses to this campaign. The report also provided additional information on the findings, the allegations and the responses of the companies who had been linked with the findings of child labour².

For a more complete overview see annex I.

2. Issues and risks of child labour in the production of leather shoes

Annually, the Department of Labor of the US government publishes a list of goods³, which are exported to the United States, that are produced using child labour and/or forced labour. According to this list, child labour exists in footwear production in India, Indonesia, China, Bangladesh and Brazil. Child labour also takes place in leather production and/or production of leather goods and accessories in Bangladesh, India and Pakistan. Information on this research was provided in the report of December 2012, an overview of which can be found in Annex II.

In the shoe campaign of Stop Child Labour most attention was paid to the situation in the footwear sector in India, as that is where the field research of SOMO took place. However SCL does not only want to address the situation in India, but in the footwear sector worldwide. Child labour is also taking place in, for example, tanneries in Bangladesh and in production of shoes and leather in Turkey.

² See also: <http://www.stopchildlabour.org/Stop-Childlabour/News-Items/Stop-Child-Labour-welcomes-positive-steps-by-shoe-companies-much-remains-to-be-done>

³ <http://www.dol.gov/ilab/reports/child-labor/list-of-goods/>

Recent research on leather and footwear

Sustainability in the Leather Supply Chain

The organisation MVO Nederland (CSR Netherlands, a Dutch knowledge centre and network organisation for CSR) organised a number of meetings on sustainable leather in 2012 and 2013. Several companies sourcing and producing leather have participated in these meetings. MVO Nederland requested the consultancy organisation Ernst & Young to assess sustainability issues in the leather supply chain with a focus on the effects/risks and relevant trade flows for Dutch companies. In June 2013, the report ‘Sustainability in the leather supply chain’ was published. The report also provides information on global sustainability issues prevalent in ten selected countries: India, Pakistan, Bangladesh, China, Vietnam, Indonesia, Thailand, Brazil, Uruguay and Egypt. The research was conducted from December 2012 to May 2013 and provides insights in sustainability issues identified throughout the supply chain.

The research did not focus on the production of leather goods but focused on the first two stages of the supply chain. The first stage is from animal to raw hide or skin and the second stage is the part of the supply chain where raw hides and skins are tanned to become leather. According to Ernst & Young, human rights violations can occur in the full supply chain. “Child labour, forms of forced or bonded labour, lack of freedom of association and bad working conditions may occur in all phases and are widespread. Pressure from parties downstream in the supply chain, asking for low prices, short delivery timelines and switching to the cheapest option, adds to these problems.”⁴

Leather tanneries in Bangladesh

Human Rights Watch published a report on the social and environmental problems in tanneries in Bangladesh in October 2012. According to Human Rights Watch: “Workers in many leather tanneries in the Hazaribagh neighborhood of Dhaka, the Bangladesh capital, including children as young as 11, become ill because of exposure to hazardous chemicals and are injured in horrific workplace accidents. The tanneries, which export hundreds of millions of dollars in leather for luxury goods throughout the world, spew pollutants into surrounding communities”. Human Rights Watch had interviewed 10 children for their research. Some of the children working in tanneries were not older than 11. Many children work 12 or even 14 hours a day.⁵ There is a video available on the research on <http://www.youtube.com/watch?v=kT3xjfxMmoc>.

Footwear production in Turkey

Based on a small investigation in 2012 for FNV Mondiaal (partner of Stop Child Labour), journalist Mehmet Ülger found several incidences of child labour in the production of shoes in Turkey. Children from the age of 11 to 14 are working in small production units. A short video on this can be found on the website of FNV Mondiaal.⁶ In 2013, this journalist conducted additional research in Turkey through which he found that boys from the age of 10 to 14, sometimes even as young as 8 or 9, are working all year around. After schooldays they work several hours a day and during their holidays they work 12 to 13 hours a day. A documentary on this has its premiere in December 2013.

⁴ http://www.mvonederland.nl/sites/default/files/executive_summary_sustainability_in_the_leather_sc_juni_2013.pdf

⁵ <http://www.hrw.org/news/2012/10/08/bangladesh-tanneries-harm-workers-poison-communities>

⁶ http://www.fnvmondiaal.nl/wereld_van_fnv_mondiaal/Kinderarbeid_overzicht/12110731

Child labour and home workers

In the SOMO report ‘Where to shoe pinches, child labour in the production of brand name leather shoes’ it was explained that many footwear producers subcontract work to third parties. “These third parties use a great deal of child labour and/or ignore other labour rights. There are differing sorts of situations within which work takes place in this outsourced chain for footwear. One is homework. In homework, most workers receive wages for piecework and the family must supply production quantities so high that children have to help if the family is to earn more than the minimum wage.”⁷

In 2012, Stop Child Labour was contacted by the organisation HomeWorkers Worldwide⁸ and according to them children in India in the area of Ambur are doing some stitching in holidays and weekend/evenings, but are going to school. This was also pointed out in the report of SOMO besides indications that in the area of Agra less children are going to school and working more hours a day. This clearly stresses the importance of knowing where production takes place and investigating the local situation and possible risks.

Additionally it is important to note that a large part of leather and footwear production takes place in small tanneries and production units where conditions are worse for children working there when compared to the conditions of children stitching uppers at home. In the report of SOMO it was mentioned that footwear production can be subdivided into several processes: “making moulds, cutting out patterns, cutting out uppers in leather, making soles from leather or plastic, bringing together the upper and the sole and finishing steps like shining and packaging. Each of these activities implies health risks, particularly for children. These risks are caused by physical factors such as bad lighting, noise, poor ventilation and exposure to chemicals like benzene in the glue and other solvents.”⁹ Therefore it is important in further research and follow-up activities not to focus solely on child labour and home workers but to incorporate other production units as well where circumstances are probably worse for children.

Experiences of earlier campaigns on child labour and home workers

HomeWorkers Worldwide have informed SCL about the possible consequences for home workers by addressing the issue of child labour in the footwear industry. Information was provided which is important to share and to keep in mind when home workers are involved in the supply chain:

- In the late 1990s, a campaign against child labour in the manufacture of footballs in Sialkot, Pakistan, exposed the extent of child labour in the sector and to some degree brought about changes in the organisation of production in the sector¹⁰.
- Recent studies have shown that in some cases child labour has not in fact been eliminated; in others, some of the poorest families who depend on hand-stitching of footballs have lost their work altogether. When families lose their work, children previously working do not necessarily start going to school. In fact, the opposite may be the case: children previously in school have to be pulled out of school in order to look for work to increase family income¹¹.
- A general conclusion of many of the studies is that a narrow focus on elimination of child

⁷ SOMO, “Where the shoe pinches, child labour in the production of brand name leather shoes”, June 2012

⁸ <http://www.homeworkersww.org.uk/>

⁹ SOMO, “Where the shoe pinches, child labour in the production of brand name leather shoes”, June 2012

¹⁰ STC (1999), Child Labour Project, Sialkot, Social Monitoring Report, Project Progress Report, Sialkot, Pakistan. Save the Children.

¹¹ Lund-Thomsen, P. Apeejay, N. K (2011) Making A Last Minute Save: Value Chain Struggles, Work Organization, and Outcomes for Labor in the Football Manufacturing Industry of Jalandhar, India. Institute of Management, Jalandhar, Working Paper No.02, 2011, CSR & Business in Society, CBS Working Paper Series, CBS Centre for Business and Development Studies.

labour, as opposed to a broader focus on labour standards for all workers in a supply chain, does not achieve the planned results.

- Several reports and experience show that attempts to abolish child labour in the sector failed because of its single focus on child labour, and that children of poor families, who depended on football stitching at home, may be in a worse position.

According to Homeworkers Worldwide there are a number of lessons learned from all these initiatives:

- Child labour was seen separately from its context of family poverty: the low wages of the adults in families, particularly women home workers;
- Home work was seen as associated with child labour and the aim was to abolish home work without understanding the implications for women and children;
- Projects and monitoring were top down, and in Sialkot monitoring was done only for child labour; other labour standards were ignored even in projects in which the ILO participated;
- There was an assumption that home workers and informal stitching centres were outside legal protection or could not be organised by unions to improve conditions for adults and therefore for their children as well.

Both Homeworkers Worldwide and Stop Child labour feel that there is an opportunity to tackle the issue of child labour in the sector through working not only with the children, but with their families, particularly mothers engaged in home working. If conditions for home workers can be improved, most mothers are likely to encourage their children to spend more time on their studies or attending school if they are not already doing so. In addition, it is very important to work on strengthening and improving the education system, schools, curriculum and teacher training so that schools are attractive to children and families are convinced to support their children in school.

3. What has happened in 2013 as a result of the campaign ‘We want child friendly shoes!’

Meeting at Dutch Ministry

In January 2013, the Dutch Ministry of Foreign Affairs organised a meeting with representatives of Stop Child Labour and some Dutch footwear companies. This was a direct result of parliamentary questions raised in the Dutch Parliament after the publication of the SOMO report in June, and the report and media attention in October based on the findings in India.

The companies Euro Shoe, Premium INC (Cruyff Sports), Van Lier and the Dutch Association for Chain Stores in Shoes (VGS) participated in the meeting. A conversation about the campaign, our approach and the expectations from both sides took place. An official from the Ministry explained the vision of the Dutch government and the plans to focus on some priority sectors with high risks of human rights violations. One of these sectors might be the leather and footwear sector, but further research would take place to decide which sectors will be prioritised. The UN Guiding Principles on Human Rights and Business (see box 1), and their support for them, were mentioned by the Ministry explaining that the recommendations and requests of Stop Child Labour towards the footwear companies are in line with these principles. The companies were given the opportunity to express their concerns about the campaign and to ask questions to both the Ministry and the representatives of the Stop Child Labour Campaign. It was, however, generally conceded by the companies that improvements in their policies and practices were needed.

BSCI Stakeholder meetings in India

The Business Social Compliance Initiative (BSCI) had promised by the end of 2012 to take an active role in the follow-up process of the publication of the findings on companies. This was the outcome of the request of a few BSCI members that had been targeted by the campaign. These companies felt that BSCI has an important role to play in improving the knowledge on the risks and issues in the footwear sector and in addressing these issues, also at the lower tiers of their supply chains.

The plan was to start this process by setting up a stakeholder meeting in India with buyers, producers and relevant stakeholders to discuss the issue of child labour in the production of shoes. To prepare this a meeting/conference call was organised by BSCI in March. This led to the decision to organise two stakeholder meetings in India, in Agra on the 22nd of April and in Chennai on the 24th of April. The meetings brought together mostly international brands and their suppliers, but also some NGOs and other stakeholders, to discuss sustainable business and the issue of home working and child labour in the Indian shoe and leather industry. Stop Child Labour was involved in the preparation, inviting relevant stakeholders and companies; the lead and moderation was the responsibility of BSCI. Despite SCL's disappointment with the facilitation, the meetings brought forward four relevant areas of improvement and next steps to take:

- 1) Bottom-up research to better understand the socio-economic realities of the workers at lower tiers, with specific attention to home workers;
- 2) Transparency and visibility in the supply chain beyond the first tier;
- 3) Specific interventions to improve home working conditions;
- 4) Focus on education and cooperation with others to tackle child labour.

Participation of companies

Of the 28 footwear companies targeted by our campaign, Deichmann, bugatti shoes (AstorMueller), Bata, Clarks and adidas participated in the stakeholder meetings. Some other companies were represented by cooperation partners or suppliers: Macintosh, Sacha Shoes and Van Bommel. It is striking that three out of the four companies that were mentioned a year ago as having possible links with child labour in the production of their footwear participated. Of these four, Marks & Spencer did not participate or show any interest in being involved, while research indicates that Marks & Spencer does have production of shoes in India and that subcontracting is taking place.

For a short report about the meetings, see Annex III.

Research project BSCI

As a follow-up to the stakeholder meetings, BSCI started to draw up a plan for additional research in India. The companies Deichmann, Clarks, Bata and bugatti shoes (AstorMueller) have been involved in developing the plan and working out a proposal. BSCI has requested the Centre for Responsible Business (CRB), based in India, to conduct this research. Currently the proposal for the 'research project for mainstreaming responsible business practices in the leather and footwear sector in India with special focus on the elimination of child labour' is being finalised. At this point in time it is not clear yet what the research will look like and what kind of follow-up interventions will take place. It is clear that it is challenging to conduct research on child labour with a focus on international supply chains, especially in the lower tiers. Therefore it is important to have a suitable methodology and to involve the right local actors and experts.

Dialogue with companies

Since the start of the campaign, SCL has been in contact with several footwear companies, and with some of them the contact has been very open. We have noticed that some companies have clearly opened up since the beginning of the campaign and feel more confident to share their experiences and challenges and to discuss the way forward. The responses of the companies to the request of SCL to provide an update on the steps taken and progress made clearly show which companies feel confident about sharing concrete information and/or confirm the importance of it. These responses are given in part B of this report.

The companies with whom SCL has had regular and open dialogues are Deichmann, Macintosh, Clarks, adidas and Euro Shoe. Other companies that have shown progress in their willingness to share information are: Bata, bugatti shoes, ECCO, Premium INC (Cruyff Sports), Van Bommel and Van Lier.

Based on the meetings and conversations SCL had with some of these companies and based on the information provided by them, we have learned a lot about the footwear sector, the several initiatives to improve sustainability and traceability and other insights that are relevant and useful to share:

- The supply chain of shoe companies is very complex as shoes are made of several components. Therefore it is rather difficult to get full supply chain transparency and control. This makes it quite crucial not to work with a large a group of suppliers with whom no relationships can be built, but to focus on long-term relationships.
- Retailers source their shoes for a large part through importers and traders, therefore it is important to not only target the brands and retail companies but also the traders and importers. This has not been done by SCL but this is certainly something we recommend the companies to take up as a sector.
- Many companies still believe that having their suppliers sign their code of conduct or an agreement regarding 'no use of child labour' is enough to be sure that no child labour is used. Having such a policy is certainly important, however this does of course not guarantee at all that suppliers and/or their subcontractors and material suppliers are not using child labour.
- Intensive dialogue has also taken place with a few of the companies that SCL had linked with the findings of child labour, including with an Indian company supplying to several international brands and companies.¹² This discussion was not meant to prove or disprove specific instances of child labour found. However, these dialogues and some further research by the companies concerned have been important in the majority of these cases to come to a joint understanding of the importance of getting more insight in the situation and risks at the lower tiers, the importance of traceability and transparency and the need to work together with all relevant stakeholders on tackling child labour in the footwear sector.

¹²In last year's report (December 2012) details were published linking the Indian supplying company Farida Shoes with child labour at the level of their (possible) subcontractors. Farida has informed SCL that the company has investigated the findings, has serious doubts about them and regrets that they could not respond to the findings before publication of the report. Based on the information received from both Farida and the local researcher, SCL however does not see the need to adjust the conclusions of the report of December 2012. For more information and the response of Farida Shoes see annex IV.

4. Assessment of the policy and practices of the companies

Situation one year ago

Almost a year ago, in December 2012, SCL concluded that most companies still have a lot of work to do to be able to tackle and prevent child labour beyond their first tier suppliers and also with regard to the use of materials, in particular leather. Only a few companies have a clear remediation policy when child labour is found. On the basis of the information provided by the companies themselves, it was concluded that there was a great variation in the way footwear companies deal with the issues and risks of child labour and labour conditions in their supply chain. This was also the case with regard to environmental issues, although more companies already had a stronger focus on the environment as part of their CSR policy and management system.

Most companies did have a code of conduct and CSR policy, and also quite a few had applied this to their main suppliers, although it was not always clear how these policies were implemented because external verification of child labour and other labour rights violations did not always take place.

In 2012 only a few companies had developed and implemented a policy that goes beyond their main (first) suppliers and looks at the subcontractors in shoe production. Only a very few had taken up the responsibility to work on combating child labour in the production of shoe parts and (raw) materials like leather.

Companies like Veja, Timberland, Dr. Martens, PUMA, Nike, adidas and ECCO - though certainly not perfect - were seen as frontrunners. They had been active in improving the labour conditions, traceability and transparency in their supply chain. Macintosh (Scapino, Manfield, Dolcis and Invito) and Deichmann (Van Haren), both important retail companies for the Dutch market, were not yet as far as these companies but were - compared with other footwear companies with a large presence in the Netherlands - mostly active and advanced with regard to their policy and activities for improvement. All these (relative) frontrunners had already acknowledged that it is not sufficient to have a Code of Conduct for their suppliers or to focus only on first tier suppliers. They also stressed the importance of transparency and of working together with other stakeholders.

Recommendations given

In October 2012 a letter was sent to all 28 footwear companies to encourage them to actively take up and/or improve the following issues (if not done yet sufficiently):

1. A survey and risk assessment of child labour and other violations of labour rights in the full supply chain of the company;
2. A policy with regard to child labour and labour rights for the full supply chain, including subcontractors in both shoe production as well as the use of main materials like leather;
3. A policy and plan of implementation on the remediation of child labour or other labour rights violations;
4. A form of external assessment or verification of the results of the company's activities;
5. Co-operation with other companies and stakeholders like NGOs and trade unions wherever that is possible;
6. Transparency to the general public about the process and results of the action the company is taking to combat child labour and tackle labour rights violations.

These recommendations are strongly related to the UN Guiding Principles on Business and Human Rights. These principles were adopted in 2011 and are considered the main framework for what is currently expected from companies when it comes to corporate responsibility and supply chain transparency. The principles make clear what is meant by 'due diligence' and 'remediation', including an explanation of what is considered the scope of the responsibility of a company.¹³ Stop Child Labour strongly recommends that footwear companies take a closer look at these UN Guiding Principles on Business and Human Rights. More information on these principles is given in box 1.

Box 1

UN Guiding Principles on Business and Human Rights From the website of UN Global Compact

The United Nations Guiding Principles on Business and Human Rights, developed by Professor John Ruggie, were endorsed by the UN in 2011. They set out, in three pillars, principles concerning the State duty to protect human rights, the corporate responsibility to respect human rights, and access to remedy for victims of human rights abuse. The "corporate responsibility to respect" exists independently of States' abilities or willingness to fulfill their own human rights obligations. The Guiding Principles require that companies have a policy commitment to respect human rights, and proactively take steps to prevent, mitigate and, where appropriate, remediate, their adverse human rights impacts.

The Guiding Principles make clear that all human rights have the potential to be relevant to all businesses, regardless of sector or country of operation. It also emphasizes that the responsibility to respect human rights is the baseline standard for all businesses in all situations. Respecting human rights means not causing, contributing to or being directly linked by business relationships [including subcontractors, material suppliers and clients] to an adverse human rights impact.

Exercising "human rights due diligence" in order to identify, prevent, mitigate and account for adverse human rights impacts will help business respect human rights and avoid complicity in human rights abuses.

The due diligence process should be ongoing, drawing on internal and/or independent external human rights expertise and involve meaningful consultation with stakeholders. The process will vary in complexity with the size of the company, the risk of severe human rights impacts and the nature and context of operations.

The key steps are as follows:

- **Identifying and assessing human rights impacts: Taking proactive, ongoing steps to understand how existing and proposed activities may cause or contribute to human rights impacts, as well as how the business's operations may be directly linked to such impacts.**
- **Integrating findings: Integrating findings across relevant internal functions and processes.**
- **Taking action: The appropriate action will depend on the business's relationship to the impact.**

¹³ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

- **Tracking effectiveness of response: Monitoring and auditing processes permit a business to track ongoing developments.**
- **Communication: Externally communicating how the business has addressed adverse impacts.**

The Guiding Principles also provide that a business should have in place or participate in **remediation processes** so that it can address adverse human rights impacts that it has caused or contributed to. Effective company-level grievance mechanisms ensure that employees, contractors, local communities and others can raise their concerns and have them be considered. Such mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning.

Source: http://www.unglobalcompact.org/issues/human_rights/The_UN_SRSO_and_the_UN_Global_Compact.html

Request for update

We promised to contact all companies again around mid-2013 to ask about the progress achieved on the issues mentioned above. In July 2013 a letter was sent to the companies to invite them to provide us with information on the steps taken and progress made.

In total 22 companies responded to our request, six did not respond at all. These non-responding companies are: Birkenstock, Gabor, Marks & Spencer, Nike, UGG (Deckers) and Wolky. Part B of the report contains the responses of the 22 responding companies, the conclusion per company and our present opinion of the company. An opinion is given for all 28 footwear companies that we have targeted since the beginning of our campaign.

Scorecard

In the report of December 2012 a scorecard was included with an assessment per company of their cooperation in the campaign, their child labour policy, CSR policy, external verification of suppliers, attention beyond first tier suppliers and their level of transparency.¹⁴ For the current report a scorecard has been developed as well, however several criteria were added or adjusted based on the recommendations (see above) given to the companies more than a year ago. An explanation of the criteria of the scorecard is given in Annex V.

What is important to know is that this scorecard was developed and improved as a means to get more insight in the policy and practices of the companies. The scores are based on information provided by the companies themselves which was not checked or verified by SCL or another third party. The scoring has been done as objectively as possible, however it might be that the scores do not accurately reflect – either positively or negatively so - the reality of what the company has in place or is doing in practice. Nevertheless, this scorecard and its additional criteria have proven to be an important means of raising awareness about and expressing urgency for importance of having good policies and procedures in place, as reflected by the criteria and the corresponding explanation. During the campaign it became clear that this scorecard was important to most com-

¹⁴ See annex IV for the scorecard of 2012

panies because it stimulated several of them to take or speed up certain steps for improvement in order to receive a higher score. The scorecard therefore certainly has value but please be aware of the limitations of this instrument as it is mainly based on transparency of the companies themselves and cannot be guaranteed to be a fully objective measuring or benchmark system based on outcomes or actual impact.

Scorecard of shoe companies: Regarding general CSR policy and practices, attention to child labour, lower tiers and transparency (linked to the recommendations given by SCL)¹

| | Response during the 1 st and 2 nd phase | Response to request for update 2013 | Risk analysis in full supply chain (1) | Code of Conduct/ supplier code incl. child labour (2) | Initiated research/ action on subcontractors, | Monitoring and/or tracing system beyond 1 st tier | Remediation policy / procedures in place (3) | External assessment and/ or verification (4) | Cooperation with non-corporate stakeholders (5) | Transparency and openness to SCL and consumers (6) | Publication of suppliers list (on website) | CSR policy and practices (incl. e.g. environment) | Affiliated to CSR and/ or verification programme | Overall assessment SCL December 2012 | Overall assessment SCL of state of art and/ or progress made |
|------------------------------|---|-------------------------------------|--|---|---|--|--|--|---|--|--|---|--|--------------------------------------|--|
| adidas | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Bata | + | ✓ | + | ✓ | + | ✗ | ✗ | + | + | ✓ | ✗ | ✓ | ✓ | + | ✓ |
| Bijenkorf | ✓ | + | ✗ | ✓ | ✗ | ✗ | ✗ | + | + | + | ✗ | + | ✓ | + | + |
| Birkenstock | + | ✗ | ✗ | ✓ | + | + | ✗ | ✗ | ✗ | + | ✗ | ✓ | ✗ | ✓ | + |
| bugatti shoes (AstorMueller) | + | ✓ | + | ✓ | ✓ | ✓ | + | + | + | + | ✗ | + | + | + | ✓ |
| Camper | + | ✓ | + | + | ✓ | ✓ | ✗ | + | + | + | ✗ | + | ✓ | + | ✓ |
| Clarks | ✓ | ✓ | + | + | ✓ | ✓ | + | + | ✓ | + | ✗ | ✓ | + | + | ✓ |
| Cruyff Sports (Premium INC) | + | ✓ | ✗ | ✓ | + | ✗ | ✗ | + | ✓ | + | ✗ | + | ✓ | ✗ | ✓ |
| Deichmann (Van Haren) | ✓ | ✓ | + | ✓ | ✓ | ✓ | + | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Dr. Martens | ✓ | ✓ | + | ✓ | ✓ | ✓ | ✓ | ✓ | + | + | ✗ | ✓ | + | ✓ | ✓ |
| Ecco | + | ✓ | + | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Euro Shoe (Bristol) | ✓ | ✓ | ✗ | ✓ | ✗ | ✗ | ✗ | + | ✗ | + | ✗ | + | ✗ | + | ✓ |
| Fred de la Bretoniere | + | + | + | ✓ | + | + | ✗ | + | ✗ | + | ✗ | ✗ | ✗ | ✗ | + |

Explanation of the scores

Good ✓

Moderate +

Bad or unknown ✗

¹ The scorecard is based on information provided by the companies themselves, which has not been checked or verified by SCL or another third party. The scoring has been done as objectively as possible, however it might be that the scores do not accurately reflect – either positively or negatively so - the reality of what the company has in place or is doing in practice. Please be aware of the limitations of this instrument as it is mainly based on transparency of the companies themselves and cannot be guaranteed to be a fully objective measuring or benchmark system based on outcomes or actual impact.

| | Response during the 1 st and 2 nd phase | Response to request for update 2013 | Risk analysis in full supply chain (1) | Code of Conduct/ supplier code incl. child labour (2) | Initiated research/ action on subcontractors, | Monitoring and/or tracing system beyond 1 st tier | Remediation policy / procedures in place (3) | External assessment and/ or verification (4) | Cooperation with non-corporate stakeholders (5) | Transparency and openness to SCL and consumers (6) | Publication of suppliers list (on website) | CSR policy and practices (incl. e.g. environment) | Affiliated to CSR and/ or verification programme | Overall assessment SCL December 2012 | Overall assessment SCL of state of art and/or progress made |
|---|---|-------------------------------------|--|---|---|--|--|--|---|--|--|---|--|--------------------------------------|---|
| Gabor | + | × | × | ✓ | × | × | × | × | × | × | × | + | × | + | × |
| Geox | ✓ | ✓ | + | ✓ | + | + | × | + | + | + | × | + | ✓ | + | ✓ |
| Lotto Sport | + | + | × | ✓ | × | × | × | × | × | × | × | + | × | + | × |
| Macintosh (Dolcis, Invito, Manfield, Scapino) | ✓ | ✓ | + | ✓ | + | + | × | + | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ |
| Marks & Spencer | + | × | × | ✓ | + | × | × | ✓ | + | + | × | ✓ | ✓ | + | × |
| Nike | × | × | + | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | + | ✓ | ✓ | ✓ | ✓ | ✓ |
| PUMA | ✓ | + | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sacha Shoes | + | ✓ | × | ✓ | × | × | × | + | × | + | × | + | × | + | + |
| Schoenenreus | + | ✓ | × | + | × | × | × | × | × | × | × | × | × | × | × |
| Timberland | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| UGG (Deckers) | × | × | × | ✓ | + | × | × | ✓ | × | + | ✓ | ✓ | × | + | + |
| Van Bommel | + | ✓ | × | + | + | ✓ | × | × | × | + | × | + | × | + | ✓ |
| Van Lier | + | ✓ | × | ✓ | × | + | × | + | × | + | × | × | × | + | + |
| Veja | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Wolky | + | × | × | × | × | × | × | × | × | + | × | ✓ | × | + | × |

Explanation of the scores

Good ✓ Moderate + Bad or unknown ×

5. Progress made by the companies

More openness and transparency towards Stop Child Labour

Based on the information provided to Stop Child Labour during the last months it is clear that the majority of the companies have taken steps to improve their policy and/or practices. Naturally, some companies have shown more progress than others and some companies are more willing to share their practices, experiences and challenges in more concrete terms. However, we see overall that the level of openness and transparency has improved considerably, even though during the research phase and the first months of the campaign several companies were reluctant to share information and several felt offended by SCL approaching them. However, for this report, several companies have responded extensively and have given great insight into how they work and how they try to get to fully know their supply chain, and/or how they manage their relations with their suppliers, and/or how they have set up systems to prevent child labour or other labour rights abuses. We particularly appreciate the efforts of adidas, ECCO and Macintosh to respond extensively to our request for an update, especially ECCO has given much practical information on their measures taken and experiences so far.¹⁵ SCL considers this improved level of openness and transparency a clear result of the campaign started in June 2012.

Better overall scores

In the scorecard of 2012 SCL, issued a 'judgement' per company based on the scores regarding the several criteria. This 'judgement' is reflected in the current scorecard as the 'overall assessment of SCL in December 2012'. Looking at these scores, it can be seen that in December 2012 SCL gave a 'good' score for 10 out of the 28 companies, 15 companies received a 'moderate' and three companies a 'bad'.

For the overall assessment in 2013, companies could receive a 'good' if they had made greater than average efforts (in comparison with the other companies) to improve their policy and practices, and/or if they were clearly a frontrunner. The score 'good' was given to 17 companies, six companies received a 'moderate' and five companies a 'bad'. This means that in total 23 of the 28 companies already have a relatively good policy or practice (a small group of frontrunners) and/or have been able to explain the steps and measures taken in the past year to (further) improve their policy and practices when it comes to tackling child labour and other labour rights abuses. Five companies are clearly lagging behind or (appear to) have not taken steps to improve their CSR policy and practices.

COMPANIES WITH A POSITIVE OVERALL SCORE

In total 17 companies have received a 'good', seven more than last year. Last year's frontrunners are still the companies with the best policy and practices and therefore received a positive score from SCL. These frontrunners are: adidas, ECCO, Nike, PUMA and Timberland, followed - at some distance - by Dr. Martens and Veja. For this report especially adidas and ECCO have been very open and have provided much concrete and detailed information. Unfortunately, Nike has not responded to the requests of SCL, neither in 2012 nor this year. It is not clear to us if they have

¹⁵ For their responses see part B of this report.

made any progress. **PUMA** is clearly a company taking a positive lead in the sector as they have been the first to calculate the environmental impact of their products and to report about this environmental impact linked to the production of their shoes. It is not known to us if they have plans to do this also for the social costs, however we would welcome this very much. **Dr. Martens**, **Timberland** and **Veja** have continued with their good practices and have shown their interest and commitment to the campaign 'We want child friendly shoes!' by always responding well and open-mindedly to our requests.

The companies who have received a 'good' this year as well as last year are: **Deichmann (Van Haren)** and **Macintosh (Dolcis, Invito, Manfield & Scapino)**. These two retail companies had already started to improve their policy and practices in 2012 (and before) and have actively continued with improving this further. **Deichmann** is the company that has been most active in getting BSCI (Business Social Compliance Initiative) involved and to stimulate further research and measures for improvement. **Macintosh** is the only Dutch footwear company publishing a sustainability report and has carried out a supply chain mapping of a few of their supply chains up to farm level together with TFT in the last two years.

Seven companies have made clear progress and received a 'good' instead of the 'moderate' they received last year: **Bata**, **bugatti shoes**, **Camper**, **Clarks**, **Euro Shoe Group (Bristol)**, **Geox** and **Van Bommel**. These companies - despite their differences in the scores on the separate criteria - have all responded well to our campaign and were clearly made aware of the need to get more insight in the lower tiers and to be open and transparent about this. They all have taken steps to (further) improve their policy, practices and/or level of transparency. However, the situation and challenges these companies face are very different, and it is clear that some of them are much further than others. For example, **bugatti shoes** has taken steps to monitor and control not only first tier suppliers but also second tier suppliers including outsourcing, while the retail company **Euro Shoe Group** has just begun in 2013 to assess all their first tier suppliers and to gather more information on the risks and sustainability issues in the footwear sector. **Bata** has a high presence in many developing countries, and a large part of their production takes place in their own factories where close relationships exist with their first tier suppliers, which is essential for realising full supply chain transparency and sustainability. **Bata** and **Clarks** both participated in the stakeholder meetings in India and are involved in the follow-up plans. Especially **Clarks** has been proactive in seeking cooperation with others and has expressed the importance of understanding more about the lower tiers. Steps have been taken to include material and component suppliers in their audit programme. **Camper** has not only taken several steps to improve the practices at tier 1, but has also started to focus on material and component suppliers. **Geox** has done this as well and has taken the important step to join the ILO Better Factories Programme in Cambodia. This programme monitors factories, trains management and workers, and provides guidance and advice on factory improvements that help enterprises preserve profits while respecting workers' rights¹⁶.

Regarding the Dutch footwear company **Van Bommel**, most progress has been made when it comes to transparency. The need for a clear policy and practice on child labour is less relevant for them than for other companies as the great majority of **Van Bommel's** production takes place in Europe, including the production of their materials.

Premium INC (Cruyff Sports) is the only company that has improved from a 'bad' score in 2012 to a 'good' score in 2013. While the company had hardly any policy on child labour and CSR in place in 2012, they joined the Fair Wear Foundation¹⁷ in 2013. They had already taken the initial steps

¹⁶ <http://betterfactories.org/>

¹⁷ <http://www.fairwear.org/10/home/>

toward affiliation in 2012, which made it possible for the company to make good progress regarding their policy, ambitions and transparency in 2013.

MODERATE OVERALL SCORE

Of the 28 footwear companies six have received a moderate score for their overall 'state of art' or progress made, these are: **De Bijenkorf**, **Birkenstock**, **Fred de la Bretoniere**, **Sacha Shoes**, **UGG (Deckers)** and **Van Lier**. The companies **Fred de la Bretoniere**, **Sacha Shoes** and **Van Lier** did take steps to improve their policy and practice, which is certainly positive, however these steps were rather limited compared to the steps of the companies mentioned above. It must be said that in the case of **Fred de la Bretoniere** and **Van Lier**, the risk of having child labour involved in their supply chain is small as they have good insight in and control over their supply chain with only a small part taking place in risk countries.

Sacha Shoes has shared the names and audit reports of their suppliers in India and has decided to only source from suppliers who are externally audited. Although progress has been made, the company is still lagging behind compared with the others.

The retail company **De Bijenkorf** has received a 'moderate' as they have taken the initiative to use last year's report to start a dialogue with their suppliers on the outcomes (some of them part of the 28 companies targeted within this campaign). Unfortunately, since then **De Bijenkorf** has not been active at all in the area of CSR and has done nothing to improve their policy and practices.

Birkenstock and **UGG (Deckers)** have not responded to the request for an update. In 2012, **Birkenstock** did provide information, and based on that it can be said that the company has no production in risk countries and therefore the risk of having child labour involved is very small. **UGG (Deckers)** had not responded at all during the whole process of research and campaigning. However, the company does provide information on their website regarding their CSR policy and practices, which allowed us to give them some positive scores, resulting in an overall moderate score.

NEGATIVE OVERALL SCORE

Five companies have received a negative overall score: **Gabor**, **Lotto Sport**, **Marks & Spencer**, **Schoenenreus** and **Wolky**. These companies are clearly lagging behind when it comes to CSR practices and/or transparency. **Gabor** and **Wolky** did not respond to the request to provide information on the steps taken in the last year, in fact, **Wolky** has not been cooperative at all during the whole campaign. Despite the low risk of child labour for **Wolky** because their production takes place in Europe, there is not sufficient information available on the lower tiers and material suppliers to completely rule out the risk of child labour completely.

Lotto Sport and **Schoenenreus** responded and shared some very limited information, without giving any concrete information. **Lotto Sport** only issued a statement mentioning a few points without providing any additional explanation or proof. The company said that they do not believe the assessment is fair and in line with the CSR commitment of **Lotto Sports**, however no evidence was provided to back up this claim convincingly. **Schoenenreus** told SCL that CSR is important for the company, however based on the information provided, it appears that the company is still at the beginning of setting up and implementing a CSR policy. **Schoenenreus** received the most negative scores on the scorecard. The only measure they have in place is a code of conduct with regard to child labour. No external verification is taking place, no monitoring system has been developed by the company, nor is there any attention for the lower tiers. For a company sourcing products from high risk countries, this is unacceptable.

Despite the fact that **Marks & Spencer** had done research on the possible link with child labour at

the sites of subcontractors in India, the company was not forthcoming at all in responding to our requests. Especially surprising is their lack of interest in the stakeholder meetings that took place in April in India while production of shoes for Marks and Spencer actually occurs in the areas investigated, including at sites of subcontractors and home workers. For SCL, this is not responsible at all for a company that claims to take CSR very seriously.

6. Steps taken and action needed

Here below follows information on the progress made and recommendations for action needed regarding each recommendation given a year ago by SCL to the companies.

Recommendation 1:

A survey and risk assessment of child labour and other violations of labour rights in the full supply chain of the company;

STEPS TAKEN: Only four of the 28 companies have a good insight in the risks in their entire supply based on a thorough analysis of their supply chain, local situation and possible risks. These companies are adidas, PUMA, Timberland and Veja. These companies have already been referred to as frontrunners. More than half of the companies, fifteen in total, have either not carried out such an analysis or not shared information on their analysis with SCL.

ACTION NEEDED: It can be concluded from the assessment that doing a risk analysis with specific attention to the lower tiers is far from common. Some of the companies have not even done this kind of risk analysis at the level of their first tier suppliers, despite the fact that it is currently expected that companies perform due diligence not only at the level of first tier suppliers, but also for subcontractors, material suppliers and clients (see box 1). So there are still 'many miles to go' for most companies to even assess, let alone eliminate, the risk of child labour in their full supply chain.

Recommendation 2:

A policy with regard to child labour and labour rights for the full supply chain, including subcontractors in both shoe production as well as the use of main materials like leather;

STEPS TAKEN: All companies have a Code of Conduct or supplier code with specific attention to child labour (except for Wolky who has not provided information on this). But it is often not clear if the code of conduct relates to the full supply chain and how this is being implemented. Six companies have received a higher score regarding this criteria as they have made their Code of Conduct publicly available on their website. These are: Birkenstock, bugatti shoes, Premium INC (Cruyff Sports), Euro Shoe (Bristol), Fred de la Bretoniere and Van Lier. The companies without a Code of Conduct available on their website are: Camper, Clarks, Schoenenreus, Van Bommel and Wolky. Some of them have informed us that they will do this soon.

ACTION NEEDED: Of course having a good policy is an essential condition to be able to promote and ensure responsible production and sourcing, however it is only a first step. Moreover, most companies have to be more specific on the scope of their code of conduct with regard to their supply chain. Besides that, more companies need to be aware that having a code of conduct and having it signed by the suppliers does not guarantee that suppliers and subcontractors live up to these conditions and expectations. It is essential to implement and monitor this policy, therefore a company should also adapt and improve its processes, procedures and structures across their supply chain. For that, the following recommendations/criteria are important, although not exhaustive.

Recommendation 3:

A policy and plan of implementation on the remediation of child labour or other labour rights violations;

STEPS TAKEN: Having a good and detailed remediation policy of procedures is far from common. The only companies with this in place are adidas, Dr. Martens, ECCO, Nike, PUMA and Timberland. Some companies refer to remediation and/or have included some guidelines for remedial support in their Code of Conduct, like bugatti shoes, Clarks and Deichmann. However without a clear plan of action this is not sufficient.

ACTION NEEDED: 19 of the 28 companies have scored a 'bad or unknown' for remediation policy. It is clear that only a few companies, the frontrunners, are aware of the importance of such a policy, while SCL believes this is essential for companies with (part of) their production in high risk countries. In the UN Guiding Principles on Business and Human Rights the following is said about the relevance and importance of have remediation procedures in place: *"Even with the best policies and practices, a business enterprise may cause or contribute to an adverse human rights impact that it has not foreseen or been able to prevent. Where a business enterprise identifies such a situation, whether through its human rights due diligence process or other means, its responsibility to respect human rights requires active engagement in remediation, by itself or in cooperation with other actors"*.¹⁸ It is important that clear and concrete remediation procedures are in place, not only within the companies, but also at tier 1 and tier 2 levels, and it is clear that much improvement is still needed for the majority of the companies.

Recommendation 4:

A form of external assessment or verification of the results of the companies' activities;

STEPS TAKEN: External verification of first tier suppliers in risk countries is increasingly common. The majority of the companies are doing this or are actively setting up systems to have this done for their suppliers. It is also positive that more companies are now working together to do joint audits or share information on this. Affiliation to CSR or verification programmes like the Fair Labor Association, Fair Wear Foundation, BSCI and TFT is important in this respect as they – in various forms - offer joint guidelines, facilities and support. Since last year three companies have joined a CSR or verification programme: Bata joined the Global Social Compliance Programme and the Leather Working Group, Geox joined the ILO Better Factories Programme in Cambodia and Premium INC (Cruyff Sports) has joined the Fair Wear Foundation. Besides that, we have been informed that several other companies are taking steps to join these or other programmes as well. Verification of (part of the) subcontractors and/or material suppliers is only being done by a minority of the companies: adidas, Deichmann, Dr. Martens, ECCO, Marks & Spencer, Nike, PUMA, Timberland, UGG (Deckers) and Veja. Fortunately, we have seen progress in the verification at this level.

ACTION NEEDED: For the companies with (part of) their production in risk countries, external assessment or verification of their suppliers including 2nd tier suppliers is important as in these countries labour inspections are often not sufficient or effective. SCL recommends companies to join multi-stakeholder programmes with a robust system to audit and support suppliers, including component and material suppliers. Programmes looking not only for compliance, but specifically with the objective and corresponding approach to improve the level of responsibility and sustainability, have our preference. Therefore, it is important that this programme includes all

¹⁸ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf, page 24

relevant stakeholders, is transparent (and expects this as well from its members) and that the programme has enough capacity and capability to implement the programmes in the countries of production.

Recommendation 5:

Co-operation with other companies and stakeholders like NGOs and trade unions wherever that is possible;

STEPS TAKEN: Of the 28 companies, ten are cooperating directly with non-corporate stakeholders or are active in a multi-stakeholder initiative like Fair Wear Foundation, Fair Labor Association, TFT and/or the Leather Working Group to improve sustainability in their supply chain. There are several other companies that have started to engage more with other companies and/or other stakeholders. Exchanging information, experiences and combining forces and resources to improve labour circumstances in the full supply chain is more and more valued and taken up by companies, and SCL has seen some progress in this area since the start of the campaign.

ACTION NEEDED: For proper risk analysis and improvement programme, cooperation with other non-corporate stakeholders knowledgeable on issues relating to the supply chain is essential. This means that it is important to engage local village councils, community based organisations, NGOs, trade unions and/or human rights experts. For the follow-up plans and future programmes of the companies, it is important to take this into account, especially with regard to research and programmes with focus on the lower tiers.

Recommendation 6: Transparency to the general public about the process and results of the action the company is taking to combat child labour and tackle labour rights violations.

STEPS TAKEN: As already mentioned, the level of transparency and openness towards SCL has improved since the start of the campaign. Despite the fact that some companies did not respond to our request for an update (Birkenstock, Gabor, Marks & Spencer, Nike, UGG (Deckers) and Wolky), the majority of the other companies have provided the requested information in a more concrete and open-minded manner when compared to the beginning of the campaign. Some companies have also placed (more) information regarding CSR on their website; however in most cases this is not very concrete. The companies showing a high level of transparency are those that provide the names and locations of their suppliers. These companies are: adidas, Nike, Puma, Timberland, UGG (Deckers) and Veja. Publication of a supplier list is certainly a clear indicator of the level of transparency of a company.

Regarding transparency toward the general public, the assessment done by RankaBrand gives good insight in the footwear sector. RankaBrand has scored 58 brands on transparency on sustainability issues such as child labour, fair wages for workers, environmentally-friendly leather tanning, eco-friendly materials, banning hazardous and toxic chemicals and the reduction of carbon emissions¹⁹. Only the information available on the company's website was taken into account for their assessment. Scores from A (good) to E (bad) were given. Out of the 28 companies assessed by SCL, only Veja and Timberland received a B-score (from the three top-scorers), Birkenstock received a C-score. A D-score was given to Macintosh, Deichmann, ECCO, Ugg (Deckers) and Euro Shoe Group. All others received an E-score. This ranking certainly makes clear that there is still much to improve regarding transparency towards consumers.

¹⁹ <http://rankabrand.org/sustainable-shoes-footwear/page/2>

ACTION NEEDED: Consumers and other stakeholders need to be able to know what a company is doing to ensure good working conditions and sustainability in the full supply chain. In the footwear sector this is far from common practice, as the assessment done by both SCL and Ranka-Brand has indicated. Transparency toward stakeholders who might be affected by the company is essential as well. The UN Guiding Principles on Business and Human Rights also pay attention to transparency and communication: *“The responsibility to respect human rights requires that business enterprises have in place policies and processes through which they can both know and show that they respect human rights in practice. Showing involves communication, providing a measure of transparency and accountability to individuals or groups who may be impacted and to other relevant stakeholders, including investors. Communication can take a variety of forms, including in-person meetings, online dialogues, consultation with affected stakeholders, and formal public reports.”*²⁰

7. Recommendations and lessons learned

The report of December 2012 already explained that footwear companies subcontracting to small factories or production units run a higher risk of having child labour involved in the production of their shoes. The widely endorsed UN Guiding Principles for Business and Human Rights (see box 1), as well as the OECD Guidelines for Multinational Enterprises²¹, clearly stipulate that companies have a responsibility beyond their own production. If they buy from large exporting factories that outsource part of their work to subcontractors - mostly without having a good policy and good monitoring system in place - they can (partly) be held responsible for the working conditions at these lower tiers. They should exercise “human rights due diligence” in order to identify, prevent, mitigate and account for child labour and other human rights violations.

The recommendations given by SCL a year ago, see page 14, are still valid and essential to promote and ensure responsible and sustainable production. For companies with an important part of their production or full supply chain in risk countries this is even more essential. As this applies to the vast majority of the 28 companies, we again want to stress the recommendations given by SCL a year ago. The scores in the scorecard indicate that improvement has been made in the last year but that there is still a long way to go for the majority of the companies.

For a better understanding of the recommendations it is useful to take a look at the UN Guiding Principles on Business and Human Rights (Ruggie).²² In addition the Action Plan for Companies to combat child labour²³ published by Stop Child Labour can be consulted and used, and the same holds for the report from the Child Labour Platform 2011-2012, with lessons learned and best practices.²⁴

Preconditions

There are several initial steps to be taken by a company to be able to implement the recommendations given on page 14. These can be seen as preconditions to be able to implement pro-

²⁰ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf, page 24

²¹ <http://www.oecd.org/corporate/mne/>

²² http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

²³ <http://www.stopchildlabour.eu/Stop-Childlabour/What-you-can-do/As-a-company-or-organisation>

²⁴ <http://www.idhsustainabletrade.com/CLPbooklet>

grammes for improved sustainability and social conditions in the full supply chain. These are:

- Commitment within the company at several levels, including the management, is essential for effective and lasting improvements in the supply chain.
- Identification and mapping of 1st, 2nd and other suppliers, including subcontractors and material suppliers. Without knowledge and insight in a company's suppliers it is impossible to identify risks and/or set up a system to strengthen and monitor compliance with the Code of Conduct and/or international labour rights.
- Building solution-focussed and long-term relationships with suppliers is essential to improve sustainability and create good social conditions. Effective cooperation with 1st tier suppliers is important to be able to focus on lower tiers as well. This will only be possible if the number of suppliers is not too large.
- To strengthen and speed up progress regarding sustainability and social compliance, it is important to integrate these policies and ambitions into sourcing operations and performance measurements.
- Finding out what (other) initiatives are being taken or have been taken to improve sustainability is both relevant and useful. Exchanging experiences and lessons learned – preferably in a multi-stakeholder setting - are important for more effective and efficient sustainability programmes. Experiences in other sectors might be of use as well, for example the garment sector.

Lessons learned in combating child labour

Based on earlier experiences of both Stop Child Labour and other programmes several lessons learned have been identified when it comes to eradication of child labour. These points have (partly) been shared with the footwear companies in an earlier document, but are important to include in this report as well.

These experiences and lessons learned are:

- It is important not to focus on exclusively on child labour but also on labour standards for all workers in the supply chain, as child labour eradication is strongly linked to implementation of other labour standards.
- Using an area-based approach has proven more successful than focusing only on a specific sector or supply chain. If possible the approach should link to the efforts of other (local) stakeholders to make certain areas child labour free.
- Subcontracting in itself is not necessarily the problem; the problem is the low prices being paid, short lead time, bad working conditions and the lack of support, transparency and monitoring.
- Work together with local stakeholders, especially regarding research and/or intervention programmes with focus on the lower tiers.
- It is crucial not to focus only on having control over 1st tier suppliers but to work together and enable suppliers, subcontractors and material suppliers to improve the conditions along the whole supply chain. Better results will be achieved if more attention goes to training and capacity building of suppliers and promoting 'ownership' instead of focussing on getting control over and auditing suppliers.
- It is not necessary to stop outsourcing to home workers as such, but to make sure to enable the home workers to continue their work with better working conditions, decent wages combined with an awareness raising programme to get all children into school and out of work. For this, combining an area-based approach with a supply chain approach would be a good way forward.
- Paying a fair price and decent piece rates to adult workers, throughout the full supply chain, is essential to combat child labour. Be aware that adult workers might feel the need to have their children work as well (in the footwear sector or somewhere else) because of the low wages they receive.
- Do not focus only on the worst forms of child labour, but on all forms of child labour and on making sure that all children receive full-time quality education.

8. Overall conclusions Stop Child Labour

Stop Child Labour started the campaign 'We want child friendly shoes!' in June 2012 to stimulate all footwear companies to improve their policy and practices and to improve labour conditions in their full supply chain with a specific focus on child labour. An assessment of the policy and practices of 28 footwear companies was published in December 2012, and by mid-2013 SCL requested the companies to provide an update on what they had done in the past year to improve their policy and practices. Based on the information provided, it is clear that the majority of the companies have taken steps to improve their policy and/or practices. It is explained in the report that some companies have shown more progress than others, and that some companies are more willing to share their practices, experiences and challenges in more concrete terms.

Of the 28 companies, 22 responded to the request of SCL to provide information on the steps taken to (further) improve their policy and practices to eradicate child labour. For the vast majority, it can be said that they have clearly shown increased awareness regarding the risks of having child labour linked to their supply chain. There is also increased awareness about the importance of having good practices and procedures in place to prevent and tackle child labour and to be transparent about this.

From 18 of these 22 companies we have received sufficiently concrete information to conclude that the steps taken in the past year to (further) improve their policy, practices and level of transparency are a result of the Stop Child Labour campaign 'We want child friendly shoes!'. These companies are: adidas, Bata, De Bijenkorf, bugatti shoes, Camper, Clarks, Premium INC (Cruyff Sports), Deichmann (Van Haren), Dr. Martens, ECCO, Euro Shoe (Bristol), Fred de la Bretoniere, Geox, Macintosh (Dolcis, Invito, Manfield, Scapino), Sacha Shoes, Van Bommel, Van Lier and Veja. All these companies have taken specific steps to: investigate the risks in their supply chain, improve their policy and supplier code, set up or improve monitoring systems that also take into account subcontractors or material suppliers, start working with third party auditing, join a multi-stakeholder initiative and/or improve their transparency toward the public.

Of the 22 companies who have provided information for this report, two companies have received a 'bad' overall score from SCL: Lotto Sports and Schoenenreus. Lotto Sports provided us insufficient data to conclude that they have improved their policy and practices. In the case of Schoenenreus, although they informed us that they are aware of the importance of addressing child labour and promised to improve their policy and the information on their website regarding CSR, they have made very little or no progress in the last year.

Among the 22 responding companies there are two frontrunners, Puma and Timberland, who have shown their commitment and support to our efforts to raise awareness for the presence of child labour in the footwear sector and therefore provided responses and information as requested by SCL. Their good policy and practices and their current efforts to take even further steps for increased sustainability and traceability were probably not triggered by the campaign of Stop Child Labour, but their practices and commitment are certainly stimulating examples for other footwear companies. Five of the 28 companies did not respond to our request for an update on the progress made over the past year: Birkenstock, Gabor, Marks & Spencer, Nike, UGG (Deckers) and Wolky. Of these, Gabor and Wolky have received a negative overall score as it is not clear if they have decent policies and systems in place to tackle child labour in their full supply chain.

It is important to point out that the overall level of openness and transparency has substantially improved. Several companies responded elaborately and gave much insight into how they work and how they try to get insight in their supply chain, and/or how they manage their relations with their suppliers, and/or how they have set up systems to prevent child labour or other labour rights abuses. Additionally, steps have been taken to improve transparency, to exchange information with other companies and/or to join multi-stakeholder or sustainability programmes. Stop Child Labour very much encourages these efforts. However, the majority of the companies are only taking small steps and should give more priority to CSR and sustainability. It is striking that a fair number of companies, mostly retail companies, still have no good thorough overview of their first tier suppliers, let alone the lower tiers.

Based on an assessment of all 28 companies it is clear that the large majority now have a Code of Conduct or Supplier Code with attention to child labour and other labour rights, even though it is often not clear what the scope of the code is. This is a first step to start improving social compliance, but it is essential that internal procedures and systems are developed to implement, strengthen and monitor this policy. Such a policy is a commitment that implies that the company is making a real effort to combat child labour and improve labour conditions in the full supply chain. The research has made clear that the majority of the companies have not done a good and proper risk analysis at the level of the lower tiers, only a few have a monitoring system that takes into account subcontractors and material suppliers and even fewer have a decent remediation policy and procedure in place in case child labour is discovered in their supply chain. As a large majority of the footwear companies have (part of) their production in risk countries, a decent risk analysis, monitoring system and remediation policy are essential.

An important development in the past year was the initiative of BSCI (Business Social Compliance Initiative) to organise two stakeholder meetings in April 2013 in India to discuss the issue of child labour and the situation of home workers in the production of leather shoes. As a follow-up plan, it was decided to have further research done in India to get more insight into the situation of the workers and the risk of child labour at the lower tiers. Companies involved in these plans are Deichmann, Clarks, Bata and bugatti shoes (AstorMueller). However at this point in time it is not clear yet what the research will look like and what kind of follow-up interventions will take place.

Despite the progress made in the past year, there is still a long way to go before we can be certain that footwear companies are doing everything they can to tackle and prevent child labour and other labour violations in the full supply chain. SCL will continue to encourage companies to work more closely together, to exchange experiences and to join multi stakeholder programmes offering concrete and credible initiatives to improve sustainability and to ensure improvement of social conditions in the full supply chain. Partners of Stop Child Labour are working hard to implement and strengthen Child Labour Free Zones in Asia, Africa and Latin America, and SCL will continue to strive for 'Child Labour Free Shoes!' We urge all footwear companies to adopt a proactive role to make this possible.

Progress made by the companies – Description per company

Introduction

In this part of the report you can read the responses of the 21 responding companies combined with the conclusion per company and our present opinion about the company. An opinion is given for all 28 footwear companies that we have been addressing since the beginning of our campaign.

For the information on the companies a similar structure is used for every company.

1) Conclusion SCL report December 2012

This is the conclusion on the company that SCL has given in the report from December 2012.

2) Information provided by the company

This contains the information provided by the company in response to our request for an update on the steps taken in the past year to (further) improve their policy and practices to tackle child labour.

3) Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies

Exchange of advice, experiences and best practices is essential to be able to learn from other companies. Sharing and cooperation between companies is important to address the issue of child labour in the footwear sector as a whole.

4) Opinion Stop Child Labour, October 2013

SCL has given an 'opinion' on the company and the progress made in the last year, including recommendations how to improve further. As we do not have any possibility of checking the information provided by the companies we can only give our opinion and not a conclusion or judgement.

5) Website

Link to the companies website, when possible to the page where relevant information on the CSR policy and practices can be found.

adidas

Conclusion SCL report December 2012 (as in last year's report)

adidas has a comprehensive CSR policy that applies to its own organisation as well as its suppliers. adidas is aware of the risks of human rights violations in the production chain for sport shoes, including child labour. Multiple audits within various organisational units should counteract this. adidas also cooperates with other parties to tackle these human rights problems. adidas is one of the few companies that has disclosed a list of suppliers with which they work, and also one of the few companies that focuses on conditions in the supply chain beyond their first tier suppliers. Although the LWG (Leather Working Group) does focus on leather production, the focus is on environmental rather than on social aspects.

Information provided by adidas (23 July 2013)

Background

adidas Group's Social and Environmental Affairs programme was formed as result of concerns over the presence of child labour in global supply chains. It was a core area of our work in the late 1990s. The founding director of our programme was a former Director of Save the Children and our policies and practices led the industry. For example, we recognised at an early stage the unintended consequences of attempting to industrialise the football stitching industry in Sialkot, Pakistan. This resulted in the loss of employment for women stitchers, many of whom would have been home workers. This in turn impacted child welfare. Hence we began a programme of women-only stitching centres in villages; a practice that continues until today. We also recognised the need for secure schooling for children and for the past 15 years have sponsored education programmes in Sialkot, to improve access for children from the rural locations where home-stitching was once prevalent.

Policies and Practices

Our policies on child labour have always been cen-

tered on a concern for the child and protecting their interests, as well as recognising the importance of income to support households and schooling. Although cases of child labour are now a rare occurrence in our main supply chain, we do have very developed approaches to dealing with cases of child and juvenile labour, should they arise. Any finding of child labour would require a supplier to pay an on-going wage to the family of the child labourer and for the child to return to school until they are of a legal age to work. They must then be offered re-employment by the supplier, in a role that would not involve excessive hours or hazardous work. In the past we have often partnered with local NGOs to manage and track such activities, or support in the identification of school options.

It is important for our brand that all production takes place in authorised locations, both for compliance and quality reasons. Although we may permit dedicated stitching centres for handmade ball production and shoe assembly, we will not permit home working. This has been and will always remain our policy. To support this policy we normally employ tracking systems to ensure that we have knowledge and visibility of each stage of the production process and are able to trace the movement of product components up until the finished product is shipped to the customer.

All new suppliers must be screened for the presence of child labour and, if found, this issue must be addressed. If a prospective supplier is unable or unwilling to address a finding of child labour, then they cannot qualify as an approved supplier for the adidas Group. In such circumstances we would reach out to the labour authorities and, where appropriate, to local NGOs for assistance. Our requirements in the managing child labour, as well as the employment of juvenile labour (those who are of a legal age to work, but under 18) is presented in our Employment Guidelines. These guidelines, which were first issued in 2001 and updated in 2010, are shared with every supplier and apply equally to all subcontracting relationships.

We make public the names and locations of our main suppliers and their immediate subcontractors, including those making indirectly for us through licensees and agents. Internally we maintain lists of our Tier 2 materials suppliers, including all of our leather production locations. The latter must quali-

fy and be approved for use as modern purpose-built tanneries. We do not seek leather from other secondary sources as such sources would fail to meet our standards for consumer safety. All leather must be tested for hazardous substances, and must be traceable to its source.

We recognise that there are parts of our supply chain which our mainstream monitoring programme does not reach. For example the sourcing of raw materials such as cotton. As an agricultural product cotton is often grown on smallholdings or by tenant farmers in the developing world. Such farming practices come with a risk of child labour, as the farmers and their families struggle to survive and generate an income from this water sensitive crop. To control this risk and manage other labour and livelihood

concerns, as well as supporting environmental improvements and water resource management objectives, we are seeking to source all of our cotton through the Better Cotton Initiative. We are well on our way to achieving this by 2018.

SCL Recommendations for policy and practices for companies

SCL has encouraged companies contacted during its campaign to work on or to improve their policies and practices in a number of areas. Our general approach and practices have been outlined above; they are very mature and have existed for many years, but we always seek opportunities to learn, engage and improve.

The following is our response to SCL's specific recommendations:

| SCL Recommendations | adidas Response |
|--|---|
| A policy with regard to child labour and labour rights in their full supply chain, including sub-contractors in both shoe production as well the use of main materials like leather; | adidas Group's Workplace Standards applies to all suppliers, including the requirement to safeguard against child labour. We expect our main supplier to cascade our requirements to their subordinate suppliers. |
| A survey and risk assessment of child labour and other violations of labour rights in your supply chain; | We evaluate risk on a continuous basis across our supply chain, both at country level and also from an understanding of the characteristics of our supply chains. To achieve this we have monitoring staff with local knowledge and language skills, located in 16 countries around the world, including high risk countries such as India and Pakistan. |
| A policy and plan of implementation on the remediation of child labour or labour rights violations found; | Since the end of the 1990's we have had policies and programmes in place to manage any incidence of child labour. These were developed in consultation with the ILO (IPEC), UNICEF and Save the Children, among others. This is now codified in our Workplace Standards and supporting Employment Guidelines. We recognise that the employment of child labour breaches international human rights norms and ILO conventions. |

| | |
|---|--|
| A form of external assessment or verification of the results of your activities; | Our supply chain is open to third party verification and (random) unannounced auditing by the Fair Labor Association. The FLA has also accredited adidas Group's policies and practices as being in conformance with its Charter on managing labour concerns, including child labour. |
| Co-operation with other companies and stakeholders like NGOs and trade unions wherever that is possible, including participation in dedicated multi-stakeholder initiatives; | We actively engage and cooperate with other companies and when necessary with local NGOs and, at times, international multilateral agencies, when addressing cases of child labour. In the past we have also supported and assisted in the development of independent child labour monitoring initiatives in India and Pakistan. |
| Transparency to the general public about the process and results of the activities you are undertaking to combat child labour and tackle labour rights violations addressed in these recommendations. | We have published regularly on cases, enforcement actions and approaches to managing child labour. This information can be found in our annual Social and Environmental Report and on the Sustainability section of our corporate website. |

Findings from the SOMO research in India

We have actively responded to the SOMO research of supply chains in India and attended the follow-up meeting held in Chennai on 24th April, 2013. Although a lot of emphasis was placed on the risks of child labour in extended supply chains, especially involving home working, we have confirmed with Hivos that we do not have home working as part of our supplier's leather shoe production activities in India.

However, given the heightened risk of child labour which has been revealed through SOMO's research in Ambur, adidas Group will subject any future proposed subcontractors to a more intensive process of pre-screening, which in addition to the normal range of monitoring issues will include an in-depth review of any hiring policy and age-proof checking, before approval for the use of a factory is given.

Our investigations and unannounced audits in Ambur in 2012 did not find any evidence of child labour in the sub-contracting machine stitching centres or the tanneries which supply leather to our shoe manufacturing partner. However, in the machine

stitching centres our auditing revealed a potential risk of juvenile workers finding their way into employment, in breach of our business partner's own 18 age limit policy.

Due to the above concern, we can report and confirm that our business partner has further strengthened their hiring practices and 'no child labour policy' by improving their verification of a worker's proof of being 18 years of age, or above. Any doubt the authenticity or accuracy of school certificates and birth certificates now triggers further screening and the collection of other forms of age proof (e.g. a dentist certificate), as well as a formal interview with workers to evaluate their age.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Push for transparency to help build trust and deliver change on-the-ground. For example, our brown shoe footwear supplier approached us at an early stage and sought our feedback and approval for

the use of external hand-stitching units for uppers. This allowed both the supplier and adidas Group to discuss and agree on requirements, including disclosure, product tracking and the workplace standards for their subcontractors. We visited several hand stitching units located in the nearby villages and highlighted the potential risk of child labour, as well as risks related to the lack of formal employment contracts, the underpayment of minimum wages, legal benefits and general health and safety. Our supplier agreed with the potential risks which were flagged, and took the initiative to improve their in-house guidelines and sourcing practices for hand stitching. This delivered positive benefits for workers as it promoted full-time rather than casual labour and thereby guaranteed for them minimum wages, overtime premiums and other legal benefits, rather than cash payment for piece rate work which had been the practice in the past. It was a truly a partnership approach that benefitted all parties.

Drive practices which are sustainable over the longer term. Avoid check list approaches and build local capacity within the supplier partner, so they can better govern and manage issues themselves. Through a focused capacity building programme, with supporting key performance metrics, our supplier partners strengthened their internal auditing and reporting capabilities with respect to sourcing operations. As a result, our main suppliers began conducting independent internal audits of their machine stitching centres. During these internal audits, they pushed for implementation of improved hiring practices, a 'no child labour' policy and better levels of health and safety compliance. They also facilitated external trainings for their employees on the 'eradication of child labour' and a 'workshop on requirements of Indian Factories Act' which further enhanced their skill and knowledge on the topic.

Better use available resources and visits to flag concerns. We ran additional training for our footwear technical team, which conducts periodic visits to the factories and machine stitching centres, to sensitise them to the possibilities of underage workers and health and safety issues. The technical team now shares their observations directly with the suppliers, for cross-check and remedial action.

Opinion Stop Child Labour, November 2013

From the beginning of our research adidas has been very open and committed to provide information and share relevant experiences. From the information given by adidas for this report a lot can be learned as it is clear that adidas is far ahead of most footwear companies when it comes to tackling child labour, sustainability, traceability and transparency. Several of the issues now being faced, or still to be discovered by the majority of the footwear companies have already been addressed by adidas like child labour, issues related with home stitching and the use of hazardous substances in the tanning process. However, as admitted by the company, there are still challenges to be taken up, like child labour in the production of cotton. Out of the scope of our campaign, but nevertheless also important are issues like decent wages, health and safety issues and freedom of association which are part of the approval and monitoring process of adidas as well. It would be interesting to know more about how adidas has been dealing with these labour issues.

Website:

<http://www.adidas-group.com/en/sustainability/Suppliers/default.aspx>

Bata

Conclusion SCL report December 2012 (as in last year's report)

SOMO and Stop Child Labour have initially incorrectly linked Bata with the factory of Farida Group and the incidences of child labour at subcontractors of Farida. The connection with child labour involved in the production of Weinbrenner (a Bata brand) is being questioned, however evidence is lacking to confirm or reject this allegation. Another testimony also links Bata with child labour but is difficult to investigate. Since Bata is sourcing from countries where a lot of child labour is involved in the production of shoes Stop Child Labour stresses the importance of having a clear and effective policy and practices to prevent and tackle child labour in the full supply chain. Bata

has explained that they have such a policy in place, however it is their internal policy not to share concrete information on this. Stop Child Labour regrets this and although Bata seems to have a good approach to ensure compliance with their strict policy on child labour not enough information has been provided to confirm that Bata is taking the right and effective measures to combat child labour in their full supply chain.

Information provided by Bata (27 September 2013)

At Bata we support the abolition of child labour as we believe that children should attend school. Bata and its partners will work together with a number of different stakeholders to prevent the use of child labour in the footwear sector and help raising awareness. Bata believes that an effective strategy to eliminate the problem must start by tackling the attitudes and accountability of those in the supply chain and the communities in which they live. Bata is present in India since 1931. The company counts 5 manufacturing facilities, more than 1300 stores employing in total 6,800 people. Across the world, Bata does not provide only shoes, but also to build livelihoods, grow businesses and educate their children. In Kolkata for example, a town called Batanagar has been built around the factory where the employees can live in a housing complex, and their children can go to the Bata primary school. In terms of suppliers, we have subcontracted part of our manufacturing e.g. stitching uppers, to local facilities that are closely linked to our manufacturing centres. These companies were often set up by entrepreneurial employees, most former Bata employees, and we view them as part of our extended Bata family, referring to them as "Associate Business Units" or ABUs. These businesses are effectively an extension of our local manufacturing, sharing our values and our standards.

Findings

Bata India has undertaken a thorough internal investigation and third party social audits among its sub-contractors, in particular in the Agra region, to verify the presence of child labour. No presence of child labour was witnessed.

Action taken by Bata

- Bata has organised suppliers meetings where special emphasis has been given on combating child labour in the supply chain.
- Bata has launched a new Code of Conduct for Suppliers in June 2013.
- All Bata suppliers have signed the Bata Minimum Age of Employment Policy and the Bata Supplier Code of Conduct, which also mentions the minimum age. The Bata Supplier Code of Conduct is available in English, Chinese, Bengali, Bahasa, Spanish, Portuguese and Italian. Both policies were shared with SCL.
- Bata participated in a multi-stakeholder meeting in Chennai, India on 24 April 2013 called by BSCI, to which HIVOS was also present. Since then Bata has been in continuous discussion with BSCI which is spearheading an area-based, bottom-up research that aims to develop a broader understanding of the problem and draw an action plan which combats child labour in a systemic way.
- Bata India has engaged with I-Mentor in India which has carried out social audits of 73 first tier suppliers. The detailed audit reports clearly analyse risks / exposures. Together with I-Mentor, Bata India is currently working on framing norms which when followed would build compliance capabilities.
- Since January 2013, Bata is member of the Global Social Compliance Program, a business-driven program for the continuous improvement of working and environmental conditions in global supply chains. The GSCP was created by and for global buying companies wanting to work collaboratively on improving the sustainability (social and environmental) of their often-shared supply base.
- Since January 2013, Bata is also member of the Leather Working Group, a multi-stakeholder group, comprised of brands, retailers, leather manufacturers, chemical companies and other relevant parties in the leather supply chain, with the goal of raising the environmental performance of the leather industry.

Regular updates

Bata is committed to transparency throughout this process. The current actions are just the first step in a long process due to the complexity of the problem in general. The company will continue to work closely with its suppliers, its certification partners

and other stakeholders to ensure that those working throughout its supply chain receive better training on the nature of the child labour problem.

By 2020, the BATA Sustainability Program is planning to undertake the following steps in building a sustainable supply chain:

- Report publicly on successes and ambitions (Sustainability Review).
- Carry out third party social audits of our first tier suppliers.
- Upstream tracing and risk assessment of our supply chain.
- Help our suppliers to improve their social and environmental performance through capacity building and by working together with other brands.

The website of Bata has been updated and contains information on the Bata Sustainability Program containing of activities in four key areas: Manufacturing and the Workplace; Eco-Efficiency and Environment; Eco-Innovation and Development; and Community Involvement & Social Development.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Many companies share the same suppliers. We believe that collaboration and exchange of information can really help to tackle common problems found in the supply chain. Thanks to this report and the BSCI meetings in India we could connect with many of our colleagues that share the same problems and have the same questions.

Opinion Stop Child Labour, November 2013

SCL appreciates the fact that Bata has improved their Code of Conduct for suppliers and that it is now publicly available in several languages. Also some clear improvements have been made regarding transparency and openness as Bata has been sharing information more broadly and providing more concrete information on their website on the sustainability programme. The challenge for Bata is to get more insight in their full supply chains includ-

ing risks and possible labour rights abuses at the lower tiers. Bata appears to be committed to get this insight and to work on measures from improvement. The involvement in the BSCI process and the recent membership of the Global Social Compliance Program and the Leather Working Group (both started in January 2013) is a clear indication of this commitment.

Website:

<http://www.bata.com/sustainability-program.php>

De Bijenkorf

Conclusion SCL report December 2012 (as in last year's report)

De Bijenkorf acknowledges its responsibility for people, the environment, and its product. Although affiliation with the BSCI is useful, it does not go beyond first tier suppliers whereas the main problems are often further down in the supply chain. There is sufficient commitment at De Bijenkorf and progress has been made, particularly in the environmental area, but a lot still has to be done in terms of transparency and supply chain responsibility.

Information provided by de Bijenkorf (24 September 2013)

All suppliers of de Bijenkorf are obliged to commit themselves to our Code of Conduct and of BSCI in which is stated that child labour is unacceptable. We have a clear position that we will not accept articles being produced by children. In case one of our suppliers does not meet this criteria we will discuss this and will insist on taking measures to stop this and follow up until they are compliant. In our contract we recently added a condition on the working environment being safe and suited for the workforce.

Based on the report of SCL from December 2012 we have contacted our footwear suppliers being incorporated in the SCL report. The suppliers who did not receive a positive judgement from SCL were requested to provide an explanation and/or additional information.

De Bijenkorf has done research on the production of our own brands and came to the conclusion that there is no child labour involved. This small-scale production is currently taking place in Europe only.

At the Bijenkorf we do everything we can to prevent the use of child labour.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

SCL appreciates that de Bijenkorf has used the report with the assessment of the 28 footwear companies (December 2012) to contact their suppliers and to stress the importance of sustainability and transparency. This has provided some additional pressure to these companies to take the recommendations of SCL more seriously. Until last year de Bijenkorf had a person fully dedicated to CSR issues, a CSR manager. In 2013 this person left and the tasks and responsibilities are now taken up by different persons and departments. Since then de Bijenkorf does not seem to be as active any more as before to improve their sustainability and their transparency on this.

Website:

http://www.debijenkorf.nl/?page=webpage&text_name=Maatschappelijk%20Verantwoord%20Ondernemen

Birkenstock

Conclusion SCL report December 2012 (as in last year's report)

Birkenstock has a code of conduct that addresses child labour, however this is not publicly available on their website. Birkenstock is very committed to the environmental aspects of CSR, less attention goes to the social aspects. It would be good to know more about the entire supply chain of Birkenstock, though

no information is given on this. Given their explanation that every incoming shipment is checked gives the impression that some materials, other than leather, are sourced from outside Europe where possibly the risk of child labour is higher.

Information provided by Birkenstock

No information was provided by the company regarding the steps taken in the past year.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

SCL regrets the fact that Birkenstock has not responded to the request to give information on the steps taken to further improve their CSR policy and practice. In our earlier reports it already became clear that Birkenstock is focusing a lot on environmental sustainability but, apparently, less on the social aspects. The company has informed SCL that the production of shoes for Birkenstock fully takes place in Germany and the leather comes from European tanneries. This would imply that the risks of having child labour in the supply chain of Birkenstock shoes is considerably smaller than for companies sourcing from high risk countries in Asia.

Website:

<http://www.birkenstockstore.nl/>
http://www.birkenstock.de/birkenstock/index_e1280.html

bugatti shoes – AstorMueller

Conclusion SCL report December 2012 (as in last year's report)

In the first version of this report we mentioned that bugatti shoes did not seem to have any policy or practice for meeting the labour standards in the production of the shoes they sell and that they were lagging behind regarding corporate social responsibility and

transparency. The content of their Code of Conduct shows that bugatti takes CSR seriously and that they are well aware of the issues. We are interested to learn more about how they implement and control their Code of Conduct, especially at the levels beyond their first tier suppliers. Important to add is the fact that bugatti was mentioned in our report as a company possibly connected with child labour was not only based on the testimony and the assumed link with Farida, but also on the fact that bugatti never responded to the findings and had not given any information on the policy and practice of the company to prevent and tackle child labour.

Information provided by bugatti shoes (4 August 2013)

bugatti shoes and AstorMueller have provided a lot of written information to Stop Child Labour over the past year to explain what bugatti shoes is doing in India and how we (AstorMueller) are monitoring our factories regarding the risk of child labour in our production tiers.

We (Astor Mueller) summarize the facts hereafter:

1. There is a Code of Conduct which every factory has to sign and implement. We (Bugatti) oversee the implementation of our Code of Conduct through our 100 plus strong staff in India, which no other brand has in India.
2. bugatti shoes has an outsourcing agreement (copy provided to SCL) which does not allow any of the factories to outsource work. If they want to do so, they have to inform us where the works will take place so that we are able to check quality and working conditions. The chance for outsourcing works behind our backs is very low. On the one hand the factories know that in case of violation against our agreement or the Code of Conduct draconian penalties will follow. On the other hand we know when materials come into the factory and we also are planning the production together with the factory. We are able to monitor all processes and are always aware when a particular order is going to be cut, stitched, lasted and then exported. As a principle we take 60% or more of the factory's capacity, therefore we are in the position not to allow a factory to do what they may want to do – especially things which are not in compliance to our Code of Conduct.

3. bugatti shoes does most of the hand stitching in-house as we know there could be a risk of child labour when it is outsourced. We even intend to increase these operations in house.
4. As an independent and owner-operated and international brand for quality products, bugatti shoes is able to cooperate with the best factories and producers and capable of paying the required prices. In this context we are in the position to insist and secure that almost all of the work must be done in-house. (Possible problems and risks arises when one has to source really cheap shoes and therefore to use less compliant and less organized factories – but this does not apply in any case for bugatti shoes.)
5. We buy most of our leather from Italy or from European tanneries that have collaborations in India where the tanneries are compliant, this also eliminates the risk of child labour to a great extent.

Information provided by bugatti shoes earlier this year:

All our factories are aware that we do not tolerate child labour and they have signed our code of conduct and as we do agree that SA 8000 is not the complete answer to eliminating child labour, we do have our people checking every process in every factory and their job is also to see whether the factory is compliant. We have a 165 strong staff in India which no other brand has, of which a good 100 are only ensuring that our quality standards and that the code of conduct are completely implemented. Our factories are obliged to inform us if they are job-working [outsourcing] outside and our people check those factories not only for quality but also for compliances. Luckily bugatti being a high quality brand automatically discourages job-working as it is a basic fact that quality suffers when things are made out of the principal factory.

After the stakeholder meeting in India we even have extended our controlling and monitoring to cover the full supply chain. That means that also the few small percentage of outsourced work which is done with our permission is controlled and monitored to avoid any risk of child labour and to have an overview about specific working conditions.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

In our opinion to do it the „ourselves way“ seems to be the safest option, that means checking all the phases of production from the tanneries till the final phase of production that is till the shoe goes into the box. Regarding our own production with our big team and the support of further external specialists in India we can handle the controlling and monitoring of our Code of Conduct very effectively through all tiers in our supply chain. Beside this we think that planned actions which allow footwear companies and organizations to share their experience and knowledge could be quite helpful for everybody.

Opinion Stop Child Labour, November 2013

After the publication of the report in 2012 where bugatti shoes was being mentioned as one of the companies being linked with child labour at the level of the lower tiers, intensive communication started between the company and Stop Child Labour. Subsequent investigations did not lead to any further, concrete evidence confirming specific links. Based on the information provided to SCL it must be said that bugatti shoes has more insight in their production process and subcontractors than the majority of the companies being addressed in this campaign. bugatti shoes has a good monitoring system to trace and monitor the production of their shoes, also at the level of 2nd tier suppliers. Having a large team present in India makes it also possible to have this monitoring system being implemented and controlled in an effective manner. A positive development is that bugatti shoes has extended the controlling and monitoring to cover outsourced work as well. This does not cover the full supply chain yet, but certainly a large and important part of it. The company informed us that they intend to become a member of BSCI and has shown commitment to prevent and eradicate child labour from the footwear sector at large. bugatti shoes is one of the few companies involved in the follow-up plans for an in-dept research in India being initiated by BSCI.

Website:

<http://www.bugatti-shoes.com/index.php>
http://www.astormuellergroup.ch/AstorMueller_Start.html

Camper

Conclusion SCL report December 2012 (as in last year's report)

Camper provided some information by email during the initial survey, but it has not reacted to the SOMO report and letter of Stop Child Labour. They did provide additional information for this report [December 2012]. It seems that they do check the implementation of their CSR policy and impose conditions on the use of chemical substances. However, the statement that they have found no cases of child labour, forced labour or discrimination since 2004 refers to their first tier suppliers. This does not guarantee that suppliers of materials or components used for the footwear production do not make use of child labour. A risk analysis beyond first tier suppliers is therefore recommended. Positive is that Camper has already taken some steps to improve the transparency and level of compliance in their supply chain beyond their first tier suppliers. Camper has a code of conduct, but this code cannot be found on their website. The company communicates hardly any information to the public.

Information provided by Camper (6 September 2013)

A lot of things happened at Camper since our past communication during final months of 2012. As a result of our cooperation, we realized that although our external audits provided no evidence of child labour, we should open our CSR scope and focus not only in our direct manufacturers (Tier 1) but also in the whole supply chain, namely material suppliers (Tier 2). Accordingly, we have been working during the last months reviewing our policies with Manufacturers, looking for child labour improvement (even though we had no findings of child labour) and, on the other hand, designing a CSR & Environmental policies and practices that might allow us to implement these in the Tier 2 (material suppliers). We have decided to design and implement a whole program for Suppliers instead of focusing only in

preventing child labour. This took obviously a while, but in our eyes, it's much more consistent for ensuring our practices.

Regarding Manufacturers (Tier 1):

- 1) We've reviewed our CSR Code, setting up a differentiation between child labour (under 16) and juvenile employees (16 to 18). Meanwhile employing people under 16 is absolutely forbidden, all employees from 16 to 18 (whose work is allowed under certain conditions) must be properly identified and must be subject to the fulfilment of labour and administrative controls (authorization, limited working time, no night work or heavy/risky working places).
- 2) Additionally, we are reviewing our Audits check lists in order to (i) check all juvenile employees at the factory (ii) ensure that a full evidence of employee's age has been provided (iii) include interview with employees representatives or trade unions for that purpose.
- 3) We have also included child labour in our own Tier 1 of CSR principles which infringement and/or breach is allowing us the immediate termination with manufacturer.
- 4) On the other hand, we have concentrated our manufacturers network, reducing the number of factories and working with companies that might ensure the adequate fulfilment of our CSR requirements. One of the main requirements is to work with fully integrated facilities, that might guarantee that no external work is subcontracted but performed at manufacturer's own premises. For ensuring that, we have also added in our Manufacturers Agreement a specific provision prohibiting subcontractors and/or outsourcing.
- 5) Production countries: China & Vietnam. We stopped to work in Thailand.
- 6) All Audits are performed by external companies (all SAI rated) following local law + ETI code, in order to evaluate the result according to western standards. All deficiencies are marked and discussed directly by Auditors and included in a corrective measures list also signed by audited manufacturer. The company can also cut all relationship for failures in child labour prohibition, according to Camper CSR Policy.
- 7) All our audit findings, based on failure on local regulation and/or ETI Code (or by specific Camper

request), are primarily discussed between our external auditors and the supplier, trying to evidence a mutual understanding of the failure, how this must be remedied and the time for doing that. If both agree on these, they sign the corrective measures document and send it later to us, in order to monitor the further fulfilment of the agreed corrective measure by Supplier. If necessary, we ask again the Auditor to supervise such fulfilment. Any failure, even corrected, shall be subject of a specific attention in the following year Audit. If there is no agreement, this will be reflected as well in the corrective measures document, together with the Auditor's suggestion and we'll manage this directly with the Supplier. We always understand the relationship with manufacturers and suppliers as long term and our CSR approach is to improve every year, as we understand that there is no end on these matters.

Regarding the Materials & Component Suppliers (Tier 2):

- 1) As said, we have first defined specific CSR & Environmental and Ethic Code for Suppliers, which, together with a general framework agreement that is being launched within the period August- September 2013.
- 2) For that purpose we have targeted our most important Suppliers, dividing them into Leather & Textile Suppliers, Lining Suppliers, Insole Suppliers and Footbed Suppliers. More than 40 companies are included.
- 3) Once Suppliers have entered into the whole Agreement, they will receive a self-assessment questionnaire about many relevant aspects related with CSR & Environmental & Ethic Code, among them, of course, child labour, juvenile employees, subcontractors and others. This is expected to be done during October-November 2013.
- 4) In parallel, we are designing the specific Audits check lists in order to cover either our CSR policy (including child & juvenile employment) as well as our environmental requirements. Considering the high number of companies to be audited and our limited resources, we expect that all targeted Suppliers should be audited within the period 2014-2015.
- 5) CSR requirements, Audit companies, implementation & remediation will follow the same standards than for manufacturers.

6) Suppliers region: about 50% Europe and 50% Asia

Summarizing:

- I. We have improved our CSR policies against Child Labour and approved more restrictive requirements for manufacturers although continued audits since 2004 never showed any evidence of child labour.
- II. We have forbidden subcontractors for manufacturing companies, in order to avoid potential risks.
- III. We have launched the same policies for our Tier 2 group, involving more than 40 companies in the new program, asking for them to be committed to our policies, including of course child labour prohibition and strict supervision of juvenile employees (16-18 years). We are implementing this along 2013 although we expect to have all companies audited not later than 2015.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

We divide under-18 workers between children (under 16) and juvenile (between 16 and 18), prohibiting children in our Code of Conduct and monitoring that juvenile practices are meeting all legal and administrative requirements. In order to audit our policy fulfilment, we ask for a full-ID evidence of all juvenile workers and double-check these with employee interviews (without employer's presence) and trade unions or employees representative committees.

We never detected children in our Tier 1 audits performed since 2004, just some administrative requirements failed regarding juvenile employees (they should have been previously registered in administrative office). As a result of it, auditors and supplier signed it to be remedied in one month. External auditors directly supervise this.

Opinion Stop Child Labour, November 2013

Camper has clearly taken several steps to improve their policy and practice both at the level of first tier suppliers as at the level of material suppliers. Their explanation on the measures taken is informative and concrete. The steps taken might be a good ex-

ample and inspiration for several other footwear companies. Unfortunately little information on Campers CSR activities can be found on the website, not even their Code of Conduct is publicly available. However the company has informed us that they will make this public soon as well as information on their CSR policy and activities. The company seems to have a good approach in responding to non-compliances found at supplier sites, however SCL recommends Camper to have a clear remediation policy or procedures in place in case of child labour found in their supply chain. A positive step is that Camper has reduced the number of factories that they are working with as it is essential to have good and long-term relationships to be able to fully implement measures for improvement.

Website:

<http://www.camper.com/en>

Clarks

Conclusion SCL report December 2012 (as in last year's report)

Clarks has been active to improve their corporate responsibility and seems actively involved in addressing environmental, health & safety and social issues in their supply chain. The findings on possible use of child labour in the production of shoes for Clarks show that it is not enough to have a Code of Practice signed by first tier suppliers and to have compliance to this Code regular checked by auditors as the highest risks can be found with subcontractors and suppliers of components and materials. Clarks is aware of these risks and their long term relationships with suppliers is crucial to achieve improvement in the whole supply chain. The fact that Clarks made use of our report in a positive way and their open approach to our campaign is being appreciated.

Information provided by Clarks (9 September 2013)

The information below is provided in response to the request for an update from the Clarks Group on recent activities with respect to managing working conditions and specifically the use of child labour within our supply chain. As requested this input is

set out against the areas of recommendation identified in the report published during 2012.

- Clarks Group strongly believes in the importance of education to children. Preventing the use of child labour is one of the key elements in our Code of Practice and is a critical criterion in the assessment of working conditions of our suppliers. Through our audit programme we continue to monitor our suppliers for compliance with our Code of Practice and audit criteria.
- Clarks Group is committed to constantly growing and improving our audit programme. To support our continued work in this area, we have recruited additional resource during 2013 which will enable us to extend the scope of our programme to more fully include satellite production units (stitching units etc.) as well as nominated material and component suppliers.
- Clarks Group has reviewed and updated our Code of Practice to make as explicit as possible the working condition standards expected from our suppliers. This has been internally benchmarked against the base codes of leading organisations and other brands. A copy of the updated Code of Practice has been shared with SCL.
- Clarks Group has reviewed revised and prepared additional content and information that will be publically available via the Clarks website. The updated information will be published later this year and will include our updated Code of Practice.
- Clarks Group continues to use the UN HDI as an initial indicator for the level of audit and scrutiny of our suppliers that is appropriate in each country, though this is ultimately determined at the individual supplier level. The information gained through our audit and assessment of working conditions in supplier facilities is used to inform our sourcing decisions. The majority of Clarks production is sourced from countries in the Medium Development quartile of the index. We do not currently source Clarks footwear from countries in the Low development quartile of the UN HDI.
- Representatives from Clarks Vendor Audit and Sourcing departments attended the BSCI facilitated stakeholder meeting on child labour in Chennai in April 2013. We continue to be engaged with BSCI in the development of a project proposal to undertake a more detailed study on the presence of child

labour and use of home working in key footwear producing areas in India. Clarks Group will support and participate in this study subject to successful agreement on the scope and structure of that work. We continue to seek opportunities to work collaboratively with other brands and organisations in all areas where we source.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Clarks seeks to work with suppliers who share our commitment to fair and safe working conditions. Clarks recognize the importance of factories having robust recruitment processes to detect potential child labour, especially to identify the use of falsified identify documents or those of a friend or family member which may be used in order to gain employment. These recruitment processes must also be employed in any satellite or remote units operated or used by a supplier. For such units, whether owned or used on a contract basis having visibility of all aspects of the working conditions is critical for both the supplier and the respective brands.

Opinion Stop Child Labour, November 2013

Clarks has taken some good and positive steps for improvement like updating their Code of Practice (will be made public soon) and employing additional persons for improved transparency and monitoring at the level of lower tiers like stitching centres, component and materials suppliers. Clarks is also one of the few companies who participated in the BSCI stakeholder meetings in India and since then actively engaged in developing the follow-up plans for additional research. In the updated Code of Practice the importance of having a remediation policy is brought forward as this is expected from every supplier. (The Supplier must have effective procedures for age verification as part of the recruitment process and a documented policy & effective procedure for the remediation of any child found to be in their employment.) According to Clarks this must “at least include provision of adequate financial and other support to enable such children to attend and remain in school until no longer a child.” It is not

clear if Clarks has a remediation policy themselves and besides that it would be interesting to know what Clarks is doing and offering their suppliers and sub-contractors to support them in setting up, and if needed implementing, such a remediation policy.

Website:

<http://www.clarks.co.uk/HelpandInfo/Social-Responsibility>

<http://www.clarks.nl/nl-nl/informatie/over-ons>

Cruyff Sports – Premium Inc

Conclusion SCL report December 2012 (as in last year’s report)

It is surprising that Cruyff Sports does not have a CSR policy and Code of Conduct yet, while they are sourcing from countries like Vietnam, China and Indonesia where several risks concerning labour conditions can be expected. Positive is that they are working on this and that they have already taken concrete steps to join a multi-stakeholder initiative.

Information provided by Premium Inc (24 September 2013)

Since this year we have made serious steps to prevent and tackle child labour and/or other labour rights issues as result that we became member of the Fair Wear Foundation since May 2013. To become member of the Fair Wear Foundation we handed over a Work Plan including a Code of Conduct (see appendix 1) that is based on the conventions of the International Labour Organization and the United Nations convention on the rights of the Child and consists of basic rules that will apply to our employees and workers in factories where our products are being made.

Going forward and putting words into figures we would like to have 40% of our supplier base audited and where needed corrective actions plans implemented by the end of 2013, 60% by the end of 2014, 80% by the end of 2015 and over 90% by 2016. Independent auditor SGS will be doing these audits and will do on sites visits and check on various aspects. Not only situations on child labour will be addressed but also health and safety, discrimination and so on all based on our Code of Conduct.

Since our membership we have set up a supplier base to have a good overview of all our vendors, suppliers, production capacity, number of workers, lead times, etc. This base will be updated quarterly and new suppliers must accept and sign our Code of Conduct conditions first in order to continue our working relationship. The Code of Conduct is/will be placed on factory premises (not only in English, but also the local language is printed to involve the workers) and is also available for end consumers on all our websites (see appendix 3).

To avoid that the Code of Conduct and policy of the Fair Wear Foundation is a one way affair we are involving our suppliers by presenting the conditions during meetings. Furthermore, we work intensely to check the compliance with our Code of Conduct. This is done during on site visits and by the visits to the supplier’s factories by our own production centres staff as well as independent audits carried out by SGS. During visits and quality checks, will not only the administrative side of the issues be addressed, checked and reported but also how far the supplier is with implementing our Code of Conduct alongside the improvements needed to be carried out after conclusions of an audit.

If there is a need to de-activate a supplier due to repetitively not following the CAP, then this will be discussed extensively by Premium Inc. and the production centres. If the production centres has a need to activate a new supplier, not only will a full background check be done alongside an SGS audit but also discussed which vendor(s) shall be deactivated as not to increase the number of vendors in the production pool.

Countries where we sourced from in 2012-2013 are Indonesia, Italy, China, Portugal, Vietnam, Romania and Slovakia. As mentioned before all new suppliers must accept and sign our Code of Conduct conditions first in order to continue our working relationship.

Some targets for 2013 to 2015 will be:

- Auditing more and more factories, figured are mentioned above.
- Further development of our online platform, this will help us improve the communication between Premium Inc. HQ and the Agents/Suppliers and therefore reducing the amount of printed communication

- Develop training for our agents audit personnel with the aim of increasing suppliers understanding of the company's requirements, thereby facilitating greater compliance with our Code of Conduct
- Analysing full supply chain including 2nd tier (at this moment we do ask strictly if the suppliers are using subcontractors and if so then the subcontractor needs to accept and sign our code of conduct as well)

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

To tackle child labour we would advise to cooperate with multi-stakeholders, because they have a lot of experience when it comes to CSR (so not only child labour) and they are able to help you out with a lot of questions. Furthermore they organize interesting seminars whereby you get the chance to meet people from other companies so you can exchange experiences.

Opinion Stop Child Labour, November 2013

Premium Inc is one of the companies that has done a lot in the past year to improve their CSR policy. A year ago there was not even a Code of Conduct in place and now Premium Inc is member of Fair Wear Foundation which clearly shows the commitment of Premium Inc to improve their sustainability in an effective and transparent manner. Fair Wear Foundation has high standards and is challenging and supporting their members to not only work towards compliance at 1st tier level but moreover to work towards more in-depth and lasting sustainability improvements, also at 2nd tier level. SCL appreciates this step of Premium Inc as the strategy and standards of the Fair Wear Foundation are very much in line with the recommendations and objectives of SCL. It would be very interesting to know some more about the expectations and programmes of Fair Wear, the experiences of Premium Inc with this and to exchange and compare this with some experiences of other companies with other sustainability and/or verification programmes. Additionally it is recommended to Premium Inc to provide more

(concrete) information on their CSR ambitions and activities on their website, especially on the site of Cruyff Sports where only the Code of conduct can be found. On the site of Premium INC some information on and a link to the Fair Wear Foundation is provided but nothing about the membership of Premium INC, ambitions and plans. The company has informed us that they will provide more information on their CSR ambitions and plans on their websites in the beginning of 2014. We expect this to be concrete and interesting as the company has made good progress since the start of our campaign.

Website:

<http://www.cruyffsports.com/>
<http://www.premiuminc.nl/>

Deichmann (Van Haren)

Conclusion SCL report December 2012 (as in last year's report)

During the investigation carried out by SOMO in 2011, Deichmann already responded and provided information on their policy and practice. They have been very helpful in providing all the information asked for. However, not much information can be found on their website regarding their CSR policy and practice. This could be improved. In Deichmann's contact with Stop Child Labour they have shown their commitment to responsible sourcing and have explained their efforts to improve the situation in the factories. However, more can be done to get a better insight into their supply chain beyond first tier suppliers.

Information provided by Deichmann (30 September 2013)

Here a short update on the measures - both already taken and still in the pipeline - against child labour in the supply chain:

Home work

In shoe production, ever less homework is now required. Nonetheless, we will continue not to permit any home work in the families' homes until we get new insights into these children's and families' situation. This means that just as in 2012 the work will

be done at public places under supervision. We thus can exclude that children are involved in the production of shoes. When the BSCI study has been concluded we might have new insights that exclude the risk of children working in the families, then we will adapt our home work regulation to such conditions.

Subcontractors

Subcontractors working for Deichmann suppliers have already been audited by TÜV South and the necessary corrective actions taken. These include in particular an inspection and documentation of adolescent staff proof of age. Deichmann staff do also visit these subcontractors on a regular basis and thus contribute to their compliance with social and environmental standards.

If a Deichmann supplier contracts out part of the production to a new subcontractor, the supplier will notify Deichmann of this prior to the start of production. Deichmann will initiate an independent audit and see to it that any corrective action is taken immediately, should the need arise.

Leather production

Deichmann has joined LWG and is currently having the leather manufacturers audited in accordance with the LWG protocol. This audit focuses upon environmental protection. But it is being planned also to run a social audit in the tanneries. The first pilot project are scheduled for the beginning of 2014.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

Deichmann has been one of the companies most active in responding to our campaign and in taking steps for getting more insight in the risk of child labour in the production of footwear. The company has done a research by themselves among a large group of home workers to get insight in their family situation. They have found that in many cases these home workers have children in the age of 11-14 who are not (regularly) attending school anymore.

Therefore the risk of child labour is high which has made Deichmann decide to set up stitching centres. Although the objective of attracting female workers to these centres has not been achieved yet Deichmann has proven to be open-minded, willing to learn and to share their experiences and to improve their policy and practices where needed or desired. Deichmann is also one of the driving forces behind the BSCI programme to get more insight in the lower tiers of the footwear supply chains and to come up with an action plan for improvement. For the coming year it will be important to monitor the impact of the stitching centres on the workers (men and women) and the (former) home workers and their children. It will be important to learn from similar experiences to improve this approach and to ensure that female workers and, where possible former home workers, are included.

Website:

<http://www.vanharen.nl/NL/nl/corp/duurzaamheid.jsp>
<http://www.deichmann.com/DE/en/corp/unternehmen.jsp>

Dr. Martens – Airwair International

Conclusion SCL report December 2012 (as in last year's report)

Dr. Martens is very open in their communication about the issues they have encountered and still foresee, including child labour. The measures they have taken to improve the relationship with their suppliers supporting the compliance to their Code of Conduct are appreciated. Dr. Martens is one of the few companies that has a clear and very practical policy in place in cases where child labour is found at a supplier. From their answers it is clear that they still foresee risks of child labour at subcontractors and material suppliers. They have started work though it is obvious that there is still a lot to do.

Information provided by Dr Martens (30 August 2013)

Our footwear is still predominantly produced in China, Thailand and Vietnam, but in the next 12 months

we will be reducing our production in China. We are in the process of starting to work with a supplier in Cambodia. We have recently audited this new supplier and are working through an improvement plan with them.

Since our initial submission of information to HIVOS we have continued our audit programme with an independent 3rd party company and have carried out a number of audits at existing and new suppliers, agreeing a plan of action with each supplier for the resolution of any non-conformances found. We have not discovered any instances of child labour. Impactt's Operational Procedures for the Remediation of Child Labour in Industrial Contexts have been issued officially to all of our footwear suppliers and they are aware that these procedures would be followed in the event of any instances of child labour being found.

Our suppliers are required to disclose details of any sub-contracting to us and we have a process in place to visit and monitor all sub-contracting units. We have been working with our suppliers to reduce the amount of sub-contracting taking place in our supply chain and currently do not have any stitching work being sub-contracted out to 3rd party suppliers.

A lot of the work we have done this year has been around expanding the reach of our work. We now issue all of our policies to key leather, material and component suppliers and have a plan in place to roll out an audit programme over the next 6 months to incorporate these suppliers. We have new business areas of apparel, accessories and shoe care and are also planning to roll out our policies and audit programmes to these suppliers in the next 12 months. We take our environmental responsibilities seriously and in the last year have helped one of our key tanneries to achieve LWG silver status. Over 95% of our upper leather is now sourced from LWG accredited tanneries.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Our one experience with child labour made it very clear to us that if child labour is found it is absolutely vital that you have the right people/organisation to effectively manage the resolution and that the resolution must start immediately to have the best chance of success. We would recommend Impactt's Operational Procedures for the Remediation of Child Labour as an excellent guide to the remediation of child labour and common pitfalls to avoid.

Opinion Stop Child Labour, November 2013

Last year it was clear that Dr. Martens was ahead of most of the footwear companies addressed by our campaign although there are still challenges that have to be taken up. The company has continued with this process towards sustainability and will now focus more on key leather, material and component suppliers. It would be interesting to know if the Impactt's Operational Procedures for the Remediation of Child Labour in Industrial Contexts (being issued by Dr. Martens to all of their footwear suppliers) is sufficiently applicable and if there is sufficient understanding and commitment at the level of the suppliers to accept and, if needed, implement these procedures. Additionally it would be good to know if these can also be used at the level of sub-contractors or how they can be adapted to make them more relevant and applicable at the lower tiers. Finally it would also be important to learn what the consequences are of the partial relocation of work from China, especially in terms of keeping up the present policies and practices of Dr. Martens.

Website:

<http://www.drmartens.com/>

<http://www.dmusastore.com/t-social-responsibility.aspx>

ECCO

Conclusion SCL report December 2012 (as in last year's report)

Within the shoe sector ECCO is an exception, as the manufacturing of their shoes primarily takes place in their own factories. Most of the leather being used is tanned in their own tanneries. Therefore, ECCO has tight control over their supply chain and has direct relationships with suppliers supplying components and materials whom they audit to monitor performance of their Code of Conduct. Surprising is their principle on child labour, as they commit themselves to the elimination of child labour in the long term, while at the same time mentioning that their short-term aim is to improve the conditions for working children. We are aware of their concern that prohibition may cause problems for children and their families. As Stop Child Labour we do believe however that it is better to have a clear remediation policy and practices in place instead of accepting that children are working under certain circumstances.

Information provided by ECCO (25 September 2013)

Hereby attached our update for the Stop Child Labour report. We have tried to share a few of the advantages and challenges of our systems and initiatives. This is being given per recommendation shared earlier by SCL.

SCL recommendation 1: **A survey and risk assessment** of child labour and other violations of labour rights in your full supply chain;

- We have initiated a renewed analysis with focus on our entire Code of Conduct, including human rights violations in our value chain.
- As standard procedure, audit results of both 1st and 2nd tier suppliers are presented to our Managing Board, ensuring that performance levels and any potential risk areas are closely monitored. In case of any critical findings, there will be an immediate reaction, including an analysis to decide which actions should be taken.
- For ECCO 1st tier suppliers are shoe factories that we own and operate (More than 90% of ECCO's shoes are produced in our own factories) and external shoe factories (Less than 10%). 2nd tier suppliers are material suppliers to shoe produ-

tion and suppliers of accessories and others.

- In addition to our own factories in Indonesia, Thailand, China, Slovakia and Portugal, we outsource footwear products from China and India.

SCL recommendation 2: **A policy with regard to child labour and labour rights in your full supply chain**, including your subcontractors in both shoe production as well as the use of main materials like leather;

- We have a strongly embedded Code of Conduct and audit system, but over the years we have also realized the importance of regularly renewing awareness and focus on human rights issues. A new, detailed Group Policy will reinforce active measures regarding human rights issues included in the ECCO Code of Conduct and relevant international standards. It applies to all ECCO shoe and leather production and business partners.
- ECCO was founded on the principle that our Code of Conduct must be followed by our suppliers.
- We hold suppliers worldwide to the same standards and values that we follow in our own production. Suppliers are obligated by contract to comply with our Code of Conduct, including our policies on human rights, and to apply our Code of Conduct to their own suppliers.
- Potential suppliers must first undergo a preliminary screening process with an on-site evaluation before ECCO enters into a contract with them. The screening includes Code of Conduct topics and the on-site evaluation includes a pre-audit, including a specific question dedicated to child labour.
- Strict hiring procedures play a major role in preventing child labour. As a general practice, none of our shoe factories or tanneries hires any job candidates under 18 to minimise the risk of child labour. Our 1st and 2nd tier suppliers must have written, documented hiring procedures, and this documentation is critically examined during each audit.
- Channelling our business into collaborative, long-term relationships with fewer suppliers is a tremendous advantage. We outsource from very few, carefully selected suppliers.
- We have been working with all of our outsourced 1st tier suppliers for a period ranging from 5-10 years. We know our suppliers well, their good standards and good labour conditions, and we know their capacity.

- Long-term collaboration creates an environment of mutual respect, openness, education, understanding and best practice sharing, a relationship conducive to lasting improvement.
- Long-term collaboration and best practice sharing (approach to auditing) increase the willingness of suppliers to invest in improvements. We believe that constant short-term relationships and price shopping drive down prices and pressure suppliers to find cheaper labour solutions.

SCL recommendation 3: **A policy and plan of implementation on the remediation** of child labour or other labour rights violations;

- We have never experienced an instance of child labour. However, ECCO has a separate procedure which outlines the remedial measures to be taken in case child labour is found. This procedure applies to leather and shoe production, both 1st and 2nd tier suppliers.
- ECCO, the supplier and the child's family would be included in the decisions and action plan regarding the child's future. Our procedure states that "The action plan must include an education plan and an adequate solution of compensation of the lost income of the child." It also states that "ECCO may also reserve the right to involve local or international organisations, local community or employee representatives in the action plan, with the view to securing the child's future."
- The challenge lies in creating a remedial procedure with clearly delineated measures that also allows adaptability to individual circumstances. We believe that cases must be dealt with on an individual basis.
- Training and education motivates employees to act. Continued professional learning on human rights issues increases awareness and acts as a catalyst for innovative initiatives support continuous improvement. Selected employees from ECCO participated in courses on implementing the UN Guiding Principles for Business and Human Rights in 2013.

SCL recommendation 4: A form of **external assessment or verification** of the results of your activities;

- External, 3-day audits on our entire Code of Conduct were performed in November 2012 on a tannery and shoe factory. These audits are performed each year.

- ECCO received two silver awards from the Leather Working Group in 2013 for our tanneries in The Netherlands and Xiamen.
- Our laboratory facilities are certified each year by third party renowned test institutes and organisations.
- We have extended 2nd tier auditing to include suppliers of our accessories business and retail stores. Audits now include suppliers of items ranging from thread, laces, labels, to retail floors and fittings - even sponsor gifts for ECCO events such as the ECCO Walkathon.
- The size of these suppliers can vary greatly, and this poses a challenge to auditing, as small suppliers often lack the extensive documentation of administrative procedures that large suppliers can provide. Their auditing can require more effort, but results in a closer relationship.

SCL recommendation 5: **Co-operation with other companies and stakeholders** like NGOs and trade unions.

We cooperate where applicable. This is with: the Sustainable Apparel Coalition, Leather Working Group, Business Network of Human Rights, various external audit companies, Conservation Alliance, Compassion in World Farming, WSPA (World Society for the Protection of Animals), SOS Children's Villages, FSC (Forest Stewardship Council)

SCL recommendation 6: **Transparency** to the general public about the process and results of the activities you are undertaking to combat child labour and tackle labour rights violations.

- In connection with the launch of a new corporate website in 2013, a new section Our Stories under Responsibility was created for the express purpose of communicating our CSR activities and approach to various issues.
- The ECCO List of Restricted Chemical Substances is published on our website. Both 1st tier and 2nd tier suppliers are required to present third-party test results to document their compliance.
- For many years, Q&A and FAQ (frequently asked questions) on issues including human rights have been available to our retail staff to enable them to more actively engage with the consumers on Code of Conduct topics.
- We ran a series of cross-departmental workshops

in 2013 focusing on the flow of information on CSR issues and how to make them more visible to consumers. Our aim is to better educate front-line personnel on CSR issues so that they are even better equipped to communicate directly with consumers.

CSR activities of ECCO:

- Environmental: Our Code of Conduct states in Commitment 9: "ECCO aims to be a leader within the environment, health and safety and supports sustainable development." In 2013, major initiatives such as an advanced biogas system, recycling and alternative energy installations were put into operation. ECCO's tannery in Thailand now has the largest solar thermal system in the country that replaces 20% of the tannery's energy needs. With the new biogas system at our tannery in The Netherlands, organic waste from the tannery, whether it is in liquid form (wastewater) or in solid form (fleshings), is converted into energy. We follow the principle of Measure, Compare, Improve.
- ECCO is the only major shoe company to own and operate its own production and retail facilities. This provides us with the unique opportunity to share experience and best practice, and implement initiatives globally throughout our full value chain.
- In 2013, we have dedicated extra resources to our global Environment Health and Safety organisation to bolster our efforts and activities to support our Group environment health and safety policies.
- Our activities within human rights focus on societal development, bringing people out of the margins of society and into the mainstream. We partner with organisations such as SOS Children's Villages and the Handicapped Federation to strengthen the fabric of society. We help the most vulnerable members of society by partnering with organisations that support self-sufficiency through vocational education and training on social issues, human rights, children's rights, and life skills. Access to work opportunities decreases the need for child labour in the long term and empowers local people to influence development of their local community.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Distinguished and Managing Board approved policies and procedures. Strong HR procedures, good communication with suppliers, internal auditors that know our values and requirements but whom can also discuss and talk with the suppliers in a collaborative way. Owning our own tanneries and shoe factories gives us full control of working conditions for employees.

Opinion Stop Child Labour, November 2013

SCL appreciates the effort ECCO has taken to provide an update on the steps taken and the fact that they have been very open and concrete. The objective of this report to share and learn from the experiences from other companies is clearly supported by ECCO and we recommend footwear companies and other interested stakeholders to read the information provided by ECCO as much can be learned from it. We stress the following insight shared by ECCO: "the importance of regularly renewing awareness and focus on human rights issues" and also the importance and advantage of having a small supplier base based on collaborative and long-term relationships. As being explained by ECCO "long-term collaboration creates an environment of mutual respect, openness, education, understanding and best practice sharing, a relationship conducive to lasting improvement. According to ECCO this increases "the willingness of suppliers to invest in improvements".

The information and insights shared by the company confirms to SCL that ECCO is one of the frontrunners. Additionally the fact that ECCO has extended 2nd tier auditing to include suppliers of accessories business and retail stores is something that is not taken up by many companies. ECCO audits now include "suppliers of items ranging from thread, laces, labels, to retail floors and fittings - even sponsor gifts for ECCO events".

Relevant point being mentioned by ECCO is that they know the capacity of their suppliers. This is indeed important as giving too large orders or too short lead time might lead to (additional) outsourcing to subcontractors.

Website:

Responsibility front page:
<http://global.ecco.com/en/company/responsibility>

Restricted Chemical Substances list:

<http://global.ecco.com/en/company/responsibility/environment/chemicals/chemicals>

Partnership with SOS Children's Villages:

<http://global.ecco.com/en/company/events/walkathon/charity-projects/sos-children-villages>

Euro Shoe Group – Bristol

Conclusion SCL report December 2012 (as in last year's report)

Euro Shoe Group has a policy in place with attention to child labour. Like many other companies, Euro Shoe only focuses on first tier suppliers, whereas there is a significant risk of child labour further on in the chain. Euro Shoe has responded in a positive and pro-active manner to the reports of child labour and is clearly taking steps to improve their policy and practices.

Information provided by Euro Shoe Group (11 September 2013)

Our organisation attaches particular importance to sustainable business. The rationale behind this is partly that we are a family business where successive generations have run the company and will continue to do so in the future. It is in this context that all major corporate decisions are made. We are aware that as an autonomous organisation we cannot exercise the kind of influence required, for example, to rigorously eliminate child labour. However, we do have an obligation of effort in this respect and will, where possible, take responsibility. Not only as an autonomous organisation, but also as a proactive participant in various partnerships; without losing sight of reality.

Below is a list (not exhaustive) of our steps in this process.

Code of Conduct:

We have recently updated our “Code of Conduct for cooperation with our suppliers.” The following points are now included in our “Code of Conduct”, which can also be found on our website:

- the ban on illegal forced labour, exploitation of children, and discrimination of any kind;
- being able to work under safe conditions with the necessary training;
- a week with a maximum number of working hours, and voluntary and paid overtime;
- a living wage;
- the right of workers to organise themselves

Cooperation:

As mentioned in the introduction, we are well aware that Euro Shoe alone cannot exert sufficient influence to completely eliminate child labour. We therefore seek to participate in and closely follow various initiatives and respond to any positive developments or outcomes. These include:

- **Government:**

In the interview at the Dutch Ministry of Foreign Trade and Development Cooperation (with Stop Child Labour, among others) we expressed our opinion that the government has an important role in ensuring safe working conditions, eliminating child labour, etc. A joint approach by industry and government will likely have a greater impact. Although the various producing countries have national legislation in this area, we are concerned in particular with compliance and enforcement of these laws, both by national governments and by regional and local authorities. The latter often have financial interests, and this is where things get complicated. We understand the Dutch Minister of Foreign Trade and Development Cooperation has now included this topic in her bilateral talks with the producing countries. We see it as our role to inform government officials of our experiences and findings so that they can take this up with the relevant local authorities.

- **BSCI:**

Given that we check whether our suppliers are members of BSCI, Euro Shoe Group has decided it should also become a member of BSCI. This will be discussed in consultation with the VGS. BSCI has undertaken an active role in bringing the issue of child labour in the shoe industry in India to light: throughout the supply chain in general, and at the base of the chain in particular.

We are following this process with interest and will, where possible, act accordingly on any findings or recommendations.

- **VGT:**

VGT has started a project on a joint sustainability action plan for the Dutch textile and clothing industry, following the recent developments in Bangladesh and subsequent discussions with the government. Once VGT has drafted a final action plan, in close cooperation with MODINT and In Retail, we will be asked to endorse and comply with the objectives. This action plan will not be limited to child labour or Bangladesh; various other issues and problem countries will also be specifically mentioned. It will also help companies make their supply chain more transparent.

- **VGS:**

A Decent Trade Practices pilot has been initiated in the VGS for the agrifood, fashion, textile and shoe industries. The aim of this pilot is to investigate whether these industries follow a code of conduct (European or national fair trade practices). If a code of conduct proves effective in counteracting unfair trade practices, the Minister intends to extend this code of conduct to the entire business sector, with the objective of self-regulation. We will cooperate in this pilot. As an active member of VGS we will, once the VGT “Action Plan” is in place, initiate a similar action plan in VGS for the shoe industry, in cooperation with shoe importers and other stakeholders. We believe this will help us better tackle the problem of transparency in the supply chain. We also believe we can implement the action plan more quickly and effectively in VGS than individually.

Risk analysis:

We have classified all our direct and indirect suppliers according to country, membership of the BSCI or another organisation, quantities, etc. We will now prioritise the countries and/or suppliers we want to inspect first. By 2014 we hope to have screened and checked all our suppliers in what we believe to be the biggest risk countries: Bangladesh, Indonesia, India and Pakistan.

Starting with some of our key suppliers we will continue the discussion regarding our concerns about child labour in the supply chain and our mutual responsibility in this matter.

Audits:

In cooperation with our quality control partner in the Far East, we have now screened and re-screened a number of our suppliers and have compiled a comprehensive report on the findings. We have, in addition to the standard reporting requirements, included screening on child labour, employment and working conditions as part of the audit.

Other points:

Our dedication to Corporate Social Responsibility (CSR) and to bringing this to the attention of the widest possible group of stakeholders has spurred us to take action in a number of similar domains:

- communication with our employees, for whom our organisation has special attention, through CSR Flash, a monthly newsletter on CSR;
- extra attention for the well-being of our employees;
- a representative in the Bangladesh Working Group, at Comeos. This organisation brings together companies active in trade and services in Belgium. As regards the problems in Bangladesh, which are certainly not unique and also occur in other countries, we closely follow the activities of:
 - Accord on Fire and Building Safety in Bangladesh
 - Alliance for Bangladesh Worker safety
 - National tripartite ILO Action Plan

Transparency for our consumers:

We will continuously look at how we can share, on our website, information about the above topics with our customers and suppliers. Our “Bristol

takes responsibility” section has been updated several times since 2012. Our consumers can ask questions about the sustainability of our products and processes through the website or other channels and are always given an informative answer by the CSR team.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

MVO Nederland (CSR Netherlands) wanted to generate knowledge on the trade flows and the sustainability issues that occur in the leather supply chain, including the problems of child labour and similar problems as there are forced labour and human trafficking. Therefore they have asked Ernst & Young to research the leather supply chain, with a focus on the effects/risks and relevant trade flows for Dutch companies. The research was conducted from December 2012 tot May 2013 and ended in the report: Sustainability in the leather supply chain. This report has been analysed by us, to generate more information on the subject.

We derived the following conclusions:

- Companies using the report were encouraged to further investigate the specific CSR risks in their supply chains.
- Sourcing locally and regionally from reliable and known partners can manage out the sustainability risks, which may occur.

Conclusions we communicated to all our buying personnel, where it created sufficiently food for thought and room for discussion.’

Opinion Stop Child Labour, November 2013

The information and responses provided by the Euro Shoe Group in the beginning of our campaign were rather vague and general – and to some extent still are - but the company has shown progress in the level of openness, commitment, steps taken for improvement and sharing of concrete information. The company still has a long way to go, as the information on risk analyses and audits is very limited. A lot of information is provided on activities of other groups and institutions in which Euro Shoe Group does not play a visible role (yet) and SCL recom-

mends Euro Shoe Group to take a more pro-actively role and to be transparent about the ambitions and concrete activities the company has and will take up. First steps have been taken by the company, like incorporating screening on child labour in the audits and starting with a risk analysis of 1st tier suppliers. Important is to take these steps further in the coming year.

SCL supports the intention of the Euro Shoe Group to initiate a process within the Dutch Association for Chain Stores in Shoes (VGS) to come up with a similar Plan of Action that was recently adopted to achieve more sustainability in the garment sector. As the company mentioned this needs to be done in cooperation with the importers and traders for shoes and other stakeholders. SCL agrees that this is essential to come to real supply chain transparency and to take and implement effective measures for tackling child labour and other labour rights violations. Regarding this Plan of Action it is recommended to Euro Shoe Group to provide information on how they are planning and doing it themselves. Another relevant point to mention is that the Euro Shoe Group states in their Code of Conduct that a living wage should be provided to the workers: “Wages and secondary terms and conditions of employment must reflect local standards, must comply with local legislation and must be consistent with general principles of fair and honest conduct. Wages paid for a standard working week must always be sufficient to meet the basic needs of personnel and provide some discretionary income”. Of course SCL is very much in favour of paying living wages to the workers and it would be interesting to know how Euro Shoe Group defines and calculates this living wage and how this rule is being implemented and monitored.

Website:

<http://www.euroshoe.com/nl/verantwoord-ondernemen>

Fred de la Bretoniere – Estral BV

Conclusion SCL report December 2012 (as in last year’s report)

Until recently Fred de la Bretoniere did not have any policy or practice regarding CSR or child labour in particular. On their website very little information is provided to consumers regarding the company and the production of the shoes. The company mentions that they can “proudly guarantee high-quality products, timely delivery, affordable prices and good margins”, though we believe that they cannot be proud about their level of transparency and apparent lack of social responsibility. However we are positive about the first steps the company has taken so far and the fact that the company now has a Code of Conduct which they will start implementing in the coming months.

Information provided by Fred de la Bretoniere (8 November 2013)

We have sent out in December 2012 a letter to all our suppliers to sign the agreement regarding child labour and the UN Convention on the Rights of the Child. Many suppliers have respected this request and some still have to reply. Estral visits these companies regularly and know these companies have no child labour involved.

98% all of our products are produced in European countries. Italy, Portugal and Spain are the countries involved. We select these countries on purpose because of their long history in producing leather products and the European quality standard. The price is higher than in many other countries, but we respect this level.

The remaining 2% we produce outside Europe is in strong control and under supervision of external European/Italian control companies and Estral itself. These suppliers can only have a business with brands like ours if they respect the directives of European law.

Production in Europe from national and European law regulations, is much more restricted and child labour in general is simply forbidden. Strong penal-

ties prevents factories in these countries to damage the Right of Children at all. All companies, and also their suppliers, will have to respect this.

Main part of our products is leather. Leather does characterize very much our brands and image. Heritage of 95% of our leathers is from Europe and based on European animals because of the best quality and specific need for our brands. Small part is from outside Europe, mostly South America. We cannot fully control this part of the supply chain at this moment as there is no full transparency. We will try to get this information out in the coming year. We will also realize agreements and audit reports on these material suppliers.

We prefer to work with natural tanned leather, without the use of chrome. The trade in leather is complex and to control this more clear, we have a controller working for us in the centre of the leather area in Italia. He controls the quality and we will ask him to create an overview of the heritage per tannery involved. The leather controller regular visits with tanneries, we know child labour is not seen and no option.

Estral bv is dedicated to launch the new Code of Conduct within 1 year time. In the meantime we hope to receive from all our suppliers, and their suppliers, the signed agreement. We will also ask all suppliers for the audit report (example of one of our suppliers shared with SCL), this will be arranged by the end of 2014.

We are aware of the need to know the chain of production. We will take action in the coming year to get more insight in the full supply chain. We also promise the renewal of our website and possible new exposure in 2014, to show and view the making of Estral bv products.

What we have done or we do already:

1. We have asked all suppliers to sign a document on ‘no use of child labour’ at December 2012 and re-asked again at the 25th of October recently. We do not work with subcontracted factories. Our manufacturers are not allowed to do this.
2. We visit the factories and suppliers of them regularly. Per year at least 6 times a supplier and more as the double in amount to our direct manu-

facturers. Manufacturers do all want to keep strong brands within their business. We expect not a low price but a nice worthwhile product. This creates the biggest difference compared to other producers in leather goods in our business of leather fashion.

3. Minimum 1 time per month we visit factories without notification.
4. Own people living in the production countries itself, control week by week and do have daily contact. If we would see circumstances we do not like, immediately action is taken. Child labour would be a serious infraction. Business would stop instantly. At the same day/moment.
5. Production in Europe at respected well knows suppliers.
6. Creating the set up for the official Code of Conduct in 2015
7. Ask for signed letters regularly and do insist to Audit the company officially.
8. We do work only with long history chosen manufacturers as they deliver within European standard.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

Fred de la Bretoniere had not responded to the first and second request of SCL to provide information on the steps they have taken to improve the CSR policy and practice due the changes in personnel. Fortunately the contact was restored and information was shared and discussed. Last year it was made clear by SCL that the company was lagging behind when it comes to sustainability and transparency, however by the end of 2012 Fred de la Bretoniere had adopted a Code of Conduct for their suppliers and subcontractors. Additionally a letter was sent to suppliers to make them aware of the importance of not using child labour. At first this only applied to first tier suppliers but steps have been taken by the company to address lower tiers as well. Despite the fact that the far majority of the supply chain of

Fred de la Bretoniere is in Europe they now seem to understand the importance of knowing their full supply chain. The company has indicated to do a supply chain mapping in order to get insight in their full supply chain and possible risks. Positive as well is that more information on the production of their shoes and CSR is given on their website. SCL recommends to make this more concrete and specific.

Website:

http://website.bretoniere.nl/index.php?pagina=bretoniere_wholesale&lang=EN

Gabor

Conclusion SCL report December 2012 (as in last year's report)

Gabor does have a Code of conduct with attention to child labour but it is not clear if Gabor has any system in place to monitor their suppliers other than their example in India. It is recommended that Gabor provides more evidence on their actions to avoid child labour and how they take corrective actions when violations of the code takes place at their suppliers.

Information provided by Gabor

No information was provided by the company regarding the steps taken in the past year.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

No information was received from Gabor on the improvements made by the company in the last year. Last year Gabor has informed us that 85% of their shoes are manufactured in their own production facilities in Europe, however they do source some of their supplies from Asia, mainly India. Therefore the risk of having child labour involved in those supply chains cannot be neglected and we regret the fact that Gabor has not given insight on how they deal

with these risks and if they have taken measures to tackle those and other human rights risks.

Website:

<http://www.gabor.de/en/responsibility/>

Geox

Conclusion SCL report December 2012 (as in last year's report)

Geox seems to be working to improve their approach to sustainable development and their supply chain. Thus far Geox does not make use of external monitoring while this is important to address the risks of child labour and other poor labour conditions. Nonetheless, their recent efforts to establish direct relationships with the factories and to look beyond their first tier suppliers to raw material vendors as well are commendable. Although the Code of Ethics covers all relevant aspects, it provides no concrete recommendations to their suppliers. In addition it would be good for Geox to provide more and more concrete information on their website about what Geox is doing in the area of CSR.

Information provided by Geox (12 September 2013)

We are happy to share our progress against child labour, because we consider it a real breakthrough in the way we deal with our supply chain. A year ago we were in the middle of a transition and we started from a new definition of manufacturing agreements granting us with more possibilities to audit the factories and raw material vendors.

After this important milestone, we focused on Cambodia as a pilot country to test the new approach. The first step was joining the ILO program 'Better Factories Cambodia' in order to obtain a third-party information on our local manufacturers.

But we also want to take part directly in this monitoring activity, and then we are activating an inspection service - in partnership with TUV Sud - based on an audit protocol defined mixing together part of SA8000 and some specific local regulation.

Our audit approach is the following:

1. Pre-audit questionnaire: we ask the factories some specific questions about labour conditions. Their answers contribute to define a Risk Score for the factory;
2. Risk Assessment: basing on the Risk Score and other information obtained from our technicians and (in the future, as soon as we have some data) from site inspections, we define an audit frequency for the factory;
3. On site audit: in collaboration with external auditors (fluent in the local language), we audit the factory against our protocol.

So far, we are at the stage 1, therefore we obtained the first responses from a couple of factories and we are planning our first site inspections with the external auditors. Our goal is to get a first Risk Score by the end of the year for all our manufacturers.

We defined a first survey for all our factories and main vendors of raw materials. This survey is based on a draft questionnaire already tested with a few factories in order to understand any complexity or unclearness in the questions. Our contract framework now allows us to properly investigate all 1st tier supplier and the main 2nd tier supplier. Based on the information we collected, the main risk for 2nd tier suppliers resides at the tanneries.

Based on the results of the surveys we will evaluate either to integrate our Code of Ethics with some further specific provisions or to develop more operational guidelines.

We don't have a standard documented remediation policy, but in the case of child labour identified at some factories, we will try to operate pressure on the factory management in order to get them assisted by some international project (i.e. Better Factories Cambodia) to develop a proper human resources management system and decent working conditions. We're going to operate this strategy because we want to give the factories a chance to improve before getting to ultimate decisions. A more structured policy will be implemented in the future, but at the moment this is our risk response in the case of child labour issues.

As mentioned we joined the Better Factories Cam-

bodia program, and are scouting for similar programs in other countries. We would like to involve also other brands when we share the same factories in order to give more strength to the program.

We don't have available resources at the moment to setup a program for a structured public disclosure about our social and environmental information and performance.

The good thing is that as soon as we communicated our new audit approach to the factories, some of them started their own projects to get an SA8000 certification. Hence, we know we are in the right way, because we got a result before doing anything yet!

When we have the control on social performance of our partners, we'll define an action plan for the future.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

Geox has made some good and important steps to improve their supply chain practices. Joining the Better Factories Programme of the ILO in Cambodia is certainly a good development and it will be worthwhile to hear more about the experiences of Geox with this programme and to know what lessons can be learned from it for the footwear sector. The efforts already taken in 2012 by the company to strengthen the relationships with its suppliers seems to have had positive results. Also the fact that some of the factories themselves have shown commitment to get SA8000 certification is clearly a positive sign and stimulating Geox to actively continue with these improvement plans. There is still quite a way to go for Geox but progress has been made by the company. It is recommended to Geox to provide information on their CSR policy and activities and the ILO program 'Better Factories Cambodia' on their website as this is currently not being done.

Website: www.geox.com

Lotto Sport

Conclusion SCL report December 2012 (as in last year's report)

Lotto Sport Italia has a Code of Conduct that seems sufficient though it is not clear if Lotto makes use of external audits or a robust monitoring system. The information provided to us in their letter is very limited, as is the information given on corporate social responsibility on their website. Therefore we are not convinced that Lotto Sport is indeed using their best efforts to eliminate the risks of the use of child labour from their supply chain.

Information provided by Lotto Sport (24 September 2013)

The President of Lotto Sport Italia has informed us that:

- Lotto Sport Italia carries a close relationship with its suppliers;
- The company has a dedicated inspection team, running regular factories checks;
- The team ensures that the Code of Conduct and General Sourcing Policy are respected

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

SCL appreciates the fact that the President of Lotto Sport Italia has taken the effort to respond to our request however the information provided is, again, very limited. A statement claiming that Lotto Sport Italia has good relationships with its suppliers, that they perform regular factories checks by a dedicated inspection team that ensures compliance with the code of conduct is not enough to convince SCL or the consumers. Nowadays it is expected from companies to be transparent and to be able to provide concrete information on how the company manages their supply chains and what is being done to monitor and support suppliers and subcontractors to comply with social and environmental norms and

standards. Clearly there is still a lot to improve by Lotto Sport in the field of CSR and transparency.

Website:

<http://www.lottosport.com/en/dna/corporate-social-responsibility/corporate-social-responsibility>

Macintosh – Dolcis, Invito, Manfield and Scapino

Conclusion SCL report December 2012 (as in last year's report)

Stop Child Labour is positive about the steps that Macintosh has taken so far to reduce their number of suppliers to be able to qualitatively improve their relationship with suppliers including starting with a supply chain mapping and monitoring system. Supply chain mapping beyond the first tier suppliers has only just begun. In addition it would be wise to have a specific risk analysis made for child labour at each stage of the shoe production. Macintosh still has a long way to go to reach full supply chain transparency and traceability but compared with other Dutch shoe companies Macintosh can be seen as a frontrunner.

Information provided by Macintosh (16 September 2013)

Our CSR policy has not changed since 2012 and continues to have a very strong focus on:

- Promoting good working conditions among our suppliers
- Finding alternatives to the use of hazardous substances
- Continuing to increase transparency in our supply chains

1. Promoting good working conditions among our suppliers

By meticulously selecting products, materials and suppliers we ensure that the products in our stores are the ones our customers need. We buy around 19 million shoes every year; both our own brands and shoes from leading brand manufacturers. Every shoe has its own story, as each one has been on a unique journey, often across several continents.

Leather shoes begin their journey at the farm where the cattle are kept and then pass through abattoirs, hauliers, traders, tanneries, shoe factories before reaching our stores. Each link represents a business employing many people and the operations of all these suppliers and sub-suppliers have an impact on the environment and the people who work there. We feel responsible for what happens at each supplier, although we realise that we cannot always influence this. And the world around us increasingly demands transparency in this regard, both directly during the decision to purchase and indirectly, which manifests itself in an increase in media attention and sustainability labels.

According to the BSCI audits we have had within our supplier base, we have not had cases of child labour. We think (also as indicated in the SOMO report) child labour is not a very high risk in our first tier suppliers (shoe factories) but perhaps further down the supply chain. Issues in our first tier suppliers are focussing on other issues like working hours and wages. Eventually we strive to have all supply chains transparent and responsible and try to get there step by step (so able to identify child labour cases and other CSR issues). See more information in point 3.

Improving labour conditions in our shoe factories (BSCI)

We continue to chase our suppliers on BSCI compliance, through face-to-face meetings, email or by phone, through both our CR&I (Corporate Responsibility & Innovation) and purchasing department. In 2013 we have expanded our scope from a focus on risk countries (as BSCI advises), to a global focus on all our suppliers, regardless the country they are located in and produce. Priority is still on risk countries but at the same time we chase European suppliers to disclose their factories (even BSCI members) and work towards BSCI compliance. Only BSCI audits or SA8000 are accepted. To use available information though, we ask suppliers to give other social compliance reports (e.g. SMETA/SEDEX), which may give them some more time (to have a BSCI audit and comply to BSCI). In the end they need to be BSCI compliant. BSCI for us is a method and tool to get independent information on factories' social performance (by the BSCI 3rd party audits). We use this to push suppliers to improve

labour conditions (and preferably to work towards complying to human rights – but that is not feasible for this or next year). BSCI also focuses on awareness raising (by workshops and trainings) and we invite suppliers to attend.

Our Supplier code of conduct (identical to the BSCI Code of Conduct) is available for everyone on our website (and specifically for our suppliers in our supplier manual) in both Dutch and English. The BSCI Code of Conduct is currently being reviewed. We will continue to following this Code, although we know the BSCI Code does not cover all social issues (e.g. Living Wage). From our opinion we'd rather focus on delivery (with a smaller focus) and leverage. BSCI brings more shoe companies together (and increases our cloud and leverage) and as BSCI members we have at least the same criteria (which avoids double auditing and cost).

Sustainable purchasing policy

Our buyers (Brand Managers) are only allowed to purchase shoes from suppliers selected, rated and evaluated by our company. Since 2011, we developed a purchasing policy in which the selection of suppliers is also based on their sustainability performance. The focus is on:

- Improving working conditions (BSCI is the standard)
- Restricting and replacing hazardous substances (RSL (Restricted Substances List) is the standard)
- Making the supply chain transparent (the standard is full supply chain transparency)

We had drastically reduced the number of shoe suppliers in recent years (from around 1,800 in 2009 to about 200 in 2012) and continue to evaluate suppliers, to get a solid and reliable supplier base, which is compliant to our company policy. Our suppliers (importers, traders or manufacturers) are mainly based in the Netherlands, Belgium, the United Kingdom, Italy, Portugal, China, India and Vietnam. The majority of our shoes are made in Asia (China, India and Vietnam) and Europe (Italy, Portugal and Romania).

Supplier Performance Index

The performance of our suppliers is recorded in our Supplier Performance Index: both on the traditional indicators -such as price, quality, reliability- and

now also on CSR indicators. In the end, every supplier must comply with our CSR policy. In 2012 we have mainly focused on providing greater insight into supplier performance according to our CSR policy. We will continue to do so in 2013 and chase suppliers for information. The CSR indicators account for 10% of the total rating, but may also be a crucial factor in the decision to delist a supplier (even though other criteria are satisfactory).

In 2013 we have finalised the criteria, updated our supplier manual with the information and have chased the biggest part of our suppliers. In 2013 we have delisted 1 supplier, because of CSR and other issues.

Vendor Rating Performances are regularly discussed with suppliers, if improvements are needed. We are working on a more periodical and structural communication on this rating with suppliers.

Incentive purchasing department

Since 2013 we also evaluate our own staff on CSR criteria, to encourage them to work with on our CSR policy:

- BSCI compliant suppliers for their products.
- Know the factory that produces our product (behind a trader or importer)
- Products to comply to legislative requirements regarding chemical substances

2. Finding alternatives to the use of hazardous substances

In 2013 we continue to follow the CADS RSL (Restricted Substances List). This list of substances is available for suppliers in our supplier manual. This list contains substances both legally restricted (by EU or Germany law), as well as CADS recommendations (critical substances not legally banned or restricted, but likely to be legally restricted soon). We have had a random check on suppliers this year (May/July), gave feedback on those test results to involved suppliers and continue to chase supplier to get a better understanding of how suppliers are managing restricted substances.

3. Continuing to increase transparency in our chains

In 2013 the project with TFT and Macintosh had successfully finished. TFT and Macintosh started 4 years

ago together, to define what we think is a responsible shoe, by mapping supply chains from 'shoe to cow'. The project has now come to an end with a clear understanding of what 'responsible' looks like in the shoe industry. Some of the learning of our TFT project in a nutshell:

- It was very challenging but we were able to map an important share of our shoes to its origin (from shoe production, all the way back to leather tanning, slaughterhouses and farms).
- The shoe industry is an industry with very long, traditional, non-transparent supply chains.
- Supply chain partners are not used to exchange information about origin, ethical and social issues or environmental impact.
- The shoe supply chains operate on a global scale, with an important focus though on China and India (production, leather) and Europe (production, leather).
- We have defined what we think is a responsible shoe.
- Although the project was focussing on transparency rather than child labour, we did not see clear signs of child labour in our mapped supply chains.

In 2013 we continue our journey towards supply chain transparency, and have chased internal brand suppliers to disclose their factories (where our shoes, bags, clothing, accessories are produced). We continuously validate the information (factory used for production) per order per style, to make sure that suppliers provide us with the right information. If we doubt information provided, we also ask for the official document 'Certificate of Origin' (customs document). It is a printed form, completed by the exporter or its agent and certified by an issuing body, attesting that the goods in a particular export shipment have been wholly produced, manufactured or processed in a particular country.

We continue to strive for full supply chain transparency.

- Focus 2012-2014 on factories producing our products (first and second tier)
- Step 2: could be tanneries etc (third and fourth tier)
- In a BSCI audit a lot of information is already available on the supply chain and suppliers must give their suppliers and subcontractors (we do not

chase or follow up on that part).

Other points worth noting:

- We attended (we were represented by our Indian agent and TFT) the Stakeholder Meeting in April 2013 in India, hosted by BSCI.
- Subcontracting: A part of the BSCI audits covers subcontractors (including home workers). More information is available on the BSCI website.
- No consumer questions: We did not get consumer questions in our stores or our client services after Stop Child Labour had published the report.
- Our Brand Managers were collectively trained this year (during our BM-day | Brand Managers day) on CSR issues (explain our policy and current status).
- We are currently improving our e-learning modules (training modules available online for our store staff).

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Advice of Macintosh:

- Transparency: Sharing a companies' supplier list should be the norm (but to be one of the first is quite an obstacle)
- Rather focus on some CSR topics and deliver than have a too large complex CSR policy which may end up in lip service
- We should give the workers a vote / right / tool to give their opinion on their working conditions (through websites, etc)
- NGOs should work more closely together and align agenda (focus on delivery and improvement and not on securing funds)
- We should communicate more to consumers to create awareness and strive for fair prices (not lowest prices)
- Make OECD guidelines mandatory (including guidelines for small local countries) and have companies self-declare progress with a random check by government/NVWA (Netherlands Food and Consumer Product Safety Authority)

Lessons learned by Macintosh:

- The shoe industry is very labour intensive, long fragmented and non-transparent
- There is not 1 golden solution, everyone should take their responsibility
- Rather step-by-step and realistic than focussing on the perfect plan (with a lot of talking instead of action)

Opinion Stop Child Labour, November 2013

From the beginning of the SCL shoe campaign Macintosh has been willing to share information and very open about the CSR policy, activities and also the challenges of Macintosh. This is also reflected in their annual report with a specific chapter on sustainability. Macintosh clearly understands the importance of full supply chain transparency and it is commendable that it is their ambition to get full transparency for all their supply chains. Obviously there is still a long way to go but an important step is not only to get insight in their own private labels being sourced directly from factories, but also to know in which factories shoes are being made that are sourced through importers and traders. In the footwear sector it is common for retail companies to buy part of their shoes through importers and traders who, in general, do not disclose the countries where these shoes are being produced, let alone give information about the 1st and 2nd tier suppliers. SCL has a question however with regard to emphasis on 'chasing suppliers'. While a strong policy and clear expectations to be met by producers are indeed very important, it is also needed to really engage and where needed support suppliers in the whole process to ensure they internalize and add to strong human rights due diligence approach. Apart from that, many companies can still learn from Macintosh and address the need for more CSR, transparency and attention to supply chain risks with importers and traders.

Additionally it would be interesting to know more about the project of Macintosh with TFT on traceability and the mapping of a few supply chains until farm level. It might be a good idea to exchange their learning and their ideas and definition on what is a responsible shoe with other companies and interested stakeholders.

Website:

http://www.macintosh.nl/duurzaam_ondernemen/inkoop-en_productieproces/

http://www.macintosh.nl/duurzaam_ondernemen/inkoop/verbeteren_arbeidsomstandigheden/

http://www.macintosh.nl/en/sustainable_business/purchasing/improving_working_conditions/

Marks & Spencer

Conclusion SCL report December 2012 (as in last year's report)

M&S has a comprehensive CSR policy regarding all its products and communicates this on the website in many reports and updates. However it was difficult to get into contact with Marks & Spencer and to get their response to our reports and the findings. M&S has investigated the indications [regarding expected child labour at the site of subcontractors] and informed Stop Child Labour that no evidence of child labour was found. Based on the information found on the website and explanation given in two emails M&S seems to have a good approach to ensure compliance with their policy however M&S did not provide enough information to confirm that M&S is indeed taking the right and effective measures to combat child labour in their full supply chain.

Information provided by Marks & Spencer

No information was provided by the company regarding the steps taken in the past year.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

SCL is disappointed by the lack of interest of Marks & Spencer in providing information to Stop Child Labour as part of the shoe campaign started in 2012.

The company not even showed their interest in the stakeholder meetings that have taken place in India in April 2013, while production of their shoes takes place in the areas where the meetings were organised. According to M&S CSR and sustainability is very important to the company but CSR is also about sharing information, being transparent and responding to questions and human rights risks in a responsible manner. It is clear that Marks & Spencer has a lot to improve on these matters.

Website:

http://corporate.marksandspencer.com/?intid=gft_company

Nike

Conclusion SCL report December 2012 (as in last year's report)

Nike has not completed the questionnaire but refers instead to their website in a standard email. Nike publishes a great deal of information about their CSR policy and approach. Nike was one of the first companies to be confronted with abuses in their supply chain, including child labour. Since then Nike has introduced many improvements and is seen as a frontrunner among shoe companies. The company states on its website: "To go beyond merely addressing the symptoms of the problems, we realized that we had to actively collaborate with others, including governments, NGOs, activists and, yes, our long-time competitors. That required us to become far more open. Nike realized that transparency and collaboration are competitive advantages."

Information provided by Nike

No information was provided by the company regarding the steps taken in the past year.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

SCL never succeeded in getting in touch with Nike. Despite the fact that the company provides a lot of useful information on their website regarding their CSR policies and practices, we regret the fact that Nike has never responded to our requests and reports.

Website: <http://www.nike.com>

PUMA

Conclusion SCL report December 2012 (as in last year's report)

PUMA has answered the questionnaire extensively. All the reports they refer to can be found on their website. PUMA has experienced problems in the sector; they foresee risks, but have also taken several measures to deal with child labour in their production chain. In the shoe industry they are frontrunners when it comes to transparency, chain responsibility and fighting child labour. However, PUMA's answers indicate that they focus on the first tier suppliers and that they do not have full insight and control of the entire chain. PUMA, too, cannot guarantee that its production chains are child labour free.

Information provided by PUMA (13 September 2013)

For the year 2013 there are no official updates to PUMA's policies and protocols on child labour. PUMA continues the implementation and evaluation of the already established procedures. All of PUMA's policies on social issues including Child Labour are within the Handbook of Social Standards and this would be found in PUMA's website. Any updates would be published as well on the company's website.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

PUMA is one of the few footwear companies that is already for a long time aware of the risks of child labour and other labour rights violations. Triggered by earlier campaigns in the late nineties on child labour in the production of sports shoes and footballs PUMA had already taken important steps to ensure good practices and sustainability in supply chains. This includes having a clear policy including attention to remediation, doing risk analyses, having external and independent monitoring done and affiliating with relevant multi stakeholder initiatives and sustainability programmes. PUMA has been very open and transparent to SCL during the first stages of the campaign. The company has informed us that in 2013 no adjustments were made to the policy and protocols on child labour.

Website: <http://about.PUMA.com/>

Sacha Shoes

Conclusion SCL report December 2012 (as in last year's report)

Sacha Shoes has a policy for their suppliers giving attention to child labour, with the specific requirement that home work is not being used for the production of their shoes. It should be noted here that Sacha does not have external audits or a monitoring system to check compliance with their policy. Having a social policy and making it visible on the website is not sufficient. It is recommended that Sacha pays more attention to the implementation and monitoring of their social policy especially on the use of child labour in the production of the shoes they sell.

Information provided by Sacha Shoes (12 September 2013)

In the past year we have again spoken with all our suppliers, in the countries in question where necessary. These discussions concerned the prevention of child labour in the factories as well as at the suppliers. The suppliers have all signed a declaration stating that there is no child labour in their factories or at the suppliers. The supply instructions are

available on our website.

In 2013 Sacha limited imports from India compared to 2012. The companies with which Sacha does business were certified.

Sacha was represented at the stakeholder meeting initiated by BSCI on child labour in the shoe and leather industry in India. The outcome of these conferences will be closely monitored and shared with suppliers. Under Sacha's procurement policy, the company only purchases from factories that are certified and have been audited by internationally recognised firms.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

SCL appreciates the fact that Sacha shoes has given the names of the two suppliers in India, including a corrective action plan report and the SA8000 certificate. The policy to source only from certified factories is a good step forward but not sufficient to be sure that all labour rights are being implemented. Sacha shoes has shown an interest to follow-up activities by being part of new possible BSCI efforts. However their own goals and present efforts regarding this are not very clear. Collaboration with other footwear companies will be important as well, especially to address the issues as well with the larger trading companies, a concern shared by Sacha Shoes last year.

Website:

<https://www.sacha.nl/shop/klantenservice/verantwoord-ondernemen/>

Schoenenreus

Conclusion SCL report December 2012 (as in last year's report)

Schoenenreus has stated that they reject the use of child labour and that they have a policy and measures in place to make sure that their suppliers do not make use of child labour. However this does not seem to go further than a policy and Schoenenreus does not make use of external audits or a monitoring system to check compliance to their policy. It is recommended that Schoenenreus pays more attention to the implementation and monitoring of their social policy, especially on the use of child labour in the production of the shoes they sell. Additionally it would be good to provide concrete information on their website regarding the efforts of the company to improve their social responsibility.

Information provided by Schoenenreus (12 September 2013)

CSR is an important part of business at Schoenenreus. We have agreed with all our suppliers that they must guarantee that the products they supply to Schoenenreus have been produced without forced labour or child labour. This is clearly set out in our supply conditions, which suppliers are required to sign. Furthermore, all our products are manufactured according to the requirements of Dutch law. Our efforts in this regard are as follows:

Production

Schoenenreus sells shoes under various private labels, such as Hot Item, New Shape, Gold Step, Hupsakee, Boycott It and TeamCity. The company also sells various top brands like Nike, Adidas and Puma. The collection consists mainly (95%) of shoes made from PU (polyurethane). The production of these private label shoes takes place predominantly in China. The company also sells leather shoes (5%), which are produced in India, Bangladesh and Portugal.

Communication on CSR and sustainability

Schoenenreus' new website, which went live on 1 August 2013, will pay attention to CSR and sustainability within the organisation. The social as-

pect is especially important, i.e. the prevention of child labour, respect for human rights, training programmes, etc. CSR was already an important part of our business, but for technical reasons we were not able to communicate this fully on our website.

Monitoring

A delegation of the Schoenenreus management, as well as the buyers involved, also go to the factories during their visits to the producing countries. They inspect the working conditions of the employees (working hours, workplace and sanitary facilities) and also check that no child labour is used. Schoenenreus does business with a number of suppliers who operate according to the principles of BSCI. In addition, Schoenenreus follows the '10 principles of the Global Impact'. Schoenenreus is affiliated with and jointly looks into other initiatives with VGS.

Cooperation with Cordaid

Schoenenreus has partnered with Cordaid Kinderstem, a foundation that represents the interests of children. In partnership with this foundation Schoenenreus makes it possible for children in Uganda to go to school instead of work.. Schoenenreus shows, with these activities, that it endorses schooling programmes for children and that it believes that children should not work.

Points for attention

Despite the fact that Schoenenreus is opposed to the use of child labour, the violation of workers' rights cannot be entirely ruled out. The company seeks the best balance between economic aspects, social aspects and environmental aspects. Information about CSR will be available on the website towards the end of the year.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

Schoenenreus has provided more concrete information to the latest request of SCL than during the first

two phases of the campaign. Unfortunately the information provided does not give us the confidence that the company has taken real efforts to improve their policy and practices. While even with professional auditing it is often hard to uncover labour rights violations, a single or even repeated visit by a delegation of Schoenenreus management will certainly not be able to spot violations of standards as e.g. there is even more ample opportunity to cover up violations. It appears that no steps have been taken to set up a decent monitoring system or to have external audits at the factories the company is sourcing from. Visits to the suppliers, including adequate monitoring of factories and interviewing workers, is essential for having a serious CSR policy and related practices. Schoenenreus has promised to provide information on CSR on their website before the end of the year. We recommend the company to make it as concrete as possible and not just nice words and promises.

Website:

<http://www.schoenenreus.nl/over-schoenenreus>

Timberland – VF Corporation

Conclusion SCL report December 2012 (as in last year's report)

Timberland is within the shoe sector an exception considering their efforts to implement labour rights with both first and second tier suppliers while also reaching out to the tannery level. It is also exceptional in terms of their transparency and open communication. But it also shows that still many problems in the supply chain, also child labour, still need to be tackled. On their website a lot of information can be found regarding their policy and practices on corporate social responsibility. Timberland publishes a full and detailed factory list.

Information provided by Timberland (24 September 2013)

- Since your original inquiry to Timberland, the company has been acquired by VF Corporation and has been fully integrated into their supply chain compliance program. VF's Terms of Engagement and Global Compliance Principles,

which has replaced Timberland's Code of Conduct, can be found on their website at <http://www.vfc.com/corporate-responsibility/social/global-compliance>.

- Principle #2 of VF's Global Compliance Principles addresses Child Labour: "Child Labour: No person shall be employed at an age younger than 15 (or 14 where consistent with International Labour Organization guidelines) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15. All VF Authorized Facilities must observe all legal requirements for work of employees under 18 years of age, particularly those pertaining to hours of work and working conditions"
- A list of Timberland suppliers can be found at <http://responsibility.timberland.com/factories/>
- VF is member of the Fair Labor Association.
- All Timberland suppliers, including subcontractors and Tier 2 suppliers (tanneries, textile mills, dyehouses and laundry facilities) are subject to audits by the VF Compliance team on at least an annual basis. An assessment of the risk, and operational controls in place to prevent child labour in our supply chain is included in the scope of these audits.
- Timberland reports on a quarterly basis progress regarding supply chain social/labour and environmental compliance and sustainability performance. This includes annual disclosure of the occurrence of child labour in our supply chain.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Child labour continues to be an area of concern within the footwear and apparel industry. All brands need to be diligent in their assessment of this risk within their supply chain and understand that the risk of its occurrence increases as you look at upstream suppliers and as you move production to new countries or more rural territories. Often it is not easy to know at the outset whether or not a facility has under-age workers – detection can be difficult, given the ease with which birth certificates and work permits can be falsified and the fact that youth in developing countries may look younger than their counterparts in the industrialized world

due to malnutrition, as well as genetic and individual differences. In our experience, the most effective approach to detect the use of child labor has been to conduct careful interviews – not only of workers and factory management, but also in consulting government agencies, local trade unions, and community groups. In some countries, there are national charts showing height and weight by gender, which can also be referenced.

Opinion Stop Child Labour, November 2013

Timberland was and still is one of the few companies providing a complete list of their suppliers on their website and providing a lot of detailed information on their CSR policy and practices. Last year Timberland has become part of VF Corporation and therefore is now making use of the well-developed supply chain compliance programme of VF Corporation. Even 2nd tier suppliers like subcontractors, tanneries, textile mills, dye houses and laundry facilities have to undergo annual audits by the VF Compliance team. Timberland continues to be a frontrunner and hopefully many footwear companies will be interested to learn from them and follow their example. On the website of VF Corporation the following is mentioned: "Over the years we have learned that improving compliance is an evolving process, one that can be challenging. Yet we do not hesitate to walk away from suppliers who do not share our commitment to providing an ethical and responsible work environment. Ultimately, we know that the quality of our products depends on the strength of our principles".

Website:

<http://responsibility.timberland.com/>

<http://www.vfc.com/corporate-responsibility/social/global-compliance>

UGG –

Deckers Outdoor Corporation

Conclusion SCL report December 2012 (as in last year's report)

UGG - Deckers publishes quite a bit of information on their CSR policy, including their social policy and Code of Conduct for their suppliers. A list of suppliers representing 90% of the sourcing expenditures is made available on their website as well. Despite their good policy and transparency to the consumers, UGG – Deckers did not respond at all to our various requests for information.

Information provided by Deckers Outdoor Corporation

No information was provided by the company regarding the steps taken in the past year.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

We regret the fact that UGG - Deckers Outdoor Corporation has never responded to our requests and reports. Transparency is not only about providing information, but also about reacting to serious stakeholders. Based on what we have found on the website it is clear that CSR is rather important to the company. On their website a list of the majority of their suppliers can be found, as well as their social policy and Code of Conduct for their suppliers. Deckers has published their first Corporate Responsibility report in 2013, which is available on their website. It would have been interesting to hear some more about the experiences, challenges and best practices of the company to improve the compliance and adherence to all labour rights in their full supply chains.

Website:

<http://www.deckers.com/company/corporate-responsibility>

Van Bommel

Conclusion SCL report December 2012 (as in last year's report)

The risk of use of child labour in the supply chain of Van Bommel is relatively small because there is no long supply chain, an elaborate suppliers manual is being used and intensive contact with production sites in Tunisia and India takes place. However, as there is some production of uppers in a high-risk country with regard to child labour and no external monitoring or other verifiable information available, the risk of child labour and/or labour rights violations is still present. It is recommended that Van Bommel develops a concrete and effective CSR policy and will start informing consumers about their policy and progress on CSR issues through their website.

Information provided by Van Bommel (10 September 2013)

Schoenfabriek (Shoe Factory) Van Bommel has recognised its social responsibility for nine generations. For Van Bommel, quality, continuity and reliability are key factors in selecting manufacturers and suppliers. The company's preference is for family firms that work according to standards and values that match those of Van Bommel.

Van Bommel has applied a code of conduct for many years. Besides Van Bommel's own values and standards, this code also includes European legislation on child labour and working conditions.

Spurred in part by the 'Stop Child Labour – School, the best place to work' campaign:

- Van Bommel will start an auditing programme (information provided to SCL);
- The document 'How we do business' will be published on the new website (expected in December 2013; information provided to SCL);
- Van Bommel's only Indian shoe producer now participates in the BSCI stakeholder programme in India;
- Van Bommel has had its 18 most used leathers extensively tested for Chromium VI (result: all tests were negative for Chromium VI).

From the document 'How we do business'

Van Bommel considers sustainability and social engagement to be a matter of course – not for short-term success but for the generations that will inherit our streets, houses, forests and businesses. Van Bommel continuously works on optimising production and developing new techniques that make it possible to produce in a more environmentally friendly manner.

Van Bommel still produces most of its shoes in its factory in Moergestel, the Netherlands. This factory specialises in the Goodyear production technique. Other production techniques are used in the factories in Portugal and Spain. Upper leathers are procured solely from Italy. Supplies and soles are only procured in Europe.

Stitching for the upper shoe is carried out in part by a partner in India. This concerns less than 5% of total production labour at Van Bommel. The stitching company in question, with which Van Bommel has a long-term relationship and which is frequently visited by Dutch quality controllers and stitching experts, meets Van Bommel's supplier conditions (see point 5 of this document). All materials used in India for Van Bommel stitching are procured in Europe. The materials are shipped from Van Bommel's warehouses in Moergestel.

Environmental friendly shoe

In 1997, long before 'An inconvenient truth' and increasing media focus on sustainability and the environment, Schoenfabriek (Shoe Factory) Van Bommel was the first shoe manufacturer in Europe to produce a shoe bearing the eco label. The production chain for this shoe, from cow to end product, was intensively scrutinised. In order to meet the requirements of the eco label, each part of the process was adjusted, changed or registered, as required.

The preconditions for the eco label include reduced environmental impact in terms of raw materials, energy, water consumption, hazardous substances, packaging and waste. Aspects like working conditions, animal welfare, plant protection and nature conservation are also scanned.

Despite much publicity around the launch of this shoe, there was little market interest. After more than a year, production was stopped. The sustainable shoe disappeared but the sustainability prin-

ciple remained. The firm's focus shifted from a sustainable product to sustainable business.

Since its experiences with the eco label shoe, Van Bommel no longer uses 'sustainability' as a selling point. Sustainable and socially responsible business has been introduced in all levels of the company.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

None at this moment.

Opinion Stop Child Labour, November 2013

A year ago it took some time to get a response from Van Bommel but based on the information provided by the company, SCL concluded that the risk of having child labour involved in the production of their shoes is very small. Nevertheless it was made clear that it is important to have a good CSR policy, a monitoring and verification system regarding the social standards and to be open and transparent to consumers. This time Van Bommel has given a lot more insight and concrete information on the policy and practices of the company and the steps taken and to be taken for further improvement. Certainly a positive point is that the company will start with an audit programme. Part of this programme will be that the factories need to do a self-assessment. This is indeed very useful, however it cannot be expected that violations of the standards and laws will be uncovered by this method. To detect risks and violations additional methods need to be used like having interviews with workers without the presence of other factory workers or managers. SCL appreciates the fact that Van Bommel has shared the document that will be placed on the website on the CSR policy and practices of the company. The document contains a lot of concrete and detailed information. The experience with the environmental shoe (with Milieukeur) is an interesting experience and a good example of actively anticipating to consumers (as citizens they have strong opinions, but as consumers, unfortunately, a lot less), but that the internal commitment and integration and mainstreaming in the whole business

is essential.

Website: <http://www.vanbommel.com/en/>

Van Lier

Conclusion SCL report December 2012 (as in last year's report)

It is clear that Van Lier is now more aware of the importance of having a CSR policy and a Code of Conduct including attention to social aspects and labour conditions, including child labour. It is recommended to Van Lier to make this even more concrete and practical. The fact that Van Lier has been so open to admit the need for improvement is appreciated as well as their active approach to provide information on this on their website.

Information provided by Van Lier (10 September 2013)

Code of conduct

The Code of Conduct of Van Lier is publicly available on the website.

Production

Van Lier manufactures its shoes in Portugal, Poland, China, India and Bangladesh, while components like soles, laces, heels and lining are generally procured from suppliers in Italy, The Netherlands, Germany, Spain, Argentina, Mexico and China. Van Lier shoes produced in Bangladesh are made from Italian imported leather.

To find out more about the health, safety and environmental conditions at a new supplier (in China and Bangladesh; the names are known to SCL), several Van Lier representatives visited the factory in Bangladesh.

- Inspection/certification; The management of the new supplier has submitted the following certificates to Van Lier and has authorised their use for external purposes:
 - ISO9001 Management System certificate
 - Social Compliance Audit
 - Fire and Safety Audit

- General Audit

An external audit was recently performed at the supplier's Chinese branch; the results of this audit will be available later this year.

Van Lier is currently in talks with the FTA (Foreign Trade Association) in Brussels regarding FTA membership and participation in BSCI activities.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Van Lier is now developing its CSR policy and feels not yet in the position to advise others on this subject. In time Van Lier will gladly share its experiences.

Opinion Stop Child Labour, November 2013

It is clear that the SOMO report and the SCL shoe campaign has made Van Lier more aware of the need to know more about the situation, social standards and possible risks in their supply chain. Having a good policy is important but not enough. Van Lier has taken the first steps to get more insight in the working conditions at the factories and to start implementing the code of conduct and the social standards. The plan of Van Lier to participate in joint activities offered by BSCI is a step forward as it is better and more effective to join forces with other companies to improve labour circumstances both at first tier as at the lower tiers.

Website:
<http://www.vanlier.nl/nl/code-of-conduct/>

VEJA

Conclusion SCL report December 2012 (as in last year's report)

Veja is an exceptional company compared to many others as they started with the willingness to change the way sneakers were made. Since 2004, Veja is built on 3 main CSR principles. "From small producers in Brazil to concept stores in Europe, Veja has cre-

ated a solidarity chain featuring a global approach with transparency at its core." It is recommended for the reader to look at Veja's website for information and ideas. Recommendation for Veja is to maintain the informative website, openness and transparency.

Information provided by Veja (13 September 2013)

We have been producing sneakers using noble materials and respecting the workers who are involved in the project for the past seven years.

Veja is built up on 3 main principles: using ecological materials, working under fair trade principles when adapted and respecting workers' rights and dignity. From small producers in Brazil to concept stores in Europe, Veja has created a solidarity chain featuring a global approach with transparency at its core.

The canvas of the sneakers is made of organic cotton grown by an association of small farmers located in Ceará, North of Brazil. Ceará is a semi-arid area with vast socioeconomic inequities. 350 families live there from agro-ecological farming, a model which bans the use of pesticides and chemicals.

The wild rubber used in the soles of the trainers comes from the Amazon. The Amazon is the only place on earth where rubber trees grow in the wild. Veja works there with a cooperative of 36 families of rubber tappers. They are located in the heart of the Amazon, in the Chico Mendès extractive reserve. Buying Amazonian wild rubber at a fair premium price allows rubber tappers to live decently from rubber tapping. They are thus less tempted by the financial opportunities of land-clearing. This is a way to fight against deforestation. As for leather, it is not, in essence, produced under fair trade principles. We can however trace its provenance. It comes from Uruguay and not from the Amazon area where cattle breeding is one of the main causes of land clearing. Leather used in the Veja collections is tanned with acacia extracts, a natural, non-polluting alternative to heavy metals such as chrome.

In 2013 we have switched our entire production to a new factory. This factory, Topshoes, is located in the state of Rio Grande do Sul, South Brazil, an area that we know well and where we have been working for the past 8 years. The state is ranked 5th out

of the 27 Brazilian states for its Human Development Index which is fairly high (0.746 from 2010 latest data).

We have started to work with this factory in April 2013. This short period of time has not enabled us yet to conduct social audits involving a third party. Nevertheless we have 2 people of our teams who are based in Brazil and visit the factory on a daily basis. This means that we keep a very good idea of the conditions of work in the factory. In addition to our frequent meeting with the factory management we have explained in details our quality chart which includes high working condition standards. They are aware that our brand is based on high social and environmental commitment and we have worked closely with them on these issues since the start of our collaboration. Shoes are then shipped to Le Havre in France, from where they travel by barge until the doors of Paris. There, a social association called Atelier Sans Frontières handles stock management and delivery preparations. They help people who have been long unemployed to go back to the job market through work and training. The solidarity chain goes up to the doors of the stores where the trainers are available.

We feel very concerned about sharing and being transparent with our network and community. Our website, www.veja.fr is still our main tool and best resume about the project. We have recently launched a new version, including lots of improvement. Still providing all key information about every aspect of the project and its limitation, the V2 will be clearer and facilitate the browsing.

The originality of Veja 's Project is that their team members are directly in touch with suppliers involved at each step of the whole supply chain: 1st tier (Topshoes, Brazilian factory), 2nd (Cermatex, organic cotton weaver), 3rd (Bercamp, the organic cotton spinning), 4th (Organic cotton, wild rubber and leather producers or associations) and the 5th tier : Max Havelaar, IBD, AFNOR, Textile Exchange, WWF...

We have a direct relationship with the cooperatives of producers we work with. More than mere suppliers they are real partners to our project. This means often travelling to Brazil for a close and collaborative relationship.

This has become even more true since that one of

the two founders of Veja moved to Brazil to manage the launch of the brand there. This means a much closer relationship with the production sites, the raw materials suppliers and our Brazilian team. Veja is made up of 20 people based in Paris head quarter, 1 person in London UK and 8 in Brazil office in charge of the quality and the supplying of the raw materials. Veja is a Human scale company.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

The way Veja works and does business is very interesting and it is encouraging to know that it is possible to produce shoes in such a fair and responsible manner in a difficult environment. Of course the business case is exceptional and might not be feasible for the majority of the footwear companies, but still inspiring and useful to learn from. A lot of information is provided on the website of Veja which has been renewed recently. At the website it is explained that the ultimate objective of Veja regarding leather is "to be knowledgeable and in control of our whole leather supplier chain, from the cows nurturing and living conditions to the tanning and dyeing process of the leather". It will be interesting to follow the experiences of Veja in the coming years to achieve this objective.

Website:
<http://www.veja.fr>
<http://project.veja-store.com/en/>

Wolky

Conclusion SCL report December 2012 (as in last year's report)

The commitment to CSR issues and their visual explanation of the production of Wolky shoes, as provided on their website, is appreciated. With regard to (prevention of) child labour and labour rights violations, however further information is lacking. We regret Wolky's reaction to our campaign and believe that transparency about production, also in the supply chain, is a prerequisite for any responsible company.

Information provided by Wolky

No information was provided by the company regarding the steps taken in the past year.

Advice, experience and/or best practice to tackle child labour in the full supply chain interesting to share with other footwear companies:

Not provided.

Opinion Stop Child Labour, November 2013

Unfortunately Wolky has not shown any interest in our campaign and reports and has not responded to our requests for information. Based on the information on their website, CSR seems to be important to Wolky as a lot of attention is being given to environmental production of shoes and good working conditions. Apparently Wolky does not feel the need or importance of being transparent about their policy and practices to prevent the use of child labour or other labour rights violations in their full supply chain, as being requested by Stop Child Labour. The risk of having child labour involved in supply chain might be less for Wolky as the first tier producers are not in risk countries and the leather is being sourced from Italy, however, this does not rule out the risks at the lower tiers.

Website: <http://www.wolky.nl/>

Annex 1

1. The campaign 'We want child friendly shoes!': an overview of the period June – December 2012

Partly similar to the information in the report from December 2012

1ST PHASE SHOE CAMPAIGN 'WE WANT CHILD FRIENDLY SHOES!' JUNE 12TH 2012 – OCTOBER 2012

On the 12th of June 2012 Stop Child Labour published (in Dutch) the SOMO report 'Where the shoe pinches – Child Labour in the production of leather shoes'.

The report indicates that in countries like Brazil, China, Vietnam and India children aged 12 to 14 are involved in the production of leather shoes for export to international shoe brands. They tan and process leather, glue shoe soles or sew parts together.

On the basis of the SOMO research, the campaign Stop Child Labour has informed 28 companies, through a letter, about this report and the findings of the research. The companies were asked to respond and, in case they have not already done so in a previous survey, to be transparent about how they deal with preventing or solving issues of child labour and labour rights violations in their supply chain.

Eight companies were informed that child labour was found during the research in India that could be linked to their supply chain. Four of the eight suspected companies provided us with a credible reply, sometimes including the outcome of further local research.

2ND PHASE SHOE CAMPAIGN: OCTOBER 15TH 2012 – DECEMBER 2012

On October 15th the Stop Child Labour Campaign has published a press release in The Netherlands about the findings of the research done by SOMO on child labour in the leather shoe industry as well as additional research by Hivos among 28 footwear companies. The main message of the press release was that there are still shoes for sale on the European market which are produced by making use of child labour.

The first version of the report "An analysis of CSR policy and practice of footwear companies" was published, containing a scorecard of 28 footwear companies on several CSR criteria plus descriptions per company based on our analysis of the information provided by the companies on their CSR policy and practice. Besides publishing the names of the companies which we connected with incidences of child labour found in the research, it was also explained that several companies did not respond at all to the requests of SOMO and Stop Child Labour to provide information on their policy and practice to prevent or combat child labour in the production of their shoes.

By October 2012 we had received relevant information from a total of 20 out of 28 companies. A few of them stand out in terms of a clear CSR policy and system of implementation. They also recognize and work on the fact that child labour and other problems can also occur beyond their first supplier, e.g. while sub-contracting part of shoe production and/or the production of leather and other (raw) materials.

For more detailed information on the research and first part of the campaign we refer to the report "Child labour in the leather footwear industry, An overview and assessment of policies and implementation of 28 footwear companies" from December 2012.

Report SOMO: Where the shoe pinches

In June 2012 Stop Child Labour published the report 'Where the shoe pinches' from the Dutch research centre SOMO. According to the report, children aged 12 to 14 are involved in the production of leather shoes in countries like Brazil, China, Vietnam and India. They tan and process leather, glue shoe soles or sew parts together.

The shoes are exported to international shoe brands which also cater to the European market. A substantial part of the work by the first tier suppliers of the western brands is subcontracted out and that is mostly where child labour occurs in the shoe manufacturing industry.

The report is based on relevant literature, other investigations and field research in India in two regions: Vaniyambadi and Ambur in Tamil Nadu and Agra in Uttar Pradesh. The research of SOMO has made clear that in medium-sized factories and small working units child labour is not exceptional. Many of these factories and working units are stitching uppers or preparing soles for factories who are directly supplying to international companies and brands.

Factors that contribute to the occurrence of child labour in the footwear sector in India are:

- Poor labour conditions for adults
- Not paying the official minimum wage (let alone a "living" wage)
- Legislation that is not reinforced properly
- The practice of subcontracting work out to smaller workshops (where inspections do not take place).

The main findings regarding production of shoes are:

- Child labour is frequently used in medium-sized factories, small workshops and by home workers.
- Tasks children perform are:
 - o Cutting out footwear / patterns
 - o Preparing uppers (decoration, stitching, etc.)
 - o Preparing the foot of the shoe (inner soles, outer soles, gluing, etc.)
 - o Assembling the uppers and soles (gluing, stitching, hammering nails)
 - o Finishing (cleaning, shining)
 - o Packaging for shipping to clients / markets
- A substantial part of the work, both in leather tanneries and shoe factories, is carried out in the informal sector. In India around 60% of the production of leather shoes takes place at home within the family or at very small-scale production locations.
- Shoe factories producing for the international market subcontract (part) of the work out to medium-sized factories, small workshops and home workers, therefore running the risk of having child labour involved in the production of their shoes.
- In general labour inspections, monitoring and audits do not take place at production units subcontracted by 1st tier suppliers.
- Small workshops and home workers are mostly paid by piece, which is generally so low that adult workers do not make enough money to live on. Children help out to improve the family income or to reduce the labour costs in smaller workshops.

- In Uttar Pradesh (northern India) child labour is more structural in nature, partly due to the fact that shoemaking skills are passed down from generation to generation.
- In Tamil Nadu in the south, child labour is more ad hoc as a result of the perceived need to supplement the family income.

Child labour in leather production

Child labour also takes place in the production of the leather. This was not investigated during the field research however several researches are available indicating that child labour is frequently used in tanneries. In tanneries children mainly work as assistants on tasks like:

- Sprinkling the leather with lime and pulling the leather out of large vats with tongs. If these vats leak, it is the children's task to stop up the openings with remnants of leather.
- During the unhairing of the animal hides, children soak the leather
- Drying the leather on the roof or in the tannery
- In less mechanised tanneries, the children dust the leather off with a cloth and dye it by hand.
- Sorting the final products as to size or quality to prepare them for sales
- Other tasks like fetching chemicals or ordering necessities

Children working in tanneries often go barefoot through the chemicals used in the tanning process or spill chemicals on their skin when removing the hides from the vats.

Update from the stakeholder meetings - Sustainable business in the Indian shoe and leather industry held in Agra and Chennai on 22, 24 April 2013

Sent by BSCI to participants of the meeting on May 30, 2013

On April 22 and 24, BSCI provided the platform for two stakeholder meetings conducted in Agra and Chennai to discuss sustainable business and the issue of home working and child labour in the Indian shoe and leather industry. Each stakeholder meeting gathered a very diverse audience from local footwear suppliers, business associations, government officials, international brands and retailers, international as well as local NGOs, Trade Union, and social compliance experts. In Agra there were forty participants, in Chennai seventy.

Both meetings provided a good platform to exchange different stakeholder's diverse views on the topic. It was explained that the shoe and leather export trade in India has made great advances in the last decades and today export factories show, in general, good performance in terms of social compliance. Yet, in such a diverse and developing economy, labour conditions and social compliance can still be an issue, especially at lower tiers of complex supply chains. It was recognized by the majority of the participants that children might be involved in the production of shoes at the lower tiers. The extent and scale of this problem was discussed controversially. In Agra it was recognized that a substantial share of children of home workers aged 10 to 14 are not attending school full-time and that therefore there is a high risk of them getting involved in home based work along with their mothers or at other small production units.

The discussions in Agra and Chennai have shown that information gaps exist on the topic of home workers and child labour. Therefore, the different stakeholder groups were unable to reach a common and agreed understanding of the actual level of subcontracting to smaller production units, home working and the extent to which children are indeed involved when outsourcing and home working takes place. The need for better information on the extent and location of outsourcing, home working and the existence and extent of child labour, as well as a better understanding of the more general socioeconomic situation of the workers, including home workers, was recognized both by business representatives as well as civil society stakeholders.

The stakeholder meetings clearly faced challenges in terms of having a balanced and inclusive moderation, mediating between the different stakeholder perspectives. BSCI recognizes that future meetings should improve in terms of giving each stakeholder group an equal standing and providing a forum that reassures all stakeholders in their roles; BSCI will make efforts so that in the future expectations from all stakeholder groups can be better met. Despite these limitations, the meetings were successful in identifying a number of areas where further action was deemed relevant, and the exploration of further steps considered worthwhile by a broad range of stakeholders:

1) Bottom-up research to better understand the socioeconomic realities of the workers at lower tiers, with specific attention to home workers:

Various stakeholders expressed the interest to better understand and gain insights into the socioeconomic realities of the workers at the lower tiers, especially the home workers. Bottom-up research that focuses on these workers, their labour situation, their family situation and also on their lives and livelihoods appears as an appropriate instrument. The goal of this research would be to answer questions such as: 1) What is the working and living situation of the workers at the lower tiers, 2) Reasons for home workers to engage specifically in the shoe production 2) Benefits and risks of this work and potential alternative sources of income 3) Incidence and location of child labour 4) Root causes of child labour and possibilities to tackle these .

2) Transparency and visibility in the supply chain beyond the first tier:

Businesses are expected to know their supply chains and their potential impact on human rights violations. It was recognized that some international buyers have a lack of clear visibility and understanding of the labour conditions and risks beyond their first tier suppliers. In that light notably buyers voiced interest in top-down tools and instruments that allow for more transparency and visibility in the lower tiers of their supply chain. BSCI could adapt its Primary Production methodology to be pilot tested by buyers and suppliers in the lower tiers of the shoe production supply chains. BSCI is currently evaluating the possibility to develop a pilot project in that area that would be open for participants as well as non-participants of BSCI.

3) Specific interventions to improve home working conditions:

Specific interventions to improve the position and conditions of home workers were discussed. On one hand various concerns should be brought up with legislators and policy makers, such as legal provisions on benefits and protection of home workers, the education and vocational skills development for children of home workers, etc. On the other hand, measures in the sphere of influence of buyers and suppliers should be identified and their implementation sought. This concerns topics like minimum wage and living wage, income security versus flexibility, health insurance and other social benefits.

4) Focus on education and cooperation with others to tackle child labour:

As children are dropping out of school at an early age in some areas, there is a high risk of them getting involved in home based work like hand stitching or other tasks involved in the production of shoes. International buyers have expressed the need to be certain that children are going to school full-time. To be able to eradicate child labour at level of the lower tiers an approach with several (local) stakeholders is needed to improve the educational level of the children and to raise awareness about child labour and other labour issues.

Response of Farida Shoes regarding findings of research in 2012 on subcontractors

In last year’s report (December 2012) details were published linking the Indian supplying company Farida Shoes with child labour at the level of their (possible) subcontractors. Farida has contacted SCL and has given arguments to convince SCL that the findings were not correct. Farida has shared the following with SCL: “We have nothing to do with Miracle shoes. We are surprised that the manager mentioned that they work for us. Miracle shoes was closed a few years back. According to our information, the owner has left the business.”

The company has provided two documents to confirm the closure of Miracle Shoes. One of them comes from the Labour Protection and Welfare Assistant Director of Vellore stating that “according to the Information Rights Law” the company Miracle Shoes (242, First Floor, Vinnamangalam, Minnur) “was informed to be closed on 30.10.2010”.

As regards to Vaishnavi leathers, we do work with them. The unit has been audited by a third party twice in the last 10 months and there was no evidence of child labour. Apart from the external audit, we have carried out our own audit of Vaishnavi in the past and did not notice any young labour. The third party that did the audit of Vaishnavi was TUV. Since the audit was done by a brand, we cannot share the audit report.

The researcher had linked Vaishnavi with Farida and claimed that Vaishnavi was working on Clarks and Bugatti products. As informed during our meeting, we do not work with Bugatti. Vaishnavi is a small factory and cannot manufacture Clarks products for Farida as well as Bugatti products for another exporter at the same time as they have only one production line and only one product can be manufactured at a time.”

Reaction Stop Child Labour (SCL)

SCL appreciates the efforts of Farida Shoes to investigate the findings. In response to these statements, the evidence on which the original findings were based on, were rechecked in India as much as possible which led to conclusion that there was no reason to doubt the findings of the local researcher. The arguments for this were shared with Farida Shoes. SCL will however continue the dialogue with Farida and discuss if further investigation is desirable.

SCL regrets that the company has not given more insight in their policy and practices while the company has been given the opportunity to have information on their company incorporated in this current report. It would have been interesting to know what the company has done in the past year to improve their practices to prevent child labour at the level of their subcontractors and material suppliers, especially regarding the proposed improvements given in the report of December 2012.

Scorecard of shoe companies as published in December 2012²⁵

| | Response during research phase | Response to the letter (12 June 2012) ²⁶ | Response to publication in October 2012 | Code of Conduct, Incl. child labour ²⁷ | No production in high risk countries | CSR activities | Inspection of 3rd party (BSCI/FLA) | Attention for subcontractors, beyond 1 st tier | Transparency and openness to consumer | Judgement Stop Child Labour |
|--|--------------------------------|---|---|---|--------------------------------------|----------------|------------------------------------|---|---------------------------------------|-----------------------------|
| adidas | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Bata | ✗ | + | ✓ | ✓ | ✗ | ✓ | ✗ | + | + | + |
| Bijenkorf | ✓ | ✓ | | ✓ | ✗ | ✓ | ✓ | ✗ | + | + |
| Birkenstock | ✗ | ✓ | | ✗ | ✓ | ✓ | ✗ | + | ✓ | ✓ |
| Bristol (Euro Shoe NL) | ✗ | ✓ | ✓ | + | ✗ | + | + | ✗ | + | + |
| bugatti | ✗ | ✗ | ✓ | + | ✗ | + | ✓ | + | + | + |
| Camper | + | ✗ | | + | ✗ | + | ✓ | + | ✗ | + |
| Clarks | + | + | ✓ | + | ✗ | ✓ | + | + | + | + |
| Cruyff Sports | ✗ | ✗ | ✓ | + | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ |
| Dr. Martens | ✗ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | + | ✓ |
| Ecco | ✗ | ✓ | | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fred de la Bretoniere | ✗ | + | | + | + | ✗ | ✗ | ✗ | ✗ | ✗ |
| Gabor | ✗ | ✓ | | ✓ | ✗ | + | ✗ | ✗ | + | + |
| Geox | ✓ | ✓ | | ✓ | ✗ | + | ✗ | + | ✗ | + |
| Lotto Sport | ✗ | + | | ✓ | ✗ | + | ✗ | ✗ | + | + |
| Macintosh (Scapino, Manfield, Dolcis & Invito) | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | + | ✓ | ✓ |
| Marks & Spencer | + | ✗ | ✓ | ✓ | ✗ | ✓ | ✓ | + | ✓ | + |
| | Response during research phase | Response to the letter (12 June 2012) | Response to publication in October 2012 | Code of Conduct, Incl. child labour | No production in high risk countries | CSR activities | Inspection of 3rd party (BSCI/FLA) | Attention for subcontractors, beyond 1 st tier | Transparency and openness to consumer | Judgement Stop Child Labour |
| Nike | + | ✗ | | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ |

²⁵ The scorecard is based on information provided by the companies themselves, which has not been checked or verified by SCL or another third party. The scoring has been done as objectively as possible, however it might be that the scores do not accurately reflect – either positively or negatively so - the reality of what the company has in place or is doing in practice. Nevertheless this scorecard and the criteria have proven to be important means to raise awareness and express urgency for the relevance and importance of having good policies and procedures in place as reflected by the criteria and the corresponding explanation. During the campaign it became clear that this scorecard is important to most companies as it has stimulated several of them to take or speed up certain steps for improvement as this would lead to a higher score. The scorecard therefore certainly has value but please be aware of the limitations of this instrument as it is mainly based on transparency of the companies themselves and cannot be guaranteed to be a fully objective measuring or benchmark system based on outcomes or actual impact.

| | Response during research phase | Response to the letter (12 June 2012) ²⁶ | Response to publication in October 2012 | Code of Conduct, incl. child labour | No production in high risk countries | CSR activities | Inspection of 3rd party (BSCI/FLA) | Attention for subcontractors, beyond 1 st tier | Transparency and openness to consumer | Judgement Stop Child Labour |
|-----------------------|--------------------------------|---|---|-------------------------------------|--------------------------------------|----------------|------------------------------------|---|---------------------------------------|-----------------------------|
| Nike | + | X | | ✓ | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| PUMA | ✓ | ✓ | | ✓ | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sacha Shoes | X | ✓ | | ✓ | X | + | X | X | + | + |
| Schoenenreus | X | + | | + | X | X | X | X | X | X |
| Timberland | ✓ | + | ✓ | ✓ | X | ✓ | ✓ | ✓ | ✓ | ✓ |
| UGGs (Deckers) | X | X | | ✓ | X | ✓ | X | + | ✓ | + |
| Van Bommel | X | X | ✓ | + | + | X | X | + | X | + |
| Van Haren (Deichmann) | ✓ | ✓ | | ✓ | X | ✓ | ✓ | X | ✓ | ✓ |
| Van Lier | X | X | ✓ | + | + | X | + | X | + | + |
| Veja | X | ✓ | | ✓ | X | ✓ | ✓ | X | ✓ | ✓ |
| Wolky | X | + | | X | + | ✓ | X | X | ✓ | + |

Explanation of the chart

- ✓ Good
- + Moderate
- X Bad or unknown

²⁶ In this research Hivos has send questionnaires to the companies. Status 'good' when companies have completed the questionnaire, 'moderate' when companies have provided their own information, and 'bad' when companies have not responded at all during the research phase.

²⁷ Status 'good' when companies have included child labour in their Code of Conduct (CoC). 'Moderate' when companies have included child labour in their CoC, but the CoC is not public. 'Bad' when companies have not included child labour in their CoC or when we have not found a CoC.

Annex VI

Explanation of the criteria and scores as mentioned in the score card

Link to the recommendations

The numbers behind some of the criteria ((1), (2), (3), (4), (5) and (6)) refer to the recommendations given by SCL in earlier communications. These are:

1. A survey and risk assessment of child labour and other violations of labour rights in the full supply chain of the company;
2. A policy with regard to child labour and labour rights for the full supply chain, including sub-contractors in both shoe production as well as the use of main materials like leather;
3. A policy and plan of implementation on the remediation of child labour or other labour rights violations;
4. A form of external assessment or verification of the results of the company's activities;
5. Co-operation with other companies and stakeholders like NGOs and trade unions where-ever that is possible;
6. Transparency to the general public about the process and results of the activities the company is undertaking to combat child labour and tackle labour rights violations.

Explanation and indicators of the criteria and scores:

1. Response during 1st and 2nd phase
 - o During the research phase (August 2011 – May 2012), 1st phase starting with the publication of the SOMO report (June – October 2012) and 2nd phase starting with the publication of the first SCL assessment report (October – December 2012)
2. Response to request for update 2013
 - o Differentiation between a response providing sufficient information ('good'), just a short response ('moderate') or no response at all ('bad'). For the update a request was sent by email in July 2013 and a reminder in September 2013
3. Risk analysis in full supply chain
 - o A risk analysis has been done on all first tier suppliers (in risk countries)
 - o Also at the level of subcontractors and material suppliers (in risk countries) a risk analysis has been done
 - o The risk analysis is done by or in cooperation with an external organisation
 - o The company has provided an explanation to SCL on scope, extent (which tiers) and methodology
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent but not including material suppliers or without a good explanation of the analysis done. Score 'bad' when nothing or little is done on this or unknown to SCL

4. Code of conduct/suppliers code incl. child labour

- Reference to child labour including minimum age in code of conduct/supplier code
- The Code of Conduct also applies to subcontractors and material suppliers
 - › Score 'good' when companies have included child labour in their Code of Conduct (CoC) and made publicly available, score 'moderate' when companies have included child labour in their CoC, but the CoC is not publicly available, score 'Bad' when companies have not included child labour in their CoC and/or when SCL has not found/received a CoC.

5. Initiated research/action on subcontractors beyond 1st tier

- Reference to subcontractors and/or material suppliers in code of conduct/supplier code
- Reference to subcontractors and/or material suppliers is made in the information provided on policy and practices
- Traceability research is done beyond 1st tier
- Activities done to get insight in working situation and risks beyond 1st tier
- Support is given to improve working conditions and/or compliance beyond 1st tier
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent, score 'bad' when nothing or little is done on this or unknown to SCL

6. Monitoring and/tracing system beyond 1st tier

- The company has a system in place to monitor and/or trace the production of their shoes not only at the level of 1st tier but also at the level of subcontractors and has shown or explained this to SCL.
- The company has a system in place to trace all key materials to the material suppliers
- Monitoring and/or inspections (internal) are taking place regularly at the sites of subcontractors and/or material suppliers
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent, score 'bad' when nothing or little is done and/or this or unknown to SCL

7. Remediation policy/procedures in place

- The company has developed a remediation policy to be able to respond fast and accurate in case of child labour found in its supply chain
- The remediation policy makes clear the responsibility of the company, what is expected from the supplier where child labour is found, what type of support the company will give to its supplier to solve the issue and what will be done and is expected to ensure measures are taken in the best interest of the child and his/her family
- The remediation policy is shared with the suppliers
- Activities and/or trainings are undertaken to raise awareness and commitment to this remediation policy among suppliers
- Suppliers are expected to have their own remediation policy/procedures in place
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent, score 'bad' when nothing or little is done or this or unknown to SCL

8. External assessment and/or verification

- Third party verification with attention to the working conditions, including child labour, is taking place on a regular basis of 1st tier suppliers

- Third party verification with attention to the working conditions is taking place of 2nd tier suppliers and/or material suppliers
- The company provides information on the verification/audit company to SCL and/or on their website
- The company provides information on the methodology (e.g. interviews being held with workers in a place outside of the company or without involvement of the management)
 - › Score 'good' when the majority of the indicators apply, including external verification of 2nd tier suppliers, score 'moderate' when external verification of 1st tier takes place, not of 2nd tier suppliers, score 'bad' when nothing or little is done or this or unknown to SCL

9. Co-operation with non-corporate stakeholders

- The company is affiliated to a multi-stakeholder initiative that includes non-corporate stakeholders (trade unions and civil society organisations)
- The company participates in a sustainability programme in which cooperation with non-corporate stakeholders (trade unions and/or civil society organisations) takes place
- The company is in contact with or supporting international and/or local organisations (government, trade unions and/or civil society organisations) to be able to gather additional information and insight on the situation of the workers in the footwear sector and/or in the area of their suppliers and subcontractors (or as part of their remediation policy)
- The company has an active partnership with a non-corporate stakeholder (trade union and/or civil society organisations)
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent, score 'bad' when nothing or little is done or this or unknown to SCL

10. Transparency/openness to SCL and consumers

- The company has shared sufficient and concrete information to SCL as part of the campaign 'We want child friendly shoes!'
- The company has shared information on their experiences, challenges, ambitions and/or (some) confidential information with SCL. Only confidential information is not sufficient.
- The company provides information on their website regarding their CSR policy and practices
- The company provides a lot of concrete information (including information on suppliers and audits) on their website
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent, score 'bad' when nothing or little is done or this or unknown to SCL

11. Publication of suppliers list (on website)

- The company publishes a list of the majority or all of their 1st tier suppliers mentioning name and location
- The company publicly provides the audit reports of their 1st tier suppliers
- The company publicly provides a list of their key material suppliers
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent, score 'bad' when nothing or little is done or this or unknown to SCL

12. CSR policy and practices (including e.g. environment)

- The company has a clear and concrete CSR policy and provides information on this on their website
- The company (financially) supports a environmental and/or social programme of a non-corporate organisation
- The company proactively participates in a sustainability and/or social programme
- The company has set clear ambitions and goals to reduce their negative environmental and/or social impact and provides information and updates on the progress on their website
 - › Score 'good' when the majority of the indicators apply, score 'moderate' when they apply to some extent, score 'bad' when nothing or little is done or this or unknown to SCL

13. Affiliated to CSR and/or verification programme

- The company is affiliated to a CSR and/or verification programme with special focus on improving the social conditions in the supply chain (e.g. FWF/FLA/TFT/BSCI/ILO Better Work)
- The company is affiliated to a CSR and/or verification programme with special focus on the reduction of the negative environmental impact in the supply chain (e.g. Leather Working Group)
 - › Score 'good' when the first indicator applies or both, score 'moderate' when the second indicator applies , score 'bad' when the company is not affiliated to any programme and/or when this is unknown to SCL

14. Overall assessment SCL in December 2012

- › This is copied from the scorecard published in the report of SCL from December 2012. This judgement was based on the information provided and the criteria from last years scorecard.

15. Overall assessment SCL of state of art and/or progress made

- The company has clearly taken steps to (further) improve their policy and practices regarding the eradication of child labour and improving labour rights in the full supply chain and has explained these steps to SCL
- The company has already a good policy and practice in place regarding the eradication of child labour and improving labour rights in the full supply chain
 - › Score 'good' when the company has taken more than average efforts (in comparison with the other companies) to improve their policy and practices and/or when the company is clearly a frontrunner, score 'moderate' when some steps have been taken for improvement but the company is still lagging behind when it comes to their policy and practice, score 'bad' when nothing or very little has been done in the last year (or unknown to SCL) and when the company is clearly lagging behind when it comes to their policy and practice regarding the eradication of child labour and improving labour rights in the full supply chain.