



COTTON  
AUSTRALIA



## **Sustainability claims for international markets**

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Sustainability claims for international markets,

Discussion paper: Assuring agricultural sustainability claims





## Consultation Questions

### QUESTION 1:

What other current and emerging regulatory requirements are missing from Section? Please include in your response which markets and/or sectors the requirements apply to

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Regarding cotton lint, Cotton Australia is able to provide the following list of additional measures using the headings provided by the discussion paper:

#### **GLOBAL**

Modern Day Slavery Acts for individual countries

#### **EUROPE**

- EU's Green Deal: this contains 17 pieces of legislation that will impact fashion, textiles and fibres
- The one the fashion industry is watching is the EU Deforestation Regulation (EUDR) which requires very specific GPS coordinates for materials like rubber and leather – cotton is not yet in scope; however, we are hearing that this is likely in the next group of commodities. Reinforcing this view is confirmation that surveys regarding cotton production are out in the supply chain.
- EU Due Diligence Directive
- EU Forced Labour Regulation (EUFLR)  
Imports to EU, domestic products and exports (approved by EU Parliament 23/4/24; in force 2027)
- EU Ecodesign for Sustainable Products Regulation (ESPR)
- Product Environment Footprint (PEF) (not yet mandated by law)
- EU Corporate Sustainability Due Diligence Directive (CSDDD) applies to both EU and non-EU companies operating in the EU (approved 5/2024 enforced from 2027)
- EU Green Claims Directive (EUGCD)  
The proposed EU Green Claims Directive (EUGCD) for both EU and non-EU companies making voluntary environmental claims directed at EU customers (proposal adopted 3/2023 and implementation timeline likely to be four years but yet to be confirmed).  
It will require green claims made on product to be third-party verified and substantiated with credible primary and secondary data. This would likely apply to brands using the current Australian cotton mark label (as well as any future labelling of myBMP) and Cotton Australia would be required to comply with specific governance requirements as the operator of the label.
- EU Ecodesign for Sustainable Products Regulation (ESPR)  
For products sold in the EU market, (in effect 18/7/24) and includes the Digital Product Passport. The introduction of a Digital Product Passport (DPP) will likely require – at a minimum - country level traceability, so that aggregate GHG emissions data for Australian grown cotton and/or myBMP could be applied to product carbon footprint calculations. DPP requirements expected to comment in 2026 with enforcement from 2028.

### **NORTH AMERICA – United States**

- The Uyghur Forced Labour Prevention Act (UFLPA) requires traceability to at least country of origin for imports to the US. (In effect 21/6/22) A strengthened and more efficient traceability solution would make proving the origin of Australian cotton easier for brands/retailers.
- US Green Trade Strategy and ethical labour practices through the UFLPA. – this Act specifically targets the fashion industry – one of the big industries in scope and has driven the need for traceability to Country of Origin so that brands can de-risk supply chains by not sourcing from high-risk countries or regions. It doesn't mandate a specific solution. Only that custom enforcement agents may request a range of information to prove origin and chain of custody.

### **Not mentioned in the discussion paper:**

#### **AUSTRALIAN FTAs**

Of the two most recent trade Agreements, only the Australia India ECTA specifically lists cotton as a commodity in terms of bales enjoying a reduced tariff. Nevertheless, it is silent on the use of terms to describe an agricultural product or process as 'sustainable' nor any mention of supporting certification. Like other mentioned agreements it instead lists Sanitary Phytosanitary Measures (SPS) provisions, harm minimisation from a health and biosecurity perspective plus the requirement of both parties to: "commitments for both countries to make publicly available their laws, regulations, decisions and rulings with regards to the Trade in Goods chapter".

## QUESTION 2:

Are you aware of other expectations for evidence (form or subject) that are not included

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Regarding items listed under Key evidence expectations:

- Robust traceability systems that can trace more than one fibre (brands and retailers want systems that can trace all fibres - cotton, polyester, nylon, Better Cotton, myBMP cotton etc)
- Satellite imagery for verification
- Data to input into brand-owned lifecycle assessments (LCAs) tools and assessment frameworks
- Self-declarations or the use of templates for aspects such as lifecycle assessments and carbon calculators
- Add to this also request for human rights declarations

Regarding items listed under Current and emerging expectations – subject of evidence we make the additional comments:

- Water impacts: particularly in regard to availability/scarcity, quality and quantity
- Social responsibility and labour conditions
- Under human rights: treatment of migrant labour/ensuring no exploitation of workers, minimum working ages, climate-related safety risks such as sun and extreme weather exposure, workers expected to live in on-farm accommodation (viewed as a risk),

Cotton Australia provides the additional observations:

- Our discussions with brands (predominantly although to some extent cotton merchants too) indicates their preference for data that is independently verified, and that the Cotton Research and Development Corporation (CRDC, a quasi-govt agency) is not independent enough despite, like other research and development corporations established under a Commonwealth Act. If this is correct, then most of our industry's data currently does not this requirement.
- Some brands are wanting to source from a particular farm(s) and are applying their own internal requirements for evidence. This can include on-farm audits and hence, we are already seeing audit fatigue and frustration at level of detail required from growers. For instance: primary data on ages of every employee to match the International Labour Organisation Convention on human rights minimum working age.
- Additionally, individual merchants are asking for data directly from growers.

- Furthermore, Australian commonwealth and state laws are both often not enough to satisfy customers or global frameworks or are not as inclusive and, in some instances, contravene global expectation. (i.e. it is not sufficient to say “it is the law; trust us; we are a society that upholds the rule of law” as people break all sorts of laws all the time).

For example, the International Labour Organisation Convention on human rights regarding the minimum working ages of 15, is often cited by brands. Yet, Australian businesses and employers are unlikely to publicly report the age of their staff and may only on request disclose such.

- In Cotton Australia’s view it is also unclear what evidence will be needed to meet new global regulatory requirements as much of the detail is still to be worked out.

### QUESTION 3:

What are the most common forms of evidence being asked for with respect to providing evidence to support sustainability claims?

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- To make claims, the first step is traceability – without this no claim can be made which is why legislation related to traceability must also be considered in this consultation.
- The most common form asked for is verified, third party data, as granular as possible. Although we note, brands will take whatever they can get at this stage, their ideal is having more robust and granular. This is not just at the farm level but all along the supply chain.
- Data that aligns with the global frameworks they are working with: e.g. Environmental Social and Governance related, Science Based Targets Initiative, Science Based Targets for Nature, Taskforce for Nature Related Financial Disclosures, Global Reporting Initiative, Fashion Pact  
[ <https://www.thefashionpact.org/> ] and so on.
- Data must be able to be plugged into existing Life Cycle Assessment tools (e.g. the HIGG Index and soon to be the PEF – although Cotton Australia has concerns with the methodologies and ways these tools are being used to make decisions.)
- Many brands are also working with small groups of farmers, or individual farms, on regenerative agriculture projects where primary data is collected for each site as a baseline, the brand provides the funds for improvement works, and data is collected to show improvements along the way

#### QUESTION 4:

What are markets expecting in terms of evidence to support compliance with regulations (e.g. demonstrating compliance with work related regulations)

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AS ABOVE

#### QUESTION 5:

Who (e.g. which organisations/agencies) should play a role in assuring sustainability claims for Australian agriculture? Please include in your response what role each organisation/agency you identify should have

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- Organisations like Cotton Research and Development Corporation, CRDC, play an important role in data collection and aggregation, commissioning sustainability reports, setting sustainability targets and metrics, growers surveys, building data platforms – and helping to align industry needs with customer needs.
- Organisations like Cotton Australia play a key role in ensuring industry programs like myBMP collect the right data, so that it aligns with customer needs and market requirements.
- We note that domestically, the Australian Competition and Consumer Commission has issued guidance relating to environmental claims under Consumer Law. [<https://www.accc.gov.au/about-us/publications/making-environmental-claims-a-guide-for-business>]
- In Cotton Australia's view no non-independent organisation can assure sustainability claims that will hold up, and programs themselves (like myBMP or Better Cotton) also can't assure their own sustainability claims.
- Looking internationally, Better Cotton [ <https://bettercotton.org/> ], the international body that the Australian cotton industry is a participant of, has a team of over 20 people dedicated to working on claims that brands can make, and giving approvals.
- The Textile Exchange could be a key partner for Australian cotton and other natural fibres for verifying that our sustainability program (a revised myBMP) meets market, brand and retail customer expectations.
- NGOs can be seen by brands and the end consumer as sound agents for verifying data and claims: e.g. WWF, SBT – using panels of independent researchers/experts that can sign off the data. Unfortunately, as a small not-for-profit industry body it is becoming difficult for Cotton Australia to service all requests in a comprehensive manner.

- The underlying issue is that while verifiability of data behind these claims (i.e. its robustness, accuracy of claims) is critical, we question whether the same could be said for having a third party undertake an assurance activity to 'verify' the data. From previous experience the exercise only results in an additional cost being placed on growers which in turn becomes a barrier to action/uptake. In that respect we note technological solutions are emerging to provide that confidence. For instance, while the EU Deforestation Regulation requires geolocation of plots of land used to produce commodities and "adequately conclusive and verifiable information that the relevant products are deforestation-free" [Regulation (EU) 2023/1115 Article 9 1(g) ] it does not require the data to be verified.

### QUESTION 6:

Do you agree that the topics listed in [section 3.2](#) are critical for demonstrating sustainability claims across all markets?

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Yes, noting that

- "GHG emissions" as a metric, is now broadening to encompass overall carbon footprint
- For Australian cotton's supply chain, biosecurity has so far not come up as important for the textile side of the supply chain. Nevertheless, the Australia India ECTA as per Question 1 includes standard General Agreement on Tariffs and Trade principles and a chapter dedicated to the Sanitary and Phytosanitary Measures (SPS) requirements.

### QUESTION 6A:

What other topics would you consider to be critical for demonstrating sustainability claims?

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Specific to cotton and other textiles the emerging requirements from US, Europe and Japan, be that domestic legislation or the requirements of global brands originating from this countries include:

- Human Rights and not just modern slavery, WHS and labour conditions as individual requirements but rather, a large basket of measures under Human Rights that also includes wellbeing, livelihoods, participation of women.
- Indigenous and cultural heritage
- Economic prosperity / productivity / social and economic equity
- Water quality
- Reduce the use of synthetic inputs (fertiliser)



### QUESTION 7:

Are you aware of any current or emerging approaches to demonstrating evidence-based sustainability claims that should be considered in the next phase of this project (that are within scope)?

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We refer you to Downforce Technologies, Cotton Australia recently participated in a briefing provide by Jacquie McGlade, their Chief Scientific Officer about their mapping and metrics capabilities used internationally. [www.downforce.tech](http://www.downforce.tech)

- Regarding myBMP being recognised by Better Cotton, we would encourage you to review the approach Better Cotton is implementing with more details about the Chain of Custody standard to enhance their approach to traceability.
- <https://bettercotton.org/what-we-do/chain-of-custody/>
- Cotton Australia would be able to fill you in on the emerging Australian approach and how it enhances their current approach by moving to physical traceability.

### QUESTION 8:

What challenges do Australian agricultural sectors face in providing the necessary evidence to satisfy international market demands?

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- In Cotton Australia's view, one of the biggest problems is the is total confusion about what needs to be provided, how granular, and, in what formats as there is not much consistency. For that reason, organisations like Textile Exchange are trying to get all brands working to the same frameworks and baskets of measures and indicators. It will be a perverse outcome if this results in having to provide data in multiple formats about the same sustainability topics, in slightly different ways
- The number of legal requirements (both in force and those yet to be operational) is both extensive and continues to grow. This makes it very difficult to determine what is needed, particularly if the commodity in question's supply chain crosses many countries. Cotton for instance, can be spun in one country and the resulting textile or garments in another.
- As mentioned in other questions, a growing request is verification of cotton's country of origin through to the farm level. Currently, as an industry we do not verify any of our data and the most pressing reason is the additional cost.
- There is also the ongoing pressure on agriculture to respond to all the brands who are focused on sustainability. In our experience, they are wanting to source from a certification program to confirm the textile they have sourced is sustainable.

- While we can point to our participation in Better Cotton internationally and that myBMP provides the required credentials for sustainable production, Cotton Australia simply can't provide the information brands need regarding sourcing once the lint becomes yarn or textile. This requires a significant level of resourcing to extract and maintain such data. It also requires a level of data post farm gate i.e. along the global supply chain that isn't within our possession or control.
- For that reason, the Australian cotton industry is in the process of revamping its sustainability data framework and source data to deliver the claims described in this discussion paper. This activity is being part-funded by DAFF as a proof of concept for the rest of Australian agriculture. More details about this initiative are available on request.

We note that there is a significant amount of work on indicators and data AASF has undertaken. Will this discussion paper's collated responses feed into the next steps for the AASF?

## QUESTION 8A:

How can these challenges be overcome to ensure market access?

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For an industry that is relatively small in terms of grower numbers, Australian Cotton relies on its national representation via National Farmers Federation to work closely with Australian Government policy makers.

Once offshore, Cotton Australia becomes dependant on roles such as Australia's Special Representative for Agriculture, to engage and advocate with international policy makers and be the eyes and ears and translators of what's going on.

We note the Special Representative's impressive work to date and in our view it is an ongoing and growing need. This role brings a complementary but separate voice to the more formal trade discussion between Australia and other countries. More and ongoing resourcing is needed to enable such ears and eyes on the ground to enable agriculture/farm level representation at key international agreement discussions, be that a Conference of the Parties or gathering such as International Green Week.

At the same time there is a need to canvass the brand and retail customer side of the supply chain. For instance, a very large and comprehensive survey of brand and retail customers to identify: their data needs, the frameworks they most commonly use that set out what data is required, plus, the evidence they require/want/really need.

Thought and resources also needs to be put toward how Australian agriculture demonstrates the voracity of its data. This begs the question - could and should for example Australian agriculture co-invest in some kind of third-party agency to deliver this across commodities?

Regarding what is within our industry's control, the myBMP review is intended to take care of data collection to program level, ensuring that we have proper alignment with all global market requirements.

### QUESTION 9:

What existing datasets are you aware of that can be used to support sustainability claims?

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Cotton Australia via our industry's sustainability framework PLANET. PEOPLE. Paddock. [<https://cottonaustralia.com.au/sustainability-reports>] makes the underpinning data pack available

[ [https://cottonaustralia.com.au/assets/general/Documents/Data-pack\\_2023.xlsx](https://cottonaustralia.com.au/assets/general/Documents/Data-pack_2023.xlsx) as well as the publishing our approach to an integrated reporting format [https://www.crdc.com.au/sites/default/files/cover-images/Sustainability%20Data%20Framework\\_2024%20Jan.xls](https://www.crdc.com.au/sites/default/files/cover-images/Sustainability%20Data%20Framework_2024%20Jan.xls)

There is also the Cotton data dashboard, the first of its kind for a cotton industry globally. Industry's intent is "...openly sharing the data behind the story of Australian cotton, where we are now and where we'd like to be in future...drawing on a number of best available data sources including from the Australian cotton industry, government, publicly available information and commercial business."

<https://www.cottondata.com.au/>

### QUESTION 10:

Are there industry-specific datasets that should be prioritised?

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In Cotton Australia's view, the first priority should be nationally consistent definitions, indicators and metrics behind sustainability data, be that for claims, financial instruments, disclosures, or farm level business decision-making. (We note that the Australian Agricultural Sustainability Framework has set an element of this in train.) Similarly, the same indicators and data collection methods need to be consistent with or used by government agencies, including between jurisdictions.

Specific to Australian cotton, we are certainly seeing an increase in requests for life cycle assessment data and human rights evidence.

In an effort to directly align with the reporting standards and guidance that we think customers of Australian food and fibre are most likely to use, our industry has been revamping its sustainability data framework.

<https://www.crdc.com.au/sustainability/revising-data-framework-behind-planet-people-paddock>

In parallel, we have been canvassing other agricultural commodities about aligning metrics for natural and social capital

<https://www.crdc.com.au/sites/default/files/cover-images/Natural%20and%20social%20capital%20scoping%20summary.ppt>

However, we iterate there is still the need for a nationally consistent catalogue.

### QUESTION 11:

In what ways can existing data collection processes be improved to support strong and credible sustainability claims (without adding significant workload to farmers and supply chain actors)?

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In our view there is an ongoing tension between delivering market access requirements for ALL commodities and creating more work at a farm level by reporting across a multiple of commodities produced on the same farm. As outlined in Question 10, Cotton Australian and the Cotton Research and Development Corporation have been canvassing other agriculture commodities about a basket of measures that are uniform per commodity.

### QUESTION 12:

How do international markets assess the credibility and strength of the data provided to support sustainability claims?

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While some global brands undertake their own verification, most take advice about which programs to support and which fibres to use, from textile industry organisations like Textile Exchange and Cascale (HIGG index).

From our supply chain conversations, it appears that brands want it all but they don't really know what they need and they often don't have the expertise to interpret the data. For that reason, they trust tools like LCAs however these will only ever be as good as the data entered into them; we refer to the international commentary about the former HIGG index

[ <https://www.theguardian.com/fashion/2022/jun/28/fashion-brands-pause-use-of-sustainability-index-tool-over-greenwashing-claims> ]

and then counterpoint initiatives such as the "Make the Label Count"

<https://www.makethelabelcount.org/> .



**QUESTION 12A:**

What benchmarks or standards are used in this evaluation?

As above

**QUESTION 13:**

What new data collection methods are needed to meet emerging market demands?

Please refer to our responses to Questions 10 and 11, reiterating observations about an integrated and uniform/harmonised basket of metrics and data. In our view this approach would result in what is reported at a farm or industry level matching with the tools our customers trust and are using. Clearly, in all of this, there is a growing role for traceability and digitalisation.



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