YESS: Yarn Ethically & Sustainably Sourced

Q3 Update Webinar

15 September 2021

http://www.sourcingnetwork.org/yess
Today’s Agenda

1. Welcome to YESS
2. Pilot Project Update
3. Implementation Working Group Update
4. 2022 Sponsorship Options
5. Q & A
Welcome

Patricia Jurewicz
Founder and CEO
Responsible Sourcing Network
YESS Mission

To create an industry-wide due diligence program for yarn spinning mills and textile mills to identify and address cotton produced with forced labor in their supply chains.
YESS Focuses on Supply Chain Control Points

Upstream
Farm / Gin

Two points of mixing of global sources

Raw Materials

Finished Products

Upstream
Textile Mill

Manuf. / Retail

Downstream

Spinner

Yarn Ethically & Sustainably Sourced

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YESS Pilot Project Update

Liz Muller
Principal
liz muller & partners
Due Diligence Consultant
YESS Pilot Goals

Evaluate
if the YESS due diligence standards are written appropriately

Determine
if facilities are capable of conforming to the YESS standards

Train
qualified auditors on the YESS standards

Develop
resources to support spinner and textile mill capacity building

Full conformance is not required during the YESS Pilot (e.g., public policy, report).
YESS Pilot Demographics

- 5 global brands
- 9 pilot facilities (2 facilities are vertical – spinner & textile mill)
- 4 countries (2 produce cotton 2 import cotton)
- Cross-section of different sourcing models
- 20 trained auditors from 2 audit firms in 6 countries
Updated Project Plan due to COVID

One-on-One Support
July - August

Online Auditor Training
August

Facility Improve Plan
October - December

US Textile Mill Research (TBD)

Remote Assessments
July - August

Interviews and System Demos
September - October

Remote Improvement Assessments
November - January

Onsite Trainings / Assessments
Q1 – Q2 2022

Facility Improve Plan
October - December

Remote Improvement Assessments
November - January

Onsite Trainings / Assessments
Q1 – Q2 2022

New

New

New

New

Final Standard
Q2 – Q3 2022

New US Textile Mill Research (TBD)
YESS Pilot Accomplishments

- 100+ participants in 10 training webinars (5 for spinners & 5 for textile mills)
- 92 registrants for the YESS Portal (password protected) with access to trainings
- 30 YESS resources for facilities: assessment preparation checklists and templates
  - 15 each for spinners & textile mills
- 20 auditors have access to trainings, assessment procedure, tools, and resources:
  - Auditor onboarding documents
  - Assessment procedure and tools
  - 10 Auditor resources
- Remote assessments and advisory services are underway
Documents are maintained for every transaction.

Facilities need time to prepare a due diligence system (and personnel change!)

Facilities can have 250 – 2,500 transactions – allow for representative sampling.

Not all facilities conduct supplier due diligence.

Textile mills buy cotton fabric from other mills, as do spinners (i.e., expect every scenario).

Facilities consider “wastage” (a.k.a., comber noil) recycled cotton.

Supply ‘webs’ shift (e.g., Pakistan’s crop and gin capacity dropped 40-60% in 2021).

India’s government buys and sells 30-40% through its Minimum Support Price program.
Facility and Auditor Feedback

- Appreciate thought that has gone into standard, trainings and resources
- Allows facilities to check their existing transparency / traceability efforts
- Good initiative, well-defined
- Education is good – it takes time to learn new initiatives
- Sustainable – largely because it allows for gradual change
- Trainings are helpful and well presented
- Transaction documents – receive them all (required for Letter of Credit)
- Brands are asking mills and (in turn) spinners to trace products’ cotton – each with different excel spreadsheets
YESS Pilot 2022 Goals

12 in-person training sessions (6 for Pilot facilities, 6 for Pilot auditors)

Nine in-person pilot assessments (3 spinners, 2 mills, 2 verticals)

Final suites of spinner, textile mill and auditor tools and resources

Public consultation and finalization of YESS Standard for Textile Mills

Additional 2022 planned activities will be incorporated as funding allows and per direction of the Implementation Working Group (IWG)
YESS Implementation Working Group

David Uricoli
Principal
Uricoli Consulting
Implementation Working Group (IWG): Goals

Design an industry-wide program to empower and ensure spinners and mills eliminate cotton produced with forced labor from their value chains.

Build support from stakeholders to achieve a harmonized approach to spinner engagement, assessment, and verification.

Create a due diligence system that is sustainable, scalable, and efficient.
# YESS IWG Sub-groups

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<th>Sub-group</th>
<th>Description</th>
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| Forced Labor Determination / Farm-level Initiatives         | • Country Risk level determination and “high-risk” mitigation  
• Development of methodology for risk determination cotton production rating                                      |
| Auditor Approval and Consistency                            | • Management and expansion of auditors  
• Driving consistent and high-quality auditors and assessments                                                                                  |
| Facility Continuous Improvement                              | • Training (remote and in-person), risk-readiness screen, on-boarding, tools and resources, technical advice, on-site assessments |
| Governance / Scaling / Collaboration                        | • Leadership, coordination, efficiencies, transparency  
• Revenue structure, foundational support, scaling                                                                        |
| Technology / Data / Infrastructure                           | • Data back-end, data access, e-learning, coordination with tech tools / production management                                             |
IWG Sub-group Membership

32 participants confirmed

27 organizations represented; brands, associations, non-profit organizations and experts

70-80 advisers and service providers offering input
Timeline of the YESS Implementation Working Group (IWG)

**September 15-22, 2021**
- Project Plan Distribution
- IWG participants confirmed
- 1st IWG subgroup meetings planned

**October 2021**
- Sub-groups begin
- Program feedback
- First Survey starts
- 2nd IWG subgroup meetings planned
- Full IWG Meeting planned

**November 2021**
- First Survey results
- 1st program recommendations
- Progress Report
- 3rd IWG subgroup meetings planned

**December 2021**
- Work Product Review
- 2nd program recommendations
- 4th IWG subgroup meetings planned

**January 2022**
- 5th IWG subgroup meetings
- 2nd Full IWG Meeting planned
- Final Program recommendations
YESS 2022 Sponsorship Options

Yarn Ethically & Sustainably Sourced

Jamie Fortin
Senior Program Associate
Responsible Sourcing Network
YESS 2022 Sponsorship Options

**Basic – $10,000**
- YESS Portal access for sourcing staff (trainings and quizzes)
- YESS Textile Mill Standard public consultation
- Management of the YESS Implementation Working Group (IWG)
- Creation and implementation of YESS Action Plan

**Ambassador - $25,000**
- All Basic-Level benefits
- Sourcing staff + 10 facilities receive access to trainings and resources
- Access to quarterly Q&A sessions with YESS’ due diligence expert
- Nomination of 2 facilities to be assessed by independent auditors

**Pioneer - $50,000**
- All Basic and Ambassador-Level benefits
- Limited technical advice for two nominated facilities
- 20% discount for Year 1 of YESS membership
YESS 2022 Sponsorship Options

See the YESS Pilot Project for information and updates on our pilot this year.

RSN has created the initiative YESS: Yarn Ethically & Sustainably Sourced to drive modern slavery out of cotton production by eliminating the market for cotton produced with forced labor, and increasing the use of ethical and sustainable cotton.

YESS utilizes the OECD risk-based due diligence approach to identify and eliminate modern slavery from cotton production and apparel supply chains. YESS is coordinating its activities with numerous sustainable cotton initiatives and other complementary programs to ensure harmonization of a due

Visit sourcingnetwork.org/yess to view a more detailed breakdown of YESS Sponsorship options for 2022
YESS Initiative 2022 Goals

- IWG meetings and recommendations completed
- YESS Action Plan finalized and distributed
- Formalized partnerships established with leading initiatives (BCI, SAC, SLCP, OAR, etc.)
- Funds raised to implement the Action Plan and 3-yr financial plan determined

Visit sourcingnetwork.org/yess to view details of YESS Accomplishments, Goals, and Sponsorship Options
Questions?

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