

How does COG keep such a lean supply chain so clean? Personal, longstanding, and concentrated supplier relationships are part of the answer. Founder Nigel Austin recalls placing double-digit orders with Chinese suppliers he had personally selected at the turn of the millennium, when the company eschewed wholesalers – including Austin’s dad – in favour of direct sourcing and vertical integration. Many of these suppliers are still working for Cotton On, now churning out runs in the thousands.

COG sources 87% of its orders from China and 10% from Bangladesh, with India, Hong Kong and Myanmar providing the rest. But the company says the important statistic is that 65% of its product comes from its top 20% of suppliers, providing greater confidence in compliance with the COG code of ethics.

Though direct sourcing and the link to Bangladesh caused Cotton On some reputational damage following the 2013 Rana Plaza factory collapse, a 2014 study by the Center for Business and Human Rights of the Stern School of Business of New York University confirmed the benefits: “In the broader supply chain, buyers adopting [direct sourcing] tend to be those that are most concerned with brand reputation, quality, research and development, and stability in their supply chains.”

COG has auditors on the ground in China and Bangladesh, and also uses independent auditors. In 2014-15 it expected to complete 700 factory inspections, including ethical sourcing audits. New suppliers are pre-audited, and the company policy stipulates sub-contractors must also comply.

Cotton On’s code is based on 14 rules to trade, eight of which focus on workers’ rights, with a ninth excluding the use of banned raw materials, such as cotton produced by forced labour. The code states the company’s zero tolerance on slavery, and includes the threat of suspension and blacklisting for non-compliance with the code. The Australian Fashion Report credited the group with following up and making compensation when child or forced labour was discovered.

“While many companies demonstrated commendable codes, the Cotton On Group not only has a strong code of conduct addressing core ILO standards, it also makes the specifics of this code... and all of their policies towards ethical sourcing publicly available on their website,” said the report. “Details of the company’s policies addressing subcontracting, audits, supplier compliance, responsible purchasing practices and multi-stakeholder initiatives are all publically available, allowing consumers to make informed decisions about their purchases.”

As with most companies studied by the Australian Fashion Report, COG’s grades begin to slide towards the raw-materials end of the supply chain. But Cotton On is taking steps towards extending its cosy relationships to raw materials suppliers thanks to an initiative in Kenya in partnership with *Business for Millennium Development*. COG is growing its own cotton in partnership with smallholders, with the aim of connecting them to world markets, effecting social and economic advances locally, and gaining full trust in the roots of its supply chain.

LATEST JOBS

EMEA Sourcing Manager x 2, Logistics & Freight

City of London

GBP45000 - GBP70000 per annum + Excellent Benefits

Bramwith Consulting

Transport General Manager

Birmingham

GBP55000 - GBP65000 per annum + Bonus, Car, Private HC

Page Personnel Logistics

SEARCH JOBS



SIGN UP TO OUR DAILY GLOBAL NEWS BULLETINS

Email address

GO

Find us on



CIPS Knowledge

Find out more with *CIPS Knowledge*:

- best practice insights
- guidance
- tools and templates

GO TO CIPS KNOWLEDGE