



01 APRIL 2024

SUMMARY OF CHANGES

SFA CHAIN OF CUSTODY STANDARD



SUSTAINABLE FIBRE ALLIANCE

Purpose and scope of this report

This report details the following for the 2023 - 24 consultations on the SFA Chain of Custody Standard v1.0 (hereafter, the Standard):

- Background to the review of the SFA Chain of Custody;
- Outcomes from the review (Summary of Changes);
- A stakeholder engagement report.

It is the goal of SFA consultations to be authentic, fair and inclusive, secure strategic insight and build consensus and credibility. Our core principle is that consultations should be useful to the SFA in achieving its mission and useful to the participants in seeing how their views are considered. To achieve this, the SFA's processes for consultation strive to follow the [ISEAL Standard Setting Code of Good Practice](#) as per the [SFA Standard Setting Procedure](#).

ISEAL requires that participation is open to all stakeholders, and that the standard setter proactively seeks contributions from disadvantaged stakeholder groups. This is to ensure that contributors represent a balance of interests in the subject matter and in the geographical scope to which the standard applies.



Background

In 2023 the SFA began development of a standalone SFA Chain of Custody (CoC) Standard.

A key aim of this review was to create a CoC system that is future-proof. Not just in terms of creating a Standard that can be used for any type of animal fibre that might fall within the SFA's scope within the future, but also one that is fit for purpose in most jurisdictions across the world. We believe that creating our own CoC Standard has given us the agility needed to respond to change, such as in legislation. We also want to give businesses confidence that the sale of 'SFA Certified' cashmere will remain credible in the face of any change, and provide assurance to customers and NGOs that the way 'SFA Certified' cashmere is traded can evolve with their expectations. A secondary aim of this review was to make better use of data. We have created a system that standardises record keeping and generates big data in a useable way, such as in allowing traceability claims to be made credibly.

Ultimately we want to create a safe and secure system that:

- provides full traceability to providence;
- generates, archives and makes available data that allows us all to eliminate fraud and learn from our successes and mistakes;
- allows sellers to make transparent, precise and compelling claims;
- supports a growing and resilient supply chain where buyers and sellers can find each other rapidly.



Outcomes

The Standard replaces the SFA Chain of Custody Guidelines v3.1, which defined how the SFA Chain of Custody interacted with the Textile Exchange Content Claim Standard. This section outlines how the Standard differs from the SFA Chain of Custody Guidelines v3.1. For more information on how the new Standard works in full, please read the Standard itself, which you can find on the [SFA Resources page](#).

Summary of Changes

Oversight of transactions

Except where the transaction involves raw fibre or fibre that has not been sold since being dehaired, entities will be able to sell and/or begin processing on a product before the transaction has been audited by a Conformity Assessment Body (CAB). However entities do so at their own risk that that product may no longer be considered 'SFA Certified' if during an audit a CAB is not able to verify the details of the Transaction Receipt or reconcile the quantities that have been transacted. CABs are now required to audit all transactions within a month of each transaction taking place.

More information can be found at 2.9.6 of the SFA Chain of Custody Standard v1.0 and 21.1 of the SFA Assurance and Certification Manual v1.1.

Traceability

Assurance credibility is maintained through the SFA's pending traceability platform, which will require that entities provide data in real time for scrutiny by their CABs. This will improve CABs efficiency and visibility on transactions as a whole.

'Full traceability' means being able to track end products back to their original source through the entire supply chain. The benefits of traceability include, among others, the elimination of counterfeiting, real time asset tracking and enhanced credibility, adding up to improved retention and attraction of new customers (Razak et al. 2021). We have created an SFA Chain of Custody Standard that will facilitate and be complemented by the digital transactions platform.

Once launched, more information can be found at <https://sustainablefibre.org/the-sfa-chain-of-custody-standard/traceability-platform/>.

Quantity reconciliation for the production of raw fibre

We have included a requirements for producer organisations to track the number of goats within their care and justify the amount of raw cashmere they produce with reference to the number of goats.

More information can be found at 2.6.1.c. and 2.10.2. of the SFA Chain of Custody Standard v1.0.

Transition to a fully-third party assured supply chain

As part of the transition to the new SFA CoC Standard transaction certificates issued by the International Cooperation Committee of Animal Welfare (ICCAW) and/or SFA before 1 October 2024 may be recognised by CABs as evidence of a valid transaction receipt. This

change closes a loophole in the SFA certification rules and will mark the SFA program becoming fully-third party assured.

More information can be found at 2.9 of the SFA Chain of Custody Standard v1.0 and 21.2 of the SFA Assurance and Certification Manual v1.1.

Expanding the scope of the SFA Chain of Custody to better include producers

The Standard applies to everyone in the supply chain who wishes to take ownership of 'SFA Certified' products, irrespective of where they are located in the world with some exemptions: (a) those who do not take physical possession of 'SFA Certified' products are exempt from the requirements at 2.8 of the SFA Chain of Custody Standard and (b) brands only handling finished products with SFA hangtags will not need to be certified in this version.

In the SFA CoC Standard individual producers (e.g. a herder household or farm) can either become SFA CoC Standard certified as a standalone entity or choose to be certified as a site within a larger entity (such as a producer organisation or buying house). This does not affect which requirements apply to producers (all requirements apply), but may affect how often they are audited, which will be done following a random sampling regime.

It remains SFA policy that only producers who are certified against the SFA Chain of Custody Standard are able to sell their products as 'SFA Certified'.

More information can be found in sections 14 and 20 of the SFA Assurance and Certification Manual v1.1, and in the SFA Glossary, which defines an 'entity'.

Clean Fibre Processing scope application

The new Standard clarifies that the SFA Clean Fibre Processing Standard applies to all industrial facilities that scour and/or dehair 'SFA Certified' cashmere, not all entities that do primary processing. A deadline of 1 November 2024 has been set for these industrial facilities to be certified against the SFA Clean Fibre Processing Standard if they wish to continue trading 'SFA Certified' fibre.

More information can be found at 1.1.8 of the SFA Chain of Custody Standard v1.0 and in the SFA Glossary, which defines an 'industrial facility'.

Clarity on how certified weight is measured

The Standard explicitly defines 'certified quantity as the 'conditioned quantity' and different from gross quantity and net quantity.

More information can be found at 2.10 of the SFA Chain of Custody Standard v1.0 and in the SFA Glossary, which defines an 'quantity of fibre'.

Whistle blowing procedure

The Standard includes a requirement for entities to have a prominent and accessible procedure for their staff to be able to directly and anonymously communicate with their CAB and/or the SFA. This aims to provide assurance that poor behaviour is less likely in the SFA supply chain.

More information can be found at 2.7.2 of the SFA Chain of Custody Standard v1.0.

Country/region of origin

A requirement that the country of origin is stated where geographic claims are made is now required to prevent misleading claims about where products have been produced and or processed. There is also now a requirement that transactions involving raw fibre products declare the country (and region) of origin for that product, as this is needed for fibre to move through the Textile Exchange Content Claim Standard.

More information can be found at 2.6.2.d. and A1.11 of the SFA Chain of Custody Standard v1.0.

Requirement that product claims include the text “Contains 100% SFA Certified Cashmere” removed

We removed the requirement that product claims need to say the percentage of cashmere that is “SFA certified.” This is because this requirement risks customer confusion; a customer may understand a claim that a product contains “100% SFA Certified cashmere” as meaning that the product is 100% cashmere. In any case, this requirement will be redundant with the requirement that products shall only contain ‘SFA Certified’ cashmere from July 2024.

More information on claims can be found in Annex 1 of the SFA Chain of Custody Standard v1.0.

Clarifying how the Standard interacts with local law

The Standard now includes an exemption that where the Standard contradicts local law local law shall take precedence.

More information can be found at 1.1.5 of the SFA Chain of Custody Standard v1.0.

Transition timelines

SFA members and scope certificate holders will be given enough time to adjust how they manage and handle ‘SFA Certified’ cashmere and clear any existing stock from their supply chain that doesn’t meet the new requirements. In practice this means that scope certificates may still be issued against the old SFA Chain of Custody Guidelines v3.1 (and Content Claim Standard v3.1) until 1 October 2024. Any existing scope certificates will be valid until they expire, after which the entity will need to be certified against the new SFA Chain of Custody Standard v1.0 (or Content Claim Standard).

More information can be found at the section on Effective Dates in the SFA Chain of Custody Standard v1.0.

What isn't changing

Segregated

The Standard requires that 'SFA Certified' cashmere is kept physically separate from non-certified cashmere through each stage of the supply chain. Identity preserved models are permitted but no other Chain of Custody models (e.g. mass balance) are permitted. The current SFA CoC Guidelines (v3.1) already requires full segregation and blends of uncertified and certified fibre are already banned from 1 July 2024.

More information can be found at 2.8.6 of the SFA Chain of Custody Standard v1.0.

Blending with synthetic fibres

We considered introducing a requirement that limits the blending of 'SFA Certified' cashmere with synthetic fibres. This was because blending with synthetic fibres makes cashmere much harder to recycle, the environmental impact of which must be balanced against the benefits of product longevity. To simplify the transition to the new SFA CoC Standard we have decided to hold off introducing any requirements in this regard until we have a change to consider them again at the next schedule review of the SFA Clean Fibre Processing Standard, due to begin in 2025.

Recognition of Textile Exchange Content Claim Standard (CCS)

One of the reasons we are doing this review is to address the complexity and fatigue that comes with juggling the SFA CoC with the Textile Exchange CCS, depending on where the applicant is in the supply chain and the world. To reduce assessment fatigue and avoid creating duplicate systems we are unilaterally choosing to recognize scope certificates and transactions that have been issued as part of the CCS so long as (a) they explicitly refer to 'SFA Certified' using the material code RM0305 and (b) entities only use a segregation and/or identity-preserved model for 'SFA Certified' products. We are working with Textile Exchange to make this agreement reciprocal so that 'SFA Certified' can move seamlessly back and forth between the Content Claim Standard and SFA CoC Standard supply chains.

More information can be found in Table 1 in the SFA Chain of Custody Standard v1.0.



Annex 1: Stakeholder Engagement

Methods

As part of the review of our Chain of Custody program, the SFA has ensured that stakeholders have sufficient time and opportunity to provide input on the standard. This include an online survey that was open on our website for over 60 consecutive days from 6 November 2023 to 15 January 2024. During this time the consultation was advertised through our website, members' bulletin, monthly newsletter and staff email signatures. Direct emails to interested parties were sent to (a) announce that the consultation was opening, (b) remind stakeholders to participate at the mid point of the consultation period, (c) remind stakeholders to participate a week before the consultation closed, and (d) announce that the consultation would be held open for a week longer than the original close date (8 January 2024). We also held one to one conversations with ISEAL and Textile Exchange and received ad hoc advice via email from other stakeholders.

During the public consultation period the SFA also created an [Open Consultation portal](#), where stakeholders can provide comment on any aspect of the SFA program at any time. While no comments relevant to the SFA Chain of Custody had come through there at time of writing this portal will remain open in perpetuity.

Furthermore, as part of developing this document, and the draft and final versions of the SFA CoC Standard we engaged with the SFA Standard Setting Improvement Committee (SSIC), which is comprised of representatives from a variety of stakeholder groups. If you are interested in becoming a sitting member of the SSIC, please email standards@sustainablefibre.org.

Participation

This section presents participation data for the consultation activities detailed above.

Table 1: Number of individual participants/respondents representing each stakeholder group.

Stakeholder group	Public consultation	One to one conversations	Ad hoc/other	Total
Academia	1	0	0	1
Cashmere farming and/or herding	0	0	0	0
Cashmere primary processing	0	0	0	0
Cashmere secondary processing and manufacturing	1	0	0	1
Cashmere traders, brands and retailers	5	0	1	6
Governance and/or management	0	0	0	0
Non-governmental organisation	0	0	0	0
Standard setting, conformity assessment and/or accreditation	1	2	1	4
Total	10	2	2	12

Table 2: Number of individual participants/respondents representing each geographical region.

Geographical region	Public consultation	One to one conversations	Ad hoc/other	Total
Asia	2	0	0	2
Europe	4	2	2	8
North America	1	0	0	1
Oceania	1	0	0	1
Total	8	2	2	12

Substantive issues raised

Here we present a summary of the substantive issues raised during the consultation and what we have done to address them. All actual stakeholder comments (anonymised) are available on request from standards@sustainablefibre.org.

Importance of assurance and traceability system

Raised in: Public consultation

Stakeholders suggested that having an effective assurance system supported by real traceability more important than the details of the Standard itself.

Example comments:

- *“A chain of custody standard is only part of the toolkit needed to eliminate fraud. Centralized record keeping on global inventory is also critical, and centralizing records such as [transaction certificates].”*
- *“It should be [auditable] if the auditors know what they are doing and looking for and what exactly to audit.”*

SFA response: We agree. In November 2023 we released an updated Assurance and Certification Manual (v1.0), which tightened up the rules for assurance. We will release an updated version (v1.1) that accounts for comments received from assurance experts and accommodates the new SFA CoC Standard. We scheduled six opportunities in February/March 2024 for compulsory training of all CABs on the ACM. Opportunities will be provided every three months for new CAB staff. We are also investing in a traceability platform, which we expect to be in force before the end of 2024.

Duplication of existing standards

Raised in: Public consultation

Stakeholders suggested that having another Chain of Custody Standard in the market will exhaust brands.

Example comments:

- *“My key concern is that SFA continue to use the Textile Exchange CCS. This minimizes duplicative work for the supply chain.”*
- *“I think it is worth and a right thing for SFA to establish its own chain of custoday stanard [sic]”*

SFA response: We agree. To reduce assessment fatigue and avoid creating duplicate systems we are unilaterally choosing to recognize scope certificates and transactions that have been issued as part of the CCS so long as (a) they explicitly refer to ‘SFA Certified’ using the material code RM0305 and (b) entities only use a segregation and/or identity-preserved model for ‘SFA Certified’ products. We are working with Textile Exchange to make this agreement reciprocal so that ‘SFA Certified’ can move seamlessly back and forth between the Content Claim Standard and SFA CoC Standard supply chains.

Data sharing rules

Raised in: Public consultation

Stakeholders suggested that a part of the Standard would require unacceptable data sharing.

Example comment: *“In section 3.2.11.h The guidance note suggests all CABs can access an entity's data. It is my view that this should be limited to relevant CABs”*

SFA response: We agreed and changed the guidance accordingly.

Future versions requiring retailers to be certified.

Raised in: Public consultation

Stakeholders suggested it was unacceptable that retailers should require certification.

Example comment: *“We feel that the are elements of the standard that are yet unclear. for example [...]the requirement for brands and retailers to be certified to this standard in future versions.”*

SFA response: This was an error, we are not currently planning that retailers shall require certification in the future and have clarified the relevant text.

No banning of blending with synthetics

Raised in: Public consultation

Stakeholders raised that this would create a significant change to operations and be very difficult to implement, such that it would risk entities leaving the program.

Example comment: *“This will not be ideal for our commercial teams. We need to be able to maximize the value proposition in order to justify the slimmer margins and higher costs of the materials.”*

SFA response: To simplify the transition to the new SFA CoC Standard we have decided to hold off introducing any requirements in this regard until we have a change to consider them again at the next schedule review of the SFA Clean Fibre Processing Standard, due to begin in 2025.

Clarity on certified weight and conditioning

Raised in: Public consultation; via Email

Stakeholders are concerned that the Content Claim Standard and SFA Chain of Custody Guidelines v3.1 are not explicit enough on how certified weight is calculated, particularly with regard to conditioning (i.e. water content).

Example comment: *“There needs to be clarity in the definitions of gross, net and certified (i.e. conditioned weight)”*

SFA response: We agreed and now the Standard explicitly defines ‘certified quantity as the ‘conditioned quantity’ and different from gross quantity and net quantity.

“100% SFA Certified Cashmere” confused with “100% Cashmere”

Raised in: Public consultation

Stakeholders suggested that the “100 SFA Certified Cashmere” claims risks confusion in meaning.

Example comment: Including percentages on product claims is redundant for SFA or for RWS, standards in which blending is not permitted. We rely on our global care and content label for all composition requirements and this will always take precedence over a sustainability requirement. Our business teams have told us they do not want multiple versions of content/composition on tags/labels/ecommerce pdp/etc. We've given the same feedback to Textile Exchange.

SFA response: We agreed and removed the requirement that product claims need to say the percentage of cashmere that is “SFA certified.” This is because this requirement risks customer confusion; a customer may understand a claim that a product contains “100% SFA Certified cashmere” as meaning that the product is 100% cashmere. In any case, this requirement will be redundant with the requirement that products shall only contain ‘SFA Certified’ cashmere from July 2024.

Desire for the certification of recycling process for cashmere

Raised in: Public consultation

Stakeholders want ‘SFA Certified’ recycled cashmere

Example comment: “There doesnt appear to be a provision yet for the blending of recycled cashmere with SFA certified cashmere in the CoC standard “

SFA response: We agree. We plan to consider introducing requirements for recycling alongside any that limits the blending of ‘SFA Certified’ cashmere with synthetic fibres. This was because blending with synthetic fibres makes cashmere much harder to recycle, the environmental impact of which must be balanced against the benefits of product longevity. These changes will be considered as part of the next schedule review of the SFA Clean Fibre Processing Standard, due to begin in 2025.

Having consultations in languages other than English

Raised in: Public consultation

Stakeholders are concerned that those who do not speak English are unable to participate in the consultation.

Example comment: “Chinese version would help a lot as in China there amy exist the situation that the person involved in standard may not understand English.”

SFA response: We agree. Our Open Consultation portal now starts with the phrase “If you cannot use this portal for any reason, feel language is a barrier to participation or have any other questions please email us at standards@sustainablefibre.org in any language and we will do our best to accommodate your request.” in English, Chinese and Mongolian. We plan to do this for all consultations going forward. While translation of draft versions of the Standard is unfeasible for the SFA at this time, we will aim to translate documents associated with consultation, such as policy summaries, etc.