

## **Responsible Cashmere Round Table (RCRT)**

Meeting #2

Wednesday, May 29<sup>th</sup>, 2019

### **Agenda:**

1. Welcome & Introduction
2. Cashmere Mindmap, terms, etc.
3. Cashmere Industry Initiatives
  - a. UNDP
4. Demand Discussion
5. Upcoming Meetings
6. Wrap Up

The RCRT is a place and space to share information and understanding and hopefully align towards some common action; our purpose is not to create a standard at this point. We want to create a common understanding around the issues and opportunities that can drive collective action.

### **Cashmere Mindmap** (see slide #8)

- We want to look for a global cashmere solution
- Cashmere is divided between coming from herding communities or farms
  - Mongolia = herders
  - Inner Mongolia (within China) = farms
- The Responsible Wool Standard (RWS) may eventually be applicable to farmed cashmere in Inner Mongolia
- Aid by Trade Foundation (ABT) – have a strong experience with farmed cashmere; working on a solution that will work (which could include work from Textile Exchange (RWS)) – all in talks right now
- The RCRT will focus right now on discussing Mongolian cashmere

### **Cashmere Industry Initiatives - UNDP**

UNDP Mongolia meeting

“Multi-Stakeholder Collaboration for Systemic Change”

June 12 | Mongolia

1. Objectives and expected outcomes – differentiating from those of SFA
2. Expected participants (100 people) –A strong presence of domestic firms. A few key international buyers including H&M
3. Partnership with AVSF as one of the key SC projects implementing organization on the ground

### UNDP Conference Objectives

- The UNDP would like to support Mongolia to position itself as a leading producer of cashmere by accelerating current efforts (projects by different organizations on the ground, etc.)
- Would like to support the government of Mongolia in their sustainable cashmere program
- Would like to identify the mechanisms for the national dialogue that will result in the common understand for collective action for the acceleration of sustainable cashmere market growth in the value chain; would like to build on the outcomes of the recent SFA meeting

### Observations on SFA Conference

- About 200-250 people; 90% from Mongolia (suppliers and herders)
- Discussions that took place
  - SFA business model; how they have been helping local herder communities to produce sustainable cashmere
  - Introduction of other sustainable cashmere programs presenting results or progress from projects (Green Gold, UNDP etc.)
  - Animal welfare presentations/discussions
  - Workshop activity – 4 different working groups
- Overall it was a great discussion forum
- Hoping the UNDP conference will be a space to work on action items as outcomes from the SFA meetings and other discussions

### **Demand Discussion**

We would like to get some insights into the brand's thoughts on what we are doing; important information to bring to the UNDP conference in June.  
(Stakeholder comments in [green](#))

1. Will you be willing to work with multiple programs in Mongolia or do you prefer a single solution?
  - a. a single solution would be preferable.
  - b. Single Solution is preferred
  - c. single solution is preferred
  - d. In general, I prefer a single solution. Communicating to consumers could be very complicated if there were multiple initiatives.
  - e. Single solution preferred, as long as all stakeholders involved.
  - f. Whatever is most likely to produce results.
  - g. A dream scenario is to have a simple solution such as a standard but totally understanding the complexity of cashmere and that such would be tricky. So maybe endorsement of different initiatives.
  - h. Multiple if they are all credible
2. What elements of "sustainable" are essential?

- a. Animal welfare and traceability
  - b. Traceability: very important
  - c. Social, ecological and economic elements should all be included in a sustainability definition. Animal welfare is incorporated into these aspects.
3. If you can only choose one top issue, what would it be?
- a. Human treatment of animals
4. What elements are important?
- a. Social issues for herders is very important as well
  - b. Traceability
  - c. Top issue I would say is shared between rangeland health and animal welfare.
5. What elements are nice to have?
- a. Rangeland health
    - 1. The status of rangeland wildlife populations needs to be considered as part of rangeland health. In particular wild ungulate that compete directly with livestock and the knock-on impact that wild ungulate declines can have on large carnivores.
  - b. Social welfare
  - c. Animal welfare
  - d. Other
6. Is full product traceability essential, or would you consider other ways to deliver support for best practices?
- a. It depends on the program. We want product traceability if possible but most important is to have a credible impact and scale. Cost, which increases with traceability is a barrier to scaling
  - b. Traceability does not seem realistic when working with smallholder herders.
  - c. Mass Balance System is good for me for the beginning
  - d. A full traceability system might add too much to the end product cost, and as cashmere is an expensive fibre to start with this might put off buyers and move them away from cashmere. Impact credits would be great to build demand for sustainable cashmere at the ground level, and could aid herders in getting better loans if there is a guaranteed buyer for sustainable fibres.
  - e. Agree with mass balance being the starting point to build sustainable production and provide direct support to farmers. Physical segregation would be good in future but my understanding is that blending of Mongolian/chinese fibres is pretty common to get the correct quality (length, softness, colour etc) so this would present difficulties for traceability.
  - f. Full product traceability would not be essential.
  - g. Open to options on how we define traceability in the cashmere space, but ultimately would like to be able to trace to the farm source at some point.
  - h. Our customers expect visibility to all tiers of the supply chain - so tracing should be the ultimate goal
  - i. I think from a brand perspective, it would be okay to not have on product at first, but it does ultimately need to end up becoming physically traceable. We see it already with BCI where external stakeholders question that level of traceability.

- j. I would say that a two-tier approach could work, with one path being a mass balance/credit system, and another an CCS method. Similar to how RSPO works.
- k. I would say traceability should be targeted but progress can be made before it is fully achieved.

**Comment:** Mass balance/credits is a great idea to build supply, but ultimately would want a timeline of moving towards physical traceability

- With animal fibers, identity preserved segregation is more important with consumers

**Comment:** compared to cotton, cashmere seems to be less of a commodity, so in my mind the physical traceability might be a bit easier because there is less cashmere; at the same time, mass balance as a way to kick-off the change in the supply is totally fine if we can do it out of reasonable cost against conventional cashmere that would lead towards brands to switch to sustainable cashmere. Also, a lot of standards are very cumbersome in their administration, so if we can start to think of a more sophisticated technological platform that could lead to physical traceability down the line would be good.

**Comment:** We don't have a formal stance for cashmere yet, but for our sustainability efforts at large, single solutions are preferred, followed by an aggregate of multiple solutions in an aligned way (like ZDHC), then multiple solutions where we'd have to manage.

**Comment:** Traceability doesn't prevent animal suffering. PETA Asia's investigation showed that egregious abuse was witnessed on every single one of the randomly selected operations visited and is therefore indicative of standard industry practices.

**Comment:** A large part of the sustainability of Mongolian cashmere is income for herders - currently its one payment per year when fibre is harvested so herders are vulnerable to market prices/ agents. credits seem like the best way to ensure herders are getting a good price / reward for their sustainable fibre and the upcharge isn't getting absorbed by the rest of the supply chain.

**Comment:** In conducting interviews with herders, I asked them if they could receive more money (price premium), would you/could you reduce the number of goats you herd?

- 60% said they would not reduce their herd sizes, they would even increase (if they were able to get more for their cashmere)
- So, price premiums are important, but it shouldn't be automatically assumed that they will result in herd reductions and therefore less environmental concerns
- cooperative collaboration was failing, only works where there is NGO or other support. Herders have become disillusioned with cooperatives – needs to be built on and improved, but are not self-sustaining. This is one form of 'social' support that works well

Main issues: animal welfare and land management

Key takeaway: AW is a high priority for a lot of brands. A fresh insight to bring to the UNDP meeting in June; UNDP has been focusing on environmental issues, but may need to consider looking at animal welfare moving forward. Will add it to the discussions since it is so important to brands.

Zara Morris-Trainor's blog: <https://goatsandgers.wordpress.com/2019/05/22/animal-welfare-and-cashmere-production/>

## Survey Questions

Take the survey here: <https://form.jotform.me/91497776450470>

1. Do you have any corporate targets that could relate to cashmere? For example, science-based targets, SDGs, environmental targets, etc.

Please provide links or descriptions:

2. Do you have any corporate policies that could relate to cashmere?

Please provide links or descriptions:

3. Do you have any other comments to share?