YESS: Yarn Ethically & Sustainably Sourced

Standard and Workbook Release

March 20, 2019
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- You will receive an email with a link to the recording within 24 hours
Today’s Presenters

Liz Muller
Principal
liz muller & partners
Consultant to RSN

Patricia Jurewicz
Founder and Vice President
Responsible Sourcing Network (RSN)
Webinar Agenda

1. YESS Introduction
2. Brief history of YESS
3. YESS Standard
4. YESS Workbook
5. Testimonials
6. Future Activities of YESS
7. Q&A
What YESS Can Do For You

- Meet compliance requirements in multiple countries
  - US (CA and CBP for Turkmenistan cotton), UK, France, Netherlands, Australia
- Increase demand for farm-level initiatives
- Support effective and transparent due diligence throughout the entire supply chain
- Help eliminate modern slavery from cotton production
YESS Mission

To create an industry-wide due diligence program for yarn spinning mills to eliminate cotton produced with forced labor from their supply chains.
YESS Scope

What YESS Does:

- Implement a risk-based due diligence approach
- Focus on material control & management systems
- Does assess spinners to being conformant with the YESS Standard (one assessment a year)

What YESS Does Not:

- Identify and address labor conditions inside a spinning mill
- Create a check-the-box audit or a code of conduct
- Certify product
- Look at *all* human rights issues in cotton fields
RSN’s research showed that 80% of surveyed brands were not auditing spinners.
YESS Timeline: 2015

- Launch of YESS initiative
- Feasibility Assessments conducted in Turkey, Bangladesh and Uzbekistan
- Public Consultation of YESS Draft Standard
- Release of YESS Standard and Workbook
- Research conducted in India, Bangladesh and Turkey
- Spinner Survey
- RSN Published Cotton Sourcing Snapshot
- YESS Business Plan Circulated
- MADE-BY Feasibility Study Issued
YESS Timeline: 2016-2018

2014
- RSN Published Cotton Sourcing Snapshot

2015
- YESS Business Plan Circulated

2016
- Launch of YESS initiative
- Research conducted in India, Bangladesh and Turkey

2017
- Public Consultation of YESS Draft Standard

2018
- Spinner Survey
- MADE-BY Feasibility Study Issued
- Feasibility Assessments conducted in Turkey, Bangladesh and Uzbekistan

2019
- Release of YESS Standard and Workbook
Countries in the High-risk Category

Nine Countries with High-Risk of Forced Labor in Cotton Production:

- Benin
- Burkina Faso
- China
- India
- Kazakhstan
- Pakistan
- Tajikistan
- Turkmenistan
- Uzbekistan

https://www.sourcingnetwork.org/yess-methodology
YESS Timeline: 2018

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- Research conducted in India, Bangladesh and Turkey

2017
- Spinner Survey
- Public Consultation of YESS Draft Standard

2018
- Release of YESS Standard and Workbook

2019
Feasibility Assessments

Locations: Bangladesh, Turkey, Uzbekistan

Activities:

- In-person training
- Reviewed YESS Standard and tools
- Assessed management systems, documentation, and reporting
YESS Timeline: 2019

- **2014**: RSN Published Cotton Sourcing Snapshot
- **2015**: YESS Business Plan Circulated
- **2016**: Launch of YESS initiative
- **2017**: Research conducted in India, Bangladesh and Turkey
- **2018**: Spinner Survey
- **2019**: Feasibility Assessments conducted in Turkey, Bangladesh and Uzbekistan
- **Release of YESS Standard and Workbook**
- **Public Consultation of YESS Draft Standard**
Yarn Ethically & Sustainably Sourced

YESS STANDARD
YESS Cotton Standard

Download the full standard at:
www.sourcingnetwork.org/yess-standard
Due diligence: Acting with reasonable care and investigating an issue before making a decision.

Harm: Negative human rights and environmental impacts according to OECD.

Risk: Actual or potential exposure to harm (for YESS, exposure to forced labor in cotton production).

Risk-based approach: Applying different levels of due diligence proportionate to the risk faced by the company.

Red flag: A concern, discrepancy, or other suspicious activity in a spinner’s supply chain.
OECD’s Due Diligence Guidance

YESS application of the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

- Embed responsible business conduct in policy and management systems
- Identify potential and actual harm in supply chains
- Cease, prevent, or mitigate harm in supply chains
- Track performance
- Communicate activities and progress
- Provide for or cooperate in remediation when appropriate.

http://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm
Supply Chain Risks

Two Risk Categories

Risks associated with the material
- Risk category of origin
- Plausibility of origin
- End of life

Risks associated with the supplier
- Process
- Sourcing strategies
- Management systems
Low-risk Supply Chain

A supply chain is considered low-risk if NONE of these situations are identified:

- Cotton lint is produced in a high-risk country;
- Cotton lint originates in a country with limited or no cotton production;
- There are discrepancies, inconsistencies or other issues identified during the review of cotton (including lint qualities and characteristics) and documentation that have not been addressed.
High-risk Supply Chain Expectations

In high-risk supply chains, a spinner must:

- Fully understand the factual circumstances in its supply chain so as to be able to identify risks and assess whether or not these can be mitigated in order to continue to source from those areas.

- Ensure transaction documents validate the plausibility of origin to a low-risk country (or gin or farm within a high-risk country).

- Develop a process to identifying, assessing, and managing risks.
YESS Assessment Workbook & Summary of Findings

Download the full workbook at:
www.sourcingnetwork.org/yess-standard
YESS Workbook Sections

- Spinner Profile
- Sourcing Dashboard
- Management System Checklist
- Transaction Detail Sheets (High-risk lint, Low-risk lint, Processed)
- High-risk Mitigation Action Plan *(High-risk only)*
- Summary of Findings
<table>
<thead>
<tr>
<th></th>
<th>Ring spun</th>
<th>Open-end</th>
<th>Select Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of spindles</td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Annual volume of lint processed</td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Annual volume of yarn products</td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Annual volume of other cotton products</td>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Vertical textile mill</td>
<td>Select Yes or No</td>
<td>Volume</td>
<td>Select Unit</td>
</tr>
<tr>
<td>Source: Conventional cotton</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Source: Better (BCI) cotton</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Source: Cotton Made in Africa cotton</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Source: e3 cotton</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Source: Fairtrade cotton</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Source: Other cotton</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
# Workbook: Sourcing Dashboard

## Unprocessed Cotton Inputs Sourcing Details

<table>
<thead>
<tr>
<th>Source</th>
<th>Country</th>
<th>Cotton from a Farm-level Scheme</th>
<th>Type of Supplier</th>
<th>No. of Direct Suppliers</th>
<th>Tonnage received</th>
<th>No. of transactions</th>
<th>No. of transactions inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select category</td>
<td>Provide country name</td>
<td>Select type</td>
<td>Select type</td>
<td>Provide number</td>
<td>Provide metric tonnage</td>
<td>Provide number</td>
<td>Completed by Assessment Team</td>
</tr>
</tbody>
</table>

## Processed Cotton Inputs Sourcing Details

<table>
<thead>
<tr>
<th>Risk level</th>
<th>Source</th>
<th>Country</th>
<th>Cotton from a farm-level scheme</th>
<th>Type of supplier</th>
<th>Tonnage metric received</th>
<th>No. of transactions</th>
<th>No. of transactions inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select category</td>
<td>Select category</td>
<td>Provide country name</td>
<td>Select type</td>
<td>Select type</td>
<td>Provide tonnage</td>
<td>Provide number</td>
<td>Completed by Assessment</td>
</tr>
</tbody>
</table>

## High-risk Country of Origin Sourcing Details

<table>
<thead>
<tr>
<th>Country of origin</th>
<th>Low risk for forced labor or No</th>
<th>Source of forced labor assessment</th>
<th>Direct supplier</th>
<th>Supplying gin</th>
<th>KYS approved</th>
<th>Accept of policy</th>
<th>Number of transactions</th>
<th>Total quantity</th>
<th>Unit of quantity received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select country</td>
<td>Select Yes or No</td>
<td>Select organization</td>
<td>Provide name</td>
<td>Provide name</td>
<td>Select Yes or No</td>
<td>Select Yes or No</td>
<td>Provide number</td>
<td>Provide quantity</td>
<td>Select KG or MT</td>
</tr>
</tbody>
</table>
## Section 1: Embed responsible business conduct in the enterprise, policy, and management systems

### 1.1 Responsible sourcing policy

<table>
<thead>
<tr>
<th>Question number</th>
<th>YESS Std</th>
<th>Overarching questions</th>
<th>Criteria</th>
<th>Spinner lists prior to onsite assessment</th>
<th>Assessment Team completes this section during the assessment</th>
<th>Assessment Team explanation</th>
<th>Assessment Team conclusion (conformant/non-conformant)</th>
</tr>
</thead>
</table>
| 1.1 V.1.1       |          | Does the spinner have a documented and effective sourcing policy that commits to avoiding sourcing cotton produced with forced labor? | - A policy exists that:  
  - Sets out a clear and coherent management process for risk management.  
  - Commits the spinner to the due diligence steps described in the YESS Standard.  
  - Commits the spinner to adhering to international standards and ensuring sufficient resources and support for effective execution of its policy.  
  - States spinner’s expectations of suppliers regarding cotton lint produced with forced labor. | | | |


## Workbook: Transactions

### Transaction Detail: Low-risk transactions

*Spinner to complete for each transaction two weeks prior to onsite assessment*

<table>
<thead>
<tr>
<th>Type of cotton</th>
<th>Country of origin</th>
<th>Name of supplier</th>
<th>Date received</th>
<th>Lot or transaction no.</th>
<th>Quantity</th>
<th>Unit of quantity received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select from list</td>
<td>State the origin of the raw cotton</td>
<td>Provide complete, legal name</td>
<td>Date material was received in spinner's</td>
<td>E.g. Letter of Credit transaction, supplier lot</td>
<td>Enter weight of transaction</td>
<td>Select MT or KG</td>
</tr>
</tbody>
</table>

### Spinner to complete for transactions selected for inspection

*Assessment Team to complete*

<table>
<thead>
<tr>
<th>Type of supplier</th>
<th>Performa invoice</th>
<th>Bill of lading</th>
<th>Certificate of origin</th>
<th>Phytosanitary permit no.</th>
<th>Receiving inspection report</th>
<th>Farm-level scheme</th>
<th>Transactions inspected</th>
<th>Conformance level for inspected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select from list</td>
<td>Cite reference number</td>
<td>Cite reference number</td>
<td>Cite reference number</td>
<td>Cite reference number</td>
<td>Cite reference number</td>
<td>Select scheme</td>
<td>Indicate transactions inspected</td>
<td>Select Conformant, Sufficient, or Non-</td>
</tr>
</tbody>
</table>
## Workbook: Mitigation Action Plan

<table>
<thead>
<tr>
<th>Country or origin</th>
<th>Description of risk</th>
<th>Severity</th>
<th>Mitigation measures</th>
<th>Partners</th>
<th>Activities completed to date</th>
<th>Anticipated activities</th>
<th>Timeframe</th>
<th>Assessment Team comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Select high-risk country</td>
<td>List risks</td>
<td>Select risk</td>
<td>Describe activities</td>
<td>Select which applies</td>
<td>List or describe</td>
<td>List or describe</td>
<td>MM / YYYY</td>
<td></td>
</tr>
</tbody>
</table>
### Sourcing Highlights

- Spinner is located in a high-risk country
- Spinner sources cotton lint from high-risk countries
- Spinner is located in a country known to receive a high percentage of cotton lint from high-risk countries
- Spinner sources cotton wastage from spinning mills that are non-conformant with YESS

### Assessment Findings: Non-conformances

<table>
<thead>
<tr>
<th>No.</th>
<th>YESS Standard section (select from list)</th>
<th>Non-conformance</th>
<th>Recommended improvement</th>
<th>Spinner’s response</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

### Assessment Findings: Continuous Improvement Opportunities

<table>
<thead>
<tr>
<th>No.</th>
<th>YESS Standard section (select from list)</th>
<th>Observation</th>
<th>Recommended improvement</th>
<th>Spinner’s response</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

### Assessment Findings: Continuous Improvement Achievements

<table>
<thead>
<tr>
<th>No.</th>
<th>YESS Standard section (select from list)</th>
<th>Identified opportunity</th>
<th>Action taken</th>
<th>Improved outcome</th>
</tr>
</thead>
</table>
Testimonials

Shanel Orton
Manager, Responsible Materials & Traceability
VF corporation

Kelly Cheung
Sustainability, Social Responsibility & Public Policy
The Walt Disney Company
YESS Proposed Future Activities

Continue Program Development

- Refine and expand program elements
- Complete training materials for brands, auditors and spinners
- Train auditors and spinners to pilot at spinning mills
- Conduct pilot assessments with trained auditors

Establish Formal Partnerships and Update a Financial Plan

- Coordinate efforts with apparel and cotton initiatives
- Evaluate farm-level schemes’ forced labor assessments
- Detail a sustainable financial plan
YESS Proposed Future Activities (cont.)

Expand the YESS Team
- Establish a multi-stakeholder Steering Committee
- Create YESS membership
- Expand YESS staff

Implement, Revise and Integrate
- Roll out spinning mill assessments globally
- Investigate integrating with an existing initiative
- Review and revise the YESS Standard and tools (yr 3)
Opportunities to Support YESS

**Founding Partners:**
- Contribute financially
- Sit on the YESS Steering Committee
- (Brands and Retailers) Have nominated spinning mills prioritized to undergo YESS pilot and full assessments
- Transition to a YESS membership model

**NGO Stakeholders:**
- Sit on the YESS Steering Committee
- Sit on the YESS Assessment Committee
Questions?

Please type your questions into the question box on the control panel of your screen.

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