

SFA Chain of Custody Standard Terms of Reference (1 April 2024)

Justification and scope

The SFA has developed Chain of Custody Guidance for tracking fibre from certified herder organisations along the supply chain, allowing SFA members to make credible claims about the content of certified cashmere in their products and to use the SFA Certified logo. The system was first implemented in Mongolia in 2020 and was extended into China in 2021. Global in scope the Standard applies to all entities in the cashmere supply chain, who shall be certified against the SFA Chain of Custody Standard by an approved and accredited third party (i.e. conformity assessment body; CAB) before they may make claims regarding the sale, labelling and/or processing of 'SFA Certified' products. The only exemption is that brands and retailers are not required to be certified if they are only handling finished and SFA-labelled products.

What is chain of custody?

Chain of custody is the chronological documentation of the transfer and control of materials between different entities. In this context it refers to the sale and transfer of 'SFA Certified' products along the cashmere supply chain.

The purpose of a standalone SFA Chain of Custody (CoC) Standard is to create a 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 any jurisdiction across the world. Having our own CoC Standard gives us the agility needed to respond to change, such as changes in legislation. Furthermore this Standard was created to make better use of data through standardised record keeping and the generation of big data in a useable way, such as in allowing traceability claims to be made credibly. The Standard was created as 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

Expected social, environmental and economic outcomes

The SFA Chain of Custody Standard has four primary goals for the credible trade of cashmere (**Error! Not a valid bookmark self-reference.**). The specific requirements will be found in the [SFA Chain of Custody Standard](#).

Figure 1: The SFA Chain of Custody Standard's five goals for credible cashmere trade.

Principle	Definition and desired outcomes
Prevent fraud	The risk of counterfeiting undermines the production of ethical fibres, particularly in high-end luxury sectors ¹ , of which cashmere is one. This Standard is needed to ensure that the efforts made by entities certified against the SFA Cashmere Standard and the SFA Clean Fibre Processing Standard are not undercut by fraudulent practices in the supply chain. The desired outcome is that all 'SFA Certified' fibre comes from producers certified against the SFA Cashmere Standard , is scoured and dehaired in conformity with the SFA Clean Fibre Processing Standard and is tracked, and traded by entities audited against the SFA Chain of Custody Standard.
Generate data that supports traceability	'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 retainment and attraction of new customers (Razak et al. 2021). While the Standard does not in and of itself facilitate full traceability, it does require record keeping for full traceability. The desired outcome is that entities generate and archive the data necessary for full traceability. For more information on the necessary data see section 2.7 of the SFA Chain of Custody Standard.
Allow credible claims	The textile and apparel industries historically suffer from opacity and a lack of visibility which may conceal unethical and unsustainable practices ² . Information about the creation and chain of custody of a product can increase customers' trust by assuring the origin, authenticity, custody, and integrity of those products ³ . The desired outcome of this principle is that only claims are specific and verifiably true are made about 'SFA Certified' fibre.

¹ Ahmed, W. A., & MacCarthy, B. L. (2021). Blockchain-enabled supply chain traceability in the textile and apparel supply chain: A case study of the fiber producer, Lenzing. *Sustainability*, 13(19), 10496.

² reviewed in Ahmed, W. A., & MacCarthy, B. L. (2021). Blockchain-enabled supply chain traceability in the textile and apparel supply chain: A case study of the fiber producer, Lenzing. *Sustainability*, 13(19), 10496.

³ reviewed in Montecchi, M., Plangger, K., & Etter, M. (2019). It's real, trust me! Establishing supply chain provenance using blockchain. *Business Horizons*, 62(3), 283-293.

Principle	Definition and desired outcomes
Enable whistleblowers	Whistleblowing has been used across multiple sectors (including textiles) to reveal unacceptable behaviour ^{4,5} . The desired outcome here is that entities have a prominent and accessible procedure for their staff to be able to directly and anonymously communicate with the entity's CAB and/or the SFA. It is also desirable that staff use this procedure free from consequences.

Governance

Sustainable Fibre Alliance (SFA) is a registered charity in England and Wales (Registered Charity Number 1165742), henceforth called the SFA Secretariat (or just, the Secretariat). The Secretariat is responsible for:

- the day to day function of the organisation and standards system of the SFA;
- the initial design and continual development of the SFA Standards (and associated assurance system);
- monitoring and evaluation of outcomes;
- capacity building and communications.

The process for standards development is detailed in the [SFA Standard Setting Procedure](#), which is based on the [ISEAL Standard Setting Code of Good Practice](#). The next review of the SFA Chain of Custody Standard is currently underway (publication is expected Q2 2024). For more information on what we plan to review and how you can contribute please read our [statement of intent](#).

Decisions regarding the objectives of the SFA and the content of the SFA Standards are made by the SFA Secretariat on advice from the SFA Board of Directors and SFA Standard System Improvement Committee (SSIC), both of which are comprised of individuals representing a balance of interests from the stakeholder community. Applications to sit on the SFA Board of Directors or SSIC are open to all interested stakeholders. All decisions are announced and justified through the SFA website and newsletter.

Certification and accreditation

The SFA aims for compliance with the ISEAL codes of good practice at the earliest opportunity. Assurance is done following an third-party assurance model where certification is done by an accredited independent conformity assessment body with no ties to the SFA or the entity being assessed.

⁴ Kiziloglu, M. (2018). The relationship between whistleblowing and organizational citizenship behaviour in textile sector. *International Journal of Organizational Leadership-IJOL*.

⁵ Schaper, S., & Pollach, I. (2021). Modern slavery statements: From regulation to substantive supply chain reporting. *Journal of Cleaner Production*, 313, 127872.

Risk assessment

The SFA has made an assessment of risks in implementing the standard, that is, identification of factors that may negatively affect the ability to achieve its outcomes, and of potential unintended consequences from its implementation. Also, possible corrective actions to mitigate the risks have been identified, that will partly fall under standard development and partly on implementation and other programmes. They can be summarized as follows:

Risk	Corrective action
Data requirements essential to traceability are prevented by legislation within some jurisdictions that prevents data crossing national borders.	The SFA has trusted local teams and partners able to provide oversight within jurisdictions so that data so not need to cross national borders.
Traceability data are used to concentrate market power such that less powerful actors are strong-armed and/or monopolies/cartels are formed.	Strict limits are placed on how traceability data can be accessed and used. This is detailed on the SFA Chain of Custody data policy.
Standard duplicates other chain of custody and traceability systems for natural fibres.	This Standard is being created 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 the SFA seeks mutual recognition with other similar standards. The SFA will not create their own traceability platform, planning to use existing systems.

Stakeholder map

Since the SFA Chain of Custody Standard covers the entire cashmere supply chain from producer to retailer the stakeholder map is relevant to the whole value chain. It is also of interest to a wide range of actors aiming to better understand rangelands and influence the policies that governs cashmere production (Table 1).

Table 1: Stakeholders for the SFA Chain of Custody Standard.

Traditional users	
Recreational users	Those with a lifestyle interest in rangelands.
Rangeland residents	Those who live on rangelands. Includes indigenous peoples.
Administrators	
Governance and/or management	Leadership/administration for the governance of cashmere production and/or rangelands and/or the people who live/work there.
Standard setters	Involved with developing, coordinating, promulgating, revising, interpreting, or otherwise producing technical standards.
Conformity assessment and/or accreditation organisations	Involvement with certifying third parties against an official standard and/or testing or other activities that determine whether a process, product, or service complies with the requirements of a specification, technical standard, contract, or regulation.
Cashmere value chains	
Production	Involved with the production and harvest of cashmere.
Processing and manufacturing	Involved with processing and transformation of raw cashmere to final products for consumption.
Traders, brand and retailers	Involved with the trading of cashmere.
Policy informers and influencers	
Academia	Those with an intellectual/theoretical interest in cashmere production and processing.
Non-governmental organisations	Those dedicated to effecting change according to their objectives, including but not limited to, environmental NGOs and industry lobby groups.