

YESS™ Copyright and Disclaimer for Capacity Building Materials

1

Copyright

Copyright © 2023 Responsible Sourcing Network, Inc. All rights reserved.

All intellectual property rights in this publication are solely owned by Responsible Sourcing Network, Inc. No individual or organization may use, reproduce, distribute, or modify any portion of this publication or its entirety in any form or manner without prior written permission from Responsible Sourcing Network, Inc.

Disclaimer

The content in this publication is provided AS IS, and reflects the information available to Responsible Sourcing Network, Inc. as of the publication date. The publication is subject to continuous modification by Responsible Sourcing Network, Inc. Responsible Sourcing Network, Inc. assumes no responsibility or liability whatsoever for any errors or omissions in the content of this publication nor for any liability or damages that may arise from the use of this publication. The opinions, research and analysis expressed in this publication are those of Responsible Sourcing Network, Inc. and do not necessarily reflect the views of any sponsors or donors. Responsible Sourcing Network, Inc. declares that it has no competing or vested interests, nor conflicts of interest, in the preparation and publication of this content.



Introduction to YESS

Online Module

January 10, 2022

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

Today's Agenda

3

1. YESS mission and approach
2. Due diligence explained
3. YESS Standards
4. YESS resources
5. YESS assessment process and reports



Yarn
Ethically &
Sustainably
Sourced

YESS Mission and Approach



YESS Mission

5

To create an industry-wide due diligence program for spinning mills and fabric mills to identify and address cotton produced with forced labor in their supply chains.

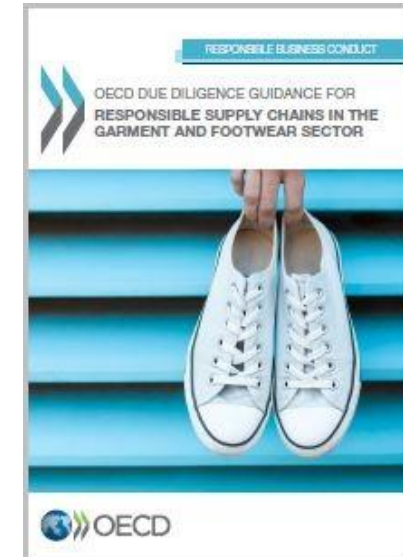


YESS Adopts OECD's Due Diligence Guidance

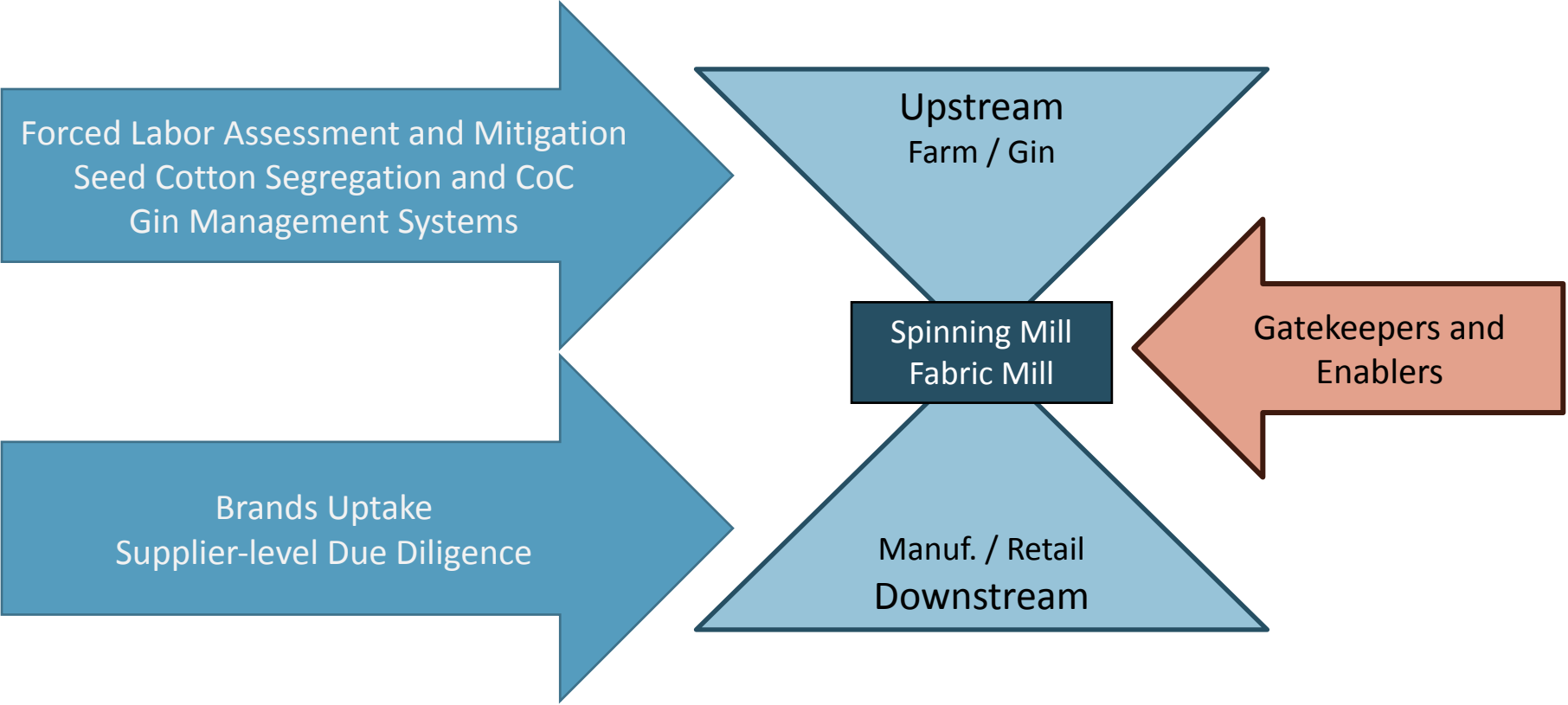
6

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
---	---	---	-------------------	-------------------------------------	--



Collaboration Across Three Value Chain Segments



Yarn
Ethically &
Sustainably
Sourced

Scope of YESS

8

What YESS Does

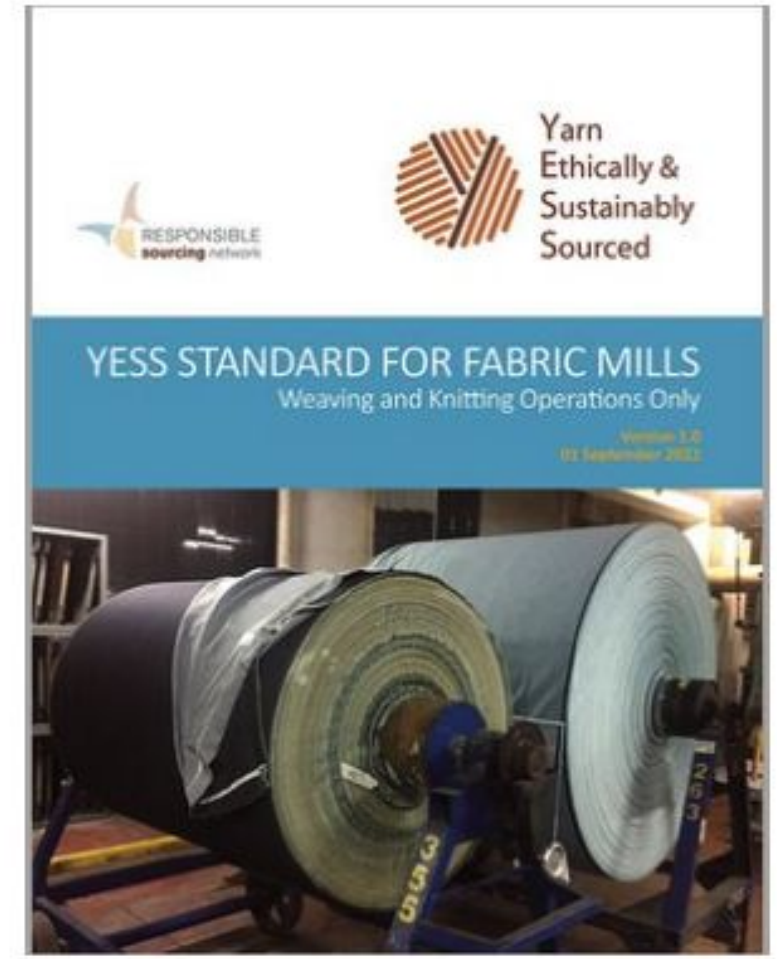
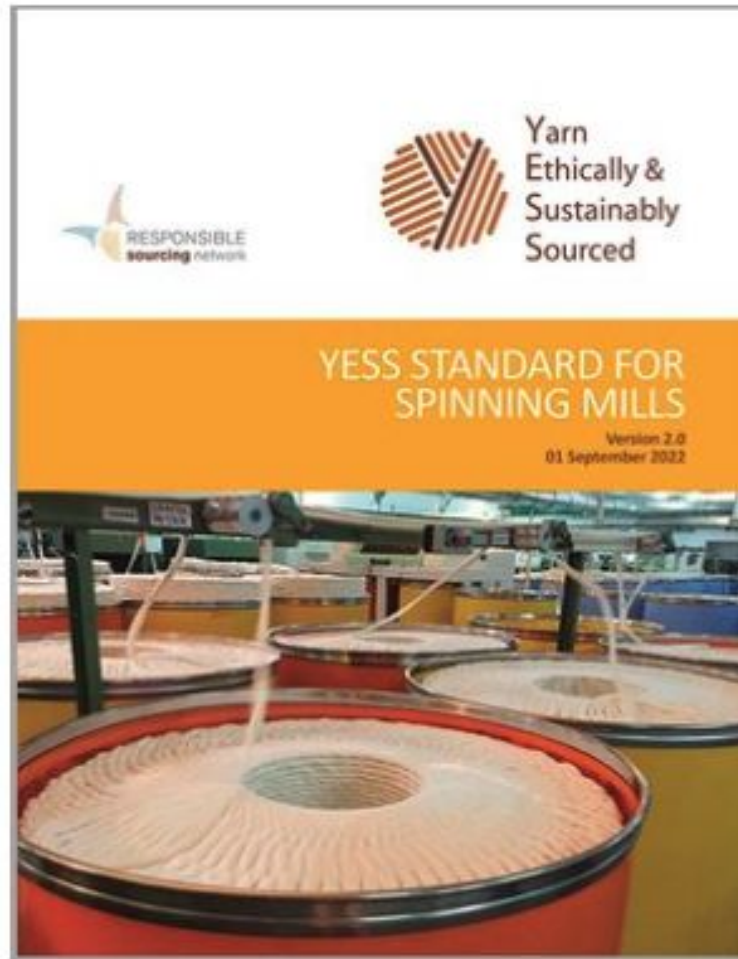
- ❑ Provide capacity building and support to implement a risk-based due diligence approach
- ❑ Focus on management systems and material control systems
- ❑ Apply a production loss calculation of all cotton inputs within the facility
- ❑ Annually assess if mills are conformant with the YESS Standard
- ❑ Promote change over time

What YESS Does Not Do

- ❑ Look at all human rights issues in cotton fields
- ❑ Identify and address labor conditions inside a cotton processing facility (ginning, spinning, weaving, or knitting)
- ❑ Create a check-the-box audit or a code of conduct
- ❑ Certify product or facility
- ❑ Require immediate and drastic sourcing changes

YESS Standards and Introduction

9

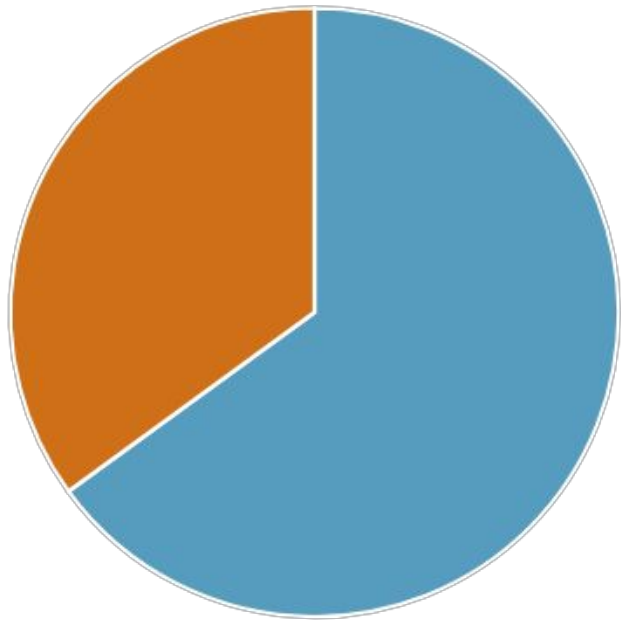


sourcingnetwork.org/yess-standard

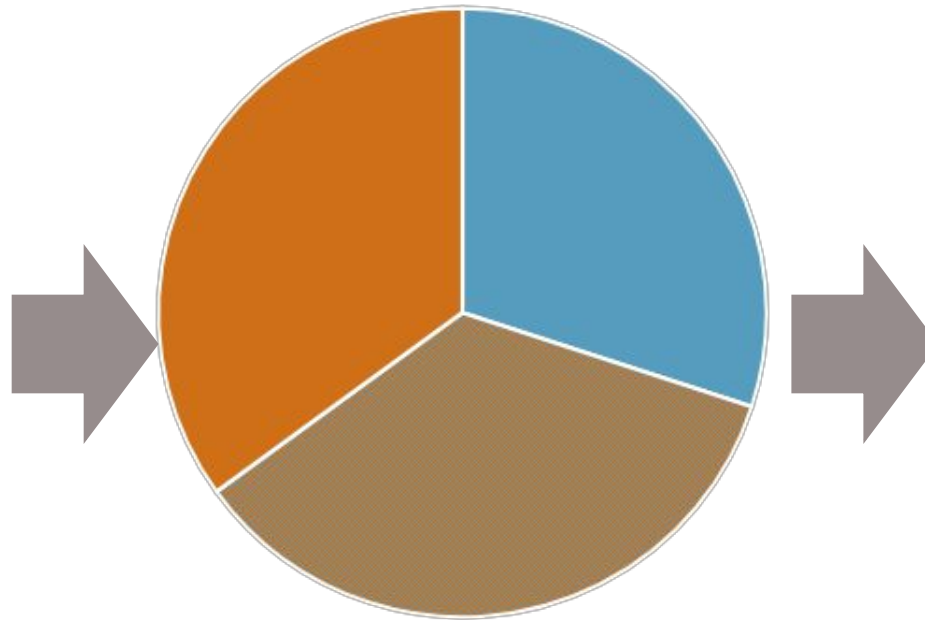
Expanding Low-risk Sources Over Time

10

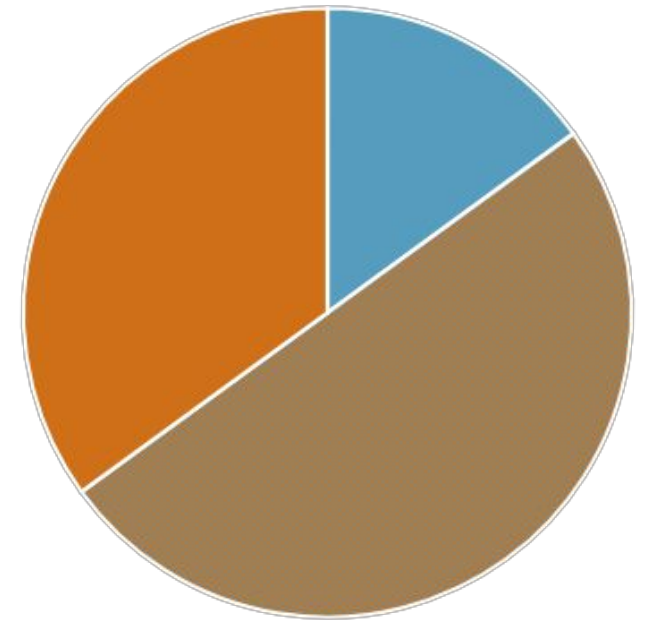
Low-Risk vs. High-Risk Countries



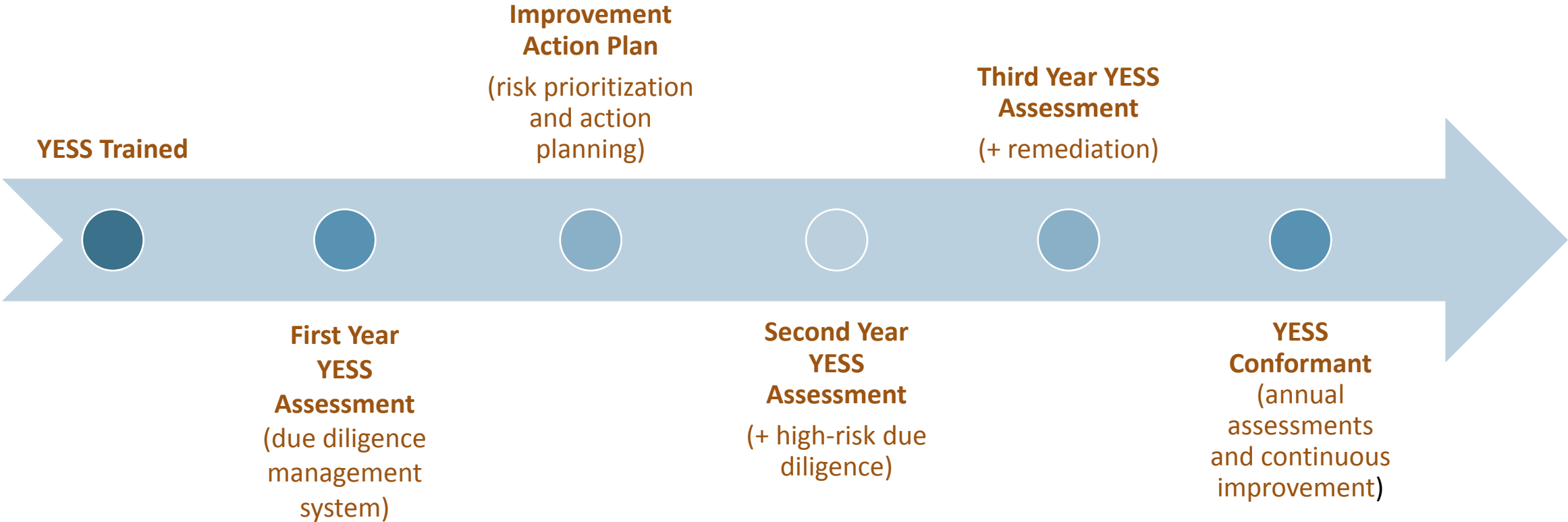
Low-Risk Sources in High-Risk Countries



Mitigating Potential or Actual Harm



YESS Conformance Approach



YESS Conformance Continuum

12

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



Yarn
Ethically &
Sustainably
Sourced

Due Diligence Explained



Due Diligence Expectations under YESS

14

Establish and implement a sourcing policy

Conduct supplier due diligence

Validate the plausibility of cotton origins

Identify, account for, and reconcile all cotton inputs

Identify supply chain risks

Assess, prevent, and mitigate risks of forced labor in cotton production

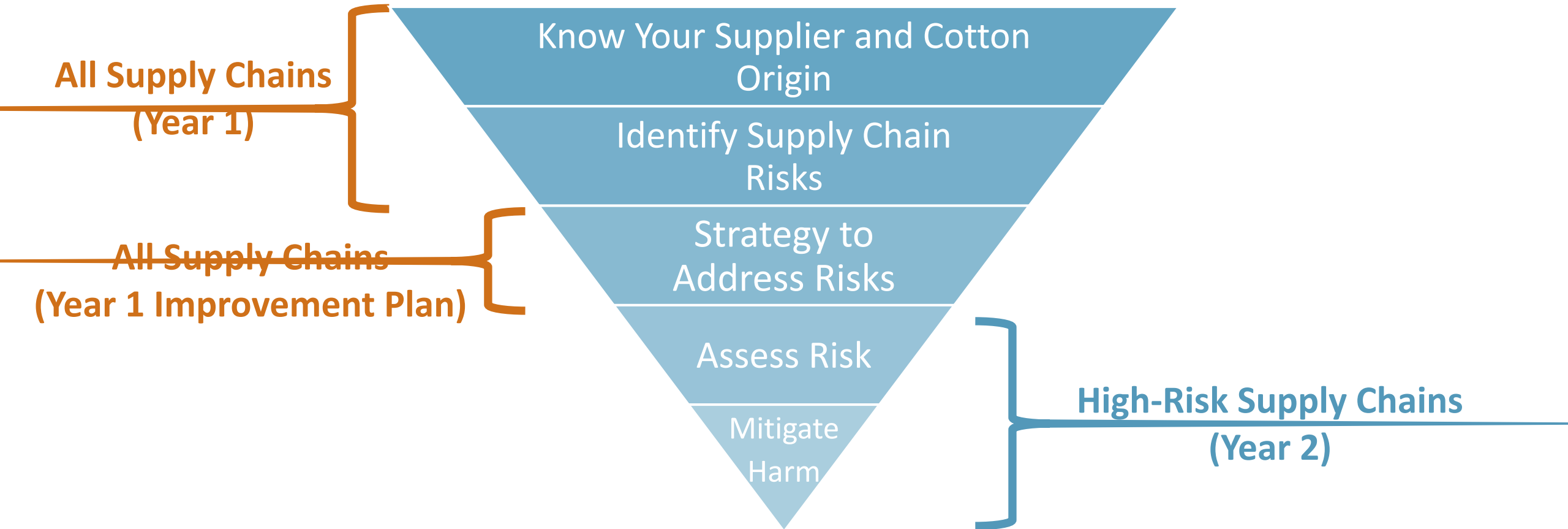
Undergo an annual third-party assessment

Monitor performance

Report progress

Due Diligence as a Pyramid

15



Due Diligence: Material and Supplier

16

Two Risk Categories

Risks associated with the cotton

- Risk category of origin
- Plausibility of origin
- Transit risks

Risks associated with the supplier

- Legal and legitimate operations
- Type of operations
- Procurement practices

Supplier Due Diligence

17

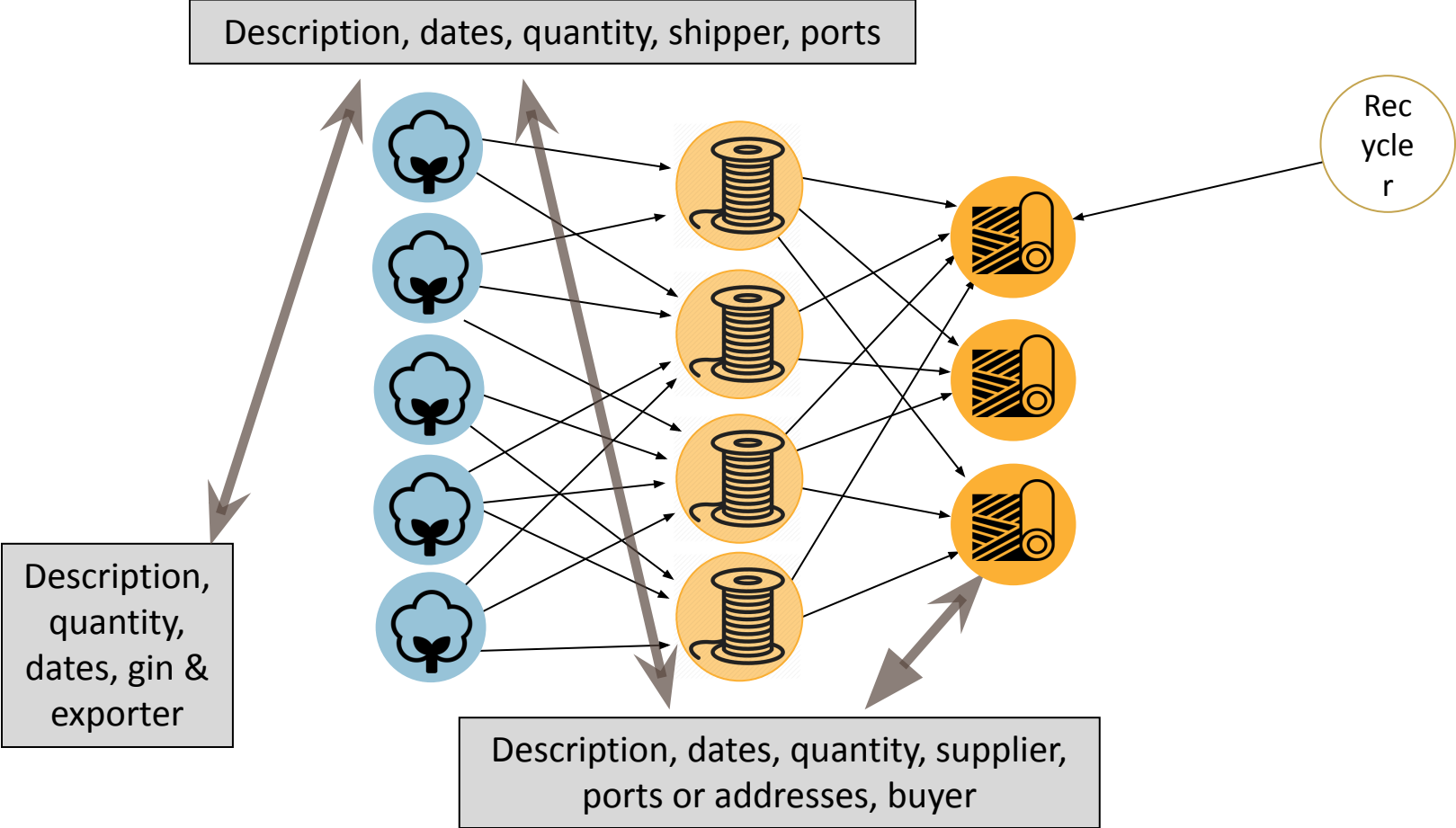
Know Your Supplier
(KYS) process

Communicate
responsible
sourcing policy

Require
transaction
documents

Integrate supplier
due diligence into
purchasing
function

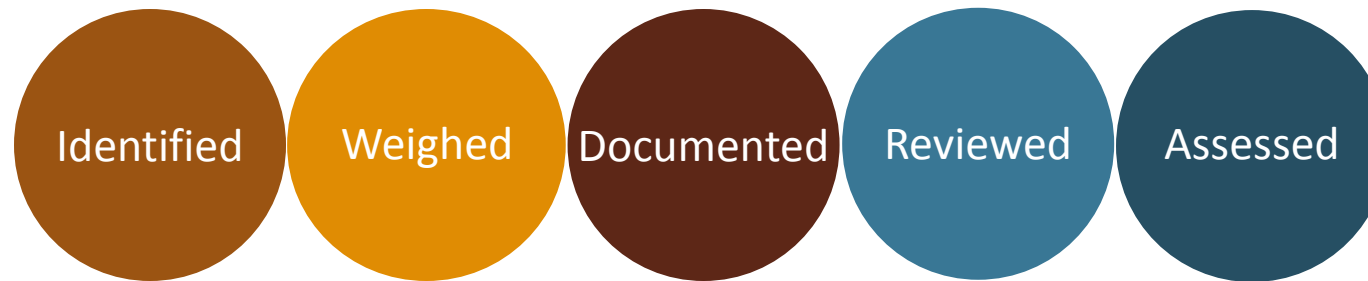
Cotton Origin Verification: “Gates, Weights and Dates”



Cotton Inventory Control System

19

Received materials are expected to be



- ❑ Mill maintains control over all its inventory, including receipts, cotton stocks, work in process, shipments, or sales
- ❑ Production losses are within industry norms
- ❑ Mill must have the capacity to trace cotton products or wastage to laydown (lint) or lot (yarn)
- ❑ Any discrepancies are investigated, and root causes identified

Responding to Grievances

20

Provide a vehicle for reporting grievances

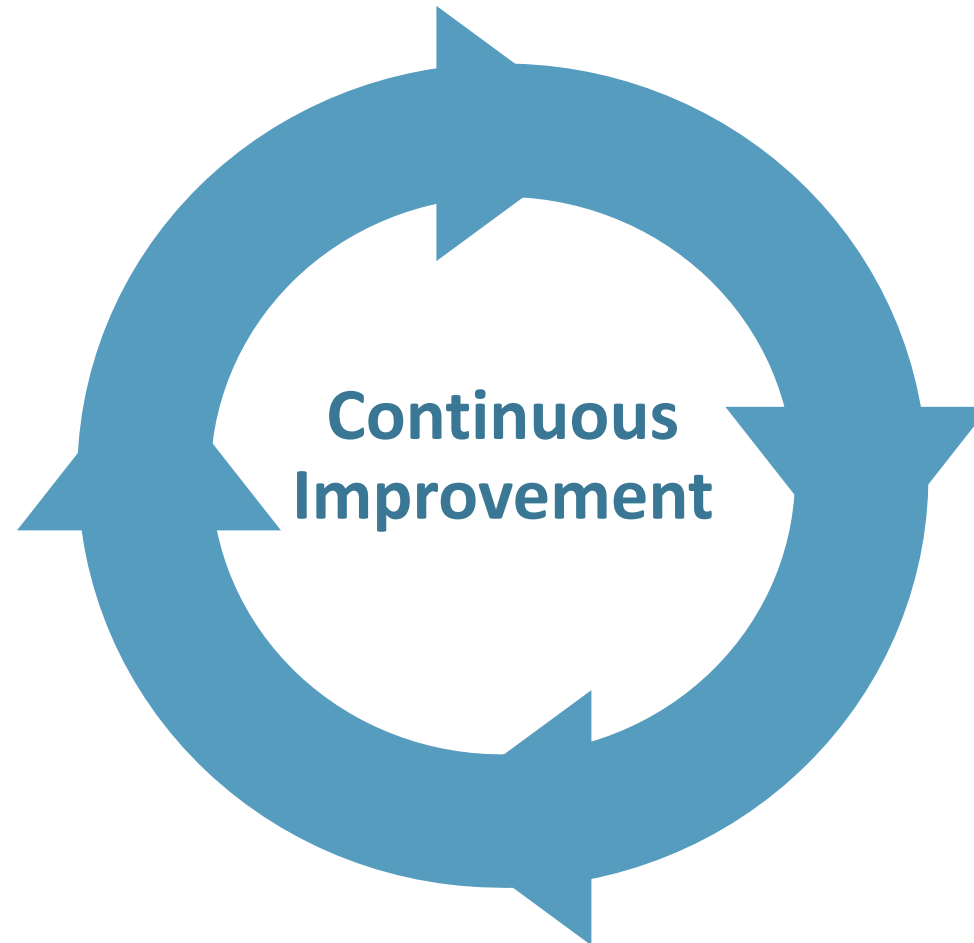
Establish a process to evaluate the grievance and report to senior management

Develop a plan to respond to valid issues

Ensure issue is resolved

Effective Monitoring is Informal and Formal

21



Initial Assessment: Due Diligence Policy and Systems

22



Responsible cotton sourcing policy

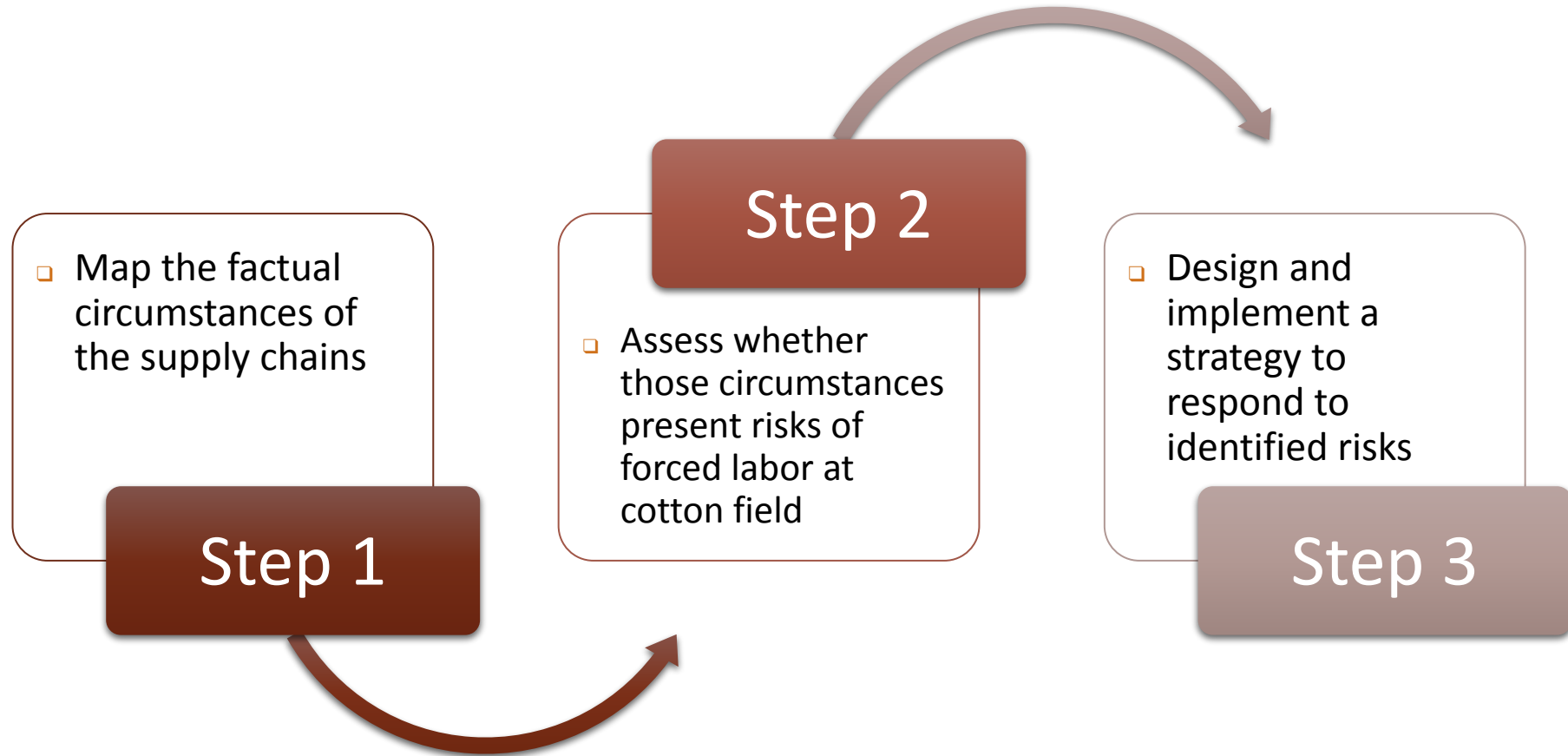


Due diligence system and integration (e.g., decision making, information systems)

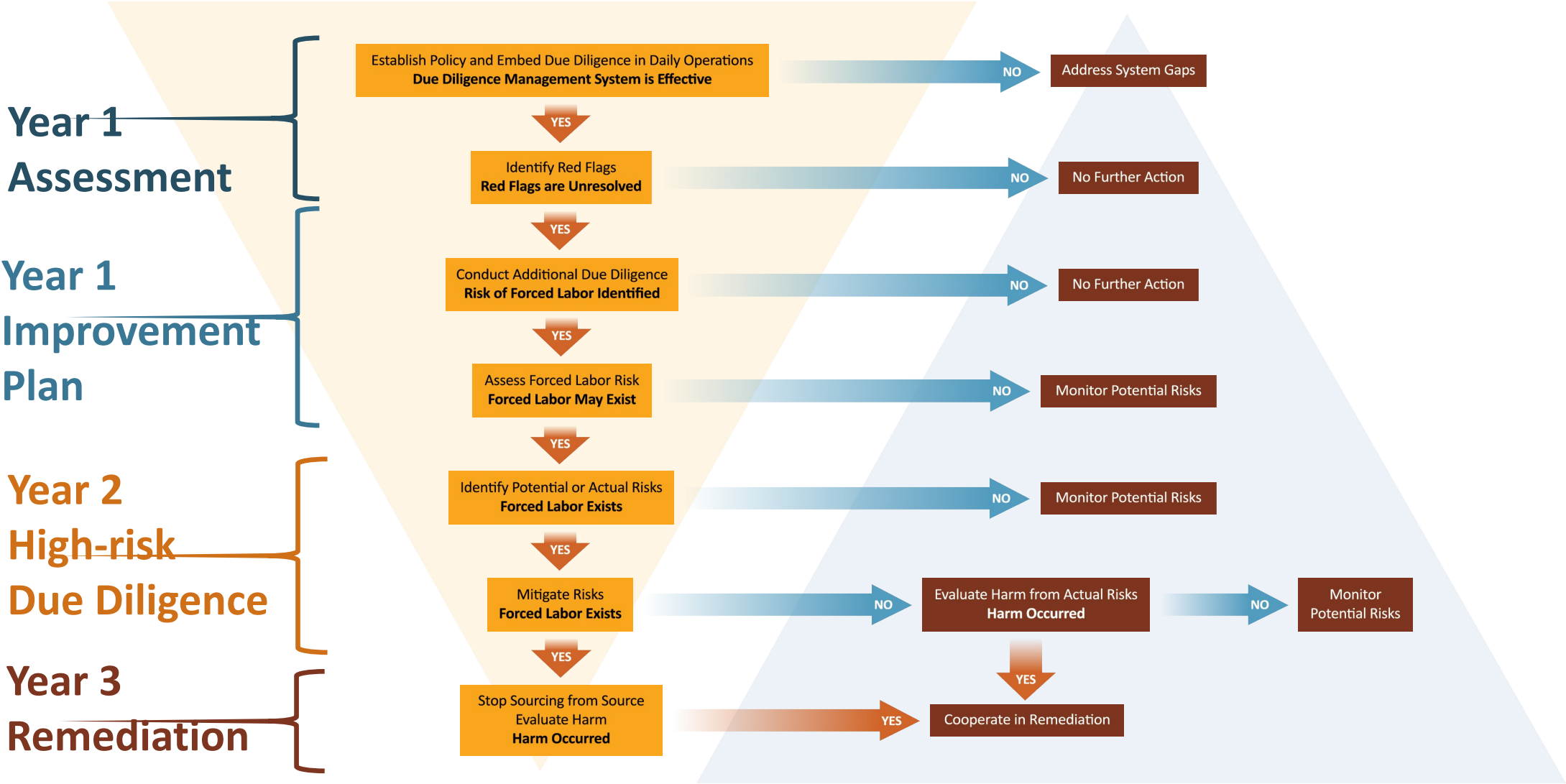
- ❑ *Management organization and responsible personnel*
- ❑ *Supplier due diligence*
- ❑ *Cotton input due diligence*
- ❑ *Internal control systems*
- ❑ *Grievance mechanism*
- ❑ *Monitoring and continuous improvement*
- ❑ *Supply chain risk identification*

High-Risk Supply Chains: Additional Due Diligence

23



Due Diligence Process Decision Tree





Yarn
Ethically &
Sustainably
Sourced

YESS Standards



YESS Standards

26

A photograph of a textile factory floor with a blue overlay containing the text 'I. DEFINITIONS OF TERMS'. The background shows rows of large spools of white thread on a metal frame, with some machinery visible on the left.

I. DEFINITIONS OF TERMS

Terminology

27

Due diligence

- Acting with reasonable care and investigating an issue before making a decision

Red flag

- A concern, discrepancy, or other suspicious activities in a supply chain

Risk

- Actual or potential exposure to harm (i.e., forced labor) of individuals or groups

Origin (Lint)

- The geographic origin (e.g., farm, community, district, state, country) in which cotton was grown, harvested, ginned, and baled.

Source

- A geographic origin (e.g., farm, community, district, state, country) or a supplier (e.g., trader, agent, spinner, gin) depending on the type of cotton input and risk status of the subject origin.

YESS Standards

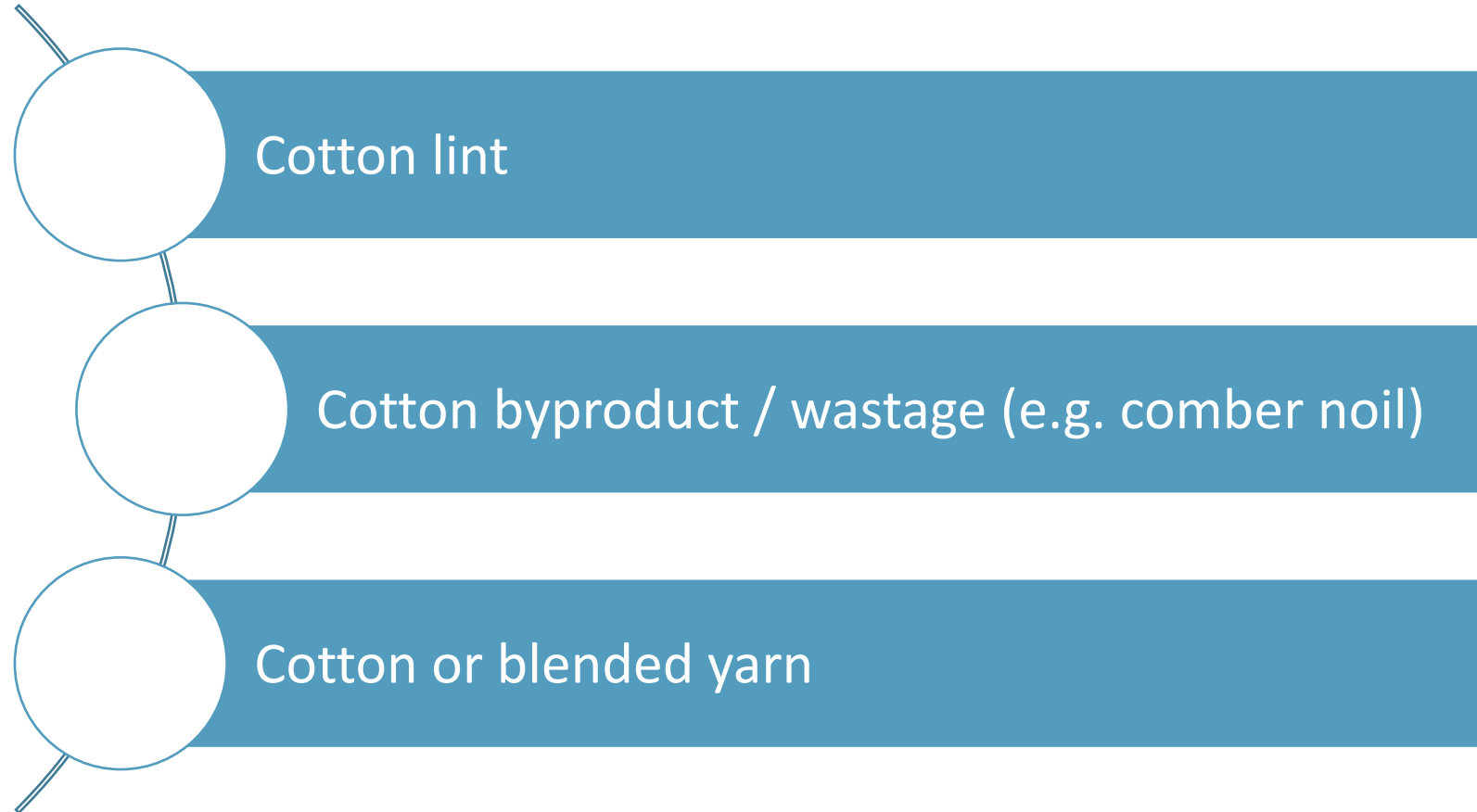
28

A photograph of a machine, possibly a lathe or mill, with a blue overlay. The overlay contains the text "II. SCOPE AND FLOW" in white, bold, sans-serif font. The machine's metal surfaces and a black component are visible in the background.

II. SCOPE AND FLOW

Scope of the YESS Standards

29

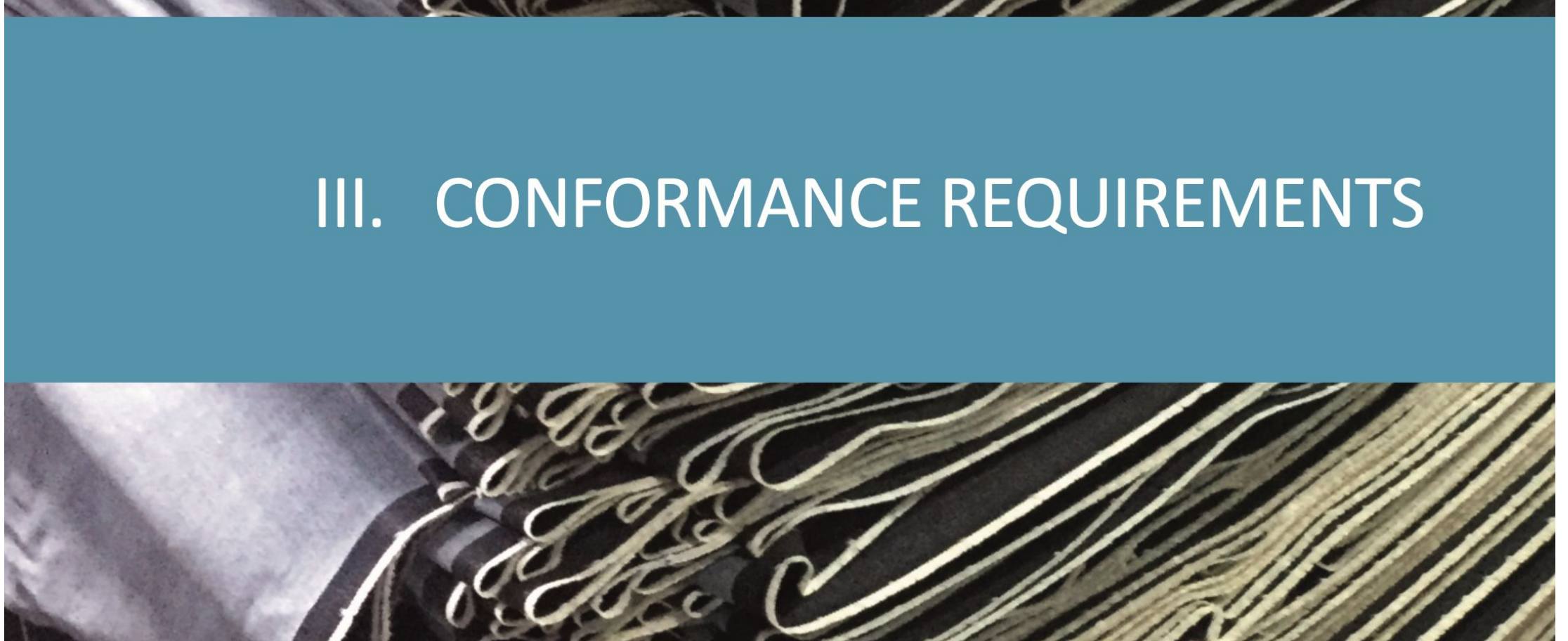


Includes any of the above listed cotton inputs purchased or received

Flow of the YESS Standards

Section of <i>YESS Standard for Fabric Mills</i>	Applicability to Fabric Mills
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) ²	Fabric mills that have caused or contributed to forced labor during cotton production

III. CONFORMANCE REQUIREMENTS



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 Standards

33

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.

YESS Standard for Fabric Mills: Annexes

34

A photograph of a textile mill machine, showing various rollers and components. A large blue rectangular overlay is positioned in the center of the image, containing the text 'IV. ANNEXES' in white, bold, sans-serif font. The background image shows a close-up of the machinery, with a dark cylindrical component on the right side having some handwritten markings.

IV. ANNEXES

YESS Standards: Annexes

Annex I: Data and Document Guidance for Suppliers and Cotton Inputs

Table 5: Cotton Inputs from Low-Risk Origins: Data and Document Guidance by Input Type

Expectation	Level	Data points	Example document types (Not every document is necessary if sufficient evidence is provided; required documents are noted by an asterisk [*])
Know Your Supplier (KYS)	Supplier	<ul style="list-style-type: none"> • Identity, location, legality, and type of business • Acknowledgement of spinning mill’s responsible sourcing policy 	<ul style="list-style-type: none"> • Business license, registration, or tax identification* • KYS questionnaires: sourcing regions, acknowledgement of spinning mill’s responsible sourcing policy* • Reports on efforts to prevent and mitigate forced labor in cotton production • Documentation of membership in a cross-referenced multi-stakeholder



Yarn
Ethically &
Sustainably
Sourced

YESS Resources

YESS Resources

37



Trainings



Checklists



Flowcharts



Forms



Technical
Advice



Yarn
Ethically &
Sustainably
Sourced

YESS Assessment Process and Reports

YESS Assessment Process

39

Preparation

Schedule onsite assessment

Due diligence management and policy review

Update annual report

Onsite assessment

Facility inspection

Document review

Employee interviews

Post-assess ment

Report writing and review

Improvement Action Plan

YESS Onsite Assessment Activities

40



Opening meeting



Collection and
evaluation of
objective
evidence



Visual
observation



Interviews



Document
review



Closing meeting

Confidential YESS Assessment Report: Management System Checklist

Question number	YESS Std	Overarching questions	Criteria	Spinning Mill lists prior to onsite assessment	Assessment Team completes this section during the onsite assessment	
Section 1: Embed responsible business conduct in the enterprise, policy, and management system			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	Assessment Team conclusion
1.1 Responsible sourcing policy						Conformant
						Nonconformant
						Improvement Requirement
						Continuous Improvement
						N/A
1.1	V.1.1	Does the spinning mill have a documented and effective sourcing policy that commits to avoiding sourcing cotton produced with forced labor?	<ul style="list-style-type: none"> • A policy exists that: <ul style="list-style-type: none"> - Sets out a clear and coherent management process for risk management. - Commits the spinning mill to the due diligence steps described in the YESS Standard. - Commits us to observe the OECD Guidelines on Multinational Enterprises. - Commits the spinning mill to adhering to the YESS Standard and ensuring sufficient resources and support for effective execution of its policy. - States spinning mill's expectations of suppliers regarding cotton lint produced with forced labor (e.g., provide assurance that: cotton inputs they supply poses a low risk of having been produced with forced labor, they conduct due diligence of unassessed sources, they are actively preventing, mitigating, or ceasing actual forced labor in their supply chains). - States business consequences for suppliers that do not meet the spinning mill's expectations. - Commits the spinning mill to meaningful stakeholder engagement, including accepting and acting on complaints or recommendations on how to improve its due diligence program. 			
1.2	V.1.1	Is the policy effectively implemented?	The policy shall: <ul style="list-style-type: none"> • Include an effective date for when the policy was established and/or adopted. • Be reviewed annually and revised as applicable. 			

Confidential YESS Findings

42

- 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.

Public Assessment Report

Spinner Name	<i>Full Company Name</i>		
Type of Facility	<i>Spinning or Fabric Mill</i>		
YESS Facility Number	<i>Unique number assigned to spinner</i>		
Facility Address	<i>Street Number, Street City, State / Province, Country</i>		
Assessment Date(s)	<i>MM/DD/YYYY – MM/DD/YYYY</i>		
Assessment Type	<i>Initial / Annual / Improvement Plan</i>		
Assessed Due Diligence Element(s)		YESS Conformance Continuum Assessed	
	<input type="checkbox"/>	Year 1	Step 1: Establish strong company management systems
	<input type="checkbox"/>	Year 1	Step 2: Identify risks in the supply chain
	<input type="checkbox"/>	Year 1	Step 4: Track
	<input type="checkbox"/>	Year 1	Step 5: Report annually on supply chain due diligence (due diligence management system, grievance mechanism, monitoring)
	<input type="checkbox"/>	Year 1 Improvement Plan	Step 3: Design and implement a strategy to assess and respond to identified risks
	<input type="checkbox"/>	Year 2	Step 3: Assess, cease, prevent, or mitigate harm in supply chains
	<input type="checkbox"/>	Year 2	Step 5: Report annually on supply chain due diligence (Year 1 requirements plus risk identification, mitigation)
	<input type="checkbox"/>	Year 3	Step 6: Provide for or cooperate in remediation

Public Assessment Report (continued)

44

Material non-conformance(s) relate to:



Step 1: Establish strong company management systems



Step 2: Identify and assess risks in the supply chain



Step 3: Design and implement a strategy to respond to identified risks



Step 3: Assess, cease, prevent, or mitigate forced labor in cotton production



Step 4: Track



Step 5: Report annually on supply chain due diligence



Step 6: Provide for or cooperate in remediation

YESS Portal

45

www.sourcingtonetwork.org/yess

[OUR WORK](#) [ABOUT](#) [BLOG](#)



[MEDIA](#)

[PUBLICATIONS](#)

[DONATE](#)



Yarn
Ethically &
Sustainably
Sourced

The YESS Standards are here!

