



**SUSTAINABLE
FIBRE
ALLIANCE**

Creating a Sustainable Cashmere Value Chain



CHAIN OF CUSTODY

2021 PILOT GUIDELINES

VERSION 1.1

IMPORTANT NOTE:

These guidelines are effective from 1st March 2021 and apply to companies that are sourcing SFA x ICCAW Certified cashmere for the 2021 Chain of Custody China Pilot.

14th July, 2021

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1 Introduction

1.1 CoC Pilot Guidelines

Our Chain of Custody Pilot Guidelines outline the set of requirements for companies along the cashmere supply chain who are participating in our 2021 CoC China Pilot and will be buying or selling SFA x ICCAW Certified fibre or products. Once the pilot has been completed and evaluated, these guidelines will be revised as part of our CoC development.

For the 2021 China Pilot, the SFA will be trialling a **batch-level segregation with controlled blending chain of custody model**. This model maintains physical segregation of certified product until the final point of blending or mixing for a specific batch of a product. Mixing with non-certified product is controlled and recorded, so the proportion of certified content in each final product is known. Under this model, certified and non-certified cashmere fibre can be mixed within an actual product. This type of CoC model ensures the end-product contains at least a proportion of certified product, which allows specific end-use claims to be made.

For the 2021 CoC China Pilot, we have set a **minimum threshold of 33%** (one third) of SFA x ICCAW Certified fibre *of the total cashmere content* of final products or a **minimum of 5%** of SFA x ICCAW Certified fibre *of final products*, whichever is higher.

This is a *minimum threshold*, meaning that:

- 1) if final products are 100% cashmere, they can contain anywhere between 33% and 100% SFA x ICCAW Certified fibre; or
- 2) if final products are blend of cashmere and non-cashmere fibre, they shall contain at least 33% of Certified fibre in the total cashmere

content or at least 5% Certified fibre in the final product, whichever is higher.

This model provides our members with flexibility, allowing them to pursue any content above 33% of the total cashmere content or above 5% of the final product, whichever is higher, that best fits with their own supply chain dynamics, manufacturing constraints and quality demands.

SFA x ICCAW Certified fibre can be mixed with non-certified fibre, as long as the total content of Certified fibre is at least 33% of the total cashmere content in the final product or at least 5% of the final product, whichever is higher.

2 SFA Certification

Currently, only farmers and primary processing of the manufacturing plants can be certified against the SFA Cashmere Standard. We have Cashmere Goat Welfare Code of Practice (CoP), jointly developed with the International Cooperation Committee on Animal Welfare (ICCAW) – China, which is targeted at the farm level. A second code of practice (Clean Fibre Processing Code of Practice¹) is targeted at the scouring and dehairing processes of cashmere fibre.

To achieve certification from the SFA x ICCAW, farms and manufacturers need to demonstrate compliance with the minimum requirements of the relevant code/s of practice.

2.1 Farms

After registering with the SFA x ICCAW, farms are assessed against the requirements of the Cashmere Goat Welfare Code of Practice. Depending on their level of compliance for the code of practice, farmers are certified at

¹ Clean Fibre CoP will be implemented in late 2021.

bronze (minimum requirements met), silver and gold level.

Farmers are only eligible to participate in our chain of custody programme if they meet the minimum requirements of this code of practice.

Fibre sold by farmers is only 'SFA x ICCAW Certified' when they are compliant with Cashmere Goat Welfare Code of Practice.

2.2 Manufacturers

Manufacturers' primary processing of cashmere fibre includes scouring (washing) and dehairing of cashmere fibre, both of which are covered by our Clean Fibre Processing Code of Practice. This code of practice is already operational in Mongolia and will be implemented in China **in late 2021**. Processing stages of the manufacturer will be assessed against the requirements of their relevant business activity and, if they meet the minimum requirements, manufacturers will be certified at bronze, silver or gold level.

2.2.1 Manufacturers can only label their cashmere as 'SFA x ICCAW Certified' if it has been sourced from eligible farms (see update below in the box).

*Fibre sold by manufacturers is only 'SFA x ICCAW Certified' when they are compliant with the Clean Fibre Processing Code of Practice and they have sourced from eligible farmers. **UPDATE: Clean Fibre compliance not required until late 2021***

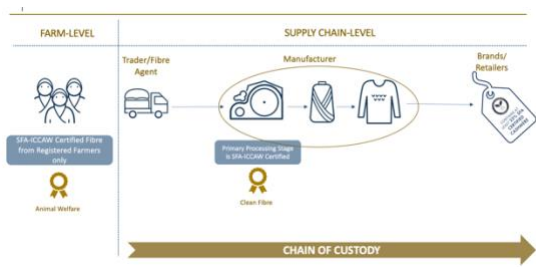
3 Participation Criteria

Here we outline the participation criteria for the supply chain organisations involved in the CoC pilot.

- 3.1 Farms must be compliant with Cashmere Goat Welfare Code of Practice at the time the cashmere is shipped from the farm OR no later than one year after the time the cashmere was harvested, providing that at the time of the audit, no critical non-conformities were found.
- 3.2 If a procurement station is involved in purchasing the fibre, the procurement station shall maintain farm-level traceability for the fibre covered by each transaction certificate
- 3.3 In China, fibre must be scoured and dehaired by a primary processor that has completed self-assessment against the SFA Clean Fibre Code of Practice and is compliant with the CCS.
- 3.4 Primary processors must be compliant with the Clean Fibre Processing Code of Practice and pay the required training and certification fee for Clean Fibre CoP2. In addition, they must complete a Participant Information Form and pay a registration fee to participate in the SFA's chain of custody.
- 3.5 Traders must complete a Participant Information Form and pay a registration fee to participate in the SFA's chain of custody.
- 3.6 Brand/retailers must be an SFA member.

² As indicated earlier, Clean Fibre CoP will be implemented in late 2021.

3.7 All parties must comply with these guidelines and be willing to cover any necessary auditing costs.



By participating in this pilot and complying with the SFA CoC China Pilot Guidelines, companies can demonstrate their use of responsibly produced cashmere and may use the SFA x ICCAW Certified Logo on their products.

4 SFA Traceability System

Traceability systems are about recording and following the trail that SFA x ICCAW Certified fibre takes along the supply chain. For this pilot, we are trialling both a paper-based and electronic system consisting of transaction receipts and transaction certificates which is to be used alongside participating companies' own traceability systems for keeping record of fibre handling in line with these Guidelines.

Phase 1 involves all processes before the factory gate. **Phase 2** involves all processes once the greasy fibre has reached the factory gate. In Phase 1, fibre will be collected from the field and transported to manufacturing plants by independent traders or fibre agents employed directly by the manufacturer. Phase 2 covers the full manufacturing process, from scouring of raw fibre to the final product.

As it is indicated below, Phase 1 of the supply chain will follow the SFA China Chain of Custody Guidelines, while Phase 2 requires compliance with the Textile Exchange's [Content Claim Standard](#).



In Phase 1, fibre from SFA x ICCAW certified farms must be kept separate from fibre from non-certified farms. Mixing of certified and non-certified content is not permitted until the spinning stage. Companies can either mix at the point of spinning, to create yarn with minimum 33% certified content or mix at the point of weaving, using a combination of 100% certified yarn and non-certified and/or non-cashmere yarn, as long as the minimum threshold requirement is adhered to and volumes are recorded correctly and stated in the final product claim.

4.1 Transaction Receipts

All organisations participating in the 2021 CoC China Pilot shall have Transaction Receipts (TRs) to record the details of their fibre sale/purchase. Completion of a Transaction Receipt will be required every time the fibre changes ownership.

Each receipt must contain the following information:

1. A unique transaction reference number
2. Buyer and seller details, including their unique SFA Register IDs.
3. A product description and weight.
4. Date of the transaction and names and signatures of the buyer and seller.

For **Phase 1 transactions**, images of physical Transaction Receipts must be entered into the SFA online Salesforce system during transaction registration for verification purposes.

For **Phase 2 transactions**, submission of Transaction Receipts shall follow contracted Conformity Assessment Body (CAB)'s guidelines.

All parties to the transaction shall record and store TRs systematically and keep the records for five years.

4.2 Transaction Certificates

Submitted TRs will be reviewed by the SFA/ICCAW (for Phase 1) and the CABs (for Phase 2) and volume reconciliation checks conducted. Once verified, the SFA and the CABs will issue Transaction Certificates (TCs) to validate the certified status of the fibre/fibre product for Phase 1 and Phase 2, respectively. TCs will provide us with accurate, verified records of certified inputs and outputs of SFA x ICCAW Certified cashmere along the supply chain. Companies can make valid claims to sell SFA x ICCAW Certified cashmere if they have proof of SFA x ICCAW Certified inputs as demonstrated by a TC.

TCs will be issued by the SFA/CABs to the buyer and seller each time SFA x ICCAW Certified cashmere changes ownership. The details on the TC will match the those of the TR, as well as the company invoices and shipping documents. A company does not need to know the certification details beyond its immediate supplier to be assured that the fibre they purchased is SFA x ICCAW Certified.

4.3 Record Keeping

In addition to the SFA's internal CoC database, participants in the 2021 CoC China Pilot are required to keep their own records to document the handling of SFA x ICCAW Certified cashmere. This will rely on participants existing traceability systems. In this way, we can trial our own physical traceability system alongside participants' existing traceability systems. Running these two systems side by side will provide the opportunity to evaluate challenges and potential synergies when developing SFA's CoC system for 2022.

5 Claims Framework

This section outlines the sustainability claims that participants of the 2021 CoC Pilot can make regarding the content of SFA x ICCAW Certified fibre in their products. Different claims will be allowed for different users, depending on the stage of the supply chain that they cover (**Error! Not a valid bookmark self-reference.**). Please refer to the SFA x ICCAW Claims Guidance documents for manufacturer or brands, for further information on claims and labelling.

Table 1 Claims Framework for participants in the SFA 2021 CoC China Pilot

Note: For the 2021 CoC China Pilot, the SFA requests the use of **declared percentage claims**, where the total percentage of certified fibre is displayed in the product claim.

CoC Users	Conditions of Claim	Claim Statement
Farmer	<ul style="list-style-type: none"> Registered with the SFA and ICCAW Compliant with the Cashmere Goat Welfare Code of Practice 	<p>“We are an SFA x ICCAW Bronze/Silver/Gold Certified producer of cashmere fibre”</p>
(Independent) Trader	<ul style="list-style-type: none"> Registered with the SFA Paid the CoC participation fee SFA x ICCAW Certified raw fibre must only be sold to manufacturers that are participating in the 2021 CoC China Pilot Marketing of dehaired ‘SFA x ICCAW Certified fibre’ on the open market is not permitted without permission from the SFA 	<p>“I am/We are an SFA Registered Trader of cashmere fibre”</p> <p>Raw cashmere can be sold as “SFA x ICCAW Certified fibre”, but only to manufacturers that are participating in the CoC Pilot</p> <p>Scoured or dehaired cashmere can be sold as “SFA x ICCAW Certified fibre” to manufacturers that are participating in the CoC Pilot</p>
Manufacturer ³	<ul style="list-style-type: none"> Registered with the SFA Paid the CoC participation fee Products containing SFA x ICCAW Certified fibre are only sold to SFA CoC participant companies or Members 	<p>“This product contains [at least] X% SFA x ICCAW Certified cashmere”</p>
Brand/retailer	<ul style="list-style-type: none"> Brand/retailer must be a member Brands must retail their own products⁴ 	<p>“This product contains [at least] X% SFA x ICCAW Certified cashmere”</p> <p>Hang tags on cashmere-containing products can include the SFA x ICCAW Certified Logo.</p>

³ ICCAW and Cashmere and Camel Manufacturers Institute (CCMI) members are allowed to participate.

⁴ Membership is not required for retailers that are selling SFA x ICCAW Certified products on behalf of a brand member.

6 Chain of Custody Requirements

Guidance 1:

This section outlines requirements for companies in the cashmere supply chain looking to trade SFA x ICCAW Certified fibre/fibre products and how to handle the certified fibre throughout the processing and manufacturing process.

All participating companies must either be members OR be registered as official participants in the SFA Chain of Custody China Pilot, via completion of a Participant Information Form and payment of the participation fee. Membership is compulsory for brand/retailers. All 2021 CoC China pilot manufacturers will be issued unique ID numbers by the SFA.

All companies wishing to make product claims about SFA x ICCAW Certified fibre must follow our CoC requirements and abide by the Claims Framework (Section 5).

Guidance 2:

Purchase of SFA x ICCAW Certified fibre (raw) corresponds to Phase 1 of the SFA CoC. Therefore, it should follow the SFA CoC Guidelines.

However, once primary processing stages (scouring and dehairing) are complete, the CoC procedures that follow will correspond to Phase 2 of the SFA CoC. Hence, they shall abide by the [Content Claim Standard of the Textile Exchange \(TE\)](#).

6.1 Documented procedures, training and responsibilities for Phase 1

- 6.1.1 The company shall maintain written procedures covering the requirements of the SFA CoC China Pilot Guidelines.
- 6.1.2 The company shall keep a copy of the SFA CoC Pilot Guidelines on their premises.
- 6.1.3 The company shall define all such persons who are responsible for implementing each procedure and ensure that they have adequate training and qualifications to implement the procedure.
- 6.1.4 If a procurement station is involved in purchasing the fibre, the procurement station shall maintain farm-level traceability for the fibre covered by each transaction certificate.
- 6.1.5 The company shall appoint a management representative with overall responsibility for the implementation of the SFA CoC to be recorded using their own traceability system.
- 6.1.6 SFA x ICCAW Certified fibre must be kept separate from non-certified fibre during the sorting, scouring and dehairing process.
- 6.1.7 SFA x ICCAW Certified fibre from different farmers can be mixed together.
- 6.1.8 The company shall implement a record keeping system to maintain complete and up-to-date records covering all aspects of the SFA CoC.
- 6.1.9 Auditable records of any staff training relating to CoC shall be kept for at least five years and be open for checking by the SFA or its delegated representative.

6.2 Documented procedures, training and responsibilities for Phase 2

6.2.1 The Content Claim Standard Manual can be found [here](#).

Guidance:

Support will be provided by the SFA to help participating companies comply with these Guidelines and the Content Claims Standard. Companies are encouraged to keep a feedback log to document any issues arising with their implementation, in order to improve our CoC development for 2022.

6.3 Other

6.3.1 Any export of SFA x ICCAW Certified fibre shall abide by relevant Chinese export legislative requirements.

6.3.2 Mixing of certified and non-certified fibre is not permitted until the spinning stage, after which the exact content of certified and non-certified fibre shall be documented.

6.3.3 Anywhere between 33% and 100% Certified cashmere in the total cashmere content or at least 5% of Certified cashmere in the final product, whichever is higher, is permitted as long as the exact content is recorded and included in the final product claim.

Guidance:

For 100% cashmere yarn, two options are available for the mixing of certified and non-certified fibre, as long as the exact content of certified must be recorded and included in the final product claim:

- Producing yarn with at least 33% certified content and creating final garments using this minimum 33% certified content yarn only.
- Producing yarn with 100% certified content and mixing this with non-certified yarn, ensuring the final garment contains at least 33% of this 100% certified content yarn.

EXAMPLE 1 :

A 100% cashmere scarf: at least 33% must be SFA x ICCAW Certified cashmere.

EXAMPLE 2:

A scarf of 95% wool and 5% cashmere: 5% all must be SFA x ICCAW Certified cashmere.

EXAMPLE 3:

A scarf of 20% cotton and 80% cashmere: at least 27% (33% of 80%) must be SFA x ICCAW Certified cashmere.

EXAMPLE 4:

A scarf of 70% silk and 30% cashmere: at least 10% (33% of 30%) must be SFA x ICCAW Certified cashmere.

6.4 Material input records (Phase 1) - must follow SFA's CoC

- 6.4.1 The farm shall maintain records of:
- The number of goats
 - Volumes of cashmere produced
 - Volumes sold as SFA x ICCAW certified and as non-certified fibre.
- 6.4.2 The company is responsible for the input of transaction details of raw fibre purchased into the SFA's CoC online system (i.e. transactions corresponding to purchases from farmers either directly or through the fibre agents, as well as the purchases from the independent trader).
- 6.4.3 The company shall ensure that SFA x ICCAW certified fibre received from the seller is accompanied by a Transaction Receipt.
- 6.4.4 The company shall ensure that the quantity of SFA x ICCAW certified fibre received is in compliance with the supplied documentation before it is recorded using their own traceability system.
- 6.4.5 The company must ensure that all required details of the transaction are filled out in each transaction receipt (i.e. date of transaction, name of entities and SFA x ICCAW unique ID numbers for both the seller and buyer, the fibre volume, etc.) and be signed and dated by both the seller and by the buyer (the company).
- 6.4.6 If raw fibre is purchased through the fibre agent, the manufacturer must obtain all transaction receipts of transactions between farmers and fibre agent. The images/e-copies of receipts shall be attached to the online transaction form as evidence along with the Excel sheet of transaction records.
- 6.4.6.1 The transaction details must be entered by the manufacturer into the SFA's CoC online system through the link provided by the SFA (with details outlined in 6.4.5). Detailed instruction on ***registration of transactions into the online form will be provided by the SFA separately.***
- 6.4.6.2 The SFA will verify the transaction and issue the Transaction Certificate to the relevant parties.

6.5 Material output records (Phase 2 - must follow CCS)

Guidance:

Any transaction post-raw fibre purchase shall abide by the Content Claim Standard (the following guidelines apply to processors, manufacturers, mid-supply chain traders and brands/retailers.

- 6.5.1 The company's management systems (procedures, record keeping, staff management, production processes, etc.) and management of the SFA x ICCAW Certified fibre during production and post-production (i.e. from spinning onwards) must follow the CCS guidelines.
- 6.5.2 The company shall ensure that the amount of certified fibre sold matches/does not exceed the amount of fibre purchased, after accounting for conversion rates.

- 6.5.3 The company shall ensure that export of fibre or fibre products shall abide by relevant export legislative requirements.
- 6.5.4 The certified organisation shall maintain records of technical specifications for all SFA (x ICCAW) certified cashmere on file. This shall include both finished products and incoming material inputs.

Guidance:

As material output records are covered by the Content Claim Standard, all procedures shall follow Textile Exchange's Content Claim Standard (CCS). Please consult the Textile Exchange's Content Claim Standard (CCS) guidelines and manuals for detailed guidance for Phase 2 processes. Brief procedure is outlined below.

6.6 CCS audit

- 6.6.1 The organisation shall conform to the requirements of the current version of the Content Claim Standard (CCS) whereby:
- 6.6.1.1 Each reference of "CCS" in the Content Claim Standard shall be understood as "The SFA Cashmere Standard." In the case of contradiction with the CCS, the SFA Cashmere Standard requirement supersedes that of the CCS.
 - 6.6.1.2 "Claimed material," as defined in the CCS, refers to SFA (x ICCAW) Certified fibre for the SFA Cashmere Standard.
- 6.6.2 Conformity Assessment Bodies (CABs) will conduct CCS audits.
- 6.6.3 Companies must choose a CAB and pay the auditing fee to CAB.
- 6.6.4 CABs will issue the Scope Certificate if the company has multiple sites all need to be audited separately.
- 6.6.5 The Scope Certificate needs to be renewed annually.
- 6.6.6 CABs will verify transactions and issue Transaction Certificates for each transaction. And the guidelines will be given by the CABs.
- 6.6.7 To avoid unnecessary auditing, CABs will facilitate the process to reduce auditing efforts of those clients in possession of a valid certificate for RWS/GRS/OCS, under the condition that the next audit will be combined with the other existing standards.
- 6.6.8 Companies that conduct outsourcing activities must conform to the requirements of the SFA Cashmere Standard. The Conformity Assessment Bodies (CABs) will take the same approach as with the RWS when evaluating whether a company conducting outsourcing needs to undergo a full audit.
- 6.6.9 SFA hangtags or communication shall only be applied by a certified organisation when a corresponding Claims & Logo Approval Form has been approved by the SFA, in accordance with the SFA (x ICCAW) Claims Guidance and Visual Claims Guide.

Guidance:

Any requests for CCS auditing exemptions due to Covid, (or another reason) will be submitted by the CABs to Textile Exchange according to the [ASR-109a-V2.0](#).

For this pilot participants are asked to record their exact conversion rates in order to improve our

6.7 Claims

- 6.7.1 Companies shall follow the CoC Pilot Claims Framework (Section 5 of these Guidelines).
- 6.7.2 Claims must contain the exact content of SFA x ICCAW Certified fibre, or a statement of 'at least X%', as stated in the CoC Pilot Claims Framework.
- 6.7.3 Final products containing SFA x ICCAW Certified fibre may have a hang tag with the SFA x ICCAW Certified logo, unless otherwise agreed with the SFA

Guidance:

SFA x ICCAW Claims Guidance and the Visual Brand Guidelines documents will provide manufacturers and brands with further information for claims, for products containing SFA x ICCAW Certified fibre.

- 6.7.4 The claims about, and actual physical volumes of Certified cashmere-containing products sold by brands/retailers must match/not exceed the volume of SFA x ICCAW Certified cashmere-containing products purchased.
- 6.7.5 Companies must not offer SFA x ICCAW Certified fibre to brand buyers that are not members. Only brands that are Members are permitted to make product claims regarding SFA x ICCAW Certified fibre.

Guidance:

Companies wishing to offer SFA x ICCAW Certified fibre to companies that are not registered with the SFA must first inform the SFA, so we can process their registration on our CoC system and issue the appropriate documentation.



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