

Material benefits: Cotton On turns to Kenya for ethical trade



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Cotton On will source cotton directly from Kenyan farmers. Picture: Getty Images

The billion-dollar Cotton On retail group is poised to sell fashion products made from cotton grown by farmers in Kenya in its Australian stores as a significant step towards sourcing all its cotton from ethically produced sustainable sources across the globe.

The Geelong-based Cotton On has forged a partnership with mining firm Base Titanium and Business for Development, which is chaired by Oil Search CEO Peter Botten, to source its cotton directly from farmers in Kenya.

For the past eight years Business for Development, which was previously known as Business for Millennium Development, has encouraged awareness among Australian businesses of the - Millennium Development Goals developed by the UN in 2001 to provide a framework to help those living in extreme poverty.

Last year when world leaders gathered at the UN in New York, those targets were replaced by 17 new Sustainable Development Goals as part of the 2030 Agenda for Sustainable Development.

Over the years BFD has worked with BHP Billiton, Nestle, Telstra, Visy, IBM and Exxon Mobil to help align their businesses to support achieving the goals.

Today it is working alongside PepsiCo, Syngenta and Cotton On's not-for-profit arm, the Cotton On Foundation, plus a host of other multinationals and smaller businesses.

The Cotton On Foundation is supported by sales of a group of six Cotton On fashion and lifestyle brands in the company's network of 1300 stores across 19 countries.

The foundation has previously raised \$35 million for communities in southern Uganda and in Kenya it is working with 200 farming families with the aim of increasing their incomes to \$1500 a year from subsistence levels.

"We now have a really high-quality cotton that is being transported from Kenya to one of our key suppliers in Bangladesh, which is now being developed into garments and soon we will see those in store," Cotton On Foundation general manager Tim Diamond told BFD's recent annual inclusive business forum in Melbourne.

"We are now seeing some incredible results. The Kenyan cotton farmers have now doubled their income which is amazing and it is filling us with hope and opportunity for something that we never really thought about until it was brought to us.

"The future looks bright — it looks like a great way to engage and work towards 100 per cent sustainable cotton for the Cotton On group."

Four hundred team members across the Cotton On Group — from retail to executives — have visited a range of African villages since the foundation was established and the projects are now being expanded to Thailand and South Africa.

But the chief executive of Business for Development, Mark Ingram, believes that the concept of inclusive business remains a hard sell in the corporate world.

"It has taken us eight years to get to the point where we are on the cusp of viable, scaleable, - inclusive business projects in Asia and Africa. Yet inclusive business as a concept remains complex, largely unpopular and poorly understood," Mr Ingram said.

He said BFD had abandoned a project with a large Australian food company in Papua New Guinea because the corporate wanted to own the relationship with the farmers. Another with a multinational in the Mekong was scrapped for similar reasons.

"Just because something is difficult or unpopular doesn't mean it is wrong or unimportant," he said. "It only takes a few visionary business leaders with strong social DNA to shift the dial - substantially."

BFD is working with one of Queensland's top citrus producers and exporters, Ironbark Citrus, on a project known as Ironbark Lao, an inclusive business working with local farmers to establish a viable citrus industry in Vilabouly, Laos.

The theory is that the Laos division of the business will enable the company to provide Asian markets with a counter-seasonal supply of citrus.

"Straddling that business-aid gap has been difficult. I know about running a business but I don't know much about the aid industry. I want the business to keep going after I am gone so it must be set up as a business," Ironbark Citrus managing director Susan Jenkin said.

“You keep getting tempted to do things for nothing and not have a business perspective. It is easy to say I won’t charge the farmers for this or that. But I must.

“This is a business. That is a tension going on all the time.”

Paula Pelaez, program manager at the UN development program Business Call to Action, says change is inevitable.

Launched in 2008, the Business Call to Action aims to accelerate progress towards the Millennium Development Goals by challenging companies to develop inclusive business models that offer the potential for commercial success and development impact. It now has 150 companies in its network.

“There are real leaders, those that really drive this. Like Paul Polman at Unilever ... There are others that are just going through that maturity curve. And I think there are a real bunch in the middle,” said Ms Pelaez, who visited Melbourne for the Inclusive Business event.

“Consumers and buyers are raising their standards. And if you don’t have those standards and traceability, you are going to die.”