A photograph of several spinning wheels in a textile mill, with white yarn being spun. The wheels are arranged in rows, and the background is slightly blurred.

YESS Guidebook for Due Diligence Verification

By Pia Kanoy, Livia Bercot, Adriana Bueno, Claire Flaherty,
Courtney Fenske, Ayushi Vig, and Patricia Jurewicz



Yarn
Ethically &
Sustainably
Sourced

DECEMBER 12, 2017 DRAFT



Table of Contents

1. Executive Summary	4
2. Lessons Learned from Conflict Minerals	6
A. Template and Global Spinner List	6
B. Training	7
C. Access to Information	7
D. Audit	8
E. Cost	8
F. General Advice	9
3. Guiding Frameworks	10
A. United Nations Guiding Principles (UNGP)	10
B. UNGP Reporting Framework	10
C. SB 657, California Transparency and Supply Chain Act	10
D. The UK Modern Slavery Act 2015	11
E. OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	11
4. Governance Examples	11
A. Examples of Steering Committee Structures	11
B. Governance Documents	12
5. Gap Analysis	12
A. Gap Analysis Overview	13
6. Stakeholder Engagement	14
A. Stakeholder List	14
B. Stakeholder Map	16
7. Training	17
A. YESS eLearning Platform Modules	17
B. Training Platforms	18
C. eLearning Academy Document Library	22
8. Due Diligence Verification	23
A. Introduction	23
B. Agreements	24
C. Audit Protocols	24
D. Audit Procedures	25

E. Pre-Audit Checklist	25
F. Line Item Summary	25
G. Corrective Action Plan and Other Steps	25
H. Audit Process and Roles	26
I. Auditor Information	26
9. Data Collection and Compilation	27
A. Cotton Reporting Template	27
B. Global Spinner List	28
C. Complaint and Grievance Form	29
D. Performance Measurement	30

1. Executive Summary

[YESS: Yarn Ethically & Sustainably Sourced](#) is an initiative by Responsible Sourcing Network (RSN) that will assist apparel companies to eradicate forced labor in cotton harvesting and yarn production. YESS will enable yarn spinners to identify and eliminate cotton produced with forced labor, and be verified for having fair labor practices. Cotton produced by forced labor, documented in at least nine countries according to the [U.S. Department of Labor](#), makes its way into clothing and home goods sold by major brands and retailers. YESS will increase transparency at the spinner level by implementing an auditing program and compiling a compliant list of spinners for member companies to access. As new laws require companies to report on their actions to address modern slavery and human trafficking; consumers increase their demand for the ethical manufacturing of their products; and investors increase the benchmarking of companies on their human rights' records, YESS will be a vital tool to achieve compliance and responsible sourcing.

This main focus of this compiled framework is on implementing a due diligence system that will assist companies in identifying forced labor in cotton production and implementing responsible cotton sourcing systems. Although the YESS initiative intends to assist companies in identifying and addressing labor abuses within the yarn spinning facilities, the details of those activities will focus on assisting with the implementation of the Social and Labor Convergence Project approach. As YESS becomes established and evolves, additional human rights abuses, such as child labor in cotton production, are likely to be included in an expanded approach.

Many of the tools laid out in this framework are adapted from the documents and tools developed by the [Conflict-Free Sourcing Initiative](#) (CFSI). One tool, the cotton reporting template, was introduced by [Source Intelligence](#), with feedback provided by RSN and the DePaul consultants.

The framework covers the following:

- It starts with Lessons Learned, which summarizes a compilation of 7 interviews conducted with various stakeholders, all of whom contributed to the development or evolution of the the [Conflict-Free Smelter Program](#). Based on past experience, these stakeholders communicated what YESS should pursue and avoid during its development phase. The Lessons Learned offer guidance on how to approve

upon an already successful approach to addressing conflict minerals embedded in the value chains of electronic and automobile companies.

- The Compliance and Governance section outlines legislation and international norms created to address human rights abuses, namely modern slavery, to which companies are exposed. Outlining the international norms and legislation will ensure that YESS fits into a global context and fulfills responsible business and human rights expectations. It also provides examples of documents to meet internal YESS governance needs.
- A comprehensive list of stakeholders is plotted on a Stakeholder Map to visually assist the YESS staff in prioritizing with which stakeholders to engage first. Mapping known stakeholders highlights work currently underway and will assist YESS to avoid duplication.
- The framework details a variety of Training modules that are needed to educate yarn spinners and other stakeholders on the YESS approach to due diligence and traceability. Training is crucial because many of these due diligence concepts are new for various stakeholders in the value chain, especially the yarn spinners.
- At the core of the YESS initiative will be a thorough Assessment and Verification process, which will provide member companies assurance that the spinners are implementing a due diligence system aimed to eliminate high-risk cotton from their yarn and textiles. The Assessment piece aims to verify if the due diligence and traceability approach is being implemented appropriately and highlight where improvements can be made.
- Lastly, a cotton reporting template is proposed to streamline spinning mill Data Collection and Compilation. Having standardized Data Collection will allow the textile and garment industry to streamline and share common data.

All of the components to this framework are equally important and YESS will have the greatest opportunity for success if all of them are implemented. Along with related initiatives, all of these pieces coordinated together will provide a new level of transparency and accountability in the middle of the value chain that has not previously existed.

2. Lessons Learned from Conflict Minerals

All relevant files can be found [here](#). All interview questions used can be found [here](#).

To promote a better understanding and deeper insight behind the process of creating the Conflict-Free Smelter Program, DePaul University and RSN partnered to conduct 6 anonymized interviews that examine lessons learned from strategic stakeholders and their specific experiences. This critical advice gives YESS a better idea of what to anticipate while moving forward in the creation and implementation of its own process. The feedback is summarized and listed below according to topic.

A. Template and Global Spinner List

- The more you can standardize the information in the template, the better.
- Make sure you know what languages the suppliers speak.
- Keep it simple to incentivize downstream companies to fill it out and send it to their suppliers, which will also be willing to fill it out.
- It can always be updated later.
- Keep in mind entities in different geographies may have difficulty working with a web-only format. (For example, Indonesia didn't work with CFSI.)
- Use one template with different sections of the template for different operations.
- Create a numeric identifier "facility ID" for each spinner (uniquely identifying it). Having a "facility ID" helps with foreign languages (especially different spellings of names using Asian characters), minimizes duplication, etc.
- Drop down menus help with spelling and become streamlined with time (in the beginning a lot of garbage will come in).
- Start with a known list of spinners and add new facilities over time (First determine whether they are new? Or extensions of existing ones? Or fake?)
- Names are difficult!! (Managing information on 250 smelters is burdensome). Information management is not trivial. Don't underestimate how long and complicated it is to maintain a global list.

- CFSI had to focus attention on creating a smelter list rather than both a smelter and supplier list. People don't want to tell you who their suppliers are.

B. Training

- Need to utilize web tools/webinars.
- Create an online portal for training/ e-learning.
- Hire one full time person just for training on the template and to be a resource for questions.
- Hire five full time people for engagement and training (in the beginning at least).
- Brands should pay for the training (embedded into the membership cost).
- In-person training is the best but the hardest to organize and the most expensive (have a mixed/best approach).
- Offer free training in the beginning to all stakeholders (can be adjusted later on).
- Don't charge for training auditors.
- With the template, it is important for people to understand: Why are they receiving this template? Why do you we want this information? Why should we fill it out?

C. Access to Information

- Make some information publicly available to draw attention, some behind a paywall and even more detailed information behind a higher paywall.
- Make Global Spinner List public. Is it the most valuable resource? Yes, but invaluable for marketing and recruiting. It creates public trust and goodwill (with regulators, civil society and other stakeholders). It demonstrates that progress is being made. The marketing value is greater than the monetary value you would gain from selling that information.
- Control information - CFSI gave away too much information in the beginning.

- If you know that NGO pressure could make a difference, offer discounted access to information for NGO's.

D. Audit

- Having one centralized/harmonized audit is a good idea but it is very difficult to achieve.
- CFSI was able to set up a mutual-recognition of the different audits (with LBMA & RJC), which allowed the system to expand quickly.
- Offer subsidizing the first audit so spinners are encouraged to go through the audit process.
- Make sure to have good protocols that are clear and easy to understand.
- The audit committee should be multi-stakeholder and they should be compensated for their time - about 2 hours a week.
- Remember, the material is not audited - the facility is audited. Instead of the auditor keeping track of material, the auditor is looking at the robustness and capacity of the spinner to maintain control and understanding of the due diligence process.
- Finding a champion within the community of spinners to help create the drafting of protocols and procedures for audits is very important.

E. Cost

- Start with number of companies you think will join. For example, if you have 200 at \$10,000 ea, you have \$2 million for annual basic operations.
- Tap into collaboration with an association (SAC or United States Fashion Industry Association), funding will already be seen as a part of their existing scope.
- A basic audit is usually around \$5,000 And a larger scope audit is usually around \$10,000 (more thorough or multiple facilities).

- You can bring more companies in of different sizes and charge according to size.
- Membership dues have increased \$5,000 up to \$7,500 for CFSI since it started.
- Create a sustainable business model. CFSI could have/should be charging steeper memberships dues, and still hasn't captured that yet. A part of the problem is that it is embedded in the EICC.

F. General Advice

- Use peer pressure from trade associations.
- Brand influence is necessary and important.
- Get Walmart on board! Others will follow.
- Look into geographic mapping. Where are spinners sourcing from specifically?
- Companies that participate can create education and understanding. They will have more responsibility and ownership of the cause. (It will take longer if you have a program that you are just selling to them without their buy-in.)
- Identify where commodity exchanges are being held and work with them. It is very challenging to make exchanges transparent.
- It is very important to have the discipline to keep brands from chasing the first ugly thing they find. Keep them focused on the ultimate goal.
- Useful to have a hook, an event or media story that gives companies a reason to care. Keep in mind companies have a lot of different human rights issues to consider.
- There are a million risk mitigation arguments out there, you need to make this one salient.
- Once you prove that your mission is doable, and you start collecting companies, the winning argument becomes: this is what customers expect of you.

3. Guiding Frameworks

All framework documents can be found [here](#).

This section provides information about various frameworks that can guide organizations in meeting internal YESS governance needs.

A. [United Nations Guiding Principles \(UNGP\)](#)

These Guiding Principles provide a blueprint for businesses to prevent negative impacts to human rights as well as respond to them. The blueprint describes a three-part approach--a public commitment to respecting human rights that is embedded into a business' culture, an ongoing process of human rights due diligence, and processes for providing remedy to anyone who is harmed where the business caused or contributed to that harm.

B. [UNGP Reporting Framework](#)

This is the first comprehensive guidance for companies to report on human rights issues as part of their responsibility to respect human rights. The framework provides a series of questions to which companies should strive to have answers to in order to show that it is achieving responsibility in respecting human rights in practice, regardless of how far they have progressed in implementing this responsibility. It provides guidance on how to answer these questions with relevant information about companies' human rights policies, processes, and performance.

C. [SB 657, California Transparency and Supply Chain Act](#)

Companies subject to this law must disclose information about five topics related to human trafficking and their product supply chains--verification, audit, certification, internal accountability, and training. All disclosures must be conspicuously posted on the homepage of the company's website, and if the company does not have a website, it must provide written disclosures within 30 days of receiving a consumer request for the information.

D. [The UK Modern Slavery Act 2015](#)

Organizations subject to this law must prepare a statement for each financial year of the organization, explaining the steps they have taken against human trafficking and slavery.

E. [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)

This is a framework with which industry programs and other initiatives can assess their alignment with the recommendations of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

4. Governance Examples

All governance documents can be found [here](#).

This section describes legislation and norms that address human rights abuses to which companies are exposed. This section helps to ensure that YESS fulfills responsible business and human rights expectations in a global context.

A. Examples of Steering Committee Structures

To establish the YESS governance (steering committee), some examples of the governance structure of other organizations will be reviewed.

[Sustainable Apparel Coalition \(SAC\)](#)

SAC has academics, brands, foundations, governments, industry associations, manufacturers, not-for-profits, and retailers as members which together develop a universal approach to measuring sustainability performance.

[Fair Labor Association \(FLA\)](#)

FLA seeks to combine the efforts of businesses, civil society organizations, and colleges and universities to promote and protect workers' rights and to improve global working conditions through adherence to international standards.

[Conflict Free Sourcing Initiative \(CFSI\) - Steering Committee Governance](#)

CFSI is managed by its Steering Committee members, which operates consensus.

B. Governance Documents

Some examples of the governance documents of other organizations will be reviewed.

[Agreement for Exchange of Confidential Information](#)

A confidentiality agreement outlines the terms under which sensitive information will remain privileged and private.

[Antitrust Guidelines for the Initiative YESS: Yarn Ethically & Sustainably Sourced](#)

Anti-trust laws affect a variety of vertical relationships--those involving firms at different levels of the value chain--such as manufacturer - dealer or supplier - manufacturer.

[Terms and Conditions](#)

Terms and Conditions are general and special arrangements, provisions, requirements, rules, specifications, and standards that form an integral part of an agreement or contract. The Active Smelters & Refiners example of Terms & Conditions serves as a basis to develop the YESS Initiative Terms and Conditions.

[Network Stakeholder Agreement](#)

YESS brings together leaders from across many sectors, including investors, NGOs, government officials, industry associations, and companies. These network stakeholders must agree to abide by certain community standards.

5. Gap Analysis

All Gap Analysis documents can be found [here](#).

[Sustainable Apparel Coalition](#) (SAC), which has many brand members, established the [Higg Index](#) to build reporting cohesion throughout the apparel and footwear industry. A preliminary Gap Analysis was performed with the current (2017) Higg Brand Module and Social-Labor (SL) Facilities Module to gain an understanding of where and how human trafficking and slavery compliance requirements using a due diligence approach are – or are not – being captured within the Higg Index. This analysis gave us insight as to where YESS could fill the gaps and complement the Higg modules. The Brand Module and the [Social & Labor Convergence Project](#) are now being revised or developed so this Gap Analysis will have to be recreated once those tools are finalized.

A. Gap Analysis Overview

The Gap Analysis Detail (which determined below colors) can be found [here](#).

Themes and Frameworks	CA Transparency Supply Chains Act (SB657)	UK Modern Slavery Act (UK MSA)	OECD Due Diligence	UN Guiding Principles	Key 1 = YESS could fulfill majority; not currently addressed with Higg 2 = YESS could fulfill partial/strengthen Higg 3 = Higg could be expanded to include this criteria Lt. Grey = Higg Aligns or NA
Reporting	2	2	1	2	
Policy	Lt. Grey	3	3	3	
Training	1	1	1	3	
Audit	2	Lt. Grey	2	Lt. Grey	
Verification	1	1	2	Lt. Grey	
Traceability/ Certification	1	2	1	Lt. Grey	
Accountability	1	1	3	3	

6. Stakeholder Engagement

All Stakeholder Engagement documents can be found [here](#).

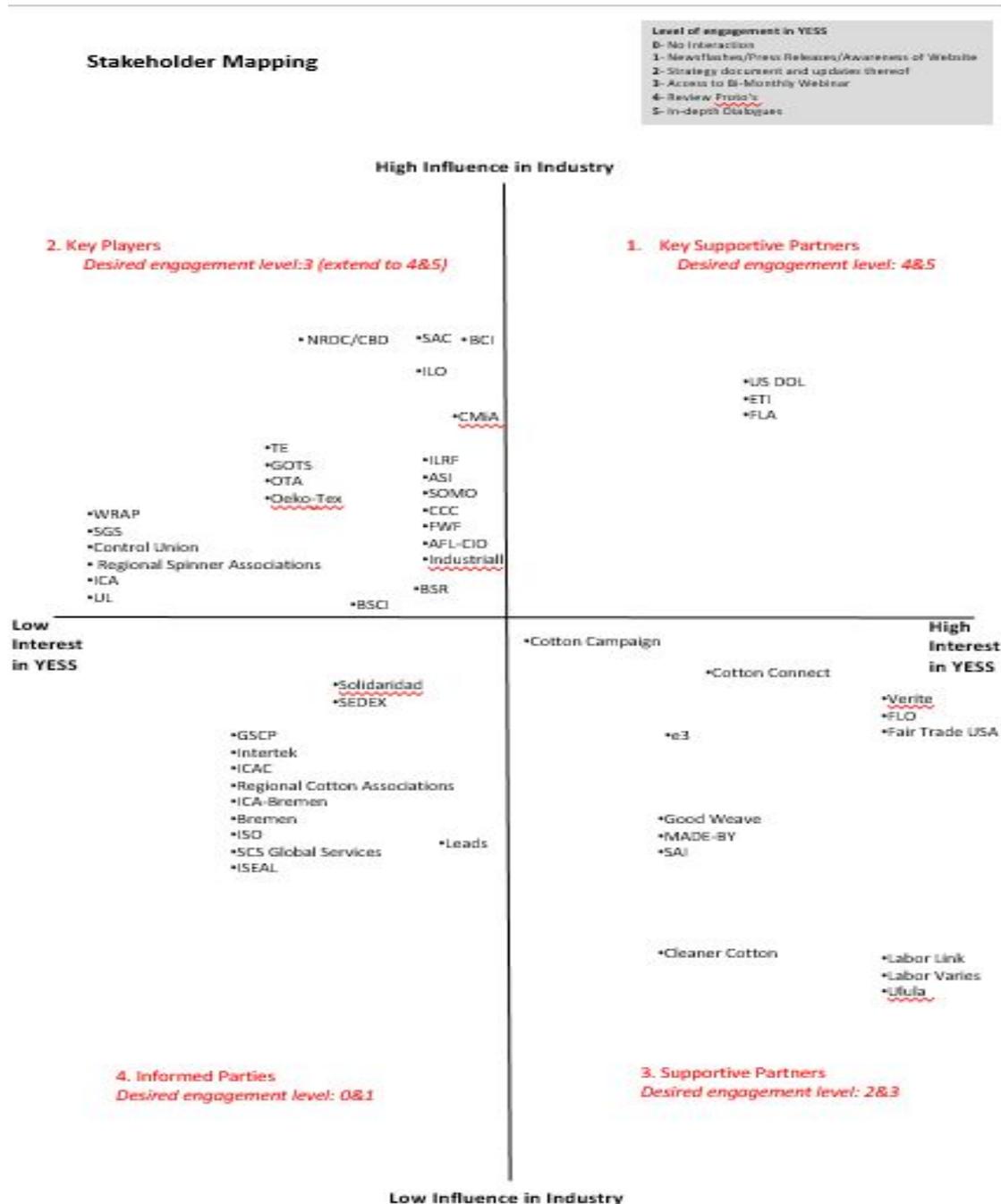
A. Stakeholder List

Initiatives and Groups	Abb.	Org Type	Website
AFL-CIO		Labor	http://www.aflcio.org/
Anti-Slavery International	ASI	NGO	http://www.antislavery.org/english/
Better Cotton Initiative	BCI	Farmer Enviro/Social	http://bettercotton.org/
Bremen		Exchange	https://baumwollboerse.de/en/
Business for Social Responsibility	BSR	MSI	
Business Social Compliance Initiative	BSCI	MSI	http://www.bsci-intl.org
Clean By Design	CBD	Mills Enviro	http://www.nrdc.org/international/cleanbydesign/ www.cleanbydesign.org
Clean Clothes Campaign	CCC	NGO	https://cleanclothes.org/
Control Union		Code/Audit	http://www.controlunion.com/en
Cotton Campaign		NGO/Coalition	
Cotton Connect / Responsible Environment Enhanced Livelihoods	REEL	Farmer Enviro/Social	http://www.cottonconnect.org/
Cotton Made In Africa	CmiA	Farmer Enviro/Social	www.cottonmadeinafrica.org
e3		Farmer Enviro	https://www.e3cotton.us
Ethical Trade Initiative / Tamil Nadu Multi-Stakeholder	EIT/TN MS	Mills Social and Code/Audit	http://www.ethicaltrade.org/ http://www.ethicaltrade.org/programmes/women-millworkers-in-tamil-nadu
Fair Trade USA	-	Farmer and Mills Social	www.fairtradeusa.org
Fair Wear Foundation	FWF	NGO	http://www.fairwear.org
Fairtrade International	FLO	Farmer and Mills Social	www.fairtrade.net
FLA	FLA	Code/Audit	www.fairlabor.org
Global Organic Textile Standard	GOTS	Mills Enviro/Social	www.global-standard.org
Global Social Compliance Programme	GSCP	Code/Audit	http://www.gscpnet.com/
Good Weave		Mills Social and Code/Audit	http://goodweave.org/home.php
ICA-Bremen		MSI & Exchange?	http://www.ica-bremen.org/
ILO Better Work Program	-	Code/Audit	http://betterwork.org/global/ http://www.ilo.org/washington/areas/better-work/lang--en/index.htm
Industrial		Labor	http://www.industrial-union.org/

International Cotton Advisory Committee	ICAC	MSI Farmer	https://www.icac.org
International Cotton Association (Liverpool)	ICA	Farmers & Mills MSI	http://www.ica-bremen.org/
International Labor Rights Forum	ILRF	NGO	
International Organization for Standardization	ISO	Standards Body	http://www.iso.org/iso/home.html
Intertek - Mill Qualification Program		Mills Enviro	http://www.intertek.com/business-assurance/supplier-management/mill-qualification/
ISEAL Alliance	ISEAL	Standards Body	http://www.isealalliance.org/
Labor Link		Worker IT	https://www.mylaborlink.org
Labor Voices		Worker IT	http://www.laborvoices.com
Leads (Cotton Incorporated)		Farmer Enviro	http://www.cottoninc.com/sustainability/CottonLeads/
MADE-BY		MSI	http://www.made-by.org
Oeko- Tex		Mills Enviro	https://www.oeko-tex.com/de/business/business_home/business_home.xhtml
Organic Trade Association	OTA	Farmer Enviro	https://www.ota.com
Regional Cotton Associations		Farmers	
Regional Spinner Associations		Mills	
SCS Global Services		Code/Audit	https://www.scsglobalservices.com
Sedex / SMETA		Code/Audit	http://www.sedexglobal.com/ethical-audits/smeta/
SGS		Code/Audit	http://www.sgs.com/
Social Accountability International	SAI	Training (and Audit?)	http://www.sa-intl.org
Solidaridad	-	Farmer (and Mills?) Social (and Enviro?)	http://www.solidaridadnetwork.org/
SOMO		NGO	https://www.somo.nl/
Sustainable Apparel Coalition / Higg Index / Social & Labor Convergence	SAC	MSI	http://www.apparelcoalition.org/
Sustainable Cotton Project/Cleaner Cotton		Farmer Enviro	http://www.sustainablecotton.org/pages/show/cleaner-cotton-tm
Textile Exchange / Organic Cotton Round Table	TE / OCRT	Famer Enviro and MSI	http://textileexchange.org/
UL		Audit?	http://ulstandards.ul.com
Ulula		Worker IT	http://ulula.com
US Dept. of Labor	US DOL	Gov't	https://www.dol.gov/
Verite	-	Mills Audit	https://www.verite.org/
Wakefield Quality (Inspectors)		Mills (Audit?)	http://www.wiscontrol.com
Worldwide Responsible Accredited Production	WRAP	Code/Audit	www.wrapcompliance.org

B. Stakeholder Map

This map visually assists YESS staff in prioritizing with which stakeholders to engage. For a larger version of the image, click [here](#).



7. Training

All training documents can be found [here](#).

This section describes a variety of Training modules that are important to educate yarn spinners and other stakeholders on YESS' approach to due diligence and traceability. Training is extremely important because many of these due diligence concepts are new for multiple stakeholders in the supply chain, especially the yarn spinners.

The YESS initiative will follow a verification process that is implemented at the yarn spinning point in the value chain. Implementation of the initiative will require educational training for stakeholders across all levels of the cotton value chain—from the farmer up to the brand company. The training table below outlines:

1. The type of training platform (e.g., YESS Website, eLearning Portal),
2. An overview of the content to be covered in each training, and
3. Identifies the specific stakeholder group for whom the training is intended.

A. YESS eLearning Platform Modules

Below is a list of recommended modules to be included in the YESS eLearning Academy platform. The list was generated referencing the RMI (formerly CFSI) eLearning Academy as an example.

1. New Spinner Training Introduction
2. YESS Cotton Policy
3. eLearning Feedback Form
4. YESS Auditor Training
5. YESS Corrective Action Plan Training
6. Mass Balance Training
7. High-Risk Cotton Overview
8. Supplier Training Module 1: Introduction to High-Risk Cotton Due Diligence
9. Supplier Training Module 2: Supplier Survey
10. Supplier Training Module 3: Risk Assessment
11. Supplier Training Module 4: Strong Management Systems
12. Spinner Engagement: SPOC Training

B. Training Platforms

Platform	Content
<p>YESS Website Training & Resources Tab</p> <ul style="list-style-type: none"> ✓ Online Webinars ✓ Links to External Resources ✓ Downloadable PDF Guidance 	<p>Reasonable Country of Origin Inquiry Data:</p> <ul style="list-style-type: none"> ● Provides companies with the most detailed information currently available about the country of origin information for spinner facilities that are assessed and verified through YESS ● Only accessible for YESS members <p>Links to High-Risk Cotton Legislation:</p> <ul style="list-style-type: none"> ● CA Transparency in Supply Chains Act ● UK Modern Slavery Act <p>OECD Due Diligence:</p> <ul style="list-style-type: none"> ● Guidance document links summarizing OECD requirements ● Frequently asked questions about OECD <p>High-Risk Cotton Webinar:</p> <ul style="list-style-type: none"> ● Stakeholder is required to provide basic information in order to access webcast <p>External Training Resources described (SAC, BCI)</p> <p>Complementary Programs: BSP, cotton initiatives, available certifications</p> <p>Service Providers: List of firms that can assist with OECD implementation</p>

<p>YESS eLearning Academy Modules</p> <p>✓ Login required to access the eLearning portal</p> <p>✓ Languages: Legible for all users</p> <p>Downloadable Templates in the Document Library</p>	<p>SPINNER & VERTICALLY INTEGRATED TEXTILE MILLS:</p> <ol style="list-style-type: none"> 1. New Spinner Introduction: <ul style="list-style-type: none"> ● YESS & high-risk cotton overview ● Audit process ● Audit requirements ● Risk-based audit program (spinner audited less frequently if meet specific criteria) ● New Spinner Training Quiz to assess understanding 2. Creating a High-Risk Cotton Policy 3. Mass Balance 4. Line Item Summary <ul style="list-style-type: none"> ● Spreadsheet tracking audit requirements and completion ● Given to auditor to increase audit efficiency 5. Better Sourcing Program (if BSP adopts cotton value chain) 6. Document Library: <ul style="list-style-type: none"> ● Sample high-risk cotton policy ● Annotated mass balance (screenshots of spreadsheet template with instructions) ● L1, L2, L3 country of origin validation documents ● L1, L2, L3 transportation validation documents ● High-risk cotton assessment agenda examples ● YESS Corrective Action Plan (CAP)
<p>YESS eLearning Academy Module</p>	<p>REGION-SPECIFIC SPINNER:</p> <p>Once YESS expands outside of Uzbekistan, region-specific trainings may be necessary to effectively communicate different requirements</p>

<p>YESS eLearning Academy Modules</p> <p>Informational Package Sent to Auditor</p> <p>Downloadable Templates from Document Library</p>	<p>AUDITOR:</p> <p>NOTE: It is highly recommended that auditors go through ALL modules in eLearning</p> <ol style="list-style-type: none"> 1. Introduction <ul style="list-style-type: none"> ● High-risk cotton defined ● YESS policies ● YESS role in audit process 2. Audit Methodology <ul style="list-style-type: none"> ● Bid submission to YESS for audit ● Spinner applicability determination ● Communication with spinner (scheduling, meetings, post-audit) ● Spinner’s role and responsibilities ● Onsite audit requirements ● Mass balance calculation ● Material origin determination and documentation to verify source 3. Document Library: <ul style="list-style-type: none"> ● Agenda ● Pre-audit checklist ● Onsite audit checklist ● Final report ● Corrective action plan
<p>YESS eLearning Academy Module</p> <p>Downloadable CAP Template</p>	<p>CORRECTIVE ACTION PLAN (CAP): Spinners, Auditors, Consultants</p> <ol style="list-style-type: none"> 1. CAP roles for responsible parties 2. Timeline: spinner notification, implementation, compliance deadline 3. CAP template (spreadsheet completed by auditor and spinner) 4. Consequences if compliance not achieved by deadline 5. Examples of spinner non-compliance <div style="text-align: center; margin-top: 20px;"> <pre> graph LR A[Day 0: Receive YESS Non-Compliance Letter] --> B[Day 14: Spinner Submits Completed CAP to YESS] B --> C[Day 60: Spinner Implements CAP at Mill] C --> D[Day 90: Auditor Verifies CAP is Implemented] </pre> </div>
<p>YESS eLearning Academy Module</p>	<p>SINGLE POINT OF CONTACT (SPOC):</p> <ol style="list-style-type: none"> 1. Role Overview 2. SPOC Responsibilities: <ul style="list-style-type: none"> ● Spinner outreach: pre-audit visit request and assist spinner with data inquiry questionnaire ● Verify cotton sourcing documentation is complete and ready for audit ● Follow-up regularly with spinner to ensure audit process and procedures are understood ● Verify onsite audit is complete and assist with Corrective Action Plan

	<ul style="list-style-type: none"> ● Add spinner to YESS Active Spinner List
YESS eLearning Academy Modules	<p>SUPPLIERS: Clothing Manufacturers, Agents, Non-Vertically Integrated Mills</p> <ol style="list-style-type: none"> 1. Introduction <ul style="list-style-type: none"> ● Purpose for high-risk cotton due diligence ● Implication and role for high-risk cotton non-reporters 2. Risk Assessment <ul style="list-style-type: none"> ● Risks related to spinner sourcing practices ● Validation: YESS compliant and active spinner list ● Steps forward if not able to validate your spinner 3. Management Systems <ul style="list-style-type: none"> ● Why a system is helpful: (1) Collect and store information/documentation for annual reporting (2) Ease customer requests and response (3) OECD due diligence requirement ● Can assist in creating, implementing and communicating a strong cotton sourcing policy
YESS eLearning Academy Module	<p>DESCRIPTION OF COTTON value CHAIN: All stakeholders that may not be familiar with Spinner activities- Auditors, Brands, Suppliers</p> <ul style="list-style-type: none"> ● Cotton history ● Types of cotton ● Pre-spinning cotton treatment process ● Spinner-specific activities ● Traceability of cotton overview
YESS eLearning Academy Module	<p>YARN & TEXTILE CUSTOMERS: Brands, Agents, Non-Vertically Integrated Clothing Manufacturers</p> <ol style="list-style-type: none"> 1. Requirements of high-risk cotton sourcing 2. Due Diligence Scope: <ul style="list-style-type: none"> ● How to identify the presence of cotton in your final product ● How to identify the suppliers of your cotton-containing product(s) ● Requirements for maintaining documentation related to cotton products and suppliers ● Cotton supplier surveying and response data ● Common supplier reporting errors and validation techniques ● High-risk cotton reporting template data aggregation
YESS eLearning Academy Module	<p>HIGH LEVEL COTTON OVERVIEW: Traders, Exporters, Ginners</p> <ul style="list-style-type: none"> ● What is high-risk cotton? ● Cotton value chain stakeholders: Overview of textile manufacturer and supplier role in the big picture of cotton sourcing ● Human rights laws related to cotton harvesting

<p>YESS eLearning Academy Module</p> <p>On-the-Ground Training by NGOs, Auditors</p> <p>Example Cotton Verification Documents</p>	<p>COTTON FARMER:</p> <ol style="list-style-type: none"> 1. YESS program overview 2. Generate buy-in: <ul style="list-style-type: none"> ● Overview of laws that brand companies must abide by: CA Transparency in Supply Chains Act & UK Modern Slavery Act ● Cotton value chain reporting requirements (once established) ● Common human rights violations that occur in the cotton fields and how YESS will assist in addressing the issues 3. Spinner auditing process and requirement overview to help the farmer identify its role in the audit 4. Farmer documentation required for validating the cotton's origin (example documents for reference)
<p>YESS eLearning Academy Module</p>	<p>BETTER SOURCING PROGRAM: Auditors, Suppliers, Exporters, Spinners</p> <ul style="list-style-type: none"> ● value chain information management system ● Maps cotton value chain on the ground from field to spinner ● Online, real-time, charts, maps for stakeholders ● Validates cotton risk and OECD requirements ● Stores required audit documentation

C. eLearning Academy Document Library

The conflict mineral equivalent of each of the below listed documents are provided in the [“eLearning Academy Document Library”](#) powerpoint.

1. Sample Cotton Sourcing Policy
2. Annotated Mass Balance
3. Level 1 Country of Origin Validation Documents
4. Level 1 Transportation Validation Documents
5. Level 2 Country of Origin Validation Documents
6. Level 2 Transportation Validation Documents
7. Level 3 Country of Origin Validation Documents
8. Level 3 Transportation Validation Documents
9. Sample Audit Agenda & Plan
10. Corrective Action Plan (CAP)
11. Risk-Based Audit Program Application
12. Risk-Based Audit Program Overview

8. Due Diligence Verification

All relevant documents can be found [here](#).

A. Introduction

Assessment and Verification consists of a review of stakeholder's site(s) and evaluates its processes and its materials. Therefore, the assessment and verification consists of two main concepts:

Business Process Review

- Evaluate company policies and/or codes of conduct relating to cotton sourcing.
- Evaluate how the policies are incorporated in management and procurement procedures.

Material Analysis Review

- Conduct a complete material analysis to demonstrate that all sources of materials procured by the stakeholder site are free of forced labor.
- Evaluate whether source locations are consistent with known cotton locations.
- Establish whether material identified as “recycled” meets the definition of secondary material.

The Introduction guidance in this project contains more information about the audit agenda as well as the audit activities. The audit of a stakeholder consists of three main phases: Pre-Audit Activities, Audit Activities and Post-Audit Activities as follows:



B. Agreements

Before getting started with the audit, two agreements must be signed off by the company:

- 1) [Agreement for Exchange of Confidential Information](#)
- 2) [Auditee Agreement](#)

The objective under each agreement is to provide protection for confidential information while the auditors are conducting their business activities.

C. Audit Protocols

Protocols were developed to meet an emerging need for downstream companies to demonstrate a country of origin inquiry and validate stakeholder procurement processes with respect to labor conditions in cotton sourcing. The audit using this protocol is a key component of the Yarn Ethically & Sustainably Sourced (YESS) initiative. YESS, developed by Responsible Sourcing Network (RSN) in 2016, is a voluntary initiative in which an independent third party audits stakeholder procurement and processing activities and determines if the stakeholder showed sufficient documentation to demonstrate with reasonable confidence that the company processes cotton originating from sources with low risk of forced labor.

Protocols will be reviewed annually to ensure that the content continues to reasonably support the cotton sourcing requirements set forth by law and international expectations, such as the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (OECD Guidance).

Compliance to the protocols will determine the country of origin inquiry (CoOI) for the cotton processed at the stakeholder.

The audit protocol aims to validate sourcing through the following methods:

- Demonstration of management commitment via a strong cotton policy.
- Examination of the processes and systems used for sourcing to demonstrate the ability to support cotton sourcing.
- Line Item Summary analysis to demonstrate the stakeholder's ability to account for all inputs and outputs during the audit period.

- Examination of internal material control mechanisms to demonstrate the stakeholder's ability to account for all inputs during the audit period.
- Evaluation of materials within the audit scope to demonstrate the appropriate level of sourcing traceability and origin determination.

D. Audit Procedures

The procedures are to be used in conjunction with the cotton audit protocol when conducting a YESS audit at a participating cotton stakeholder.

The audit procedures summarize how an auditor and auditee shall conduct the YESS initiative compliance audit following the requirements outlined in the YESS audit protocols to validate the participating company (auditee) has implemented the necessary company-level management program through the methods as described above.

The audit will be conducted using the requirements of the cotton audit protocol. Auditors will use the following tools throughout the assessment:

- a) Audit Checklist and Line Item Summary for cotton.
- b) Audit Summary Report.

E. Pre-Audit Checklist

The stakeholder must complete the Pre-Audit Checklist in order to define its operations' breadth, products, and complexity. The audit firms use this document to provide a bid for completing the audit.

F. Line Item Summary

The Line Item Summary that includes documentation of the procurement and incoming materials transactions for the full audit period as well as the inventory estimates. The auditors use this information during the onsite audit to reconcile the mass balance.

G. Corrective Action Plan and Other Steps

Finally, at the conclusion of the onsite audit, the auditor will create an audit summary report and deliver it to the stakeholder and the YESS initiative Audit Review Committee

(ARC). The ARC reviews the report and the auditor's testimony. Together, the auditor and the ARC review the auditor's work to agree on the auditor's compliance recommendation of the stakeholder.

Then, if the stakeholder is found to be compliant with the YESS initiative protocol, the YESS Audit Program Manager (APM) drafts and sends a *Compliance Letter* and the company will be added to the publically available YESS Compliant Stakeholder List. If the stakeholder is found not to be compliant with the YESS initiative protocol, the APM drafts and sends a *Non-Compliance Letter*, which includes findings and possible solutions, corrective actions and other steps.

H. Audit Process and Roles

Audit Process and Roles contains information about roles and responsibilities for each party in the audit process: YESS, Auditor and Auditee (in each phase of the audit process as well).

The document also contains the audit tools that are available for the YESS initiative, such as documents list, eligibility, purpose of each document, audit request and contracting, reporting, compliance determination, and so on.

I. Auditor Information

The document contains auditor approval by the YESS initiative. The auditor approval process is designed to verify that auditors have appropriate experience and expertise to conduct the YESS audits. Thus, the audit firms that are interested in working with YESS must complete training and documentation, and be approved by the YESS initiative.

9. Data Collection and Compilation

All data collection documents can be found [here](#).

The documents described below will allow YESS to collect, compile, and assess information from stakeholders throughout the cotton value chain.

A. [Cotton Reporting Template](#)

The Cotton Reporting Template (CRT) was created to enable the collection and reporting of cotton sourcing information from all members of the cotton value chain. It will be sent to the brands, that will send it to the spinners that they work with directly. The suppliers will send to their sub-suppliers, so they can map the spinners they work with.

It has specific instructions on how to complete the document and how to advise your tier suppliers on how to fill out the template. It was designed with dropdown menus and closed data cells, in order to gather clean data and produce accurate reports.

The objective is to identify all the spinners in the value chain. Once the spinners are mapped, they will be audited and if they are compliant with the YESS assessment protocols they will be featured on the Global Spinner List on YESS' website.

The sections in it include: Instructions, Declaration, Sources, Product List, Sample Product, and Revision.

Template Instructions

1. Identify every supplier (source) of cotton products and/or cotton-containing materials (e.g. yarn, fabric, trim).
2. For each source, first select the type of source from where you receive your cotton products and for cotton-containing materials.
3. Enter the legal business name of the source.
4. Enter the country in which the source conducts business.
5. Enter additional information regarding the source:
 - Source Identification
 - Source Identification Provider
 - Source Address
 - Source City

- Source State/Province
 - Source Contact Name
 - Source Contact Email
6. Send a CRT to each source.

B. Global Spinner List

The Global List will be built based on the data collected through the template. The spinners will be identified, their names validated, trained on due diligence, and verified that they are implementing the process accurately. Once they have been verified through a third party audit, their names will appear on the Global Spinner List.

The final list includes the names and locations of compliant suppliers

Global Spinners List - Template

SPINNER ID	STANDARD SPINNER NAME	STATE/PROVINCE/REGION	COUNTRY	LAST AUDIT DATE	NOTES

C. Complaint and Grievance Form

YESS welcomes the submission of complaints and grievances, and will keep track of the suppliers that have some sort of complaint.

If need be, training will be reinforced and the brands will be notified.

<p>Grievances & Complaints Mechanism</p> <p>YESS welcomes submissions of complaints and grievances as part of its continuous improvement and risk management. The purpose of this document is to outline a process which members, stakeholders and the public can utilize to raise concerns about the initiative, the audit program, protocols, yarn spinners operations that fall in scope of the YESS, audit quality and auditor competencies. The document also covers processes used to address these grievances and complaints.</p> <p>Kindly submit any grievances and/or complaints in the intake form below.</p> <p>For anonymous submissions, please do not provide your contact information (only fill out Comments section).</p>
Name:
Email:
Organization:
Nature of Complaint:
Comments: (required field)

*For future reference, please note [CFSI's Grievance Mechanism](#).

D. Performance Measurement

We recommended a few performance measurement indicators as a baseline for YESS. They will be used to track progress overtime.

The Performance Indicators were based on the OECD due diligence process.

<i>Stakeholder engagement</i>	
1	Measure external stakeholders (e.g. civil society, regulators) involvement.
2	Analyse the involvement in public forums and events where it provides information about its responsible supply chain programme and als address identified risks.
3	Whether or not a functioning and accessible grievance mechanism was established.
<i>Acceptance</i>	
4	In there an existing mechanism for monitoring, tracking and sharing information on incidents or emerging risks identified from company's risk assessments and other relevant sources that could create red flags for companies participating in the Programme.
5	Is there an effective process for communicating details of incidents or emerging risks to companies, auditors and other relevant stakeholders in a timely manner?
6	Guidance and requirements for companies and auditors should be regularly review and updated
<i>Membership requirements and/or conditions of certification/accreditation</i>	
7	Audit/verification of the mill's conformance with all the requirements to be accredited by YESS.
8	Where an audit finds non-conformance issues, an action plan is required.
<i>Transparency</i>	
9	YESS publicly provides details of its own internal governance structure, staffing, resources and oversight mechanisms.
10	YESS maintains an up-to-date, publicly available, list of companies who are currently in conformance with the Programme's requirements.
11	YESS maintains an up-to-date, publicly available, list of companies who have been disqualified/suspended for failure to meet the Programme's requirements.
12	YESS requires companies' audited reports to be made publicly available annually.
13	The Program proactively encourage transparent disclosure by companies of challenges, identified risks and mitigation plans.
<i>Programme aims and objectives</i>	
14	Established processes for monitoring and evaluating whether the YESS itself is meeting its own aims and objectives.
15	Publicly reports on its evaluations of whether or not it is meeting its own aims and objectives.

A list of Performance Measurements related to working conditions, health and safety was put together for future reference.

Refer to [Social & Labor Convergence Project](#) for Data Tool and KPIs.