SUPER SMOOTHIES
NutriBullet vs the rest

GOLD CLASS AT THE MOVIES
Is it worth the cash splash?

WIG AND PRAYER
What do hair loss clinics really offer?

SHONKYS 2015
We put the squeeze on dodgy products
Running free
Are shoe manufacturers running from their responsibilities?
Rebecca Ciaramidaro finds out

When you buy a new pair of running shoes, do you ever wonder where they’ve come from and who’s put in the hard yards to make them? We only see the final (and often expensive) product, but what about what goes on behind the scenes? Do manufacturing companies look after their employees and the environment?

Our German counterpart, Stiftung Warentest (Foundation for Product Testing), has taken a look into the world of running shoes suppliers and factories. Their study focused on the corporate social responsibility (CSR) of manufacturers including wages, working hours and conditions, and environmental protection measures. Manufacturers of nine models of running shoes were included in the study. Four of the models are available in Australia, the rest you may be able to buy online.

Adidas, Brooks, Reebok, Salomon and Asics agreed to take part in the study; Mizuno, New Balance, Nike and Saucony refused to participate in any part of the research. Asics did participate, but they didn’t allow a factory visit and prohibited the publication of any information they provided.

Behind factory doors
For all four companies that opened their doors, working conditions were good, as was the commitment to employees and the environment. All factories had well ventilated halls, proper contracts and insurance for workers, and wages paid on time. The inspectors were particularly impressed with the Reebok and Salomon factories in Vietnam and India.

The biggest problem was low wages. Two of the factories pay only the statutory minimum wage; two pay slightly more. It’s hardly enough for workers to live on, which in turn forces many into massive amounts of overtime, especially in China.

The breakdown
In Indonesia, workers earn around $3.70 for a pair of running shoes that later sells in store for about $180. Here’s what goes into the selling price of a running shoe, based on a shoe sold in Germany (prices listed are approximate and are dependent on the conversion rate):

- Labour costs $3.70
- Material costs $15
- Other production costs $5.30
- Producer profit $6
- Distributor $7.50
- Retail $69

Total $180.10

VAT (Value Added Tax) $28.60


**Brand profiles**

### Adidas

**Shoes produced in 2014:** 258 million pairs worldwide (Adidas Group)

**Revenue turnover:** $9.84 billion (approximate for Adidas Group)

**Factories located in:** 96% located in Asia (tested shoe comes from China)

Employees receive a basic salary, about 18% higher than the minimum wage with bonuses for reliable workers. Employees receive safety training as well as social and accident insurance. There's an environmental management system in place and materials are tested for harmful substances. Unfortunately, working hours are longer than allowed – sometimes up to 80 hours overtime a month for some employees.

### Brooks

**Shoes produced in 2014:** Figures not revealed

**Revenue turnover:** Figures not revealed

**Factories located in:** Vietnam and China (tested shoe comes from China)

The basic salary is equal to the minimum wage; however, skilled workers are eligible for added bonuses. Employees receive safety training as well as social and accident insurance. There's an environmental management system in place and materials are tested for harmful substances. Working hours are longer than allowed – sometimes up to 100 hours overtime a month for some employees.

### Reebok

**Shoes produced in 2014:** In 2006 Reebok was acquired by the Adidas Group (see figures for Adidas)

**Revenue turnover:** See figures for Adidas

**Factories located in:** Tested shoe comes from Vietnam

Overtime is within the legal framework and 95% of the workforce is part of a union. The basic salary is around 12% higher than the minimum wage and workers receive social and accident insurance as well as safety training and health checks. An environmental management system is in place and materials are tested for harmful substances.

### Salomon

**Shoes produced in 2014:** Figures not revealed

**Revenue turnover:** Figures not revealed

**Factories located in:** India, Vietnam, China and Cambodia (tested shoe comes from India)

Pay is at least equal to the minimum wage, but there's not much opportunity for overtime and only men work the night shifts. Employees receive social and accident insurance as well as safety training and free access to the canteen facility. An environmental management system is in place and there's employee representation and regular contact with NGOs (non-governmental organisations).

### How the study was conducted

The study was done by Stiftung Warentest, the leading German consumer organisation, as part of an international joint project from January to June 2015. It covered:

- **Company policy** The company's Corporate Social Responsibility (CSR) strategy was scrutinised. This included assessing the corporate guidelines for social and environmental actions, treatment of employees, training, environmental protection, ecological procurement guidelines, production and pollutant content requirements of running shoes, exchange with NGOs and consumer service.

- **Manufacture of running shoes, sole production and components (upper and inner shoe)** In each of these areas working conditions (minimum social standards, health promotion, occupational safety, social services, avoiding excessive working hours and protection of the statutory minimum wage) and the environmental impact (ecological requirements for the production of running shoes) were assessed.

- **Transparency** Each company was assessed by their willingness to participate in interviews, and if they allowed visits to providers and production facilities and interviews with workers.
Ethical ratings of shoe manufacturers

**Brooks Defyance 7**
*Overall rating: 61*
- **RATINGS**
  - Company policy: 58
  - Manufacture of running shoes: 68
  - Sole production: 68
  - Components (upper and inner shoe): 38
  - Transparency: 90
- Worker interviews allowed: ✓

*Contact brooksrunning.com.au*
*Origin: China*

**Reebok One Cushion 2.0**
*Overall rating: 55*
- **RATINGS**
  - Company policy: 76
  - Manufacture of running shoes: 72
  - Sole production: 74
  - Components (upper and inner shoe): 0
  - Transparency: 74
- Worker interviews allowed: ✓

*Contact reebok.com.au*
*Origin: Vietnam*

**Adidas Supernova Glide Boost 7**
*Overall rating: 55*
- **RATINGS**
  - Company policy: 82
  - Manufacture of running shoes: 72
  - Sole production: 70
  - Components (upper and inner shoe): 0
  - Transparency: 74
- Worker interviews allowed: ✓

*Contact adidas.com.au*
*Origin: China*

**Salomon X-Scream 3D**
*Overall rating: 45*
- **RATINGS**
  - Company policy: 38
  - Manufacture of running shoes: 60
  - Sole production: 64
  - Components (upper and inner shoe): 0
  - Transparency: 82
- Worker interviews allowed: ✓

*Contact salomon.com.au*
*Origin: India*

**Asics Gel-Cumulus 16**
*Overall rating: 26*
- **RATINGS**
  - Company policy: 38
  - Manufacture of running shoes: 32
  - Sole production: 30
  - Components (upper and inner shoe): 0
  - Transparency: 46
- Worker interviews allowed: ✓

*Contact asics.com.au*
*Origin: Indonesia*

**Mizuno Wave Ultima 6**
*Overall rating: 1*
- **RATINGS**
  - Company policy: 6
  - Manufacture of running shoes: 0
  - Sole production: 0
  - Components (upper and inner shoe): 0
  - Transparency: 0
- Worker interviews allowed: ✓

*Contact mizuno.com.au*
*Origin: Vietnam*

**New Balance 880V4**
*Overall rating: 1*
- **RATINGS**
  - Company policy: 6
  - Manufacture of running shoes: 0
  - Sole production: 0
  - Components (upper and inner shoe): 0
  - Transparency: 0
- Worker interviews allowed: ✓

*Contact newbalance.com.au*
*Origin: Vietnam*

**Nike Air Zoom Elite 7**
*Overall rating: 1*
- **RATINGS**
  - Company policy: 6
  - Manufacture of running shoes: 0
  - Sole production: 0
  - Components (upper and inner shoe): 0
  - Transparency: 0
- Worker interviews allowed: ✓

*Contact nike.com.au*
*Origin: China*

**Saucony Ride 7**
*Overall rating: 0*
- **RATINGS**
  - Company policy: 0
  - Manufacture of running shoes: 2
  - Sole production: 0
  - Components (upper and inner shoe): 0
  - Transparency: 0
- Worker interviews allowed: ✓

*Contact saucony.com.au*
*Origin: China*

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**NOTES**
Ratings are made up of company policy (5%), manufacture of running shoes (25%), sole production (25%), components (upper and inner shoe) (25%) and transparency (10%). Price: Retail price as of July 2015. Shoes not available in Australia, but you may be able to find them online. Some shoes rate zero for certain aspects of the study, because the manufacturers didn't participate in that part of the survey and/or didn't open up their factory doors to inspection.