

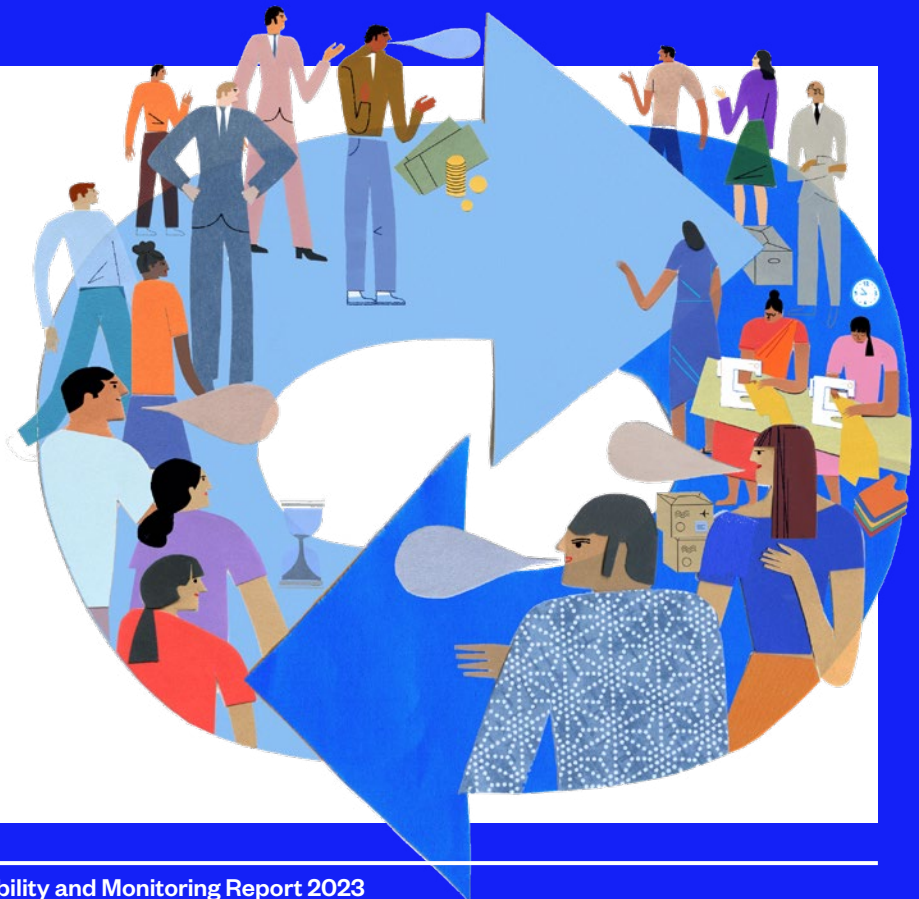
Executive Summary

ACT Purchasing Practices and the Accountability and Monitoring Framework: A Crucial Element for Industry Transformation

The 2023 report is pivotal for demonstrating progress in responsible purchasing practices by ACT signatory brands. The ACT Purchasing Practices Surveys for brand employees (Brand Survey) and suppliers and manufacturers (Supplier Survey) are not only the largest monitoring tools in the global garments, textiles and footwear industry - their results also inform the progress measurement of key performance indicators in achieving the ACT Global Purchasing Practices Commitments.

These tools offer a set of credible data to measure progress and to hold brands accountable, and that form the most comprehensive framework of the industry: **The ACT Accountability and Monitoring Framework.**

ACT participants believe that collective bargaining, backed by responsible purchasing practices, represents the most effective, sustainable and reliable approach to achieving living wages.



Collaborating with IndustriALL Global Union, signatory brands and retailers in the global garments, textiles, and footwear industry, recognize the intricate link between purchasing practices, working conditions, and living wages. Establishing trust through responsible purchasing practices and creating strong relationships with suppliers and manufacturers is crucial to the ACT approach.

Working on purchasing practices should not be a standalone effort because there are no shortcuts to meaningful industry transformation. ACT participants firmly believe that collective bargaining, backed by responsible purchasing practices and freedom of association, represents the most effective, sustainable and reliable approach to achieving living wages. Alongside supporting sound supply chain industrial relations, purchasing practices are key enablers for creating positive change.

ACT signatory brands publish their progress towards achieving the five ACT Global Purchasing Practices Commitments they have agreed:

The ACT Global Purchasing Practices Commitments

Commitment 1

Brands commit that purchasing prices include wages as itemised costs

Commitment 2

Brands commit to fair terms of payments

Commitment 3

Brands commit to better planning and forecasting

Commitment 4

Brands commit to undertake training on responsible sourcing and buying

Commitment 5

Brands commit to practising responsible exit strategies



The ACT Global Purchasing Practices Commitments were adopted in 2018. Signatory brands are committed to implementing them progressively across their global supply base. The aim is to deliver tangible improvements in the buying process with suppliers because ACT participants acknowledge that improved purchasing practices are an enabler for the payment of higher wages.

In 2021 ACT published the baseline dataset. This was now compared to the 2023 Brand and Supplier Survey results as well as the Commitment Report which is filled in by dedicated brand representatives. The data collection as well as the monitoring and reporting of progress supports brands in meeting their due diligence responsibilities and employers and workers to achieve sound industrial relations as an enabler of decent work, stability, and inclusive growth.

Key Findings

Purchasing Practices (PP) Surveys results

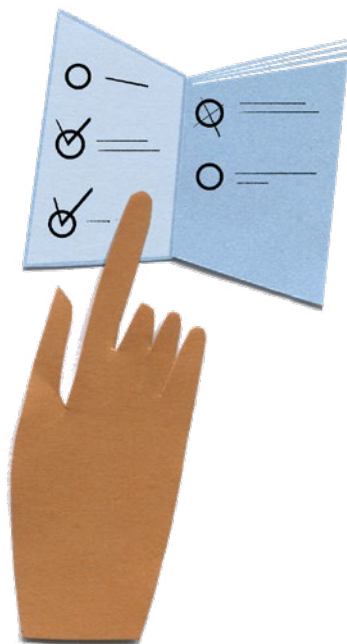
Comparing 2023 with 2021

ACT signatory brands shared the ACT Purchasing Practices Self-Assessment (Brand Survey) with their employees, evaluating the status quo of their own practices. 1,634 brand employees submitted their response. The response rate declined by 10% compared to 2021.

In 2023, 50% of brands received 50 or more responses to the Brand Survey. In 2021 it was 60%.

ACT signatory brands shared the ACT Purchasing Practices Assessment by Suppliers (Supplier Survey) with suppliers in their global supply chains.

2,172 survey responses from a total 1,423 suppliers in 2023 were submitted. This is an increase of 6% compared to 2021. In 2023, 45% of the ACT brands had a significant number (100 or >) of supplier responses to the Supplier Survey, up from 35% in 2021.



This aggregate of the Purchasing Practices Surveys results represents the participation of:

ASOS

BESTSELLER



C&A

COTTON:ON
GROUP

ESPRIT

G-STAR RAW

H&M Group

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The 2023 surveys of suppliers and brand staff are a repeat of the same surveys carried out in 2021 (and earlier). This allows ACT to look at what has changed over the two-year period.

Analysing both surveys mostly positive progress and a slight increase in average scores across all sections compared to 2021 is found. However, specific areas require special attention.

The top issues remained the same in 2023 (as in 2021):

- Price quotations: considered by >50% of suppliers to be important to deliver a living wage
- Sales & transparency
- Training and awareness: around half of brand staff 'didn't know' whether labour costing training was being given to suppliers, and in general those that commented on labour cost modelling thought it lacked effectiveness.
- Incentives and compliance scoring (an area growing in importance in the eyes of the suppliers)

Drilling down into specific questions for the higher scoring sections, further areas for improvement of can be found (scores below 4.0):

- There were marginal increases in the average scores across most sections for both the Brand and the Supplier Survey. The one exception was Order Placement where the average score given by suppliers in the Supplier Survey fell marginally.

Suppliers were asked to rank the topics (sections) they thought most crucial to delivering a living wage. The top issues remained the same in 2023 (as in 2021):

1. Price Negotiation

2. Order Placement

3. Price quotation

4. Forecasting & Capacity Planning

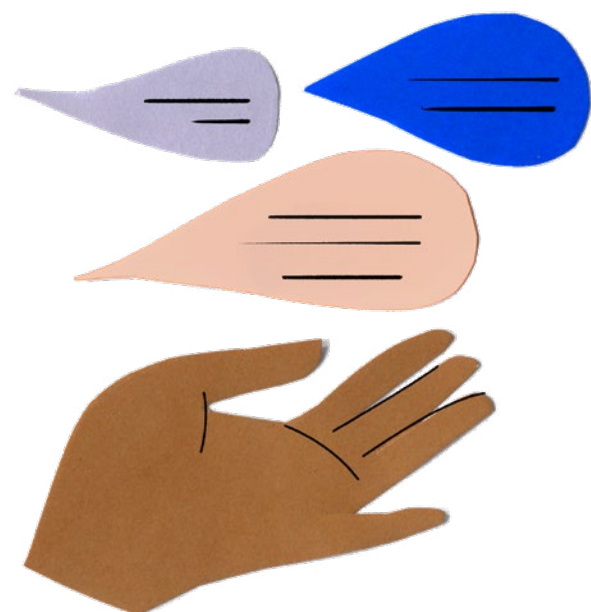
Both brand employees and suppliers thought brands could do better on the conversion of samples to orders.

Suppliers scored brands lower than average on the question 'changes or cancellations made after order placement are treated as exceptions'

Both brand staff and suppliers gave lower scores to the question '*costs related to delays in materials are equally shared*'

In most cases there were no significant variations in responses given by suppliers from different countries. However, where there were variations, suppliers from Türkiye had a markedly different and less positive view, followed by those from Pakistan and the US. Suppliers in these three countries submitted a relatively high number of responses.

Recommended actions coming out of this 2023 report should focus on the specific performing sections that require attention, as well as target the above single issues in those higher scoring sections.



Key Findings



Progress measurement and reporting on ACT Global Purchasing Practices Commitments

Comparing 2023 with 2021

ACT signatory brands reported on the compliance with the ACT Global Purchasing Practices Commitments. Positive progress in the implementation of the Global ACT PP Commitments 1, 2, 4 and 5 can be seen, constant results on commitment 3 (compared to 2021 on aggregate level).

This aggregate of the ACT Commitment Reporting results represents the participation of:

ASOS

BESTSELLER



C&A

ESPRIT

G-STAR RAW

H&M Group

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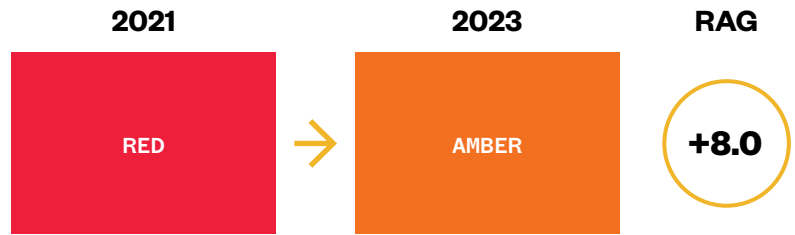


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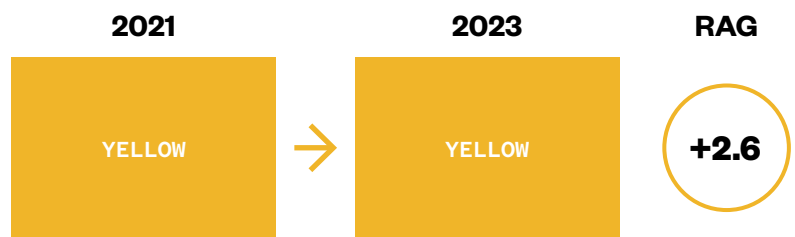


Commitment 1**Brands commit that purchasing prices include wages as itemised costs**

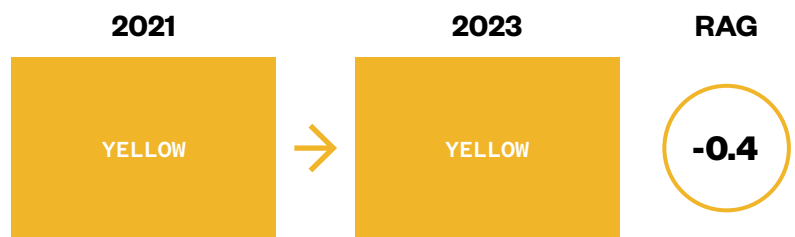
On aggregate level brands' performance improved from red to amber, with a RAG var score of +8 reflecting this.

**Commitment 2****Brands commit to fair terms of payments**

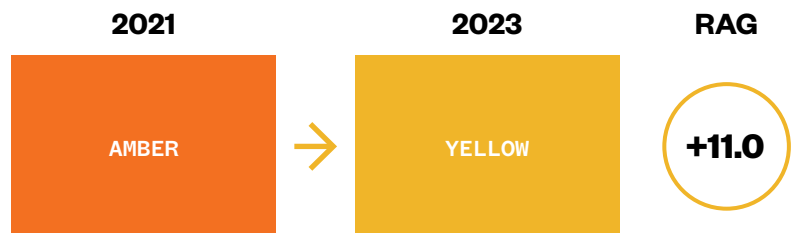
On aggregate level brands' performance stayed as yellow, but this still had a small improvement in the RAG var score of +2.6.

**Commitment 3****Brands commit to better planning and forecasting**

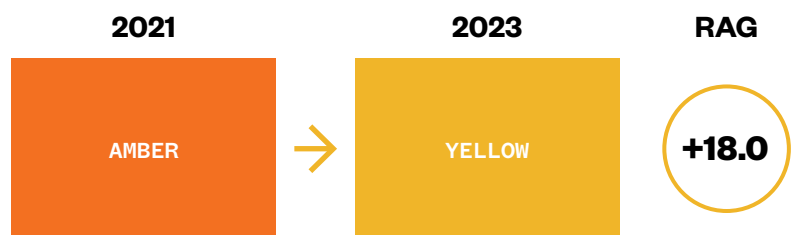
On aggregate level brands' performance stayed as yellow, and in terms of RAG var score it was quite constant with -0.4.

**Commitment 4****Brands commit to undertake training on responsible sourcing and buying**

On aggregate level brands' performance improved from amber to yellow, with RAG var scores of +11.

**Commitment 5****Brands commit to practising responsible exit strategies**

On aggregate level brands' performance improved from amber to yellow, with RAG var scores of +18.



ACT

ACT is an agreement between global brands, retailers and the trade union IndustriALL Global Union to transform the garment, textile and footwear industry and achieve living wages for workers through collective bargaining at industry level linked to purchasing practices.

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 Carnstone

PART OF  SLR

The ACT Purchasing Practices Surveys and the Commitment Reporting survey were run using an online anonymous survey platform developed by Carnstone Partners Ltd. Carnstone acts as a third-party clean room for ACT by processing, analysing and reporting on data gathered through the online surveys, ensuring confidentiality of all participants - be it brands or suppliers.

carnstone.com

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