

# 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 Organisation 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.

The OECD provides guidance on how various enterprises in the garment and footwear sector may conduct due diligence in alignment with the OECD framework. It is important to note that not all recommendations or considerations of the OECD due diligence framework are applicable to every supply chain actor or mill. The YESS standards are specific to implementing due diligence measures for a spinning mill's suppliers (e.g., gin, agent, trader, spinning mill, recycler, shredder), a fabric mill's suppliers (e.g., merchant, trader, agent, spinner, recycler, other fabric mill), and all cotton inputs (e.g., lint, fiber, or input containing any amount of cotton) purchased, received, or processed by the mills. The standards also require that the mills account for and reconcile all cotton inputs received, processed, and sold.

The YESS standards set forth a mill's supply chain due diligence activities and assess its alignment with the six-step framework of the OECD Due Diligence Guidance as it relates to its cotton input suppliers, as well as its cotton inputs, that may or does include cotton that was produced with forced labor:

1. **Embed responsible business conduct** in mill policy and management systems.
  - 1.1. Adopt a policy that articulates the mill's commitment to identifying and addressing forced labor used to produce cotton within in its supply chain.
  - 1.2. Strengthen management systems to conduct due diligence on risks of cotton produced with forced labor entering the mill's supply chain.
2. **Identify potential and actual harm from forced labor** in cotton production in the mill's supply chain.
  - 2.1. Scope the risks of harm from forced labor in cotton production in the mill's supply chain.
  - 2.2. Assess suppliers associated with higher risks at the site level.
  - 2.3. Assess the mill's relationship to impacts of forced labor in cotton production.
3. **Cease, prevent, or mitigate forced labor in cotton production in the mill's supply chain.**
  - 3.1. Seek to prevent or mitigate harm from forced labor in cotton production in the mill's supply chain.
4. **Track (conducted through a YESS assessment)**
  - 4.1. Verify, monitor, and validate progress on due diligence and its effectiveness in the mill's supply chain.<sup>1</sup>
5. **Communicate**
  - 5.1. Communicate publicly on the mill's due diligence system, including how the mill has addressed potential and actual harm from forced labor in cotton production.
  - 5.2. Communicate with affected stakeholders.

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1. *The effectiveness of due diligence is measured by the extent to which actual and potential harm from forced labor in cotton production is assessed, ceased, prevented, and mitigated in the enterprise's supply chain.*

**6. Provide for or cooperate in remediation when appropriate.**

- 6.1. Establish a process to enable remediation to address the harm caused from forced labor in cotton production where the mill contributed to it.<sup>2</sup>
- 6.2. Commit to receiving complaints through legitimate processes where the mill has caused or contributed to forced labor in cotton production in its supply chain.<sup>3</sup>

While the YESS standards describe expectations for each of the OECD six steps, they are presented in a different sequence than presented in the *OECD Due Diligence Guidance*. The standards begin by outlining foundational requirements of a due diligence management system that is required by all mills, such as establishing policies, conducting supplier due diligence, and validating cotton origin (OECD Step 1); identifying red flags (OECD Step 2); and tracking and communicating progress (OECD Steps 4 and 5). This is followed by implementing additional due diligence required of a mill that sources from high-risk supply chains by establishing a mitigation process (OECD Step 3). And finally, the standards include a brief section on the requirement to provide for or cooperate in remediation when the mill contributed to harm from forced labor (OECD Step 6). See Table 1.

**Table 1: Flow and Applicability of the YESS Standards with Citations of Relevant OECD Step**

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

The standards provide more detail for the universal requirements (i.e., the basic elements of effective management systems) and are less prescriptive for high-risk supply chain due diligence expectations (especially regarding developing and implementing risk mitigation plans) where gaining stakeholder input is necessary and the supply chain’s unique context must be considered. The same is true for the last section of the standards—provide for or cooperate in remediation when appropriate—which may require the development of appropriate remedies that extend beyond an individual mill’s sphere of

2. *It is likely that few spinning or fabric mills will be solely responsible for, nor will they be in a position to provide, remediation without the support or direction of other industry members. Therefore, it is RSN’s hope that the industry will develop effective remediation mechanisms that the mills can support.*

3. *OECD’s requirement to provide an avenue for complaints to be received is listed in OECD Step 6, but YESS has included this requirement (to establish an effective grievance mechanism) in Section 2: Identify actual and potential forced labor in the cotton production stage of the mill’s supply chain.*

influence and responsibility. YESS will provide additional guidance and resources for high-risk supply chain mitigation and remediation as more data and successful examples become available, initiatives expand efforts to address forced labor in cotton production, and supply chain and stakeholder partnerships are developed.

## Risk-based approach

The YESS standards require the spinning or fabric mill to implement due diligence proportional to the risk profile of its cotton inputs. The mill's internal implementation of a due diligence system needs to be flexible and based on individual circumstances and factors (e.g., the size of the mill, the location of the mill, types and locations of suppliers). For example, a simple management system may be appropriate for a mill located in a low-risk country for cotton production or in a low-risk country for yarn production that only sources domestic yarn. Whereas a mill that sources yarn from multiple high-risk cotton yarn producing countries may warrant a more complex system.

## YESS Conformance Continuum

YESS provides spinning and fabric mills with a step-by-step approach to developing a full due diligence management system (and conforming with all requirements set forth in the YESS standards) over a three-year period (YESS Conformance Continuum). In other words, in the first year, a mill is expected to develop and implement a foundational due diligence management system, identify high-risk supply chains, monitor its performance, and undergo a YESS assessment. Then in Year 2, the mill needs to build on the knowledge gained to assess and respond to risks by developing and implementing a risk mitigation plan and completing all sections of a public report by established due dates. Finally, in Year 3, the mill must address and report on the requirement to provide for or cooperate in remediation when the mill contributed to harm from forced labor (OECD Step 6). An outline of the sections for each continuum requirement is listed in Table 2.

**Table 2: YESS Conformance Continuum Due Dates and Requirements**

Year in YESS Assessment Program (Due Date)	YESS Conformance Continuum Requirements (Each requirement will be required for each subsequent year)
<b>Year 1</b>	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)
<b>Year 2</b>	Step 3: Assess, cease, prevent, or mitigate potential or actual forced labor in cotton production in the mill's supply chain <sup>4</sup> Step 5: Report annually on supply chain due diligence (all sections)
<b>Year 3</b>	Step 6: Provide for or cooperate in remediation

4. A mill sourcing from high-risk supply chains will be expected to act and report on its efforts to assess, cease, prevent, or mitigate potential or actual forced labor within six months after its Year 1 assessment. The assessment of its plans, stakeholder engagement, and efforts will be conducted during the Year 2 onsite assessment.