



AUSTRALIAN  
COTTON

# TRACEABILITY GUIDELINES

- FOR BRANDS SOURCING AUSTRALIAN COTTON -



# INTRODUCTION

The traceability of raw materials through cotton supply chains has become a very important issue for brands and retailers wanting greater levels of visibility around where products originate. It's a fast evolving area that has proved a challenge for many commodities, including cotton.

In sourcing Australian cotton for your products, you are choosing high quality, contamination free cotton fibre, produced with the highest environmental and social standards. You may also have chosen to label your products with the Australian Cotton Mark(s). But how do you ensure the cotton in your products is actually Australian?

Cotton Australia places the onus around traceability of Australian cotton on the brands and retailers making the claim, and also requires traceability evidence as part of the application to use the Australian Cotton Mark(s). The processes used to establish traceability for Australian cotton vary between brands, but there are a number of common elements.

This guide is designed as a starting point for brands and retailers on how to go about supporting claims in relation to Australian cotton. It is hoped that it will help brands:

- Ask the right questions.
- Understand where, what and how evidence could be collected to support provenance claims.
- Determine what types of checks and balances could be implemented at the different stages of the manufacturing process.
- Understand the minimum traceability requirements of the Australian Cotton Mark(s).



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# THE NEED FOR TRACEABILITY AND TRANSPARENCY

Brands and retailers are increasingly expected to understand their supply chains, and be transparent about where products are being made right back to raw material production.

Cotton Australia recognises that traceability is very important and that company shareholders and consumers increasingly want assurances that on-product claims about Australian cotton can be properly verified. The ability to verify claims that your product has been made with Australian cotton is important for brand protection and risk management, for both your brand and Australian cotton.

The Australian Competition and Consumer Commission provides advice that 'businesses should have a reasonable basis for making country of origin claims and be able to substantiate their claims if need be.' For this reason, Cotton Australia recommends that all care be taken to establish traceability systems and put appropriate checks and balances in place before making any claim about the use of Australian cotton.

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## CURRENT SITUATION

Australia can trace a bale of cotton back to the field in which it was grown, but beyond the spinning mill traceability for Australian cotton becomes more complex as the fibre is often blended with cotton from other countries. While Cotton Australia can assist with traceability from the farm to the spinning mill, it's the brand's responsibility to establish the traceability for Australian cotton supply chains from product back to country of origin.

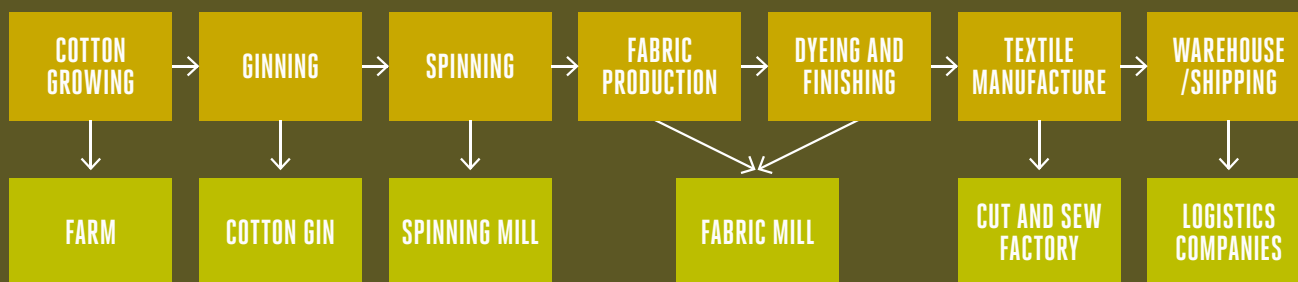
There are a number of commercial, technology-based solutions for cotton traceability either in development or available to the market now. These include blockchain systems, software solutions, and the insertion of traceable fibres and DNA markers at time of ginning. While these products are becoming more readily available, the reality is that for most brands, cotton traceability remains a largely manual process that relies on the provision of evidence by people in businesses at various stages of production.

This of course has inherent risk, and can be open to abuse by unscrupulous businesses that can potentially blend cottons from many origins, falsify documents etc. This is why Cotton Australia recommends sourcing from businesses you have long-term, trusted relationships with and that auditing processes are put in place to ensure traceability processes are being followed.

This guide outlines the types of traceability evidence that could be collected at each stage of the manufacturing process.



# STEPS IN THE COTTON MANUFACTURING PROCESS



## PRINCIPLES FOR YOUR BUSINESS TO CONSIDER

- ☑ What are our traceability objectives and purpose?
- ☑ How much visibility of our cotton supply chains do we have now?
- ☑ Who will be responsible for establishing and managing traceability for Australian cotton? (Internal personnel, sourcing offices)
- ☑ Where do we have people on the ground in market that could help?
- ☑ Could the auditors we use for other factory verifications (eg social compliance) also audit traceability processes for Australian cotton?
- ☑ Do we have internal systems in place to collect and store traceability information?
- ☑ Assess level of comfort....how much verification is the business, senior management, our board and stakeholders satisfied with?
- ☑ What resources are required to establish, oversee and audit traceability?
- ☑ What is the status of our relationships with our cotton supply chain partners? (Level of trust, history etc)
- ☑ Which suppliers do we think/know can willingly deliver traceability for us in a robust, trusted way?
- ☑ Can we use an existing supply chain or do we need to find new suppliers?
- ☑ What is our commitment to Australian cotton – one-off product, medium to longer term – therefore, how much do we want to invest in this?
- ☑ What are our timelines?
- ☑ Do we have the minimum traceability requirements for use of the Australian Cotton Mark(s)?



# COTTON AUSTRALIA'S ROLE IN TRACEABILITY

## SUPPORT BRANDS TO ESTABLISH AUSTRALIAN COTTON SUPPLY CHAINS

As brands and retailers well know, cotton supply chains can be very complex. A single brand is most likely to have multiple cotton supply chains for a variety of cotton products, located in a multitude of countries. A cotton product is also likely to move between a number of factories during production, sometimes transported between countries during these processes.

Australian cotton is sold as a raw commodity to a spinning mill. Cotton Australia is not involved in the trade of cotton but maintains a list of spinning mills that commonly purchase Australian cotton. Some of these vertically integrated. This list is regularly updated and can be made available to brands, retailers, wholesalers and suppliers wanting to source Australian cotton. This is often a good starting point for brands, as they may already be using spinning mills that deal in Australian cotton.

## FACILITATE USE OF THE AUSTRALIAN COTTON MARK

Brands wanting to 'call out' Australian cotton in their products must apply to Cotton Australia to use the Australian Cotton Mark(s). This process requires supply chain transparency and traceability evidence for the production processes used to make the products. There are minimum requirements to show a verified chain of custody for Australian Cotton. Cotton Australia administers the Australian Cotton Mark(s) and provides approval to use it on products.

## GETTING STARTED

Establishing supply chain traceability for any product, including Australian cotton, can be a daunting and complicated process. The good news is brands using Australian cotton have reported that once the work is done up front, systems are in place and suppliers are familiar with your requirements, the process becomes much easier. It's also important to note that suppliers are being asked for this type of information on a regular basis from other certification programs so the requirements should neither come as a surprise or be too onerous. If your suppliers can't provide you with the processes or evidence you need there are plenty of competitors who can!

## VERIFICATION OF AUSTRALIAN COTTON BALES

The Australian cotton industry has a system in place to identify where each bale of cotton is grown and ginned. Each bale of Australian cotton that enters the market is graded (to assess quality) and labelled with a unique bale identification number and barcode identifier. This information stays with the bale until it reaches the spinning mill.

When a brand, retailer, or wholesaler provides the bale numbers or packing list in collaboration with the cotton merchant, Cotton Australia can conduct verification to ensure that the raw cotton has been dispatched to the intended spinning mill and is indeed of Australian origin.

This collaborative effort between stakeholders helps to uphold transparency and traceability within the supply chain, ensuring that Australian cotton is accurately identified and utilised throughout the manufacturing process. By verifying the origin of the raw cotton, Cotton Australia contributes to maintaining the integrity of Australian cotton products and provides assurance to consumers regarding the authenticity of the materials used in their goods.



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# WHERE TO START?

Here are some suggestions:



## SUPPLY CHAIN MAPPING

While not always feasible, supply chain mapping is an important first step in establishing traceability systems for cotton and other raw materials. It's preferable as a starting point to establish all of the suppliers, factories and spinning mills for each Australian cotton product rather than relying on the information of Tier 1 suppliers.

A number of commercial companies and consultants can assist with supply chain mapping.



## ASK QUESTIONS WITHIN YOUR BUSINESS

Particularly with larger brands, there may be people in other departments who have been through this before and have good knowledge, lessons and tips to share. This may seem obvious, but seek the counsel of others to avoid duplication.



## CHOOSE SUPPLIERS THAT:

- You know and trust, and have been dealing with for a long time
- Are already using Australian cotton and have traceability systems and processes in place
- Can provide the documentation and transparency you require
- Are vertically integrated – this can sometimes help take out some of the complexity and risk (but not always!)



## BEFORE MAKING AN ORDER OR AS PART OF THE TENDER/PRICING PROCESS:

Ask suppliers to demonstrate their willingness to follow traceability processes for Australian cotton, along with the types of evidence that will be provided at each step in the supply chain.



## TIER 1: SUPPLIERS AND AGENTS

This section outlines the types of questions that can be asked, procedures and evidence that can be requested at each stage of the manufacturing process.

Supply Chain Role

Tier 1 suppliers and agents source finished cotton products for a brand customer, to a set of specifications including that they be made from Australian cotton. (It's recognised that many brands don't yet have much supply chain visibility beyond Tier 1, making the traceability issue more difficult)



Types of Traceability Procedures

- Brands can place responsibility on Tier 1 suppliers or their agents to establish traceability systems and provide the traceability evidence required to prove claims about Australian cotton
- This requires a significant level of trust, and is not recommended as the best approach. Brands need to ensure they are satisfied that the documentation provided from each step in the process is robust, current and will meet traceability requirements (ie handing responsibility to Tier 1 suppliers or their agents who don't do the right thing may not stand up as a defence if there's a case brought against a brand)



Types of Documentation/Evidence that can be requested

See below for the types of documentation and evidence that could be requested/coordinated by your Tier 1 suppliers or their agents



Questions to ask

- Have you coordinated Australian Cotton traceability processes for other customers? Other commodities? Other cotton identity programs?
- What assurances can you give that the documentation provided will meet our traceability requirements?
- Will you charge extra for this service?





# TIER 1: CUT AND SEW FACTORY/MANUFACTURER

Supply Chain Role

Cut, sew and finish fabrics into finished products – ship to brands/retailers



Types of Traceability Procedures

- Garment factory takes delivery of Australian cotton fabric from the fabric mill, with fabric lot numbers attached
- Garment factory can label and physically segregate/separate Australian cotton fabric on delivery, storage and throughout the cut, sew and finish production line processes
- Garment factory can relate Australian cotton fabric lot numbers to eventuating garment order numbers
- Garment factory can provide data on weights of cotton fabric in, and weights of cotton garments out (yield information)



Types of Documentation/ Evidence that can be requested

## MINIMUM TRACEABILITY REQUIREMENTS (to use Australian Cotton Marks)



- Signed and dated Declaration from cut and sew factory declaring XX fabric lot numbers were used to make XX garment numbers and were delivered to XX brand/retailer and wholesaler on XX date (Cotton Australia can provide template)

Purchase orders specify 100% Australian cotton fabric

- Purchase order or invoice from garment factory detailing transaction between fabric mill and garment factory, fabric lot numbers, date, weight etc

## FURTHER EVIDENCE THAT CAN BE COLLECTED:

- Copies of stock registers
- Records of garment order numbers and how they relate to fabric lot numbers
- Photographic evidence including:
  - Fabric delivery of Australian cotton, clearly marked
  - Australian cotton labelled and physically separated at the factory (signage on sewing lines, at pressing, at quality control check points, in storage, packaged goods etc)
- Documentation showing weight of Australian cotton fabric before garment production, and weight of garments after production (yield assessment)

Questions to ask

- What are your procedures for keeping Australian cotton physically separate?
- What evidence can you provide that this process is in place?
- Can you provide photographic evidence?
- How do Australian cotton garment order numbers relate to the fabric lot numbers? How do you connect the fabric lot numbers to the eventuating garment orders made from Australian cotton?
- Can you store the Australian cotton garments separately as it awaits transport? How?
- Do you allow spot checks/audits to ensure processes are in place?
- Have you participated in Australian cotton traceability processes for other customers? Other commodities? Other cotton identity programs?







## TIER 2: FABRIC MILL

Supply Chain Role

Knit and/or weave cotton yarn into fabrics – sell to garment or homewares manufacturer



Types of Traceability Procedures

- Fabric mill takes delivery of Australian cotton yarn from the spinning mill, with yarn lot numbers attached
- Fabric mill labels and physically segregates/separates Australian cotton yarn on delivery, storage and throughout the knitting or weaving production line processes
- Fabric mill can relate Australian cotton yarn lot numbers to eventuating fabric lot numbers
- Fabric mill can provide data on weights of cotton yarn in, and weights of cotton fabrics out (yield information)



Types of Documentation/ Evidence that can be requested

### MINIMUM TRACEABILITY REQUIREMENTS (to use Australian Cotton Marks)

- Signed and dated Declaration from fabric mill declaring XX yarn lot numbers were used to make XX fabric lot numbers and were delivered to XX garment factory on XX date (Cotton Australia can provide template)
- Purchase order or invoice detailing transaction between spinning and fabric mill, yarn lot numbers, date, weight etc

### FURTHER EVIDENCE THAT CAN BE COLLECTED:

- Copies of stock registers
- Shipping documents
- Photographic evidence including:
  - Yarn delivery of Australian cotton, clearly marked
  - Australian cotton labelled and physically separated at the mill (signage on lines, in storage etc)
- Documentation showing weight of Australian cotton yarn before fabric production, and weight of fabric after processing (yield assessment)



Questions to ask

- What are your procedures for keeping Australian cotton physically separate?
- What evidence can you provide that this process is in place?
- Can you provide photographic evidence?
- How do Australian cotton yarn lot numbers relate to the fabric lot numbers? I.e how do you connect the yarn lot numbers to the eventuating fabric lots made from Australian cotton?
- Will you store the Australian cotton fabrics separately as it awaits transport? How?
- Do you allow spot checks/audits to ensure processes are in place?
- Have you participated in Australian cotton traceability processes for other customers? Other commodities? Other cotton identity programs?





## TIER 3: SPINNING MILL

Supply Chain Role

Process cotton fibre into cotton yarn – sell to fabric mill  
**THIS IS WHERE THE GREATEST RISK OF SUBSTITUTION OCCURS**



Types of Traceability Procedures

- Spinning mill takes delivery of Australian cotton bales with unique bale tag identification number and barcode identifier attached
- Spinning mill must label and physically segregate/separate raw Australian cotton in the laydown and production line spinning processes
- Spinning mill can relate Australian cotton bale numbers to eventuating yarn lot numbers
- Spinning mill can provide data on weights of raw cotton in, and weights of cotton yarn out (yield information)



Types of Documentation/ Evidence that can be requested

### MINIMUM TRACEABILITY REQUIREMENTS (to use Australian Cotton Marks)

- Signed and dated Declaration from spinning mill declaring XX bale numbers were used to make XX yarn lot numbers and were delivered to XX fabric mill on XX date (Cotton Australia can provide template)
- Commercial invoice, or purchase order from cotton merchant to spinning mill detailing bale numbers shipped, shipment date, number of bales, weight etc
- List of bales used or packing list - documenting the bale numbers
- Certificate of Origin: these certificates may be issued by the shipper or in some cases the buyer may request an official Chamber of Commerce certificate

### FURTHER EVIDENCE THAT CAN BE COLLECTED:

- Bill of Lading (title to the goods) from Australian cotton merchant
- Phytosanitary Certificate: Some importing countries require this certificate as part of government to government import requirements. It is issued by Department of Agriculture and Water Resources and certifies that the cotton bales have been inspected according to appropriate official procedures and are considered to be free from the quarantine pests specified by the importing contracting party
- Photographic evidence including:
  - Delivery of Australian cotton
  - Australian cotton bale tags
  - Australian cotton labelled and physically separated at the mill (signage on lines, in storage etc)
- Documentation showing weight of Australian cotton yarn before fabric production, and weight of fabric after processing (yield assessment)



Questions to ask

- What are your procedures for keeping Australian cotton physically separate?
- What evidence can you provide that this process is in place?
- Can you provide photographic evidence?
- How do Australian cotton bale numbers relate to the yarn lot numbers? Ie how do you connect the bale numbers to the eventuating yarn lots made from Australian cotton?
- Will you store the Australian cotton yarn separately as it awaits transport? How?
- Do you allow spot checks/audits to ensure processes are in place?
- Have you participated in Australian cotton traceability processes for other customers? Other commodities? Other cotton identity programs?





## TIER 4: FARM, COTTON GIN & MERCHANTS

Supply Chain Role	Grow, harvest (farm), process raw cotton fibre into 227kg bales (gin) for export (by merchants)	
Types of Traceability Procedures	<ul style="list-style-type: none"><li>• Each bale of Australian cotton is labelled with a unique bale identification number and barcode identifier, with data inserted at the time of harvest and attached to the bale at time of ginning</li><li>• This information stays with the bale until it reaches the spinning mill</li></ul>	
Types of Documentation/ Evidence that can be requested	When a brand, retailer, or wholesaler provides the bale numbers or packing list in collaboration with the cotton merchant, Cotton Australia can conduct verification to ensure that the raw cotton has been dispatched to the intended spinning mill and is indeed of Australian origin. Brands and retailers need to remember that just because a mill can provide Australian cotton bale numbers, it does not guarantee that this cotton was used to make the yarn or that the cotton was not blended with other cotton. To be confident, additional evidence must be sought, as outlined below	
Questions to ask	<ul style="list-style-type: none"><li>• Cotton Australia can facilitate gins/merchants in verifying Australian cotton bale numbers</li></ul>	

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# VERIFICATION OPTIONS

Part of the traceability process should be the implementation of checks and balances to reduce risk. A number of options are available and these will depend on budget, human resources, geographic proximity to factories and mills, levels of trust in supply chain relationships and levels of surety required. Cotton Australia recommends that a brand establishes systems that are independently verified throughout the supply chain by an appointed auditor.

## VERIFICATION OPTIONS INCLUDE

(but are not limited to):

**PRE-AUDITS** can be carried out to confirm whether or not a supplier is able to meet your traceability requirements – before an order is placed.

**SCHEDULED, ON-GROUND AUDITS** of mills and factories to oversee production of the Australian cotton yarns, fabrics and finished goods. These can be conducted by third party auditors, sourcing agents or by head office personnel. Auditing such as this is common-place in factories, and should not pose a problem for your suppliers.

**SPOT CHECKS.** Once the system is in place, it's a good idea to do spot check audits to ensure processes are being followed. Again, these can be conducted by third party auditors, sourcing agents or head office personnel. Some suppliers may not permit such audits taking place.

**PHOTOGRAPHIC EVIDENCE.** Mills and factories can be asked to provide photographic evidence of the processes in place. For example Australian Cotton bales with bale tag numbers attached, sewing lines with signage clearly distinguishing Australian cotton, clearly labelled boxes stored separately etc.



# VERIFICATION OPTIONS

## MINIMUM TRACEABILITY REQUIREMENTS

This checklist is for textiles suppliers in relation to orders made from Australian cotton that must be kept physically separated through the supply chain from the production of yarn, to fabric and finished products.

Please ensure ALL of this documentation is provided in order to meet the minimum traceability requirements of the use of the Australian cotton marks(s).



### SPINNING MILL

- Signed and dated declaration (template provided by Cotton Australia)
- Australian Cotton Bale numbers used to make yarn (provided with cotton shipment)
- Certificate of Origin (provided with cotton shipment)
- Purchase Order OR Invoice to show transaction between cotton merchant, shipper and spinning mill



### CUT AND SEW FACTORY

- Signed and dated declaration (template provided by Cotton Australia)
- Fabric Purchase Order OR Invoice to show transaction between fabric and cut and sew factory



### FABRIC MILL

- Signed and dated declaration (template provided by Cotton Australia)
- Yarn Purchase Order OR Invoice to show transaction between fabric and spinning mill



**All of this evidence must be provided before and application will be approved**

- Documents must be correctly signed and dated and submitted in English
- Please check documents meet these requirements BEFORE submitting them



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**MORE INFORMATION**  
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If you have any questions about the information contained in this document, the Australian Cotton Mark Application process or its associated traceability requirements, please contact us.

#### DISCLAIMER

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