

Documents ZSML/QC-02/ SOP/YESS/IHRCO/231		ZABER SPINNING MILLS LTD North Mawna, Sreepur, Gazipur	VERSION NO: 1.0 Issue Date: 18/04/2026 Next Review 01/06/2027 Page 1 of 6
--	---	---	--

Procedure for Identifying Higher Risk Cotton Origins for Cotton Lint

Issued By
Md. Abdullah Al-Mamun
QMS


Signature

Authorized By
ASM EZAZ
General Manager


Signature

1. OBJECTIVE

To establish a structured and documented process for identifying high-risk origins for cotton lint, ensuring alignment with YESS requirements, OECD Due Diligence Guidance, and international human rights standards related to forced labor.

2. DEVELOPMENT

This process has been developed by the Zaber Spinning Mills Ltd. (ZSML) Traceability Team in coordination with Import & Commercial, Compliance, and Senior Management.

Relevant international risk assessment frameworks and publicly available reports have been reviewed to ensure that the process reflects current global risk indicators related to forced labor in cotton production.

The final procedure is approved by top management and integrated into the company's responsible sourcing system.

3. SCOPE

This procedure applies to:

- ✓ All cotton lint purchases (local and international)
- ✓ Cotton lint contained in all cotton-based inputs, including blended products
- ✓ Cotton lint present in recycled inputs (where applicable), including any virgin cotton content
- ✓ All existing and new suppliers across the supply chain
- ✓ All sourcing origins declared in procurement and traceability documentation

4. INTRODUCTION:

ZSML recognizes that certain cotton-producing regions present elevated risks of forced labor and unethical practices.

To ensure responsible sourcing, it is essential to systematically identify such high-risk origins using credible data sources and apply appropriate due diligence measures.

This process ensures:

- ✓ Consistent identification of high-risk origins
- ✓ Prevention of sourcing from prohibited regions
- ✓ Strengthening supply chain transparency

5. WORK FLOW & RESPONSIBILITIES

It shall be the joint responsibility of:

- Import & Commercial Department
- Compliance Department
- Quality Assurance Team
- Traceability Team

Documents ZSML/QC-02/ SOP/YESS/IHRCO/231	 ZABER SPINNING MILLS LTD North Mawna, Sreepur, Gazipur	VERSION NO: 1.0 Issue Date: 18/04/2026 Next Review 01/06/2027 Page 2 of 6
--	---	--

Key Responsibilities

- **Compliance Team:** Maintain risk data sources and high-risk origin list
- **Import & Commercial:** Verify country of origin during procurement
- **Traceability Team:** Maintain documentation and update risk register
- **Top Management:** Approve high-risk origin classification

6. METHODS:

6.1 Identification of Cotton Origin:

- All suppliers must declare country of origin for cotton lint
- Supporting documents must include:
 - ✓ Bill of Lading (BL)
 - ✓ Packing List
 - ✓ Invoice
 - ✓ Certificate of Origin
 - ✓ Phytosanitary report
- No purchase shall proceed without verified origin information

6.2 Risk Information Sources:

ZSML shall use the following defined and approved sources for identifying higher-risk cotton origins:

- U.S. Department of Labor – List of Goods Produced by Child Labor or Forced Labor
- U.S. State Department – Trafficking in Persons (TIP) Report
- Global Slavery Index
- Any applicable customer/brand restricted sourcing lists
- Other recognized international human rights and labor risk reports (if relevant)

Risk Determination Criteria:

A country shall be classified as Prohibited, High-Risk, Medium, or Low Risk based on the following defined and consistently applied criteria:

- If cotton production is identified as involving forced labor in U.S. Department of Labor OR TIP Report
→ Classified as Prohibited, or
- If a country appears in two or more recognized risk sources → Classified as High-Risk, or
- If a country is listed in customer/brand restricted lists or internal banned list → Classified as Prohibited, or
- If a country is subject to international sanctions or regulatory restrictions affecting cotton sourcing
→ Classified as Prohibited

The Compliance Team shall document:

- Sources reviewed
- Risk findings
- Final classification decision in the Higher-Risk Origin Tracker.

These criteria shall be applied uniformly to all cotton-origin countries assessed by ZSML to ensure consistency and objectivity.

6.3 Risk Classification & Action:

Risk classification shall be strictly based on the criteria defined in Section 6.2.

Countries shall be classified into the following categories with clearly defined actions:

Documents ZSML/QC-02/ SOP/YESS/IHRCO/231	 ZABER SPINNING MILLS LTD North Mawna, Sreepur, Gazipur	VERSION NO: 1.0 Issue Date: 18/04/2026 Next Review 01/06/2027 Page 3 of 6
--	--	---

❖ Prohibited Origin

Definition:

- Confirmed forced labor in cotton production or
- Listed in international bans, sanctions, or company banned list

Action:

- ✓ No sourcing allowed
- ✓ Purchase shall be rejected immediately

❖ High-Risk Origin

Definition:

- Identified through risk sources but not classified as prohibited
- Evidence of forced labor risk or weak governance

Action:

- ✓ Sourcing not recommended.
- ✓ Enhanced due diligence required
- ✓ Additional documents required (origin proof, traceability, certifications)
- ✓ Approval required from Compliance & Top Management before sourcing

❖ Medium-Risk Origin

Definition:

- Limited or emerging risk indicators

Action:

- ✓ Supplier monitoring required
- ✓ Periodic review of sourcing

❖ Low-Risk Origin

Definition:

- No significant forced labor risk
- Strong labor law enforcement

Action:

- ✓ Normal procurement process

6.4 High-Risk Origin List Development:

Compliance Team shall prepare and maintain a **High-Risk Origin List**

The list shall be:

- Documented and controlled
- Approved by management
- Shared with relevant departments
- Include in the cotton purchase policy

Documents ZSML/QC-02/ SOP/YESS/IHRCO/231	 ZABER SPINNING MILLS LTD North Mawna, Sreepur, Gazipur	VERSION NO: 1.0 Issue Date: 18/04/2026 Next Review 01/06/2027 Page 4 of 6
---	--	--

The High-Risk Origin List shall be supported by a Higher-Risk Origin Tracker, which records:

- Country name
- Risk level
- Date of assessment
- Sources reviewed
- Basis/justification for classification
- Reviewer name

The High-Risk Origin List and Tracker shall serve as documented evidence of risk assessment during internal and external audits.

Each country included in the list must be fully traceable to documented evidence in the Higher-Risk Origin Tracker, including sources reviewed and justification for classification.

6.5 Review and Update of Risk List:

The High-Risk Origin List and Tracker shall be reviewed:

- ❖ At least once per year, and
- ❖ Immediately whenever:
 - Any referenced risk source is updated
 - A new country is introduced into the supply chain or removed from international/brand restricted list.
 - New risk information becomes available.

All updates must be:

- Documented
- Approved by management
- Communicated to relevant departments

6.6 Integration with Procurement Process:

During supplier selection and purchase, the country of origin must be verified and cross-checked against the latest approved High-Risk Origin List.

If origin is **High-Risk**:

- Not recommended to source
- Enhanced due diligence shall be conducted
- Keep strong monitor on supplier improvement
- If there any improvement found, further sourcing may be considered after full assessment report.

If origin is **Prohibited**:

- Purchase shall be rejected immediately

No purchase order or contract shall be finalized without verification of origin against the latest High-Risk Origin List.

6.7 Record Keeping:

ZSML shall maintain records of:

- Risk assessment reports
- High-risk origin list (latest version)
- Supplier/Govt. origin declarations
- Supporting documents

All records shall be retained as per company document retention policy.

6.8 SAMPLE HIGH-RISK ORIGIN LIST (REFERENCE TABLE)

ZSML shall maintain and update a High-Risk Origin List based on credible international data sources. The below table is a reference sample only. All classifications shown in this table are consistent with the risk determination criteria defined in Section 6.2. Final classification shall always be based on the latest risk assessment and documented in the Higher-Risk Origin Tracker:

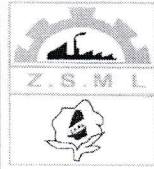
Sl. No	Country / Region	Risk Level	Key Risk Indicator	Source Reference	Status
1	Xinjiang Region, China	Prohibited	State-imposed forced labor in cotton production	US DOL, TIP Report	No sourcing allowed
2	Turkmenistan	Prohibited	Government-controlled forced labor in cotton harvest	Global Slavery Index, US DOL	No sourcing allowed
3	Uzbekistan	Prohibited	Historical forced labor (monitoring ongoing)	Global Slavery Index, TIP Report	No sourcing allowed
4	North Korea	Prohibited	Severe forced labor risk across industries	TIP Report	No sourcing allowed
5	Syria	High-Risk	Conflict-related forced labor risks	Fragile States Index	Allowed with strict due diligence
6	Afghanistan	High-Risk	Weak governance and labor law enforcement	Global Slavery Index	Allowed with strict due diligence
7	Pakistan (certain regions)	Medium	Child labor and informal sector risks	US DOL Report	Monitor
8	India (certain regions)	Medium	Bonded/child labor risk in farming	Global Slavery Index	Monitor
9	Brazil	Low	Strong legal framework, isolated violations	TIP Report	Acceptable
10	USA	Low	Strong enforcement and traceability systems	US DOL, TIP Report	Acceptable

The Compliance Team shall maintain the updated version, "Status" definition:

- **Prohibited** → **No sourcing allowed**
- **High-Risk** → **Allowed with strict due diligence**
- **Medium** → **Monitor** (Regular monitoring required)
- **Low** → **Acceptable** (Normal procurement allowed)

Documents

ZSML/QC-02/
SOP/YESS/IHRCO/231



ZABER SPINNING MILLS LTD

North Mawna, Sreepur, Gazipur

VERSION NO: 1.0

Issue Date: 18/04/2026

Next Review 01/06/2027

Page 6 of 6

6.9 Higher-Risk Origin Tracker

ZSML shall maintain a Higher-Risk Origin Tracker as a controlled document (Excel or equivalent).

The tracker shall include:

- Country / Region
- Risk Level (Prohibited / High / Medium / Low)
- Source(s) reviewed
- Key risk findings
- Decision basis
- Date of review
- Next review date
- Approved by

This tracker shall be:

- Updated during each risk review
- Maintained by the Compliance Team
- Available for internal and external audit review

The tracker shall be used as a **primary reference during audits to demonstrate risk-based decision-making and sourcing controls.**

7. LINK WITH SUPPLIER RISK MANAGEMENT:

- High-risk origin identification shall be linked with:
 - Supplier risk profiling
 - Due diligence procedures
 - Corrective action plans
- Suppliers sourcing from high-risk areas shall be monitored more closely

8. COMPLIANCE REQUIREMENT:

- No cotton shall be sourced from:
 - Internationally banned, sanctioned, or internally prohibited regions
 - Regions identified with confirmed or credible evidence of forced labor practices based on defined risk sources
- This process supports compliance with:
 - YESS Standard
 - OECD Due Diligence Guidance
 - International human rights expectations

9. REVIEW & UPDATE:

ZSML reserves the right to update this procedure as required.

Any changes shall:

- Be documented with version control
- Be approved by management

10. Distribution:

All HOD of processing & related personnel.
At company website (www.znzfashion.com)