



Responsible Cashmere Round Table (RCRT) Kick-off Meeting

March 27, 2019

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- You can use the **Raise hand button** to signal that you have a question, want to make a comment, or require assistance.
- Alternatively, if you have a question, **type it in the Questions Panel** and click Send. We will do our best to answer as timely as possible.
- You can find the **Attendee Registration List** under “**Handouts**” to see who else is on the call (note: not everyone registered will be present).

Mute/Unmute →

Raise hand →

The screenshot shows the GoToWebinar control panel interface. It features a vertical toolbar on the left with icons for Mute/Unmute (a microphone with a slash), Raise hand (a hand with a green dot), and other controls. Two orange arrows point from the text labels 'Mute/Unmute' and 'Raise hand' to their respective icons in the toolbar. The main panel is divided into sections: 'Audio' (showing 'Computer audio' selected and 'MUTED' status), 'Handouts: 2' (listing files like '2017-05-05_11-59-21.png' and 'GTM iOS.jpeg'), and 'Questions' (with a text input field and a 'Send' button). The 'Handouts' and 'Questions' sections are circled in orange. At the bottom, it displays 'Multi sessions different registrants', 'Webinar ID: 980-960-603', and the GoToWebinar logo.

Meeting Notes

We will send a follow-up email with meeting materials.



Agenda

1. Welcome: Introductions, Chatham House Rules, Anti-trust Declaration
2. Why cashmere?
3. Why a Responsible Cashmere Round Table?
4. UNDP work
5. Discussion
6. Next Steps?



Welcome





Why Cashmere?

The Impacts

Land | Social | Animal Welfare | Processing | Market



Land Impacts

- Fragile ecosystems
- Global warming
- Over-grazing leading to erosion, degradation or desertification of land, and increased vulnerability to droughts and floods
- Grazing pressures
- Impacts on natural wildlife and biodiversity



Social Impacts

- Cultural erosion threats: herders are leaving the land to move to cities
- Pressure to increase herd size in order to generate sufficient income





Animal Welfare

- Opportunities to improve fiber harvesting methods and general animal health and handling
- Address the Five Freedoms of animal welfare:
 1. Freedom from hunger or thirst
 2. Freedom from discomfort
 3. Freedom from pain, injury or disease
 4. Freedom to express (most) normal behaviour
 5. Freedom from fear and distress

An aerial photograph of a textile processing facility. The image shows several large, rectangular bundles of fabric, each wrapped in a red and white striped material. These bundles are arranged in a grid-like pattern on a light-colored, possibly concrete or asphalt, surface. The background is a vast, flat expanse, likely a large industrial site or a dry lake bed. The overall scene is industrial and organized.

Processing

- Social
- Environmental: water, energy, waste
- Chemical use

H&M, Zara and others ban mohair products after animal cruelty investigation

Market Impacts



https://www.washingtonpost.com/news/business/wp/2018/05/01/hm-zara-and-others-ban-mohair-products-after-animal-cruelty-investigation/?utm_term=.f678cb9ae271



H&M to phase out use of conventional cashmere

<https://apparelinsider.com/hm-to-phase-out-use-of-conventional-cashmere/>

Activity in Mongolia



Private Brand Standards



A close-up photograph of a cashmere sweater cuff. The cuff is ribbed and features a color transition from a dark grey on the left to a light cream or off-white on the right. The texture of the wool is clearly visible.

Why a Responsible Cashmere Round Table?

What is a Round Table?

A round table is a multi-stakeholder initiative designed to bring key players together to improve sector connectivity and explore ways to, pre-competitively, address barriers to success. It is important that outcomes benefit all.

The RCRT is meant to be a neutral space for stakeholders to learn, discuss and understand, and to provide aligned input into the solutions being developed.

What does “Responsible” mean?

/rə'spənsəb(ə)l/

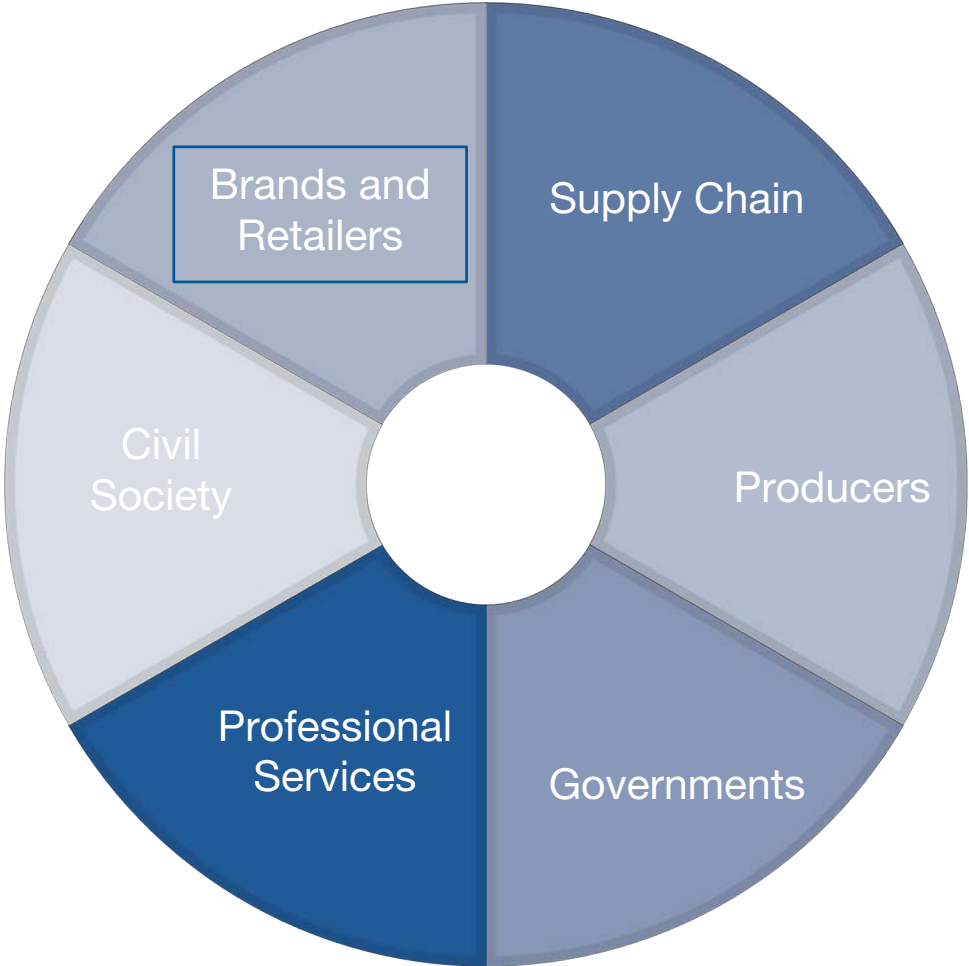
1. Having an obligation to do something, or having control over or care for someone, as part of one's job or role.
2. Being the primary cause of something and so able to be blamed or credited for it.
3. (Of a job or position) involving important duties, independent decision-making, or control over others.

*** It will ultimately be the role of the RCRT to define what this means in the context of cashmere*

Questions?

- Do we even need a Round Table?
- Do we want to be a Global or a Mongolian Round Table?
- Are we looking at cashmere or herding?
- Do we include farming systems?
- Do we address processing?
- Are we a Round Table for brands and retailers, or for all stakeholders?
- What roles do we want to play?

Stakeholder Groups



10 Reasons Why We Need A Responsible Cashmere Round Table (RCRT)

1. To create a common understanding of the important social and environmental issues facing cashmere production.
2. To create a shared awareness and understanding of the different programs and initiatives currently addressing issues in cashmere production.
3. To identify the core needs to be addressed and determine the gaps that need to be addressed.
4. To find ways to increase market support for best practices in cashmere production.
5. To encourage and support brands and retailers to make commitments to source more responsible cashmere.

10 Reasons Why We Need A Responsible Cashmere Round Table (RCRT)

6. To provide a pathway to grow the supply base over time.
7. To build integrity in right from the start.
8. To explore different business models and innovative financing schemes that will support better practices.
9. To review improvements and monitor impacts.
- 10. To set up a platform that will allow for clarity, alignment and support of the various initiatives that are active in Mongolia (?).**

Potential Outcomes

- ❖ A platform to connect and share stories and perspectives of the full supply chain
- ❖ Clarity and shared understanding of the issues and opportunities with Mongolian cashmere.
- ❖ Agreement on what constitutes “sustainable” or “responsible”
- ❖ Transparency map of programs and initiatives in Mongolia (recently produced by the UNDP).
- ❖ Web page for Responsible Cashmere to share relevant information with the public, and with businesses.
- ❖ Collective voice and coordinated platform to talk and work with other stakeholder groups (governments, media, investors, etc.)
- ❖ Identification of impact indicators to measure performance of the different initiatives
- ❖ Possible benchmarking of the different programs and standards in Mongolia and link to brand actions
- ❖ An LCA on cashmere.
- ❖ Other?

Funding Requirements

Staff time	Round Table virtual meetings	In-person meeting at Textile Exchange conference
Website	Travel	Publications

A close-up photograph of a white knitted fabric, likely a sweater or scarf, with a grey ribbed cuff visible on the left side. The texture of the knit is clearly visible.

UNDP Work

Agenda

- I. Pilot Project in Eastern Mongolia
- II. Supplier Analysis – Comparative Analysis of Sustainable Cashmere Projects in Mongolia
- III. Demand Analysis – Market Demand, Sustainability Standard and Investment
- IV. Vision for Roundtable on June 12

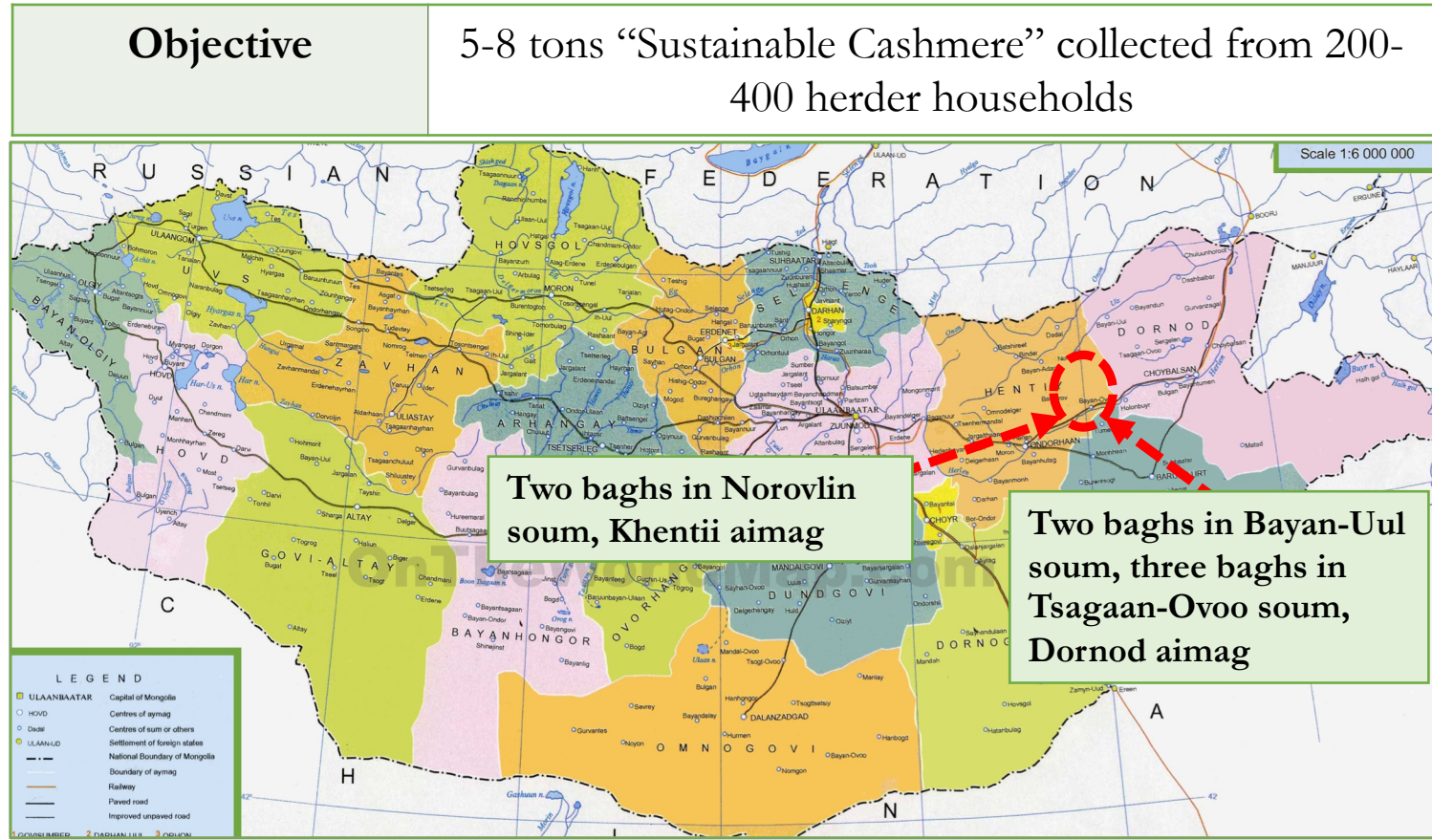


Agenda

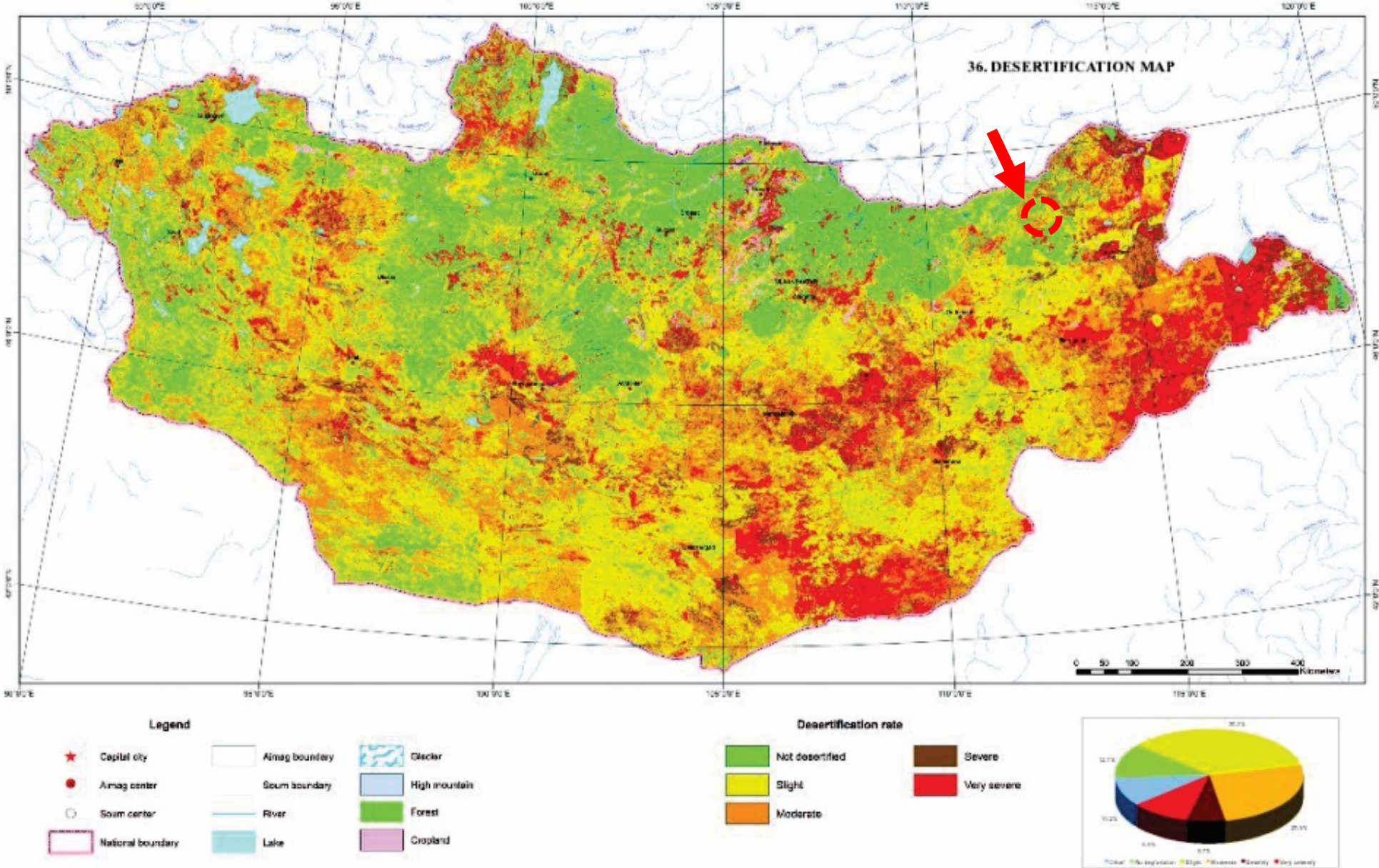
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UNDP is experimenting the commercial viability of Sustainable Cashmere Value Chain in the Eastern Region to offer inside-out perspectives

Input
Designing the model to be piloted addressing the key challenges
Output
Pilot project execution (Facilitating the transaction of 5-8 tons of “Sustainable Cashmere”)
Outcome
Sharing knowledge and assessing the model’s scalability or lack thereof



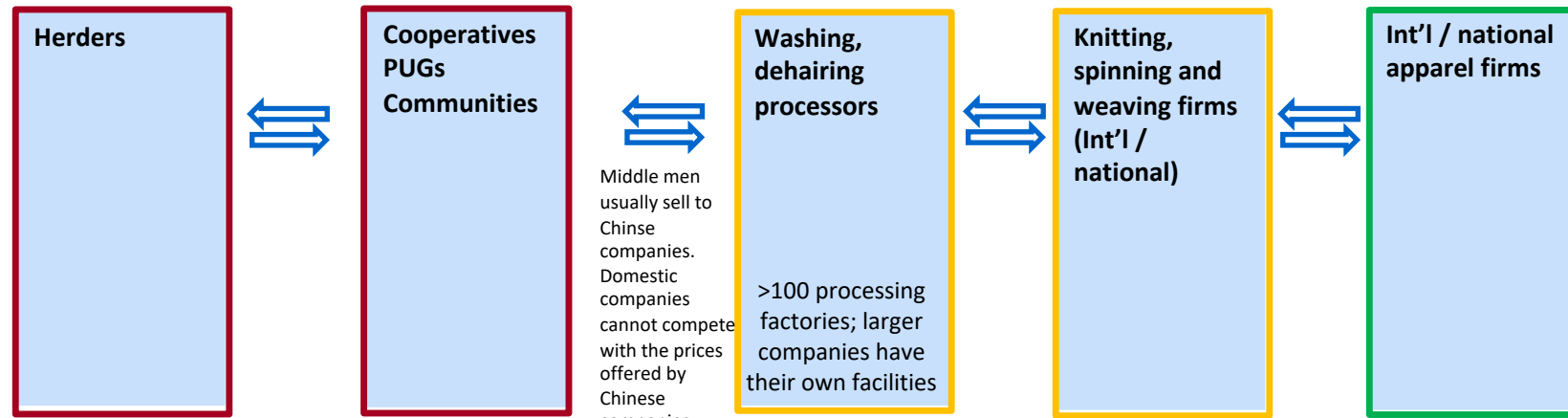
Desertification mapping (2013)



Source: Institute of Geo-Ecology and SDC, 2013

Key development partners and non-profit, non-governmental organizations providing input for Sustainable Cashmere value chain

Cashmere Market Value Chain



Supplier support: Projects that focus on herder training on Sustainable Pasture Mgmt.

Intermediaries support

Buyer support



Empowered lives. Resilient nations.

Conversations with prospective buyers revealed four key challenges facing Mongolia's nascent Sustainable Cashmere (SC) market

Inadequate traceability

Quality deficiency

**Competition from private traders
(mostly Chinese middle men)**

Unclarity about what constitutes SC



Buyers don't trust the authenticity of SC due to inadequate traceability

Inadequate traceability

Quality deficiency

Competition from private traders

Unclear definition of SC



As a solution, UNDP is assessing the benefits of blockchain technology

Inadequate traceability

Quality deficiency

Competition from private traders

Unclarity about SC definition



Pictures taken on March 26, 2019 by UNDP staff members



Empowered lives.
Resilient nations.

Sustainability does not necessarily result in quality cashmere

Inadequate
traceability

Quality
deficiency

Competition
from private
traders

Unclarity
about SC
definition



Pictures from external sources

UNDP and its partnering organizations provided training on basic sorting as a part of cashmere harvesting support training

Inadequate traceability

Quality deficiency

Competition from private traders

Unclarity about SC definition



Pictures taken in Feb 2019 by SFA staff members

Attractive prices and financial agreements offered by private traders result in suppliers' high defection rates

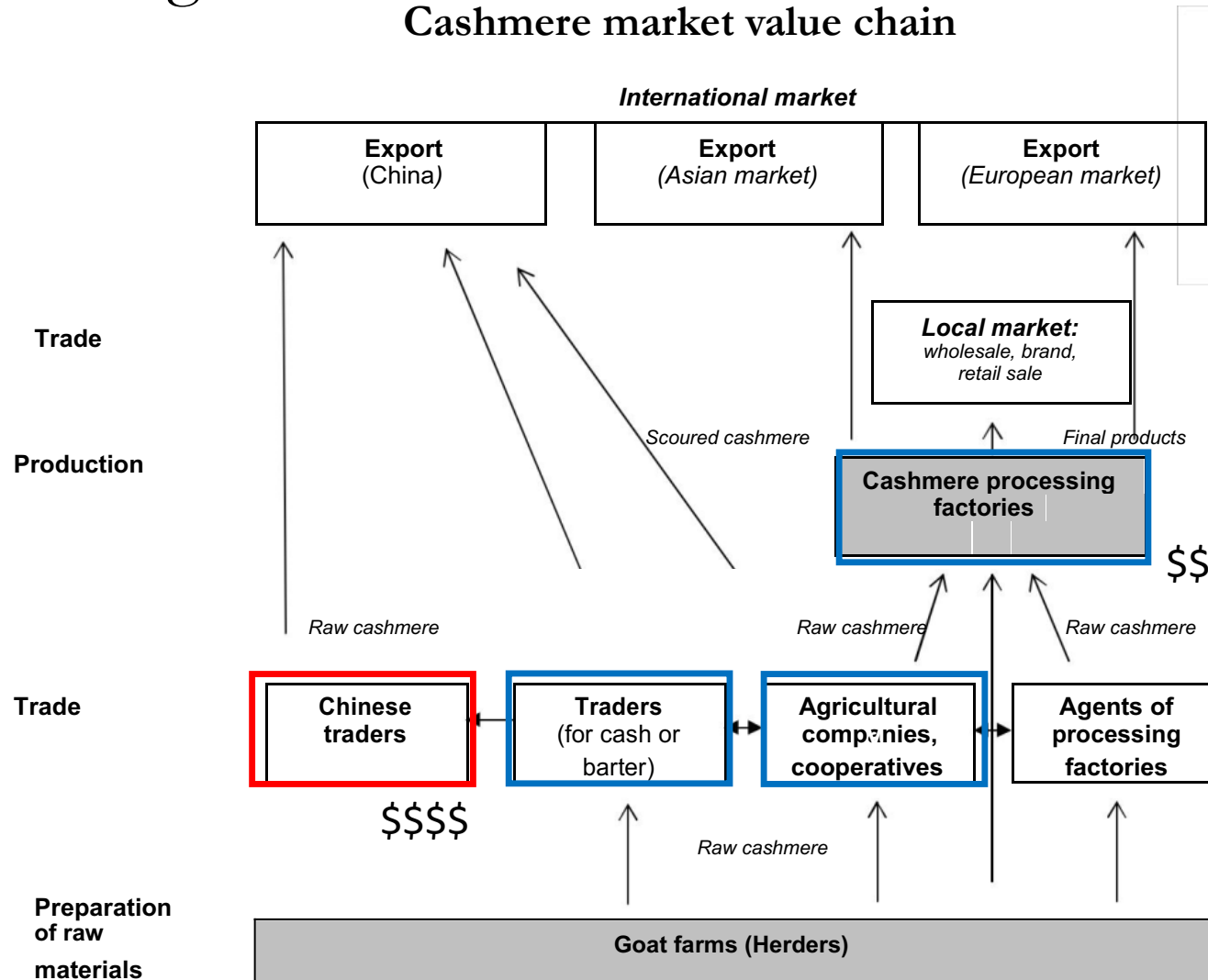
Cashmere market value chain

Inadequate traceability

Quality deficiency

Competition from private traders

Unclarity about SC definition



Empowered lives. Resilient nations.

Source: UNIFEM, 2005

A right combination of incentives will commit herders to agreements made with buyers

Inadequate traceability

Quality deficiency

Competition from private traders

Unclarity about SC definition



UNDP experiment results

- Negotiations for premium price with prospective buyers failed
- Advances have been provided for co-ops but did not matter in the end
- Won hearts and minds of herders aware of pastureland degradation with a vision for country's inclusive growth

Buyers are confused about the sustainability concept

Inadequate
traceability

Quality
deficiency

Competition
from private
traders

Unclarity
about SC
definition



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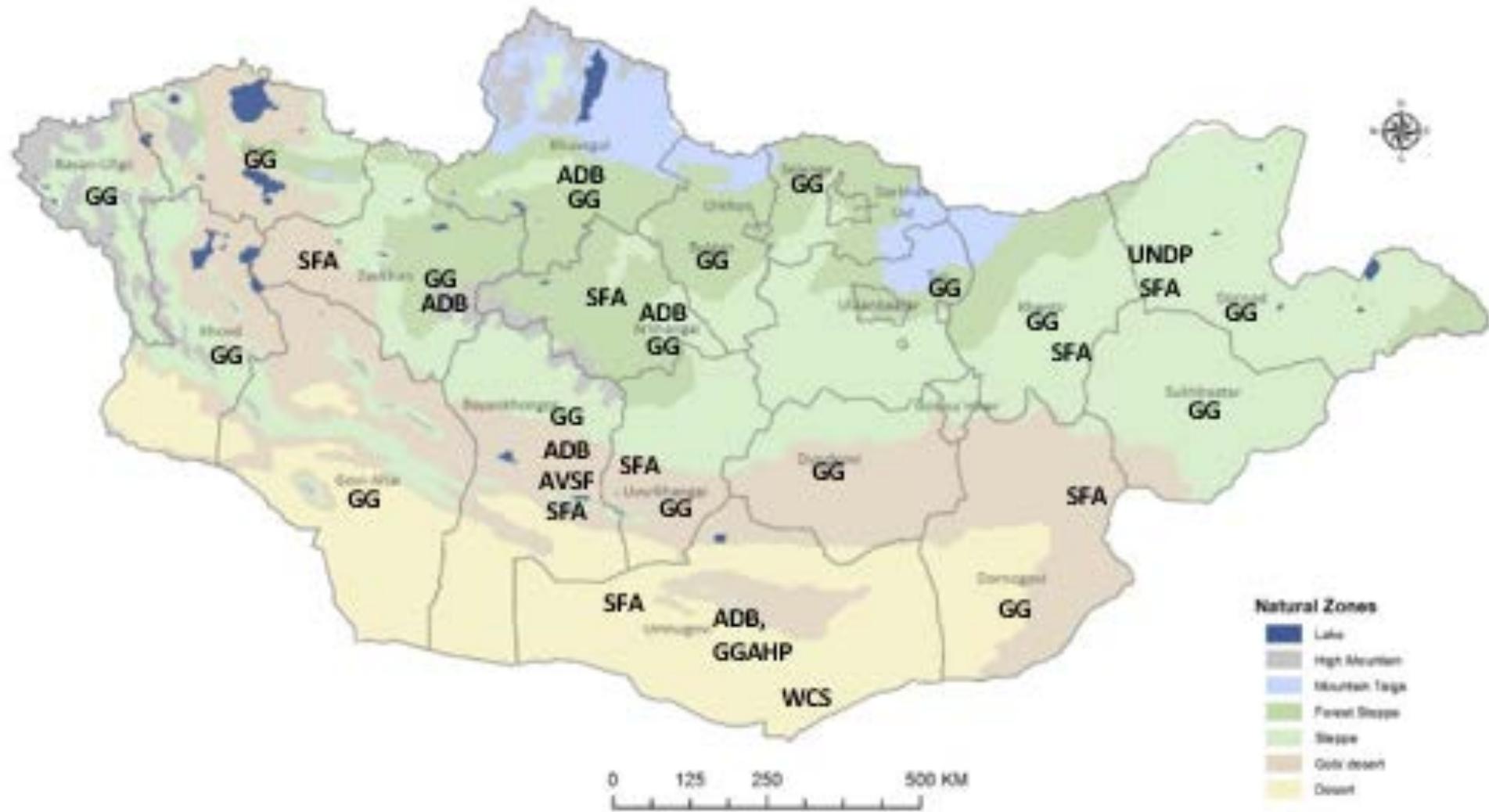
IV. Vision for Roundtable on June 12



The study examined six development projects which produced Sustainable Cashmere as project outputs

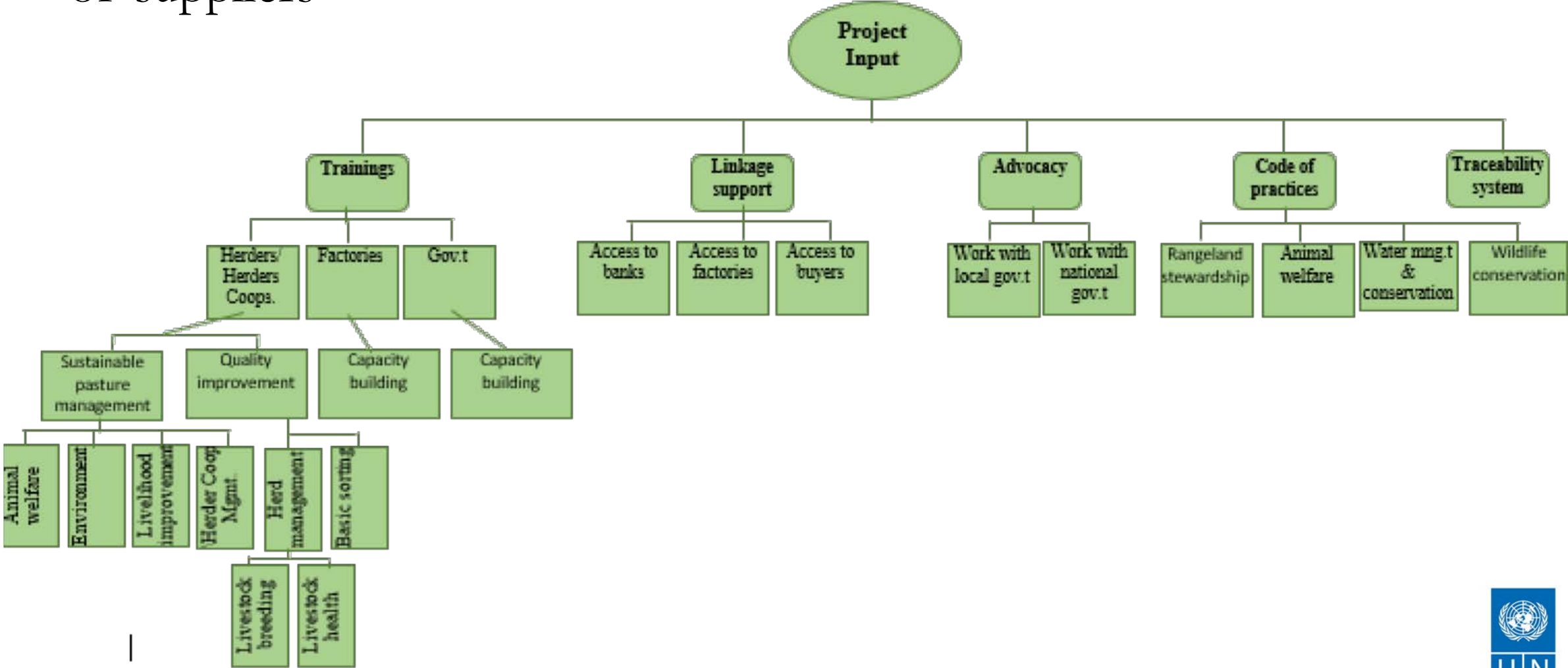
Implementing Org.	Funders / Donors	Project Name	Project Duration	Total area (ha)
ADB	ADB	Supporting Agriculture Value Chain	2017-20	33,418,931
AVSF	<ul style="list-style-type: none"> ▪ European Union ▪ French Ministry of Agriculture, Agri-foods and Forestry ▪ French Ministry of Foreign Affairs and Int'l Dev. ▪ French Fund for the Global Environment ▪ French Fund for Worldwide Environment (FFEM) ▪ HUMUS Foundation 	Sustainable Cashmere-Fiber Supply Chain in Mongolia STEPCOLAB	2014-2019 (extension is being considered)	2,864,046
GGAHP	Swiss Agency for Development and Cooperation	Green Gold and Animal Health	2017-20	40, 000,000
SFA	<ul style="list-style-type: none"> ▪ Member companies 	Sustainable Cashmere	2015 onward	9,214,940
UNDP	UNDP	Sustainable Cashmere Value Chain Pilot	2018-19	1,232,256
WCS	<ul style="list-style-type: none"> ▪ A private sector firm operating in Mongolia ▪ A private sector int'l apparel firm 	Sustainable Cashmere (new name upcoming)	2015 onward	199,197

Projects are implemented across Mongolia and the Green Gold Animal Health Project covers most of the country



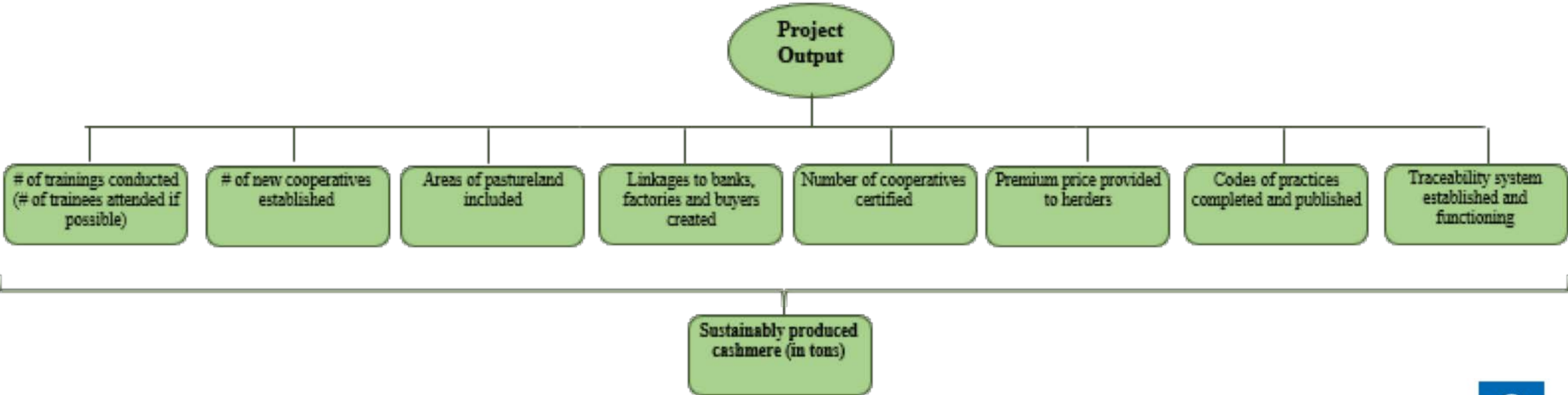
Empowered lives.
Resilient nations.

Each project offers a gamut of input activities to increase the capacity of suppliers



The study attempted to capture the project output

Chart 3 – Project output parameters



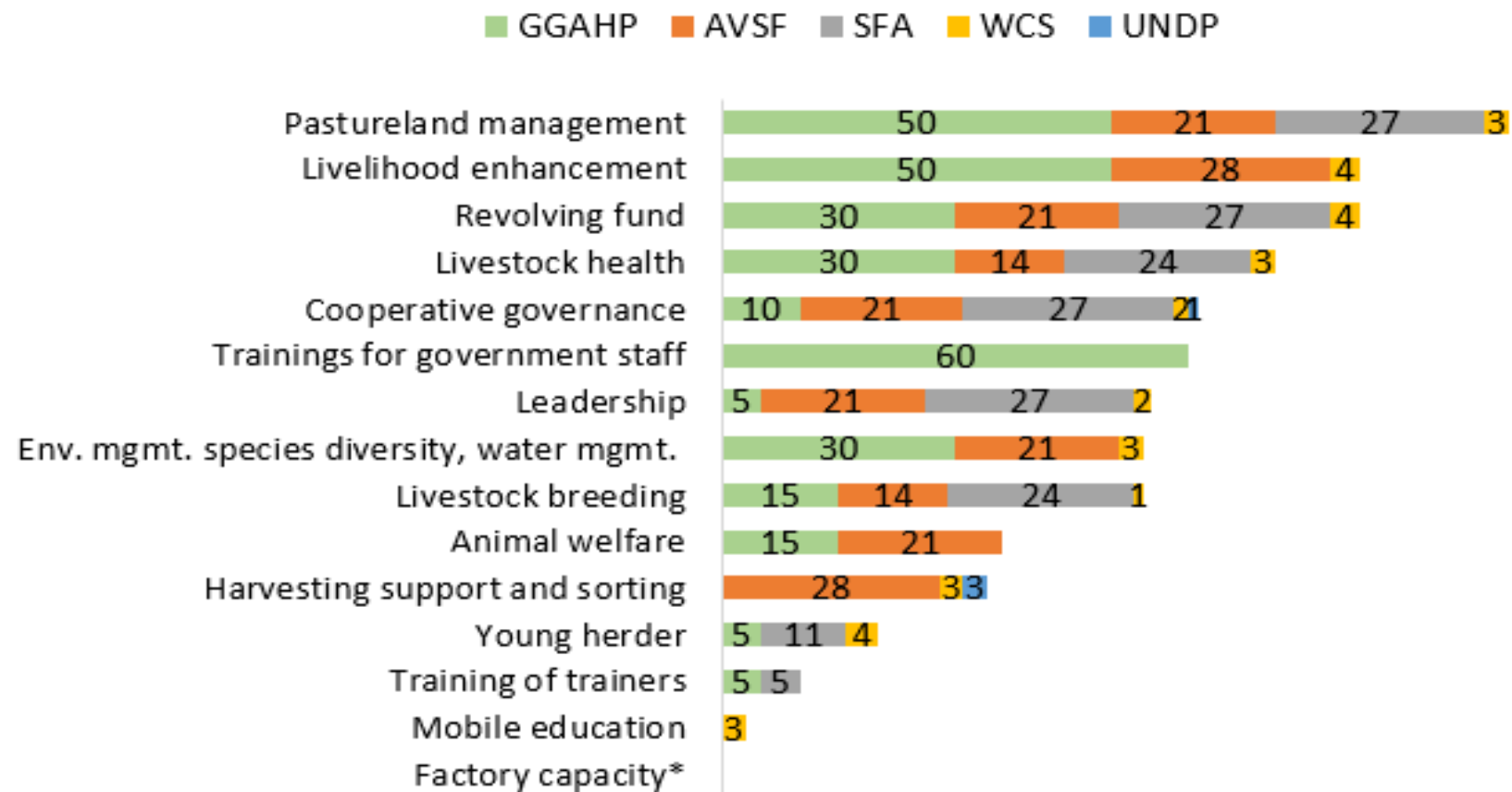
Training issue areas vary but most offer similar sets of issue areas

Trainings	ADB	AVSF	GGAHP	SFA	UNDP	WCS
Cooperative governance						
Pastureland management						
Livestock breeding						
Livestock health						
Leadership						
Revolving fund						
Envt. /water mgmt. species diversity						
Harvesting support and sorting						
Livelihood enhancement						
Young herder						
Training of trainers						
Animal welfare						
Factory capacity						
Mobile education						
Trainings for government staff						



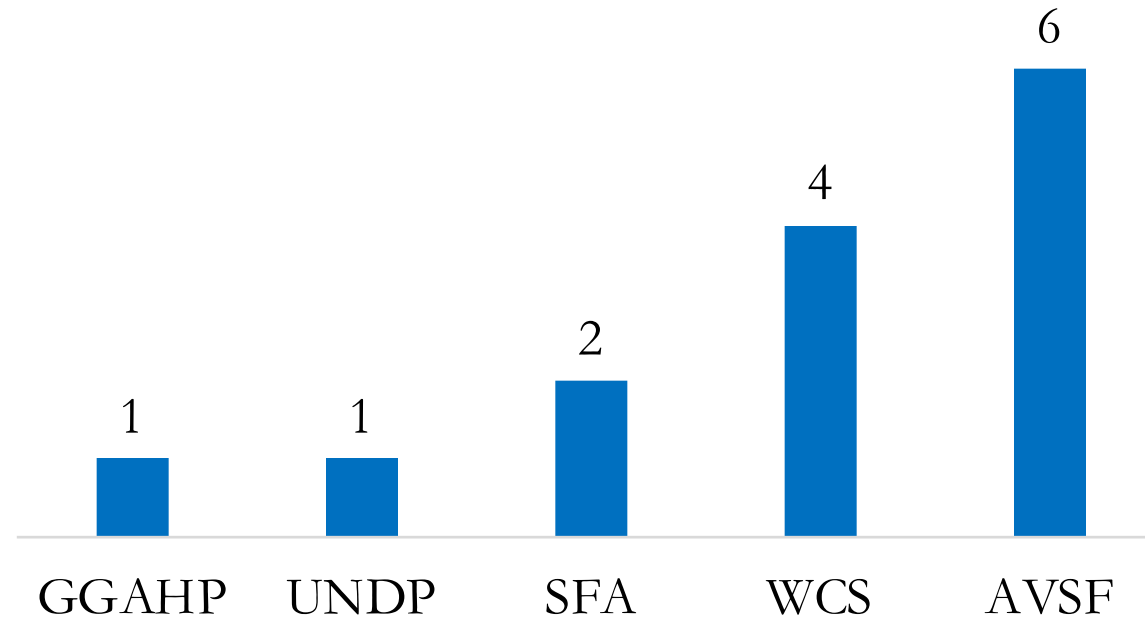
Pastureland mgmt., livelihood enhancement and livestock health improvement are the three pillars of Sustainable Cashmere training

Number of training featuring specific issue areas provided for herder cooperatives (cumulative as of 2018)



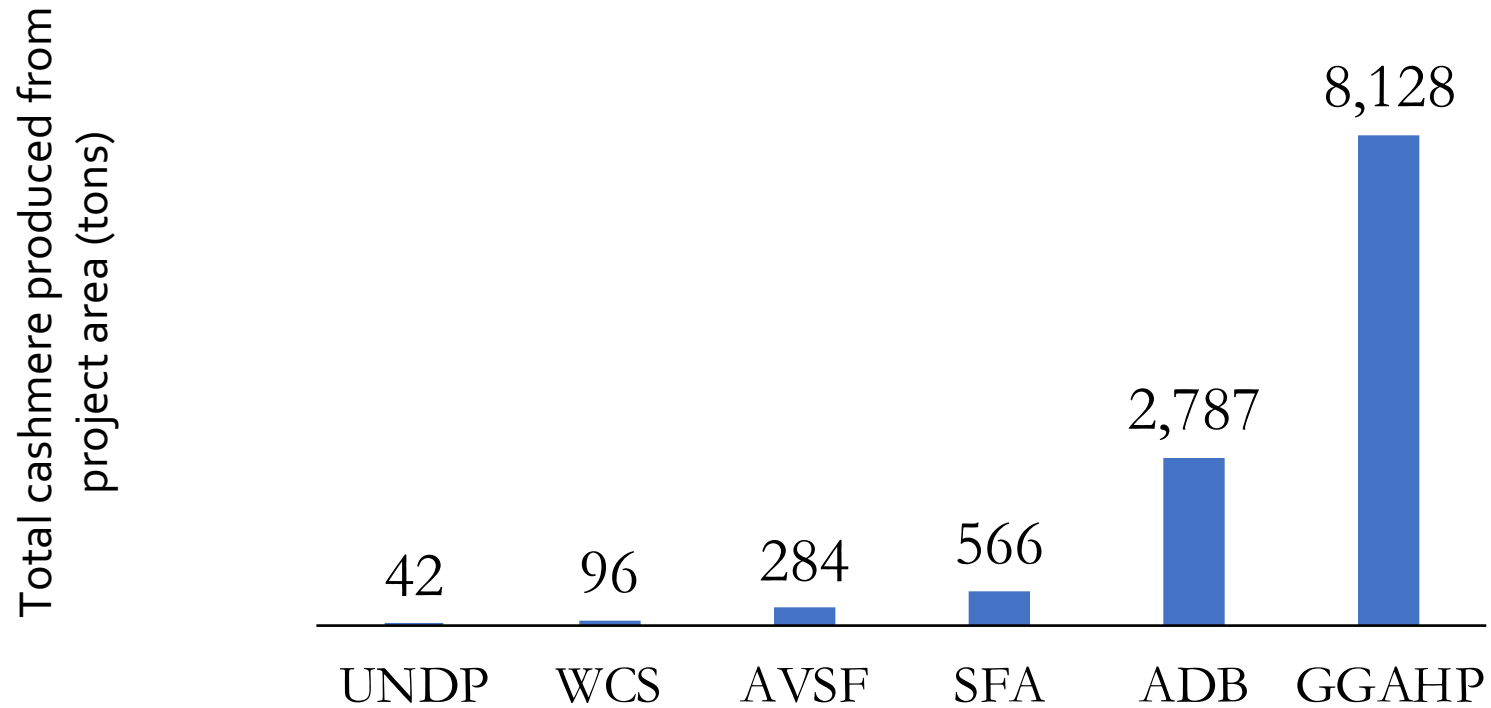
Frequency of trainings per soum also varies

Frequency of trainings per soum per annum (as of 2018)

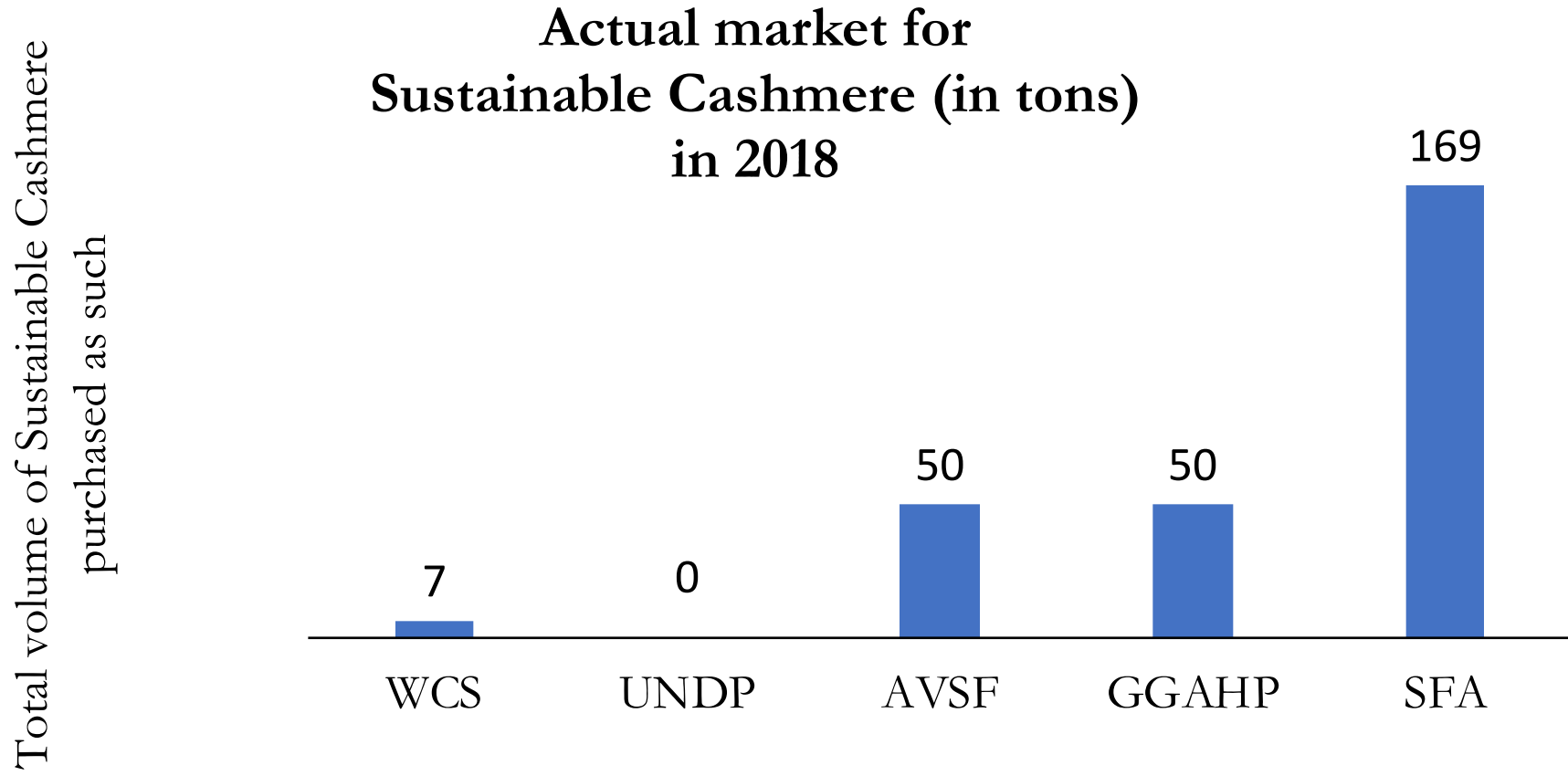


Sustainable Cashmere projects already cover most of Mongolia

Potential market (in tons)



But the actual transaction is only beginning



Conclusions and Recommendations

Findings	Conclusions	Recommendations
Significant geographical overlaps	<ul style="list-style-type: none"> ▪ Overlaps in beneficiaries and partner organizations ▪ Govt coordination burden 	<ul style="list-style-type: none"> ▪ Developing collaboration roadmap ▪ Discuss Long-term sustainability of project impacts
All herder trainings entail most issue areas	<ul style="list-style-type: none"> ▪ Overlaps in training program issue areas 	<ul style="list-style-type: none"> ▪ Joint training based on issue areas of organizational competencies
Each project offers certain issue area trainings more deeply and broadly	<ul style="list-style-type: none"> ▪ Some trainings are deeper and broader than others for each issue area 	
Most provide buyer linkage support	<ul style="list-style-type: none"> ▪ Approaches vary ▪ All are in the initial stage 	<ul style="list-style-type: none"> ▪ Jointly support the appropriate government policy ▪ Jointly explore the ways to disrupt the market shifting away from a quantity-focused market to a quality-focused alternative

Conclusions and Recommendations (cont.)

Findings	Conclusions	Recommendations
<p>Some work on advocacy (SFA, GGAHP and ADB)</p>	<ul style="list-style-type: none"> ▪ Not substantial coordination among the projects 	<ul style="list-style-type: none"> ▪ Continuous discussions and development of policy briefs ▪ Develop jointly agreed solutions to reverse overgrazing and pasture degradation
<p>SFA and ADB published a code of practice and made available to the public</p>	<ul style="list-style-type: none"> ▪ There is no widely used code of practice that specifies ingredients of Sustainable Cashmere 	<ul style="list-style-type: none"> ▪ Come to a consensus on what constitutes Sustainable Cashmere ▪ If a consensus is unnecessary, discuss mechanisms to promote information transparency to reduce buyer confusion
<p>All projects agree on the importance of record keeping at the herder and cooperative levels</p>	<ul style="list-style-type: none"> ▪ ADB, SFA and WCS consider that challenges of data deficiency need to overcome before deploying a traceability system ▪ AVSF claims that the system is set and already working ▪ GGHAP and UNDP are experimenting a traceability system that leverages digital technologies 	<ul style="list-style-type: none"> ▪ Come to the common vision for a traceability system (e.g. what information to be collected at what level) ▪ Share best practices and lessons learned from the projects focusing on record keeping ▪ Leverage the traceability system experimented by AVSF, GGAHP and UNDP

Agenda

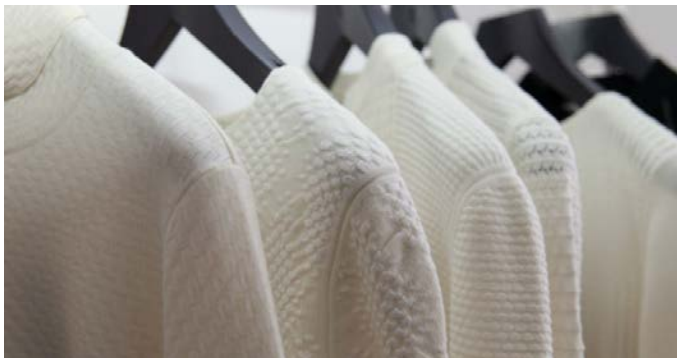
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2. Comparative Analysis: Market Demand

Demand for cashmere rising steadily, especially in high end and luxury markets. Increases in mid and mass market significant in last few years but dependent on price. But key requirement is always quality.

Is there an opportunity for sustainable Mongolian cashmere?

- Demand for sustainable cashmere: Quite a bit of **interest**, especially from higher end brands/suppliers, but not yet driven by consumer demand.
- **Quality**, consistency of specification and supply are key. Users will not switch if quality specs not met.



- Most mass/fast fashion companies using Chinese cashmere. Others use up to 50% of total **demand** from Mongolia, to complement supply from China (and Afghanistan). Although lack of traceability in the sector means some questions about how much cashmere labelled as Chinese is actually from Mongolia.
- Possibility to switch demand to Mongolian cashmere (IF get sustainability system in place) will be **limited** by colour and quality, when compared to Chinese supply.

2. Comparative Analysis: Sustainability standards

Sustainability issues commonly identified as environmental, especially desertification of pasturelands. Other main concern raised is animal welfare. Need for common definitions and solutions of sustainability, based on expert input, with robust metrics.

What are buyer requirements for sustainability standards?

- Need to establish a **common definition** of sustainability for cashmere
 - Most companies have participated in development of (and now use) **sector standards** such as RWS
 - Key to have all parts of supply chain **represented** in discussions, eg Chinese buyers/traders and government
 - **Main issues** to be tackled: animal welfare, and environment. Few mentioned social (herders) and biodiversity.
- **Traceability** needed to help understand root causes and demonstrate positive impact. Many companies have public commitments on achieving traceability by xxxx.
 - **SFA** were mentioned as the main convener helping advance in this space.
 - Need robust **metrics** to show positive impact/reduced harm/regeneration
 - Sustainability is complex - especially in trying to understand root causes, so **expert input** is needed.
 - It will take time to achieve any changes, so will be limited in ability to make claims in short term - but having clear action plan with **realistic targets** will help.



2. Comparative Analysis: Investments

Some limited indications of additional investment being available to channel into work to make supply more sustainable, especially at a time of high prices. Some good examples of long term partnerships across supply chain sharing costs.

Will buyers invest to achieve sustainable cashmere?

- **Price is key:** needs to still be affordable or at least show demonstrable and traceable benefit, not just a marketing tagline



- Most companies are investing in the **SFA** process and their related projects.
- Some companies could support through sustainability or CSR budgets, but ultimately has to be in cost of goods. Need **long time lines** of action plans/roadmaps to work these price increases through
- Some long term relationships along supply chain jointly supporting - especially where cashmere key material. But a need for more commitment to **reduce risk** for intermediaries, and provide incentive to herders.

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Multi-stakeholder Conference in Ulaanbaatar June 11-12

OBJECTIVES

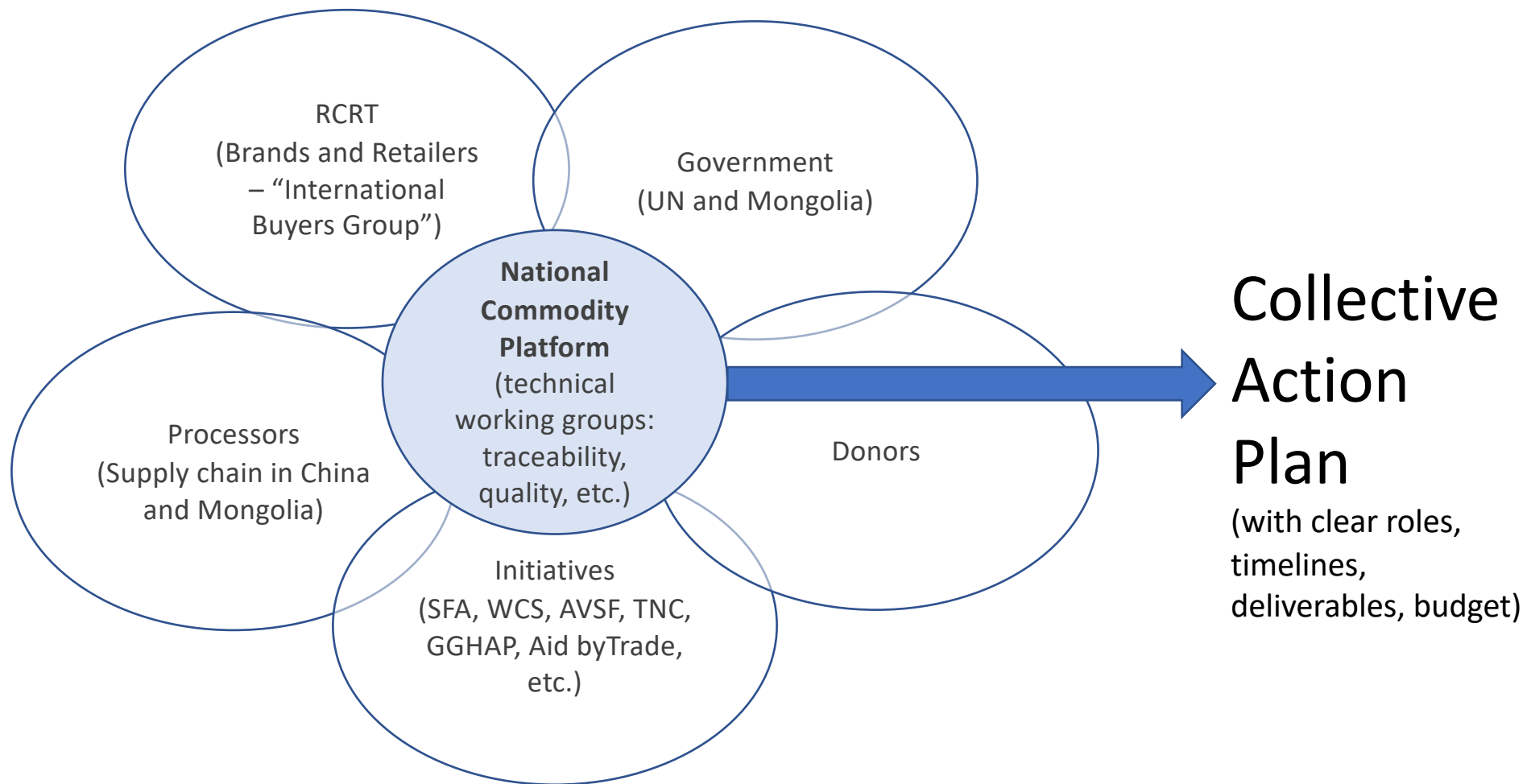
- **Take a deep dive together on “Multistakeholder Collaboration for Systemic Change in Mongolia” (building on SFA May Conference initial discussion)**
- **Build the Business Case for Collaboration at National Level in Mongolia / Potential benefits for each stakeholder group**
- **Sharing best practices from other commodity sector**
- **Discuss recommendations on corporate strategies for investment in sustainable cashmere**
- **Exploring options for multi-stakeholder engagement (what exists/ gaps/ potential institutional structure and mechanisms to accelerate current efforts)**
- **Discussion on respective vision for the future?**
- **Jointly identify priority areas/themes for aligning interest (e.g quality, traceability, incentives for herders, engaging with China, etc.)**
- **Commitment to Action: What can we all commit to increase collaboration in the short/medium term?**

KEY OUTCOMES

- **Roadmap for multistakeholder engagement on sustainable cashmere in Mongolia to accelerate current efforts**
- **Agree on high level principles for dialogue and collective action**



+ Possibility of post Meeting field trip based on level of interests (13-16 June)





Online Brand Survey

UNDP Brand Survey

If you are sourcing cashmere for your company, please help us by participating in this survey so that we may develop a better understanding the market needs for more sustainable cashmere.

Due date: **April 15th**

Survey Link:

<https://form.jotform.me/90640744757464>

Please rank the most important issue or primary concerns for your company regarding cashmere.

	Not Important	Somewhat Important	Important	Very Important
Animal Welfare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Impacts: Soil & Land Health	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Impacts: Global Warming (GHG)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Impacts: Chemical Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Impacts: Water Use & Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Impacts: Effluent/Waste Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Impacts: Energy Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social Impacts: Social Impacts at the herder level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social Impacts: Social Impacts at the production levels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social Impacts: Social Impacts at the processing factory worker level (labour rights)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Discussion

Questions?

- Do we even need a Round Table?
- Do we want to be a Global or a Mongolian Round Table?
- Are we looking at cashmere or herding?
- Do we include farming systems?
- Do we address processing?
- Are we a Round Table for brands and retailers, or for all stakeholders?
- What roles do we want to play?

A close-up photograph of a stack of folded clothing items, including what appears to be a sweater and several shirts, in various colors like grey, black, brown, and beige. The items are neatly folded and stacked on a light-colored, textured surface. The lighting is soft, highlighting the textures of the fabrics.

Next Steps

What's Next?

- Confirm interest in RCRT and funding
- When the minimum funding amount is raised, launch the RCRT (webpage, charter)
- Participate in the UNDP “Assessment of Demand for Sustainable Cashmere from Mongolia” interviews or complete online survey
- Meeting in Ulanbaatar on June 12th
- Set up future RCRT calls

“

It is the sourcing of raw materials that is the direct interface between business and nature. Through sustainable sourcing and reconfiguring supply chains, we can help drive change in agriculture, mining and forestry, as examples, and promote regenerative, wildlife friendly approaches to production.

”

HELEN CROWLEY, KERING