

YESS Initiative Concept Note

Empowering yarn spinning mills to develop and implement due diligence programs to prevent cotton produced with forced labor from entering the supply chain.

Problem and Solution

Cotton produced by forced labor and worst forms of child labor (WFCL), is making its way through the supply chain into clothing and home goods sold by major brands and retailers. The point of greatest leverage to change this oppressive activity is right before mixing cotton from numerous sources and with other fibers – at the yarn spinning mills. Responsible Sourcing Network’s (RSN) initiative [YESS: Yarn Ethically & Sustainably Sourced](#) will align with the Organization for Economic Co-Operation and Development’s [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (OECD Due Diligence Guidance), to implement a program to train and verify yarn spinners to assist in reducing harm in their supply chains.

The YESS program will include the following OECD Due Diligence Guidance processes and supporting measures:

1. Embed responsible business conduct in enterprise policy and management systems
2. Identify potential and actual harm in the enterprise’s supply chain
3. Cease, prevent or mitigate harm in the enterprise’s supply chain
4. Track, verify, monitor and validate progress on due diligence and its effectiveness in the enterprise’s supply chain
5. Communicate on the enterprise’s due diligence processes publicly and to affected stakeholders
6. Provide for, or cooperate in, remediation—when appropriate

OECD Due Diligence Guidance requires that initial processors – in the apparel industry, yarn spinners – better understand their supply chains and their sources of cotton, and better identify and address risks through an on-going process where practices are expected to improve over time.

This risk-based approach focuses resources more efficiently on the areas needing more attention. For example, documents that should be obtained for each transaction may be basic for low-risk regions (such as purchase orders and transportation documents) with additional requirements for transactions originating in high-risk regions¹ (such as ethical labor verifications, export licenses, and chain-of-custody documents).

Goals

YESS aims to:

- Drive the market away from cotton produced with forced labor, and toward cotton produced ethically and sustainably.
- Increase scalable transparency of the cotton supply chain from fabric to field.
- Develop and implement an industry-wide system that will encourage and support yarn spinners to identify, address, and mitigate forced labor in cotton sourcing.
- Promote harmonized engagement and assessments of yarn spinning mills, which will integrate with sustainable cotton and apparel initiatives and platforms.

¹ “High-risk” regions are those countries that, regarding their cotton production, appear on the U.S. Department of Labor’s [List of Goods Produced by Child Labor or Forced Labor](#), or in its annual [Findings on the Worst Forms of Child Labor](#) for cotton production; or are referenced for forced labor or WFCL in ILO reports and observations.

YESS Value Proposition

The value of participating in the development and implementation of YESS is to:

- Assist companies to comply with anti-slavery regulations, and contribute to achieving Sustainable Development Goal (SDG) 8 and Indicator 8.7.
- Establish a standard that outlines what spinning mills must demonstrate to qualified auditors; the robustness and consistent application of its due diligence management system.
- Train and support yarn spinners to implement an effective due diligence system.
- Provide brands and consumers the confidence that the cotton products they are producing or purchasing are free of forced labor and WFCL.
- Avoid duplicative audits, minimize verification costs, and improve efficiencies.

Recent Activities

With grants from Humanity United and The Walt Disney Company's Supply Chain Investment Program, and coordination from H&M's sourcing offices, RSN Director, Patricia Jurewicz, and supply chain expert, Liz Muller, visited several spinners in India, Turkey, and Bangladesh in Q2 and Q3, 2017. The aim was to assess if spinners can implement due diligence systems that trace back to cotton farms by exploring these key questions:

- Are documents that can provide corroborating evidence of certain cottons' origin used routinely during commercial or governmental transactions?
- How do spinners account for all of the cotton they receive, process and sell, including production losses, waste and byproducts?
- Can YESS leverage, contribute to, or align with the other sustainable or ethical cotton initiatives?

Findings for each of these issues were encouraging:

- It was confirmed that each bale of cotton lint purchased and processed by spinners can be traced to the country—and in most instances, the region within a country—where the cotton was produced. Information in documents that are routinely used for commercial transactions can be used to validate the cotton's origin. In addition, some countries require government import or export documents that can provide further assurances, if warranted.
- Visited spinners follow the same basic process to account for all of the cotton they purchase, process, and sell, along with the waste or by-product they produce.
- In-depth knowledge was gained about the processes spinning mills use to track and account for certified or preferred cotton through various responsible cotton systems (e.g. Better Cotton Initiative, GOTS).

Current Activities

Current activities to develop YESS are to:

- Facilitate and expand a multi-stakeholder Working Group from 7 to 12 members.
- Circulate a survey to spinning mills to collect information to complement field research.
- Draft a standard and supporting documents to verify that yarn spinners meet due diligence expectations.
- Meet with brands, and existing apparel and cotton initiatives to explore alignment and coordination of spinning mill assessments.
- Facilitate public consultation on the YESS standard and supporting documents.
- Develop initial training materials for spinners.
- Write a due diligence white paper and conduct an updated gap analysis with existing assessments.
- Conduct pilot assessments of 3 - 4 spinning mills in Q3-Q4, 2018 in 2 – 3 countries.

Needs

To complete the robust development of the YESS program, RSN is in need of funding starting in Q1 of 2019, and for additional stakeholders – namely traders, spinners, and brands – to join the YESS Working Group.

For more information or to get involved, contact: Patricia Jurewicz, patricia@sourcingnetwork.org.

To endorse the YESS initiative and receive updates, sign up at: sourcingnetwork.org/support-yess