



**RCM09-10-110**

**Leather Working Group Membership  
(Environmental Forum)**

**For  
Retailers,  
Tanners  
and  
Brands**

**April 2011 to March 2012**

**Participation in the  
Leather Working Group - environmental auditing  
protocol and stewardship for leather manufacturers**

# **A PROPOSAL**

**For**

**Members and Interested Parties**

## **Situation**

With the rising profile and value of world brands there is an increasing need for due diligence on compliance issues and visibility to environmental stewardship practices in the supply chain.

## **Problem**

Tanners can potentially be heavy polluters if their processes are not properly controlled. Although, there are many retailers and brands that conduct audits, few visit the tanners as a routine and the auditing of a tannery for environmental impact is a specialist task due to the complex chemistries and the potential risks involved.

## **Solution**

The Leather Working Group was formed in April 2005 to create a protocol to accurately assess the compliance and environmental stewardship practices of tanners and to promote sustainable and appropriate environmental business practices within the leather industry.

The group will endeavour to promote improvement in the tanning industry by creating alignment on environmental priorities by bringing visibility to best practices and providing guidelines for continual improvement.

It is the group's objective to work transparently, involving tanners, brands, retailers and other relevant supply chain representation with input from leading centres of excellence within the leather industry and the utilisation of peer reviews from NGO bodies, academic institutions and other stakeholder organisations.

BLC Leather Technology Centre Ltd (BLC) is the contracted facilitator and will manage the leather working group project to implement, review and monitor the latest environmental auditing protocol.

The final structure and management of the environmental auditing system will be agreed through the group supported by BLC. Representatives of the global brands and their tanner supply chain will be invited to attend this forum and asked to invest in the development process through a financial contribution and attendance at meetings. The environmental protocol includes an auditing checklist, scoring and reporting mechanisms, a guidance document and agreed structures for audit visits.

The auditing protocol and reporting mechanism has been developed and refined during the early phases of the project in conjunction with the Brand, Tanner and Supplier members. A list of the brand and tanner members are provided on [www.leatherworkinggroup.com](http://www.leatherworkinggroup.com)

## **Benefits of the project**

### **for the brands**

- Immediate access to an environmental auditing system that has been developed by the world's leading centre of excellence for the leather industry in conjunction with several major brands and their tanner suppliers
- Reduced manpower and cost requirements to conduct environmental audits
- In-depth assessment and measurement of the tanner's technical / environmental process and the ability to define improvement
- A mechanism that supports the promotion of continual improvement in environmental performance

### **for the tanners**

- Reduced manpower requirements to manage and supervise during environmental audits
- Input and representation for the tanners during the process
- Reduced costs when preparing for numerous audits from different brands
- Audits conducted by industry experts and hence realistic expectations and measures set
- A mechanism that supports the promotion of continual improvement in environmental performance

## **Objectives**

In 2011/12 the group will continue to roll out and review the environmental audit protocol, deliver benchmarking data, promote and disseminate the system, monitor the project progress and effectiveness.

## **Constituents of the leather working group**

It is important to note that the group has been made up of representative parties from different areas of the product supply chain including major footwear brands, tanners, technical experts and other industry representatives.

## **Executive Committee**

An Executive Committee has been formed from the members of the leather working group to manage the development, refinement and implementation of the protocol. The structure of the Executive Committee consists of three representatives from the Brands, three from the Tanner suppliers and one Chemical supplier.

## **Decision making**

Decisions on the structure and any key elements of the protocol will be passed by a proportional vote. Voting powers will be; one vote per company, the majority passes the motion.

## **Peer review of protocol**

The current version of the environmental auditing protocol has been peer reviewed by the World Wild Life Fund (US), other NGO's and academic institutions. Greenpeace and National Wildlife Federation have also given input and guidance on traceability.

## **Timescale**

The current membership year will be active for 12 months starting 1<sup>st</sup> April 2011 and ending March 31<sup>st</sup> 2012.

**BLC's role**

BLC as the contracted facilitator will provide management services and techno-environmental input for the duration of the project. BLC project management will consist of communication with forum members, arrangement of meetings, collection of information, refinement of the protocol, presentation of results, publicity, auditing (where contracted) and preparation of audit reports and scoring mechanisms.

**Dissemination and promotion**

The auditing protocol will be available for free distribution to interested parties and promoted by the group.

**Forum meetings**

It is anticipated that there will be at least two meetings over the 12 months period. The majority of these meetings will be designed to coincide where possible with industry events to minimise travel and costs.

**Tanner audits**

The environmental audits of the tanner suppliers will be conducted every 18 months depending on requirements. Audits can be conducted by organisations that meet the scope published on the web-site and that have been reviewed by the LWG executive committee.

**Confidentiality**

The results of all tanner audits will remain the confidential property of the tanner and will not be shared with the leather working group unless permission is given to do so.

Tanners wishing to have their results published on the LWG web-site may do so providing they pool their data for the benefit of the benchmarking study. This data will be held confidentially by the contracted facilitator and no benchmarking information will be published using less than 5 data sets for the averages.

## **Charges**

There will be “fee of entry” to the leather working group which is defined below. This fee will provide access to the leather working group for the duration of 12 months.

The fee will cover the management and administration of the project, the web-site, benchmarking, co-ordination of meetings, the development of the process, reporting, plus any refinements, field trials and dissemination costs.

Brands fee structure based on annual gross turnover as below in USD.

- 0 – 250M      Fee    \$2000 / 12 months
- 251M – 1BN Fee    \$3300 / 12 months
- 1BN – 3BN    Fee    \$5610 / 12 months
- 3BN +            Fee    \$11000 / 12 months

## **Tanners - audit costs**

A tanner becomes a member of the LWG once they have had an audit conducted by a suitable auditing body. They must also have submitted their full audit results for benchmarking and a peer review process with the contracted facilitator which is currently BLC. Once this is complete they become a member while their audit certificate is valid. They can also choose to publish their award and contact details on the LWG web-site.

## **Payment**

Payment will be 100% of joining fee upon application. VAT will be applied where appropriate. Invoices will be raised by BLC as the contracted facilitator.

## **Legal requirements**

As there are many branded suppliers involved in this process it is crucial that this process is open and transparent. During the forum meetings or in the process of collecting data there will at no point be discussions about pricing of product or materials.

## **Companies currently involved in the group**

There are over 100 members companies which include brands, tanners and chemical companies. For full details please visit [www.leatherworkinggroup.com](http://www.leatherworkinggroup.com)

**Contracted facilitator;** BLC Leather Technology Centre Ltd. More information about BLC can be found on [www.blcleathertech.com](http://www.blcleathertech.com)

## 1. DEFINITIONS

1.1 In these Conditions the following expressions shall have the following meanings:

**"Additional Items"** means any additional goods and/or services that are provided by the Supplier in addition to the Services;

**"Contract"** means the quotation, these Conditions of Supply, and any other document incorporated in a contract between the Supplier and the Customer;

**"Customer"** means any person firm or company receiving a quotation from and/or placing an order with the Supplier for the supply of the Services;

**"Intellectual Property"** means all patents, rights to inventions, utility models, copyright and related rights, trade marks, service marks, trade, business and domain names, rights in trade dress or get-up rights in goodwill or to sue for passing off, rights in design, moral rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications for and renewals or extensions of such rights, and all similar or equivalent rights or forms of protection in any part of the world;

**"Delivery Period"** means the estimated delivery date as set out on the Supplier's quotation;

**"Report"** means any written report or other document (whether in paper or electronic format) produced by the Supplier pursuant to the Services;

**"Samples"** means any samples of any of the Customer's goods or products which may be submitted by the Customer to the Supplier;

**"Services"** means the consultancy services the Supplier agrees to provide to the Customer pursuant to this Contract, the scope of which is confirmed and set out in further detail by the Supplier in its quotation;

**"Supplier"** means BLC Leather Technology Centre Limited (company number: 07009052) and reference to the acknowledgement, consent, authority or agreement of the Supplier shall mean acknowledgement, consent, authority or agreement in writing signed by a director of the Supplier; and

**"Transgression"** means any breach of contract or tort or other act, default, omission or statement of the Supplier, its employees, agents or subcontractors in respect of which the Supplier is liable to the Customers.

## 2. GENERAL

2.1 These Conditions apply to all contracts for the supply of the Services by the Supplier and supersede any previous Conditions of Supply published by the Supplier. No additions or modifications to or terms or conditions inconsistent with these Conditions shall be binding upon the Supplier unless agreed by the Supplier in a document expressly referring to a modification, alteration, variation or addition of or to the relevant Condition or Conditions.

2.2 All brochures, catalogues, price lists, samples, particulars of dimensions and other advertising or descriptive material submitted to the Customer are intended to be approximate only and to give a general impression of the Services, and unless, expressly incorporated the same shall not form part of the Contract. The Supplier reserves the right to make minor alterations to the design specification or construction of the type of Services supplied without prior notification to the Customer.

2.3 The Customer shall be responsible for complying with any legislation or regulations (of the United Kingdom or any other country) governing the export and import of all and any Samples submitted by the Customer to the Supplier (including any country through which the Samples pass in transit) and for the payment of any duties thereon. The Customer shall fully indemnify the Supplier against any fines, penalties, costs, claims, damages, losses and the expenses suffered by the Supplier as a result of the Customer failing to comply with this Condition 2.3.

## 3. QUOTATION AND ORDERS

3.1 No contract for the supply of Services will be created by the acceptance of a quotation or an order until the Supplier acknowledges the order or commences work on the order.

3.2 The Supplier reserves the right to refuse to accept any order based upon a quotation unless the quotation is stated to be open for a defined period and the quotation has not been withdrawn in that period.

3.3 Where any order is based upon the standard price list of the Supplier (if any) then, subject to Condition 3.4 the price shall be valid provided that provision of the Services is to take place within 30 days from the date of order.

3.4 The Supplier reserves the right to increase the price quoted per contract for Services entered into if the cost of providing the Services increases by more than 2 per cent or the Customer subsequently requests Additional Items.

3.5 The Customer must ensure that when required sufficient quantities of Sample (as determined by the Supplier from time to time) are submitted to the Supplier to permit the Services to be performed accurately and to their full extent. The Supplier reserves the right to request further Samples from the Customer if the Supplier, at their sole discretion, deemed appropriate and necessary.

3.6 If any process is to be applied to the Samples by the Supplier in accordance with a specification submitted by the Customer, the Customer shall indemnify the Supplier against all loss, damages, costs and expenses awarded against or incurred by the Supplier in connection with or paid or agreed to be paid by the Supplier in settlement of any claim for infringement of any patent, copyright, design, trade mark or other industrial or intellectual property rights of any other person which results from the Supplier's use of the Customer's specification and/or Samples.

3.7 The Supplier will undertake to hold and retain any and all Samples submitted by the Customer for a period of at least 30 days after the date of the Report. After this 30 day period the Samples will be destroyed by the Supplier unless specific written instruction is received from the Customer to indicate otherwise and the Supplier acknowledges receipt of such instructions in writing (such acknowledgment may not be unreasonably withheld or delayed). Samples are returned at the Customer's cost and expense.

3.8 The Supplier confirms and the Customer acknowledges that the Report shall be produced and the Services carried out solely on the basis of the information, documents and Samples provided by the Customer. The Supplier does not provide any guarantee or warranty that the Report will be a representation of any bulk of any of the Customer's goods or products which any Samples represent and the Customer acknowledges that the Report is based solely on the information, documents and Samples and is not a representation of any bulk of the Customer's goods or products.

3.9 The Supplier can rely on all information and documentation provided by the Customer which is supplied with the Samples, the order or in response to a request for information and documentation as being true, accurate and complete.

## 4. PRICE AND PAYMENT TERMS

4.1 Unless otherwise stated any Additional Items shall be added to the price and all quoted prices are exclusive of Value Added Tax, if applicable.

4.2 Payment in full (without any deduction by way of set off or counter claim) for the Services (and Additional Items if any) shall be due and payable in within 30 days of the date of the Supplier's invoice (in the currency stated on the invoice).

4.3 The Supplier reserves the right to charge interest at 4% above the Bank of England base lending rate for the time being on any overdue payments until payment is made by the Customer in full.

4.4 The Supplier reserves the right to recover from the Customer all direct expenses reasonably incurred by the Supplier in the collection of any overdue sums and/or any bank costs, expenses or charges which may be incurred by the Supplier (including but not limited to, short falls arising from foreign currency conversion) as a result of any payment by the Customer to the Supplier, pursuant to the Contract.

4.5.1 Without prejudice to any other rights of the Supplier, if there is reason to doubt that the amounts due from the Customer under the terms of the Contract will be paid in full according to the terms thereof, then the Supplier reserves the right to require payment in full before delivering or performing any Services whatsoever for the Customer;

4.5.2 The Customer shall indemnify the Supplier against all losses sustained or extra expenditure incurred as a result of such a suspension of manufacturing, ordering, delivery or other work or Services including a reasonable allowance for storage;

4.5.3 Where payment requested in accordance with this Condition 4.5 is not received within 30 days of demand, the Supplier reserves the right to suspend all further Services for the Customer and to recover any additional loss from the Customer.

## 5. INTELLECTUAL PROPERTY RIGHTS

5.1 As between the Customer and Supplier, all Intellectual Property Rights and all other rights in the Report shall be owned by the Supplier. The Supplier licences all such rights to the Customer free of charge and on a non-exclusive, worldwide basis to such extent as is necessary to enable the Customer to make reasonable use of the Report and the Services in the Customer's business.

**6. PERFORMANCE AND FORCE MAJEURE**

6.1 The Supplier shall take all reasonable steps to perform its obligations and perform the Services within the Delivery Period, but such times are estimates only. The Supplier shall not be liable for expenses losses or damages caused by late performance or delay in delivery and delays shall not entitle the Customer to rescind the Contract. Estimates provided by the Supplier to the Customer for delivering the Report are made in good faith and every effort will be made to comply with the date provided. Such estimates are subject to unforeseen circumstances and as such late delivery of a report cannot give rise to a claim from the Customer.

6.2 Without prejudice to the generality of Condition 6.1, the Supplier shall have no liability for any expenses losses or damages caused by delay or default in performance of any obligation caused directly or indirectly by breakdown or unavailability of plant or machinery, failure of raw material or supply of raw material, inability to obtain sufficient labour or sufficient skilled labour or any other cause or causes beyond the reasonable control of the Supplier. If such cause or causes prevent provision of the Services within the Delivery Period either party may cancel the order on giving written notice to the other at least 28 days before the Supplier may reasonably expect to complete the order without liability to compensate the other party for any loss or damage whatsoever sustained by reason of the non performance of the Services.

6.3 The Supplier reserves the right to make part deliveries and to submit invoices for the Services supplied as part of an order.

6.4 The Supplier reserves the right to subcontract or assign all or part of its rights or obligations pursuant to this Contract to any third party as determined by the Supplier from time to time.

**7. THE SERVICES**

7.1 Once the Services are ready to be provided the Supplier shall be entitled to invoice and be paid for the Services as if they had been delivered and provided respectively if for any reason the Customer does not arrange for or allow provision of the Services.

7.2 Where the Services are to be delivered in instalments, each delivery shall constitute a separate contract and failure by the Supplier to deliver any one or more of the instalments in accordance with these Conditions or any claim by the Customer in respect of any one or more instalments shall not entitle the Customer to treat the Contract as a whole as repudiated.

**8. TERMS AND REPRESENTATIONS**

8.1 These clauses define the Customer's rights in respect of any loss or damage caused by the Services, Report or for any statements made by the Supplier their employees or agents. Customers are advised to read these provisions carefully.

8.2 The Supplier's prices are kept as low as practical and the circumstances of their business preclude full indemnity insurance being obtained at a price which would enable the Supplier to provide the Services at a competitive price. Accordingly the Customer is advised to check that they are covered by insurance against any loss or damage they may sustain. The Supplier does not include any reserve for potential liability.

8.3 The Supplier accepts liability:

8.3.1 for death or personal injury to the extent that it results from the negligence of the Supplier, its employees (whilst in the course of their employment) or its agents (in the course of the agency);

8.3.2 for any breach by the Supplier of any statutory undertaking as to title, quiet possession and freedom from encumbrance.

Subject to Conditions 8.2 and 8.3 from the time of the provision of the Services the Customer shall be responsible for any loss, damage, nuisance or interference whatsoever consequential economic or otherwise or wastage of material resulting from or caused by or to the Reports or caused by the Services

8.4 The Supplier shall not be liable for any loss of profits or other economic losses and the Supplier accordingly excludes all liability for the same.

8.5 No condition, warranty or other term, express or implied (by statute or otherwise) is given by the Supplier that the Services or the Report (whether or not the Supplier or its employees or agents have recommended their use) are of any particular quality or will enable the Customer to attain any particular performance or result, or will be suitable for any particular purpose or use or will provide any particular confirmation or data notwithstanding that the requirement for such performance, result confirmation or data or that such particular purpose or conditions may have been known (or ought to have been known) to the Supplier, its employees or agents.

8.6.1 To the extent that the Supplier is held legally liable to the Customer for any single Transgression (including but not limited to the receipt of any notice by the Customer from any government body or regulatory authority claiming any breach of any law), the Supplier's liability for the same shall not exceed £2,000,000 provided that a number of Transgressions or breaches, whether successive or concurrent, which together result in or contribute to substantially the same loss or damage shall be treated as a single Transgression or breach;

8.6.2 The restriction of liability in Condition 8.6.1 shall not apply to any liability accepted by the Supplier in Condition 8.3.

8.7 If any exclusion or limitation of liability or any other provision contained in the Contract is held invalid under any applicable statute or rule of law, it shall to that extent be deemed omitted, but if the Supplier thereby becomes liable for any liability which would otherwise have been excluded or limited, such liability shall be subject to the other exclusions limitations or provisions set out in Condition 8.

**9. CONFIDENTIALITY**

9.1 The Customer undertakes that it shall not disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the Supplier, except the Customer may disclose the Supplier's confidential information:

9.1.1 to those of its employees, officers, representatives or advisers who need to know such information for the purpose of carrying out the Customer's obligations under the Contract. The Customer shall ensure that its employees, officers, representatives or advisers to whom it discloses the other party's confidential information comply with this clause 9.1.1; and

9.1.2 as may be required by law, court order or any governmental or regulatory authority.

9.2 The Customer shall use any of the Supplier's confidential information for any purpose other than to perform its obligations under the Contract.

**10. TERMINATION**

10.1 The Supplier shall, at its option, be entitled by notice to terminate all or any of its contracts with the Customer forthwith and recover all expenses, losses and damage resulting to the Supplier including (but without limitation to) loss of profit or other consequential loss if:

10.1.1 (a) the Customer has a bankruptcy petition presented against him or a bankruptcy order is made;

(b) the Customer makes or seeks to make any composition or arrangement with his creditors;

(c) the Customer makes a proposal to his creditors for a voluntary arrangement or applies for an interim order (within the meaning of Section 286 Insolvency Act 1986);

(d) an encumbrancer takes possession of any of the Customer's assets, or any of the Customer's property is taken in execution or process of law;

(e) a petition is presented or an order is made or a resolution is passed for the winding-up of the Customer;

(f) a petition is presented or an order is made for an administration order to be made in relation to the Customer;

(g) the Customer's directors make a proposal for a voluntary arrangement with the Customer's creditors;

(h) the Customer is unable to pay its debts (within the meaning of Section 123 Insolvency Act 1986);

(i) a receiver or administrative receiver is appointed over any of the Customer's assets; or

and any analogous event which occurs in a different jurisdiction; or

10.1.2 the Customer fails to make any payment owed to the Supplier on the due date; or

10.1.3 the Customer fails to make payment in advance, when requested in accordance with Condition 4.5 above, within 7 days of being requested to do so; or

10.1.4 the Customer is in breach of the terms and conditions of any contract with the Supplier (including breach of these Conditions) and shall fail to remedy the same within 21 days of notice specifying the breach and requiring remedy (if the breach shall be remediable).

**11. CUSTOMER PROPERTY**

11.1 If any property (including but not limited to the Samples) of whatsoever nature of the Customer is used in connection with the Services (whether for the purpose of manufacture, display or any other reason) the Customer shall indemnify the Supplier for any loss or claim suffered by the Supplier as a result of using such property. If such property has not been removed within 30 days from the date of the Report the Supplier reserves the right to destroy the Samples.

**12. NOTICES**

12.1 Any notice, consent, notification, acknowledgement, authority or agreement required or referred to in the Contract shall be:

12.1.1 in writing; and

12.1.2 given to the party for whom it is intended at such party's registered or main office or last known address; and

12.1.3 given by registered or recorded delivery post, telex, e-mail or telefax transmission and shall be deemed to have been received 5 days after the date of posting or 1 day after the date of transmission as the case may be.

**13. JURISDICTION**

13.1 The Contract shall be governed in all respects by English Law and be subject to the sole jurisdiction of the English Courts.

**18 January, 2011**

BLC LEATHER TECHNOLOGY CENTRE LIMITED

### Leather Working Group

(Facilitated by BLC Leather Technology Centre Ltd)

### Acceptance of Contract

**Please complete and sign this form which indicates that the terms and conditions applying to the contract specified below are accepted.**

Contract Reference - **RCM09-10-110**

Contract Description - **Participation in the Leather Working Group - environmental auditing protocol and stewardship for leather manufacturers**

Brands Fees (USD) (please tick)

- Turnover \$0 - 250 million - \$2000
- Turnover \$250 - 1 billion - \$3300
- Turnover \$1 - 3 billion - \$5610
- Turnover \$3+ billion - \$11000

Proposed Starting Date - April 2011

Duration of LWG membership - 12 months (ending March 2012)

Company name - .....

Company Contact - .....

Company Order No - .....

Signed - .....

Position in Company - .....

Date - .....

**For the attention of Adam Hughes  
Please fax the completed form to BLC - Fax No: 0044 1604 679998  
or e-mail to adam@blcleathertech.com**