

PRESS RELEASE

SOUTH AFRICA'S FIRST ORGANIC COTTON HARVEST ON THE GO

May 2008

Since introducing South Africa's first clothing made from 100% organic cotton in 2004, Woolworths has spearheaded initiatives to establish a local pipeline for organic cotton. These efforts have now borne fruit, as South Africa's very first commercial-scale organic cotton crop is now being harvested in Limpopo. Soon it will be spun, dyed, knitted or woven into cloth and will make its way to Woolworths in items ranging from t-shirts to towels.

Woolworths was instrumental in establishing this pilot programme and has been working closely with ComMark, Cotton SA and the Organic Exchange as well as the Agricultural Research Council's Institute for Industrial Crops. The South African retailer, it was revealed last year, is the world's third largest consumer of organic cotton behind American giants Wal-Mart and Nike. Until now all the organic cotton Woolworths has used has been sourced outside South Africa.

"As part of its Good business journey, Woolworths is committed not only to promoting the use of organic cotton, but – and perhaps even more importantly – to fostering the growth of a local organic cotton industry," says Darren Todd, Woolworths Group Head of Design, Sourcing & Technology.

"We are thrilled that this first commercial-scale planting has been such a success and believe more strongly than ever that organic cotton offers excellent prospects – not only as a rotational crop for our organic vegetable farmers, but even more importantly, as a way to empower many of our country's previously disadvantaged small-scale farmers."

The first commercial scale planting of organic cotton was carried out on several farms in order to gauge results on different types of fields. These including 'virgin' land and land currently classified as 'in conversion' to organic, as well as farms already producing certified organic vegetables for Woolworths. Plans are to extend the planting in the next season to additional farms including a number of smaller farms owned by previously disadvantaged farmers.

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Comments Stephen Hanival from ComMark, “In our efforts to support South Africa’s growth and development strategy, ComMark implements an approach which aims to harness the power of markets to fight poverty. This first harvest of organically grown cotton in South Africa puts us a step closer to our goal.

“By creating new markets for both commercial and small-scale emerging farmers, by building and transferring new (organic) farming knowledge and skills, and by creating innovative models of fair and sustainable value chains with a more participative role for producers, the production of organic cotton in South Africa is a means of significantly enhancing the livelihoods of farmers, their families and communities”, he said.

Despite the challenges of maintaining soil quality and controlling pests using only natural methods, the farmers involved in the trial are enthusiastic about growing crops organically. As Jacques Willemse, who has been growing cotton conventionally for nearly 20 years, says, “It’s difficult to put into words the satisfaction that comes from knowing you are doing something about the problems in the environment and not adding to them.”

Says Hein Schroder, Quality Manager for Cotton SA, “Farmers making the transition to organic farming practices need information and technical support throughout the planting and harvesting season. Organic Exchange and Cotton South Africa, together with research support from the ARC, has worked closely with the farmers involved in this project to support their farming efforts and to help other farmers learn about what works in the field. We are delighted not only with the harvest of seed cotton from this project, but also for the knowledge this project brings to others.”

Comments Rebecca Calahan Klein, Director of Program Development, the Organic Exchange, “Organic farming provides a new market for farmers in South Africa.

We are pleased to see the organically grown cotton harvested in Limpopo being used to make apparel for Woolworths to sell in its South African stores later this year. This project is developing new models of socially responsible business practices that will influence companies around the world.”

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NOTES FOR THE EDITOR

- Woolworths Good business journey, announced by CEO Simon Susman on 19 April 2007, is an acceleration of Woolworths' ongoing commitment to managing the business's impact as it continues to grow and meet the increasing needs of South African consumers. The Good business journey includes a 5 year plan to 2012 for development in four key areas:
 - Accelerating transformation
 - Driving social development
 - Protecting the environment with includes a specific goal to increase organic-content clothing sales to more than R1bn per annum
 - Addressing climate change
- The announcement that Woolworths is the world's third largest consumer of organic cotton was made at the 5th annual Organic Exchange Conference, held in Monterey, California, in November.
- According to the Organic Exchange, conventionally grown cotton consumes approximately 25 percent of the insecticides and over 10 percent of the pesticides used in the world. Organic cotton, on the other hand, is produced using only natural fertilisers, pesticides and phosphates, making it much healthier for the environment and safer for farm workers. The growing awareness among consumers of these advantages has sparked a worldwide move towards organic cotton.
- Woolworths, together with its supply chain partners and the Organic Exchange, is developing a comprehensive business model for organic cotton farming in South Africa that includes:
 - Developing organic farming on a commercial scale
 - Introducing organic cotton as a rotational crop for its organic food farmers
 - Creating an empowerment model for small-scale organic cotton farming for previously disadvantaged farmers
 - Developing local infrastructure for technical support, training and development
 - Creating a benchmark model for other African countries
- The Organic Exchange is an independent, non-profit organisation dedicated to promoting the growing, production and use of organically grown cotton throughout the world. Along with major international brands including Marks & Spencer, Nike and Timberland, Woolworths is a sponsor of the Organic Exchange.

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- The ComMark Trust is a regional development initiative which aims to reduce poverty through improving the legal, regulatory, policy, institutional and business service frameworks that underpin high-growth commodity and service sectors. The Trust embraces the 'making markets work for the poor', or MMW4P, approach to development. Much of ComMark's work concentrates on working with government, industry players and business rather than setting up and implementing specific projects. Its primary role is as a thought leader and innovator. Where the Trust does engage in specific markets it works through like-minded, established partners to implement its vision, providing grant funding and technical assistance. The aim is to play a catalytic role so that ComMark's inevitable exit as a funder will not cause these initiatives to collapse.
- Cotton SA is the national forum for the South African cotton industry, and has been for more than thirty years. During this time Cotton SA has established itself as an organisation that interacts and intermediates between all the role players in the cotton pipeline, from producers to retail operations.

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The organisation is therefore well-positioned and equipped to deliver support services to platforms that are created to maintain and expand the cotton value chain. Cotton SA has been involved in initiatives and projects to introduce cleaner cotton production as well as organic cotton production. This created an environment which encouraged producers to become involved with the process of determining the feasibility of organic cotton production in South Africa. Cotton SA's involvement is therefore crucial to the successful implementation of sustainable organic cotton production.

- Established in 1992, the Agricultural Research Council (ARC) is one of eight statutory science councils in South Africa. Its mandate is to conduct research and development and technology transfer for the improvement of the agricultural sector, and South Africa as a whole. The Institute for Industrial Crops (ARC-IIC) is responsible for research on crop production, breeding and protection of crops such as cotton, hemp, flax and other fibre plantations, cassava and tobacco. ARC-IIC has been conducting research on cotton for more than 100 years. Its main campus is near Rustenburg, and it has eight satellite substations throughout the country. It also interacts with other cotton producing countries within SADC through collaborative projects.

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