

Inspired thinking



Cottoning-on

Introduction

Cotton is the world's most valuable non-food agricultural product, worth over \$12 billion in 2007. It is grown on 76 million acres world-wide, approximately 2.4% of the total global land area. However, cotton has been labelled as the world's 'dirtiest' crop due to the significant environmental and social impacts of its production. Conventionally grown cotton consumes approximately 25% of the insecticides and more than 10% of the pesticides used in the world. These are hazardous to cotton workers' health and pollute the environment. The six largest cotton producing countries – China, US, India, Pakistan, Brazil and Uzbekistan – produce 84% of the total annual global crop.

Surveys show that consumers are increasingly concerned about the production methods and labour standards related to the products they buy and some are beginning to alter their buying practices to reflect their concerns. Leading retailers are responding by beginning to offer products made from either organic and/ or Fairtrade cotton. However, they are finding that the extremely limited supply of these more ethical forms of cotton is constraining their ability to offer more such products.

Understanding a company's footprint

In the autumn of 2007, Insight initiated engagement with leading clothing retailers to assess the extent to which they have begun to move towards sourcing more sustainable fabrics and raw materials for use in their own-brand products. In recent years, these companies have focused on improving labour standards in their supply chains, and in some cases, have also worked to reduce the environmental impact of the factories that supply them.

As part of their work to try to understand their overall social and environmental footprints, leading companies have started to try to map out their full supply chains, all the way back to the way the crops that go into making the raw materials they use to manufacture their products, including the yarn, fastenings etc.

Engagement on cotton

In September 2007, we wrote to 14 retailers in which we invest to ask how they are incorporating environmental and social factors into sourcing raw materials and fabrics. Specifically, we were keen to know how many organic or Fairtrade cotton product ranges they were already selling and whether they had set targets to increase the number of ranges in the future. We also encouraged the retailers to consider joining the Organic Exchange – a charitable organisation based in the US committed to expanding organic agriculture, with a specific focus on increasing the production and use of organically grown fibres such as cotton. Its long term goal is to increase the amount of certified organic land farmed for fibre production by 50% per year.

Company responses

Nearly all the companies responded to our enquiry. Tesco, J Sainsbury, Woolworths, Burberry, Blacks Leisure, Ted Baker and Mothercare provided extensive responses, offering details of their approach to sourcing responsible cotton. French Connection provided a brief but positive response. We met with Sainsbury, NEXT and Mothercare to discuss the issue in greater depth. We did not receive responses from Associated British Foods (Primark), Debenhams, Sports Direct International or PPR (a leading French retailer).

Of those companies that provided detailed responses:

- Most acknowledged the importance of the issue of raw material sourcing and were aware of the need to look at cotton specifically, given its significant environmental and social impacts;
- Most have recently introduced one or two lines of clothing using organic cotton, as a pilot exercise, to test the market and respond to emerging customer interest (and some other novel and renewable raw materials such as bamboo, jute, recycled plastic bottles etc);
- Many are working with their supply chains to overcome various barriers to introducing more organic (and Fairtrade) cotton, specifically the limited supply and thus high costs of this material;
- Many are assessing whether to join organisations such as the Organic Exchange or the Better Cotton Initiative to work with other stakeholders to develop the organic cotton supply chain.

We are encouraged that several major British retailers are beginning to explore how they might offer more organic and Fairtrade cotton products. It is clear that there are major hurdles to overcome to develop a sufficiently large supply base and to change prevailing production practices. However, as with timber, fish, palm oil, bananas, tea and other products that now carry sustainable certification or the Fairtrade mark, it will no doubt take years to build a more sustainable and ethical supply base. It is critical that as many retailers as possible join these initiatives in order to send as strong a signal as possible to suppliers, particularly farmers, that there is substantial and enduring demand for organic and Fairtrade cotton.

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