

# YESS: Yarn Ethically & Sustainably Sourced

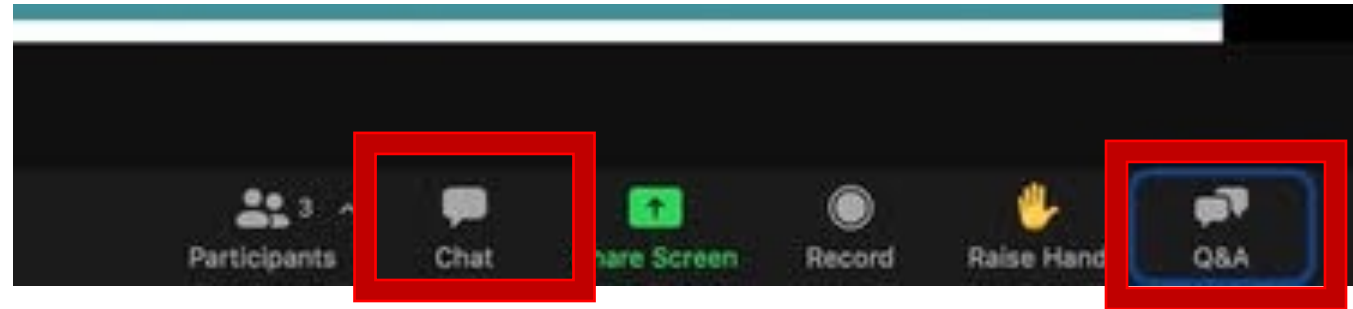
YESS Standards Release  
*for Fabric Mills and Spinning Mills*

14 September 2022

<http://www.sourcingtonetwork.org/yess>

# Logistics

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- ❑ This webinar is being recorded
  - ❑ The recording and link to the slides will be sent to all registrants as well as posted on the RSN website
- ❑ Use the Q&A or Chat function to send us your questions, speakers will answer questions at the end

# Today's YESS Agenda

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1. YESS Standards: Overview and Revision Process
2. Revised YESS Standard for Spinning Mills (v2.0)
3. YESS Approach to Conformance
4. YESS Pilot Input
5. Public Consultation Feedback
6. New YESS Standard for Fabric Mills
7. Reflections from Verité
8. Q&A

# Thank you to YESS's Sponsors, Funders, & Participants!

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Verité STREAMS project funded by the U.S. Department of Labor\*

23 Global Brand and Retail Sponsors

Fair Labor Association

Circular Systems

Spinning & Fabric Mill Pilot Participants

Auditing Firms (SCS & ARCHE)

Implementation Working Group Participants

The Walt Disney Company and Humanity United (v1.0 Spinner Standard)

\*Per cooperative agreement number IL-35805

# YESS Standards: Overview and Revision Process



Patricia Jurewicz  
CEO of Responsible Sourcing Network  
Founder of YESS

# YESS Foundation: Documents and Processes

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- ❑ YESS Standards, Assessment Workbooks, and Reports
- ❑ YESS Resources for Spinning and Fabric Mills
- ❑ Online and In-person Trainings
- ❑ YESS Assessment Procedures
- ❑ Auditor Onboarding and Assessment Tools
- ❑ Industry Knowledge Resources for Auditors
- ❑ Administrative Forms and Templates



## YESS Participation Portal

All materials accessed through the YESS portal are available to registered YESS supporters only. By accessing this site, you have agreed to not distribute any YESS material beyond your own company.

LATEST UPDATES

Welcome to the YESS Portal! Here you will find the pilot webinar recordings and slide decks to support spinners and textile mills during the YESS Pilot Project. Content will be posted as trainings occur.

Changes will be made to the YESS Standards, tools, resources, and webinars as we go through the remote and onsite pilots. Since all of the Resources that have been developed for the YESS Pilot Project are in draft form, they are not available to non-pilot stakeholders. Any of the materials on the YESS Portal can be shared within your own organization, but please do not share them with outside parties.

Also located in the YESS Portal is information to support the YESS Implementation Working Group, which will be posted as it is developed.

SPINNERS

TEXTILE MILLS

RESOURCES

[www.sourcingnetwork.org/yess-portal-register](http://www.sourcingnetwork.org/yess-portal-register)

# YESS Standard for Spinning Mills

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- ❑ Version 1.0 released in 2019
- ❑ Based on research and a feasibility study in India, Bangladesh, Turkey, and Uzbekistan
- ❑ Public consultation occurred prior to finalization
- ❑ Updated based on the in 2021-22 YESS Pilot in India, Pakistan, and Malaysia to streamline the approach, and to align with the *YESS Standard for Fabric Mills*

# Rearrangement of Standard Components

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- ❑ *YESS Standards Introduction*
  - ❑ Introduces YESS, the YESS Standards, and the Organisation for Economic Co-operation and Development (OECD) [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)
  - ❑ Lays out the Conformance Continuum
- ❑ *Sampling Guidelines*
  - ❑ Moved to the Assessment Procedure
- ❑ *Methodology for Determination of Low-Risk and High-Risk Countries for the YESS Standard*
  - ❑ Replaced with *Sample Procedure to Identify High-Risk Origins for Cotton Lint*



# Material changes to the *YESS Standard for Spinning Mills*

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Adopt a step-by-step approach to conformance over three years (YESS Conformance Continuum)

Requires that spinning mills have the capabilities to trace all products and byproducts back to a laydown

No longer requires auditors to inspect every transaction from a high-risk country

Allows facilities actively sourcing from high-risk supply chains to “assess” potential or actual forced labor

Accommodates community- or district-level assessments of forced labor in addition to farm-level assessments

Introductions and sampling guidelines were moved to other documents; Methodology transitioned into a sample procedure

A high-level change document is available on the [YESS website](#).

# 2021 – 2022 YESS Pilot



Liz Muller  
Principal  
liz muller & partners  
Due Diligence Consultant

# YESS Pilot Snapshot

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## Participants

- ❑ 4 Global (US-based) brands/retailers and a brand that specializes in recycled cotton yarn
- ❑ 5 spinning and 4 fabric mills—in Malaysia, India, Pakistan, and Vietnam—2 of these were vertical facilities

(Note: 1 fabric mill declined to participate further when they realized all transactions were to be made available for inspection)

## Process

- ❑ Online training and technical assistance
- ❑ In-person training and assessment (with auditors)
- ❑ Improvement Action Plan

# Recommendations from YESS Pilot

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An additional three-month Implementation Action Plan should be anticipated for the initial assessment

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Risk mitigation plans should be reviewed six months after the onsite assessment

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Forced labor awareness training should be developed and disseminated

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Country-specific guidance and trainings on forced labor in the local context should be developed

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In-person YESS trainings should be presented in key sourcing regions (e.g., Bangladesh, India, Pakistan, Turkey, Vietnam)

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Additional resources and trainings should be developed and disseminated.

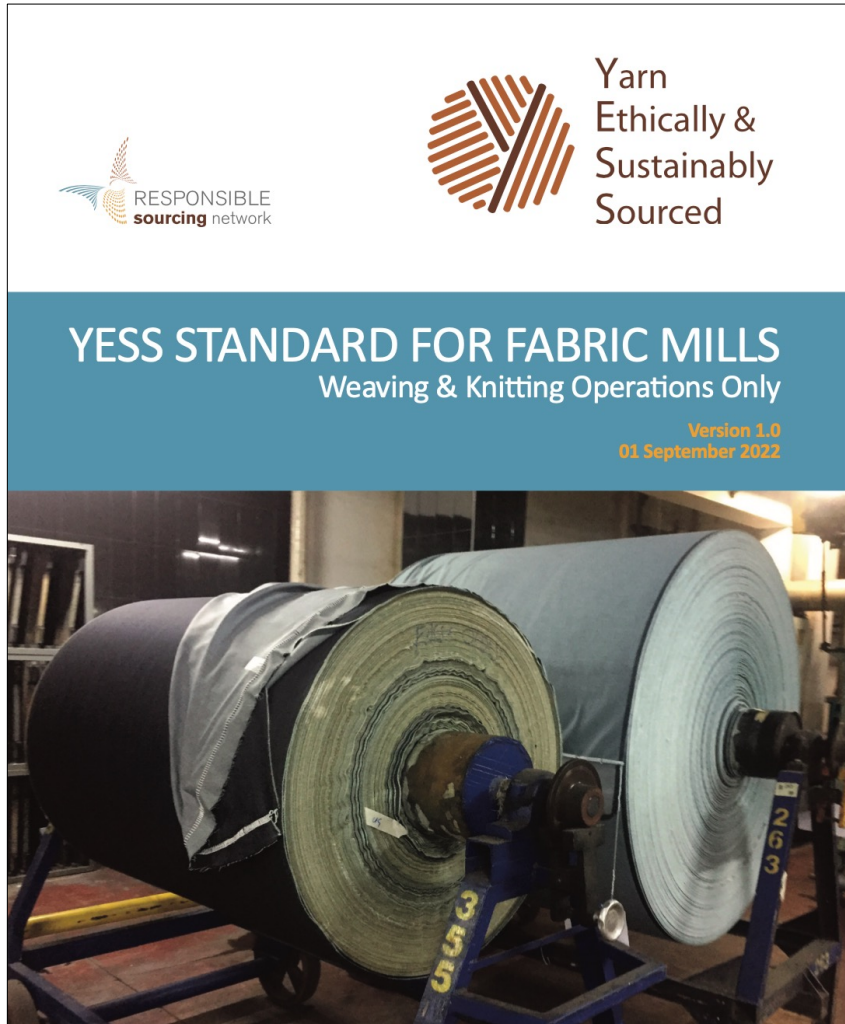
# Public Consultation Feedback



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# YESS Standard for Fabric Mills Public Consultation

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- ❑ Launched in May 2022 after learnings from the YESS 2021-22 Pilot were incorporated
- ❑ 17 various stakeholders provided comments
- ❑ General comments and responses are available on the [YESS website](#)

# Incorporated into the YESS Standards

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- ❑ Definition of “origin” now refers to the country of origin and the term “source” refers to “a geographic origin (e.g., community, state) or a supplier”
- ❑ Definitions were expanded or clarified: of “business relationship”, “choke point”, “low-risk source”, and “high-risk source”
- ❑ Reference to *RSN’s Methodology for Determination of Low-Risk and High-Risk Countries for the YESS Standard* was removed
- ❑ Additional specification or clarification are provided for:
  - ❑ Anonymous grievance reporting options
  - ❑ Farm-level due diligence of all high-risk countries of origin
  - ❑ Remediation requirements (in the Introduction)
  - ❑ The standards’ application in integrated contexts

# Other Comments of Note from Public Consultation

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## **The importance of robust IT systems**

While IT systems are critical for material management and tracking, **strong processes, trainings and executive support are critical for the proper functioning the entire due diligence management system.**

## **Less detail is provided in high-risk supply chain requirements**

High-risk mitigation plans must be informed by stakeholders. Instruments or approaches, including timelines, will vary depending on the conditions and type of forced labor risk. **YESS will incorporate any learnings—and adding more specific expectations, if warranted—as participating enterprises and the wider YESS community address forced labor in high-risk origins.**

## **A “medium-risk” category will not be added**

If a country or source is not low risk it must be assessed so a “medium risk” category adds limited value to the process. **The term “isolated risks,” referencing specific countries that warrant a different approach, is being considered.**

## **Requests for more prescriptive details**

A key concept of due diligence is that the enterprise understands the risks and conditions and engages with stakeholders to develop effective measures. **YESS will bolster the standards by providing examples and more in trainings as well as develop resources over time.**

## **The challenge for mills to source YESS-conformant (low-risk) spinners until YESS grows**

Sourcing from non-YESS conformant spinners will require mills to conduct additional due diligence. However, the mills are allowed to start with prioritized higher risk suppliers. **Industry support for YESS will help cascade due diligence in this key tier of the supply chain.**



# YESS Approach to Conformance



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# YESS Approach to Conformance

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Year in YESS Assessment Program	YESS Conformance Continuum Requirements per OECD Steps (Each requirement will be required for each subsequent year)
Year 1	Step 1: Establish strong company management systems Step 2: Identify risks in the supply chain Step 4: Track Step 5: Report annually on supply chain due diligence (due diligence management system and risk identification sections)
Year 2	Step 3: Assess, cease, prevent, or mitigate potential or actual forced labor in cotton production in the facility's supply chain Step 5: Report annually on supply chain due diligence (all sections)
Year 3	Step 6: Provide for or cooperate in remediation

# YESS Findings

- ❑ Nonconformant: Items that do not meet the subject year's requirements under the YESS Standard.
- ❑ Improvement Requirement: Items that are **not required during the Year 1 (or Year 2) assessment** but do require planning and initial action prior to and will be evaluated during the Year 2 (or Year 3) assessment.
- ❑ Continuous Improvement Opportunities: After basic conformance is met, suggestions on how a facility could improve its due diligence management system, including industry best practices.

# YESS Standard for Fabric Mills



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# YESS Standard for Fabric Mills

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## I. DEFINITIONS OF TERMS



# YESS Standard for Fabric Mills

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## II. SCOPE AND FLOW

# Flow of the Standard for Fabric Mills

<b>Section of <i>YESS Standard for Fabric Mills</i></b>	<b>Applicability to Fabric Mills</b>
1. Embed responsible business conduct in facility policy and due diligence management system (OECD Step 1)	All fabric mills
2. Identify actual and potential forced labor involved in the cotton production stage of the fabric mill's supply chain (OECD Step 2)	All fabric mills
3. Track (OECD Step 4)	All fabric mills
4. Communicate (OECD Step 5)	All fabric mills
5. Cease, prevent, or mitigate forced labor in the cotton production stage of the fabric mill's supply chain (OECD Step 3)	Fabric mills sourcing from high-risk supply chains
6. Provide for or cooperate in remediation when appropriate (OECD Step 6) <sup>2</sup>	Fabric mills that have caused or contributed to forced labor during cotton production

# YESS Standard for Fabric Mills

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## III. CONFORMANCE REQUIREMENTS





# YESS Standard for Fabric Mills

## ***Section 1: Embed responsible business conduct in the fabric mill's policy and due diligence management system (OECD Step 1)***

The fabric mill shall use good faith, make reasonable efforts, and integrate progressive and appropriately robust approaches in its application of the *OECD Due Diligence Guidance*. These efforts include monitoring emerging risks and incidents of forced labor in cotton production in its supply chain(s) (e.g., sourcing from new countries or suppliers), as well as shifts in trade flows or the fabric mill's sourcing strategies.

These approaches shall be supported and coordinated across relevant business units.



***Refer to YESS Resources No. 1. YESS Standard Review Checklist.***

### ***1.1. Adopt a sourcing policy that addresses forced labor in cotton production***

The fabric mill shall have a documented, effective, and publicly communicated sourcing policy that addresses forced labor in cotton production for procurement of cotton yarn or other cotton inputs (referred to as the responsible cotton sourcing policy). The policy shall be developed with and informed by relevant internal and external stakeholders and approved at the most senior level of the fabric mill. The responsible cotton sourcing policy shall be implemented within the fabric mill's due diligence management system and shall:

- Set out a clear and coherent due diligence management system to address the risk of forced labor in cotton production within its supply chain.
- Commit the fabric mill to the due diligence steps described in the YESS Standard for Fabric Mills and guarantee sufficient resources and support for effective execution.

# YESS Standard for Fabric Mills

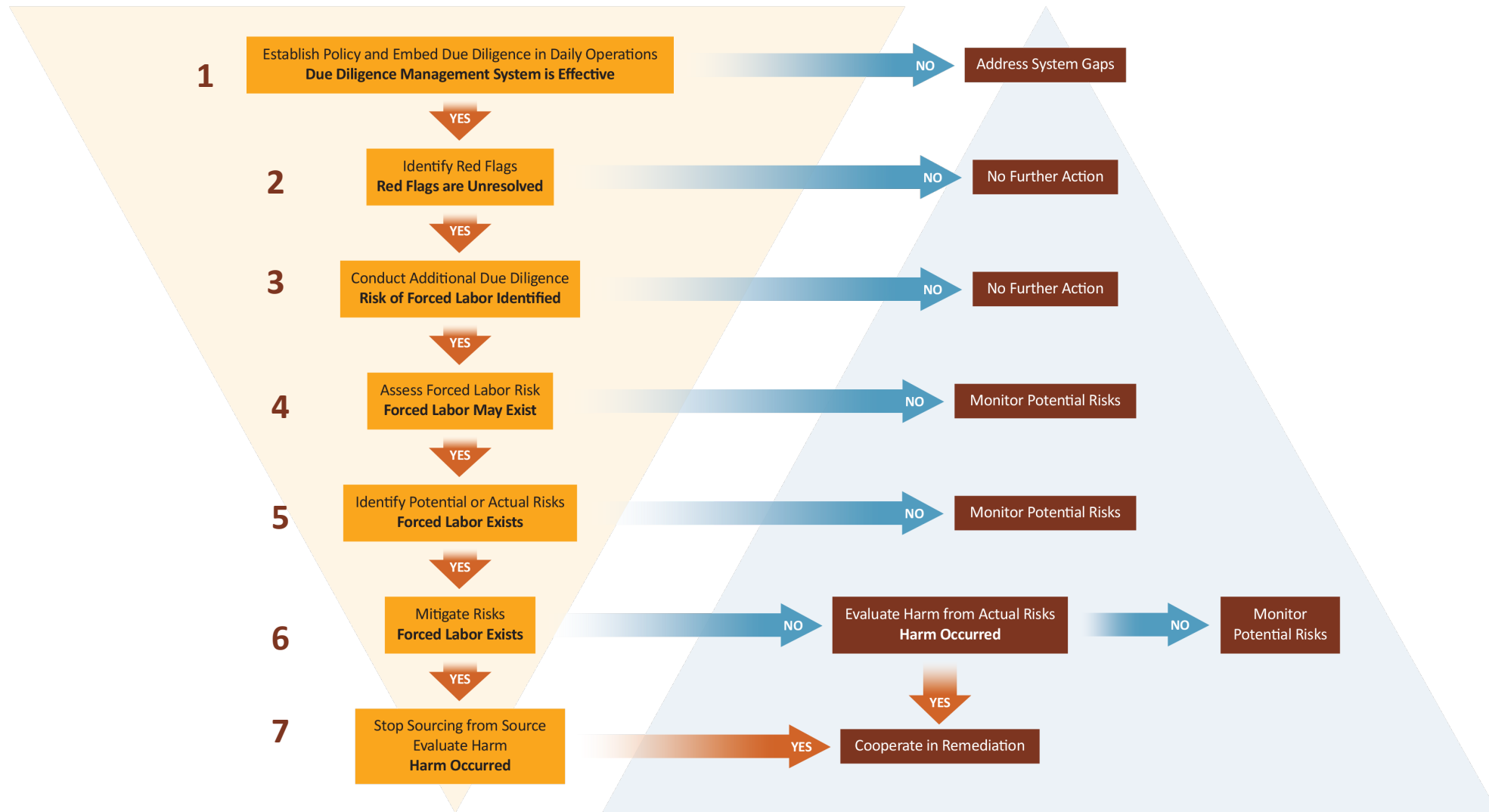
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## Three points of evidence

Auditors are expected to obtain three different forms of evidence to validate conformance of each management system requirement under YESS Standards. This provides a higher level of confidence in the thoroughness of the assessment, along with consistent and effective system and process implementation. Evidence can be in the form of written procedures, observations of processes, interviews, meeting notes, training presentations and sign-in sheets, inspection checklists, or photographs, to name a few.

# Due Diligence Process Decision Tree

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# YESS Standard for Fabric Mills: Annexes

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## IV. ANNEXES

# YESS Standard for Fabric Mills: Annexes

## Annex II Data and Document Guidance for Suppliers and Cotton Input

This Annex includes guidance on the types of documents that can be reviewed to successfully demonstrate Know Your Supplier (KYS), origin, chain of custody, and the robustness of documentation required, which will depend on the risk level of cotton inputs per Tables 3 and 4.

Cotton yarn or fabric that has been produced by a YESS-conformant spinning mill or fabric mill, respectively, would only be subject to chain of custody requirements to validate origin at the YESS-conformant supplier. All other suppliers shall be subject to the KYS process in accordance with Section 2 of this standard and include data points and document types listed in Table 6 below.

**Table 6: Know Your Supplier: Data and Document Guidance**

Expectation	Level	Data points	Example document types <small>(Not every document is necessary if sufficient evidence is provided; required documents are noted by an asterisk [*])</small>
Know Your Supplier (KYS)	Supplier	Identity, location, legality, and type of business  Type of business relationship  Acknowledgement of fabric mill’s responsible cotton sourcing policy  YESS-conformant status	Business license, registration, or tax identification*  Commercial invoice, purchase order, or contract with fabric mill’s sourcing policy*  Status as YESS conformant  KYS questionnaires: sourcing regions, acknowledgement of fabric mill’s responsible cotton sourcing policy

# Reflections



Yarn  
Ethically &  
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Sourced

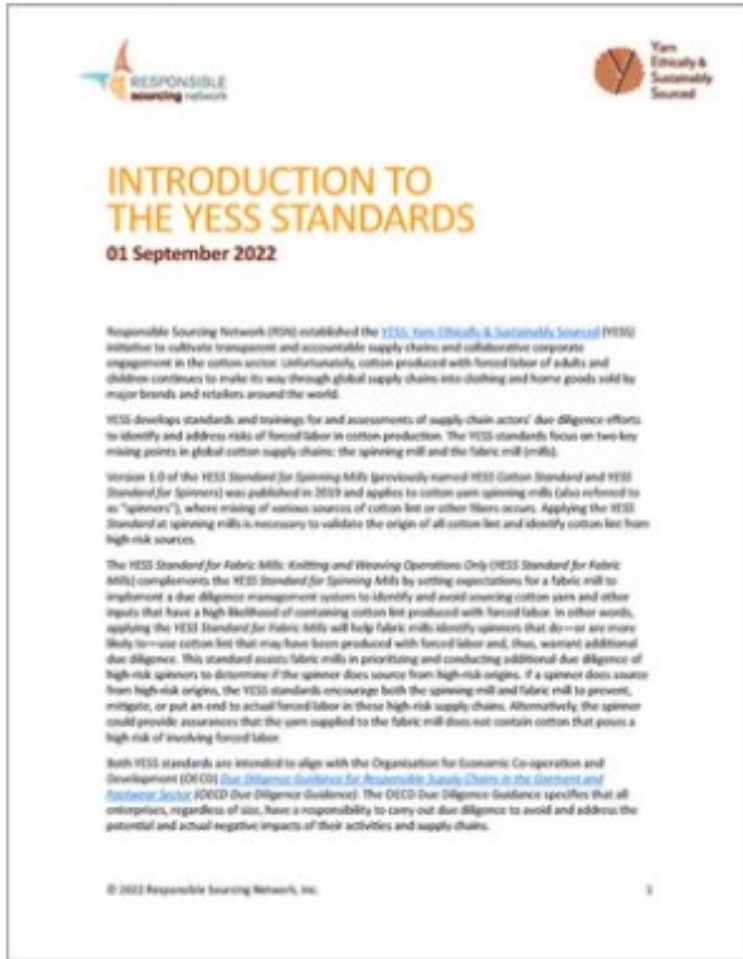


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**RESPONSIBLE sourcing network** **Yarn Ethically & Sustainably Sourced**

## INTRODUCTION TO THE YESS STANDARDS

01 September 2022

Responsible Sourcing Network (RSN) established the YESS, Yarn Ethically & Sustainably Sourced (YESS) initiative to cultivate transparent and accountable supply chains and collaborative corporate engagement in the cotton sector. Unfortunately, cotton produced with forced labor of adults and children continues to make its way through global supply chains into clothing and home goods sold by major brands and retailers around the world.

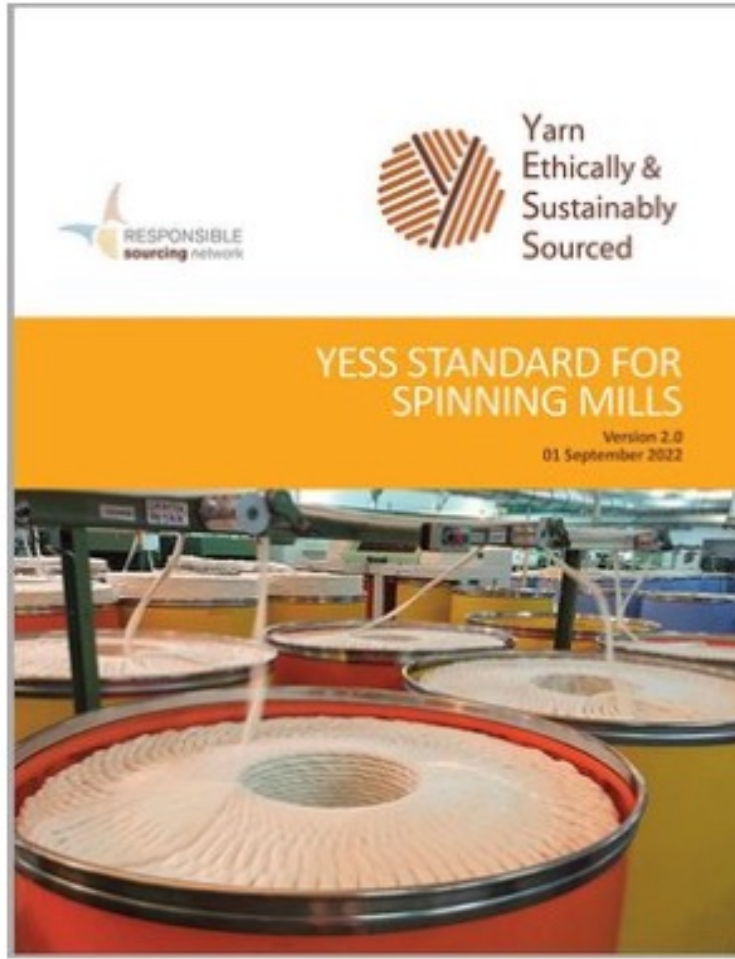
YESS develops standards and trainings for and assessments of supply chain actors' due diligence efforts to identify and address risks of forced labor in cotton production. The YESS standards focus on two key mixing points in global cotton supply chains: the spinning mill and the fabric mill (mills).

Version 1.0 of the YESS Standard for Spinning Mills (previously named YESS Cotton Standard and YESS Standard for Spinners) was published in 2019 and applies to cotton yarn spinning mills (also referred to as "spinners"), where mixing of various sources of cotton lint or other fibers occurs. Applying the YESS Standard at spinning mills is necessary to validate the origin of all cotton lint and identify cotton lint from high-risk sources.

The YESS Standard for Fabric Mills: Knitting and Weaving Operations Only (YESS Standard for Fabric Mills) complements the YESS Standard for Spinning Mills by setting expectations for a fabric mill to implement a due diligence management system to identify and avoid sourcing cotton yarn and other inputs that have a high likelihood of containing cotton lint produced with forced labor. In other words, applying the YESS Standard for Fabric Mills will help fabric mills identify spinners that do—or are more likely to—use cotton lint that may have been produced with forced labor and, thus, warrant additional due diligence. This standard assists fabric mills in prioritizing and conducting additional due diligence of high-risk spinners to determine if the spinner does source from high-risk origins. If a spinner does source from high-risk origins, the YESS standards encourage both the spinning mill and fabric mill to prevent, mitigate, or put an end to actual forced labor in these high-risk supply chains. Alternatively, the spinner could provide assurances that the yarn supplied to the fabric mill does not contain cotton that poses a high risk of involving forced labor.

Both YESS standards are intended to align with the Organization for Economic Co-operation and Development (OECD) *Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector* (OECD Due Diligence Guidance). The OECD Due Diligence Guidance specifies that all enterprises, regardless of size, have a responsibility to carry out due diligence to avoid and address the potential and actual negative impacts of their activities and supply chains.

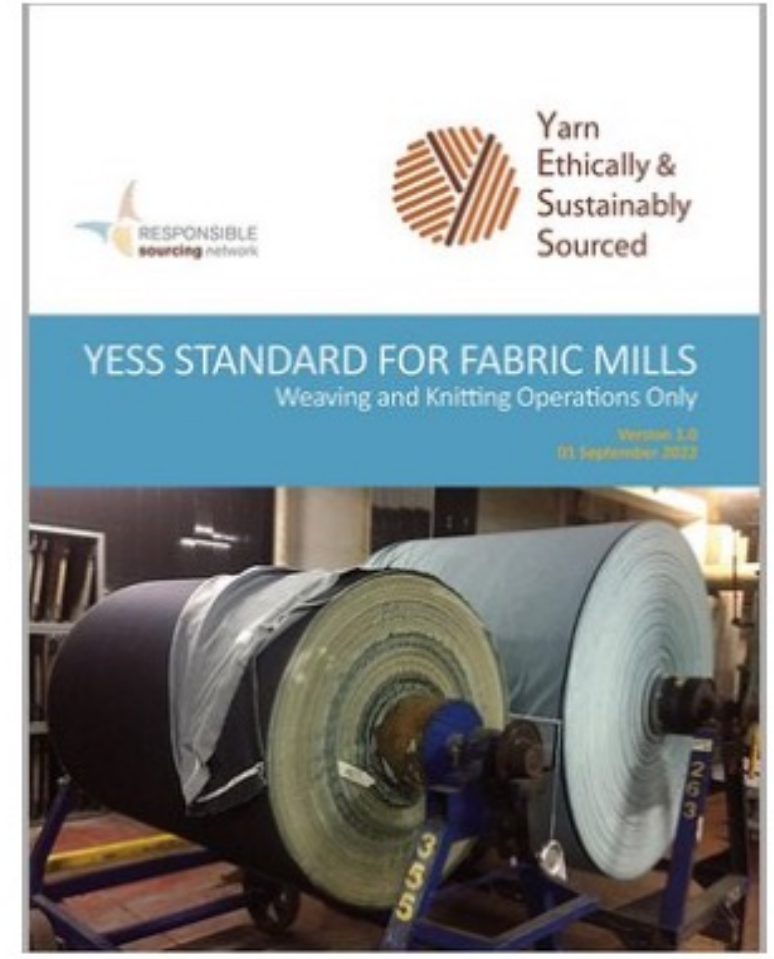

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## YESS STANDARD FOR SPINNING MILLS

Version 2.0  
01 September 2022




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## YESS STANDARD FOR FABRIC MILLS

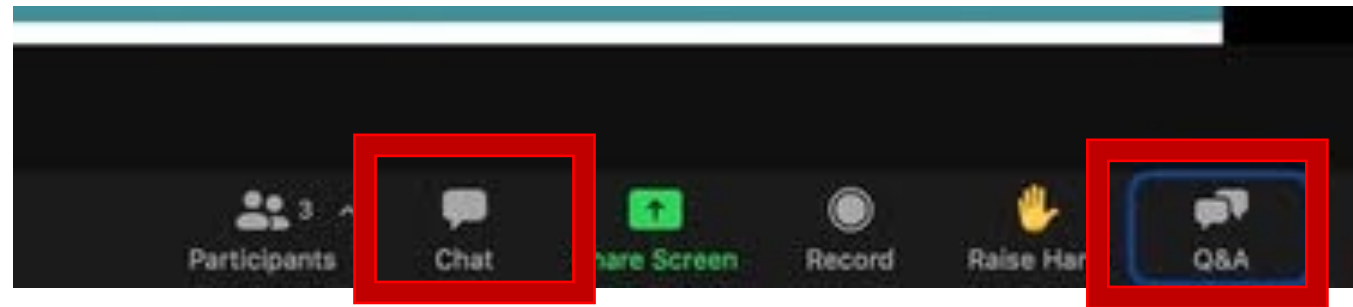
Weaving and Knitting Operations Only

Version 1.0  
01 September 2022



# Questions?

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