

Social Compliance and Environmental Standard: Need Analysis for LFMEAB Members

BY

LFMEAB

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LFMEAB



The Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) is the recognized trade body that represents most of the major export oriented manufacturers & exporters of leather goods & footwear in Bangladesh.

We are : 131 members factory registered and 4 members are under process.

OBJECTIVE

To promote and protect the interests of the industry & its members, encourage cooperation and safeguard the interests of industry, all with the objective of boosting competitiveness

Snapshot of Bangladesh Leather Industry



- The leather industry now emerges as 2nd largest export earner after RMG
- In 2014-15, leather and leather goods export was worth \$1.13 billion, compared to \$1.12 billion in the previous fiscal year
- Despite earnings growth, the country missed the export target of \$1.4 billion by deficit of 19.09% in 2014-15
- Aims to export \$1.21 billion of leather and leather goods in 2015-16, which is 7.28% higher from last fiscal year
- Leather sector's exports grew by 0.56% in the previous FY of global leather goods market worth \$215 billion.

Emergence of Sustainability Standard (Global Value Chain)



- Global agenda groups advocacy for Green Purchasing Policy to ensure green supply chain
- EU ‘Single Market for Green Products’ initiative for environmental sustainability

Given above circumstances, increased emphasis has been on:

- ✓ Zero waste strategy and water supply using water treatment technology
- ✓ Chrome-free leather production for sustainable manufacturing practices
- ✓ Tanning technologies and systems centering on sustainability.
- ✓ Segregation of waste into recyclable categories for eco-friendly leather making

Tackling Sustainability Standards (State Actors)



- Construction of Tannery Estate in Dhaka (TED)
- TED for environment-friendly processing of rawhides by CETP
- Growing consciousness for national compliance and industrial laws

Tackling the Sustainability Standard (LFMEAB Initiatives)



COMPLIANCE FOR SUCCESS (CFS) since 2013

For CFC, Association works with COEL, WRAP, Guardian Life Insurance Limited, CSI.

CFC Mission: To develop the working condition by developing the infrastructure and social compliance issues of member factories.

Target: Helping member factories to be national level compliant under existing laws within the mid of the 2016



What CFC Does?

- Organize workshops & trainings on laws & regulations
- Factory inspection
- Provides Corrective Action Plan
- Auditing
- Consultancy & monitoring

CFS Progress



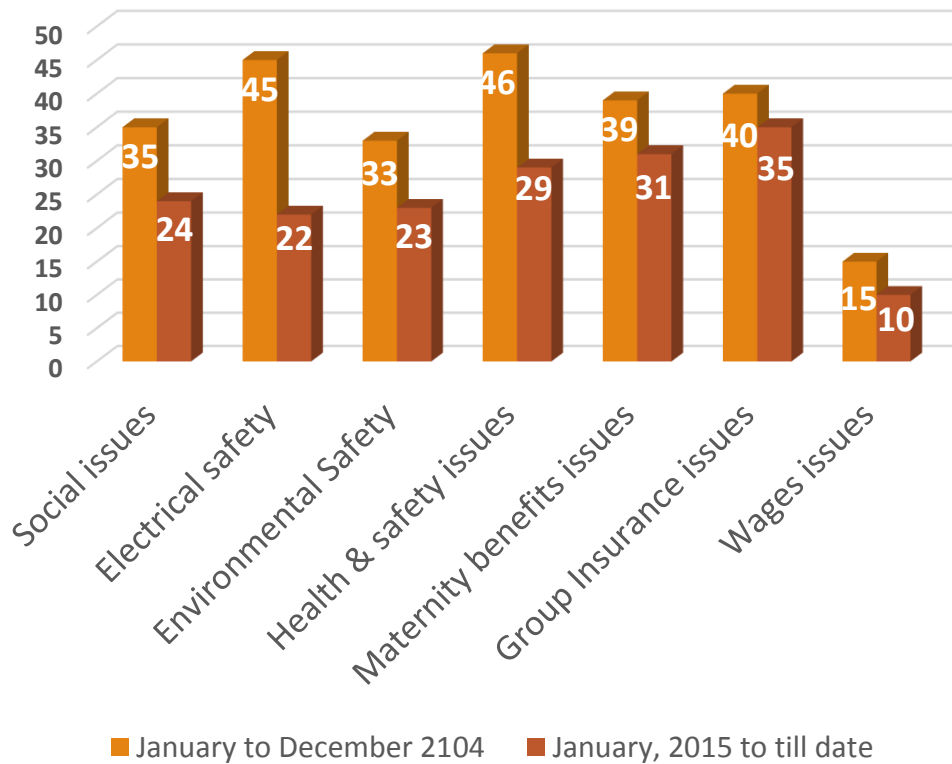
First phase: 83 member factories have been audited, where

- Better compliant factories: 05
- Basic level compliant factories: 19
- Minimum level compliant factories: 33
- Not satisfactory level compliant factories: 26
- First phase completed and 2nd phase is going on

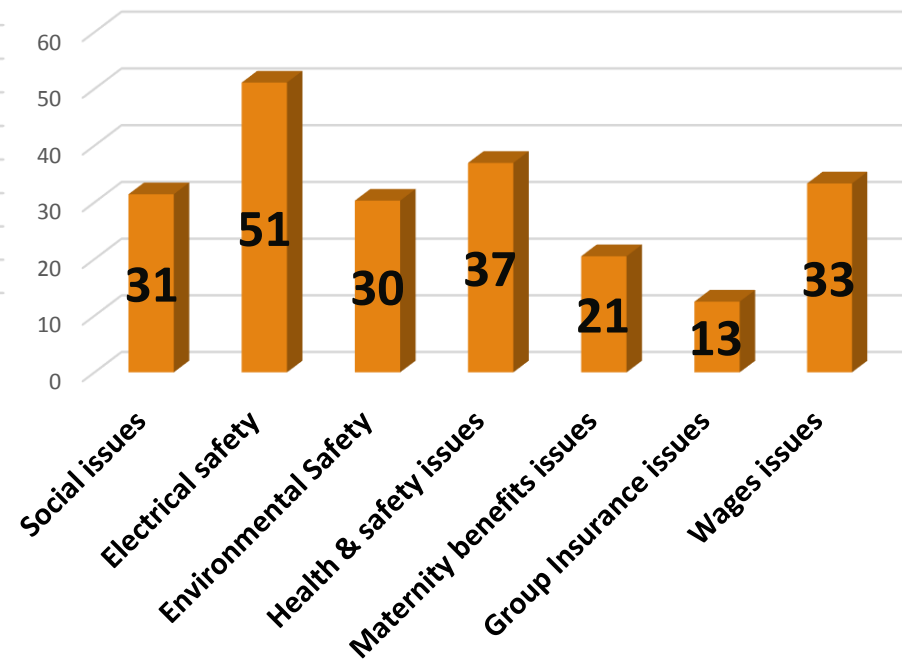


Issues Improved by CFS program

Issues found during audit- now declining



Percentage of improvement





CFC Achievements

- 43 factories received trainings on social compliance issues
- Compliance as pre-condition to get & continue membership
- OHSAS 18001 training organized by GIZ Occupational Health & Safety (OHS)
- Provided Corrective Action Plan (CAPs) for factories
- Gender policy in place

Learning Experience



- No national regulations (in practice)
- Hard to apply all compliance requirements
- Limited resources & funding
- Lack of qualified compliance monitoring systems
- Capital investment is a burden on factories



Further Challenges

- Difficulties with law enforcement
- Lack of government surveillance (in practice)
- Members face hard-pushing for compliance issues
- Prevailing non-compliant market
- Buyers' code of conduct (CoCs)
- Providing comprehensive compliance guidelines in a local context

Recommendations



- Special incentive for factories to motivate
- National compliance guidelines
- Support for implementing agencies
- Compliance enhancement fund (for infrastructure development & equipments)
- Strengthening OHSAS at factory level

THANK YOU

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