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ADVANCING GENDER EQUALITY THROUGH VOLUNTARY STANDARDS FOR TRADE

Sally Smith



Author: Sally Smith

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For further information on the study, please contact [b kp@b kp-advisors.com](mailto:bkp@b kp-advisors.com) and visit www.genderandtrade.com

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TABLE OF CONTENTS

LIST OF FIGURES	IV
LIST OF TABLES.....	IV
LIST OF BOXES	IV
LIST OF ABBREVIATIONS	IV
EXECUTIVE SUMMARY	V
1 INTRODUCTION.....	1
2 EVOLUTION OF VOLUNTARY SUSTAINABILITY STANDARDS FOR TRADE.....	3
2.1 What are voluntary sustainability standards?	3
2.2 The rise of voluntary sustainability standards from the 1970s to the early 2000s	4
2.3 Achievements and limitations of voluntary sustainability standards.....	7
2.4 Towards more meaningful VSS and responsible business initiatives.....	9
3 GENDER AND VOLUNTARY SUSTAINABILITY STANDARDS.....	12
3.1 Gender inequality in global value chains	12
3.1.1 Gender dynamics in the economy	12
3.1.2 Women's participation in global value chains.....	13
3.2 Gender-related content in voluntary sustainability standards	14
3.3 Growing commitment to gender mainstreaming among VSS initiatives and the business community	15
3.4 UN initiatives to promote gender-responsive standards and business practices	16
4 PROSPECTS FOR ADVANCING GENDER EQUALITY USING VOLUNTARY STANDARDS	18
4.1 Existing evidence on VSS contribution to gender equality and women's empowerment.....	18
4.2 Prospects for more substantive VSS impacts on gender equality and women's empowerment in future	21
5 POLICY OPTIONS FOR PROMOTING GENDER EQUALITY IN TRADE THROUGH VOLUNTARY SUSTAINABILITY STANDARDS	23
REFERENCES.....	25

LIST OF FIGURES

Figure 1. Number of sustainability standards on ITC Standards Map, by sector	4
Figure 2. New pricing and ordering strategies emerging from COVID-19.....	9
Figure 3. Gender breakdown of members, leaders and professional staff in six Fairtrade-certified producer organisations (PO) in the Dominican Republic, India and Kenya	19

LIST OF TABLES

Table 1. Examples of VSS and how they differ in scope, content, use and governance	6
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LIST OF BOXES

Box 1. Examples of governments in supplier countries being involved in establishing and implementing VSS.....	10
Box 2. Examples of lead firms strengthening their approach to gender in supply chains	16
Box 3. Weak implementation and auditing practices mean a failure to address forced labour and labour exploitation.....	20

LIST OF ABBREVIATIONS

B2B	Business-to-business (standard)
BEPI	Business Environmental Performance Initiative
BSCI	Business Social Compliance Initiative
BSR	Business for Social Responsibility
CSO	Civil society organization
DAC	Development Assistance Committee
EDGE	Economic Dividends for Gender Equality (certification)
ESG	Environment, Social, Governance (reporting/index)
ETI	Ethical Trading Initiative
FSC	Forest Stewardship Council
GES	Gender Equity Seal
IFOAM	International Federation of Organic Agriculture Movements
ILO	International Labour Organization
ISEAL	International Social and Environmental Accreditation and Labelling (Alliance)
ITC	International Trade Centre
MSCI	Morgan Stanley Capital International
OECD	Organization for Economic Co-operation and Development
RJC	Responsible Jewellery Council
RSPO	Roundtable for Sustainable Palm Oil
SAC	Sustainable Apparel Coalition
SDG	Sustainable Development Goal
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNFSS	United Nations Forum on Sustainability Standards
UNGPs	United Nations Guiding Principles for Business and Human Rights
VSS	Voluntary Sustainability Standard
WEPs	Women's Empowerment Principles

EXECUTIVE SUMMARY

1. Voluntary sustainability standards (VSS) have emerged as one of the main tools used to articulate, encourage and enforce sustainable and ethical practices in global value chains. This technical study explores the nature and evolution of VSS and assesses their potential contribution to gender equality and women's empowerment (SDG 5). The purpose of the study is to enable policymakers in developing and emerging economies to identify opportunities to engage with VSS initiatives as a means to deliver on gender commitments while also promoting trade and economic development.
2. VSS are a subset of technical standards for trade. They originated in the 1970s and 1980s as a response to concerns about exploitative labour practices and harmful environmental impacts in the production of global consumer goods, and associated interest in supporting more sustainable and ethical models of trade. Since then, the number of VSS schemes has mushroomed, particularly in agriculture and the garment and textile industry but increasingly across a range of consumer goods and services. They include: consumer-facing certification schemes; corporate "codes of conduct" that are used to communicate minimum standards to suppliers; and general principles and guidelines for responsible business behaviour.
3. Although VSS vary greatly in terms of their scope, content, use and form of governance, they often reference internationally agreed rights and principles and require compliance with national laws and regulations. The division between voluntary and mandatory standards is therefore not as marked as it may at first appear and, in many respects, VSS have been set up to address weaknesses in the enforcement of international and national laws and regulations.
4. Research has found that VSS can stimulate improvements in a range of areas, including environmentally-friendly agricultural practices, higher prices and incomes for farmers, and improved terms and conditions for workers. However, VSS outcomes are complex, context dependent and not universally positive. Standards and auditing commonly fail to reach the most vulnerable workers, and are less effective for dealing with complex issues like discrimination and freedom of association. Poorer producers and micro- and small enterprises can be marginalized by the requirements and costs of VSS. Different standards are used depending on the market and end buyer, and the costs of compliance, auditing and certification are not always compensated for by higher prices. Moreover, there are often tensions between buyers' requirements for social and environmental protections at supplier level and their own purchasing practices, which often remain focused on flexible sourcing arrangements, just-in-time production and lowest possible cost.
5. The track record of VSS in addressing pervasive gender inequalities in global value chains is equally mixed. The available evidence indicates that there is significant variation between schemes, sectors and locations, but overall, VSS have had minimal impact on gender inequality, and can even reinforce the status quo in which men typically occupy a privileged position in households, workplaces and producer organizations. This reflects the fact that the majority of standards do not mention gender or only have a general clause on non-discrimination, and the absence of gender mainstreaming in most (but not all) VSS systems. It is also because gender inequalities are rooted in societal structures and relationships that go beyond value chains and are not easily addressed through a narrow, technical approach such as auditing. However, a small number of VSS take a more strategic and comprehensive approach, including tackling key gender issues such as land rights, maternity rights, women's representation and gender-based violence. In addition, in sectors and locations where women account for the majority of workers, any improvements brought about by VSS are likely to benefit women.

6. The historical limitations of VSS have prompted a raft of improvements and new approaches in recent years. Multi-stakeholder initiatives to collectively develop standards and to design interventions are becoming increasingly common. There is growing emphasis on transparency and meaningful auditing and reporting, which is partially being met through the application of new technologies and benchmarking initiatives. The role of corporate buying practices in determining supplier behaviour is being more openly acknowledged. Intergovernmental standards, such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises, are also becoming more influential. These give governments a clearer role in enabling and ensuring responsible business practices. There is also growing recognition of the need for voluntary standards to be complemented by minimum legal requirements for businesses in relation to human rights due diligence.

7. Improvements related to gender are also taking place, partly because gender has risen up business and VSS agendas. Gender mainstreaming and gender-specific criteria and objectives are becoming more common in VSS systems, along with gender-responsive auditing and risk assessment methodologies. New VSS schemes certify businesses which demonstrate commitment to gender equality, and commodities produced by women are sometimes being labelled and marketed at premium prices. Gender guidance for the UNGPs has also been produced – an important step forward given the growing influence of the UNGPs in the dialogue around responsible business practices.

8. Nevertheless, there are still major obstacles to overcome, including inadequate incentives and rewards for businesses that demonstrate high standards (from consumers, onward buyers, investors and states), and a lack of sanctions for those that behave irresponsibly. It is also important to recognize that VSS alone cannot be expected to address all the structural causes of gender inequality. In this context, a key contribution of VSS may be establishing criteria and norms for a gender-equitable and inclusive environment for workers and producers in global value chains, and providing hard evidence (data) of the systemic issues that need to be addressed by states, businesses and civil society in order for women to participate in the global economy on equal terms with men. There also needs to be far more involvement of stakeholders from supplier countries in the development and implementation of standards, including representatives from governments and from women's organizations.

9. Recommendations for policymakers in developing and emerging economies

- i. Recognize the growing influence of VSS in global trade and the role of government in enabling producers and suppliers to comply with the requirements of buyers related to gender equality.
- ii. Engage proactively with VSS schemes and related multi-stakeholder initiatives in export sectors that are important to the national economy.
- iii. Establish mechanisms and procedures and fund measures to enable suppliers, women-led businesses and women producers to achieve gender-responsive VSS compliance and to address gender issues in export sectors.
- iv. Develop and apply trade policies to enable suppliers with gender-inclusive practices and women-led businesses to get preferential access to markets.
- v. In order to raise the global profile of the country as a good location for sustainable production, develop and implement a gender-responsive national action plan on business and human rights based on the 2019 gender guidance of the UN Working Group on Business and Human Rights.

1 INTRODUCTION

Since the 1980s, international trade has increasingly taken the form of global value chains. Facilitated by advances in technology and logistics and the liberalization of trade and finance, global value chains allow companies to organize the production of goods and services internationally through a combination of offshoring¹ and outsourcing. This often involves complex and widely dispersed networks of lead firms, subsidiaries, suppliers, sub-contractors, traders and brokers, and intertwines trade in goods (raw materials through to final products) with trade in services (research and development, design, transport, logistics, marketing, finance, communication, etc.). Raw materials may be sourced from one country and sent to another for processing, combined with other inputs into a finished product in a third country and then shipped to final destinations for packaging and retail, while research and development, product design and marketing activities may all happen elsewhere. It is estimated that, in total, global value chains now account for 70 percent of all trade in goods and services.²

The location of different value chain activities has largely been driven by the availability of the required skills and materials at competitive cost and quality in different countries. This has created valuable economic opportunities for low- and middle-income countries to expand their participation in global trade. However, it can also fuel a “race to the bottom” with lead firms moving production to ever cheaper locations in pursuit of lower costs, or using the threat of doing so to drive down prices paid to suppliers, thereby cultivating models of production that rely on unsustainable use of natural resources and exploitative labour practices. This has seen companies (particularly global brands and large retail chains) coming under increasing pressure from consumers, civil society, investors and governments to take responsibility for the economic, social and environmental impacts of their operations and value chains and to play a proactive role in achieving the global goals for sustainable development (SDGs). It has also sparked an interest in “ethical” and “green” consumerism, with consumers in many countries selecting goods and services based on their credentials as being good for people or planet or both.

Voluntary sustainability standards are one of main tools that have been used to articulate, encourage and enforce more sustainable and ethical practices in global value chains. A subset of technical standards for trade, voluntary sustainability standards (VSS) are defined as:

“standards specifying requirements that producers, traders, manufacturers, retailers or service providers may be asked to meet, relating to a wide range of sustainability metrics, including respect for basic human rights, worker health and safety, environmental impacts, community relations, land-use planning and others”
(UNFSS 2012).

This technical study examines the contribution of VSS to a specific area of sustainable development: gender equality and women’s empowerment (SDG 5)³. Although global value chains

¹ Offshoring is the practice of basing some of a company’s processes or services in another country, to reduce costs and/or to take advantage of comparative advantages. Offshoring includes the subset ‘nearshoring’ which involves nearby countries and which has gained in popularity in recent years for cost and geopolitical reasons.

² OECD estimation: <https://www.oecd.org/trade/topics/global-value-chains-and-trade/>.

³ The report is focused on women. This is not to deny that men and minority genders can also be negatively affected by gender inequality, and these are areas that need to be explored further in the context of global value chains and VSS, but that is beyond the scope of this report.

have created millions of new jobs for women⁴, women tend to be concentrated in low-skilled, low-paid and more insecure forms of wage work (Barrientos 2019). Unequal access to productive resources, credit, information and services, and other economic, social and cultural barriers, also limit women's participation in global value chains as producers and business-owners (Sexsmith 2017, Kelley et al. 2015). In addition to discrimination, many women in value chains experience other violations of their rights, including sexual harassment and abuse and modern forms of slavery (Bourke Martignoni and Umlas 2018).

At the time of writing, the COVID-19 pandemic is ravaging economies and communities around the world. Millions of people have lost their jobs and sources of income, with millions more likely to be affected as the global economy enters what is predicted to be a deep recession. Women have been disproportionately affected, as a large proportion work in hard-hit sectors such as retail, food services, tourism and light manufacturing, and the closure of schools and childcare facilities has made it more difficult to balance paid and unpaid work (ILO 2020). The health and wellbeing of women is also at risk as they represent over 70 percent of those employed in health and social care (*ibid.*), and domestic violence is on the rise (UN Women 2020). The pandemic has exacerbated existing gender disparities in the labour market and risks undoing the small gains made in gender equality in recent years.

In this context, the study has two objectives:

- i. To enable policymakers to better understand the nature and scope of VSS and how far they may rely on VSS as a mechanism for addressing gender concerns in global value chains;
- ii. To enable policymakers to identify potential opportunities to engage with VSS initiatives as a means to deliver on global and national commitments to gender equality and women's empowerment while also promoting trade and economic development.

The study draws on and updates two previous papers⁵ and is based on a literature review and a limited number of interviews with key informants, as well as the author's research and consultancy experience with standards and responsible business initiatives over the past two decades. It is structured as follows. The next section provides an overview of VSS and their evolution to become a key tool used for promoting responsible business practices and sustainable production and consumption. Section three focuses in on the approaches to gender used in VSS in terms of technical content, implementation and enforcement, noting the trend towards a greater focus on gender in the VSS community. Section four reviews the evidence related to VSS impacts on gender equality and women's empowerment and evaluates their potential contribution going forward, given recent developments. The final section draws on the findings to make recommendations for policymakers in developing and emerging economies.

⁴ Although the report refers primarily to women as a group, it is recognized that other factors such as age, class, ethnicity, caste, and disability intersect with gender, and each other, to determine the extent to which different groups of women are affected by gender inequality in the contexts VSS work in.

⁵ The first of these (Smith et al. 2018) was on VSS, gender and global value chains for the International Centre for Trade and Sustainable Development (ICTSD). The other was a chapter on VSS, gender and the SDGs for the United Nations Economic Commission for Europe as part of their Gender Responsive Standards Initiative (UNECE 2019).

2 EVOLUTION OF VOLUNTARY SUSTAINABILITY STANDARDS FOR TRADE

2.1 What are voluntary sustainability standards?

The use of standards has become a pervasive feature of trade and serves a variety of purposes, from ensuring the inter-operability of technical devices and facilitating the harmonization of international systems (e.g. accounting), to ensuring product quality and safety and protecting consumer interests (UNECE 2016). They are mostly established by (inter-) governmental standards bodies at national, regional and international levels, but are also used by industry and other entities to establish clear criteria for production and service delivery (Kaplinsky 2016). Standards are voluntary in the sense that they are not required by law, but they can be a condition of trade and thereby *de facto* mandatory.

VSS are a subset of standards that are focused on themes related to sustainable development and ethical trade. They originate mostly, but not exclusively, from higher income countries, and have been developed by a range of actors: civil society organizations (CSOs) and UN agencies; companies and industry bodies; public authorities and multi-stakeholder initiatives. VSS vary greatly in terms of their:

- Scope of application – geographies, sectors, supply chain levels;
- Content – topics covered, technical criteria used;
- Use – consumer-facing certification schemes, business-to-business (B2B) communication and supply chain management;
- Governance – company-owned, industry or multi-stakeholder membership organization, multi-stakeholder board, etc.

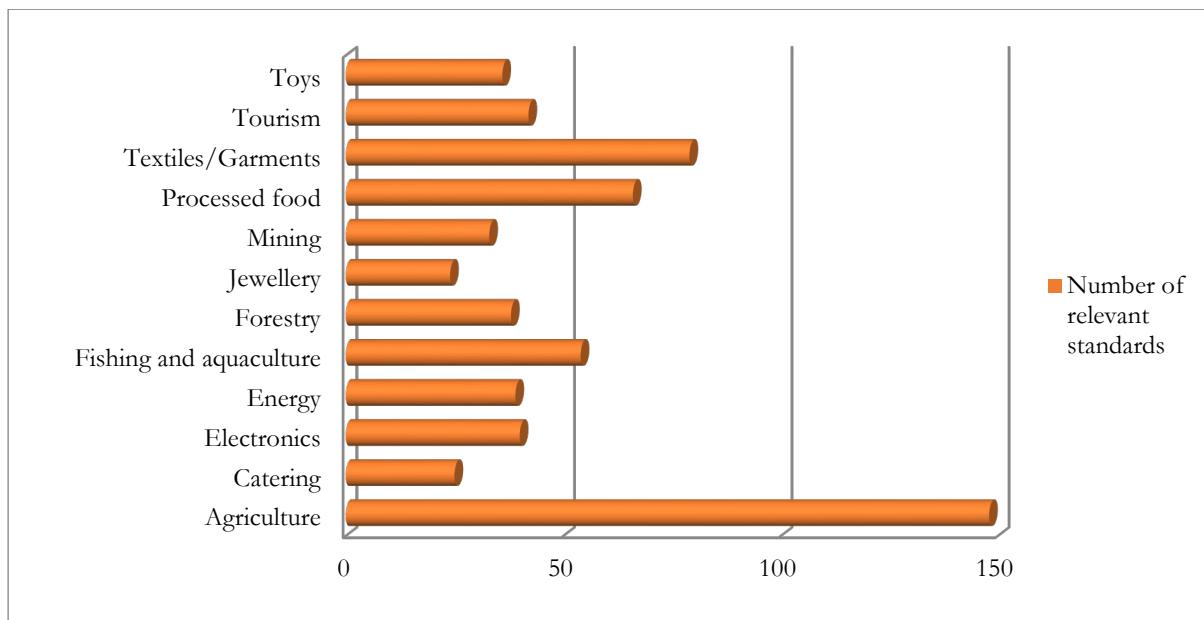
VSS are most common in agriculture – 148 of the 255 public and private standards in the International Trade Centre's (ITC) Sustainability Standards Map⁶ have some focus on agriculture – but they are increasingly applied across a range of other sectors, including electronics, energy, mining, textiles and garments and tourism (see Figure 1). Analysis suggests VSS are now applicable in more than 80 sectors and 180 countries (ITC, IISD and FiBL 2018).

The content of standards and focus of VSS implementation efforts have changed over time, with recent emphasis being on human rights, modern slavery, child labour and single use plastics (Nelson and Flint 2019). In the early days, the scope of labour rights and other human rights in VSS was frequently quite limited, particularly in relation to wages and the right to freedom of association and collective bargaining. Under pressure from civil society, especially trade unions, it became more common for VSS to reference internationally agreed rights and principles such as the International Bill of Human Rights and International Labour Organisation (ILO) Conventions for labour standards, as well as requiring compliance with national laws and regulations. At the same time, VSS have in many respects been set up to address weaknesses in the enforcement of international and national laws and regulations, which are a result of legal and jurisdictional constraints as well as the cost, complexity and political economy of enforcement. There are also some examples of governments being involved in the process of developing voluntary standards and collaborating with industry to address non-compliances or to integrate “best practice”

⁶ The ITC Standards is available at: https://www.sustainabilitymap.org/standards_intro. The map is comprised of standards covering environmental protection, worker and labour rights, economic development, quality and business ethics. Figures correct at 19 March 2019.

standards into national policy (see Section 2.4). The division between voluntary standards and statutory regulations is therefore not as marked as it may at first appear.

Figure 1. Number of sustainability standards on ITC Standards Map, by sector



Source: Based on ITC Sustainability Standards Map⁷

2.2 The rise of voluntary sustainability standards from the 1970s to the early 2000s

Early examples of VSS include standards for organic agriculture⁸ and fair trade⁹, which emerged in the 1970s and 1980s as a way to formalize existing “alternative” production and trade practices and to facilitate entry into mainstream retail outlets through certification and product labelling. Other product labelling standards such as Rainforest Alliance¹⁰ and the Forest Stewardship Council (FSC)¹¹ were set up to address concerns about deforestation, with the aim of using the power of the marketplace to incentivize and reward sustainable forest management. The “success” of these early schemes – as measured by consumer and business uptake – led to the product labelling model being rolled out to other sectors and sustainability issues, both through standards bodies extending their schemes to new products (for example, Rainforest Alliance used their experience with sustainable forest management to create standards for sustainable banana production) and through new schemes being set up (such as the Marine Stewardship Council¹² for fisheries and Goodweave¹³ for woven products such as carpets and home textiles).

In parallel, large retailers and brands had begun responding to CSO and consumer concerns about environmental protection and worker welfare in their supply chains by introducing or expanding their “codes of conduct” for suppliers. Supplier codes of conduct are “business-to-business” (B2B)

⁷ Figure 1 is based on the classification of standards and sectors used in ITC’s Standards Map. Note that standards may apply to more than one sector, with 255 standards recorded on the Map in total. Data correct at 19 March 2019.

⁸ <https://www.ifoam.bio/>.

⁹ <https://www.fairtrade.net/>.

¹⁰ <https://www.rainforest-alliance.org/>.

¹¹ <https://fsc.org/en>.

¹² <https://www.msc.org/home>.

¹³ <https://goodweave.org/>

standards that outline the requirements of buyers on a range of issues. They are one of the tools that are used by “lead firms” in global value chains (i.e. brands, supermarket chains, large manufacturers, etc.). Lead firms “govern” value chains, in the sense that they control the pattern of production and trade in the chain, determining the division of labour in the chain, the final markets which chains lead into, and the product and process standards which chain participants need to achieve (Kaplinsky 2016). Supplier codes of conduct are used to communicate a lead company’s policies on responsible sourcing and form part of a lead firm’s broader commitments to corporate responsibility. As well as human rights, labour practices and environmental protection, supplier codes of conduct may cover issues such as business ethics, transparency, community land rights and animal welfare. Compliance with a code of conduct is assessed using a variety of mechanisms, including self-assessment, checks by buyers and audits by third parties. If non-compliances are found, a lead company may decide not to source from that supplier (if the non-compliance is considered by the company to be critical risk), or it may require improvements before sourcing. However, one of the main criticisms of corporate approaches to responsible sourcing has been that sourcing decisions continue to be based primarily on price, quality and supply management factors, rather than compliance with social and environmental standards, as discussed in Section 2.3.

Since each lead firm used a different code of conduct, this created inefficiencies and an uneven playing field, as some brands and retailers had lower standards than others, stoking confusion for consumers and additional costs for suppliers. In the late 1990s, a number of industry and multi-stakeholder standards initiatives were therefore established to try and harmonize standards across companies and enable cooperation and learning around compliance. Prominent examples include: GlobalG.A.P.¹⁴, set up by a group of European retailers with the aim of having a common standard for agricultural production; the Ethical Trading Initiative (ETI)¹⁵, an alliance of companies, trade unions and NGOs that was established with financial support from the UK government and has established a Base Code for labour practices in supply chains; Social Accountability International, a multi-stakeholder initiative in the USA that introduced the SA8000 certification for labour practices; and amfori¹⁶ – a business association headquartered in Brussels which created standards for social compliance (BSCI) and environmental management (BEPI) in supply chains.

However, these efforts to harmonize standards did not prevent the number of VSS schemes mushrooming in the 2000s, particularly through new sector-focused initiatives such as the Roundtable for Sustainable Palm Oil (RSPO)¹⁷, the Sustainable Apparel Coalition (SAC)¹⁸ and the Responsible Jewellery Council (RJC)¹⁹. Some were consumer-facing schemes for labelling products, services or entire businesses, others were used for B2B communication and supply chain management (see Table 1). By the late 2000s, large companies were often involved with multiple VSS schemes, including asking their suppliers to obtain certification with relevant product labelling schemes as a way to reach their targets for sustainable sourcing, and selling certified products as part of product ranges to cater to the interests of all types of consumer (e.g. selling organic bananas and Fairtrade bananas alongside cheaper, unlabelled bananas). VSS were therefore being used by lead firms for multiple purposes: fulfilling corporate commitments to socially and environmentally responsible practices; managing risk and preventing reputational damage; and capitalizing on market opportunities.

¹⁴ https://www.globalgap.org/uk_en/ .

¹⁵ <https://www.ethicaltrade.org/> .

¹⁶ <https://www.amfori.org/> .

¹⁷ <https://rspo.org/about> .

¹⁸ <https://apparelcoalition.org/> .

¹⁹ <https://www.responsiblejewellery.com/> .

At the institutional level, VSS organizations, secretariats and working groups were established to promote, monitor and report on the use of proprietary standards. In 2003, a membership organization for VSS, the ISEAL Alliance²⁰, was set up. ISEAL aims to increase the effectiveness and efficiency of VSS by defining credible practices for VSS entities and promoting peer learning, innovation and collaboration. In addition, and in response to the growing prevalence and influence of VSS in global trade, five UN agencies²¹ created a UN Forum on Sustainability Standards (UNFSS)²² in 2013 with the aim of providing impartial information, analysis and discussions on VSS and to enable producers, traders, consumers, standard setters, certification bodies, trade diplomats, NGOs and researchers to interact and influence decision makers at the intergovernmental level. In particular, UNFSS sought to foster strategic dialogue about national policies and experiences, and on meta-governance issues of VSS, from the perspective of lower income countries.

Table 1. Examples of VSS and how they differ in scope, content, use and governance

VSS	Scope	Content	Use	Governance
IFOAM organic ²³	Agriculture – production & processing	Social, environment, other	Product labelling	Membership: organic-related businesses & non-profits
Fairtrade	Agriculture, gold and precious metals, footballs, textiles – production & trade	Social, environment, other	Product labelling	Membership: National Fairtrade Orgs. and Fairtrade producers
Rainforest Alliance	Agricultural production, forestry, tourism ²⁴	Social, environment, other	Product/ Service labelling	Multi-stakeholder board
FSC	Forestry	Social, environment, other	Product labelling	Membership: forestry-related businesses, non-profits & individuals
GlobalG.A.P.	Agricultural production	Social, environment, other	B2B	Membership: retailers, food service, suppliers & producers
ETI Base Code	All consumer products – supply chain	Social (labour)	B2B	Membership: retailers, brands, suppliers, trade unions, NGOs
SA8000	All consumer products – supply chain	Social (labour)	B2B	Multi-stakeholder board
BSCI & BEPI (amfori)	All consumer products – supply chain	Social, environment, other	B2B	Membership: retailers, brands, importers, associations ²⁵
RSPO	Palm Oil – production	Social, environment, other	Product labelling	Membership: retailers, brands, manufacturers, traders, producers, banks/investors, NGOs
SAC Higg Index	Apparel – supply chain	Social, environment, other	B2B	Membership: retailers, brands, manufacturers, non-profits, other
RJC	Jewellery, watches – supply chain	Social, environment, other	Business certification	Membership: enterprises in jewellery and watch supply chain

Source: The author.

²⁰ <https://www.isealliance.org/>.

²¹ FAO, ITC, UNCTAD, UNEP and UNIDO.

²² <https://unfss.org/home/about-unfss/>.

²³ Many countries have legislation defining what organic production means and organic certification standards vary in order to meet different legislative requirements (and for other reasons). IFOAM-Organics International is a membership organization for businesses and non-profits involved in organic production and it defines credible global standards for organic production through its Organic Guarantee System.

²⁴ For forestry and tourism, Rainforest Alliance uses third party VSS such as FSC and the Sustainable Tourism Standard.

²⁵ Amfori's governance includes a Stakeholder Advisory Council without voting rights.

2.3 Achievements and limitations of voluntary sustainability standards

From the 2000s onwards, a growing body of research on VSS provided evidence that they can promote sustainable development in a range of economic, social and environmental areas, from environmentally-friendly agricultural practices and protection of biodiversity to higher prices and income for farmers, and from improved health and safety and more formalized working conditions for workers to the development of community level infrastructure and services (Potts et al. 2014, Molenaar et al. 2017, Oya et al. 2018, Petrokofsky and Jennings 2018). For small-scale producers, compliance with VSS can improve long-term capacity to be competitive, including by introducing or reinforcing practices which make production more viable and enabling access to premium markets (Henson and Jaffee 2008, Chohin-Kuper and Kemmoun 2010, Ruben and Zuniga 2011). VSS have also played a higher level role in building management systems to enable compliance with standards and advocating for greater investment in sustainability-related business practices (Potts et al. 2014, Oya et al 2018, Petrokofsky and Jennings 2018).

However, the evidence also indicates that VSS outcomes are complex, context dependent and not universally positive. Certain groups, particularly poorer producers and micro- and small enterprises, can be (further) marginalized from international markets by the requirements and costs of VSS, as they are less likely to have the knowledge, capacity and resources to comply (Potts et al. 2014, Kaplinsky and Morris 2017a). In spite of efforts to harmonize standards, suppliers still need to pay to be audited and certified against various different standards in order to sell to a range of buyers, and the costs of compliance, auditing and certification are not always compensated for by higher prices. Even if premiums are paid for certified production, producers are rarely able to sell all their certified volumes at these higher rates and have to sell the rest at lower prices on conventional markets. This can undermine the economic benefits of certification, particularly for small-scale producers.

While auditing can be effective for checking “visible” issues such as deforestation and fire safety precautions, compliance with sensitive and less tangible issues like discrimination, forced labour and freedom of association are more difficult to detect through conventional auditing practices, particularly since workers are often fearful of losing their jobs if they speak out (Barrientos and Smith 2007, BSR 2018). Even for visible issues the “spot check” nature of audits has proven time and again to be fallible, with sometimes tragic consequences: over 250 workers died in the Ali Enterprises factory fire in Pakistan in 2012 and 1,134 workers died in the Rana Plaza building collapse in Bangladesh in 2013 – both facilities had been declared safe by independent auditing companies only weeks or months before²⁶ (Clean Clothes Campaign 2019). Suppliers sometimes go to extraordinary lengths to pass audits, including coaching workers on what to say to auditors and creating “double books” to hide non-compliant practices. There is an ongoing debate as to whether they can ever really be accurate and independent from business interests (*ibid.*, O’Rourke 2003, Locke et al. 2007, LeBaron et al. 2017).

Standards and auditing are also targeted to particular segments of supply chains – farms in the case of agricultural products and final assembly factories in the case of manufacturing – and tend to focus on formally employed workers. This omits large swathes of workers in global value chains (LeBaron et al. 2017, Tallontire et al. 2005). For example, audited garments factories may use

²⁶ At the Ali Enterprises factory there was only one functional fire exit and no working fire fighting equipment and the building violated many local and international regulations. Workers were unable to escape the fire due to locked exits and bars on windows. At Rana Plaza the entire building collapsed due to not being designed to bear the weight of industrial machinery and additional floors being added without sufficient structural support. Workers were ordered into work in spite of raising concerns about large cracks in the building.

ancillary workshops or home-based workers to carry out extra work or execute certain discrete production activities such as finishing or packaging; their working conditions escape scrutiny. In agricultural value chains, seasonal, casual and migrant workers often account for a large proportion of labour, especially during harvesting and processing, but they are frequently employed informally or through third party contractors and are given less, if any, attention during audits. More generally, the technical and top down approach of VSS is challenged by the complexity of addressing local social and environmental issues that have their roots outside supply chains in wider society and the political economy (Terstappen et al. 2012, Memkeen et al. 2017, Sexsmith 2017, Oya et al. 2018). With a few exceptions, the role of freedom of association and organized labour in monitoring working conditions and bringing about improvements has been downplayed (Anner 2017).

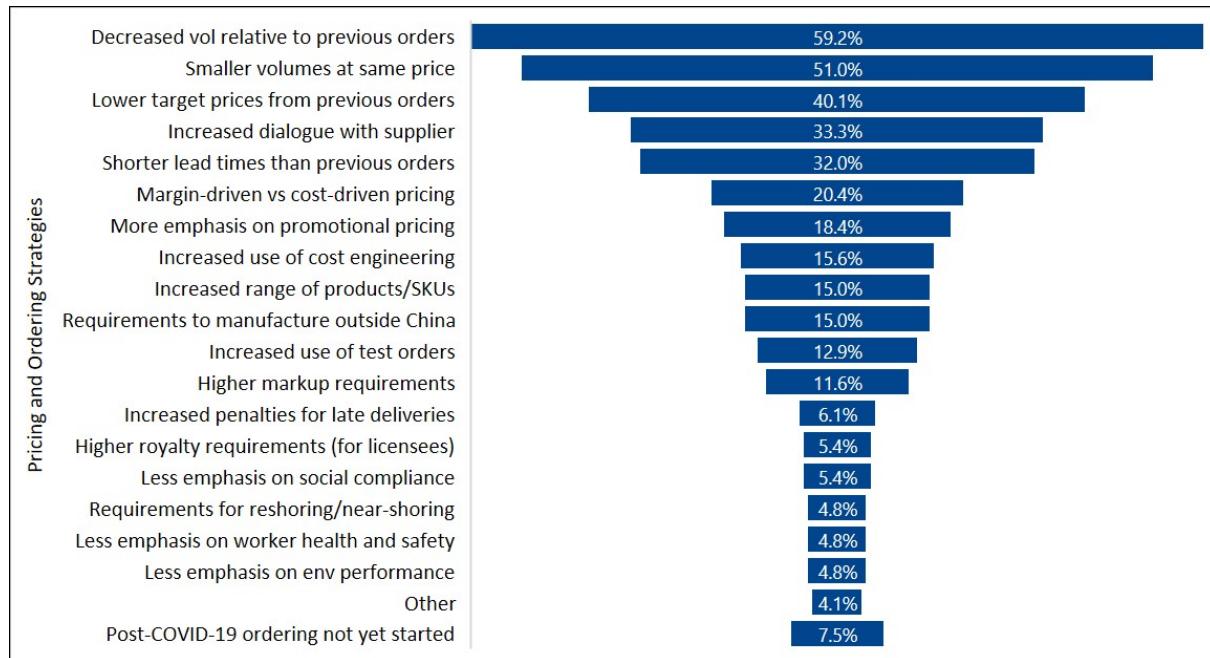
In addition, there are often tensions between buyers' requirements for social and environmental protections at supplier level and their own purchasing practices, which often remain focused on flexible sourcing arrangements, just-in-time production and lowest possible cost (ILO 2017, Starmanns 2017, Dickson 2019). Although practices vary considerably between buyers and across different sourcing regions, it is remarkably common for buyers to place orders late or make last minute changes to orders, to demand prices stay the same from year to year regardless of inflation, to use other suppliers' costings to drive down prices, and a range of other strategies that pass costs and risks onto suppliers (Dickson 2019). This makes it more difficult for suppliers to comply with codes of conduct requirements such as 'no forced overtime', 'provision of regular employment' and 'payment of a living wage'. It also means VSS can sometime reinforce a segmentation of production, with some production compliant with standards and enabling suppliers to pass audits, while other production is performed by sub-contractors and informal workers who are hidden from view, in order to cut costs and remain competitive (Kaplinsky and Morris 2017b).

Pressure on suppliers has increased under COVID-19 (see Figure 2), with some buyers delaying payments or cancelling orders made before the pandemic even though the products have already been manufactured or are in full production²⁷. Many VSS organizations have responded by producing guidance for business on responsible sourcing practices during the pandemic²⁸, and putting other measures in place to support workers and producers. But the pandemic has exposed more than ever the contradictions at play within current global production systems.

²⁷ The Worker Rights Consortium is tracking and reporting on brands that have and have not committed to pay in full for orders completed and in full production, see: <https://www.workersrights.org/issues/covid-19/tracker/>.

²⁸ For example, see amfori's guidance on responsible purchasing practices during COVID-19 here: <https://www.amfori.org/resource/responsible-purchasing-practices-times-covid-19> and ETT's guidance on protecting the rights of migrant workers during COVID-19 here: <https://www.ethicaltrade.org/resources/covid-19-migrant-workers-briefing>.

Figure 2. New pricing and ordering strategies emerging from COVID-19



Source: Better Buying Institute, July 2020. Based on information submitted to the Better Buying initiative²⁹ by 147 suppliers from 30 countries between June 25 to July 13, 2020.

2.4 Towards more meaningful VSS and responsible business initiatives

There is now greater understanding among lead firms and VSS organizations of the need to support suppliers to comply with standards and to collaborate with others to address systemic issues at the sector or country level, and there are many examples of this starting to happen. For example, the Bangladesh Accord on Fire and Building Safety³⁰ involves brands, suppliers, trade unions and the government working together to improve safety conditions in garment and textile factories, and the Malawi Tea 2020 partnership³¹ links producers and supply chain actors with CSOs and VSS organizations with the aim of achieving living wages and living incomes for tea workers and producers. There are also examples of new voluntary standards being developed through multi-stakeholder processes that involve more meaningful participation of producers and governments in supplier countries, and of governments in supplier countries reflecting VSS standards in national policies (see Box 1). However, there are as yet few concrete examples of initiatives that have achieved sustained, systemic change. In part this is because the politics, competing economic interests and unequal distribution of power and influence are sometimes glossed over or underestimated in these multi-stakeholder processes (Nelson and Tallontire 2014; Evans 2019). In Bangladesh, for example, where successive governments have sought to boost export competitiveness by minimizing labour costs, pro-worker reforms were introduced following the Rana Plaza tragedy to placate the international community and restore business confidence, rather than to address workers' concerns (Evans, 2019). As global outrage subsided and buyers continued sourcing, repression of labour rights became common once more (Evans, 2019).

²⁹ <https://betterbuying.org/>.

³⁰ <https://bangladeshaccord.org/>.

³¹ <https://www.malawitea2020.com/>.

Box 1. Examples of governments in supplier countries being involved in establishing and implementing VSS

As part of the European Union's *Single Market for Green Products* project³², the European Commission is supporting the development of environmental performance standards, including standards for "product environmental footprints" (PEFs). Eleven multi-stakeholder PEF pilots have been undertaken, involving representatives of industry, NGOs, government agencies, research institutes and other relevant bodies. In the case of the PEF for coffee, producer and government representatives from Latin America and the Caribbean (which provides more than half of coffee imports to the EU) have been actively engaged in the process, with support from ECLAC³³, which has helped to ensure that producer country perspectives have been properly considered.

In Suriname, cooperation between the government, the fishing industry, a European shrimp processor and the Marine Stewardship Council (MSC) enabled Suriname's seabob fishery to become the first credibly certified shrimp fishery in the tropics. The MSC audit process jumpstarted a broader policy process when the Surinamese government took steps to address the lack of data on the sustainability of fish stocks. This led to the development of a new national seabob fishery management plan and the government investing USD 20 million in strengthening monitoring and surveillance programmes, which has in turn enabled MSC certification and secure access to important export markets.

Sources: Frohmann 2015; ISEAL Alliance³⁴.

The historical limitations of VSS and other responsible business initiatives have also led to a new generation of standards that are seeking to apply more meaningful indicators related to desired outcomes. For instance, the Future Fit Business Benchmark sets out 23 stretching social and environmental goals for business and provides detailed guidance on how to make progress toward them and quantify the results. Existing VSS organizations are also going beyond monitoring compliance with standards to focus more on outcomes and impacts. In a novel twist to the usual top-down approach, the Better Buying initiative involves suppliers anonymously rating their buyers' purchasing practices in seven key areas that affect a supplier's ability to adhere to contracts and operate efficiently and profitably while providing decent working conditions. Supplier ratings are then fed back to buyers to stimulate improvements in the way they negotiate and honour contracts with suppliers, and can also be used by consumers, investors and civil society organizations to incentivize good performance.

The need for transparency, and for more effective monitoring systems, is being partially met by technological advances. For example, mobile phone and internet-based technology is being used to gather information directly from workers at lower cost and larger scale, and digital platforms have been set up to enable workers to rate recruiters, employers and other intermediaries (Farbenblum et al. 2018). Blockchain, a system for traceability of inputs which was originally applied to crypto-currencies, is starting to be used to track ethical sourcing of product components³⁵ and to monitor the health and wellbeing of factory workers (Mehra and Dale 2020). While many of these technology-based initiatives hold considerable potential, most are at an early stage of development and various issues have already been raised in relation to their use, including questions around the quality, ownership and confidentiality of information collected in this way (*ibid.*, Farbenblum 2018).³⁶

³² <https://ec.europa.eu/environment/eussd/smgp/> .

³³ Economic Commission for Latin America and the Caribbean.

³⁴ <https://www.isealalliance.org/impacts-and-benefits/case-studies/suriname-and-msc-collaboration-certification>.

³⁵ For example, Volvo Cars is using blockchain to verify whether materials in its batteries are sourced ethically, as reported in the Financial Times on 9 September 2020, see: <https://www.ft.com/content/3652b68e-206f-4e3a-9b3a-4d5ec9a285b7?shareType=nongift> .

³⁶ This has led to the development of the Worker Engagement Supported by Technology (WEST) Principles, a set of guidelines on how to design and implement technological solutions that identify and address worker abuse and exploitation. See: <https://westprinciples.org/> .

More generally, there is greater emphasis on corporate transparency and reporting, including through legislative developments like the EU directive on non-financial reporting³⁷ which requires large companies to disclose information on the way they operate and manage social and environmental risks. Environment, social and governance (ESG) indices and sustainable and impact investing initiatives are also increasingly being used to direct investment towards responsible businesses, with the value of such investment estimated to be more than \$30 trillion in 2018³⁸. The quality of corporate reporting, which these indices and investments rely on, remains an issue, however. This was illustrated by the recent exposure of poor working conditions in UK factories supplying the online retailer Boohoo, a company that had received a double A rating from a leading ESG index.³⁹ The proliferation of ESG reporting frameworks, and lack of fair representation of all affected stakeholders in efforts to develop and harmonize them, is also problematic (Howitt, 2020).

Standards developed by intergovernmental agencies have become increasingly influential, particularly the UN Guiding Principles for Business and Human Rights (UNGPs)⁴⁰ which were launched in 2011. The UNGPs outline the duty of businesses to carry out due diligence to ensure human rights are respected in their operations and supply chains and to have effective processes for remedy in case of breaches. Another influential standard is the OECD Guidelines for Multinational Enterprises⁴¹. The OECD Guidelines date back to 1976 and, following several updates (most recently in 2011), cover all key areas of business responsibility, including human rights, labour rights, environment, bribery, consumer interests and taxation. Both the UNGPs and the OECD Guidelines identify the role of government in enabling and ensuring adherence to the standards and in handling grievances. In the case of the UNGPs, States are encouraged to develop, enact and update a National Action Plan as part of the State responsibility to disseminate and implement the guiding principles, while governments adhering to the OECD Guidelines are required to establish National Contact Points (NCPs) to promote the guidelines and to mediate between interested parties when issues arise.

With this, the line between voluntary and mandatory standards becomes even more blurred. This trend is predicted to continue, as there are growing calls for mandatory requirements related to business and human rights in global value chains. In April 2020, the EU announced plans to develop a legislative proposal by 2021 for EU-wide human rights due diligence requirements, and VSS initiatives and some large corporations have shown their support for mandatory human rights and environmental due diligence.⁴² A number of countries have already taken steps in this direction, such as: California's Transparency in Supply Chains Act, 2012; the UK's Modern Slavery Act, 2015; the French Duty of Vigilance Law, 2017; and the Dutch Child Labour Due Diligence Law, 2019. While only a limited number of cases have as yet been brought to court, let alone been resolved, this shift towards statutory requirements has, at the very least, served to focus minds within the business community.

³⁷ https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en.

³⁸ https://www.ussif.org/files/GSIR_Review2018F.pdf.

³⁹ The Financial Times ran an article on this on 27 July 2020, see: <https://www.ft.com/content/ead7daea-0457-4a0d-9175-93452f0878ec>.

⁴⁰ https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

⁴¹ <http://mneguidelines.oecd.org/mneguidelines/>.

⁴² <https://www.business-humanrights.org/en/latest-news/eu-mandatory-due-diligence/>

3 GENDER AND VOLUNTARY SUSTAINABILITY STANDARDS

3.1 Gender inequality in global value chains

This section provides an overview of gender dynamics in the economy as a whole, and in relation to global value chains specifically, as context for understanding the role of VSS in advancing gender equality and women's empowerment.

3.1.1 Gender dynamics in the economy

Women's participation in the economy, as producers, business owners, wage workers, self-employed and unpaid family labour, and the benefits they derive from participation, are shaped by systemic gender inequalities (Bamber and Staritz 2016, Bourke Martignoni and Umlas 2018, Barrientos 2019). Although there is significant variation between countries and regions of the world, typical inequalities include women having less access than men to employment, productive resources, credit, education, skills development, infrastructure, services, information and networks (*ibid.*). Women also have greater responsibility than men for unpaid care work⁴³, which constrains their options for paid work (number of hours available, ability to work away from home) and often leaves them with a heavy workload (Addati et al. 2016). This is linked to socio-cultural norms and expectations around the roles of men and women in households, markets and society and reflects and is reinforced by macroeconomic and policy environments that undervalue non-market work and the care economy (Elson 1999, Folbre and Heintz 2017).

As result of these gender inequalities, women wage workers are more likely than men to be in part-time, temporary or informal work (including working as unpaid labour on family farms) and they tend to work in jobs and sectors that have lower rates of pay (ILO 2018, Barrientos 2019). They also have fewer opportunities for career advancement. Globally, when hourly wage rates for women and men employees are compared, there is an average “gender pay gap” of 19 percent, with the gender gap in some countries as high as 160 percent for the bottom percentile of earners (ILO 2018.).

Women in irregular, informal work lack access to social protection and other benefits associated with formal employment, including representation by trade unions. These and other factors leave them highly vulnerable to exploitation, including modern forms of slavery such as forced and bonded labour. Forced and bonded labour in the private sector is estimated to affect 9.5 million women at any given time (representing 59 percent of all people affected), with construction, manufacturing (including garments), and agriculture and fishing accounting for almost half of the cases (ILO and Walk Free Foundation 2017).

When it comes to agriculture, women face systemic discrimination in access to land: globally, fewer than 15 percent of all landholders (i.e. people who manage land) are women, and women constitute an even smaller share of landowners (people who have the right to alienate or transfer land) (FAO 2018). Women farmers also have less access than men farmers to labour, inputs, technology, credit and extension, resulting in productivity levels that are 20 to 30 percent lower than men, on average, worldwide (FAO 2011). Within male-headed households in low-income countries, women often carry out a significant proportion of the work on family farms, including stages critical to quality,

⁴³ Care work is work that reproduces, nurtures, and sustains the human population. It consists of two types of activities: (i) *direct* care activities such as feeding a baby, nursing a sick partner, helping an older person to take a bath, or teaching young children; and (ii) *indirect* care activities such as cleaning, cooking, doing laundry, and household maintenance (Addati et al. 2016).

but they are far less often involved in marketing and may have limited control over the income earned (*ibid.*, Twin 2013, Sexsmith 2017).

Gender inequalities also affect women's ability to start and successfully run a business. A global survey of women's entrepreneurship found women were less likely than men to be entrepreneurs in 50 out of 59 countries, with women perceiving fewer opportunities for their businesses and having less confidence in their capabilities than men (Elam et al. 2019). Women's businesses are smaller than men's, on average, and their growth rate is significantly lower (Ernst and Young 2017 and IFC 2011, cited in UN Women 2017). Among SMEs, the ratio of assets of men's to women's businesses is 2.5: 1 (Dassanou et al 2014). Women are constrained to start businesses in sectors where capital requirements and other barriers to entry are very low, so that they are very competitive; profit margins are relatively low and individual firms have weak growth potential (Kelley et al. 2015).

3.1.2 Women's participation in global value chains

Global value chains are a valuable source of income and employment for millions of women around the world, from garment workers in Bangladesh to coffee farmers in Rwanda to workers in retail outlets in the USA. It is estimated that 42 percent of the 453 million jobs generated by global value chains in 40 OECD countries and emerging economies are occupied by women (ILO 2015). A similar percentage (41 percent women) was found in a survey involving 1,454 suppliers in 87 countries, representing 15 sectors and 1.5 million workers (ILO 2017).

However, the gender inequalities that shape women's participation in the economy are mirrored in global value chains. For example, in a survey of textile and apparel suppliers from around the world, only 37 percent of middle managers and 18 percent of top executives were women compared to 57 percent of workers (ILO 2015). In addition to discrimination in pay and employment opportunities, women working in value chains often experience other violations of their rights, such as sexual harassment and abuse at work or travelling to and from work, and forced pregnancy testing (Bourke Martignoni and Umlas 2018). Women farmers may face challenges meeting the standards required for global value chains, due to unequal access to resources, information and support, and they may be excluded from producer organizations as land ownership is typically required for membership, which can prevent them from participating in organized production networks (Smith 2013, Fairtrade Foundation 2015). Although women-owned businesses represent around a third of all businesses in the formal economy worldwide, they are marginalized from global value chains – one estimate puts procurement from women-owned business as less than 1 percent of all spending by large businesses and governments (Vazquez and Frankel 2017). This is exacerbated by a trend towards consolidation in supply chains and a preference for larger suppliers among multinational companies (UN Women 2017).

The prevalence of gender inequality in global value chains makes this a critical social issue for responsible business initiatives to address. The COVID-19 pandemic makes this all the more necessary, given the disproportionate impact it is having on women. Doing so is not only important for enabling women and girls to access and claim their rights and to live full and secure lives, it will also contribute to economic and social development. For instance, the World Bank estimates that, globally, countries lose \$160 trillion in wealth due to gender inequality in earnings (Wodon and de la Briere 2018), while a large number of studies have linked women's income and greater decision making power within the family to improved child nutrition, health and education (FAO 2011).

3.2 Gender-related content in voluntary sustainability standards⁴⁴

Despite the gravity and pervasiveness of gender inequality in global value chains, the promotion of gender equality and women's empowerment is rarely one of the core goals of VSS organizations or lead firms' responsible sourcing policies. This affects the content of standards: for instance, only 30 percent (representing 61 schemes) of the standards on the ITC Standards Map⁴⁵ explicitly mention gender (ISEAL and BSR 2020). For those standards that do mention gender, this is most often as part of prohibiting discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin (ILO Convention 111), which dilutes the focus. Some VSS have more targeted gender criteria, including *process requirements* such as the need for suppliers to have a gender policy or to conduct gender risk assessments, and *specific criteria* related to women's rights and gender issues such as equal pay for women and men and health and safety measures for pregnant women. However, many key gender issues for women in value chains are frequently not covered, including land rights, maternity rights and family-friendly employment policies, women's representation in workplace and organizational committees and decision-making bodies, and gender-based violence including sexual harassment (Tallontire et al. 2005, Lyon 2008, KPMG 2013, Sexsmith 2017). Also, for the gender issues that *are* included, compliance criteria often do not contain sufficient detail; for instance, going beyond the right to equal pay to stipulate equal pay for work of equal value, or defining what constitutes sexual harassment.

There are, however, a number of VSS that include more comprehensive criteria related to common gender issues in the sectors that they operate in, often as a result of recent additions. A 2019 review of five of the most established VSS product certification schemes in agriculture⁴⁶ found that as well as a general requirement prohibiting gender-based discrimination, all five require access to childcare for workers, four stipulate no tolerance for sexual harassment, and three require paid maternity leave, breast-feeding breaks and flexibility for nursing mothers, separate sanitation or rest facilities for men and women, and equal educational opportunities for women (Sexsmith 2019).

A few gender equality certification schemes have also been developed to provide a way for business, consumers and investors to demonstrate their support for women and gender-responsive practices. One such example is EDGE (Economic Dividends for Gender Equality)⁴⁷ which awards progressive levels of certification ('assess', 'move' and 'lead') to businesses and non-profits based on performance in relation to: representation of women at all levels of the organization; pay equity; effectiveness of policies and practices to ensure equitable career flows; and inclusiveness of culture. Around 200 large organizations in 37 countries currently have EDGE certification, representing 24 industries including energy, finance, healthcare, IT, retail and telecommunications.

An alternative approach that has been used to tap into consumer support for women and gender equality is to label products as 'produced by women' and channel the additional premium charged for these products back to women producers (usually in the form of a collective fund to be used according to women's needs and priorities). This approach has mostly been used in the smallholder coffee sector, such as the 'Café Femenino' initiative that was set up by Peruvian cooperative Cenacor and Canadian organic coffee trader OPTCO in 2003.⁴⁸ To participate, cooperatives must

⁴⁴ It should be noted that VSS, and by extension this technical study, focus on aspects of employment and production rather than business ownership. As part of their broader corporate responsibility commitments, some large companies aim to source more from women-owned businesses, but this does not form part of the VSS landscape and is therefore not covered in this and the following sections of the study.

⁴⁵ https://www.sustainabilitymap.org/standards_intro .

⁴⁶ 4Cs, Fairtrade, IFOAM, Rainforest Alliance, UTZ.

⁴⁷ <https://edge-cert.org/>

⁴⁸ <https://www.cafefemenino.com/> .

provide women farmers various political and economic benefits such as legal rights to the land on which they farm and leadership positions within the cooperative. Women's coffee is then sold as separate lots to roasters in different countries for branding and marketing at a premium price.

3.3 Growing commitment to gender mainstreaming among VSS initiatives and the business community

Including gender-related process requirements and specific criteria in VSS is just the starting point for addressing gender issues and inequalities in global value chains. Whether VSS are effective for doing so ultimately depends on the way standards are implemented on the ground, which is linked to the level of commitment to gender among VSS governing bodies, the quality of systems for supporting and auditing compliance with standards, and the capacity and attitudes of people employed by VSS organizations, businesses and auditing companies. Historically, few VSS schemes have taken a gender mainstreaming approach and there has been a marked absence of management systems for detecting and addressing gender issues, including for collecting gender disaggregated data and processing complaints (KPMG 2013, Sexsmith 2017). A recent review of the approach to gender among ISEAL's 23 members found that only 3 members have published gender strategies or policies (ISEAL and BSR 2020). There are some indications that this is related to inadequate representation of women in VSS regulatory processes, including agenda setting and development of standards, policies and strategies, although there are insufficient data to draw conclusions (UNECE 2019). In contrast, the inadequacies of conventional social auditing approaches for picking up on gender issues such as discrimination and sexual harassment have long been known (O'Rourke 2003, Tallontire et al. 2005, Barrientos and Smith 2007).

This situation is gradually changing. For instance, ISEAL reports an increase in members' awareness, activity and aspiration on gender-related issues over the 2018-2020 period⁴⁹ (ISEAL and BSR 2020). This mostly means mainstreaming gender in programmatic work rather than integrating gender thinking across VSS structures, operations and processes, but there are cases of standards that are taking a more systematic, gender-responsive or even gender-transformative approach. Examples of measures taken by ISEAL members and other VSS bodies include⁵⁰:

- Developing gender policies and strategies to articulate principles, goals and strategic activities;
- Carrying out internal gender audits and assessing staff awareness and understanding and using this to design gender training or recruit new staff;
- Reviewing and strengthening standards to include more specific clauses and compliance criteria related to gender;
- Publishing guidance and resources on gender issues and on how to implement and assess compliance with VSS requirements in a gender-responsive way;
- Implementing projects and/or providing technical assistance to address gender issues in supplier countries;
- Conducting gender-focused research and strengthening monitoring and evaluation systems to track progress on gender;
- conducting advocacy campaigns around the need for gender equality and women's empowerment in specific supply chains or sectors.

There has also been increased attention to gender issues in the business community. This has been driven by a number of developments over the last 5 to 10 years, including social media campaigns

⁴⁹ This was for the nine VSS schemes that were interviewed for ISEAL's internal research.

⁵⁰ These examples are drawn from ISEAL and BSR 2020 and Smith with Busiello 2019.

such as #metoo and #timesup that have raised gender equality up the agenda for consumers and social influencers, and benchmarking initiatives that measure and publicly report on corporate performance on gender (e.g. Oxfam's 'Behind the Brands'⁵¹ and Equileap⁵²). Most emphasis has been on internal corporate policies and practices, but there are a growing number of supply chain gender initiatives among lead firms (see Box 2 for examples) and NGOs, VSS organizations and responsible business initiatives are pushing companies more in that direction. For example, ETI⁵³ and amfori⁵⁴ have recently developed gender strategies and produced guidance for corporate members on understanding and addressing gender issues in their supply chains, and Business for Social Responsibility (BSR) has developed a framework and an e-learning course on conducting gender-responsive due diligence and social auditing. BSR has also been engaging with its member companies to help them integrate gender considerations into their management practices.⁵⁵ Building on this work, BSR and ISEAL launched a Gender Working Group for Sustainability Standards⁵⁶ in 2018, to jointly develop and promote strategies, tools and systems for integrating gender perspectives in VSS schemes and to tackle systemic gender inequalities in global value chains.

Box 2. Examples of lead firms strengthening their approach to gender in supply chains

Tesco plc, the UK's leading supermarket chain, has identified gender as one of four key focus areas for ensuring respect for human rights in supply chains. Based on analysis of the risk of gender inequalities and the potential for impact, four product supply chains (bananas, tea, farmed prawns and berries) and four key outcomes (addressing sexual harassment and discrimination; increasing women's voice in the workplace; enabling women in leadership; addressing gender stereotypes) have been prioritized. Tesco is working with key suppliers, NGOs, trade unions, the wider industry and others to support improvements among suppliers and across the sectors.

Gap Inc. was one of the first global brands to address gender inequality in apparel supply chains, introducing an education and life skills training programme for women workers (Personal Advancement and Career Enhancement, P.A.C.E.) in 2007. The programme runs in over 300 factory locations in 17 countries and over time has been refined and expanded to other sites, including rural community settings, academic and vocational institutions and emergency relief centres. Over half a million women have completed the programme to date and it is currently being scaled up through no-cost license agreements to other apparel and food and beverage companies.

Sources: Tesco plc.⁵⁷; Gap Inc.⁵⁸.

3.4 UN initiatives to promote gender-responsive standards and business practices

Various UN initiatives have also helped build momentum on gender among businesses and standards organizations. Many of these are linked to the SDGs, such as the UN High Level Panel on Women's Economic Empowerment⁵⁹ and the Women's Empowerment Principles (WEPs)⁶⁰. The WEPs are themselves a voluntary standard for businesses, launched by UN Women and the UN Global Compact in 2010. They outline seven core principles for how to promote gender equality and women's empowerment in the workplace, marketplace and community. Around 3,000

⁵¹ <https://www.behindthebrands.org/>

⁵² <https://equileap.org/>

⁵³ <https://www.ethicaltrade.org/issues/gender-equity-global-supply-chains> .

⁵⁴ <https://www.amfori.org/content/gender-equality-and-womens-empowerment>

⁵⁵ See: <https://www.bsr.org/en/topics/reports/Womens-Empowerment>

⁵⁶ See: <https://www.isealliance.org/about-iseal/our-work/gender-working-group-sustainability-standards>

⁵⁷ <https://www.tescopl.com/sustainability/publications/policies/downloads/gender-supply-chain-strategy/>

⁵⁸ https://www.gapinc.com/en-us/articles/2020/02/500,000-women-and-girls-complete-gap-inc-s-global-?_ga=2.87967710.734624837.1601405458-26807954.1601405458

⁵⁹ <https://hlp-wee.unwomen.org/en> .

⁶⁰ <https://www.weps.org/> .

CEOs have signed the WEP CEO Statement of Support and have committed to adopting the seven principles in their businesses, covering topics such as corporate leadership; employee health, wellbeing and safety; and enterprise development, supply chain and marketing practices. The WEPs platform provides guidance and networking opportunities for signatory companies and in February 2020, Global Compact launched ‘Target Gender Equality’, an accelerator programme through which companies can access more comprehensive, tailored support.⁶¹

Another UN-owned VSS scheme is the Gender Equity Seal for Public and Private Enterprises (GES)⁶², which was first piloted by UNDP in 2009. This gender-focused certification scheme is similar to EDGE but covers a broader range of issues. Participating enterprises are required to incorporate a gender perspective into their management systems and commit to:

- eliminate gender-based pay gaps;
- increase women’s roles in decision-making;
- enhance the work-life balance for employees;
- enhance women’s presence in occupational areas that are traditionally male-dominated;
- eradicate sexual harassment at work;
- use inclusive, non-sexist communication;
- promote women in business and cross-cutting gender equality in value chains.

There are currently around 750 GES-certified enterprises from across sectors such as construction, energy, marketing, oil and gas, mostly located in Latin America. The scheme is being expanded globally through two modalities: Nationally-owned Certification Programmes that are developed with governments; and the Gender Equality Seal for Multinational Companies (GES4MNCs).

UNECE’s Gender Responsive Standards Initiative⁶³ takes a different approach: it aims to strengthen the use of standards and technical regulations as tools to attain SDG 5. Governmental and private standards bodies are invited to sign up to a ‘Declaration for Gender Responsive Standards and Standards Development’ which requires signatories to create, implement and track progress against a gender action plan. Recommended actions revolve around developing gender balanced and inclusive standards bodies and standards development environments, and ensuring standards are gender-responsive in their content and implementation. One year after it was launched (in May 2019), the declaration had been signed by 68 standards organizations, including the International Organization for Standardization (ISO)⁶⁴ and national standards bodies from 54 countries around the world, as well as 6 VSS organizations⁶⁵.

Another recent development is the publication of gender guidance for the UN Guiding Principles for Business and Human Rights (UNGPs) in June 2019⁶⁶. This responds to a critique that the UNGPs contain little detail as to how companies should develop gender-responsive due diligence processes (Bourke Martignoni and Umlas 2018) and was the product of an extensive process of consultation with stakeholders in different parts of the world. It provides detailed and stretching

⁶¹ <https://www.unglobalcompact.org/take-action/target-gender-equality>

⁶² <https://www.genderequalityseal.org/programme/>

⁶³ <http://www.unece.org/tradewelcome/steering-committee-on-trade-capacity-and-standards/tradewp6/thematic-areas/gender-initiative.html> .

⁶⁴ ISO is a membership organization of 165 national standards bodies that develops voluntary, consensus-based, market relevant International Standards covering almost all aspect of technology and manufacturing.

⁶⁵ The 6 VSS are amfori, Fairtrade International, RJC, Roundtable on Responsible Soy Association, The Gold Standard, Verra.

⁶⁶ https://ap.ohchr.org/documents/dpage_e.aspx?si=A/HRC/41/43. A user-friendly version of the report can be found here:

<https://www.ohchr.org/Documents/Issues/Business/BookletGenderDimensionsGuidingPrinciples.pdf> .

guidance for states and businesses on integrating a gender perspective using a three step framework: gender-responsive assessment; gender-transformative measures; and gender-transformative remedies. Given the growing influence of the UNGPs in the dialogue around responsible business practices, this is an important development as it provides clarity on the broad range of measures that are needed to ensure that the rights of people of all genders are respected.

4 PROSPECTS FOR ADVANCING GENDER EQUALITY USING VOLUNTARY STANDARDS

4.1 Existing evidence on VSS contribution to gender equality and women's empowerment

Evidence related to VSS impacts on gender equality and women's empowerment comes from two streams of research: one on VSS in agriculture which largely relates to product labelling schemes such as organic, Fairtrade and Rainforest Alliance; the other on VSS in manufacturing which is more focused on B2B standards, with the garment and textile sector accounting for the bulk of this research, along with electronics. These are the domains in which VSS have the longest history and sufficient time has passed for impacts to emerge and be critically assessed. In most cases, the research is not exclusively on gender; rather, there is some analysis of differential impacts for women and men, or some coverage of gender issues alongside other aspects of sustainability. The exception is research on the garment sector, which implicitly or explicitly has a strong gender focus due to women constituting the majority of garment workers in key sourcing countries. The literature on corporate sourcing from women-owned businesses is separate to the literature on standards and is therefore not discussed here.

It is important to recognize that most of the recent developments in VSS approaches to gender are not reflected in the research evidence, as there is a time lag between initiation, impact and research. As such, the information in this section relates to what may be considered the “first generation” VSS approach to gender. In the subsequent section, the potential of the newer VSS initiatives will be assessed using a more theoretical lens.

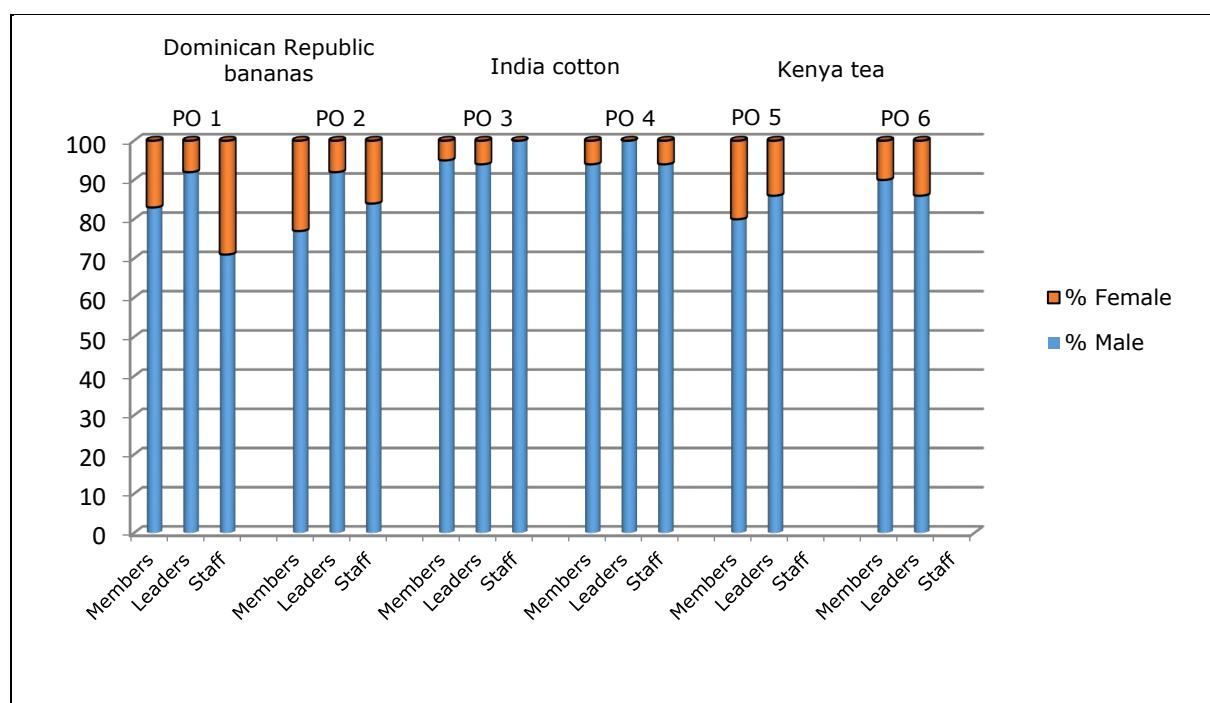
The available evidence indicates that, in general, VSS have had minimal impact on gender inequality in global value chains, although there is some variation between schemes, sectors and locations. This is a reflection of the limited gender-related content in standards as well as wider challenges associated with VSS effectiveness (see section 2.3), particularly when it comes to relying on audits for monitoring and enforcing compliance.

Audits are notoriously bad at picking up discrimination and other gender issues. For example, a meta-analysis of 87,000 audit reports found just 935 gender-specific non-compliances out of a total of 235,000 non-compliances detected, and most of these related to visible issues like a lack of separate toilets for women and an absence of policies on non-discrimination and sexual harassment (BSR 2018). Factors that can prevent audits from being gender-sensitive include: audit teams that are composed only of men or of people with little understanding of local gender issues; limited time allocated for worker interviews and minimal attention to gender issues in these interviews; a focus on full-time permanent workers to the exclusion of part-time, temporary and informal workers; and a lack of consultation with women representatives in the workplace or in the wider community (*ibid.*). In addition, gender disaggregated data is rarely collected, meaning there is a lack of even basic information on the number and type of women and men workers in a company's supply chain and how their working conditions vary. The fact that B2B standards and audits are concentrated on the top tier of suppliers adds to the likelihood that particularly vulnerable women,

such as homeworkers and those working for sub-contractors, are not reached (Chen 2014, BSR 2017, Mezzedri 2012).

Another common issue is the lack of consideration of the gender context in which standards are applied and the ways in which gender affects women's and men's involvement in value chains. This means VSS can reinforce the status quo in which men typically occupy a privileged position in households, workplaces and organizations and are more able to direct the distribution of resources and benefits towards their own needs and priorities (Ruben, Fort and Zuñiga-Arias 2009, Terstappen et al. 2012, Smith 2013). This is particularly pertinent in small scale agriculture, where fewer women are registered as members of producer organizations or involved in contract farming schemes due to men's domination of land ownership. Most VSS schemes require farmers to be organized in some way in order to be able to communicate the requirements of standards, deliver training and other support, and monitor performance. This acts as a structural barrier to women's involvement which VSS have done little to correct (Sexsmith 2017). For example, in 2015 Fairtrade International reported that just 23 percent of farmers in Fairtrade-certified producer organizations were women, but in 2019 the proportion was even lower, at 19 percent.⁶⁷ The proportion of women in the leadership of producer organizations is typically even lower (see Figure 3). Women are further marginalized by the fact that they are less likely to receive training and extension services that enable compliance with VSS requirements, or to have the income or access to finance needed to cover the associated costs (Bolwig and Odeke 2007, Farnworth and Hutchings 2009 and COSA 2013, cited in Sexsmith 2017).

Figure 3. Gender breakdown of members, leaders and professional staff in six Fairtrade-certified producer organisations (PO) in the Dominican Republic, India and Kenya



Source: Based on Fairtrade Foundation 2015

However, VSS have occasionally enabled women to gain ownership of land or productive resources such as coffee bushes and cocoa trees. For example, in Mexico and Central America, the requirement that farm owners be present during audits for organic certification has led to men who

⁶⁷ Figures reported in Fairtrade International's impact monitoring reports for 2015 and 2019, see: <https://www.fairtrade.net/search/library?fma=&fmb=monitoringReport>.

have migrated transferring land titles to their spouses (Lyon et al. 2010). A more common finding is that VSS have in some locations encouraged more democratic and gender-inclusive decision making in producer organizations and households (Ruben and Zuniga 2011, Sexsmith 2017). Studies have linked this to active promotion of non-discrimination criteria and gender-specific initiatives, such as requiring a women's committee or a gender committee to be established, holding gender equity workshops and training, hiring women extension officers, promoting women's participation in training and in decision-making bodies, and requiring both spouses to be present when payments are made or direct payments to women producers (Riisgaard et al. 2009, Verstappen et al. 2012, Nelson and Smith 2011, Said-Allsopp and Tallontire 2016, Chiputwa and Qaim 2016).

VSS have also sometimes brought improvements in working conditions that can particularly benefit women, such as gender-segregated toilets, reductions in compulsory overtime and enforcement of minimum wages (Tallontire et al. 2005, Barrientos and Smith 2007, Terstappen et al. 2012, Nelson and Martin 2013). Critically, VSS can also encourage formalization of wage employment for women (and men) previously employed as temporary or casual workers, which has increased their access to employment benefits such as paid leave, maternity pay and social security (Smith 2010, COSA 2008 and HIVOS 2014, in Sexsmith 2017). A rarer outcome is provision of worksite childcare facilities and even when these are provided, they do not always address some more fundamental issues. For example, research on a Fairtrade-certified flower farm in Ecuador found that although working conditions on the farm far exceeded those typical for the region and included free day care for children up to five years old, women often experienced feelings of guilt or loss at not providing the kind of care that is culturally expected of them as mothers (Grosse 2016). This was exacerbated by the low rates of pay which meant that women had to work long hours to make ends meet, especially if they were sole providers for families (which was relatively common). VSS requirements for small scale agriculture have also been found to create additional demands on labour which can fall heavily on women given their tendency to be involved in labour-intensive aspects of production such as weeding, harvesting and post-harvest processing (KMPG 2013, Oya et al. 2018). While this can be offset by premium payments for certified production, women's access to and control over this additional income is not guaranteed.

As noted earlier, buyers' purchasing practices can undermine suppliers' ability to comply with labour standards and this has added relevance from a gender perspective. For example, short lead times, production peaks and last minute changes to orders can lead to mandatory and excessive overtime, which is particularly problematic for women due to their care responsibilities (Barrientos 2019). Likewise, constant pressure on prices can undermine the provision of regular, formal employment and payment of living wages and drive a segmentation of production whereby some workers benefit from relatively good working conditions in order to demonstrate compliance with standards while others are hidden from view in insecure, poorly paid and sometimes dangerous jobs in order for suppliers to remain competitive (*ibid.*, Kaplinsky and Morris 2017b, LeBaron 2018).

Box 3. Weak implementation and auditing practices mean a failure to address forced labour and labour exploitation

Research in the Indian tea sector and Ghanaian cocoa sector⁶⁸ found widespread examples of forced labour and labour exploitation on farms which had been audited as part of VSS schemes (ETI, Fairtrade, Rainforest Alliance and Trustea). This included sexual violence and verbal abuse,

⁶⁸ The research involved a survey of 536 tea workers from across 22 tea plantations in two regions of India (Assam and Kerala) and a survey of 497 cocoa workers from across 74 cocoa communities in Ghana, plus in-depth interview with 61 tea workers and 60 cocoa workers.

debt bondage, and non- and under-payment of wages. Women found it particularly difficult to escape exploitative conditions, and there were cases of human trafficking of women from tea plantations into domestic and sex work. Most workers on certified farms were not aware their farms were certified and the study found ‘cheating’ in audit processes and loopholes in all VSS systems which allow forced labour to continue. The study author also blamed low prices and irresponsible sourcing practices by buyers in UK markets for creating a strong and systemic demand for cheap labour.

Source: LeBaron 2018.

4.2 Prospects for more substantive VSS impacts on gender equality and women’s empowerment in future

We are at a critical juncture in the evolution of voluntary standards for trade and the potential for a more substantive contribution to gender equality and women’s empowerment needs to be assessed within this wider context. Enough time has passed for the weaknesses of VSS to be revealed and the pressure is on to prove they can deliver on their claims. More effective auditing and risk assessment methodologies are being developed and going “beyond compliance” is the new mantra, with resources being channelled into addressing the systemic issues that lie at the heart of harmful social and environmental practices. Businesses that demonstrate high standards are starting to see some rewards from consumers, clients and investors, as well as enhanced loyalty from employees. This “carrot” is being complemented by the “stick” of the law, which is beginning to enforce business responsibility for human rights abuses in supply chains. Even the thorny issue of purchasing practices is now being more openly acknowledged and discussed.

Nevertheless, large ships are hard to turn, especially when there are strong currents pulling in the opposite direction. The global economic system, with its loose-footed capital and prioritization of shareholder interests, is still fundamentally unchanged. The vast majority of investment remains blind to the social and environmental performance of recipient companies and drives a focus on quarterly profits over longer-term sustainability. The maturing of consumer markets in China, India and other emerging economies represents huge opportunities but also the risk that not all markets will be equally demanding, bringing further segmentation of production and standards. While the threat of the law may be an incentive for lead firms to invest in assessing and mitigating human rights risks in their supply chains, any cases that are brought to court are likely to be caught up in lengthy and expensive legal disputes over jurisdiction⁶⁹. Some companies are trying to align their purchasing practices with their social and environment commitments, but their efforts are often undermined by the actions of other companies buying from the same suppliers. And creating a shadow over many of the advances of recent years is the social and economic fallout of COVID-19.

These are challenges enough; ensuring a gender perspective is prioritized and mainstreamed across VSS systems and processes adds to them. However, there are reasons for cautious optimism. Businesses are under pressure from multiple angles to take gender issues more seriously, including from women’s organizations and movements in supplying countries and destination markets, and their performance in this area is increasingly being monitored. The same pressures feed into the agendas of VSS certification schemes, some of which have already developed a more strategic

⁶⁹ This was demonstrated by the lawsuit that was filed in the UK against Unilever plc for ethnic violence committed against the employees of its tea plantation in Kenya in 2007. See: <https://www.business-humanrights.org/en/unilever-lawsuit-re-ethnic-violence-in-kenya>.

approach to gender that encompasses a mix of increased capacity, stronger standards, better auditing and producer- and supplier-level training and project initiatives. Businesses and VSS organizations are getting better at collecting and reporting on gender-disaggregated data, which is enhancing the visibility of the issues, and there are multiple collaborations taking place which are gradually building knowledge and understanding of effective approaches. The latter includes interventions to tackle some of the most challenging gender issues, such as sexual harassment and gender-based violence in factories⁷⁰ and women farmers' ownership of productive resources⁷¹. In the years to come it will be important to monitor the extent to which these developments correct for past weaknesses in the VSS gender approach. A critical issue is likely to be the amount of time and resources that are put into this area of work, given VSS are working on many different themes simultaneously and priorities may change as a result of COVID-19.

Gender-focused VSS such as the WEPs and EDGE help to deal with the issue of competing priorities. They provide businesses and other organisations with clear criteria and targets for gender-responsive practices and potential opportunities to differentiate themselves in markets based on their performance. However, it is not yet clear how effective they are for stimulating improvements. Analysis of data collected through the WEP gender gap tool⁷² found minimal progress between 2018 and 2020 and performance on the 24 key performance indicators used in the tool is poor overall (UNGC and BSR 2020). For instance, only 35 percent of signatories have a non-discrimination and equal opportunities policy and only 9 percent assess impacts on men and women separately during human rights or social impact assessments, while just 4 percent track their percentage spend with women-owned businesses. Similarly, the vast majority of EDGE-certified organizations are at the entry level 'assess', with just two companies certified as 'lead'. In theory, as gender moves up the corporate and investment agenda, certification could give corporations and suppliers some advantage over competitors and they may be more incentivized to make faster progress, but to date the schemes do not appear to be functioning in this way.

UNECE's gender responsive standards initiative is useful in that it targets all types of standards bodies, drawing attention to need for an inclusive and gender-sensitive environment for standards development and implementation. Going forward, it will be important to monitor implementation of the gender action plans that standards bodies commit to develop as signatories to the Declaration on Gender Responsive Standards. Similarly, having gender specific guidance for the UNGPs is an important step forward for providing clarity and direction for gender-responsive human rights due diligence, but there is still a long way to go before the core principles of the UNGPs are applied in full by both states and businesses and there is a risk that the gender guidance is treated as an optional "add-on" for the foreseeable future.

In summary, VSS are on the right track to play a more substantive role in addressing gender issues in global value chains, but this is only likely to happen if there are adequate incentives and rewards for lead firms, suppliers and producers that demonstrate high standards in this area (from consumers, onward buyers, investors and/or states), and sanctions for those that behave irresponsibly. There also needs to be far more involvement of stakeholders from supplier countries

⁷⁰ For example, BSR's HERrespect programme engages factory management and workers in a process of reflection on gender norms and builds management systems to prevent and address workplace violence, see: <https://herproject.org/programs/herrespect>.

⁷¹ For example, Fairtrade Africa, in partnership with the Kenya National Farmers Federation, Solidaridad and the Fairtrade Foundation (UK), worked with certified coffee cooperatives in Kenya to set up women-only associations and to encourage men to transfer ownership of some of their coffee bushes to wives and daughters, see: <https://fairtradeafrica.net/wp-content/uploads/2020/04/WOMEN-IN-COFFEE-BROCHURE.pdf>.

⁷² The WEP gender gap analysis tool allows companies to review their existing policies and practices and establish new ones based on examples of good practices from around the world.

in the development and implementation of standards, including representatives from governments and from women's organizations. It is also important to recognize that VSS alone cannot be expected to address all the structural causes of gender inequality, which include deeply entrenched beliefs and attitudes about women's and men's capabilities and responsibilities, and a global economic and political framework that undervalues care as a public good. In this context, one of the key contributions of VSS may be establishing criteria and norms for a gender-equitable and inclusive environment on farms and in factories and providing hard evidence (data) of the systemic issues that need to be addressed by states, businesses and civil society at national and international levels in order to create a more conducive environment for women to participate in the global economy on equal terms with men. VSS could also help with the critical task of building women's understanding of their rights and enabling them to act collectively to articulate and promote their needs and interests and to seek redress when their rights are violated. The extent to which they fulfil this potential remains to be seen.

5 POLICY OPTIONS FOR PROMOTING GENDER EQUALITY IN TRADE THROUGH VOLUNTARY SUSTAINABILITY STANDARDS

The principal aim of this technical study is to provide policymakers in developing and emerging economies an overview of voluntary sustainability standards for trade and an understanding of the role they play in advancing gender equality and women's empowerment in global value chains. Overall, VSS have considerable potential to contribute to gender equality and other improvements in living standards and working conditions in developing and emerging economies, and governments have an important part to play in supporting their application and compensating for associated risks and shortfalls. Based on the information and analysis in the study, the following actions are recommended as ways for policymakers to engage with VSS initiatives to deliver on global and national commitments to gender equality and women's empowerment while also promoting trade and economic development.

Recommendation 1. Recognize the growing influence of VSS in global trade and the role of government in enabling producers and suppliers to comply with the requirements of buyers related to gender equality. Be aware of the possibility that VSS (and trade policies) may exacerbate gender inequalities, particularly for women who are most at risk of exclusion or exploitation in markets (e.g. women involved in small-scale farming, women in temporary or informal work, migrant workers, home-based workers). Take these factors into consideration during the negotiation of trade agreements and the development of economic and social policy and commit to gender-responsive policy making in all areas. This includes ensuring women's rights organizations, women trade unionists and women farmers are consulted during policy-making processes.

Recommendation 2. Engage proactively with VSS schemes and related multi-stakeholder initiatives in export sectors that are important to the national economy. Raise awareness among producers, women-led businesses, worker organizations and women's rights organizations of the requirements of VSS and facilitate their active engagement in setting standards and designing VSS-related interventions. Make use of the gender-related data and information that VSS and other stakeholders hold, and share government data, to establish the opportunities and risks for women workers, producers and business-owners in these sectors. Collaborate with VSS efforts to tackle gender issues and the root causes of gender inequalities and to promote women's participation in global value chains, including through use of government policy and regulations. Seek or use 'aid for trade' funding to support these multi-stakeholder initiatives.

Recommendation 3. Establish mechanisms and procedures and fund measures to enable suppliers, women-led businesses and women producers to achieve gender-responsive VSS compliance and to address gender issues in export sectors. This includes addressing systemic barriers to women producers and entrepreneurs accessing finance, productive resources, technology and business development services. It also means investments in social services and water and energy infrastructure (where access to water and energy are not universal) to free up women's time for paid work. Equally important is the introduction and enforcement of laws that protect women's rights, particularly in connection with the UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) and ILO Conventions 100 (equal remuneration), 111 (discrimination), 156 (workers with family responsibilities), 183 (maternity protection) and 190 (eliminating violence and harassment).

Recommendation 4. Develop and apply trade policies to enable suppliers with gender-inclusive practices and women-led businesses to get preferential access to markets. This could form part of sustainable development chapters of trade agreements. Examples could include trade preferences for producer organizations with good levels of female participation or for companies certified by EDGE or GES, and preferential treatment for firms that adopt gender-responsive VSS in government procurement.

Recommendation 5. In order to raise the global profile of the country as a good location for sustainable production, develop and implement a gender-responsive national action plan on business and human rights based on the 2019 gender guidance of the UN Working Group on Business and Human Rights. Existing national action plans should be reviewed and updated to ensure they comply with the guidance. Enable women's rights organizations, women trade unionists and women farmers to play a central role in the development and implementation of the national action plan and create an enabling environment for women workers and producers to report violations of their rights and to access remedy. Ensure sufficient government resources are dedicated to the implementation of the national action plan and make clear to international businesses that respect for human rights is a condition of doing business in the country.

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