

# Moral fibre

The Rio Tinto partnership that's helping create a sustainable supply chain for Mongolian cashmere.

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## HIGHLIGHTS

**Sustainable Cashmere Project re-engineering the supply chain for high quality cashmere**

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**Partnership guaranteeing better prices for herders and supporting improved grazing practices**

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**Oyu Tolgoi committed to biodiversity conservation and positive outcomes for herders in the South Gobi**


Supply chain transparency is at the heart of how Rio Tinto operates, from mine to market. And in Mongolia, we're extending our approach to help support a supply chain on which large numbers of local community members depend – the luxury cashmere market.

In April's *The Australian Financial Review Magazine*, fashion journalist and ethical consultant Marion Hume reports from the South Gobi desert, where she saw the work of the Sustainable Cashmere Project in action.

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A partnership between the Oyu Tolgoi mine, luxury group [Kering](#), the [Wildlife Conservation Society \(WCS\)](#), [Stanford University Natural Capital Project](#) and [NASA](#), the Sustainable Cashmere Project was established in 2015 to re-engineer the supply chain of high quality cashmere and the landscape it comes from.

 Sustainable Cashmere Project, South Gobi Desert

### Commitment to conservation

The precious cashmere fibre is combed from domestic goats living in very cold conditions, so their hair grows as thick and profuse as possible. In the South Gobi, winter temperatures range from minus 11 to minus 40 degrees Celsius.

China and Mongolia – where the [Oyu Tolgoi](#) copper mine operates – are together responsible for 90 per cent of the world's production of raw and processed cashmere. As demand from the mass market has grown, herd sizes have also grown, but Mongolian herders have been earning less money per goat. In the past 20 years, the total number of goats in Mongolia has increased fourfold, and there are currently more than 24 million goats roaming Mongolia's rangelands.

In turn, the grazing goats have meant less vegetation available for native large mammals in this remote and arid ecosystem. Numbers of gazelle and khulan (an Asiatic wild ass) have fallen, meaning less food for snow leopards, whose population has also dropped.

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Goats' diet also includes the roots of desert plants, and without these to anchor the soil, their eating habits have contributed to massive dust storms that can reach California.

Samdanjigmed Tulganyam, who is superintendent, Biodiversity at Oyu Tolgoi, stresses the mine's long-term commitment to drive significant improvements in biodiversity conservation and ecosystem health in the South Gobi, as part of its multilateral financing requirements. Oyu Tolgoi is also committed to driving positive outcomes for herders.

## Cashmere processing

### **A creative collaboration**

Rio Tinto is already familiar with luxury supply chains through the gold, silver and diamonds it mines. As a partner in the Sustainable Cashmere Project, Oyu Tolgoi is providing financial, technical and strategic support.

"Through the [Sustainable Cashmere Project], herders are guaranteed better than market price in return for best practice, more direct access to market, as well as support for improved quality and grazing practices," writes Marion Hume. The project also provides vets to help keep herds healthy.

"Over time, incentives will include assistance to diversify their income, for example through cheese making, and financial packages such as access to loans and insurance against loss of herds.

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"Eventually certification will be put in place meaning their sustainable practices are verified and rewarded by the market."

Along with the herders and Kering – representing two ends of the supply chain – the other partners in the Sustainable Cashmere Project include WCS, which is carrying out the on-ground work with the herders along with scientific field studies, and Stanford University Natural Capital Project and NASA, which are developing ecosystem models that will use remote sensing data to monitor rangeland conditions. The combined efforts of all partners are starting to show benefits through increased engagement with herder cooperatives, improved quality of cashmere and growing interest from other cooperatives to join the initiative.

To date there have been three cashmere sales cycles and this innovative partnership is making great progress in representing a new way to source a loved raw material while helping – not harming – our wider world. Read Marion Hume's article in the [The AFR Magazine](#) and find out more about Rio Tinto's approach to [responsible supply chain management](#).

*Images: Stuart Anstee*

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