RWS Toolkit
Sourcing for Brands and Retailers
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We INSPIRE and EQUIP people to accelerate sustainable practices in the textile value chain.
The Work of Textile Exchange

- The **expertise** you need to define and roll out your textile sustainability strategy
- Relevant **publications** and **tools** to facilitate the process
- Development of **standards** to ensure integrity of claims
- A committed community to **network** and strengthen your profile
- Your **contribution** to a more sustainable textile industry
Textile Exchange Members
The Responsible Wool Standard is a voluntary global standard that addresses the welfare of sheep and the land they graze on.
Terms

**RWS** - applies to products that contain only RWS-certified wool.

**Auditor** – the person doing the on-site inspection. He or she will work for the Certification Body directly or under contract, and send their findings to the Certifier.

**Certifier** – the person who reviews the results of the audit, cross checks documentation and information, and who has the authority to grant certification.

**Certification Body** – the organization that is authorized by the standard-owner to certify against the standard.

**Inspection** – the on-site audit against the requirements of the standard of the organization being certified.

**Scope** - the operations that the certification covers. The RWS has the farm scope and the supply chain scope.
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Why RWS?

Easier Sourcing
The RWS provides a means for brands to communicate their fiber and traceability expectations clearly and consistently to any and all points in their supply networks. Multiple brands working with a single standard means economies of scale can be more quickly reached.

Reduce Risk
The RWS reduces the risk to brands, the supply chain and wool growers.

Protection from Activist or Media Attacks
Let the RWS and all of its users provide a united response to any claims against member of your supply chain or the wool industry in general.
Why RWS?

Messaging and Story Telling
The RWS will help bring the story of sheep farming to consumers. It presents an excellent opportunity for people to learn about the farmers, the incredible work that they do, and the care that they take of their land and their animals.

Connection to the farms
The RWS provides an opportunity for brands and farmers to better understand each other’s realities and to meet each other’s needs.

Credible Certification
A professional, third party certification body audits each stage in the supply chain.

Get What You Ask for and Pay For
The identity of the RWS wool is maintained at all times: from the farm to the final product, through a robust chain of custody.
Why RWS?

Protect Animal Welfare
The Five Freedoms of sheep are protected at all times: freedom from hunger and thirst, from discomfort, from pain, injury or disease, to express normal behavior, and freedom from fear and distress.

Preserve Land Health
Progressive methods of land management are practiced on RWS farms, protecting soil health, biodiversity and native species.

Meet CSR Goals
The auditing of farms will generate meaningful data that brands can use to report against their CSR targets.

Drive Industry Change
Support the development of an industry benchmark that will drive improvements in animal care and land management where needed.
Creating a Strategy

A. Read and Understand the RWS
B. Make a Commitment
C. Set Targets and Time lines
D. Choose Supply Chain Partners
E. Plan for Success
F. Initiate Certification of the Supply Chain
G. Request Transaction Certificates
H. Communicate
Read and Understand the RWS

The first step in the process is to read the RWS and be sure that it meets your needs.

You can download the standard at: ResponsibleWool.org/certification/

If you have any questions, contact: ResponsibleWool@TextileExchange.org

To further understand the way that Textile Exchange standards work, you can also download the Certification Toolkit at: TextileExchange.org/integrity/ (scroll to the bottom of the page)
Make a Commitment

Work with all of your internal and external stakeholders to make a firm commitment to the RWS. The benefits are:

• Internal buy-in from all parts of your organization is a key factor to success: educate your colleagues about the standard: use the tools available on the website, attend webinars or training events, ask TE for support.

• Having a public commitment for where you are going will give you a level of defence against any activism.

• Your supply chain will be better able to meet your needs when they clearly understand your expectations, and are part of setting realistic timelines.

Did you know?

You can contact us to have your commitment to the RWS made public on the RWS website: Responsiblewool@TextileExchange.org
Work with Stakeholders

Creating a strategy for RWS application will require input from internal and external partners.

Work with your internal team and your suppliers and ask for support from Textile Exchange or the Certification Body as needed. The internal groups that may have input on your RWS strategy are: top management, sourcing, design, marketing and your CSR department.

Expect to work back and forth with your supply chain partners until you have your strategy finalized. You will need to communicate about timelines in particular.

The following slides will give you more detail on each of these steps.
Understand the Realities

- There will only be a limited number of RWS certified farms to source from.

- There may only be a limited amount of wool available at each RWS farm that suits a given product’s requirements.

- Specific bales of wool will need to be purchased to meet the product requirements; this means that farmers may not have buyers for all of their certified wool, especially as the standard is getting started.

- As RWS wool is not yet stocked within the value chain, the company will need to establish longer lead times to ensure their supply.
Understand the Realities

- A decision will need to be made about **who will hold onto the wool** until it is needed.

- A wool pipeline is generally **18 months** from the farm to the shelf and there can be significant swings in greasy wool prices during that time.

- Given the long lead times involved, **prices can vary** from the time that the commitment is made to the time that the wool is delivered. This will need to be addressed through contracts and mutual understandings.

- There will have to be a process to determine who is **responsible for quality** in the event of any issues. Quality control is critical.
Set Targets and Timelines

Targets need to be **realistic**, taking into account the lead times to get farms certified and for certified wool to move through the supply chain.

Targets should also be **meaningful**: volume is how you can drive change in the industry and demonstrate to farmers and consumers that you are serious about animal welfare and land health.

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**Did you know?**

Unless you are only using very small volumes, it will take time to convert all your products to RWS. Therefore, it’s a good idea to set a timeline for reaching your conversion target, e.g. 25% in year 1, 50% in year 2, 75% in year 3, and 100% in year 4.
**Factors to Consider when Setting Targets**

**When** do you want the RWS certified wool to be in your products?

**What amounts and qualities** of RWS certified wool does your supplier believe they can realistically deliver for your timeframe? Think about the buffer stocks you will need.

Do you want **individual products or product lines** to be RWS certified? Be sure that the qualities and quantities are well understood by your supplier so that they can give you realistic expectations on delivery and price.

Is your goal to **convert a percentage of your total wool use to RWS**? If so, you may want to consider incorporating some RWS blended products into your mix, as that will give you supplier more flexibility to get certified material that will meet your quality, quantity and price needs.
Blending vs. 100%

Only products containing 100% RWS wool can be labelled with the RWS logo. (See RWS Logo Use and Claims Guide for further information on labelling)

Whilst you can’t label blended products, blending allows you to build volume with less risk whilst getting your supply chain organised.

When blending, the overall use of RWS fiber can still be tracked and counted towards company goals for RWS use and general marketing claims can be made.
Step One

Look at the wool that you use, and identify the types, qualities and if possible the rough quantities of each.

Step Two

Identify key products that will be attractive for a supply chain in consideration of:

**Volume**: look for a product with a significant volume that will allow the processors to meet their economic minimum lot sizes, blending requirements and segregation needs.

**Yarn Type**: if possible, it is advised to start with a commonly used yarn size, to leverage what is happening with other brands. If you are not aware of the yarn sizes you use, you can ask your suppliers, or contact Textile Exchange for further support.
Set Timelines

Until RWS is stocked in the supply chain, it will take longer to bring certified fiber into your product mix. Each step will take some time:

1. Brand demand signal
   You must communicate your volume and timing expectations down through the supply chain.

2. Farms receive the demand signal
   The demand signal will have to make its way to the farms, so be sure to allow time for this to happen. Send clear communications to your suppliers so they know to send the demand for the certified wool down the chain.

3. Farmer training/ICS
   For farmers or farm groups that are not already working with the RWS, there will need to be some time to deliver trainings and develop internal control systems as needed.

Take into account that there are a number of factors:
- Farmers generally only shear once a year
- Shearing can take many weeks
- Wool then needs to be transported from farm to warehouse
- The wool is then tested and appraised for quality
- The audit will take a day plus any follow up to correct non-conformities
- The supply chain must also be audited
Farmers and farm groups should organize certification audits as soon as possible: it can take weeks to get audits to happen.

Once the farms are audited, there will be additional time needed to correct any non-compliances and have the certificate issued.

Each point in the supply chain will need to be certified before the begin working with RWS wool.
A Look at a Wool Supply Chain

The following describes a typical wool supply chain, that would be found in countries like Australia or South Africa. Until RWS reaches high volumes, the wool will not be regularly traded through the auction system; much of it will be traded through direct contracts with farms.

The farmer raises the sheep, organizes the shearing, then sends the wool to the broker.

The broker acts on behalf of the farmer, receives the wool into the warehouse, tests, and organizes into lots for the auction sale.

The buyers appraise the wool at the auction site.

The buyer will blend together different lots of wool to achieve their contract price and quality specifications.

Change of possession
Change of ownership
Look at your Supply Chain

Multiple buyer lots will be combined together to achieve price and quality specifications.

The wool is cleaned to remove the dirt and oils.

The wool is combed and carded to create sliver for the spinning process.
Look at your Supply Chain

- Weaving
- Spinning
- Finishing
- Sewing
- Knitting

Change of possession
Change of ownership

Brand/Retailer
Choose Partners

Look at your current supply chain and identify which suppliers you know and evaluate their willingness and potential to work with the RWS. Decide if you can work with your current suppliers or if you need to find new ones. If you need new ones, please visit [www.responsiblewool.org](http://www.responsiblewool.org) or contact responsiblewool@textileexchange.org.

There are several options for where in the supply chain to work with, and you can choose just one, or several. The following slides will provide more details on each.
Choose Partners

**Fabric Mill**

Set clear expectations for RWS wool in your products and send your mill to www.responsiblewool.org and advise them to read up on the chain of custody requirements. They should take the necessary steps to ensure that the yarn is certified, and the garment maker (who will also have to be certified for chain of custody) will need to collect transaction certificates from them. Note that not all fabric mills will be able to do this; if they need further support, please advise them to contact responsiblewool@textileexchange.org.

**Spinning Mill**

This is a good stage to work with, as they will be sourcing the fiber and some have connections through to farms. Like the fabric mill, they will be responsible to bring the RWS fiber into their operation. You can give support by sending a clear request for RWS wool, and working with them to establish yarn types and volumes that will meet their needs, setting quality parameters, and linking them with your nominated fabric mill. They will need to run the RWS wool through in segregate batches, so higher volumes will make this more economical.
Choose Partners

Scourer/Top Maker

The scourer/top makers take ownership of the wool. They may buy greasy wool directly from farms, or through the auction system. They may have the capacity to organize for RWS certification of farms needed to supply your qualities and quantities. Few brands will work at this level.

Wool Broker

This may also be a wool grower representative. They do not take ownership of the wool, and like the suppliers, have the capacity to organize for RWS certification of farms needed to supply your qualities and quantities.

Supply Chain Facilitator

Ideally you will find a person to manage your RWS sourcing efforts, at least in the beginning. You can look at someone within your supply chain or an independent consultant or the certification body. See www.responsiblewool.org for more information.
Although you may normally wait until later to communicate your wool needs for a given season, be prepared to do so early for RWS products, and do the following:

- Help your suppliers buy into the purpose of the RWS, to understand the process, to commit to success
- Set clear expectations for them in terms of your volume, quality and timing needs.
- Stay engaged with your suppliers and the certification body during the process, communicate with them early and often.
- Identify issues and deal with them proactively.
Review and Revise Targets

Communicate early and often with your vendors on your product needs and delivery, including quality and quantity:

1. Understand the complexity of sourcing the RWS wool and what could happen throughout the production chain as a result of delays; targets will have to be revised and delays early in the supply chain can result in large delays further along. Be sure to build in flexibility.

2. Negotiate realistic delivery times that take into account the time it takes for wool to move through the supply chain, as well as the time for certification. This is particularly important as your supply chain is at the beginning of the certification process.

3. Discuss buffer stocks in the event that your programs are more successful than anticipated and require replenishing.

4. Once there is a good stock of RWS in your supply chain, sourcing will be much easier.
Establish Quality Control System

Because you are specifying RWS, the fiber being sourced will initially be from a limited number of farms that are certified; there is the potential for disagreement on where the accountability for quality issues should lie. This can be addressed by setting detailed expectations up front.

In order to protect from potential future claims you should:

• Understand the quality control system for your vendors

• Create an agreement surrounding quality test procedures, parameters and tolerances

• Have the vendor approve all raw materials prior to production

• Only accept deliveries with approved quality test certificates
Agree on Pricing

• RWS certification will not add a significant amount of direct cost to the wool products, especially as greater volumes move through the supply chain. However, the limited supply of certified RWS fiber will be the greatest influence on price in the short term, so do not expect to pay the same price as conventional wool.

• Consider historical pricing and the limits that have been acceptable in the past in order to create a solution for each end of the supply chain. The price you are being quoted today for RWS wool may seem high, but you may realize that you have paid more in the past simply due to fluctuations in the commodity market.
• Work with your vendors to establish a price that works for them and you.

• The price will be locked in as part of the contract and your suppliers will be acting based on this agreement; be prepared to honor your commitment to the purchase even if less expensive options come up.

• Not all of the production needs to be locked in; only enough to allow the vendors to source the wool they need. This may give you both some flexibility.
Support your Supply Chain Partners

Making the RWS a success is going to take effort from everyone in the industry, but the outcomes will be worth it. Take a long term and holistic look at this challenge, and collaborate with your suppliers: they are making real investments to bring RWS fiber into the production chain.

- Build long term partnerships to bring RWS through the supply chain
- Communicate early and often
- Understand their realities and needs; explain yours
- Be realistic on setting price and timelines
- Help to build volume of RWS: through your own products, and through encouraging other brands
- Build in flexibility where you can
- Honor your commitments
The RWS requires all sites to be certified, beginning with the wool farmers and through to the seller in the final business to business transaction. Usually the last stage to be certified is the garment manufacturer or brand.

Farms are certified to the Animal Welfare and Land Management Modules of the RWS.

If you are a brand that sells product to retailers, then you must be certified to the Content Claim Standard requirements, which tracks the flow of goods and ensure proper identification.

Subsequent stages of the supply chain are certified to the Content Claim Standard requirements.

Did you know?
If you have a large or complicated distribution network, there are different certification options that you may choose to reduce time and costs. See the Content Claim Standard and the Content Claim Standard Implementation Manual for more information.
In order for products to be labeled as RWS, the supply chain must be certified at every stage before the final retailer. Certification requirements are different at the farm level and the processing level.

**Processing**

All processing steps must be certified to make sure the chain of custody is maintained to the last level of production.

**Farm Scope**
- Animal Welfare
- Land Management

**Supply Chain Scope**
- Chain of custody
Certification Process

Before a certification body will start the certification process, the client (e.g. wool supplier) will have to submit an application, an offer will be made by the certifying body, and a contract will be signed by the client.

For first audits done in the supply chain, the certification body will usually only be able to verify that the site has the understanding and systems in place to comply with the standard, since certified product may not yet be present. Once the site starts working with certified product, the certification body may choose to do a random audit to confirm that they are meeting all of the requirements.

Did you know?

The Certification Toolkit contains useful information on how the certification process works. You can access a copy by contacting integrity@textileexchange.org
Certification Process

1. Application Submission
   The site will fill in an application form provided by the CB, giving details about the operation.

2. Quotation offer & contract
   The CB will evaluate the details of the site and put together an offer, that will include the expected costs. If the offer is accepted, a contract will be signed, and the process can begin.

3. Document Preparation – system plan
   In advance of the inspection audit, the site will send the CB the requested documents for evaluation.

4. Inspection/Audit
   The auditor will physically visit the site (remote audits are also possible in some cases) to ensure that the standard is being met. The audit will include visual inspection, document reviews and interviews.

5. Report
   The results of the audit will then be sent to the Certifier, who will do a final evaluation to confirm if the standard is met, or if there are non-conformities that must be corrected.

6. Corrective Actions
   If there were any areas of the standard that were not met, the site will have a limited amount of time to make corrective actions. Once these are all done, the CB will review and make the certification decision.

7. Scope Certificate issued
   When certification is granted, the site will be issued a Scope Certificate to show that it is now able to sell certified goods.
**Transaction Certificates (TCs)** are issued by a certification body and verify that the wool being shipped from one company to the next conforms to the RWS. TCs are issued each time goods change ownership, and details will match invoices and shipping documents.

- TCs are requested from the Certification Body by the selling company.
- The TC request will include details of the shipment (i.e. shipping documents, invoices and TCs of certified inputs).
- The Certification Body will ensure that the company has sufficient certified inputs to produce the order on the TC.
Why are TC’s Important?

TCs allow Certification Bodies to have accurate, verified records of certified inputs and outputs. This means that a single company within the supply chain can only sell certified goods if they have proof of certified inputs.

A company does not need to know certification details beyond its immediate supplier to be assured that the material purchased is certified.

Based on TCs, volume reconciliations are done at each point along the full supply chain.
There are specific requirements about the use of RWS logo, and how claims about RWS may be made both off and on products. It is very important to download the guide and read it through carefully.

Responsiblewool/tools-and-support/for-brands-retailers

All use of the logo will have to be submitted to the certification body that you are using for approval. Be sure to add this into your planning!
Tell Everyone

• Look for every opportunity to talk about the RWS and your work with it. You deserve recognition for your efforts, and your work will inspire others.

• Be transparent about where you are, and how long it will take to get to your targets.

• Use the RWS as a means to form a closer relationship with your customers, and even with the farmers in your supply chain. It is an excellent chance to tell compelling stories about the positive impact that RWS products have on animals, land and people.

• Attend industry events and participate in RWS activities. Your involvement will help bring the standard to scale and increase its impact.
Cost

A. What will it cost....?

B. Wool prices

C. Factors Affecting Costs
   • Farmers
   • Brokers
   • Suppliers
   • Brands
It is impossible to say what the certification costs will be, as each site is individual. When you apply with a certification body, however, they will give you an offer that includes the expected costs.

Keep in mind the following:

- Your supply chain will be making a considerable investment in time and resources to get your wool supply certified. It is reasonable for them to expect a strong purchase commitment from you before they sign the contracts for certification. Consider long term, fair pricing.

- It is always best to drive higher volume through a smaller number of suppliers, so that the certification costs are spread more widely.

- Understand the factors affecting cost along the supply chain and work together to find opportunities to reduce them.
Wool is a globally traded commodity fiber, where prices fluctuate throughout the year based on supply, demand and currency values. This creates economic uncertainty for farmers, and uneven pricing for brands.
Factors Affecting Costs: Farmers

**Costs**
Certification: audit fees, TE fees, compliance

**Comments**
Growers are price-takers: they are selling a commodity, and therefore cannot pass on their cost

**Opportunities**
- Possibility for longer term, stable pricing
- Reduced risk of regulation
- Reduced risk of activist campaigns
- Confidence on compliance to legislation
- Access to information on best practices around the world
- Global recognition of the grower’s practices

**Actions**
Join in with other farms to take advantage of group certification
Factors Affecting Costs: Brokers

**Costs**
- Certification: audit fees, TE fees, compliance costs
  - Costs to set up ICS and do internal audits

**Opportunities**
- Can establish long term stable relationships with brand and/or supply chain customers
- Same advantages as farmers
- Added value to provide to growers

**Actions**
Get examples or quotes from CBs on actual certification costs, so that these can be factored in accurately
Factors Affecting Costs: Suppliers

**Costs**
- Certification: audit fees, TE fees, compliance
- Costs of transaction certificates
- Lost ability to price average over time (initially)
- Lost ability to blend for quality and cost (initially)
- Smaller volumes: increased processing costs (initially)

**Comments**
Top-makers will buy and inventory wool fiber continually over the year, allowing them to cost-average and manage quality mixing of their inputs to meet the specifications of the yarn spinners

**Opportunities**
- Leverage CCS certification for other standards (RDS, RCS, OCS etc.)
- Enhance relationships up and down the supply chain
- Can establish long term stable relationships with brand and/or supply chain customers

**Actions**
- Get examples or quotes from CBs on actual certification costs, so that these can be factored in accurately
- Get copy of the Certification Toolkit – Supplier’s Package
Factors Affecting Costs: Brands

**Costs**
Costs of certification: audit fees, TE fees, compliance

**Comments**
When a brand asks for a future price on the wool, there are a number of things to take into account:
- Prices fluctuate throughout the year, based on supply and demand and currency changes.
- The price that you are given for the RWS will likely be based on the current market price, which can result in a higher cost, but may also turn into an advantage.
- Until RWS wool is moving in volume, suppliers will be working with a limited supply and no inventory, which will increase their risk.
- Supply chain members that have not yet dealt with certified materials will typically add a larger margin to cover anticipated costs and risks: the more that they understand the real costs, and can get firmer long term buying commitments from their customers, the less risk they will have to cover.
Factors Affecting Costs: Brands

Opportunities

- Efficient sourcing to CSR goals
- Reduced brand risk
- Get what you ask for and pay for
- Enhanced relationships with the supply chain and a connection to farmers
- A means to better engage with consumers: messaging and story-telling

Actions

- The more that brands can reassure their supply chain that they are interested in building long term strategic relationships, share their longer term plans, make commitments to purchase in larger amounts over time, then supplier will have the confidence to spread their anticipated costs over a longer timeframe.
- Consider pulling from philanthropic budgets to support farm-level certification and/or training. TE can help to facilitate this.
- In the beginning, look at using blending strategies (eg: 20% RWS wool) to address margin but keep volumes high.
Standards are an extremely effective tool to drive change in the industry, and to ensure compliance to a given set of criteria. However, they do not guarantee 100% compliance, 100% of the time; instead they significantly narrow the margins for non-compliance by making expectations clear, and by providing a level of oversight through inspections, interviews and document checking.

Did you know?

- Many standards represent a snapshot in time, where a site is evaluated against the criteria of the standards through inspections, interviews and document checking. These inspections may happen every year, or at a lower frequency, such as every three years.
- Textile Exchange standards all require yearly inspections and certification renewal, and use the transaction certificate system to keep continual track of the flow of goods from one site to another. This gives a higher level of confidence in the chain of custody of certified goods.
Textile Exchange offers the following:

- Copies of the RWS and accompanying documents
- Background information on the RWS development process
- A place to submit your input for future versions of the standard
- TE Certification Toolkit that explain the certification process in detail
- Supplier Toolkits
- Customized training and tool development
- General support on questions about the RWS and its implementation

www.responsiblewool.org
integrity@TextileExchange.org