



27 MARCH 2024

SFA VOLUME-BASED FEE

GUIDE FOR TRADERS OF 'SFA CERTIFIED' CASHMERE



SUSTAINABLE FIBRE ALLIANCE

What is the Volume-Based Fee?

The SFA Volume-Based Fee (VBF) is a one-off fee paid on all 'SFA Certified' fibre that has been produced and processed in compliance with the SFA Cashmere Standard and SFA Clean Fibre Processing Standard. The more of this 'SFA Certified' fibre there is being purchased, the greater the fees that are due. The SFA VBF takes effect from 1 April 2024 and is mandatory. Entities that do not pay the VBF will not be able to make 'SFA Certified' claims.

Why is it important?

Many brands and retailers have made inspiring and ambitious corporate commitments to procure only 100% 'SFA Certified' cashmere. This demand has driven up the number of entities seeking certification and the amount of 'SFA Certified' fibre that needs to be traced from source to consumer. The SFA VBF is needed to meet the logistical demands of this growth, particularly for large-scale essential training and certification. The SFA VBF will allow the SFA to maintain the high levels of assurance, credibility and herder support that had made 'SFA Certified' so appealing to brands and consumers in the first place.

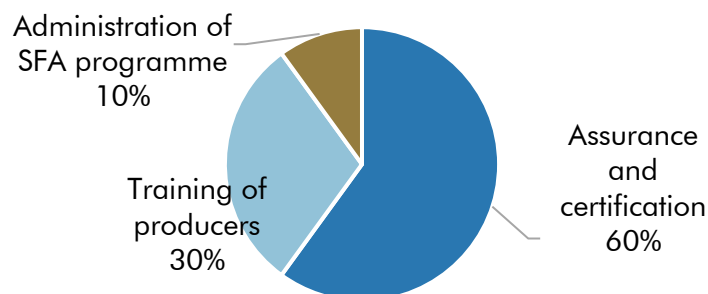


Figure 1: What the SFA Volume-Based Fee will be spent on



How much is the Volume-Based Fee?

The VBF is \$1 USD per kilogram of dehaired fibre purchased. This fee is in addition to the SFA Chain of Custody Registration fee (£500) and any auditing fees entities due to conformity assessment bodies in return for assurance and certification services. The VBF does not immediately replace SFA membership fees, however these will be greatly reduced in 2026, once the VBF is established.

$$\text{Fee} = \text{Volume purchased (kg)} \times \text{£1 USD}$$

Who pays the Volume-Based Fee?

The entity that first buys the fibre after it has been dehaired is responsible for paying the fee. Where a brand is vertically integrated they are encouraged to pay the fee for their suppliers. From year to year brands may choose to pay this fee for their suppliers or ask them to embed them into their costs as they prefer.

How is my fee calculated?

The VBF for first buyers is calculated based on the amount of dehaired fibre purchased, as evidenced by Transaction Certificates (current Chain of Custody system) and/or Transaction Records (new SFA Chain of Custody Standard v1.0). Where the VBF is being paid by a vertically integrated company you can use the Transaction Certificates/Records to trace those purchases back to the Transaction Certificates/Records) for when it was first sold after dehairing. The sum of the volume of the fibre at that point (when it had been dehaired, but before any other processing and/or manufacturing is used to calculate the VBF. The SFA can assist where the company has poor visibility on these transactions.

In order to pay your fee please contact:

membership@sustainablefibre.org



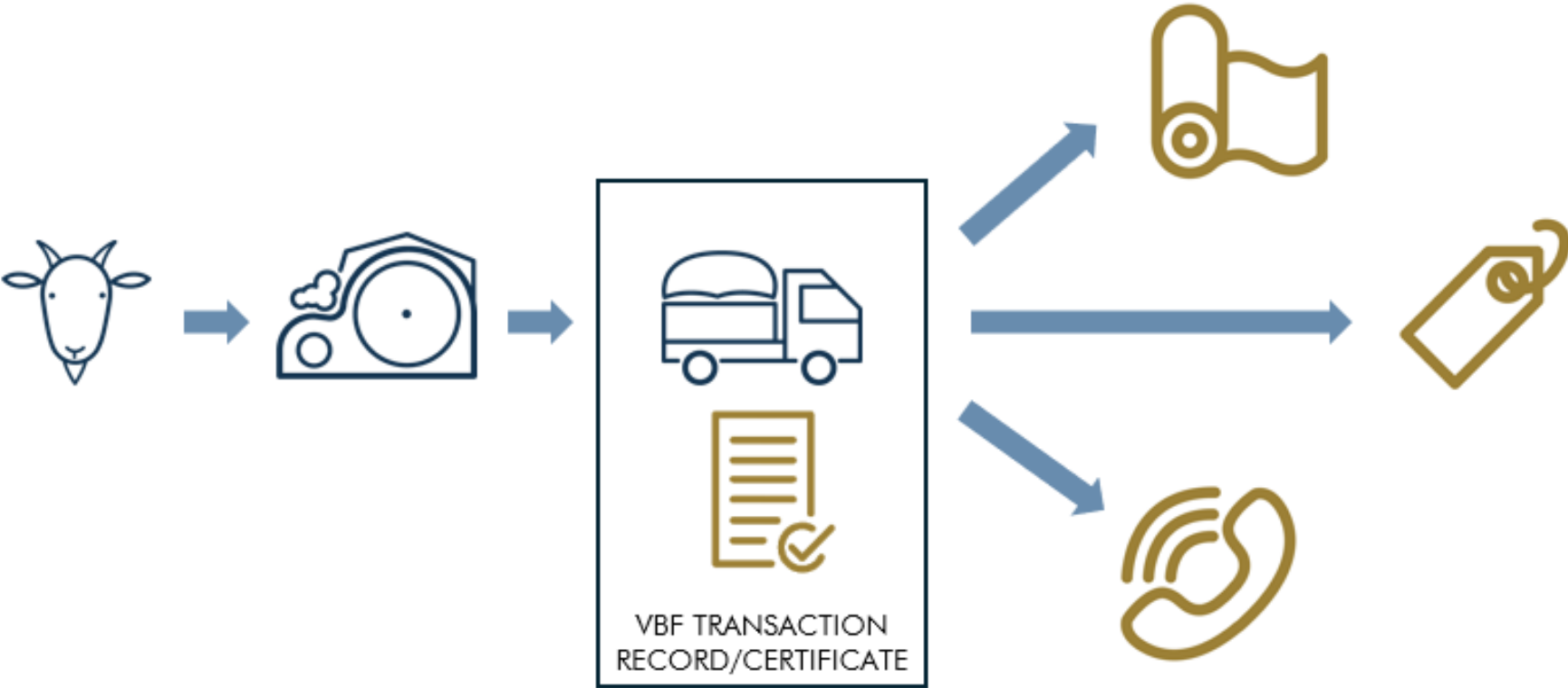


Figure 2: The VBF is based on the volume of dehaired 'SFA Certified' cashmere being traded. The volume is documented in the transaction certificate/record for the first sale of the fibre after it has been dehaired, irrespective of who the buyer is. It is the buyer of this fibre that is responsible for paying the VBF. Where a vertically integrated brand is directing their supplier to purchase the fibre they are encouraged to pay the VBF directly on behalf of their suppliers.