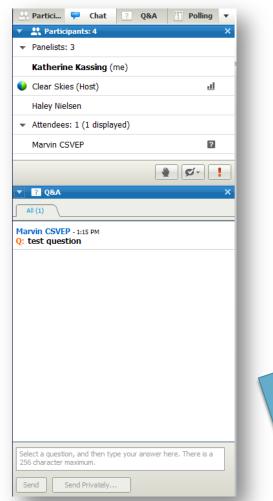


### YESS: Yarn Ethically & Sustainably Sourced

#### Standard and Workbook Release

March 20, 2019

### Logistics



#### Webinar is being recorded

- For technical support call 1-866-863-3904
- Use the Q&A window to send us your questions, speakers will answer questions at the end
- Click on the "Raise Your Hand" icon and we will unmute you so you can ask your question
- You will receive an email with a link to the recording within 24 hours



#### **Today's Presenters**



#### Liz Muller

Principal liz **muller** & partners Consultant to RSN

#### Patricia Jurewicz

Founder and Vice President Responsible Sourcing Network (RSN)

### Webinar Agenda

- **1. YESS Introduction**
- 2. Brief history of YESS
- **3. YESS Standard**
- 4. YESS Workbook
- 5. Testimonials
- 6. Future Activities of YESS
- **7.**Q&A



# INTRODUCTION

### What YESS Can Do For You

- Meet compliance requirements in multiple countries
  - US (CA and CBP for Turkmenistan cotton), UK, France, Netherlands, Australia
- Increase demand for farm-level initiatives
- Support effective and transparent due diligence throughout the entire supply chain
- Help eliminate modern slavery from cotton production

#### **YESS** Mission

To create an industry-wide due diligence program for yarn spinning mills to eliminate cotton produced with forced labor from their supply chains.





### **YESS Scope**

#### What YESS Does:

- Implement a risk-based due diligence approach
- Focus on material control
   & management systems
- Does assess spinners to being conformant with the YESS Standard (one assessment a year)

#### What YESS Does Not:

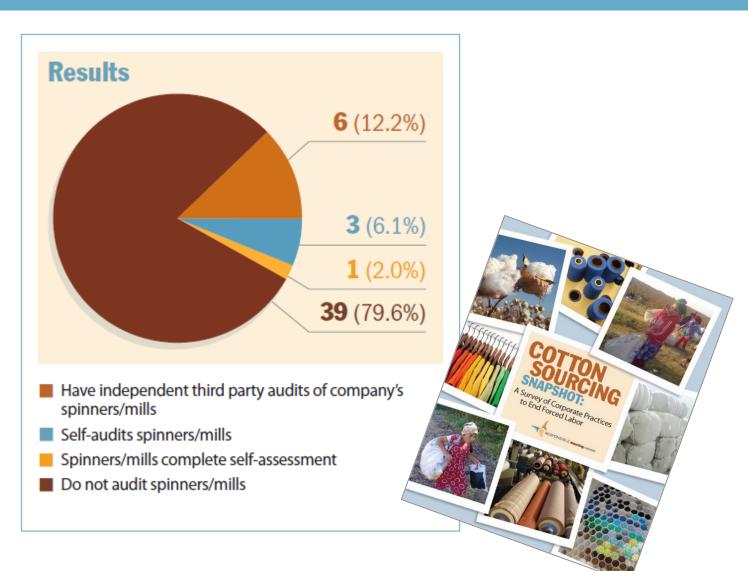
- Identify and address labor conditions inside a spinning mill
- Create a check-the-box audit or a code of conduct
- Certify product
- Look at all human rights issues in cotton fields



Ethically & Sustainably Sourced

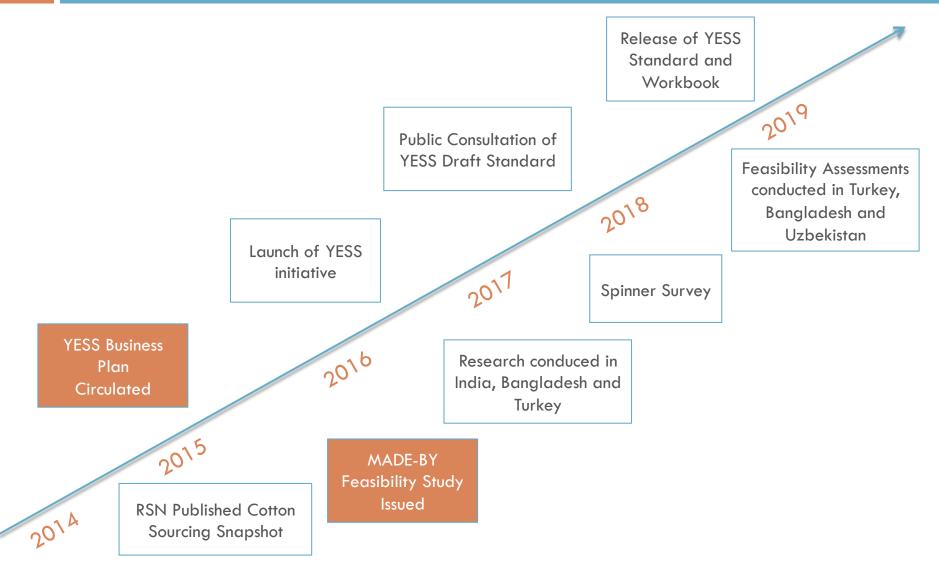
# **BRIEF HISTORY OF YESS**

# RSN's research showed that 80% of surveyed brands were not auditing spinners

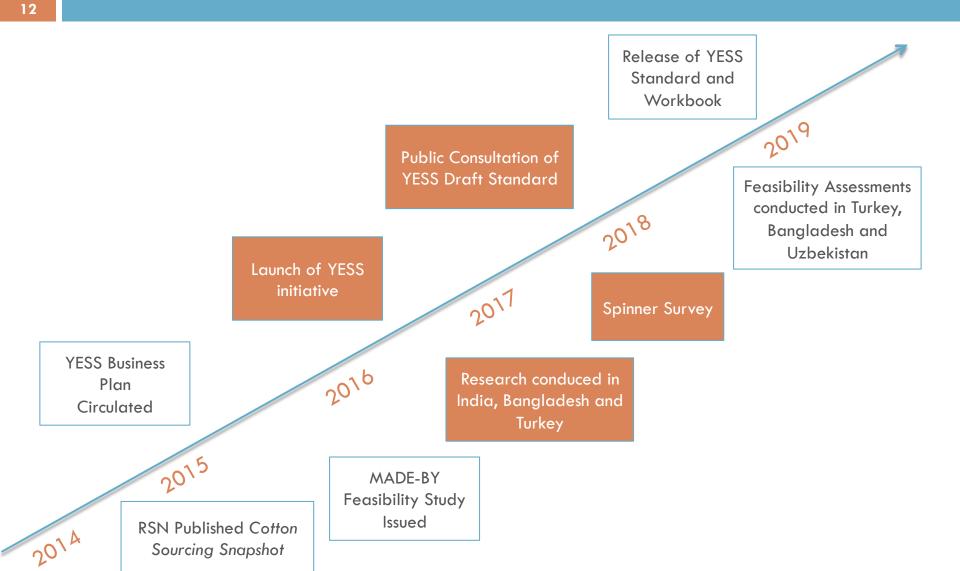


# YESS Timeline: 2015

11



# YESS Timeline: 2016-2018



# Countries in the High-risk Category



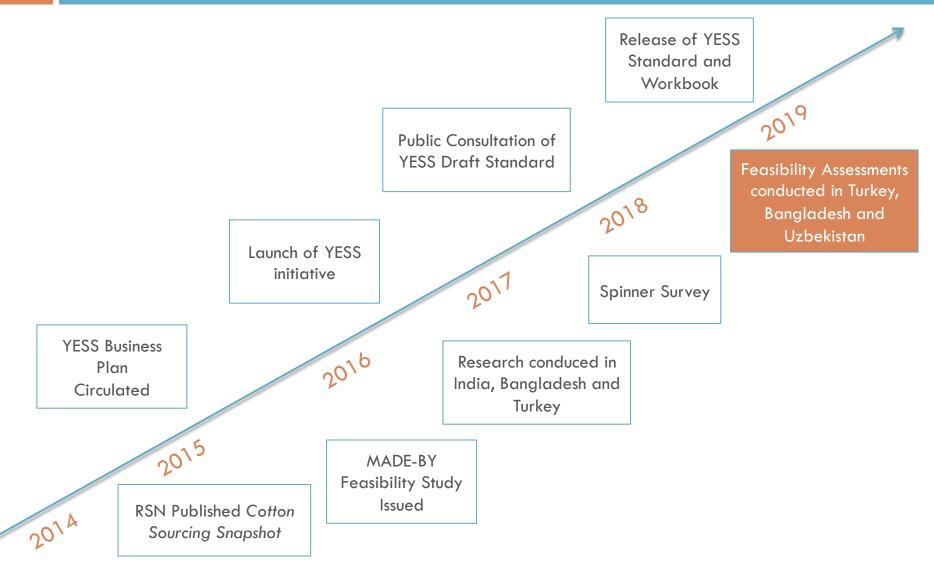
Nine Countries with High-Risk of Forced Labor in Cotton Production:

- 🗅 Benin
- Burkina Faso
- 🛛 China
- 🔲 India
- Kazakhstan
- Pakistan
- Tajikistan
- Turkmenistan
- Uzbekistan

https://www.sourcingnetwork.org/yess-methodology

# YESS Timeline: 2018

14



### **Feasibility Assessments**

Locations: Bangladesh, Turkey, Uzbekistan

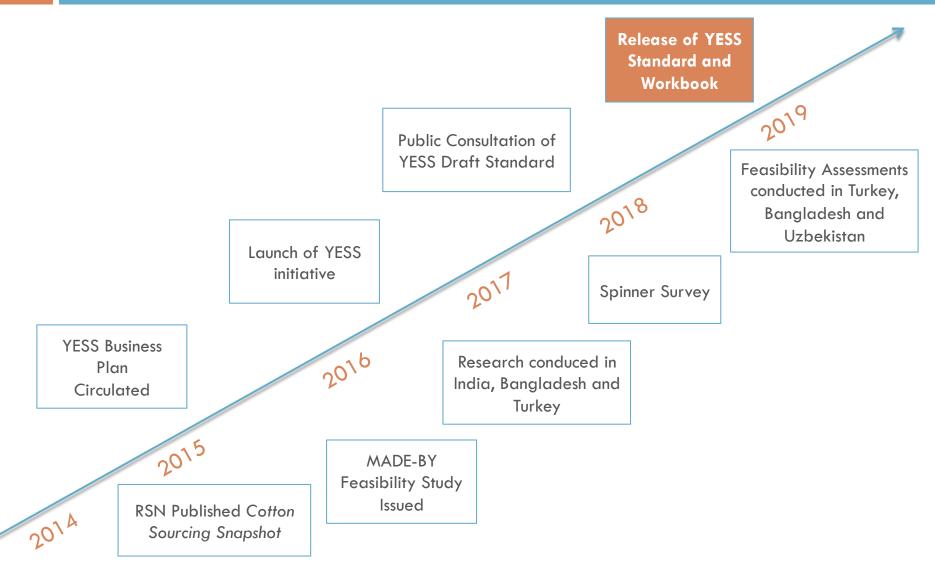
#### Activities:

- In-person training
- Reviewed YESS Standard and tools
- Assessed

management systems, documentation, and reporting

# YESS Timeline: 2019

16





### YESS STANDARD

#### **YESS Cotton Standard**



Download the full standard at: www.sourcingnetwork.org

/yess-standard

#### Due Diligence Terminology

- 19
  - Due diligence: Acting with reasonable care and investigating an issue before making a decision.
  - Harm: Negative human rights and environmental impacts according to OECD.
  - Risk: Actual or potential exposure to harm (for YESS, exposure to forced labor in cotton production).
  - Risk-based approach: Applying different levels of due diligence proportionate to the risk faced by the company.
  - Red flag: A concern, discrepancy, or other suspicious activity in a spinner's supply chain.

# OECD's Due Diligence Guidance

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YESS application of the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

- Embed responsible business conduct in **policy and management** systems
- Identify potential and actual harm in supply chains
- Cease, prevent, or mitigate harm in supply chains
- Track performance
- Communicate activities and progress
- Provide for or cooperate in remediation when appropriate.



http://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm

# Supply Chain Risks

#### **Two Risk Categories**

#### Risks associated with the material

- Risk category of origin
- Plausibility of origin
- End of life

Risks associated with the supplier

- Process
- Sourcing strategies
- Management systems

### Low-risk Supply Chain

A supply chain is considered low-risk if NONE of these situations are identified:

- Cotton lint is produced in a high-risk country;
- Cotton lint originates in a country with limited or no cotton production;
- There are discrepancies, inconsistencies or other issues identified during the review of cotton (including lint qualities and characteristics) and documentation that have not been addressed.

### High-risk Supply Chain Expectations

In high-risk supply chains, a spinner must:

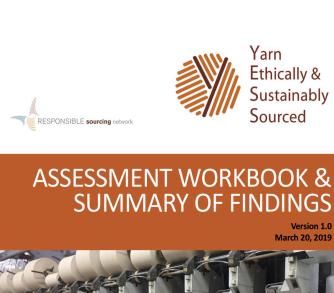
- Fully understand the factual circumstances in its supply chain so as to be able to identify risks and assess whether or not these can be mitigated in order to continue to source from those areas.
- Ensure transaction documents validate the plausibility of origin to a low-risk country (or gin or farm within a high-risk country).
- Develop a process to identifying, assessing, and managing risks.



# Ethically & Sustainably Sourced

# YESS WORKBOOK

### YESS Assessment Workbook & Summary of Findings



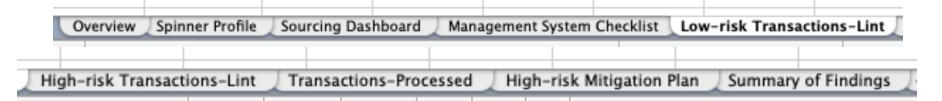


#### Download the full workbook at:

www.sourcingnetwork.org /yess-standard

### **YESS Workbook Sections**

- Spinner Profile
- Sourcing Dashboard
- Management System Checklist
- Transaction Detail Sheets (High-risk lint, Low-risk lint, Processed)
- High-risk Mitigation Action Plan (High-risk only)
- Summary of Findings



#### Workbook: Spinner Profile

	Ring spun	Open-end	Select Unit
Number of spindles			N/A
Annual volume of lint processed			
Annual volume of yarn products			
Annual volume of other cotton			
products			
	Select Yes or No	Volume	Select Unit
Vertical textile mill		N/A	N/A
Source: Conventional cotton			
Source: Better (BCI) cotton			
Source: Cotton Made in Africa cotton			
Source: e3 cotton			
Source: Fairtrade cotton			
Source: Other cotton			

### Workbook: Sourcing Dashboard

Source SourceCountryCountry level SchemeCountry SupplierType of SupplierNo. of Direct SuppliersTonage receivedNo. of transactionstransactions inspectedSelect countryProvide countrySelect typeSelect typeProvide numberProvide numberProvide metric tonnageProvide numberCompleted by AssessmentProvide number <th>Inprocesse</th> <th>d Cotton In</th> <th>puts Sourcing Details</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>	Inprocesse	d Cotton In	puts Sourcing Details							
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Risk levelSourceCountryCotton from a farm-levelType of supplierTonnage metricNo. of transactionsSelectSelectProvide country nameSelect typeSelect typeProvide Select typeProvide tonnageCompleted by AssessmentSelectSelectProvide country nameSelect typeSelect typeSelect typeProvide tonnageCompleted by AssessmentIdph-risk Country of Origin Sourcing DetailsImageDirect supplierSupplying gin Supplying ginKYS approved Select YesNumber of transactionsTotal quantity received	country	country	Select type	Select type		metric		Assessment		
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Select category       Select name       Provide Select type       Provide tonnage       Provide number       Completed by Assessment         Image       name       Select type       Select type       Image       number       Select by Assessment       Image	Disk Israel	<b>6</b>	Ct	farm-level		metric		transactions		
categorycategorynameSelect typeSelect typetonnagenumberAssessmentaabaaaaaaaaabaaa				scneme	supplier					
Low risk country of origin       Low risk for forced       Source of forced       Direct       Accept of       Number of       Total       quantity         origin       labor       labor assessment       supplier       Supplying gin       KYS approved       policy       transactions       quantity       received         Select Yes       Select Yes       Select Yes       Select Yes       Provide       Provide       Select Yes				Select type	Select type					
Low risk country of origin       Low risk for forced       Source of forced       Direct       Accept of       Number of       Total       quantity         origin       labor       labor assessment       supplier       Supplying gin       KYS approved       policy       transactions       quantity       received         Select Yes       Select Yes       Select Yes       Select Yes       Provide       Provide       Select Yes										
Country of originfor forcedSource of forcedDirectDirectAccept ofNumber ofTotalquantityoriginlaborlabor assessmentsupplierSupplying ginKYS approvedpolicytransactionsquantityreceivedSelect YesSelect YesSelect YesSelect YesSelect YesProvideProvideSelect Yes	lign-risk Co		rigin Sourcing Details							Unit of
		for forced			Supplying gin	KYS approved				quantity
country or No Select organization Provide name Provide name or No or No number quantity or MT	Select	Select Yes				Select Yes	Select Yes	Provide	Provide	Select KG
	country	or No	Select organization	Provide name	Provide name	or No	or No	number	quantity	or MT

#### Workbook: Management System Checklist

ce Man	agement Systems Details				
YESS	Overarching questions	Criteria	Spinner lists prior to	Assessment Team	completes this section
Std			onsite assessment	dur	ing the
mbed r	esponsible business conduct	Auditee should address each of these criteria	List evidence	Assessment Team	Assessment Team
rprise, p	olicy, and management	Assessment Team should assess	(procedure, document,	explanation	conclusion
		conformance against each and all of these	system)		(conformant/
		criteria			non-conformant)
sible sou	rcing policy				
V.1.1	Does the spinner have a	<ul> <li>A policy exists that:</li> </ul>			
	documented and effective	- Sets out a clear and coherent			
	sourcing policy that commits	management process for risk management.			
	to avoiding sourcing cotton	- Commits the spinner to the due diligence			
	produced with forced labor?	steps described in the YESS Standard.			
		- Commits the spinner to adhering to			
		international standards and ensuring			
		sufficient resources and support for effective			
		execution of its policy.			
		- States spinner's expectations of suppliers			
		regarding cotton lint produced with forced			
		labor.			
	/ESS itd mbed r prise, p <i>ible sou</i> /.1.1	itd mbed responsible business conduct prise, policy, and management ible sourcing policy (1.1 Does the spinner have a documented and effective	TESS ind       Overarching questions       Criteria         mbed responsible business conduct prise, policy, and management       Auditee should address each of these criteria         Auditee should address each of these criteria       Assessment Team should assess conformance against each and all of these criteria         ible sourcing policy       • A policy exists that:         1.1       Does the spinner have a documented and effective sourcing policy that commits to avoiding sourcing cotton produced with forced labor?       • A policy exists that:         - Commits the spinner to the due diligence steps described in the YESS Standard.       - Commits the spinner to adhering to international standards and ensuring sufficient resources and support for effective execution of its policy.         - States spinner's expectations of suppliers regarding cotton lint produced with forced	TESS tidOverarching questionsCriteriaSpinner lists prior to onsite assessmentmbed responsible business conduct prise, policy, and managementAuditee should address each of these criteria Assessment Team should assess conformance against each and all of these criteriaList evidence (procedure, document, system)ible sourcing policy• A policy exists that: - Sets out a clear and coherent management process for risk management. - Commits the spinner to the due diligence steps described in the YESS Standard. - Commits the spinner to adhering to international standards and ensuring sufficient resources and support for effective execution of its policy. - States spinner's expectations of suppliers regarding cotton lint produced with forced	ESS Ind       Overarching questions       Criteria       Spinner lists prior to onsite assessment       Assessment Team of dur         mbed responsible business conduct prise, policy, and management       Auditee should address each of these criteria Assessment Team should assess conformance against each and all of these criteria       List evidence (procedure, document, system)       Assessment Team explanation         1.1       Does the spinner have a documented and effective sourcing policy that commits to avoiding sourcing cotton produced with forced labor?       • A policy exists that: - Sets out a clear and coherent management process for risk management. - Commits the spinner to the due diligence steps described in the YESS Standard. - Commits the spinner to adhering to international standards and ensuring sufficient resources and support for effective execution of its policy. - States spinner's expectations of suppliers regarding cotton lint produced with forced       Image: Spinine's supplicies and support for effective execution of its policy. - States spinner's expectations of suppliers

#### Workbook: Transactions

30	

Type of suppli Select

list

	Spin	ner to complete	e for each tra		veeks prior to Lot or			nt it of	
	Type of cotton		Name of supplier	Date	transaction		qua	antity eived	
	Select from list	origin of the	Provide complete, legal name	material was received in		-	Sele KG	ect MT or	
	Spinner t	o complete foi	r transaction	s selected for	inspection				ment Team omplete
	Performa		Certificate	Phytosanita ry permit	Receiving inspection	Farm-leve	el l	Transaction	Conformanc
of ier	invoice		of origin	no.	report	scheme		inspected	inspected
	Cite reference	Bill of lading Cite reference	of origin Cite reference number	no. Cite reference number				inspected Indicate transaction inspected	inspected Select

### Workbook: Mitigation Action Plan

<b>Risk Mitigatio</b>	n Plan							
	Description of risk		Mitigation measures			Anticipated activities	Timeframe	Assessment Team comments
Select high-			Describe	Select which				
risk country	List risks	Select risk	activities	applies	List or describe	List or describe	MM / YYYY	
		['	['	[]				
		<u> </u>	<u> </u>	<u> </u>				
	/		-					· · · · · · · · · · · · · · · · · · ·

### Workbook: Summary of Findings

Sourc	ing Highlights			
	Spinner is located in a hi	igh-risk country		
	Spinner sources cotton l	int from high-risk cou	ntries	
	Spinner is located in a co	ountry known to recei	ve a high percentage of cotton lint fr	rom high-risk countries
	Spinner sources cotton v	wastage from spinning	mills that are non-conformant with	YESS
Asses	sment Findings: Non-con	nformances		
		Summary	of Non-conformances	
No.	YESS Standard section (select from list)	Non-conformance	Recommended improvement	Spinner's response
Asses	ssment Findings: Continu		portunities ons & Recommendations	
Asses No.	sment Findings: Continu YESS Standard section (select from list)			Spinner's response
	YESS Standard section	Observatio	ons & Recommendations	Spinner's response
No.	YESS Standard section	Observation	Recommendations Recommended improvement	Spinner's response
No.	YESS Standard section (select from list)	Observation     ous Improvement Action	Recommendations Recommended improvement	Spinner's response
No.	YESS Standard section (select from list)	Observation     ous Improvement Action	Recommendations Recommended improvement hievements	Spinner's response

### **Testimonials**

#### **Shanel Orton**

Manager, Responsible Materials & Traceability VF corporation

#### Kelly Cheung

Sustainability, Social Responsibility & Public Policy The Walt Disney Company



#### Yarn Ethically & Sustainably Sourced

# FUTURE ACTIVITIES

### **YESS** Proposed Future Activities

#### **Continue Program Development**

- Refine and expand program elements
- Complete training materials for brands, auditors and spinners
- Train auditors and spinners
   to pilot at spinning mills
- Conduct pilot assessments with trained auditors

Establish Formal Partnerships and Update a Financial Plan

- Coordinate efforts with apparel and cotton initiatives
- Evaluate farm-level schemes' forced labor assessments
- Detail a sustainable financial plan

### YESS Proposed Future Activities (cont.)

#### **Expand the YESS Team**

- Establish a multistakeholder Steering Committee
- Create YESS membership
- Expand YESS staff

Implement, Revise and Integrate

- Roll out spinning mill assessments globally
- Investigate integrating with an existing initiative
- Review and revise the YESS Standard and tools (yr 3)

### **Opportunities to Support YESS**

#### Founding Partners:

- Contribute financially
- Sit on the YESS Steering Committee
- (Brands and Retailers) Have nominated spinning mills prioritized to undergo YESS pilot and full assessments
- Transition to a YESS membership model

#### NGO Stakeholders:

- □ Sit on the YESS Steering Committee
- Sit on the YESS Assessment Committee

#### Questions?

Please type your questions into the question box on the control panel of your screen.



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www.sourcingnetwork.org/YESS