Ethical CORPORATION

June 2018

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The companies leading on gender equality

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#RSCEU

Welcome to the June 2018 issue

The UK has made closing the 18% pay gap between men and women part of its new industrial strategy, amid evidence from McKinsey that this could encourage another 840,000 women to enter the workforce and add £150bn to the UK economy by 2025.

Theresa May's government introduced landmark legislation in April 2017 requiring all large employers in Britain to report their gender pay gap by April this year, and the data, the most comprehensive gathered by any country, revealed that 92% of companies have a gender pay gap, with the presence of more men than women in senior positions the main explanation.

The business-led Hampton-Alexander Review of gender diversity on boards reported last November that women now occupy 27.7% of board positions on the FTSE 100, more than double the 12.5% in 2011, while all-male FTSE 350 company boards fell from 152 in 2011 to 10 in 2017. But it also pointed out that the number of women in leadership roles on executive committees has plateaued, at 19.3% in FTSE 100 companies, and 16.6% in FTSE 250 firms.

Last month, the review provided some revealing insights into the attitudes that lie behind the statistics. Excuses for not recruiting more women given by FTSE companies included: "There aren't that many women with the right credentials and depth of experience to sit on the board – the issues covered are extremely complex"; "All the 'good' women have already been snapped up"; and "Most women don't want the hassle or pressure of sitting on a board".

"As you read this list of excuses you might think it's 1918 not 2018," commented Amanda Mackenzie, chief executive of Business in the Community. "It reads like a script from a comedy parody but it's true. … Surely we can now tackle this once and for all."

This month in the magazine we take a look at progress in both Europe and North America to do just that. Diana Rojas in Washington DC reports on how members of the 400-strong CEO Action Coalition for Diversity & Inclusion are driving progress towards more inclusive policies. With the US tech sector a notable laggard, she also looks at Google's struggles to deal with diversity and inclusion issues.

Claire Manuel reports on the Global Business Coalition for Women's Economic Empowerment, a group of nine major multinational companies,

including Marks & Spencer, Mondelēz, Qualcomm and Walmart, that are sharing knowledge on bringing greater economic opportunities to women in their supply chains. She also reports on Coca-Cola's 5by20 recipe for empowering 5 million female entrepreneurs across its global value chain by 2020.

Elena K Johansson reports on the rise of gender-lens investment as major asset managers including State Street and UBS launch indices.

I talk to UN Global Compact boss Lise Kingo about why Sustainable Development Goal 5, on global gender parity, should be on every company's radar. Not only is it foundational to many other development goals, women could add an estimated $28trn to the global economy if they were able to participate on an equal footing with men.

Finally, I report on how UK mobile operator Vodafone is working to address the gender gap in access to mobile phones, amid new research showing a near-perfect correlation between penetration of ICT technologies and progress on the SDGs.

In our other briefing this month, Angeli Mehta reports on the companies that are innovating to make the fashion industry more sustainable as it wakes up to the environmental destruction caused by its make-wear-discard model.

And she gets to the bottom of the myriad competing claims to sustainability in cotton, the world's most popular fibre, and the most susceptible to global water scarcity. We also take a look at developments in Uzbekistan's cotton industry, where promised reforms to the state-sponsored system of forced labour have yet to bear fruit.

Lots to keep you busy until next month's issue on the rise of microgrids and energy storage.

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‘We have to spark a gender equality revolution’

UN Global Compact CEO Lise Kingo tells Terry Slavin why SDG5 should be on all companies’ radar

As head of the UN Global Compact, Lise Kingo travels the world urging companies to align their business strategies with achieving the Sustainable Development Goals, which she describes as “the biggest transformation challenge the world has ever faced”.

And that was her message when she was in London this month speaking at Ethical Corporation’s Responsible Business Summit Europe, highlighting the $12trn in new market value that is awaiting to be unlocked by companies committed to achieving the Global Goals, according to research by the Business and Sustainable Development Commission (BSDC).

And while companies can not be expected to contribute to all 17 goals, there is one that Kingo believes should be firmly on every company’s radar: Goal 5 on gender equality.

In an interview ahead of the conference, Kingo, a Dane who is an International Gender Champion, said she is shocked by the fact that the gender pay gap is actually widening rather than narrowing around the world.

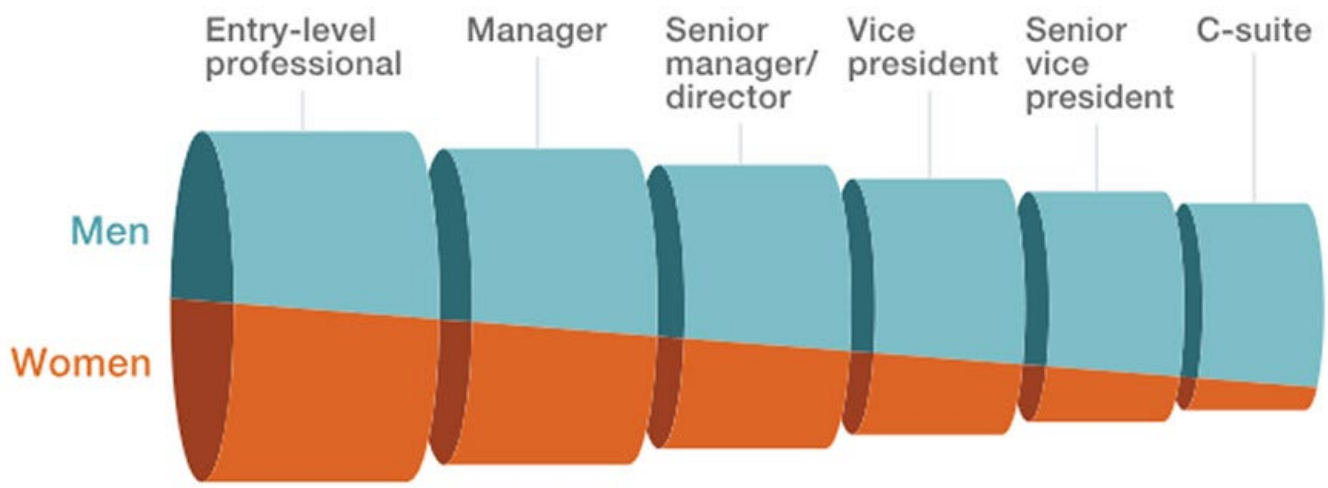
The World Economic Forum’s latest annual gender gap report found that it will take 100 years to close the gender gap at the current rate of progress, compared with 83 years previously. “Gender equality is not an evolutionary process,” she said. “We have to spark a gender equality revolution.”

‘It will take 100 years to close the gender pay gap. Gender equality is not an evolutionary process’

MCKINSEY

Women are underrepresented at every level of the corporate pipeline.

Corporate-talent pipeline by gender



Women in the pipeline, %

	Entry-level professional	Manager	Senior manager/ director	Vice president	Senior vice president	C-suite
2012	42	33	28	23	20	16
2015	45	37	32	27	23	17

Of course, it is not all down to companies. In some parts of the world there are huge cultural factors barring women's progress. "In many regions of the world not enough is being done to remove legislation that is preventing women from owning land or starting their own businesses. These are fundamental barriers to creating gender equality," Kingo says.

Worryingly, there is also little progress in parts of the world where there are no such barriers, despite the increased media attention to women's rights being garnered by movements such as #MeToo. "You have the number of women sitting on boards moving backwards. We are seeing the number of women in executive management moving backwards. And I think that is very sad. … Companies really need to reflect their customers and their markets."

There is a solid business case for companies to redress the gender balance. The BSDC's WomenRising2030 initiative, launched this year, quotes research from McKinsey Global Institute showing that if women were to participate in the economy identically to men, they could add as much as $28trn to global annual gross domestic product by 2025. In McKinsey's "best in region" scenario, where all countries match the progress toward gender parity of the

Companies with women in senior positions are more focused on long-term growth than short-term profits

fastest-improving country in their region, this would add as much as $12trn in annual 2025 GDP.

The WomenRising2030 report cites evidence that businesses that have more women in senior positions are better able to shift their focus from short-term profit maximization to longer-term growth, with one international study finding that companies with gender-balanced boards were more likely to offer goods and services to communities with limited or no access to financial products. They also tend to prioritize environmental issues and to invest in renewable power, low-carbon products, and energy efficiency. (See Why women can lead the way on achieving the Global Goals)

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The greatest opportunity for women is in supply chains.

"The WomenRising2030 report makes good observations about how a female mindset is perfect for driving [progress towards attaining] the Goals, which are so interconnected and systemic and complex, " said Kingo.

Having spent 13 years as the only woman in the executive management team of Danish pharmaceuticals company Novo Nordisk prior to joining the Global Compact in 2015, King speaks from experience. "More holistic, long-term oriented and nuanced decisions are made when you have women around the table."

In 2010 the UN Global Compact, in partnership with UN Women, launched the Women's Empowerment Principles, a seven-point guideline for how companies can promote gender equality in the workplace. To date, more than 1,800 CEOs from around the world have pledged to uphold the principles, which include appointing women to corporate leadership roles, and promoting education and training for women.

Last year, the UN Global Compact provided more guidance in the form of a Women's Empowerment Principles Gap Analysis Tool, a series of multiple-choice questions allowing companies to assess their own performance on women's empowerment and gender equality. The UN Global Compact recently published a trends report aggregating data from 100 companies that have used the tool in the first year.

Latin American companies are most enthusiastic about implementing the Women's Empowerment Principles

Nadim Kassar, deputy chairman and general manager BLC Bank in the Lebanon, who is on the WEP's leadership group, said had BLC had access to the tool in 2012, when it launched its initiative to help Lebanon's female entrepreneurs gain access to financial services, "our implementation time would have been shorter and more impactful".

But the report illustrates how early companies are in the journey to women's empowerment, with fewer than 15% of businesses in the "achiever" or "leader" categories.

Kingo points out that one of the biggest surprises for the 100 companies was how poorly they scored on female empowerment in their supply chains, with only 5% setting procurement and/or percentage spend targets with women-owned businesses, and 12% including gender equality criteria in supply chain management tools.

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Lise Kingo: 'We won't achieve the Goals if we fail to empower women'.

"Many have come back to us and said it was a real eye-opener," said Kingo. "It's really important that companies focus on female empowerment not only in their own companies, but in society and their supply chains, because ultimately that's what will drive economic opportunities for women." (See Why supply chains are key to boosting women)

Latin American companies have been most enthusiastic in using the Women's Empowerment Principles gap analysis tool, accounting for 42% of take-up, almost twice as many as companies in Europe (23%), and far ahead of North America (10%) and Asia (7%). And that is just as well. According to the McKinsey report, Latin America as a whole could enjoy a 14% increase in GDP under its "best in region" scenario for greater gender parity, second only to India, with 16%.

Kingo said the importance of Goal 5 is magnified by how closely it is connected to attaining other key goals, such as Goal 1 (no poverty) and Goal 8 (decent work and economic growth).

"In my mind it would be impossible to make the Goals by 2030 if we don't manage to empower women across the world." ■

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The US firms opening their doors to greater diversity

Diana Rojas reports on the coalition of 400 CEOs, led by PwC, who are trying to tackle America's race divisions in their organizations and reaping business benefits

While rising through the ranks in the information technology industry, Heather Brunner avoided drawing attention to the fact that she was a woman. She didn't talk about her husband, and when she started her family, she didn't talk about her kids. She wanted to be judged on her merits alone.

But, speaking at a conference to kick off a discussion on diversity and inclusion 10 years ago, Brunner – who recently celebrated her fifth year as CEO of tech firm WP Engine, based in Austin, Texas – said that she finally "came out" as a woman.

"I realized that as I became a mother of two daughters, I was making a huge mistake not talking about the fact that I am a woman, I am a mother, and that I can also kick ass in a high-performing organization," said Brunner.

As a CEO, Brunner is a rarity: almost 70% of board seats in Fortune 500 (and more in the broad Fortune 1000) companies are held by white men.

But she is one of more than 400 CEOs who have signed on to CEO Action for Diversity & Inclusion, whose signatories pledge to advance the issue in the workplace by promoting open and often difficult conversation, implementing an expanding unconscious bias training, and sharing best – and failed – practices.

'What's the business case for homogeneity? And still we haven't been able to crack the code to change it'

After the police shooting in Louisiana of Alton Sterling, an unarmed man, the then newly installed CEO of PwC, Tim Ryan, opened up difficult firm-wide conversations about race. That led to external conversations and collaboration to create the CEO Action coalition last June. There are no financial commitments, no metrics or compliance. The group marked its first anniversary on 12 June.

"We have to keep talking about it so that the next generation – my daughters – won't be having as many diversity inclusion panels," Brunner said.

In the year since the coalition's launch, the US bore witness to a violent white-supremacist march on Charlottesville, Virginia, last summer; the explosion of the #MeToo movement in the fall, and, most recently, the ejection of two black men from a Starbucks that led to a much publicized franchise-wide afternoon shutdown for employee unconscious bias training in late spring – an event that brought worldwide focus to the issue of corporate diversity and inclusion.

"Will all of [Starbucks'] employees get it right? No, probably not. But that's why we have to keep the conversation going. And that conversation is: how can we work together so that it doesn't happen more often?" said Shannon Schuyler, responsible business leader and chief purpose officer with PwC, who volunteers her efforts with CEO Action.

Early this month, the issue was again brought to prominence when Google employees partnered with investors to push a proposal at its parent company's shareholder meeting to link executive pay to diversity and inclusion metrics. (See Investors turn up pressure on Google)

It's not just that society increasingly expects business to act – and react – to social injustice. There is a business imperative for tackling diversity too. A January report from McKinsey Global Institute on diversity said that the top 25% of companies for racial and ethnic diversity are 33% more likely to have better returns than industry averages. For gender diversity, that returns

30 SECOND READ

- Events such as the #MeToo movement and Starbucks' ejection of two black men have brought worldwide focus to the issue of corporate diversity and inclusion.
- Almost 70% of board seats in Fortune 500 companies are held by white men. CEO Action for Diversity & Inclusion, with more than 400 CEOS on board, has pledged to promote open conversations, expand unconscious bias training, and share best practices.
- The top 25% of companies for racial and ethnic diversity are 33% more likely to have better returns than industry averages. For gender diversity, the increase is 21%.
- PwC has funded a project with Harvard University called Outsmarting Human Minds to help uncover unconscious bias. Companies such as WP Engine and Johnson & Johnson run unconscious bias programmes to aid equal opportunities.
- Ensuring a steady pipeline of recruits from diverse backgrounds can be a challenge. KeyBank has successfully expanded its pipeline via a programme of employee referrals and strengthening relationships with diverse communities.

'When I see people who are like me, who are thriving and getting promoted, I want to be a part of that'

increase is 21%. The report noted that companies in the lowest 25% for both ethnic/racial and gender diversity underperform financially.

"What's the business case for homogeneity? And still we haven't been able to crack the code to change it," said Schuyler.

In the US, women account for just 16% of executive team members; 4% are black, Hispanics 4% and Asians 5%. In May, Fortune magazine reported that fewer than 5% of Fortune 500 CEOs are women. "The topic around diversity and inclusion was not at the same level of consciousness a year ago that it is today," said Brunner.

'Having a much wider aperture of what talent is has been dramatically powerful for our business'

At PwC, where CEO Action had its beginnings, women represent 19% of the partnership, and this year, 50% of campus hires and 45% of experienced-level hires globally. To facilitate professional connections and mentoring in-house, the firm promotes circles – forums that connect employees and promote opportunities for minorities, women, parents, LGBT and the disabled.

WP ENGINE

WP Engine CEO, Heather Brunner.

Unconscious bias

Last year, PwC funded a project with Harvard University called Outsmarting Human Minds, which offers the public short videos and podcasts to uncover unconscious biases and figure out ways to overcome them.

Schuyler said that at PwC, candidates cannot interview or advance without taking unconscious bias training.

While many companies start out relatively diverse, the pipeline isn't diverse enough to replace minority/female hires that aren't retained.

"You may be the best person for the job if no one is put up next to you," she said. "But in order to know that, a candidate needs to be put alongside other people, of all types … The conversation is that we're not looking at the full complement of candidates."

Brunner, of WP Engine, noted that women comprise 40% of the company's executive team and 22% of its non-executive management. Non-whites account for 30% of its employees, and some 35% of employees across four offices do not have college degrees. And importantly, she noted, 27% of employees got a promotion last year.

New tech-support employees get seven weeks of training before serving customers to allow those who have never worked in tech before to become

proficient; leadership and management training is offered, and they've even created an app called Lunchmeet that allows employees to meet up with and get to know others from different sectors of the company. Going forward, Brunner said that the company will be investing more in employee-wide unconscious bias and diversity training. And she noted that they are looking to improve their support of mothers re-entering the workforce, and of families.

But the most important element to diversifying the employee pool has come from within: some 40% of employees were referred by another employee.

"Diversity attracts diversity," says Brunner. "When I see people who are like me across the company, who are thriving and getting promoted, I want to be a part of that."

Cleveland-based KeyBank, which was the first Top 20 US bank to name a woman, Beth Mooney, as CEO in 2011, redoubled efforts to improve diversity several years ago, according to Kim Manigault, chief diversity and inclusion officer. The bank focused on providing education and resources for leaders and recruiters, expanding awareness of the company among diverse groups, and strengthening relationships with campus, community and professional organizations.

A KATZ/SHUTTERSTOCK

LGBT leaders have praised companies for supporting gay marriage.

Internal efforts to boost diversity include company-sponsored employee resource groups, called Key Business Impact and Networking Groups, for African-American, Asian, disabled, Latino, women, LGBT, military, Jewish and young professionals.

In total 66% of KeyBank's 19,000 employees and 44% of its board of directors are minorities or women, said Manigault.

Last year, KeyBank launched an unconscious bias programme that was sponsored by the head of the retail branch network and attracted 98% participation of employees. Later, the programme was transformed into one for 1,800 leaders and managers, and then an enterprise-wide e-learning course. A total of 16,000 employees have now had unconscious bias training.

"When I think about a sense of urgency on this topic, it's about how we can be proactive every day, regardless of what is happening on a broader scale," said Manigault. KeyBank's CEO Mooney has signed on to CEO Action, and

'The urgency has less to do with the political context than the fact that fostering a more inclusive culture benefits the company'

Manigault sees it as an opportunity to amplify the work being done in corporate America. "We are as powerful as our voices … Our voice can be even more powerful when it is a collective voice."

Wanda Bryant Hope, chief diversity and inclusion officer at Johnson & Johnson (J&J), said customers expect the company to play a role on societal issues, which is why joining coalitions is important. She noted how J&J signed an amicus brief for the landmark 2015 civil rights case Obergefell v Hodges, which eventually brought marriage equality to all states, and how LGBT leaders have credited the power of companies banding together in moving public opinion.

CEO ACTION FOR DIVERSITY & INCLUSION

CEO Action for Diversity & Inclusion has grown to over 400 CEOs.

"We take a deliberate approach to determine where, when and how we will take a stand and make an impact," said Hope.

But the real reason to diversify the workforce is a business imperative: in order to succeed, the company must understand the needs and wants of an increasingly diverse, worldwide customer base, she said.

Three years ago, J&J rolled out an unconscious-bias training programme for all of its employees but Hope points out that "building an inclusive culture … takes more than a single training effort". The company depends on metrics, including an inclusion index in its employee engagement survey, to hone and prioritize the culture. In addition, by using artificial intelligence technology to root out gender bias from job descriptions, the company has seen an uptick in more diverse applicants for those positions.

"The urgency has less to do with today's political climate than the fact that our internal and external research consistently shows that creating and fostering an inclusive culture provides benefits not only for our employees, but for the organization as a whole," said Hope.

Schuyler said that while every topic can have players who do things for show, fears of "greenwashing" in diversity and inclusion don't worry her too much because even if a company throws a woman or a minority on the board "to shut people up", that one person can have a positive impact.

"One person does make a difference and that difference can be seen and felt," said Schuyler. ■

Diana Rojas is a freelance writer based in Washington, DC and a regular contributor to the Ethical Corporation, focusing on environmental policy and sustainability issues. Diana is fluent in Spanish and Portuguese.

GOOGLE

Investors turn up pressure on Google over gender and diversity

Google is widely praised for its leadership in championing sustainable energy, but the internet giant has had brickbats rather than bouquets lobbed at it in the past year in another area of responsible business: addressing gender and diversity issues among its employees.

In January, Google fired engineer James Damore, months after he circulated a memo accusing the company of discriminating against white, male and conservative employees. Then it was sued by another engineer, who said he was wrongfully terminated after his response to Damore's memo criticized Google's diversity efforts. Other pending lawsuits allege harassment and hiring bias, while the Department of Labor is looking into complaints that the company has been underpaying women.

This month, at its annual general meeting in Mountain View, California, Google's parent company Alphabet rejected a proposal asking for executive compensation to be tied to diversity and inclusion metrics, saying that the company was already committed to incorporating and promoting those values in its business.

Software engineer Irene Knapp, who introduced the proposal, which was backed by other employees, investors and socially responsible investment firm Zevin Asset Management, told the meeting: "The lack of clear, communicated policies and actions to advance diversity and inclusion with concrete accountability and leadership from senior executives has left many of us feeling unsafe and unable to do our work."

In their proposal, the filers noted that the company has only one person of colour and four women among its top 31 executives. Google's internal data shows only a one percentage increase in female employees (from 30% to 31%) and in under-represented minorities (from 9% to 10%) in the past four years.

"It is our belief as investors, as engineers and as tech professionals that a lack of executive leadership around sustainability, diversity and inclusion fundamentally hurts the quality of products Alphabet can deliver to users," Knapp added.

The proposal had been expected to be voted down, as Alphabet's two co-founders hold outsized control in the dual-voting structure. Shareholders also voted down another proposal, brought by Arjuna Capital, requesting that Alphabet report on "the risks to the company associated with emerging public policies on the gender pay gap". Google called a proposal redundant as it has published an analysis on pay equity earlier this year.

The US tech sector is one of the poorest performers in diversity and inclusion metrics, and Google is by no means the worst when it comes to gender parity. With females making up 31% of its workforce, it lags behind leaders Pandora and Groupon (48% and 47%, respectively) but ahead of Microsoft and Intel (26% and 25%), according to 2016 numbers by data visualization company Information is Beautiful, which put female representation in America's top 50 companies at 54%.

FIRED FOR TRUTH

James Damore claimed he was fired from Google after circulating a memo accusing it of discriminating against white employees.

But it fares far worse with regards to diversity. Although blacks and Latinos each make up about 12% of the US population, they account for only 2% and 3%, respectively, of Google's employees. Amazon leads, with 21% of employees who are black and 13% Latino, while Dell's numbers are 10% and 11%, according to Information is Beautiful.

Pat Miguel Tomaino, director of socially responsible investing at Zevin, said the firm reached out to several large tech companies last summer to flag up their lack of progress in diversity and inclusion, including, Alphabet and Citrix Systems.

He said Citrix had responded positively to its proposal to tie diversity and inclusion efforts into executive pay, while Zevin had a "pretty constructive meeting" with senior executives at Alphabet last fall. "Alphabet understands itself to be at a transition point," he believes, and is looking toward more top-driven initiatives. He noted that Google's new chief diversity and inclusion officer, Danielle Mastrangel Brown, hired last June, came from Intel, which ties executive compensation to diversity and inclusion goals.

Tomaino said the firm is planning a follow-up meeting with Alphabet and looking towards other like-minded investment firms to keep pressing the company for change.

Diana Rojas

CRS PHOTO/SHUTTERSTOCK

Why supply chains are key to boosting women – and the global economy

Claire Manuel reports on how companies like Mondelēz, Marks & Spencer and Walmart are sharing knowledge on how to unleash the power of women throughout their businesses

While many companies are looking to address gender equality in their own operations, far fewer are looking at how they can boost the economic prospects of women in their supply chains, despite the fact that by doing so they could have a far bigger impact.

McKinsey Global Institute estimated in 2015 that if women were to participate in the economy identically to men, they could add as much as $28trn to global annual gross domestic product by 2025, roughly equivalent to the size of the combined Chinese and US economies.

It identified the creation of economic opportunities for women as a key intervention required to bridge the gender gap, and called for the private sector to play a more active role, in concert with governments and NGOs.

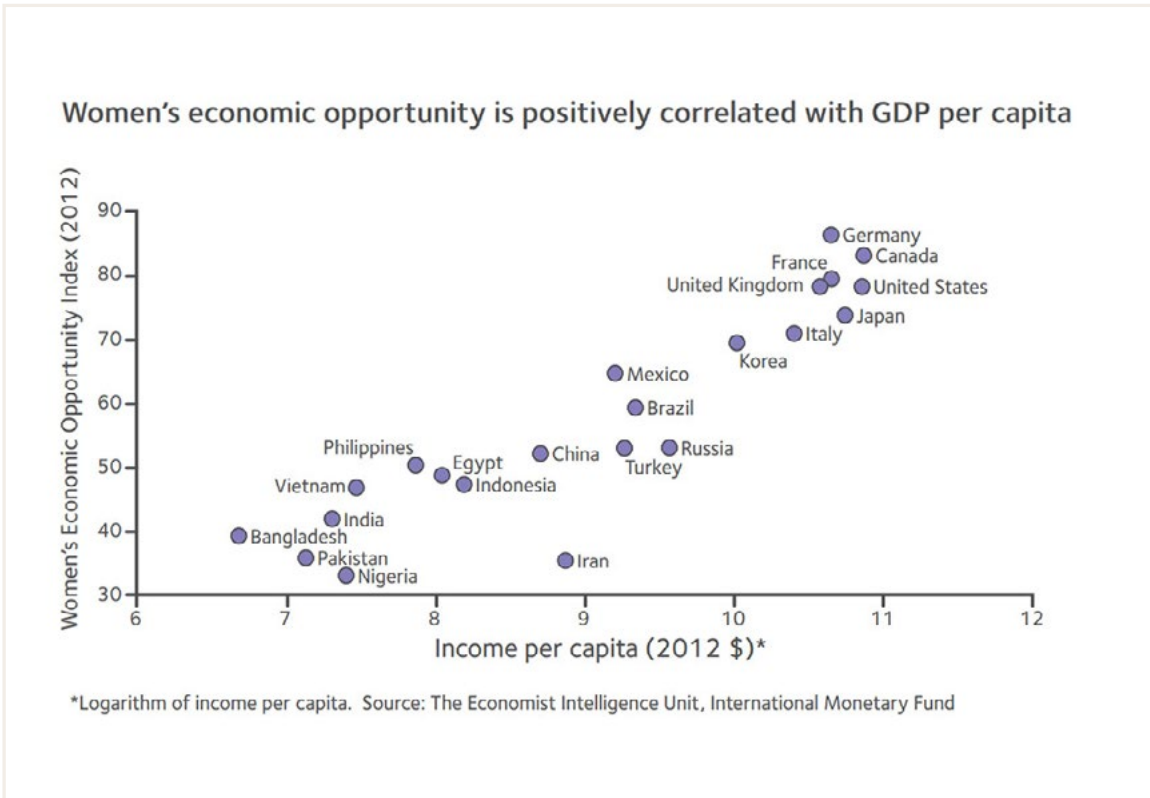
At the end of last year, the University of Oxford heeded the call by getting together with nine of the world's largest companies to formalize the Global Business Coalition for Women's Economic Empowerment. The members of the group, who have been meeting since 2014, share knowledge and best practice, with the aim of finding out how better to promote women in their entire value chains.

The coalition is focused on highlighting the potential commercial benefits of promoting women in their supply chains

The initiative was founded by Linda Scott, who is best known as creator of the concept of the Double X Economy, a perspective that describes the global economy of women and their roles not only as consumers, but as investors, donors and workers.

The nine members of the coalition include Coca-Cola, ExxonMobil, Goldman Sachs, Mondelēz International, PricewaterhouseCoopers, Marks & Spencer, Mastercard Center for Inclusive Growth, Qualcomm and Walmart.

The coalition is focused on highlighting the potential commercial benefits of promoting women in their supply chains, says Angie Rozas, senior director of social impact at Coca-Cola. These include product and supply improvements, market expansion, recruitment and retention of key talent, building brand reputation, supporting work relationships with governments and improving financial performance.



How creating economic opportunities for women adds to global wealth.

Rozas says Coca-Cola, which aims to enable the economic empowerment of 5 million women entrepreneurs across its global value chain by 2020 through its 5by20 initiative (see Coca-Cola's 5by20 recipe for empowering 5 million women), has a long-term commitment to the coalition and has found great value in working with it.

"The opportunity to meet other pioneering companies, who also already have significant experience in this important area, provides a huge opportunity for us all to share learning, as well as work together to overcome common barriers," says Rozas.

One area where it is proving most useful, she said, is in the complex area of measuring the economic and social impact of empowering women.

Another member of the coalition is Marks & Spencer, which has made a number of ambitious commitments in its Plan A sustainability programme around women's empowerment. It has recently partnered with the Department for International Environment on its Work and Opportunities for Women programme.

Hazel Culley, sustainability manager for foods at the UK retailer, points out that M&S relies on resilient global supply chains, and a large majority of those

'This coalition gives M&S a great forum to explore the issues, learn from others and ultimately scale what we are doing'

working in the supply chains are women. "This coalition gives us a great forum to explore the issues, learn from others and ultimately scale what we are doing," she says.

Christine Montenegro McGrath, who is chief of sustainability at Mondelēz, said the company incorporated what it had learned through the coalition into the design of Cocoa Life, its signature sustainability programme, in which women's empowerment is a cross-cutting theme. She said women play a critical role in both cocoa farming and community transformation. "Measuring the impact of our interventions is critical to our success and we've strengthened our approach with learning from the coalition members."

M&S

Hazel Culley, M&S sustainability manager for foods, visiting women tea-pickers in the retailer's Plan A programme.

While business plays a critical role in achieving women's economic empowerment, Scott says an ecosystem approach is necessary, with governments, NGOs and the private sector working together.

"They [the coalition] simply want the public-sector players to recognize that business is taking, and must take, a fully integrated, substantive role in the team of players working on this problem," she says.

She points to Marks & Spencer's gender action learning system workshops as a good example of an ecosystem approach. The workshops were delivered to 500 male and female smallholder coffee growers in Peru, who have been heavily affected by climate change. Analysis by M&S concluded that increasing women's income and leadership would be essential to salvaging the situation, so the workshops help communities develop new visions for women and men to relate to each other as equals.

The programme is still in its early stages, but the results so far are encouraging: there has been an increase in female co-operative members, an increase in women selling in the local market, and more women taking leadership positions in the community.

While the coalition represents a welcome step towards the goal of women's economic empowerment, it is still just nine companies out of millions. To truly make an impact, there needs to be a change in the way all businesses think and act, Scott says. A gender equality approach needs to be recognized and embedded as a key ingredient to any company's commercial success – and the coalition needs to be a club that every company aspires to join. ■

Claire Manuel has been an editor and journalist for more than two decades, specialising in international development, sustainability and climate change. She is also editorial director at Witan Media. claire.manuel@witanmedia.com

COCA-COLA

Coca-Cola's 5by20 recipe for empowering 5 million women

Coca-Cola has been working on empowering women, both in its own operations and through its entire value chain for the past decade. In 2007, its Global Women's Initiative was created to accelerate the recruitment, advancement and retention of women across the company. Part of this included founding the Women's Leadership Council, a group of senior women drawn from around the world who advise on how to build a pipeline of female leaders within the Atlanta, Georgia based multinational. The company then chose to look outwards.

"In 2010, we extended our focus beyond the four walls of our business by launching our 5by20 initiative, which aims to enable the economic empowerment of 5 million women entrepreneurs across Coca-Cola's global value chain by 2020," explains Angie Rozas, senior director, social impact. "This includes farmers, suppliers, distributors, retailers, recyclers and artisans." By the end of 2017, 5by20 had reached 2.4 million women entrepreneurs in 75 countries.

5by20 programmes enable women entrepreneurs to access the barriers they face. These include business skills training courses, financial services, and mentoring networks.

Rozas explains that successful producer programmes, such as Project Nurture, are designed to include and empower women farmers. The project, a partnership between Coca-Cola, the Bill & Melinda Gates Foundation and TechnoServe, reached 54,000 mango and passion fruit farmers in Kenya and Uganda, including 16,200 women. It provided training on basic agricultural practices and business skills and increased female farmers' average earnings by 140% over the four year project.

"More than 36,000 metric tons of fresh fruit from the project were harvested and sold," says Rozas. Minute Maid Mango Punch became the first Coca-Cola product in Kenya to use locally sourced purée from a processor certified to Coca-Cola standards

In March 2017, the Coca-Cola Company also joined Walmart and other major corporations in a collaborative effort to track and report sourcing from self-identified and certified women-owned businesses over the next five years. "This effort was established to create a more visible movement and raise awareness of the importance of sourcing from women-owned businesses," says Rozas.

Claire Manuel

AFRICA RISING/SHUTTERSTOCK

Vodafone makes progress in push to close mobile gender gap

Mobile phone technology will be a critical contributor towards meeting the Sustainable Development Goals, according to new research by telecoms giant Huawei, which found in a study of 49 countries a nearly perfect correlation between faster progress on the SDGs and penetration of ICT technologies.

The findings provide added impetus for concerted action to address what another recent study described as a gender gap in access to mobile technologies. GSM, which represents mobile phone operators, found that women in low- and middle-income countries are 10% less likely to own a mobile phone than men, translating into a mobile gender gap of 184 million women. Even if they do own a phone, women are 18% less likely to use mobile internet, preventing them from accessing potentially transformational services such as mobile banking and digital health platforms, GSM's research found.

Earlier this month the W20, which advises the G20 on women's empowerment issues, called on the world's richest economies to make concrete commitments to equalize access to digital technologies when they meet in Argentina later this year.

One company that is leading on addressing the mobile gender gap is Vodafone, which in 2016 committed to connect an additional 50 million women living in emerging markets to mobile, and to become the world's best employer for women by 2025.

"We really intend to make a lasting contribution to SDG5," said Justine Harris, head of corporate transparency at the UK telecoms giant, during a Huawei-sponsored workshop on the role of ICT in achieving the SDGs at this month's Responsible Business Summit Europe.

"Owning even a really basic mobile phone in emerging markets for the first time can significantly enhance women's physical and economic security. It can enable a woman to communicate, to share, to learn, to manage her finances, run a business, get access to employment opportunities and improve her and her family's health."

She said facilities like mobile banking and mobile health "can be life changing for women and sometimes life saving".

VODAFONE/FLICKR

Vodafone's South African subsidiary Vodacom offers free access to health websites for 1.2 million mothers.

The company's latest sustainability reports points to how M-Pesa, the mobile money transfer service Vodafone developed with its Kenya associate Safaricom in 2007, has allowed 185,000 women in Kenya to switch from subsistence farming to business or sales as their primary occupation. The research showed that M-Pesa had helped lift 194,000 households, 2% of Kenyan households, out of poverty, and that 14.9 million women actively used M-Pesa in 2018, or 43% of its customer base.

Since 2016 Vodafone has launched commercial propositions specifically for women, including Smart Snehidi in India, which makes mobiles more affordable and enables women to use their devices to run small businesses, and its Mum and Baby initiative in South Africa, offering 1.2 million women free access to zero-rated websites, with content supplied by health-care providers and designed to help them care for themselves and their babies.

Vodafone now has an estimated 113.7 million active female customers, up 3.9 million since 2017, and 13.3 million since 2016.

Harris pointed out that Vodafone was not doing this for reasons of philanthropy. There is also a big commercial opportunity for mobile phone providers in addressing the mobile gender gap, with McKinsey Global Institute estimating the untapped female market to be worth $15m a year.

Terry Slavin

ANDREY POPOV/SHUTTERSTOCK

Investing in girls starts to attract serious money

Elena K Johansson reports on the rise of gender lens investment amid evidence that more diverse companies offer better returns

It used to be that investors who wanted to adopt a gender lens would look at impact funds supporting microcredit initiatives or female entrepreneurs. No longer. "For the first time in the past few years, we see that gender lens investing is moving from private to public equity," says Diana van Maasdijk, co-founder and executive director of Equileap, an organization that gathers and analyzes comprehensive data sets on gender equality policies in companies.

The number of investment vehicles that are using its data is rising, she says, citing the involvement of large companies such as State Street and UBS. "We are looking at much bigger assets under management."

In January, UBS launched the Global Gender Equality UCITS ETF, which tracks Equileap's Global Gender Equality 100 Leaders Index, on the Swiss stock exchange. The exchange-traded fund reached $80.2m in assets under management after a few months of its launch.

Equileap's research and indices are the basis for two other gender exchange-traded funds launched last year. The first fund for companies domiciled in the US and Canada, Evolve's North American Gender Diversity Index, listed on the Toronto Stock Exchange, while Lyxor's Global Gender Equality UCITS was launched on the Paris bourse, and cross-listed on the London Stock Exchange.

Companies with enabling factors like participative leadership and fair employment report nearly 13 percentage points higher revenues

Meanwhile, the Solactive Equileap Global Gender Equality Index has outperformed the MSCI World Index by 10.7% over the last six years.

Michael Simonetta, chairman at Canadian asset manager Evolve ETFs, says the asset class is growing but is still in its nascent stages. “Some people are sticking their toes in the water and others are jumping in,” he says.

According to a study by investment firm Veris Wealth Partners, gender lens investing in public investment vehicles oversaw $910m in assets in 2017, up $265m from 2016.

It is being driven by multiple gender diversity initiatives both in the UK and internationally, such as the 30% Club, the Women on Boards Davies review, the American 2020 Women on Boards, as well as by a wider ethical and positive impact investing trend that has been gaining steam.

Observers say recently released research studies by MSCI, McKinsey and the Boston Consulting Group are helping to drive the trend.

A 2018 study by the Boston Consulting Group, which surveyed 1,700 companies in eight countries, noted that companies with “enabling factors” like participative leadership and fair employment practices reported nearly 13 percentage points higher revenues from new products and services in the past three years, compared with companies where these factors were weak or absent.

EQUILEAP

Diana van Maasdijk, co-founder and executive director of Equileap.

In Equileap’s 2017 top 20 ranking of its company research report, L’Oréal ranked first out of 3,000 companies, earning 22 out of 35 scores. The company was one among only six of the top 200 companies in the same research to report that it didn’t have a gender pay gap.

LOréal ranks first on Equileap’s 2017 rankings, one of only six companies without a gender pay gap

Equileap recently also launched a new report on the gender pay gap, which is aimed at giving an understanding on gender pay inequality in the workplace and help to address it.

Clare Payn, head of corporate governance North America at Legal & General Investment Management (LGIM), explains that achieving a gender balance on boards is important to getting the best leadership team. “It’s quite simply about bringing different experiences and different perspectives to that table.”

The UK's FTSE 100 firms are on track to hit a government target of 30% female board members by 2020, which is deemed to be the critical mass needed to trigger outperformance. FTSE 350 companies are lagging, however, having reached 25.2% in 2018. LGIM will vote against all boards that have less than 25% female representation in 2018.

In the US, board representation of women is even further behind, reaching 22% of S&P 500 boards. Heather Smith, who is vice-president of sustainable investing at Pax World Funds, says the business case for diversity is generally accepted at US companies today. She attributes slower progress to recruitment policies that are limited to C-Suite candidates and a lack of board refreshment.

JACOB LUND/SHUTTERSTOCK

Gender parity on boards is about getting the best talent around the table.

Things appear indeed to be changing: seven out of nine US companies Pax World filed gender diversity proposals with in the past five years have now recruited women to their boards for the first time.

Prior to Equileap, gender investment products in public equity had largely looked at the number of women in leadership positions.

But looking at gender equality holistically when scoring companies is crucial, says van Maasdijk. In 2017 the organization undertook a comprehensive study that applied 19 criteria to assess gender equality in about 3,000 publicly listed companies in 23 countries.

She says equal pay and flexible working hours are important criteria, together with fairness in the workplace, so that companies aren't compromising their ability to get, and keep, the best employees.

"That's really what it is about when we are talking about gender equality: to ensure that the best employees, female and male, are coming to a company, and stay there and don't leave [because of unequal treatment]."

Simonetta of Evolve adds that investors need an in-depth understanding of a company's gender diversity policy. "Board-level representation is certainly important to the progress. But it's just one component in our minds that will lead to stronger gender lens investing over the long term and stronger outcomes in the long term for these companies. They [the companies] have to change their culture as well as their boards." ■

Elena K Johansson is a sustainable finance freelance journalist with over five years of writing and journalism experience. Before moving to London, she worked in Tokyo.

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Sustainable textiles briefing

FIZKES/SHUTTERSTOCK

Cottoning on to the circular economy in the garment industry

From cellulose technology to high street take-back schemes, fashion is waking up to the problems posed by the make-wear-discard business model – but with less than 1% of fibres recycled a year, the challenges are huge, writes Angeli Mehta

We need clothes. Clothes for work and for pleasure. But what we wear is placing a huge strain on the environment. Growing prosperity and the churn of fast fashion have contributed to the doubling of world clothing production in the past 15 years. It's grown at a faster rate than GDP, and at the same time, clothing utilization is in decline.

Of the 53m tonnes of fibres produced each year, less than 1%, half a million tonnes are recycled back into production. Most fashion ends up in landfill – and much of that within a year of being made. It represents an extraordinary waste of resources. So the Ellen MacArthur Foundation is gathering a global collaboration to turn the linear make-wear-discard fashion economy into a circular one.

Big brands like Burberry, Gap, H&M and Nike have come on board to work towards creating a circular economy that phases out harmful materials, and keeps clothes in use.

The planet's finite resources need to be used in a different way, says MacArthur. The challenge is in making it happen, but doing so presents an economic opportunity worth over $500bn. MacArthur told the Copenhagen

'If we can recover materials, remanufacture and shift the system, circular beats linear'

Fashion Summit last month that "if we can recover materials, remanufacture and shift the system, circular beats linear".

It's not just about waste. The foundation's figures demonstrate that the current trajectory has to change if the world is to keep within the 2C of warming agreed in Paris in 2015. Otherwise it's predicted that by 2050, the proportion of oil consumed by textiles will be three times what it was in 2015, and textiles will use up 26% of the global carbon budget (again based on the 2C scenario) compared with 2% in 2015.

But the fashion industry is a complex and layered one, with different stages of fibre spinning, knitting, dyeing and garment-making all taking place in different mills and factories across the globe. What can be done to effect change?

Six years ago, UK waste reduction charity WRAP looked at the journey of textiles from raw material to landfill to assess where waste occurred. It concluded that choosing more sustainable fibres would make the biggest impact on carbon and water footprints.

It brought together more than 80 UK organizations as part of the Sustainable Clothing Action Plan. They made voluntary commitments that by 2020 they'd cut carbon and water footprints; the amount of waste going to landfill; and the waste over the whole product lifecycle. They're well on target – apart from the latter.

Analysis carried out for the Ellen MacArthur Foundation shows that production of plastic-based textiles (mostly polyester) and the most popular natural fibre (cotton) are, between them, responsible for an estimated 1.2bn tonnes of greenhouse gas emissions every year. That's more than twice the UK's 2015 emissions.

Polyester requires fossil-fuel feedstock, while cotton production uses vast amounts of water: 84 trillion litres of the stuff for the 18m tonnes of cotton produced for textiles in 2014. And that's before it was dyed. Given each person in the UK uses an average of 150 litres of water a day, cotton production uses

30 SECOND READ

- Growing prosperity and fast fashion have contributed to the doubling of world clothing production in the past 15 years. However, of the 53m tonnes of fibres produced each year, less than 1% were recycled.
- The Ellen MacArthur Foundation is gathering a global collaboration, including brands like Burberry, Gap, H&M and Nike, to turn the linear fashion economy into a circular one.
- Using more sustainable fibres would make the biggest impact on carbon and water footprints. Between them plastic-based textiles and cotton are responsible for around 1.2bn tonnes of greenhouse gas emissions every year.
- Companies such as Levi Strauss are working on the circularity and durability of products, while other solutions include clothes rental firms and take-back schemes – amongst them M&S with Oxfam, and Primark with Newlife.
- Technologies for recycling fibres are being developed. Seattle-based Evrnu is working on recycling cotton garments while Swedish start-up Re:newcell creates cellulose sheets made from cotton waste.

'At the moment the fashion industry is just not fit for the challenges of today, let alone tomorrow'

as much water each year as we do in 25 years in the UK. Ironically, cotton is increasingly being farmed in countries that suffer water stress.

Polyester uses nowhere near as much water but it sheds microfibres that don't degrade and end up in the oceans and in our food chain.

Charlene Collison, project lead on Cotton 2040 – a cross-industry initiative set up by Forum for the Future – says innovations such as the use of different types of fibres or recycling orange peel, while laudable, are designed to perpetuate the fast fashion cycle." She adds: "At the moment the industry is just not fit for the challenges of today, let alone tomorrow, so we need to work together".

NEENAWAT KHENYOTHAA/SHUTTERSTOCK

Most fashion ends up in landfill, often within a year of being made.

Can sustainability mean less? Paul Dillinger, head of global product innovation at Levi Strauss, told the Copenhagen Fashion Summit last month that circularity might be "the one thing that may naturally constrain the industry to an appropriate scale". He added: "If six out of 10 [items of clothing] end up in landfill – should we have made these six? At a moment when Cape Town is running out of water … what moral excuse do I have? That's circularity."

His company is working on both the circularity and durability of products. A new version of its jeans jacket has been made with a high-quality cotton of extremely long fibre length, grown in California with drip irrigation. Twisted into a particular yarn structure, the fibre makes denim twice as strong. At one mill, a recalibrated dye system uses 78% less water. The jackets are made at a factory using a waterless finishing process and made only of cotton, so they can be recycled at the end of their lives. The aim, says Dillinger, is to maximize end-of-life value, rather than to differentiate the product from last season's.

'If six out of 10 items of clothing end up in landfill – should we have made these six?'

Asked why all Levi's products aren't made like this, Dillinger's stark reply was that "It's really hard".

Ramping up reuse

Collection rates for clothing vary hugely, reaching 75% in Germany. Asia and Africa have little or no infrastructure for collection or recycling, yet this is where a lot of clothing collected from better-off countries is exported. Some east

African nations plan to ban imports of used clothing from 2019 to develop their own textiles industries. So some urgent effort is needed if more clothing isn't to end up in landfill in the US, UK, Canada and China.

The idea of clothes rentals is also catching on, with companies as diverse as Danish baby clothes firm VIGGA, which enables parents to lease organic maternity and childrenswear, to London-based Wear the Walk, whose customers pay a monthly subscription to wear luxury fashion pieces.

Several brands have set up take-back schemes – amongst them M&S with Oxfam, and Primark with Newlife, a charity that supports terminally ill and disabled children. M&S's 10-year-old Shwopping scheme has recycled 30 million items of clothing, mostly for re-use. The first fibre to be recycled is wool: a men's suit launched last year uses 55% recycled wool.

Primark has plans to scale up a pilot "take-back" scheme it ran with selected stores in the UK and Germany. It also donates buyer's samples and excess stock to Newlife, which rather begs the question of why Primark can't plan better to avoid excess stock in the first place.

The budget clothing chain is a signatory to both WRAP's UK sustainable clothing action plan, and now Ellen MacArthur's circular fashion initiative.

M&S

M&S's first 'Shwopped' product, made from donated textiles.

Asked whether Primark will do anything differently as a result of participating in the latter, Katharine Stewart, Primark's ethical trade and environmental sustainability director, said signatories to the Ellen MacArthur initiative plan to meet this month to agree a work stream, but working together in itself will magnify impact. "Each business will bring expertise and experience. I'm excited about it," she says.

'Brands need to put commitment behind pushing the recycling technology; and commit to being the market for it'

Recycling

Technologies for recycling fibres are being developed, but none are yet at scale. Collison of Forum for the Future suggests that to meet the challenges of a circular economy a widespread collaborative approach is needed.

Stewart says Primark is actively looking out for new technologies to recycle cotton. The fact that it is often mixed with other fabrics does pose a challenge, but the spread of fabrics is not limited: cotton is often mixed with

polyester, viscose or elastane. What's needed, she suggests, is for brands to "put commitment behind pushing the technology; and committing to being the market for it".

Seattle-based Evrnu is working on recycling cotton garment waste, and has produced pre-commercial prototypes, such as a pair of Levi jeans made primarily from discarded cotton T-shirts.

Swedish start-up Re:newcell makes its first commercial shipment this month of cellulose sheets made from pre- and post-consumer cotton waste. These will be turned into cellulose-based fibres such as viscose or Lyocell by an as-yet-unnamed producer. Scaling-up has proved more challenging than anticipated. However, its plant in Stockholm, which has a capacity of 7,000 tonnes – the equivalent of 30 million T-shirts – should be producing 500 tonnes by the end of the year.


HKRITA

HKRITA is innovating in processes for recycling cotton and polyester fibres.

Work remains to be done, however, on creating a sorting and collecting infrastructure. A company spokesman said that recyclers are "usually trying to sort for resale and reuse and haven't been sorting on fibre content". Work is going on to make the process less manual: for example, Belgium-based Valvan Baling Systems is developing an automated garment-sorting process. It uses a scanning system to sort garments according to fibre composition. This is determined by analysing how light in the near infrared end of the spectrum is absorbed by the different materials.

In order to be truly circular, textiles need to be designed with recycling in mind

The Hong Kong Research Institute of Textiles and Apparel (HKRITA) has, with the backing of Swedish retailer H&M, developed two different processes for recycling cotton and polyester fibres. One uses heat and a biodegradable chemical to separate polyester and cotton mixtures. The polyester fibres remain intact and can be reused, while the cotton is decomposed into cellulose powders. This technology is set to be scaled up by the end of the year.

The researchers are still exploring the best uses for the cellulose powders, according to Yan Chan, business development director. The optimum solution would be for reuse as a textile yarn. The next challenge is removing dyes from the textile waste. Another recycling method, using a biological process, recovers polyester fibres, which are re-spun into yarn. The cotton is recovered

as a glucose-rich syrup that can be used to make a range of bio-based chemicals.

Chan explains that the institute is also working on developing waterless dyeing technology. As analysis for Ellen MacArthur Foundation shows, textiles dyeing alone uses 6.3 trillion litres of water every year. Apart from the enormous water consumption, dyeing processes can release toxic chemicals into waterways.

UK start-up Worn Again has also been working on recapturing cotton and polyester from blended textiles. Its method can cope with up to 20% of other fibres and contaminants. Worn Again has been working with the likes of Kering to deliver its technology at scale.

RE:NEWCELL

A model at Berlin Ethical Fashion week demonstrating clothes made from Re:newcell's recycled cellulose fibres.

Traceability and transparency

In order to be truly circular, textiles need to be designed with recycling in mind, like Levi's jeans jacket and C&A's cradle-to-cradle organic cotton T shirts, which are made solely from one fibre.

Recyclers need to know what's in the garment – as Re:newcell has found, what's printed on the label may not truly represent the fibre composition.

New York start-up EON is tackling that thorny problem of identifying materials and chemicals used to make textiles. It has developed unique digital identification tags – which could be in the form of thread, and will be washable. The technology, known as radio frequency identification (RFID), can be thought of as a smart barcode, and is already used in many industries, from retail to airlines. Each product would have a digital profile, a location in the cloud where all the relevant information about it is stored.

Co-founder Natasha Franck says EON is working to agree a global standard that will set out what information needs to be encoded to enable recycling: the type of material, where it was made, the dyeing process, what chemicals have been used; and a means to make it available to resellers and recyclers.

"The more accurately we can identify the material content, the more value it will have in the resell market," Franck says. The technology might not only play an important role in sustainability, but in preventing counterfeiting. Pilots with global brands are due to begin this autumn.

All these efforts become more urgent both with a changing climate and pressures on land use brought about by a growing population. There may not always be virgin cotton. ■

Angeli Mehta is a former BBC current affairs producer, with a research PhD. She now writes about science, and has a particular interest in the environment and sustainability. @AngeliMehta

BIORE

Unpicking the confusion over 'sustainable' cotton

A new initiative by Forum for the Future aims to help brands navigate the multiple programmes striving to cut the environmental and social impacts of the water-intensive textile. Angeli Mehta reports

With one kilogramme of cotton – roughly the equivalent of a T-shirt and pair of jeans – consuming 2,000 litres of water in its production, brands are increasingly seeing the importance of sourcing cotton that uses less water, as well as fewer pesticides and synthetic fertilizers.

But there is heated debate over what constitutes "sustainable" cotton, with seven different growing programmes, including organic and Fairtrade, in operation across the world's cotton-growing regions, according to Textile Exchange, a US non-profit that works globally to improve industry standards in sourcing textiles such as cotton.

In a report last month, Changing Markets Foundation said the rapid growth of the Better Cotton Initiative (BCI), the world's largest sustainable cotton scheme, is driving down sustainability standards and undermining the market for the most environmentally friendly option, organic, which uses 92% less water than conventional cotton, and no synthetic pesticides or fertilizers.

BCI farmers grew 3.3m tonnes of cotton in 2016-17 – some 14% of global production – up from 2.6m tonnes the previous year. Organic production amounted to a mere 108,000 tonnes in 2015-16, and has been in decline, though volumes are expected to increase again, with conversion projects under way.

BCI's main focus is smallholder farmers. 'They are people who often live right on the margins of poverty. The focus is on getting their profits up'

One of the leaders in sourcing sustainable cotton is Marks & Spencer: earlier this month it announced that over three-quarters of the 50,000 tonnes of cotton it buys each year is now grown sustainably, so it's well on track to meet its goal of 100% sustainable sourcing by April 2019.

Most of M&S's cotton is certified by the Better Cotton Initiative. As well as focusing on water efficiency, pesticide use and soil health, BCI is striving to improve conditions for farmers, 90% of whom are smallholders.

Although only a small fraction of M&S's cotton is organic or Fair Trade, a company spokesman said: "The point was to scale quickly – to make a big impact on water and pesticides." But it does have a target to increase the proportion of Fairtrade, organic and recycled cotton to 25% by 2025.

Another big user of BCI-certified cotton is French sporting goods and clothing group Decathlon, which sources 51% of its cotton through BCI. By 2020, it wants to exclude conventional cotton, according to Nagy Bensid, yarns and fibres director. But Bensid confirmed that the proportion of organic cotton that Decathlon uses has gone down, from 21% five years ago to 4% today and cited the lack of availability of organic cotton.

30 SECOND READ

- It takes roughly 2,000 litres of water to produced a kilo of cotton. Brands are seeing the importance of an environmentally friendly supply but there is debate over what constitutes "sustainable" cotton.
- There are concerns that some sustainable growing programmes are driving down standards and undermining the market for organic cotton, which has been in decline. Anita Chester, at the C&A Foundation, has called for more collaboration among the schemes and efficiencies around transparency.
- The Better Cotton Initiative, which supplies M&S and Decathlon, says it supports organic production but stresses its main focus is supporting smallholder farmers. Primark has partnered with Cotton-Connect to deliver training and education and help raise awareness of women's contribution in cotton production.
- A big issue for organic cotton farming is the availability of non-GM seed. The C&A Foundation, together with fashion brands, supports 45,000 organic farmers across Asia and South America, and is investing in the Organic Cotton Accelerator to help develop the new varieties of cotton urgently needed.

Lena Staafgard, BCI's chief operating officer, says BCI supports the aims of organic production, and maintains that there is plenty of room for both standards to grow. However, she stresses that BCI's main focus is smallholder farmers. "They are people who often live right on the margins of poverty. The focus is on getting their profits up. They will be able to make more strategic decisions if they're not struggling the whole time."

BCI reports each year on how its farmers compare with those in the same areas growing cotton conventionally. In 2015-16, BCI farmers in India used 20% fewer pesticides, 20% less water, and 20% less synthetic fertilizer. At the same time their yields were 9% higher, and profits grew by 23% thanks to lower input costs. Staafgard disputes suggestions that BCI doesn't drive continuous improvement, but at the moment each year can only be judged in isolation.

'If we work only with farmers, there won't be long-term change. We need to bring the market to the farmers'

BCI is working on a methodology to present data from the same farmer, year on year, but "want[s] to be very careful about communicating impact that's not credible".

GM seed

One of the biggest issues for organic farming of cotton is the availability of seed that is not genetically modified. In India, where most organic cotton is grown, more than 95% of seed is GM.

Anita Chester, head of sustainable raw materials at the C&A Foundation, says: "There is a perception that brands have stepped out [of organic cotton]." But, she says, there is not enough organic cotton to meet demand. "On the supply side, there are so many challenges and the supply chain is very non-transparent." She bemoans the harm done by large multinational seed companies. "They brainwash the scientific community that their seed is the way forward, so research on indigenous seeds is ignored."

'Multinational seed companies have brainwashed the scientific community that their seed is the way forward'

Chester is trying to encourage universities to work on new varieties of cotton, but it takes years to develop those new cultivars. In the meantime, the growing resistance to pests such as the pink bollworm, and an alarming rise of secondary pests, mean that there has actually been an increase of pesticide use, together with the cost of using them.

MIKE CARBERRY/COTTON AUSTRALIA

There is not enough organic cotton to meet demand.

To address the challenge, the C&A Foundation, together with fashion brands C&A, Eileen Fisher, Inditex and others, are investing in the cross-industry Organic Cotton Accelerator. One of its areas of action is the setting up of a pre-competitive cotton-breeding programme in India, to develop the new varieties of cotton urgently needed.

"If we work only with farmers, there won't be long-term change. We need to bring the market to the farmers. We need bold steps and bold investments," says Chester.

C&A Foundation supports some 45,000 organic farmers across India, Pakistan, China, Tanzania and Brazil, who they've trained on organic principles and helped to get certified. Chester wants others to step in alongside to expand the programme.

There's been a lot of debate about whether organic farming of cotton can produce the yields of conventional production. Chester acknowledges that "in pockets of India which are well-irrigated, and farmers more affluent, organic is not always the preferred system".

Organic works best with small and marginal farmers, she suggests. "In Tanzania and India, there are a large number of farmers who are more or less organic by default because they can't afford expensive inputs."

'In Tanzania and India, there are a large number of farmers who are more or less organic by default because they can't afford expensive inputs'

Another challenge is that it's not until the fourth or fifth year that organically grown cotton yields will start matching their conventional peers. Usually these areas are rain-fed, therefore a lot of work has to be done to build up soil health so it can retain water. But evidence from farmers Chester has worked with shows that they are better off, through lower input costs, even before parity is reached.

Chester has no beef with non-organic efforts: "If farmers can't get non-GM seed, then at least they should be able to learn about other issues in sustainability and safe handling of pesticides."

Another brand that is leading on sustainable cotton is Primark, which is selling women's cotton pyjama sets being made from fibres grown by some 1200 farmers in Gujarat in north-west India. There, it's partnered with CottonConnect, and the Self-Employed Women's Association (SEWA) to deliver agricultural training, as well as education in health and nutrition, and business skills. For Katharine Stewart, who leads on ethical trade and environmental sustainability for Primark, it's about achieving social as well as environmental impact. Farmers, she says, have seen an almost 250% increase in income by the end of the third year, and they've been able to start buying equipment as opposed to renting.

DIDIER GENTILHOMME/FAIRTRADE INTERNATIONAL

An auditor conducts a tour of an organic cotton factory in India.

CottonConnect's chief executive, Alison Ward, used to work on Fairtrade Cocoa with Cadbury and has taken some Fairtrade ideas into cotton – to help find ways of rewarding women's work. "Men tend to do the hard labour; women tend to pick and plant, which is the back-breaking work but they're not seen to contribute. Men sell the cotton – and women don't get access to the cash," she says.

CottonConnect is also running 'inter-cropping' trials where other crops such as cumin, or lentils, are planted between successive cotton crops to help farmers offset any variation in cotton prices, and to earn cash locally.

Both Primark, and Premier Inn's owner Whitbread – the UK's second-largest user of cotton – have opted for CottonConnect's REEL scheme, a programme training farmers in sustainable practices that enables brands to map cotton production down to the farm level. BCI's scheme works, like Fairtrade – on mass balance – so the farmers don't know where their cotton ends up and brands don't actually know how much of the cotton in their product comes from sustainable production. Accordingly, it's not labelled as such.

C&A FOUNDATION

Women 'do the back-breaking work in cotton production'.

Ward notices that while knowledge is passed down through generations of farmers, most have never had any real training – for example, to understand which bugs are useful, how to make organic pesticides, and how much water is needed.

Organic cotton is often rain-fed – and if there is a water source to pump from, then by drip irrigation. Ward points out that a lot of farmers flood-irrigate, so they overwater, when in fact cotton likes a bit of drought.

Chester, at the C&A Foundation, comments that there are enough standards: she wants to see them all collaborate more, and bring in efficiencies, for example around common traceability systems. Without transparency, it's difficult to persuade brands to use new types of cotton fibre, she says.

Cotton 2040, a new initiative led by Forum for the Future, aims to cut through some of the confusion by launching a sustainable sourcing guide, a one-stop shop to provide all the information brands need to understand from the many different schemes.

Cotton 2040 aims to cut through the confusion with its sustainable cotton sourcing guide

Charlene Collison, who is leading the project, acknowledges that a sourcing guide doesn't itself create widespread change, but once launched there will be a campaign to encourage brands to source sustainably.

"There is a business case for it: as a contribution to Sustainable Development Goals; to improve reputation with investors looking at ESG performance; and reduce risks such as pollution, soil depletion, slavery, enforced labour – all serious risks." She adds: "We've done all that ground work – you [brands] don't have that excuse anymore." ■

COTTON CAMPAIGN

Brands urged to continue boycott of Uzbek cotton despite promised reforms

A haunting reminder of the wanton destruction done by cotton farming is in the Aral Sea basin in Uzbekistan, one of the world's largest cotton exporters, where desert has replaced once-viable land, and toxic chemicals used in pesticides and fertilizers were left exposed on the dried-up sea bed, to be inhaled by people for miles around.

The environmental destruction, however, pales in comparison with human rights violations from the state-imposed system of forced labour, including children taken out of schools to harvest cotton, which has been in force since the days of the Soviet Union.

A campaign by US-based NGO Cotton Campaign led to more than 100 North American and European brands signing up to the Responsible Sourcing Network's Cotton Pledge, refusing to source cotton from Uzbekistan. Almost all western brands are signatories.

Far-reaching reforms promised by the new Uzbek president, Shavkat Mirziyoyev, who replaced long-time dictator Islam Karimov after his death in 2016, have raised hopes that Uzbekistan may be ready to come in from the cold.

But a new report by the Uzbek-German Forum for Human Rights, which monitored the 2017 harvest, found evidence that state-sponsored forced labour continues, including in World Bank-funded cotton projects, contrary to the bank's loan agreements.

Bennett Freeman, a co-founder of the Cotton Campaign and former senior vice-president for Calvert Investments, last month led a delegation of human rights, labour groups and supply chain specialists to Uzbekistan, and presented Uzbek government agencies with a roadmap for eliminating the systematic use of forced labour, starting with this year's upcoming cotton harvest.

While the new government has promised to mechanize and modernize cotton production, diversify cotton with cash crops, and reduce water intensity, along with eliminating forced labour, Freeman said it will be "several years at least" until it will be safe for brands to source from Uzbekistan again. "You can't eliminate 80 years of that system overnight through speeches and decrees. It is critically important that brands don't break the pledge until they [the promised reforms] translate into demonstrable change on the ground."

Terry Slavin

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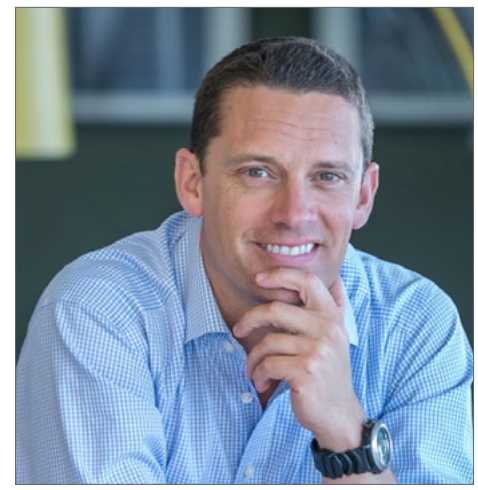

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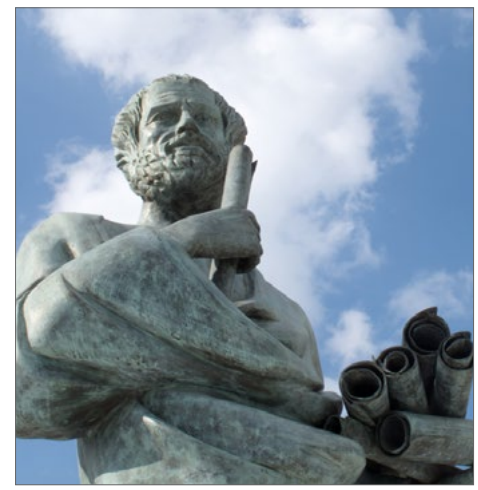

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