

ACT Accountability and Monitoring Report 2023



ACT



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.

actonlivingwages.com



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.

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Introduction

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.**

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.



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

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.

The ACT Purchasing Practices Surveys for brand employees (Brand Survey) and suppliers (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 are a set of credible measures that form the most comprehensive framework of the industry: The ACT Accountability and Monitoring Framework.

ACT publishes their signatory brands' 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

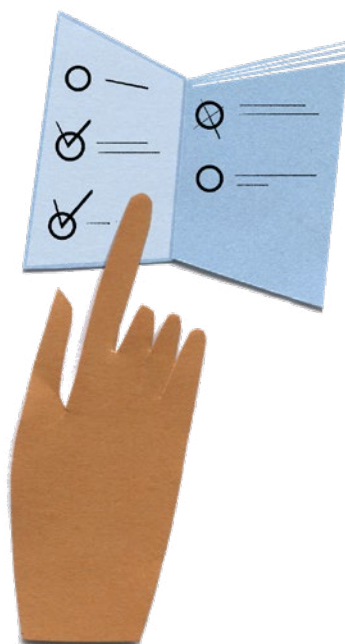
ACT signatory brands shared the ACT Purchasing Practices Self-Assessment (Brand Survey) with their employees, evaluating the status quo of their own practices. 1,634 brand employees submitted their response. The response rate declined by 10% compared to 2021.

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

INDITEX



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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

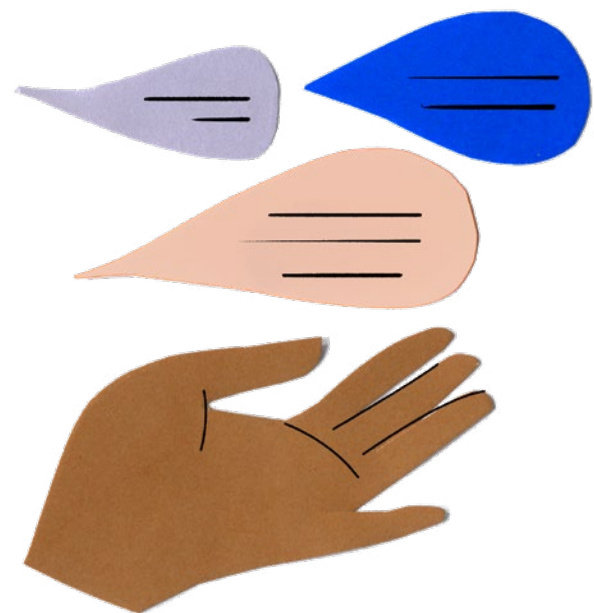
Both brand employees and suppliers thought brands could do better on the conversion of samples to orders.

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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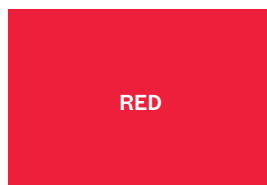
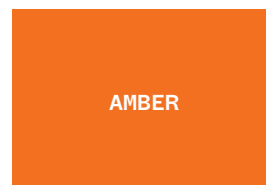
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zalando



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.

2021**2023****RAG****Commitment 2****Brands commit to fair terms of payments**

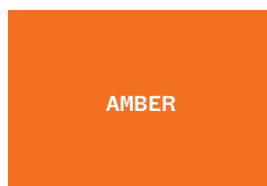
On aggregate level brands' performance stayed as yellow, but this still had a small improvement in the RAG var score of +2.6.

2021**2023****RAG****Commitment 3****Brands commit to better planning and forecasting**

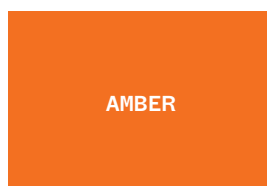
On aggregate level brands' performance stayed as yellow, and in terms of RAG var score it was quite constant with -0.4.

2021**2023****RAG****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.

2021**2023****RAG****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.

2021**2023****RAG**

Methodology

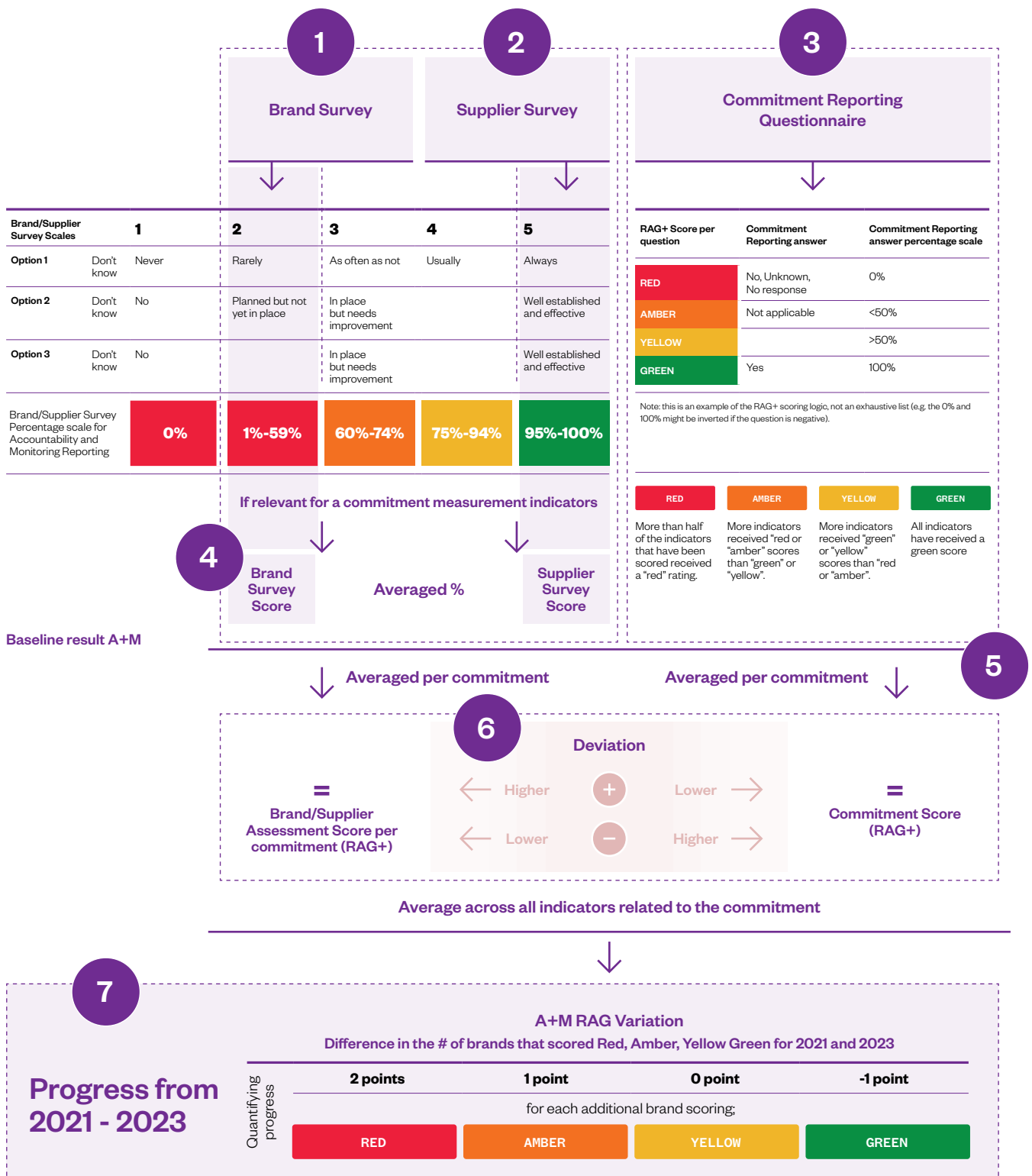
Data sources

RAG+ Scoring, Measuring the Deviation and the Progress from 2021 to 2023



This analysis looks at three different data sources and three different scores that were derived from the data sources. In this section the data sources will be explained first, followed by the calculation of the scores.

A+M reporting based on ACT Accountability and Monitoring Framework



Data Sources

1

The Brand Survey (Purchasing Practices Self-Assessment by Brands)

This is the brand purchasing practices survey which has a total of 71 questions covering 16 overarching sections in the purchasing process to get a better understanding of brand's purchasing practices. The Purchasing Practices Self-Assessment was developed by a Purchasing Practices Working Group of ACT participants in 2016/2017 and continuously improved since then.

1,643 brand employees contributed to the Brand Survey in 2023 - 10 % less than in 2021. The brand survey (as well as the supplier survey, see next section) are monitoring tools of the [ACT Accountability and Monitoring Framework](#) to measure progress towards the achievement of the ACT Global Purchasing Practices Commitments and to start a fact-based dialogue brand internally and within the respective supply chains.

In order to be able to measure performance a set of targets and indicators were developed (see Annex 2). Responses to most of the questions asked in the Brand Survey inform the performance measurement. ACT has mapped specific brand survey questions to the ACT Commitment Reporting questionnaire, at an indicator level. Details on the assessment by brand employees, as well as by suppliers, can be found in this report as well.

2

The Supplier Survey (Purchasing Practices Assessment by Suppliers)

This is the supplier purchasing practices survey which has a total of 61 questions. The brand survey was mirrored to ask suppliers to ACT brands on how they experience and assess the brands' purchasing practices. It was developed in 2018 with the aim to strengthen the dialogue about purchasing practices with suppliers in order to continuously improve purchasing practices in support of the payment of living wages. 1,423 suppliers contributed to the survey roll-out in 2023 giving a total of 2,172 responses.

ACT has mapped specific supplier survey questions to the ACT Commitment Reporting questionnaire, at an indicator level.

3

The ACT Commitment Reporting questionnaire

The ACT Commitment Reporting questionnaire is a self assessment questionnaire that brands fill in to measure how well their companies are meeting each of the five ACT Global Purchasing Practices Commitments, and the specific indicators that sit underneath. This includes a set of targets and indicators per commitment for which additional information is required that is not covered in the Brand Survey.

The ACT Commitment Reporting questionnaire is conducted through the ACT online purchasing practices platform, run by an independent third party to ensure full confidentiality of responses and results. It is the same platform used to run the Supplier Survey and Brand Survey. Via this platform, brands can see how both their own staff and their suppliers are scoring them against the same indicators.

Not all of the indicators have a corresponding brand survey or supplier survey question. In these cases either only the aggregate results from the Commitment Report questionnaire are shown and/or the respective results from the brand/supplier survey are shown.

RAG+ Scoring, Measuring the Deviation and the Progress from 2021 to 2023

For the analysis of the status quo towards complying with the ACT Global Purchasing Practices Commitments two scores are compared: the Brand/Supplier Assessment Score and the Commitment Score. To illustrate how they match, the deviation is shown. In 2023 for the very first time a third score is included to measure progress from 2021 to 2023.

4

The Brand/Supplier Assessment Score

The Brand/Supplier Assessment Score shows the average result obtained by each brand on the Supplier survey and Brand survey questions that are relevant to each commitment.

For each ACT Global Purchasing Practices Commitment there are several measurement indicators. Each indicator is informed by questions and results coming out of the Supplier survey, the Brand survey, and the Commitment.

Reporting Questionnaire filled in by brands. However, not all indicators have a corresponding Brand/Supplier question but can only be measured via results in the Commitment Reporting Questionnaire.

The Brand and the Supplier Survey tool includes two types of items: questions about occurrences of actual conduct (option 1 in Table 2) and questions about “policy character” (options 2 and 3).

Higher scores are indications of better purchasing practices. The results in the PP Surveys were converted into percentages (see Table 2). With the scale going from 1 to 5, a brand scoring 1 (“No/Never” responses) equals a result of 0% and a score of 5 (“Always/Well established and effective” responses) equals a result of 100%. The Supplier and Brand Survey results were converted into a RAG+ score, using the following logic:

RED

Scores given for the relevant indicators are < 60%

AMBER

Scores given for the relevant indicators are = / > 60%

YELLOW

Scores given for the relevant indicators are = / > 75%

GREEN

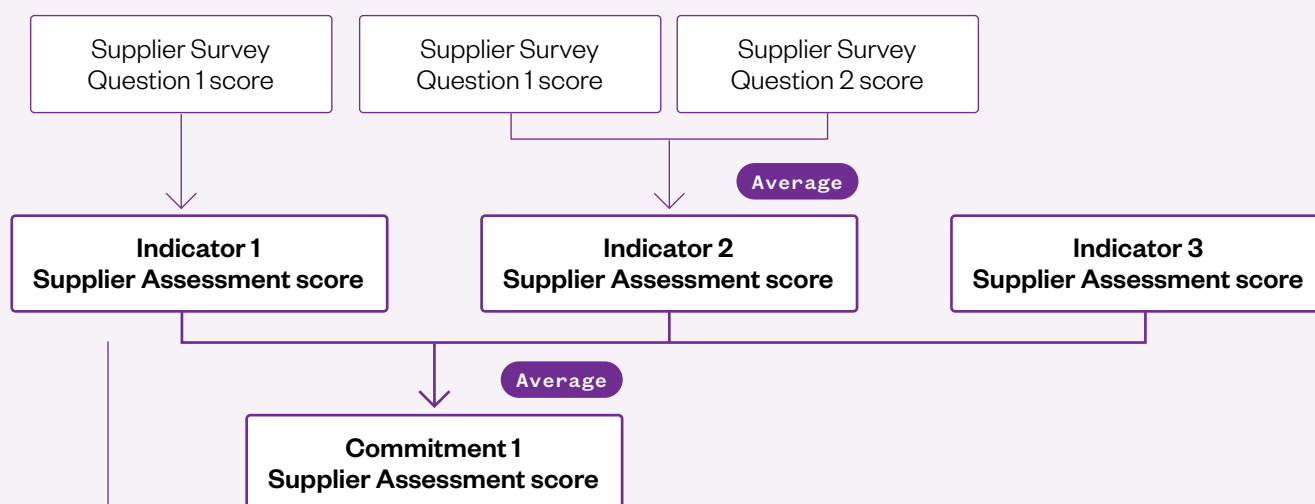
Scores given for the relevant indicators are = / > 95%

Table 2
How scales from Brand/Supplier Surveys were converted into percentages

Brand/Supplier Survey Scales		1	2	3	4	5
Option 1	Don't know	Never	Rarely	As often as not	Usually	Always
Option 2	Don't know	No	Planned but not yet in place	In place but needs improvement		Well established and effective
Option 3	Don't know	No		In place but needs improvement		Well established and effective
Brand/Supplier Survey Percentage scale for Accountability and Monitoring Reporting		0%	1%-59%	60%-74%	75%-94%	95%-100%

Each commitment has a number of attached indicators. The scores for all supplier and brand questions related to a specific indicator have been averaged to obtain an indicator score, and then the scores for all the indicators under a commitment have been averaged to obtain a brand/supplier score per commitment. For each commitment, each brand was attributed a combined brand/supplier score, shown as Red / Amber / Yellow / Green.

The graph below shows, for example, how the supplier assessment score for Commitment 1 is calculated from the average of the supplier assessment scores for its composing indicators (Indicator 1, Indicator 2 and Indicator 3 below). In turn, each Indicator score is the average of the supplier assessment score in all the questions associated with that indicator.



The brand/supplier survey results are then compared against the Commitment Reporting questionnaire RAG+ score for each of the five Commitments. This is not done at an indicator level as not every indicator in the questionnaire has a corresponding and relevant survey question. There are indicators that have no brand/supplier survey questions associated, so those have been excluded from the Commitment scoring.



5

The Commitment Score

This score focuses on the responses provided by brands to the specific Commitment Reporting questions (as opposed to the other score, which focuses on supplier and brand responses).

This methodology uses an expanded RAG (red, amber, green) score by adding “yellow” which shows an intermediate state between amber and green.

First, for each indicator a score resulting from the Commitment Reporting questionnaire was given, for each brand and for the aggregate of ACT brands using the RAG+ system.

Table 3 shows an example of how Commitment Reporting questionnaire responses are converted into a RAG+ score.



Table 3

How Commitment Reporting questionnaire responses are converted into a RAG+ score:

RAG+ Score per question	Commitment Reporting answer	Commitment Reporting answer percentage scale
RED	No, Unknown, No response	0%
AMBER	Not applicable	<50%
YELLOW		>50%
GREEN	Yes	100%

Note: this is an example of the RAG+ scoring logic, not an exhaustive list (e.g. the 0% and 100% might be inverted if the question is negative).

RAG+ scores are assigned to each individual question/indicator. Those scores are then aggregated at a Commitment level following the logic:

RED

More than half of the indicators that have been scored received a “red” rating.

AMBER

More indicators received “red” or “amber” scores than “green” or “yellow”.

YELLOW



More indicators received “green” or “yellow” scores than “red” or “amber”.

GREEN



All indicators have received a green score.


6


The Deviation

It is shown how the Commitment score deviates from the Brand/Supplier Assessment Score. This is expressed with a  or , and a blank representing no deviation.

The aim of this exercise is to understand whether the Brand/Supplier Assessment RAG+ scores match or deviate from the responses given by the brands in the Commitment Reporting questionnaire. What the deviation score adds to the mix is that it represents the assessment of brands who are reporting towards IndustriALL Global Union implementing the ACT Accountability and Monitoring Framework.

The  or  on the right of the RAG+ score indicates deviation against Brand Surveys and Suppliers Surveys scoring (taking the minimum of both).






A  indicates that brand employees/suppliers have scored brands better than how the brand scores its practices in the Commitment Reporting questionnaire.

A  indicates that brand employees/suppliers have scored brands worse than how the brand scores its practices in the Commitment Reporting questionnaire.

In order to not overweight one survey, the worst performing RAG+ score was taken, thus giving the worst case scenario. Table 4 shows examples for deviations.

Table 4

How the Commitment score deviates from the Brand/Supplier Assessment score

Commitment 1				
	Commitment Reporting	Supplier Survey	Brand Survey	Deviation
Brand A	YELLOW	YELLOW	GREEN	
Brand B	AMBER	AMBER	AMBER	
Brand C	GREEN	YELLOW	RED	
Brand X	AMBER	AMBER	YELLOW	
ACT aggregate	AMBER	AMBER	AMBER	

Details for each Commitment including the specific scores for the indicators sitting under each Commitment are shown and compared to the relevant brand/supplier survey assessment scores where available and relevant.



7

A+M RAG Variation

To demonstrate progress from 2021 to 2023 the A+M RAG variation score was developed. It shows progress over time in implementing the PP commitments.

While it is difficult to quantify changes in colour, a measure/score of how brands have improved – or not – from 2021, as an average across all indicators related to the commitment.

The calculation works as follows:

First it was examined how many brands scored R, A, Y, G for 2021 and 2023. Then the differences were calculated (e.g. how many more brands are scoring “green”, how many less brands are scoring “yellow”).

For each additional brand getting a “green” 2 points were assigned for each new “yellow” 1 point, for each new “amber” no points, and for each new “red” -1 points.

So, for example, if 1 brand moved from red to green, this gives it a total of 3 points (2 points for having a new green, and 1 (-1 x -1) because one brand, the same brand in this case, left the red category. This also enables capturing improvements, even when the RAG for this year and for last year was the same.



Analysis of the methodology

To improve accuracy in reporting and clarity in the next few years, the questionnaire was adjusted so that the precise figure requested needs to be filled in before providing further context. Further filling in the questionnaire without reporting this specific information is prevented technically.

Comparing 2023 to 2021 per Commitment and Indicator

This section compares the responses from brands to the ACT Commitment Reporting questionnaire in its first year, 2021 to the results in 2023.

ACT Brands responded to this questionnaire, gathering information and data from different team members and departments, to show how well the brand was performing against the five ACT Global Purchasing Practices Commitments.

Under each of the Commitments there are a set of indicators. The ACT Commitment Reporting questionnaire asks questions against each of those indicators.

Some of the questions ask for a specific numeric figure (e.g. % of orders, % deviation). A small number of brands have not provided a clear figure. In these cases, the responses have been approximated to reflect the most accurate picture based on the context and explanation provided.



Measuring Performance: RAG Variation Score and Brand/Supplier Surveys against Commitments

Commitment 1 changed from red to amber, with a RAG var score of +8 reflecting this.











Commitment 2 stayed as yellow, but this still had a small improvement in the RAG var score of +2.6.

Commitment 3 stayed as yellow, and in terms of RAG var score it was constant with -0.4.

		Commitment 1	Commitment 2	Commitment 3	Commitment 4	Commitment 5
2023	Aggregate	AMBER	YELLOW	YELLOW	YELLOW	YELLOW
	Brand Survey	79%	89%	87%	65%	89%
	Supplier Survey	80%	90%	87%		88%
RAG var score		+8.0	+2.6	-0.4	+11.0	+18.0
2021	Aggregate	RED	YELLOW	YELLOW	AMBER	AMBER
	Brand Survey	70%	89%	78%	53%	78%
	Supplier Survey	74%	90%	81%	67%	85%
		Commitment 1	Commitment 2	Commitment 3	Commitment 4	Commitment 5

Commitments 4 and 5 improved from amber to yellow, with RAG var scores of +11 and +18 respectively.

Aggregate Performance Overview per Commitment and Indicator

	Commitment 1	Commitment 2	Commitment 3	Commitment 4	Commitment 5
2023 Aggregate	AMBER 	YELLOW 	YELLOW 	YELLOW 	YELLOW 
2021 Aggregate	RED 	YELLOW 	YELLOW 	AMBER 	AMBER 

Commitment 1

Indicator	1a	1b	1c	1d.i	1d.ii		Commitment 1
2023 Aggregate	YELLOW	AMBER	AMBER	AMBER	YELLOW		AMBER
2021 Aggregate	YELLOW	AMBER	AMBER	AMBER	AMBER		RED

Commitment 2

Indicator	2a	2b.i	2b.ii	2b.iii	2c	2d	2e	Commitment 2
2023 Aggregate	YELLOW	YELLOW	YELLOW	YELLOW	GREEN	YELLOW	YELLOW	YELLOW
2021 Aggregate	YELLOW	YELLOW	YELLOW	AMBER	YELLOW	YELLOW	YELLOW	YELLOW

Commitment 3

Indicator	3a.i	3a.ii	3a.iii	3b.i	3c & 3d		Commitment 3
2023 Aggregate	YELLOW	YELLOW	YELLOW	YELLOW	YELLOW		YELLOW
2021 Aggregate	YELLOW	YELLOW	AMBER	YELLOW	YELLOW		YELLOW

Commitment 4

Indicator	4a.i	4a.ii	4a.iii		Commitment 4
2023 Aggregate	YELLOW				YELLOW
2021 Aggregate	AMBER	AMBER	RED		AMBER

Commitment 5

Indicator	5a,b,c i	5a,b,c ii	5d,e		Commitment 5
2023 Aggregate	YELLOW				YELLOW
2021 Aggregate	AMBER				AMBER

Can only be shown once
the ACT Complaints
Mechanism is launched

Commitment 1

Brands commit that purchasing prices include wages as itemised costs

- a** Write compliance with collective bargaining agreements into purchasing agreements between brands and suppliers (manufacturers or intermediaries) terms and conditions of purchase
- b** Adopt all direct and indirect labour cost components in costing calculations in line with the agreed ACT methodology
- c** Provide guidance to suppliers (manufacturers or intermediaries) on labour costing for suppliers
- d** Reflect increases in negotiated wages in the labour components of costing calculations

Progress

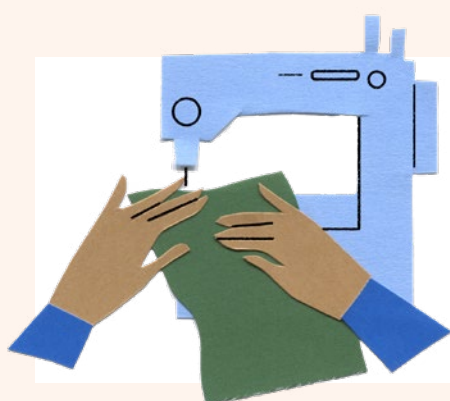
RED
2021



AMBER
2023

ACT Indicator		Reporting question(s)	Brand Survey	Supplier Survey
1a	% of brands that have purchase agreements* that include compliance with CBA.	Yes	1.4	1.4
1b	% of volume for which the ACT labour costing protocol is applied that isolates wages and other labour costs.	Yes	3.1, 3.2	3.1, 3.2
1c	% of suppliers who received guidance on labour costing in line with ACT labour costing protocol.	Yes	13.3	13.3
1d . i	% of volume for which ACT labour costing protocol is applied that isolate wages and other labour costs including wage increase?	Yes	4.3	4.3
1d . ii	Does your company have an internal monitoring mechanism in place to track the application of ACT labour costing protocol, including the reflection of higher wages and other labour costs in purchasing practices?	Yes	4.4	

* Purchase Agreement: The binding conditions agreed between the supplier and brand company that specifies the terms surrounding the purchase order



37%

of suppliers received guidance on labour costing in line with ACT labour costing protocol

1a

Expectation of compliance with any CBA incorporated into company's purchase agreements

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	YELLOW		YELLOW
Brand Survey	90%		
Supplier Survey	93%		

1b

% of volume for which the ACT labour costing protocol is applied and isolates wages and other labour costs

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	32%		AMBER
Brand Survey	74%		
Supplier Survey	78%		

1c

% of suppliers who received guidance on labour costing in line with ACT labour costing protocol

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	37%		AMBER
Brand Survey	78%		
Supplier Survey	70%		

1d.i

% of volume for which ACT labour costing protocol is applied that isolate wages and other labour costs including wage increase

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	40%		AMBER
Brand Survey	80%		
Supplier Survey	80%		

1d.ii

Internal monitoring mechanism to track the application of ACT labour costing protocol

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	55%		AMBER
Brand Survey	78%		
Supplier Survey			

Commitment 2

Brands commit to fair terms of payment

- a** Payment to suppliers is in line with agreed timeframe
- b** Ensure the amount paid to suppliers is in line with the payment terms agreed and retrospective changes may only be made where it is mutually agreed and is not to the detriment of the supplier
- c** Do not impose penalties and deductions that fall outside the terms of the purchase agreement
- d** Ensure that the purchase agreement references financial consequences clearly for non-performance
- e** Implement an internal monitoring mechanism to track terms of payment, on-time payments as well as penalties issued and their root causes

Progress

YELLOW

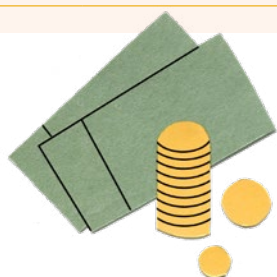
2021



YELLOW

2023

ACT Indicator		Reporting question(s)	Brand Survey	Supplier Survey
2a.	% of orders with on-time payment to suppliers.	Yes	12.1	12.1
2b. i	% of orders where the amount paid is in line with agreed payment terms.	Yes	12.2	12.2
2b. ii	% of retrospective changes of payment terms which were not mutually agreed.	Yes	12.3	12.3
2b. iii	% of retrospective changes of payment terms which were mutually agreed and to the detriment of the supplier.	Yes	12.4	12.4
2c.	# of orders where penalties and/or deductions have been applied which fall outside the terms of the purchase agreement.	Yes	12.7	12.7
2d.	% of brands whose purchase agreements clearly reference financial consequences for non-performance.	Yes	12.5	12.5
2e.	% of ACT brands who have in place an internal monitoring mechanism to track terms of payment, on-time payments as well as penalties issued and their root causes.	Yes	12.9	



96%

of orders paid in line with agreed payment terms

2a

% of orders with on-time payment to suppliers

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	94%		YELLOW
Brand Survey	80%		
Supplier Survey			

2b.i

% of orders where the amount paid is in line with agreed payment terms

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	96%		YELLOW
Brand Survey	95%		
Supplier Survey	98%		

2b.ii

% of retrospective changes of payment terms which were not mutually agreed

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	70%		YELLOW
Brand Survey	93%		
Supplier Survey	90%		

2b.iii

% of retrospective changes of payment terms which were mutually agreed and to the detriment of the supplier

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	18%		AMBER
Brand Survey	93%		
Supplier Survey	88%		

2c

% of orders where penalties and/or deductions have been applied which fall outside the terms of the purchase agreement

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	0%		YELLOW
Brand Survey	93%		
Supplier Survey	88%		

2d

Brands purchase agreements clearly reference financial consequences for non-performance

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	89%		YELLOW
Brand Survey	90%		
Supplier Survey	98%		

2e

% of ACT brands who have in place an internal monitoring mechanism to track terms of payment, on-time payments & penalties issued and their root causes

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	84%		YELLOW
Brand Survey	83%		
Supplier Survey			



Commitment 3

Brands commit to better planning and forecasting

- a** Improve forecasting processes with suppliers
- b** Give clarity and ensure communication with suppliers regarding key critical path stages critical path: steps from planning to production
- c** Determine dates and frequency of adjusted forecasts
- d** Release excess booked capacity in a timely manner, where possible setting internal deadlines or reaching agreement with suppliers
- e** Improve dialogue with strategic suppliers to balance volumes through peaks and troughs

Progress

YELLOW

2021



YELLOW

2023

ACT Indicator		Reporting question(s)	Brand Survey	Supplier Survey
3a. i	% of brands who have introduced a planning and forecasting system including capacity booking for at least their main suppliers.	Yes	1.2, 2.1	2.1
3a. ii	% of volume covered by planning and forecasting systems including capacity booking.	Yes		2.1
3a. iii	% deviation (measured in pieces) from forecast on average on supplier level.	Yes		
3a. iv	% increase of overall volume covered by forecasting.	TBD		
3b. i	% of suppliers who report positively on communication regarding mutually agreed critical path deadlines.			7.1
3b. ii	% of suppliers that brands are engaged with in critical path communication.	Yes	7.1	7.1
3c. & 3d. i	% of brands who have introduced a planning and forecasting system in which: <ul style="list-style-type: none"> • dates and frequency for adjustments are determined and are mutually agreed • excess capacity is released in a mutually agreed timely manner. 	Yes		
3c. & 3d. ii	% of suppliers that report that forecast updates are in line with the agreed timeline.	TBD	2.2, 2.3	2.2, 2.3
3c. & 3d. iii	% of suppliers surveyed that report excess capacity is released in a mutually agreed timely manner.	TBD	2.5, 2.6	2.5, 2.6
3e. i	% of suppliers who report positively on communication regarding management of peaks and troughs.	TBD	2.7, 2.4	2.7, 2.4
3e. ii	% of suppliers reporting improved balancing of volumes through peaks and troughs.	TBD		

3a.i

Planning and forecasting system including capacity booking for at least main suppliers

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	79%		YELLOW
Brand Survey	85%		
Supplier Survey	85%		

3a.ii

% of volume covered by planning and forecasting system

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	64%		63%
Brand Survey	85%		
Supplier Survey			

3a.iii

% average deviation from forecast at supplier level

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	79%		AMBER
Brand Survey			
Supplier Survey			

3b

% of suppliers engaged with in critical path communication

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	87%		YELLOW
Brand Survey	90%		90%
Supplier Survey	90%		90%

3cd

Planning and forecasting system includes capacity booking, dates & frequency for adjustment are determined and mutually agreed, excess capacity is released in a mutually agreed way and excess capacity is released in a timely manner

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	83%		86%
Brand Survey			
Supplier Survey			

Commitment 4

Brands commit to undertake training on responsible sourcing and buying

- a | Design and implement a training programme with common guidelines (accessible training material to be developed) on ACT commitments to purchasing practices

Progress

AMBER

2021



YELLOW

2023

ACT Indicator	Reporting question(s)	Brand Survey	Supplier Survey
4a. i % of brands that have delivered training on ACT Commitments on purchasing practices, for all relevant employees.	Yes	13.1, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9	
4a. ii # of suppliers informed on ACT Commitments.	TBD		13.1, 13.2, 13.3, 13.5, 13.6
4a. iii % of ACT brands who have updated their training programs for relevant employees to include better forecasting and develop robust processes (including critical path stages).	TBD	13.6	

4a.i

% of relevant employees trained on ACT commitments

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	64%		44%
Brand Survey	65%		53%
Supplier Survey			



64%

of brands delivered training on ACT Commitments on purchasing practices, for all relevant employees

Commitment 5

Brands commit to practising responsible exit strategies

- a Consider reasons for and consequences of exiting
- b Conduct an impact/due diligence assessment (level of business)
- c Allow appropriate phase-out time
- d Seek to avoid negative impact on workers
- e Take reasonable measures to assure that all wages and legally entitled severance payments are made

Progress

AMBER

2021

YELLOW

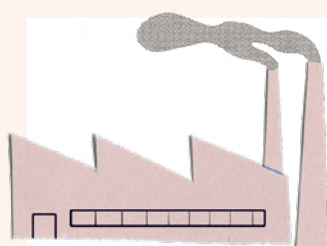
2023

ACT Indicator	Reporting question(s)	Brand Survey	Supplier Survey
5a . , 5b . & 5c .	% of factory exits which comply with ACT responsible exit checklist (see notes)	Yes	1.5, 15.4
5a . , 5b . & 5c .	#No of complaints related to factory exits	TBD	
5d . & 5e .	Complaints/reports received on negative impacts related to factory exits	TBD	

5abc

% of factory exits which comply with ACT responsible exit checklist

	2023 RAG+	Deviation PP	2021 RAG+
Aggregate	67%		AMBER
Brand Survey	89%		83%
Supplier Survey	88%		85%



64%

of factory exits comply with ACT responsible exit checklist

Annex 1

| Glossary

A

ACT Commitment Reporting: Accountability and Monitoring reporting

ACT Labour Costing Protocol: outlines the shared principles and approaches ACT member brands have agreed to comply with during price quotations and price negotiations with suppliers.

Brand: refers to one of the 20 ACT member brands.

Brand Coordinator: ACT member brand staff coordinating and managing the roll-out of the surveys brand internally and reporting additional information through the ACT Commitment Reporting

Brand Survey: is ACT's survey for ACT member brands, containing the same 16 sections as the Supplier Survey. This survey is anonymously filled by brand employees in the relevant roles. Referred to in this report as the Brand Survey.

Capacities: refers to the volume of products that can be produced by a factory in a given period of time, using a defined number of workers.

Capacity booking: factory capacities: the volume of products that can be produced by a factory in a given period of time using a defined number of workers and are set according to forecasts.

Critical path: all stages from planning to production.

Cost breakdown: breakdown of Cut Make and Trim costs (CMT) into labour assembly costs, factory overheads, materials and a supplier's profit margin.

Costing Model: a mechanism that allows transparency in price negotiations, helping buyers to understand the costs of a product. Labour costs should be specified as a separate item within CMT costs to ensure labour costs are not negotiable.

Direct labour costs: the wages paid to the direct operators for undertaking an operation. Refers to the employment costs of those workers directly involved in the assembly of a garment.

Exit Strategy: the way in which the process of ceasing a relationship with a supplier or factory is managed.

Forecasts: predicted volumes and timeframes required, given by a brand to a supplier.

Full traceability: the ability to locate the successive stages in the production of goods, including different processes, and the origin of raw materials.

Grievance mechanism: a confidential communication channel that can be used by suppliers to raise complaints and / or concerns.

Historical Costing Information: evolution of the cost of variables involved in production, such as raw materials or labour costs.

Indirect labour costs: auxiliary production support services and service labour costs, can be included in overhead. These may not be repetitive and may not be able to be measured in SMs (Standard Minutes). Includes those workers not directly involved, e.g., workers in stores, transport, security, management, social benefits, safety equipment costs, job training costs, etc.

RAG+: Red/Amber/Green scoring is extended by a 'Yellow' score. This addition allows seeing incremental progress from Amber to Green.

Supplier: refers to each supplier invited by ACT members and may include factories as well as third party agents.

Supplier Survey: is ACT's survey for suppliers, containing 16 sections on various aspects of purchasing practices. The survey is filled anonymously by suppliers about one or more of the ACT brands. Referred to in this report as the Supplier Survey.

Transparent payment terms: payment terms are clearly explained and cover every situation without hidden conditions (e.g., financial consequences in case of delayed delivery).

Z

Annex 2

| ACT Accountability and Monitoring Framework




A+M 2023 Assessment Overview incl. Targets

RAG
Variation
Score

AMBER

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

- a. Write compliance with collective bargaining agreements into purchasing agreements between brands' and suppliers' (manufacturers or intermediaries) terms and conditions of purchase
- b. Adopt all direct and indirect labour cost components in costing calculations in line with the agreed ACT methodology (components to be fully defined and agreed/labour costing protocol)
- c. Provide guidance to suppliers (manufacturers or intermediaries) on labour costing for suppliers
- d. Reflect increases in negotiated wages in the labour components of costing calculations

	ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
1a	All brands report that purchase agreements** include compliance with CBA.	% of brands that have purchase agreements** that include compliance with CBA.	Is the expectation of compliance with any CBA incorporated into your company's purchase agreements?	1.4 All purchase agreements state compliance with collective bargaining agreements.	1.4 All purchase agreements state compliance with collective bargaining agreements.
1b	All brands report that the ACT labour costing protocol is used for 100% of volume.	% of volume for which the ACT labour costing protocol is applied that isolates wages and other labour costs.	For what % of total *volume did your company apply the labour costing protocol?	3.1 During price negotiations, a brand uses a costing model that itemizes direct and indirect labour costs.	3.1 During price negotiations, a brand uses a costing model that itemizes direct and indirect labour costs.
	All suppliers surveyed report that ACT labour costing protocol is used for 100% of volume supplied to ACT brands.			3.2 The ACT labour costing principles (as outlined in the ACT labour costing protocol) are applied to all price negotiations.	3.2 The ACT labour costing principles (as outlined in the ACT labour costing protocol) are applied to all price negotiations.



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

↓	ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
1c	All ACT brands report that they have provided required guidance on labour costing to 100% of their suppliers.	% of suppliers who received guidance on labour costing in line with ACT labour costing protocol	What % of your suppliers did you provide guidance on labour costing (e.g. training)?	13.3 Suppliers are provided with guidance on the ACT labour costing protocol and how to correctly incorporate all direct and indirect labour costs into price quotations.	13.3 Suppliers are provided with guidance on the ACT labour costing protocol and how to correctly incorporate all direct and indirect labour costs into price quotations.
	All suppliers surveyed report that they have received guidance on labour costing in line with ACT labour costing protocol.		N/A	N/A	N/A
1d . i	All suppliers surveyed report that increases in wages and other labour costs are reflected in purchasing prices of 100% of volume supplied to ACT brands.	% of volume for which ACT labour costing protocol is applied that isolate wages and other labour costs including wage increase?	Was there a wage increase in any of your sourcing countries this year?	N/A	N/A
			If yes, did you account for the wage increase in your labour costing in that country?	4.3 Wage increases are reflected in the itemised direct and indirect labour costs.	4.3 Wage increases are reflected in the itemised direct and indirect labour costs.
1d . ii	All brands report that an internal monitoring mechanism to track the application of ACT labour costing protocol including the reflection of higher wages and other labour costs in purchasing prices is in place.	Does your company have an internal monitoring mechanism in place to track the application of ACT labour costing protocol, including the reflection of higher wages and other labour costs in purchasing practices?	Does your company have an internal monitoring mechanism to track compliance with the ACT labour costing protocol (including the reflection of higher wages and other labour costs)?	4.4 The application of ACT labour costing protocol is monitored internally.	N/A
			If yes, please describe your internal monitoring mechanism.		

YELLOW

Commitment 2. Brands commit to fair terms of payment.

- a. Payment to suppliers is in line with agreed timeframe
- b. Ensure the amount paid to suppliers is in line with the payment terms agreed and retrospective changes may only be made where it is mutually agreed and is not to the detriment of the supplier
- c. Do not impose penalties and deductions that fall outside the terms of the purchase agreement**
- d. Ensure that the purchase agreement references financial consequences clearly for non-performance
- d. Implement an internal monitoring mechanism to track terms of payment, on-time payments as well as penalties issued and their root causes

	ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
2a.	All brands secure on time payment to suppliers on 100% of their orders.	% of orders with on-time payment to suppliers.	If yes to Q8: What % of the company's orders were paid on-time?	12.1 All orders are paid on time.	12.1 A brand pays on time for all orders.
2b. i	All amounts paid to suppliers are in line with agreed payment terms. Decreases (from one monitoring cycle to the next) in % of suppliers reporting that retrospective changes were not mutually agreed.	% of orders where the amount paid is in line with agreed payment terms.	What % of the company's orders were paid in line with the agreed payment terms?	12.2 The amount paid to suppliers is in line with the agreed payment terms.	12.2 The amount paid by a brand is in line with the agreed payment terms.
2b.ii	Decreases (from one monitoring cycle to the next) in % of suppliers reporting that retrospective changes were not mutually agreed.	% of retrospective changes of payment terms which were not mutually agreed.	What % of retrospective changes to payment terms were mutually agreed?	12.3 Payment terms are only changed retrospectively with the mutual agreement of the supplier.	12.3 Payment terms are only changed retrospectively with the mutual agreement of the supplier.
2b.iii	Decreases (from one monitoring cycle to the next) in % of suppliers reporting that retrospective changes were to their detriment. All brands have implemented a process whereby retrospective changes (after order placement) are treated as strict exceptions and are mutually agreed, based on a review of related impacts.	% of retrospective changes of payment terms which were mutually agreed and to the detriment of the supplier.	What % of retrospective changes to payment terms were mutually agreed and also to the detriment of the supplier?	12.4 Retrospective changes of payment terms are treated as strict exceptions and are based on considerations of related impacts.	12.4 Retrospective changes of payment terms are treated as strict exceptions and are based on considerations of related impacts.



Commitment 2. Brands commit to fair terms of payment.

↓	ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
2c .	All suppliers surveyed report that no penalties and/or deductions have been applied which fall outside of the terms of the purchase agreement.	# of orders where penalties and/or deductions have been applied which fall outside the terms of the purchase agreement.	For how many orders were penalties or deductions applied which fall outside of the terms of the purchase agreement?	12.7 Penalties and/or deductions are only applied within the terms of the purchase agreement.	12.7 Penalties and/or deductions are only applied within the terms of the purchase agreement.
2d .	All brands have updated their purchase agreements to clearly reference financial consequences for nonperformance. All suppliers surveyed report that they are aware of financial consequences for non-performance.	% of brands whose purchase agreements clearly reference financial consequences for non-performance.	Do your purchase agreements reference clearly all financial consequences that your company may apply as a result of non performance?	12.5 Fines, penalties, cost price reductions or airfreight at a supplier's expense are contractually agreed before the start of a formal business relationship.	12.5 Fines, penalties, cost price reductions or airfreight at a supplier's expense are contractually agreed before the start of a formal business relationship.
2e .	All brands report that an internal monitoring mechanism to track terms of payment, on-time payments as well as penalties issued and their root causes is in place. All brands report that they have a process in place to understand root causes and that mitigation strategies are undertaken if necessary.	% of ACT brands who have in place an internal monitoring mechanism to track terms of payment, on-time payments as well as penalties issued and their root causes.	Which of the following does your company have an internal monitoring mechanism to track:	12.9 A monitoring mechanism is in place to track terms of payment, on-time payments as well as penalties issued and their root causes.	N/A

Commitment 3. Brands commit to better planning and forecasting.

- a. Improve forecasting processes with suppliers
- b. Give clarity and ensure communication with suppliers regarding key critical path stages
- c. Determine dates and frequency of adjusted forecasts
- d. Release excess booked capacity in a timely manner, where possible setting internal deadlines or reaching agreement with suppliers
- d. Improve dialogue with strategic suppliers to balance volumes through peaks and troughs

ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
3a.i All brands introduce a planning and forecasting systems for at least their main suppliers. Year-on-year improvement in the percentage of volume covered by planning and forecasting systems.	% of brands who have introduced a planning and forecasting system including capacity booking for at least their main suppliers.	Has your company introduced a planning and forecasting system?	1.2 Before orders are confirmed required capacities are agreed with suppliers. 2.1 Before orders are confirmed suppliers receive forecasts including capacity booking.	2.1 Before orders are confirmed suppliers receive forecasts including capacity booking.
3a.ii All brands surveyed demonstrate the % deviation (measured in pieces) from forecast on average on supplier level and in the % increase of overall volume covered by forecasting.	% of volume covered by planning and forecasting systems including capacity booking.	What % of your volume is covered by planning and forecasting systems including capacity booking.	N/A	2.1 Before orders are confirmed suppliers receive forecasts including capacity booking.
3a.iii	% deviation (measured in pieces) from forecast on average on supplier level.	What is the % deviation (measured in pieces) from forecast on average on supplier level?	N/A	N/A
3a.iv	% increase of overall volume covered by forecasting.	Year 2 question	N/A	N/A



Commitment 3. Brands commit to better planning and forecasting.

↓	ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
3b. i	YoY improvement in Supplier Survey responses of suppliers reporting positively on communication regarding critical path deadlines.	% of suppliers who report positively on communication regarding mutually agreed critical path deadlines.	N/A	N/A	7.4 Before orders are placed by a brand, the critical path deadlines for the order are mutually agreed with the brand
3b. ii	YoY improvement in the percentage of suppliers that brands engage with on critical path communication.	% of suppliers that brands are engaged with in critical path communication.	What % of suppliers do you engage with in critical path communication?	7.1 Before orders are placed, the critical path deadlines for the order are mutually agreed with the suppliers.	7.4 Before orders are placed by a brand, the critical path deadlines for the order are mutually agreed with the brand
3c. & 3d. i	All brands have introduced a planning and forecasting system in which; <ul style="list-style-type: none"> • dates and frequency for adjustments are determined and are mutually agreed; • excess capacity is released in a mutually agreed timely manner. 	% of brands who have introduced a planning and forecasting system in which: <ul style="list-style-type: none"> • dates and frequency for excess capacity is released in a mutually agreed timely manner. Adjustments are determined and are mutually agreed. 	Does your planning and forecasting system enable the following:	N/A	N/A
3c. & 3d. ii	YoY improvement in the % of suppliers who report that excess capacity is released in a mutually agreed timely manner.	% of suppliers surveyed that report excess capacity is released in a mutually agreed timely manner.	N/A	2.2. A mutually agreed timeline on frequency of adjusted forecasts is in place. 2.3. Forecast updates are in line with the agreed timeline.	2.2 A mutually agreed timeline on frequency of adjusted forecasts is in place. 2.3 Forecast updates are in line with the agreed timeline.
3c. & 3d. iii	YoY improvement in the % of suppliers that report that forecast updates are in line with the agreed timeline.	% of suppliers that report that forecast updates are in line with the agreed timeline.	N/A	2.5 A mutually agreed definition of timely manner for the release of capacity is part of supplier agreements. 2.6 Excess capacity is released in a mutually agreed timely manner.	2.5 A mutually agreed definition of timely manner for the release of capacity is part of supplier agreements. 2.6 Excess capacity is released in a mutually agreed timely manner.

YELLOW

Commitment 3. Brands commit to better planning and forecasting.				
ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
3e. i Balanced volumes through peaks and troughs.	% of suppliers who report positively on communication regarding management of peaks and troughs.	N/A	2.7 To balance required volumes throughout the year, high and low volumes are jointly managed with a supplier. 2.4 Forecast updates are reviewed against available factory capacity.	2.7 To balance required volumes throughout the year, high and low volumes are jointly managed with a supplier. 2.4 Forecast updates are reviewed against available factory capacity.
3e. ii	% of suppliers reporting improved balancing of volumes through peaks and troughs.	N/A	N/A	N/A

Commitment 4. Brands commit to undertake training on responsible sourcing and buying.				
a. Design and implement a training programme with common guidelines on ACT commitments to purchasing practices (accessible training material to be developed)				
4a. i All brands report that relevant employees were briefed / trained on ACT commitments on purchasing practices. All suppliers surveyed report that they have received training on ACT commitments. All brands have updated their training programs for relevant employees to include better forecasting and develop robust processes (including critical path stages).	% of brands that have delivered training on ACT commitments on purchasing practices, for all relevant employees.	How does your company determine which employees should be included in training?	N/A	N/A



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

↓	ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
4a.i			What % of 'relevant' employees have been trained?	<p>13.1 Employees are provided with training on the importance and benefits of responsible purchasing practices.</p> <p>13.4 Employees involved in price negotiations with suppliers are provided with training on cost breakdowns.</p> <p>13.5 Employees are provided with training on responsible purchasing practices, in particular on fair terms of payment.</p> <p>13.6 Employees are provided with training on responsible purchasing practices, in particular on capacity planning and forecasting.</p> <p>13.7 Employees involved in product development and corresponding negotiation of terms with suppliers, receive training on manufacturing processes and production lead-times to help ensure a clear understanding of what is being negotiated.</p> <p>13.8 Employees involved in order placement are trained on the brands' responsible exit strategy.</p> <p>13.9 Employees are provided with training on responsible purchasing practices, in particular on the ACT labour costing protocol and how to correctly incorporate all direct and indirect labour costs into prices.</p>	N/A

Commitment 4. Brands commit to undertake training on responsible sourcing and buying.				
↓ ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
4a. ii	# of suppliers informed on ACT commitments.	N/A Note that this indicator relates to the #no of suppliers surveyed and, therefore, should only be taken from the Supplier Survey.	N/A	13.1 Suppliers are provided with training on the importance and benefits of responsible purchasing practices. 13.2 A brand gives training to a supplier on the importance and benefits of complying with brand's ethical trade policies. 13.3 Suppliers are provided with guidance on the ACT labour costing protocol and how to correctly incorporate all direct and indirect labour costs into price quotations. 13.5 A brand gives training to a supplier on responsible purchasing practices, in particular on fair terms of payment. 13.6 A brand gives training to a supplier on responsible purchasing practices, in particular on capacity planning and forecasting.
	% of ACT brands who have updated their training programs for relevant employees to include better forecasting and develop robust processes (including critical path stages).	N/A	13.6 Employees are provided with training on responsible purchasing practices, in particular on capacity planning and forecasting.	N/A

Commitment 5. Brands commit to practice responsible exit strategies.

- a. Consider reasons for and consequences of exiting
- b. Conduct an impact/due diligence assessment (level of business)
- c. Allow appropriate phase-out time
- d. Seek to avoid negative impact on workers
- d. Take reasonable measures to assure that all wages and legally entitled severance payments are made

ACT TARGET	ACT INDICATOR	COMMITMENT REPORTING QUESTION	Brand Survey Question	Supplier Survey Question
5a. , 5b. & 5c. i	100% of factory exits comply with ACT responsible exit checklist meeting the due diligence requirements.	% of factory exits which comply with ACT responsible exit checklist (see notes)	How many factories did your company exit this year?	1.5 Before business ceases with a supplier, the exit strategy is managed jointly including an agreed phasing out period and due diligence about payments to workers and termination of their contracts. 15.4 Before onboarding of a supplier a brand's exit procedure is clearly communicated.
		For how many of those exits did your company apply the responsible exit checklist?	N/A	N/A
5a. , 5b. 5c. ii	# of complaints related to factory exits	N/A	N/A	N/A
5d. & 5e.	100% of all workers whose employment will be terminated receive wages and legally entitled severance payments.	Complaints/ reports received on negative impacts related to factory exits.	N/A	N/A

Annex 3

| Brand Survey and Supplier Survey Results

Methodology Brand Survey and Supplier Survey

NOTE

NOTE

NOTE

This is a replication of the 2021 methodology, the survey was administered in the same way this year.

To gain a better understanding of purchasing practices, a Purchasing Practices Self-Assessment tool - Brand Survey was developed by a Purchasing Practices Working Group of ACT in 2016/2017. Inspired by the ETI Suppliers Speak Up report the working group designed the brand survey and phrased questions that reflect the level of understanding in the industry. To test the robustness and functionality of the Brand Survey, a pilot was conducted during March 2017 among 7 ACT participants in order to testing the Brand Survey for its usability, usefulness, and comprehensiveness, receiving feedback about the types of questions that are asked, and providing an initial idea how the Brand Survey will lead to benchmarks and the status of purchasing practices.

During this pilot four external organisations, ASBCI, ETI, OECD and Oxfam, volunteered to give feedback on the survey development. The pilot participants offered numerous suggestions that were considered when designing the present version of the tool.

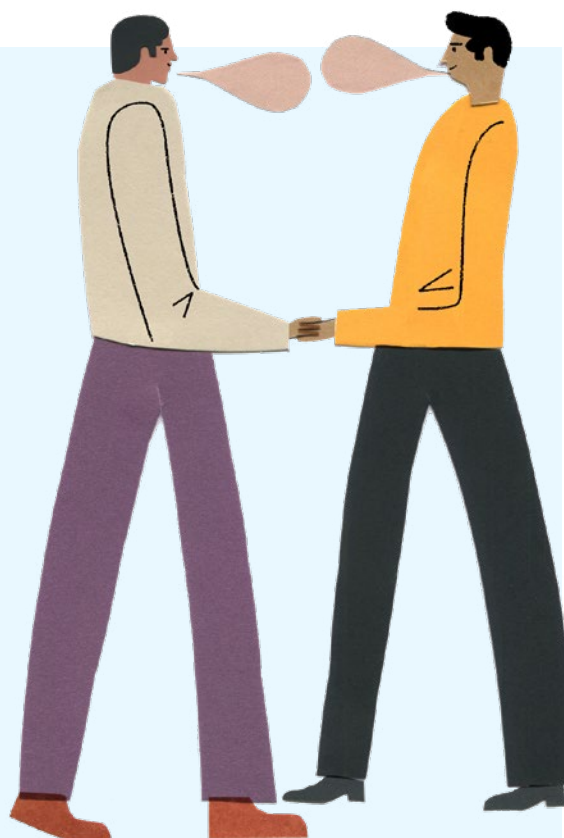
The tool was applied by 14 brands and 833 respondents completed the online questionnaire in 2017. In 2019, the first round of the Brand Survey was extended by 4 additional ACT brand participants and 1 brand participant which updated its answers from the previous round. This extension round covered 673 new respondents. In total, in 2019 18 brands participated in the Brand Survey with responses of 1506 staff members.

After this extension ACT reviewed the process and matched the buyer and the supplier surveys, also aligning them with the Global ACT Purchasing Practices Commitments. The aim of this revision and matching was to be able to use both surveys not only as an engagement tool, but as accountability measures. With the 2021 roll-out the results of the surveys will be used to track progress towards compliance with the Global ACT Purchasing Practices Commitments.

Mirroring the brands' assessment: The Purchasing Practices Assessment by Suppliers (Supplier Survey)

In 2018, the Brand Survey tool was complemented by a Purchasing Practices Assessment by Suppliers (Supplier Survey) tool. The supplier survey is an adjusted version of the brand survey, in which the respondents are suppliers to ACT brands. The Supplier Survey has been piloted with 28 suppliers in Türkiye with encouraging results. The envisioned outcome of this survey tool is improving communication about purchasing practices with suppliers, fostering a willingness to improve them, and increasing trust between the buyers and suppliers. This aligns with the core of ACT's agenda; improved purchasing practices to ensure the payment of a living wage.

In 2020 ACT conducted a complete overhaul of both surveys and, for the first time, asked ACT brand participants to roll the survey out to both their own brand representatives and their suppliers in ACT priority countries.



Technical introduction to the survey

The surveys were launched on a dedicated ACT survey platform, developed, and run by a third-party clean room, Carnstone Partners Ltd, to ensure absolute anonymity for all respondents.

Running from Early February to early June 2023, responses were collected for both surveys. The brand survey (Purchasing Practices Self-Assessment by Brands) asked staff from each ACT member brand to assess the purchasing practices of their organisation. Those invited to take part were from across the key product supply chain functions: from designers to merchandisers to buyers.

In parallel, suppliers were asked to complete the supplier survey (Purchasing Practices Assessment by Suppliers), commenting on the purchasing practices of the individual brands they supply product to.

There are 16 sections covered in both surveys. They can be summarised as follows:

- 1. Sourcing Strategy:** assessment (ethical audit) and agreements (capacity) required before orders are committed to. Responsible exit strategy jointly agreed before business ceases.
- 2. Forecasting & Capacity Planning:** timely forecasts, which are reviewed against capacity.
- 3. Price Quotations:** brand uses cost modelling that itemises direct and indirect labour costs.
- 4. Price Negotiation:** transparent and fair with an equal understanding by all parties.
- 5. Product Development:** sampling approval process is clear, timely and transparent.
- 6. Sampling:** feedback on postponed or rejected samples and monitoring of sample hit rate.
- 7. Order Placement:** critical path agreed, buyers evaluate supplier's ethical trade history before placing orders.
- 8. Changes to orders:** order changes or cancellations the exception; any changes lead to a change in delivery time and costs where needed; cancellations are remediated.
- 9. Re-orders:** production sites for re-orders agreed in advance.
- 10. Production & Lead-time:** lead-time agreed before orders are placed, and changes treated fairly.
- 11. Sales & Transparency:** Feedback is given to suppliers on sales.

12. Terms of Payment: fair and timely payment, wider terms such as penalty clauses, are all agreed and captured in the terms of payment.

13. Training & awareness: brand staff are trained on the importance of ethical trade, and on responsible purchasing practices; brands provide training to suppliers on these topics.

14. Incentives & Compliance Scoring: suppliers incentivised for good standards.

15. Buyer-Supplier Relations: brands seek feedback on purchasing practices and take action; clear supplier communications; confidential communication channels.

16. Strategy & Alignment: brands seek transparency beyond tier 1; long-term partnerships with the supplier; and alignment of purchasing practices with ACT commitments.

In total 71 questions were asked across the 16 sections for the brand survey and 61 questions across the 16 sections for the supplier survey:

- Each question was multiple choice, with one of three different sets of answer options (as shown in table 1)
- For analysis, answers were attributed a numeric value (as shown in Table 1)
- The 'don't know' option was given a numeric value of zero and excluded from the score calculation.
- For score aggregation, an average of the individual scores was taken. There were no weighted averages applied.

71

questions were asked across the 16 sections for the brand survey

61

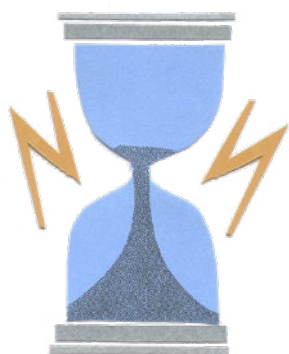
questions across the 16 sections for the supplier survey

Table 1

Scoring of the different sets of options

	-	Value: 1	Value: 2	Value: 3	Value: 4	Value: 5
Option 1	Don't know	Never	Rarely	As often as not	Usually	Always
Option 2	Don't know	No	Planned but not yet in place	In place but needs improvement		Well established and effective
Option 3	Don't know	No		In place but needs improvement		Well established and effective

The survey tool includes two types of items: questions about “policy character” and questions about occurrences of actual conduct. Higher scores are indications of better purchasing practices. The report introduces an “average brand”, which is calculated based on the means of all brands. Also, the minimum and maximum values of all responses are presented. The results are presented section-by-section, by showcasing the percentages of the responses and by comparing minimums and maximums of brands to the average brand. The results are anonymised, aiming to give a general idea of the industry. However, as this is an analysis report not for public distribution, brand names may be mentioned in the narrative to give some context to the analysis. When turning this analysis report into a public-facing report, brand names will have to be redacted.



Maintaining anonymity

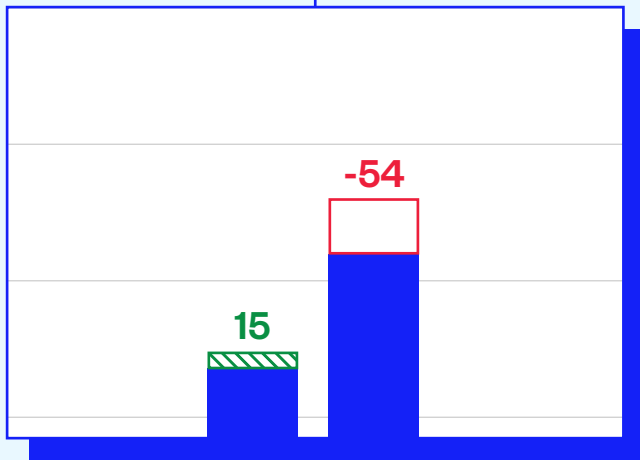
To ensure anonymity, survey respondents were not required to log into the platform or provide any personal details (such as name, email, or company name in the case of suppliers). Brand staff and suppliers were sent a generic survey web link, which they then clicked to access the survey. Each ACT member brand was given a unique survey link to share, which allowed the online platform to capture responses by brand without requesting any login details. For brand respondents, roles were captured (via a drop-down list), along with the country or office that individuals worked in. For suppliers, the survey captured the country of operation and supplier type (again via a drop-down list).

Brands were able to see the aggregated responses to both surveys on a results dashboard.

Both brand and supplier respondents were able to leave additional comments at the end of each section. These comments were not made visible to brands to prevent accidental breaches of anonymity. The themes from these comments were summarised by the clean room party, with any key themes shown in the deep dives section of this report.

For the purpose of this report, survey results have been analysed at a section-by-section level, comparing responses between the brand and the supplier survey where appropriate (note that not all questions in the brand survey were asked in the supplier survey.)

How to read the graphs presented

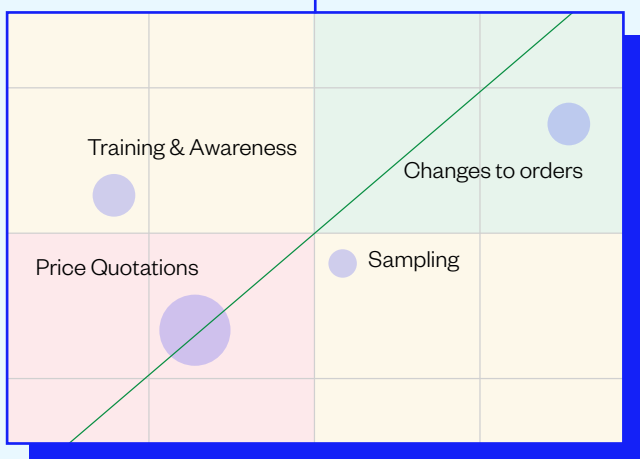
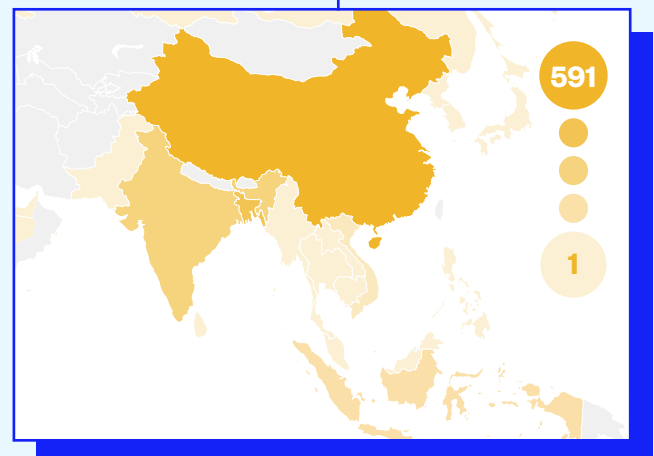


Bar Charts

In bar charts the total height of the blue section of the bar including any green hatching represents this year's total count. The green hatched area represents an increase on last year's total. Whilst the red, unfilled section depicts any reduction in the count from last year's total. The numbers presented represent the change from last year, green shows an increase, and red a decrease. From this example we can see that the data bar on the left has increased by 15, whilst the right has decreased by 54. We can also see that the right-hand total was higher than the left last year, but this position has reversed.

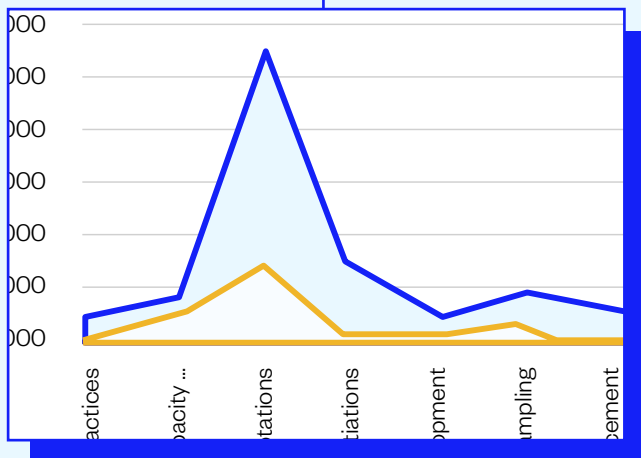
Maps

Here the scale runs from very light yellow to dark yellow, with increasing darkness representing a higher concentration of suppliers. Any countries in grey have no supplier sites that responded to the Supplier Survey.



Bubble Graphs

Here the colour coding of the quadrants represents performance. The scale of the bubbles is changing based on the perceived importance reported by suppliers. The larger the bubble, the greater the perceived importance

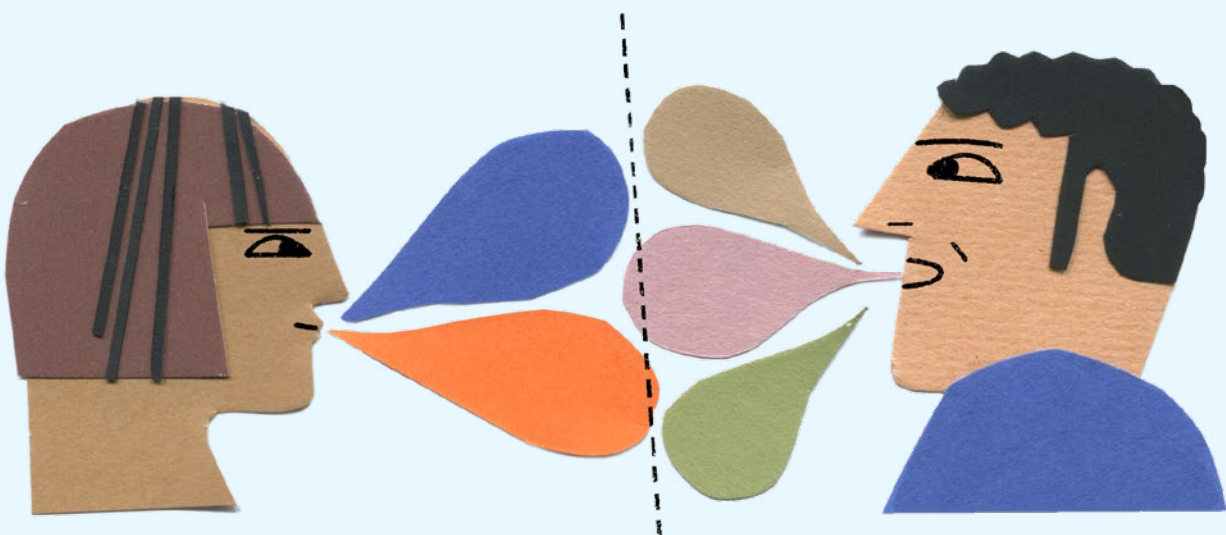
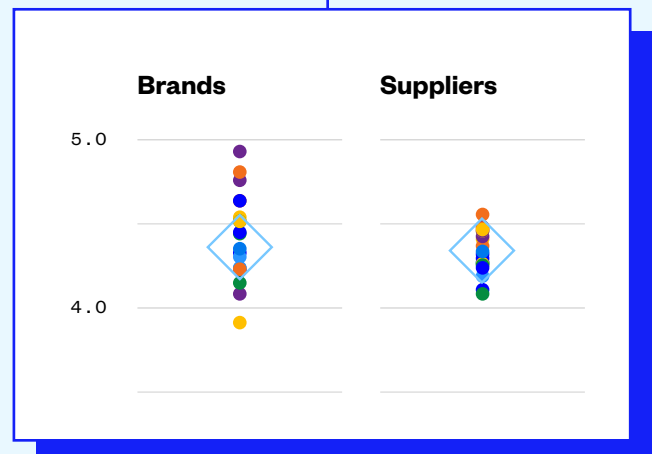


Variance plots

Here the height of the peak represents the scale of the variance, from this graph we can see both that price quotations is the most variably scored section shown, and that the blue representing Supplier Survey shows a significantly higher variance than the yellow, Brand Surveys.

Distribution graphs

Here the diamonds represent the average scores, and each coloured bar is an individual brand. From this graph we can see that whilst the averages are consistent across Supplier Survey and Brand Surveys, the Brand Surveys shows a significantly higher variation in scores.



Survey participation

NOTE
NOTE
NOTE
NOTE

In this section and sections ahead, blue colour will represent responses from the Brand Survey (brand employees), and the yellow colour will represent Supplier Survey responses (suppliers), except for small exceptions where it will be evident from the legend.

Brand Participation

- A total of 20 brands rolled out the survey in 2023.
- For those brands participating, 1,634 brand responses were received for the Brand Survey, which was 188 responses down (-10%) from 2021.
- At least one response was received for all brands; however, significant (>50) responses were only received for 10 of the brands. In 2021 12 brands had a significant number of responses.
- The number of responses for brands fell across most brands:
 - Two exceptions saw big increases in responses from their staff. It may be worth investigating whether they did anything significantly different to other brands to achieve this result and sharing any findings with other brands.

Supplier responses

- Across all 20 brands that rolled out the Supplier Survey there were 2,172 supplier responses, 7% less than 2021 received. However, and perhaps more importantly, the number of suppliers taking part increased by 85 to 1,423 - 6% up from 2021.
- If a supplier response covers, say, two brands then we count that as two survey responses.
- Therefore, the fall in responses but rise in suppliers taking part, means we have fewer suppliers this year who are working across two or more brands.
- If a supplier operates over, say, two countries then each site would count separately in the responses.
- 45% of brands had a significant number of supplier responses (>100), which was a significant uptick on the 2021 figure of 35%.
- Just over half of the brands saw supplier responses falling.

As in 2021, by far the biggest number of responses came from China but this year there were around 20% less suppliers operating there. Whilst it's true that we saw a rise in the total number of suppliers, as the graph shows below those suppliers were present across fewer countries than in 2021, and this accounts for the fall in numbers we can see in the graph below.

Top five sources of supplier responses are the same as in 2021. Note that the graphs below represent supplier numbers by country countries (rather than the number of responses). Cambodia has risen up the rankings, with the seventh highest number of suppliers this year (11th in 2021).

1,643

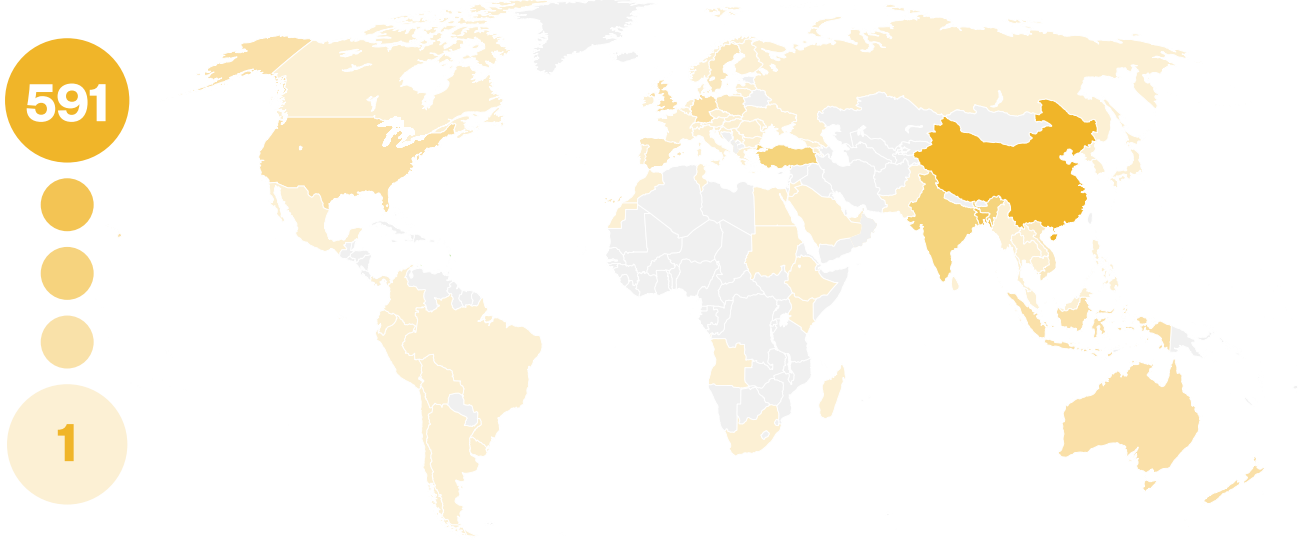
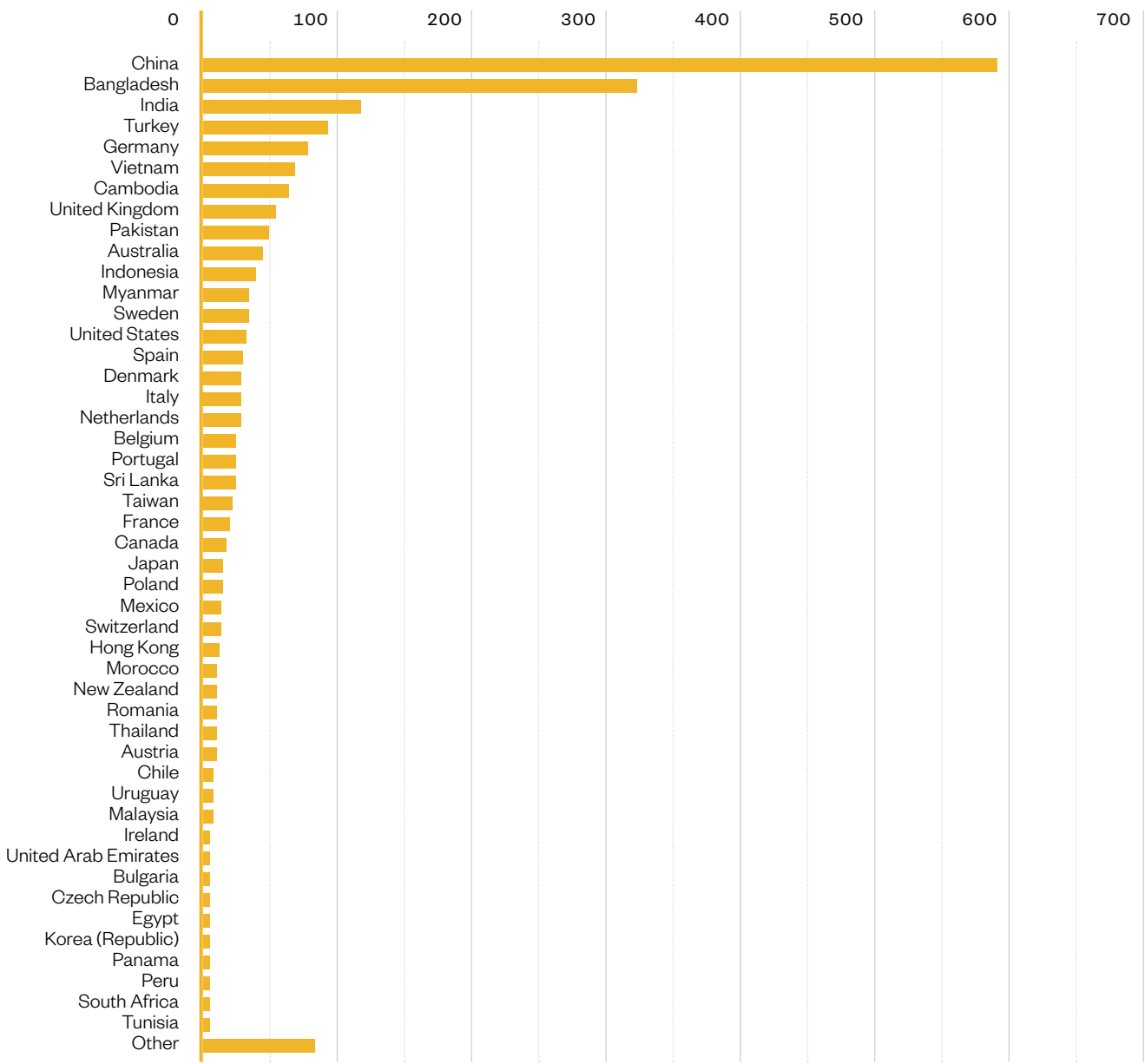
**brand responses were received
- a 10% decrease from 2021**

1,423

**suppliers took part - a 6%
increase from 2021**

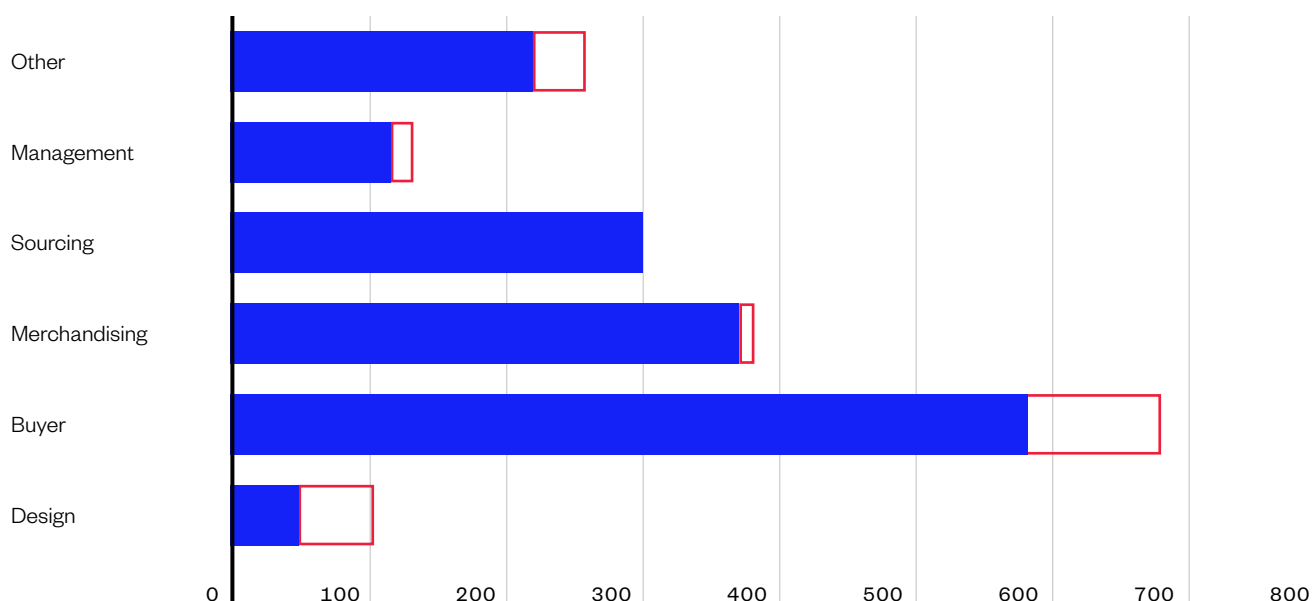
Supplier presence (sites) by country

n=2325 'sites'



Respondents by role

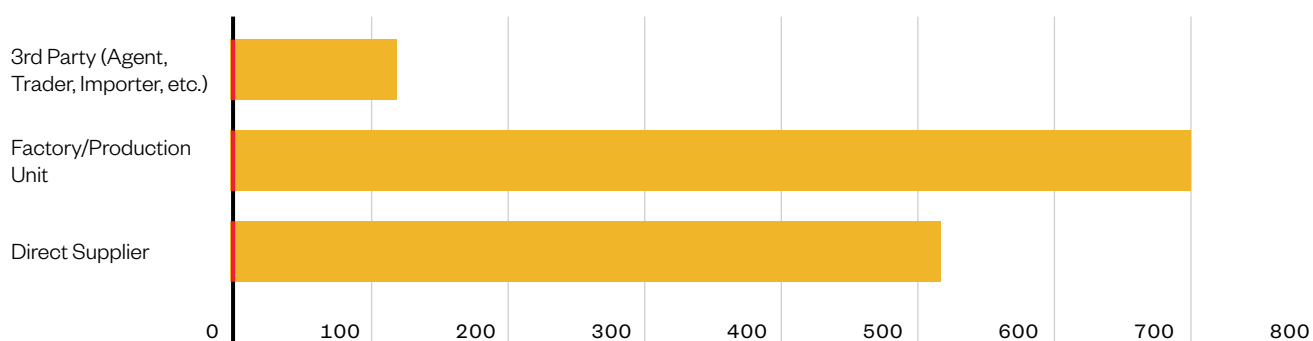
n=1831 brand employees



- 35% of those responding to the Brand Survey were buyers, with Merchandisers representing the next most common role at 23%.
- Survey participation from Design roles was significantly down. It is worth considering whether this is reflective of the representation of the roles within the best performing brands or a lack of engagement with that role?

Respondents by commercial relationship

n=1338 suppliers

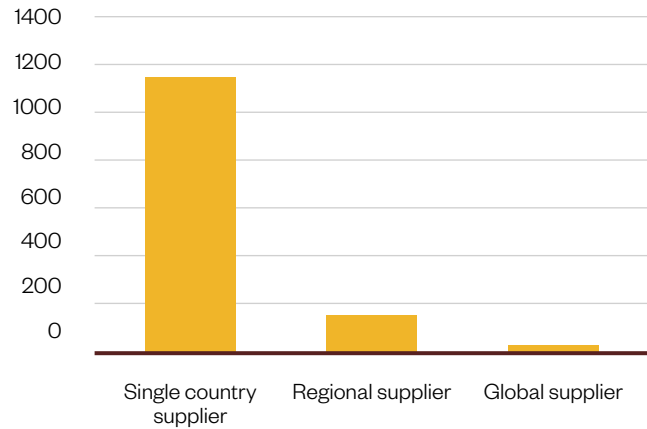


- There was an increase in suppliers responding across all supplier types.
- The majority of Supplier Survey respondents came from Factory/Production units (52%) followed by Direct suppliers (39%). Only a 9% of respondents were from 3rd parties.
- This is good as it shows that the results reflect more closely the relationship with the specific production sites, who will have the highest and most direct control over workers' wages and protections.

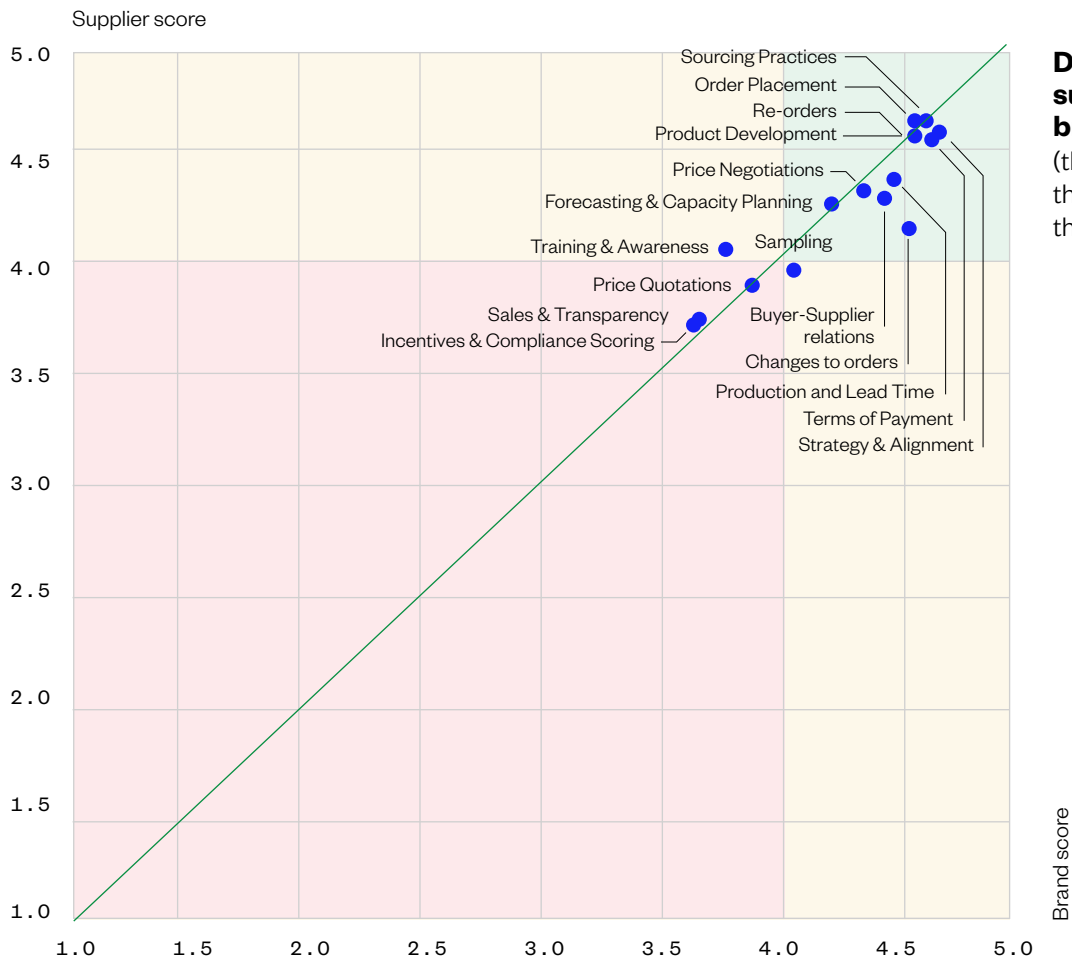
Suppliers by geographical spread

n=1423 suppliers

- From the suppliers who participated in the survey, 86% were single country suppliers (6% more than in 2021), suppliers with operations in a single country (or at least reporting only for one of their sites with which they produce for ACT brands).
- Single country suppliers ACT brands from only a single country (they may have multiple sites within that country)
- Regional suppliers are those supplying ACT brands from 2-4 countries.
- Global suppliers supply ACT brands from 5 or more factories.



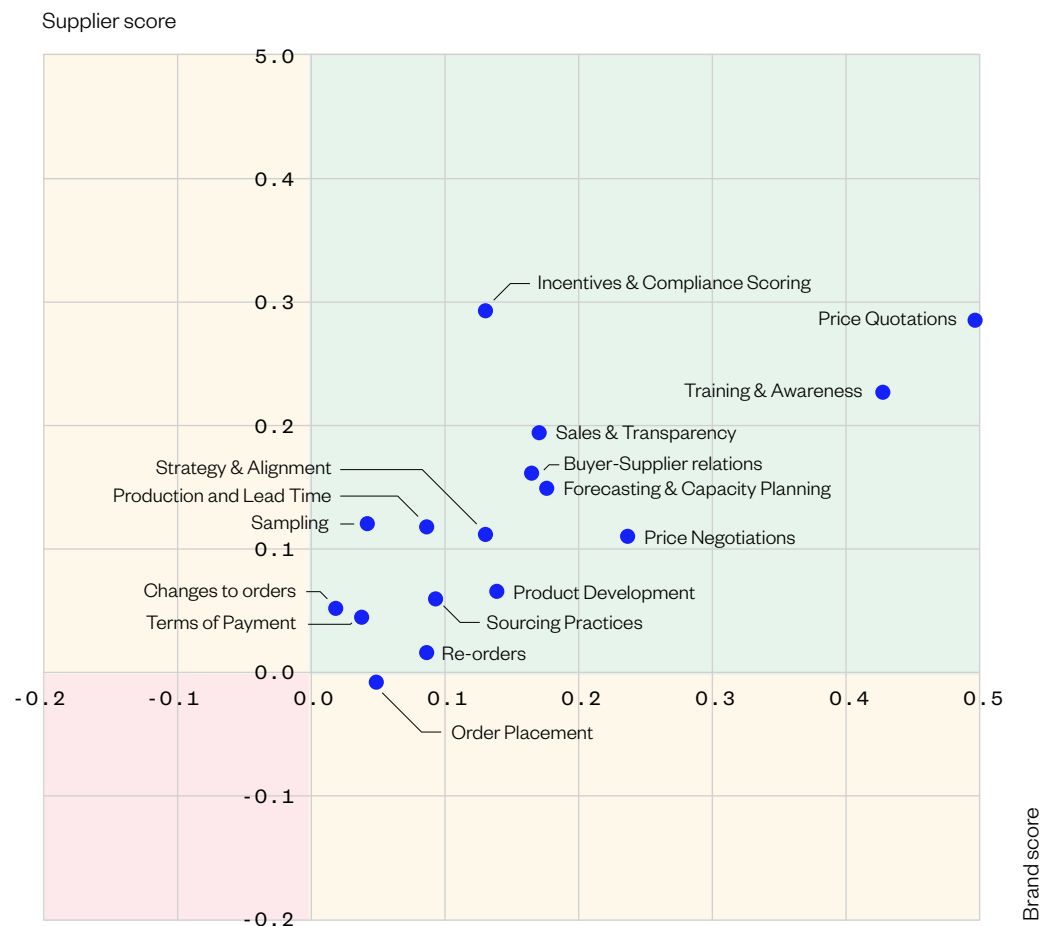
- As with 2021, the overall results were very positive overall with aggregated scores consistently above 3.0.
- Only in a few cases and for specific brands, or supplier countries, did we see low scores (analysed in next sections).
- N.B., a score of 3 means 'As often as not' or 'In place but needs improvement' – and whilst we'd hope to see scores above that, we can infer that this survey answer is giving the brand the benefit of the doubt it is certainly not a ringing endorsement of its activity. Therefore, any score of 3 or below is considered poor.
- By placing the Brand/Supplier Survey results on different axis, we can see whether there is any significant deviation in scores given by each party. As the graph below shows, in most cases the scores were fairly aligned:



Deviation of suppliers' and brands' perception
(the further away from the green line, the larger the gap)

- With the aggregate view of score variations by section (below) we can see that all the results showed improvement across all sections for both brands and suppliers. However:
 - 4 brands saw a reduction in Supplier Survey scores given to by suppliers across most sections (some of which had seen a fall in responses in 2023r).
 - 3 brands saw their Brand Survey scores decline from 2021 to 2023, though all three had low responses to the Brand Survey.
- The graph below shows the differences in scores between 2021 and 2023 for each of the sections, and for both the Brand and Supplier Surveys. On the X-Axis, the change in score from 2021 to 2023 for each section in the Brand Survey (Brand Score), with the equivalent for the Supplier Survey (Supplier Score) on the Y-Axis. For example, Price Quotations (top-right) has seen an increase of 0.5 points in the Brand Survey, and just under 0.3 points in the Supplier Survey.”
- The largest increases in scores for both brands and suppliers were for the sections on Price Quotations and Training & Awareness. Both were part of the sections where recommended actions were discussed in the previous report.

Score Variation



4

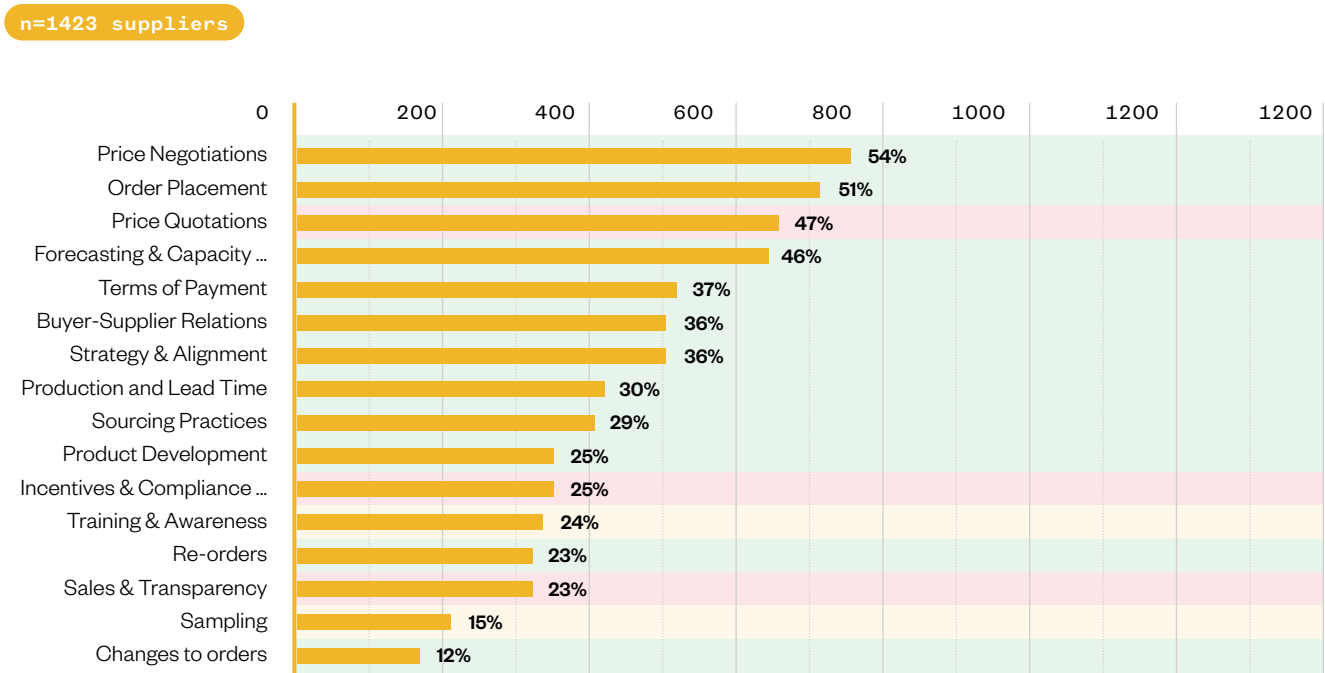
brands saw a decline in Brand Survey scores given to by suppliers across most sections

3

3 brands saw their Brand Survey scores decline in 2023

- The graph below has been overlaid with the performance colour coding of the first scatter graph, where green represents both Supplier and Brand Surveys scores of over 4, yellow has one score below 4, and red has both scores below 4.
- Close to 50% of suppliers thought Price was the key consideration – both Negotiation and Quotations. This is perhaps to be expected and follows the 2021 result.
- Alongside this (again close to 50%), suppliers thought operational impacts from the Planning and the Placing of Orders to be important.
- The top 10 issues remain the same as in 2021 with similar %, the only change from 2021 to today was that 'Incentives and Compliance Scoring' has moved up from the 14th to the 11th most important issue.

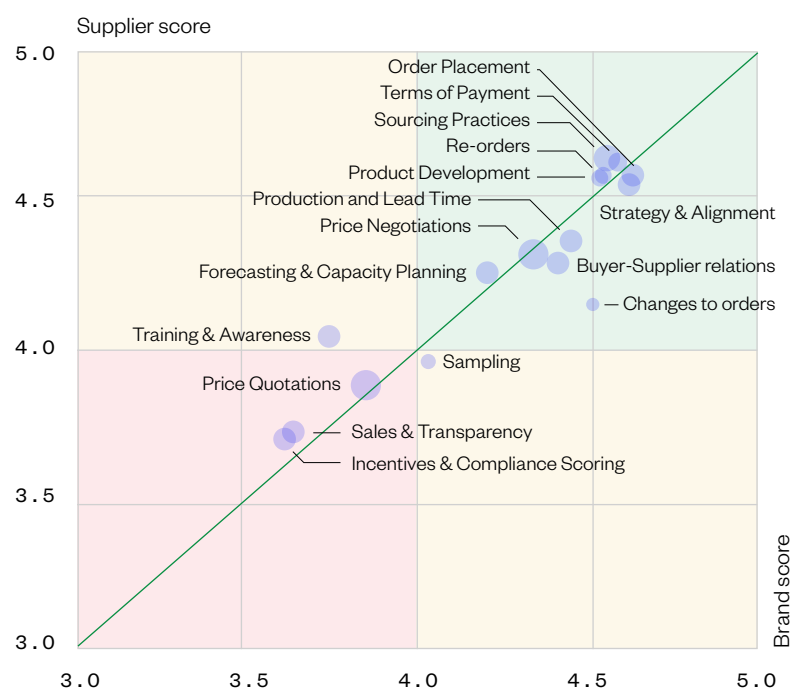
Suppliers that consider section important (% of suppliers)



- The graph on the right combines the importance of the topics by suppliers (by bubble size) with the overall scores graph for Supplier Survey vs Brand Survey. It has been zoomed in to show the nuances of the scores.
- The results show that Price Quotation – which suppliers ranked as the number one issue to achieve a living wage – scores below 4, meaning that in many cases both supplier and brand staff think it's happening but not always or needs improvement.
- Topics that diverge the most from the line (Supplier Survey = Brand Survey), are Training & Awareness, where suppliers have a more positive view, and Changes to order, where brand employees have a more positive view.

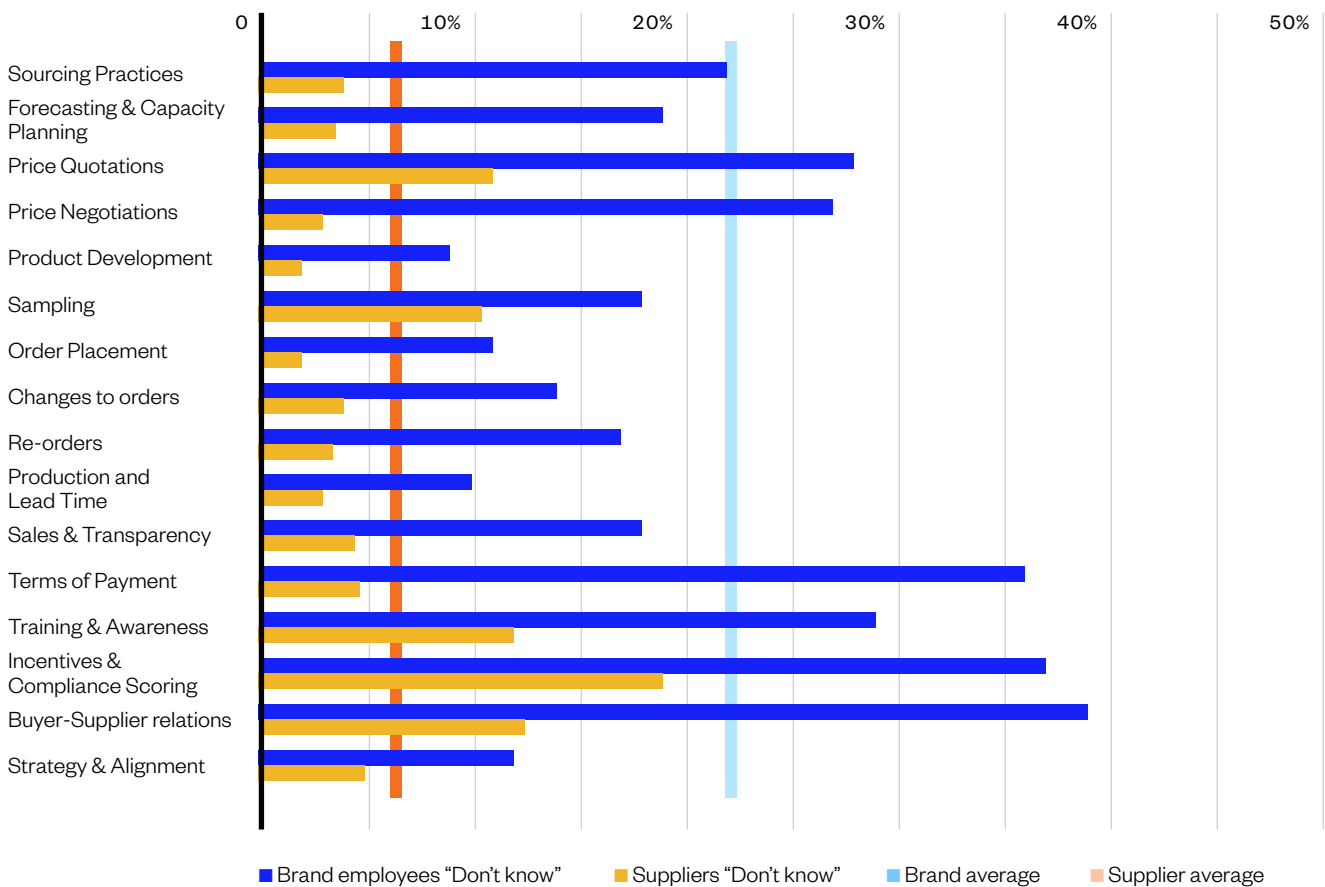
Performance and Importance

(the larger the bubble, the greater the perceived importance)



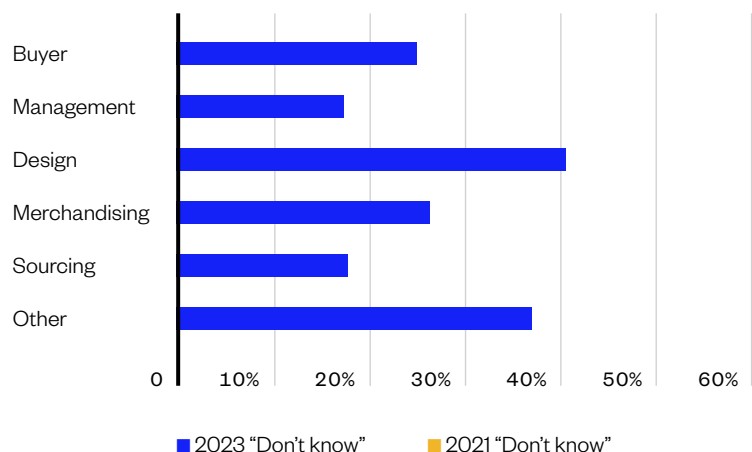
- The % of respondents that answered with “Don’t know” is an important factor to consider. These responses are not included in the scoring.
- “Don’t know” responses could be a lack of awareness or a reflection of questions not being applicable to specific roles/suppliers. Understanding these responses and improving is a focus area for future reporting.
- The % of Don’t know for the Brand Survey is consistently higher than the same for the Supplier Survey, which is in line with the results of 2021. For the Brand Survey there will be some roles that have limited understanding/exposure to some of the survey themes.

Average % of “Don’t know” responses per question



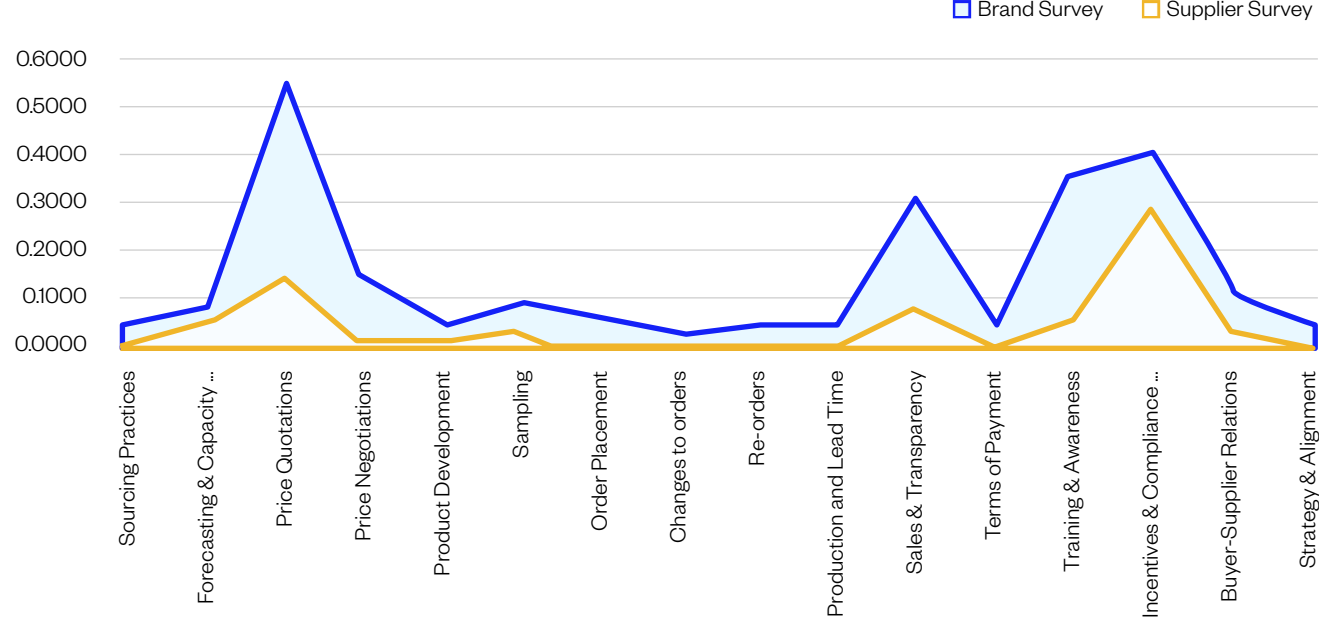
- Overall, the % of Don’t know has decreased from 2021, with Buyer-Supplier relations, Incentives & Compliance Scoring and Terms of payment still being the sections where most brand employees respond “Don’t know”.
- Design and ‘Other’ roles had the highest amount of ‘Don’t Know’s’.

% of “Don’t know” by brand employee role



- Looking at the variance in scores – from the lowest to the highest – there are four themes where Brand Survey responses vary significantly: Price Quotations; Sales & Transparency; Training & Awareness; and Incentives & Compliance. All also had a significant number of Don't knows.
- For suppliers there's far less variance in responses with the exception of Incentives and Compliance.

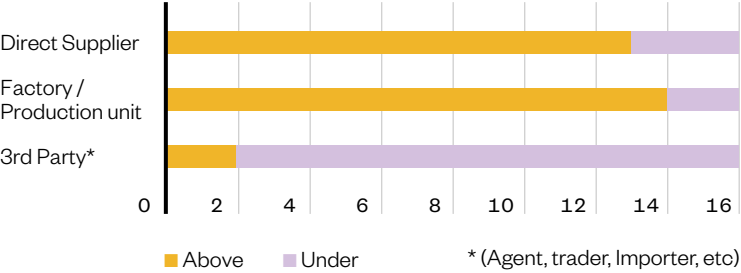
Variance by section



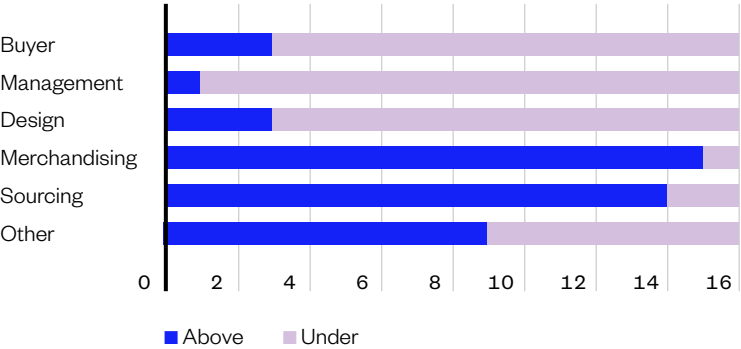
Finally, when looking at how different roles (for the Brand Survey) and supplier types (for the Supplier Survey) score:

- Direct Suppliers and Factory/Production units tend to perform above the average in most of the sections. This is a big improvement for Direct suppliers, who only scored above the average in 7/16 sections in 2021.
- For brand employees, those in Merchandising and Sourcing roles tend to score above average, with Buyers, Managers and Designers scoring above average only in 3 or less sections.

Purchasing practices perception by commercial relationship 2023



Purchasing practices perception by role 2023



Deep-dive Supplier Survey and Brand Survey analysis

In this section details by theme are provided:

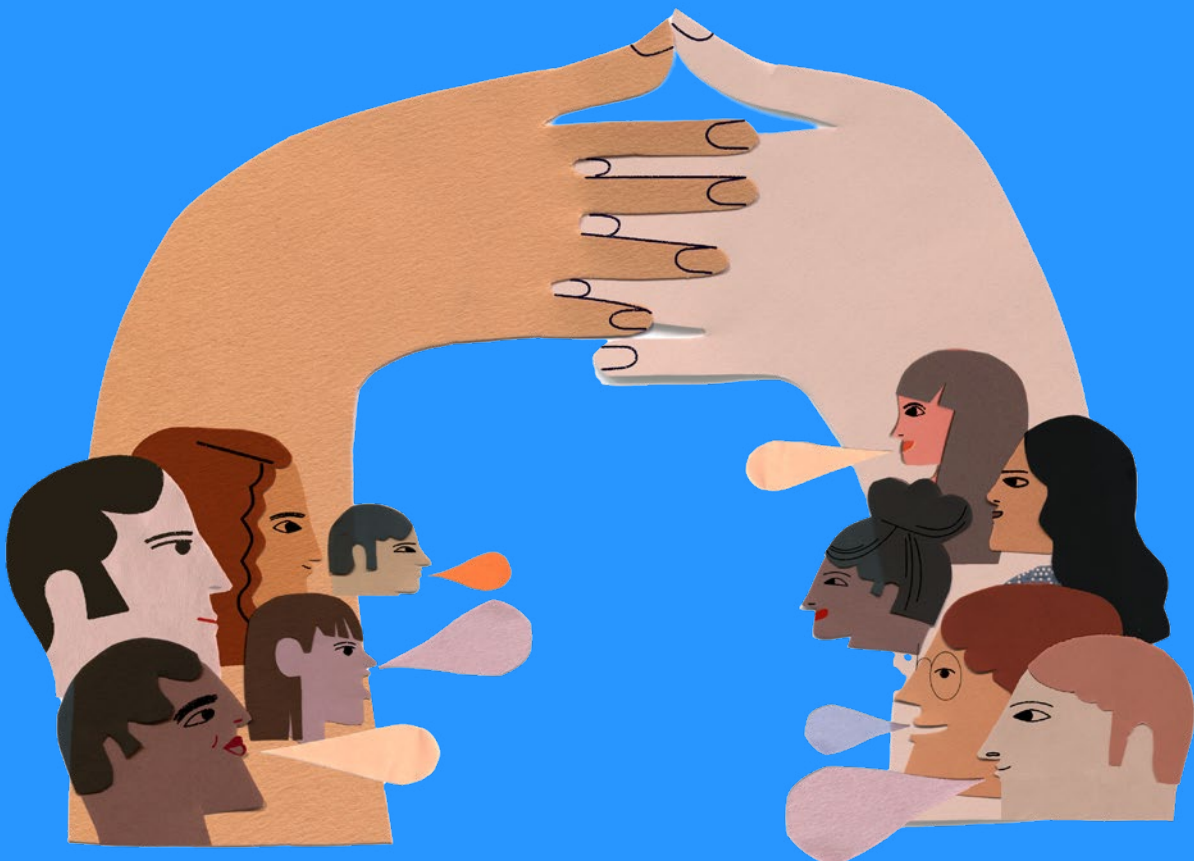
- The distribution of scores, showing whether any particular brands are outliers.
- The average score and how this compares to the previous year.
- The % of don't knows which call outside of the scoring.

Specific scores for each question with the section/ theme are shown.

Graphs can include one or more of the following:

- Distribution of scores across surveys
- Scores by specific question
- Brand Survey role scores
- Supplier country scores
- Supplier Survey score by supplier type

- 
1. Sourcing Practices
 2. Forecasting & Capacity Planning
 3. Price Quotations
 4. Price Negotiations
 5. Product Development
 6. Sampling
 7. Order Placement
 8. Changes to orders
 9. Re-orders
 10. Production and Lead Time
 11. Sales & Transparency
 12. Terms of Payment
 13. Training & Awareness
 14. Incentives & Compliance Scoring
 15. Buyer-Supplier Relations
 16. Strategy & Alignment



1 Sourcing Practices

4.6

Average score Brand Survey

+0.1 from 2021

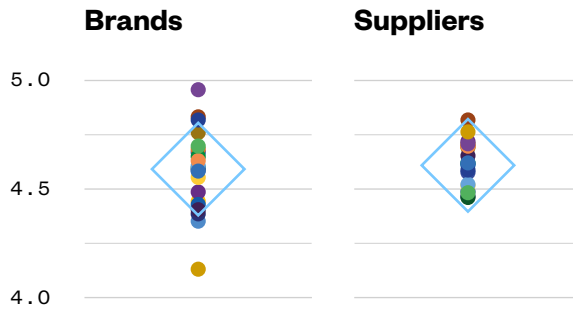
22.3% don't know

4.6

Average score Supplier Survey

+0.0 from 2021

3.7% don't know



- Average scores are aligned and high. Distribution has a wider spread for brands, and it shows some outliers.
- Significant number of “Don't know” spread across roles.



Surveyed brand employees commented that:

- General comments that responsible exit practices are in place, but some felt that there was a lack of transparent monitoring on what happens to workers after the exit.

“Exit plans are agreed with the majority of factories, but a due diligence process is not in place in respect of workers whose employment be may terminated as a result of an exit.”

Surveyed suppliers commented that:

- General theme that sourcing practices are in place and all suppliers are striving to work to them, some have commented that requirements can be so high that they're extremely hard to meet.

“Nowadays very complete in this case is very difficult to meet the target.”

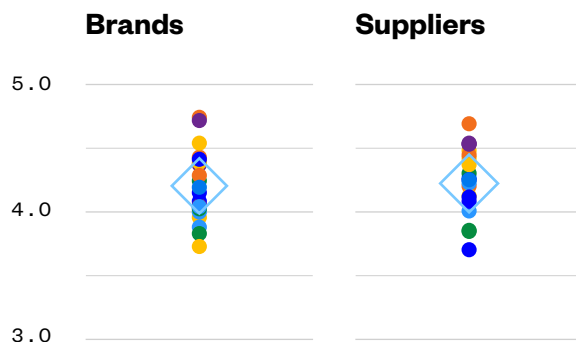
2 Forecasting and capacity planning

4.2 Average score Brand Survey
+0.2 from 2021

18.8% don't know

4.3 Average score Supplier Survey
+0.2 from 2021

3.3% don't know



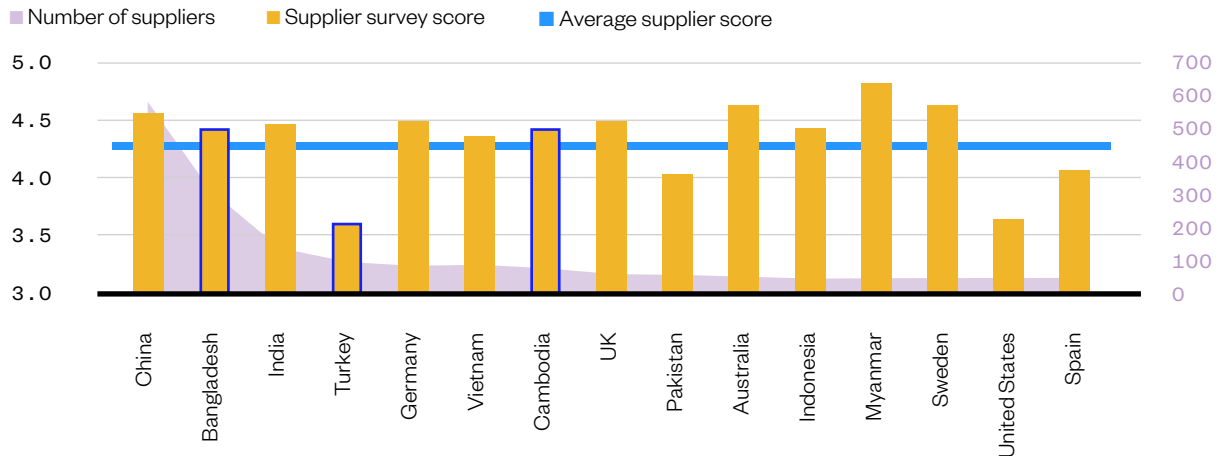
- Looking at individual questions, supplier and brand responses are consistent and high (although there is some spread between brands, with some scoring less well).
- Brand Survey “Don’t Knows” are significant, particularly around the question relating to the release of excess capacity. 43% of designers responding to the survey used ‘don’t know’ – whether this matters is a question, as their role would have little impact here.



43%

of designers responding to the survey used ‘don’t know’

Supplier Survey score by country



- Türkiye is seeing significantly worse performance than other countries. This is important as Türkiye is an ACT country, with a high proportion of 'Never' in the responses given.

Surveyed brand employees commented that:

- Lots of recognition that forecasting is not accurate enough to be useful.
- Responders of one brand said that forecasting is only done for core lines.
- The business needs to improve this area, with more accurate, longer-term forecasting.
- Some respondents said that rolling forecasts had been established to improve accuracy.

Due to the unpredictability of trade and stock health management over the past 18-24 months this is an area that the business needs to focus on improving going forward."

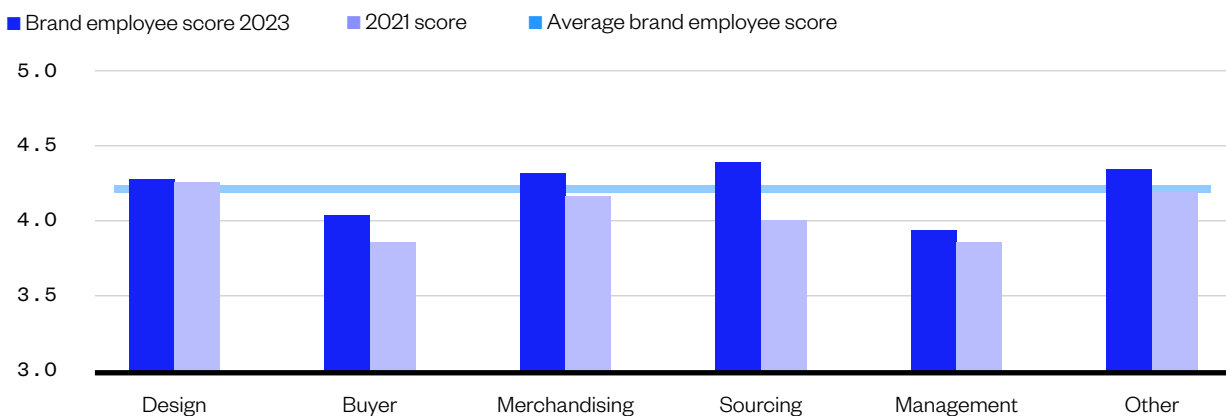
Surveyed suppliers commented that:

- Lots of comments about forecasting and the need for it to be much more accurate, with long-term forecasting and frequent updates when needed.

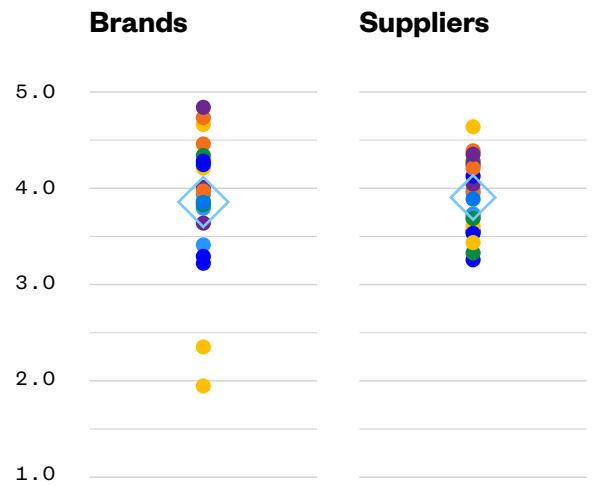
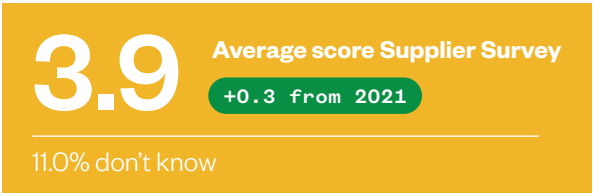
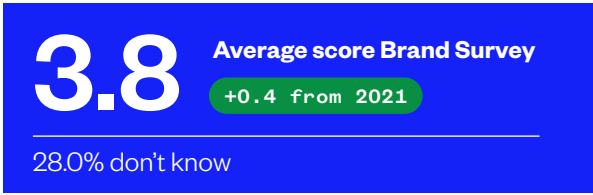
We would like to receive forecasting & capacity planning at least 2 times in a year".



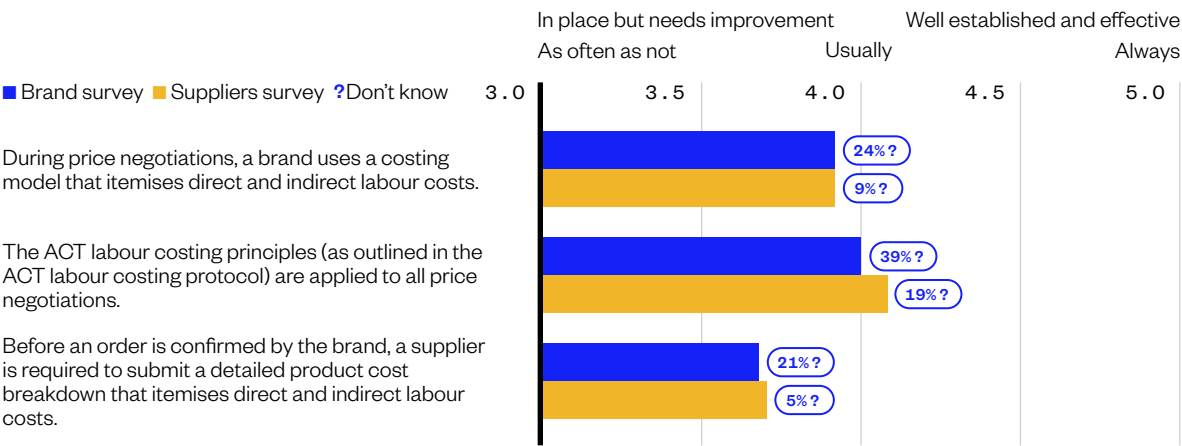
Brand Survey score by role



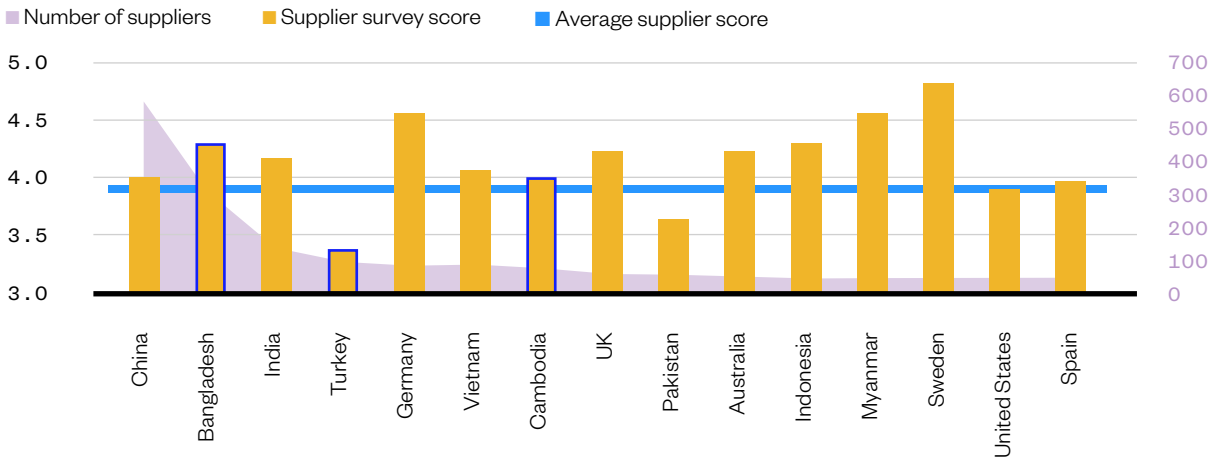
3 Price Quotations



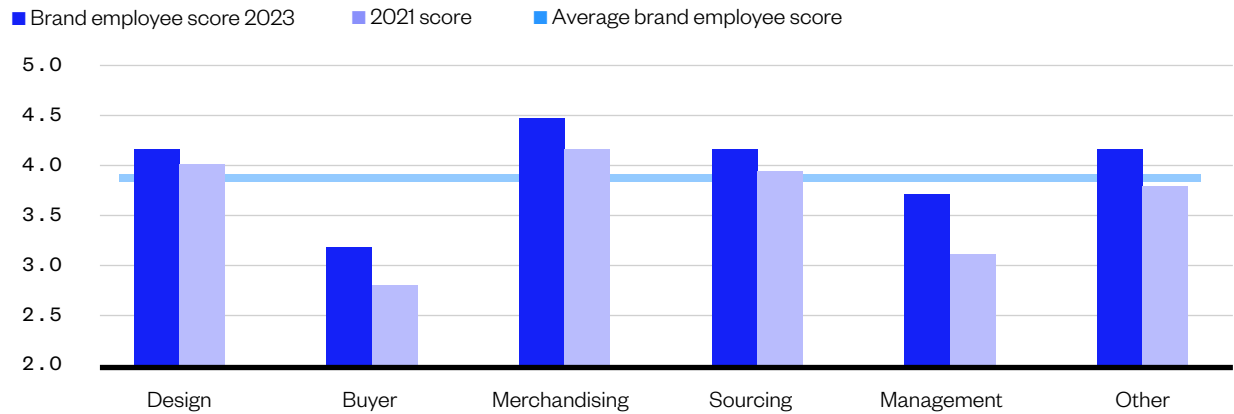
- Looking at the distribution, particularly low scores for several brands across both surveys with many scoring 3 or below can be found.
- Buyer Brand Survey scores are particularly low.
- Scores are also particularly low for 3rd party suppliers.
- Very high proportion of “Don't know” responses among brands regarding the application of ACT labour costing principles, across all functions. This was similar to 2021 results.



Supplier Survey score by country



Brand Survey score by role



- There were several comments regarding the need for greater transparency and itemised costing, specifically considering increasing costs of labour and energy. This is an area of improvement on 2021, but still requires further work, with a score below 4 in the Supplier and Brand Surveys.

Surveyed brand employees commented that:

- Labour costs are not itemised in the open costing breakdown.
- Where open costing is done, it only covers core lines.
- They didn't know about the ACT Labour Cost Protocol.



The labour cost is itemised, but not split into direct and indirect labour cost"

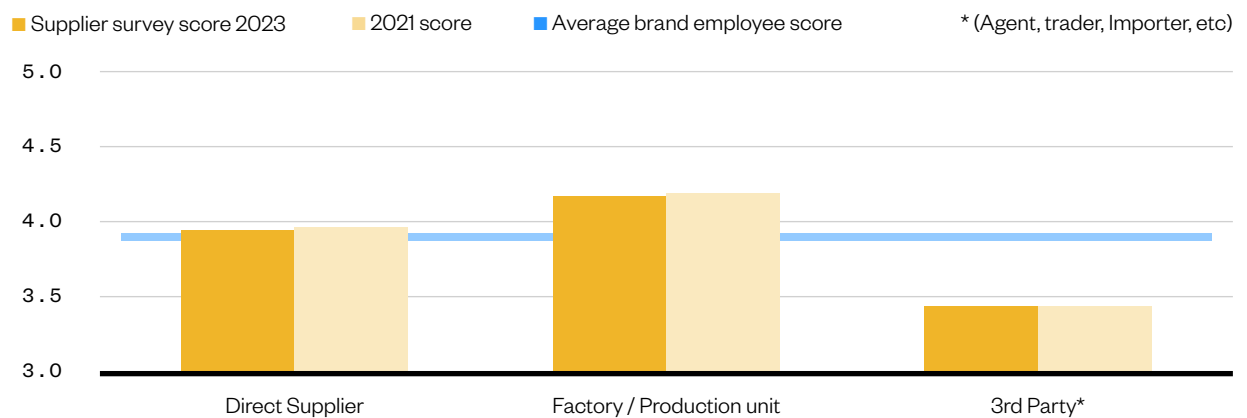
Surveyed suppliers commented that:

- Brands need to be more aware of the increased costs of labour and materials and consider this when setting a target price.
- Only two suppliers commented that prices are mutually agreed with their buyer.



Recently we are getting forced to accept unethical target price"

Brand Survey score by service



4 Price Negotiation

4.3

Average score Brand Survey

+0.2 from 2021

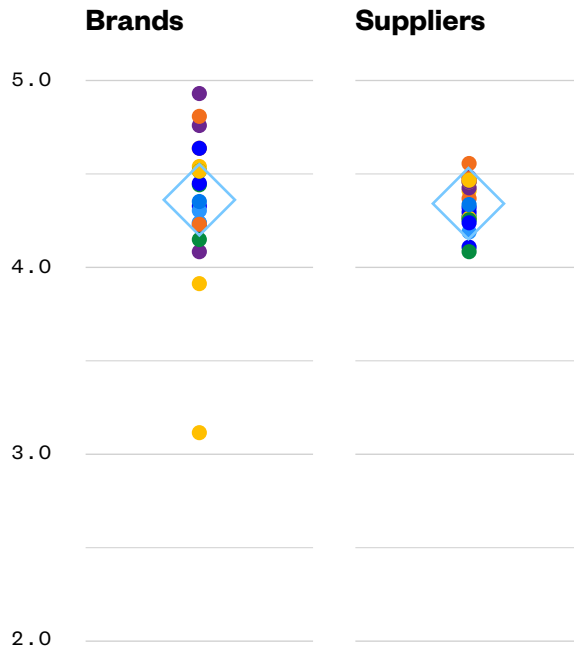
27.6% don't know

4.3

Average score Supplier Survey

+0.1 from 2021

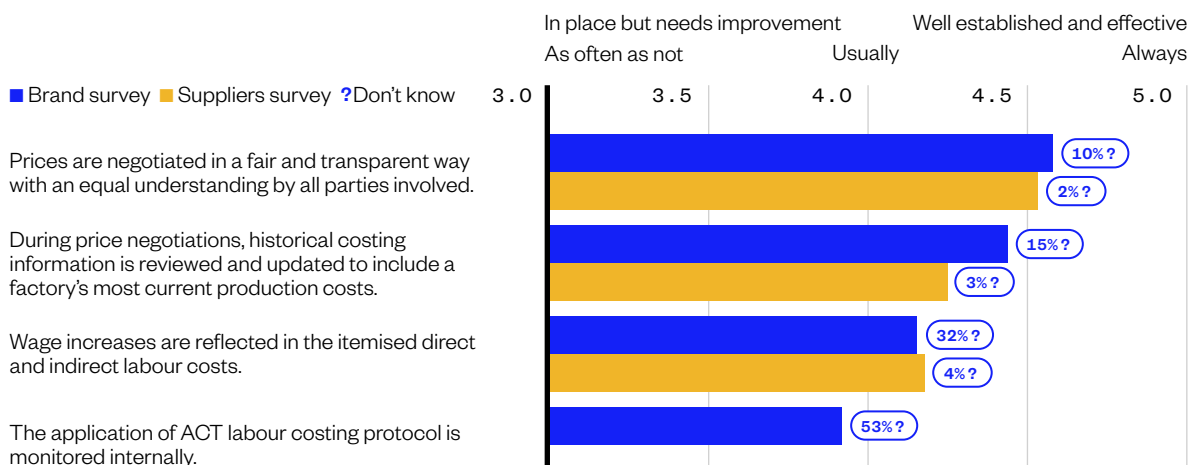
3.1% don't know



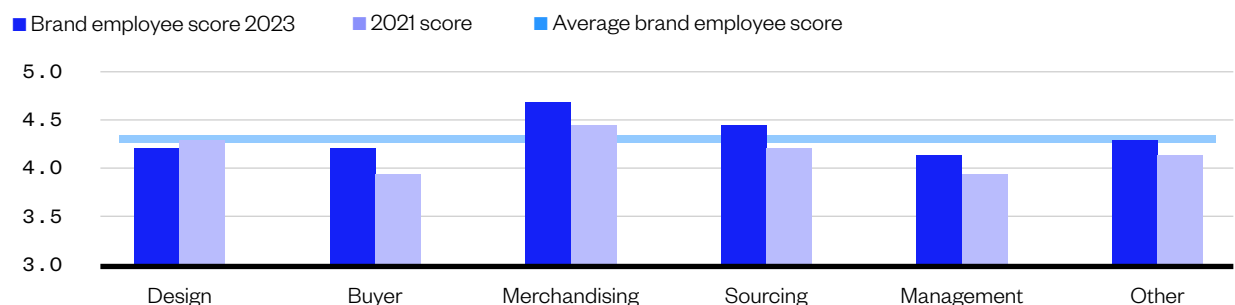
- Lack of knowledge surrounding the application of ACT labour costing, and itemised labour costs in pricing. This was also reflected in 2021.
- 53% of brand respondents don't know whether ACT labour costing protocol is monitored internally, suggesting that if it is being monitored, this information is not shared internally.
- 61% of Buyers don't know if the protocol is monitored internally..
- Brand scores in the Brand Survey show a wide divergence, with some clear outliers. Interestingly the suppliers to those brands don't have the same view.

Surveyed suppliers commented that:

- The buyers have a target price and that's all that matters. They don't tend to consider the increased costs of production, labour, or energy.



Brand Survey score by role



5 Product Development

4.5

Average score Brand Survey

+0.1 from 2021

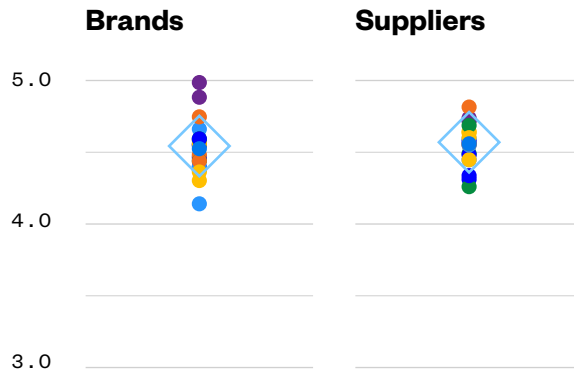
8.7% don't know

4.6

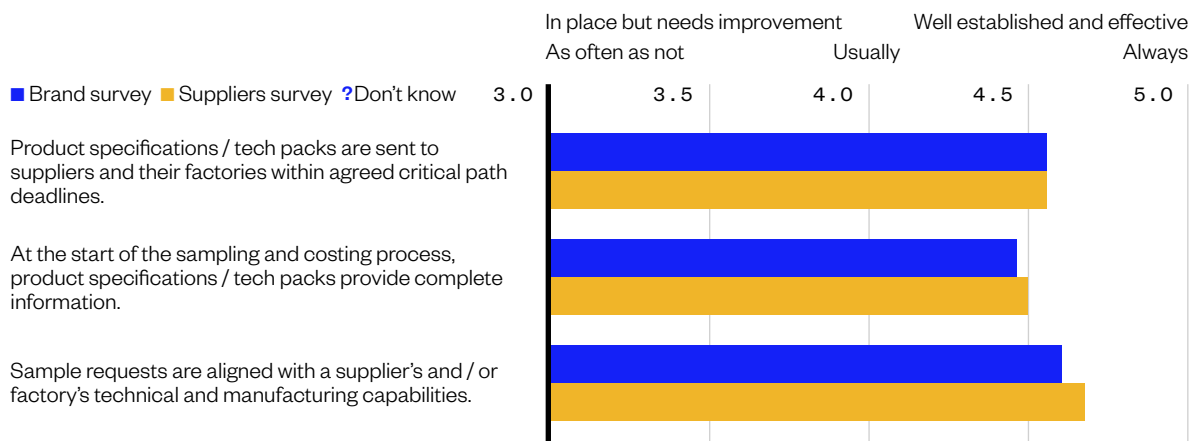
Average score Supplier Survey

+0.1 from 2021

1.2% don't know



- High scoring across both Brand and Supplier Surveys with some divergence across brands, yet all at the higher end.
- Furthermore, the observation above combined with a low “Don't know” rate suggests that product development and sampling is generally well practised across brands.
- Comments suggest that tech packs could be both wider ranging (covering more than key lines) and more precise in their requests for samples, to tighten the critical path and avoid delays.



Surveyed brand employees commented that:

- Tech packs are subject to change so often of limited accuracy and value. Several commented that where packs do exist, it's usually only for key lines.

Surveyed suppliers commented that:

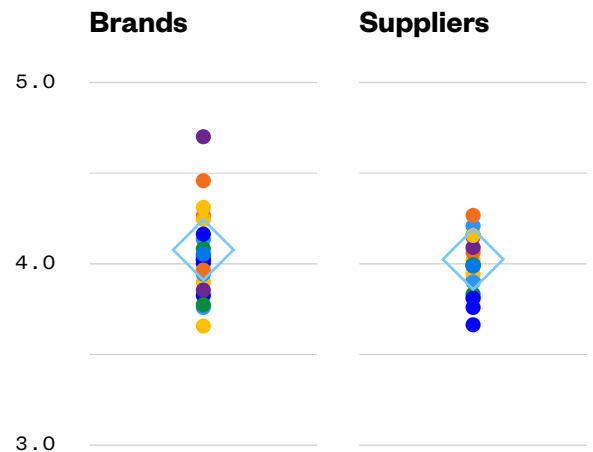
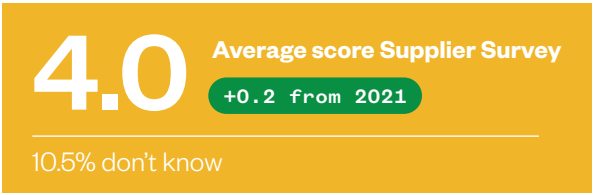
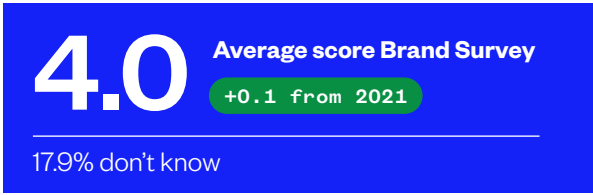
- A couple of suppliers commented that brands don't provide clear technical requirements for sampling, squeezing lead time and adding cost.



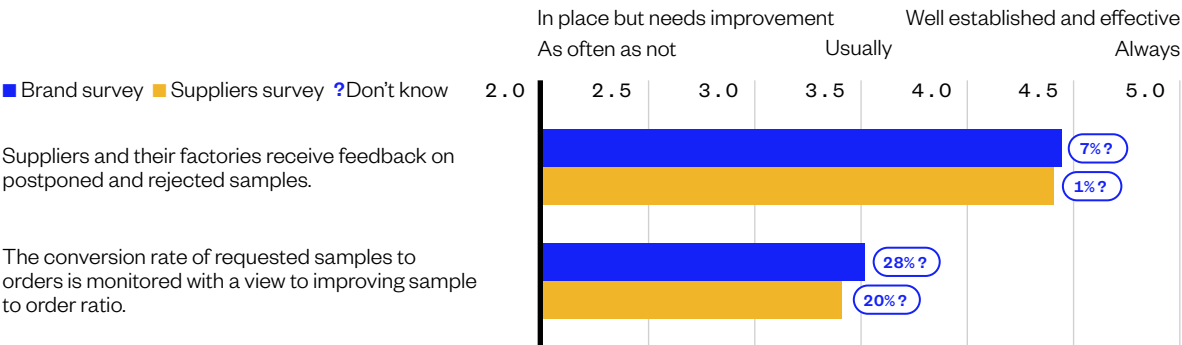
Tech packs are subject to frequent change and often incomplete and submitted with very tight timelines. Tech packs along with actual orders are also submitted to suppliers before auditing/ competence process is completed.”



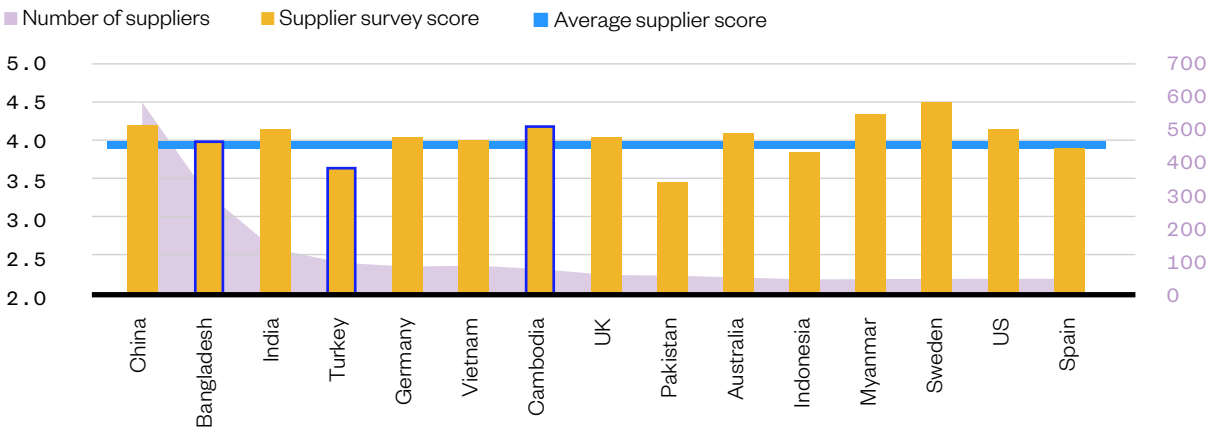
Here ACT is assuming that brands know what they want and have a solid understanding of the products. That is not always the case.”



- Many brands are scoring below 4 in both the Supplier and Brand Surveys. The comment themes would suggest that those low scoring brands are oversampling.
- Interestingly, individual Brand and Supplier Surveys brand scores seem misaligned (high in Supplier Surveys, low in Brand Surveys and vice versa).
- Both, results from Türkiye and Pakistan show significantly lower performance on Q25, suggesting they are seeing less improvement in sampling rates than other countries.



Supplier Survey score by country



Surveyed brand employees commented that:

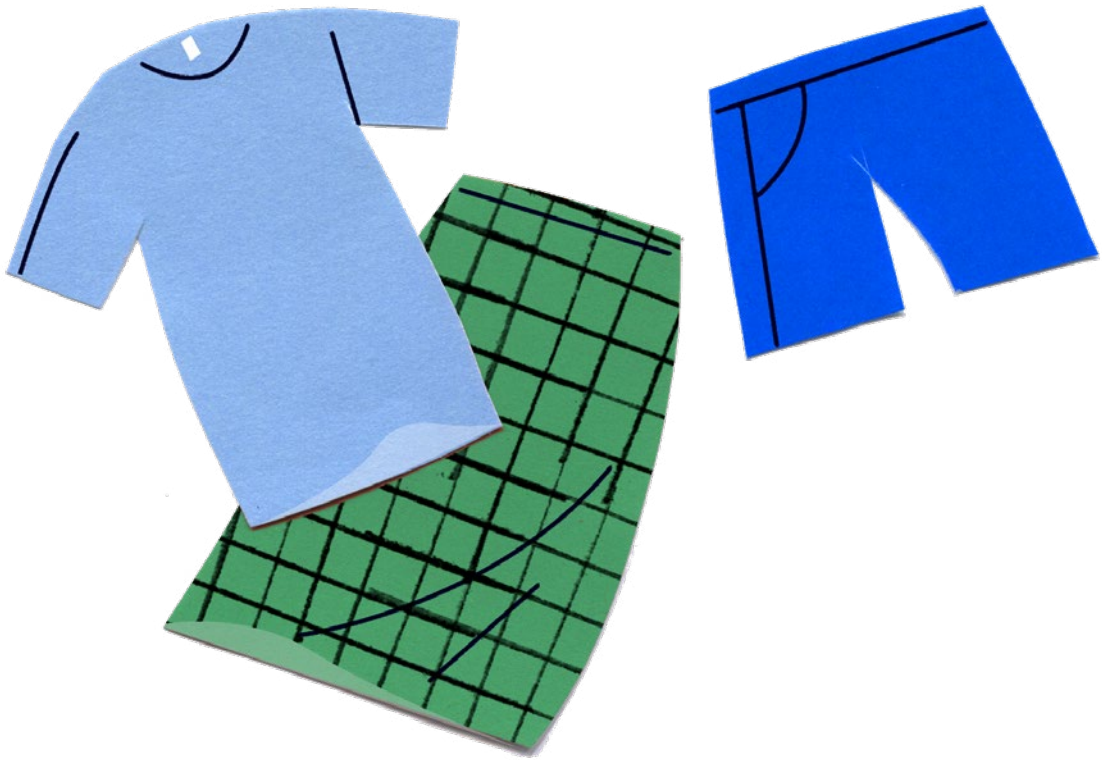
- Brand employees feel they commission too many samples. Quite a few comments referencing that they would like to monitor their sample hit rate to tackle this but it's not something their business currently does.

“Sampling in certain divisions is high and conversion low, suggest teams are more accountable for samples ordered.”

Surveyed suppliers commented that:

- Almost every comment discusses over-sampling. Suppliers feel they are put under pressure to deliver a lot of samples and often these never transpire into orders. Concern about the pressure of time but also that they don't get paid for sampling.

“Sampling can sometimes seem excessive to the requirements and buyers seem to not understand the pressures this puts on the factories and their sampling capabilities.”



7 Order Placement

4.6 Average score Brand Survey
+0.1 from 2021

10.9% don't know

4.6 Average score Supplier Survey
-0.01 from 2021

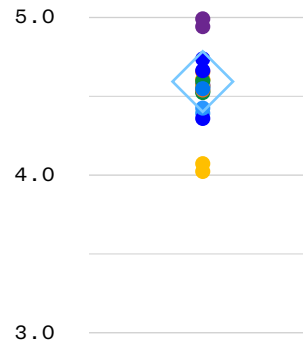
1.4% don't know

- Overall scores are high and divergence between suppliers is low (low spread in scores).
- The rate of "Don't know" is also very low.
- Responses from Türkiye are slightly below the average, while still high (so this might just reflect the overall lower scores being given by Turkish suppliers).

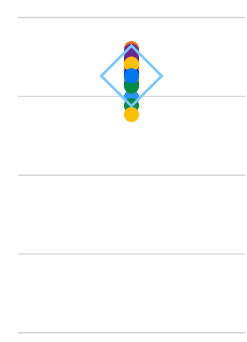
Surveyed brand employees commented that:

- Some respondents commented that only the worst 'critical' issues are taken note of - product and price are what matter.

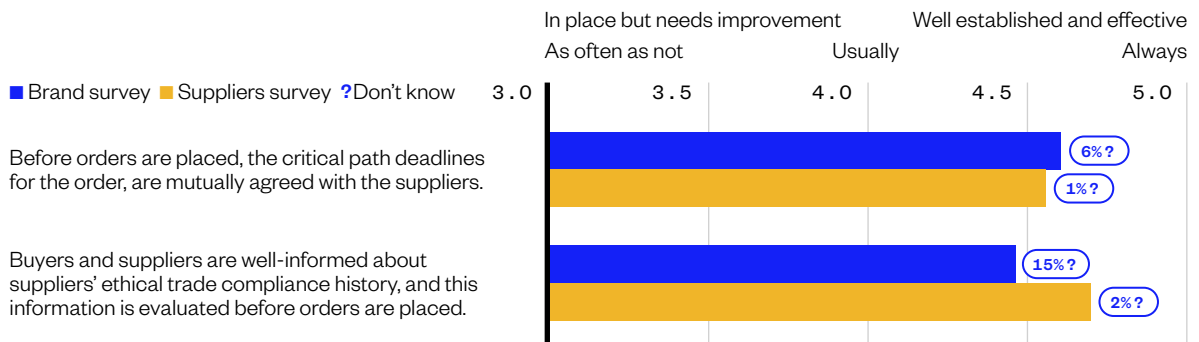
Brands



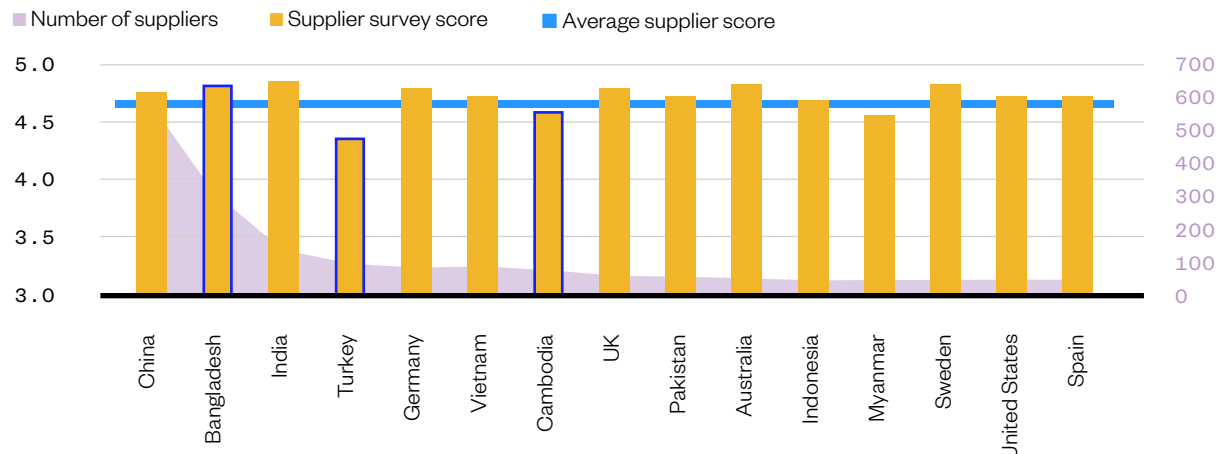
Suppliers



If we have a supplier, where we know we need to be cautious due to previous circumstances we are - but otherwise we don't have the information."



Supplier Survey score by country



8 Changes to orders

4.5

Average score Brand Survey

+0.0 from 2021

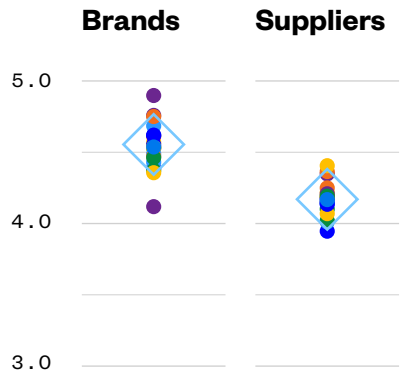
14.0% don't know

4.2

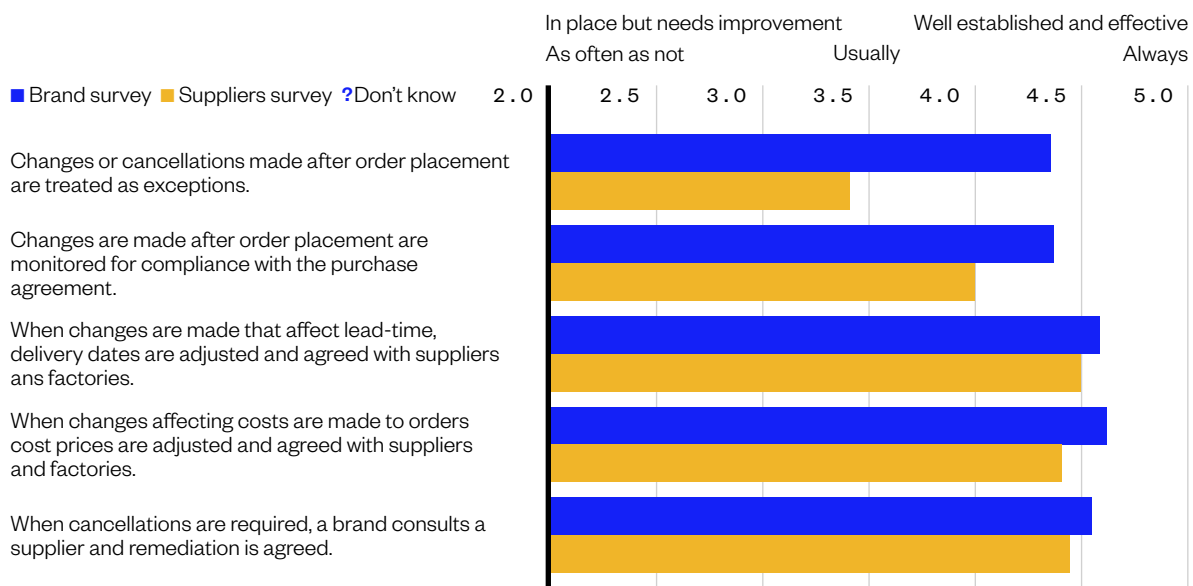
Average score Supplier Survey

+0.1 from 2021

3.9% don't know



- Brands are scoring themselves higher than suppliers for Changes to orders, on all questions. This may be immaterial; however, suppliers will acutely feel the impact of changes to orders and so can be expected to be more alert to this issue than brand employees.
- Suppliers feel far less positive about the question 'cancellations are treated as exceptions' than brand staff. "Don't know" rates are significant for this question for brand employees but when we look at that by role, we can see that for the key roles – Merchandising and Sourcing – awareness and understanding is relatively high with few "Don't know".



Surveyed brand employees commented that:

- Some respondents said that their brands were expecting greater flexibility of orders.
- Some respondents said that cancellation or orders were only used as a last resort.

Surveyed suppliers commented that:

- Changes significantly affect supplier capacities/income, with raw material taking up warehousing space.
- Buyers would benefit from more awareness of the factories' processes when ordering changes.
- Brands are pushing the pressure/costs of cancellations onto suppliers, including fast turnover periods.

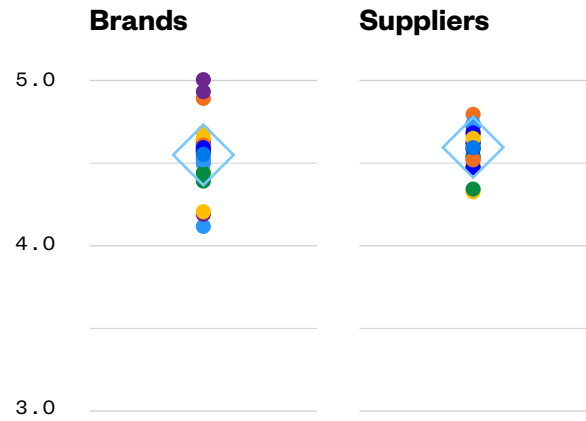
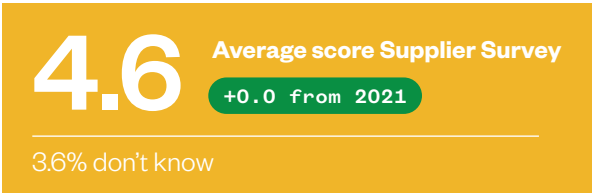
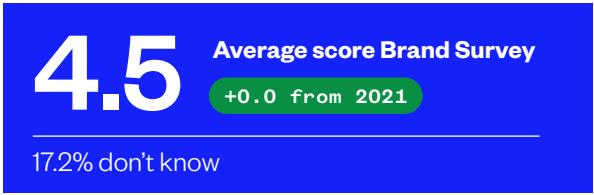


Changes or cancellations are usually a result of multiple attempts to correct, working with the supplier."



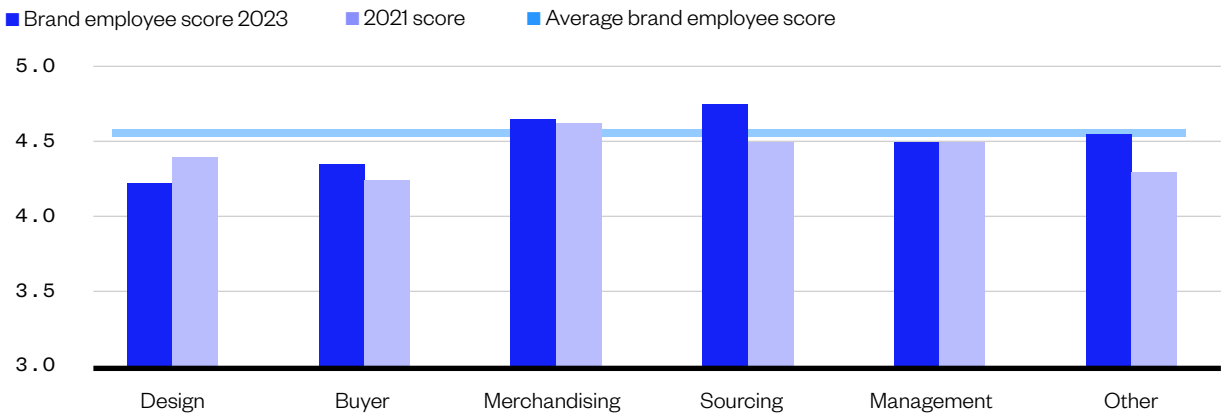
Occasionally we are expected to maintain same delivery and price with changes made to the product as the buyer doesn't always understand the implications this can have on the factory. Buyers would benefit from more factory awareness perhaps by visiting factories."

9 Re-orders



- Re-orders is a high scoring section.
- Designers have lower scores than other roles within brands. For designers this makes sense paired with their “Don't know” rate, as they will likely hand off and not be involved in this step.
- Buyers seem to be aware but score lower than other roles. However, the scores are high overall and have improved year on year.
- It was commented several times that they assume reorders are placed with the same site, but this is not formally checked, so some of the answers may have also been assumptions.

Brand Survey score by role



Surveyed brand employees commented that:

- Several respondents commented that they just assume any reorders are placed at the same factory.

Surveyed suppliers commented that:

- One supplier commented that reordering is not considered early enough to allow for proper capacity planning.

“It is to be consider about capacities when proposed re-order. Sometimes we feel pressure for re-ordering though overbooked.”

10 Production and Lead Time

4.5

Average score Brand Survey

+0.1 from 2021

10.0% don't know

4.4

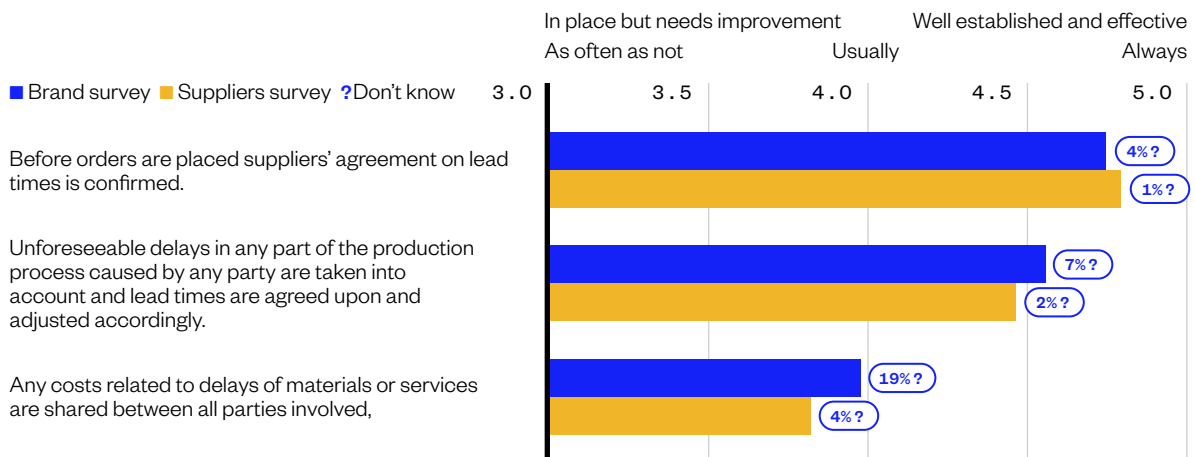
Average score Supplier Survey

+0.2 from 2021

2.2% don't know



- High scores across all brands in both surveys and low rate of “Don’t know”. For the Brand Survey the most significant “Don’t know” responses come from Designers.
- Interestingly, the lowest scoring question relates to the cost burden for delays of materials or services, with suppliers scoring lower than brands, but both below 4.0.



Surveyed brand employees commented that:

- Several respondents said any costs incurred are usually paid for by the party at fault.

Surveyed suppliers commented that:

- Several respondents requested brands increase their lead time buffers.



Depending on the reason for delay determines which party will take the cost.”



Buyer should practically see that any product can be made in lead time they are giving to factory. Some natural products need more lead time. Buyer should hire people who had worked at factory so that they also know that their supplier is giving correct lead time or not.”

11 Sales & Transparency

3.6

Average score Brand Survey

+0.2 from 2021

17.8% don't know

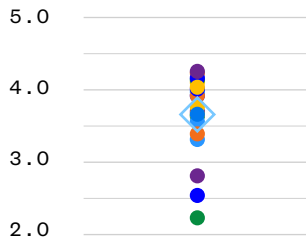
3.7

Average score Supplier Survey

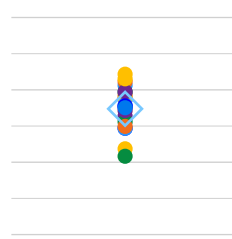
+0.2 from 2021

4.6% don't know

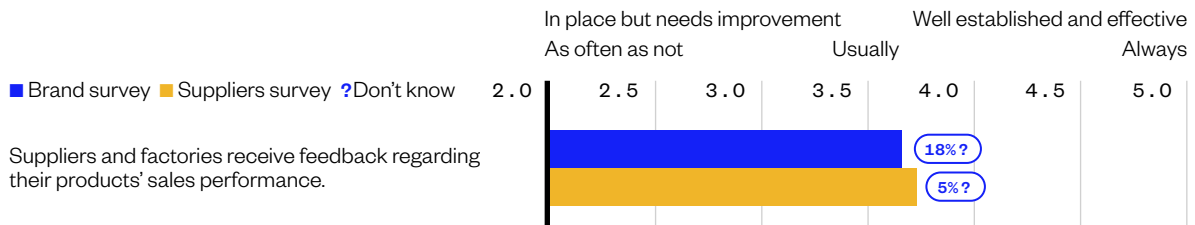
Brands



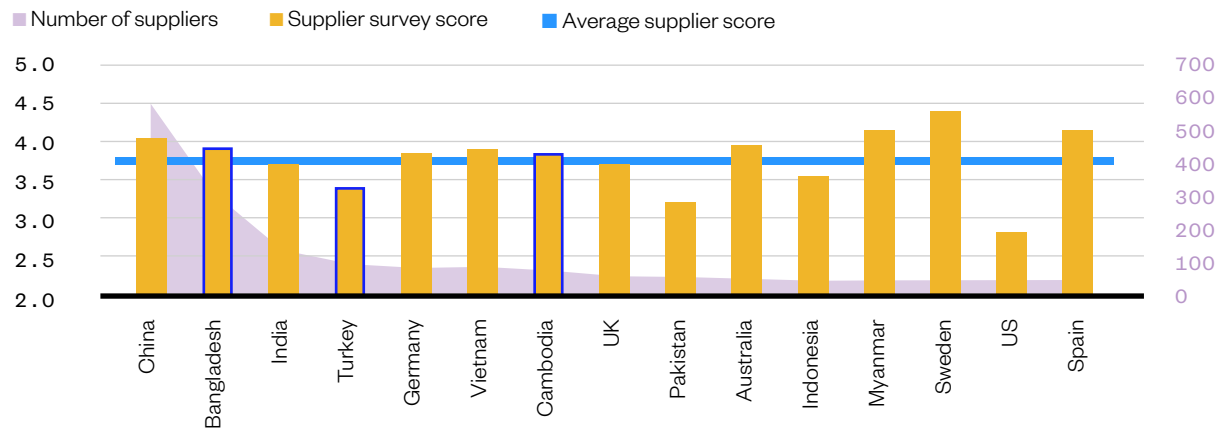
Suppliers



- Very low-scoring section with a huge divergence in responses, particularly across the brands themselves with several scoring below 3 (and one in particular scoring low across both surveys).
- Scores for several countries are below the average – Türkiye as usual, but also Pakistan, the US and Indonesia



Supplier Survey score by country



Surveyed brand employees commented that:

- Several commented that sales data is only given when asked for. Others recognised that it was important to provide this, but they needed to get better at doing so.

Surveyed suppliers commented that:

- Several suppliers commented that they would like more transparency on sales. This would them product development.

“It is important that vendor gets feedback about their product sales & need to implement this reporting ASAP.”

“...every buyer should advise factory about their product selling well or not. It boosts supplier morale.”

12 Terms of Payment

4.6

Average score Brand Survey

+0.0 from 2021

36.4% don't know

4.6

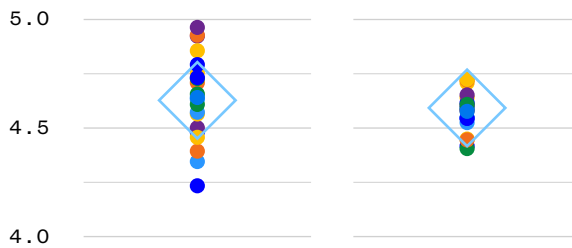
Average score Supplier Survey

+0.1 from 2021

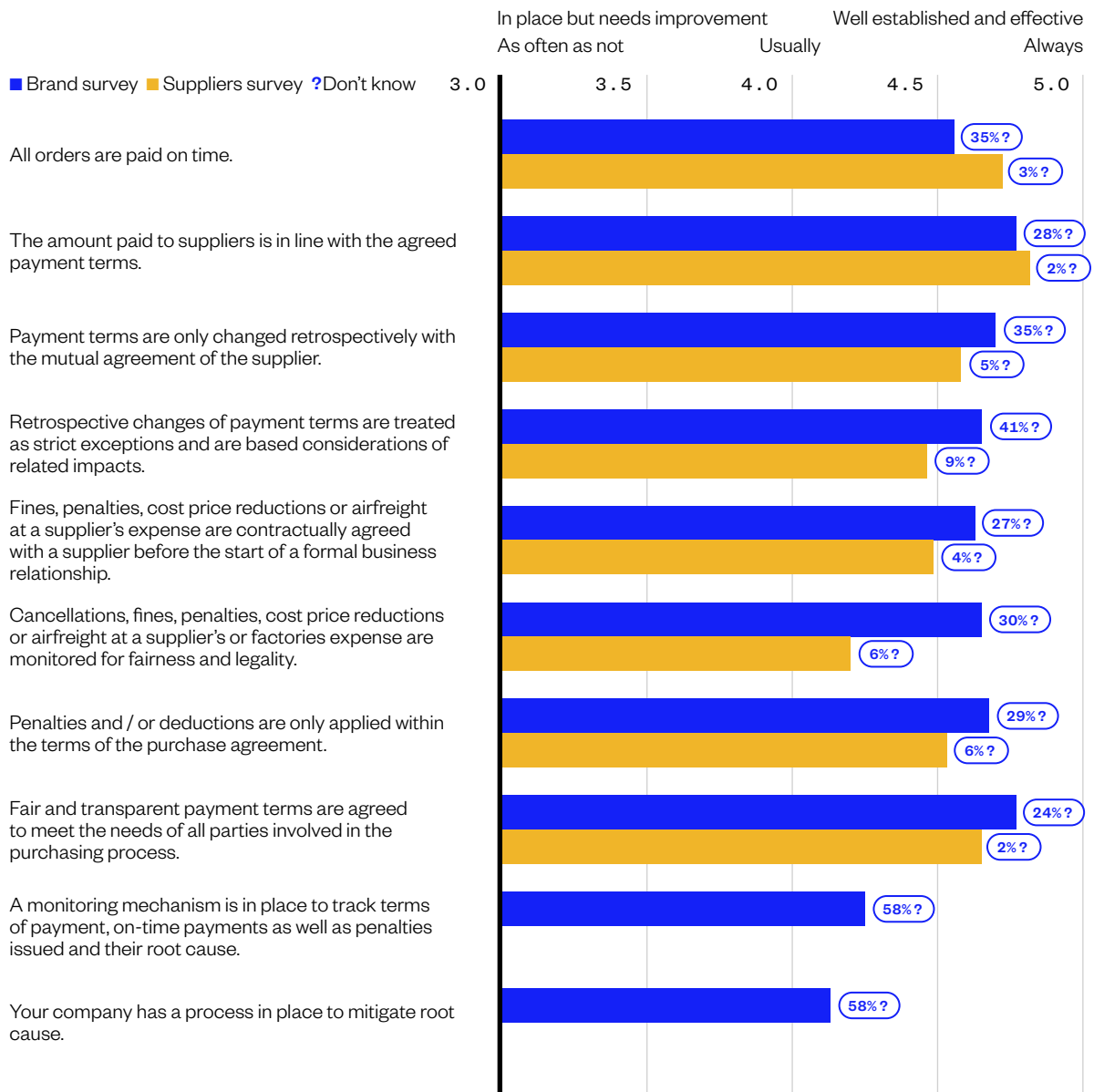
4.7% don't know

Brands

Suppliers



- Relatively lower scores from brand employees on the question relating to monitoring of payment terms and penalties issues and whether the company reviews the root causes of any payment drifting. We also see a high % of "Don't know" in these questions too.



Surveyed brand employees commented that:

- Most felt understanding payment terms was outside of the scope of their role - they presumed suppliers get paid on time but have no processes in place to check or hear about it (unless the supplier brings it up).

Surveyed suppliers commented that:

- Clear theme that brands usually stick to their terms of payment and pay when they are supposed to, but that there is little choice/input from suppliers on payment terms. If there are changes, suppliers feel they must agree.
- Payment terms have changed (to benefit brands, normally meaning longer payment terms) during covid and most haven't returned.

“Payment etc are with the finance teams so I do not have visibility, but in the time I have worked here I have never once had a supplier complain of late payment, as far as I am aware all payments are made on time as per agreed payment terms.”

“Different payment terms may be agreed for different vendors/countries; new payment terms were introduced during the pandemic and terms for some vendors have yet to be reverted.”



13 Training & Awareness

3.7

Average score Brand Survey

+0.4 from 2021

28.8% don't know

4.0

Average score Supplier Survey

+0.2 from 2021

12.1% don't know



- This section received low scores from suppliers, but some significant improvement from 2021 particularly for Brand employees.
- Training and awareness was one of the areas suggested for improvement in 2021 due to the low score in some specific questions and the higher percentage of "Don't know". This year the score has increased (most notably amongst brand employees), while the % of "Don't know" has decreased. All the questions have seen an improvement in the score, particularly those that were scoring the lowest in 2021.



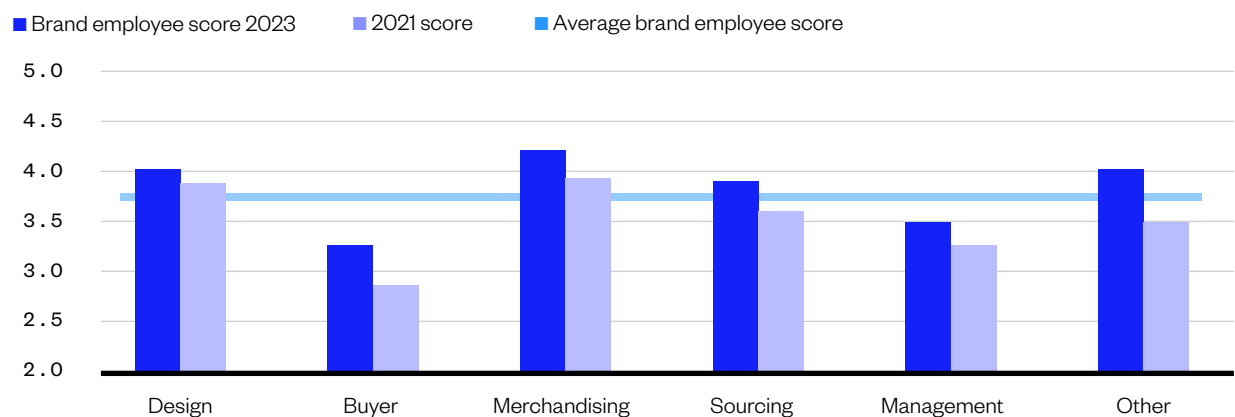
- Suppliers have a much more homogenous view of how well brands are conducting training than brand employees do, which may reflect suppliers benefitting of different levels of training provided by the different brands that source from them, or it may be that they just want/expect less training.

Supplier Survey score by service



- Over half of brand employees “don’t know” whether suppliers are provided with guidance on the ACT labour costing protocol and how to correctly incorporate all direct and indirect labour costs into price quotations. This tallies with wider answers on this topic.


Brand Survey score by role



- As with other areas, Türkiye and Pakistan appear to be lagging behind.
- Results seem to suggest that from the supplier’s side, relevant employees are more frequently trained on cost breakdowns (for those involved in price negotiations) and on manufacturing processes and lead-times (for those involved in product development).

Surveyed brand employees commented that:

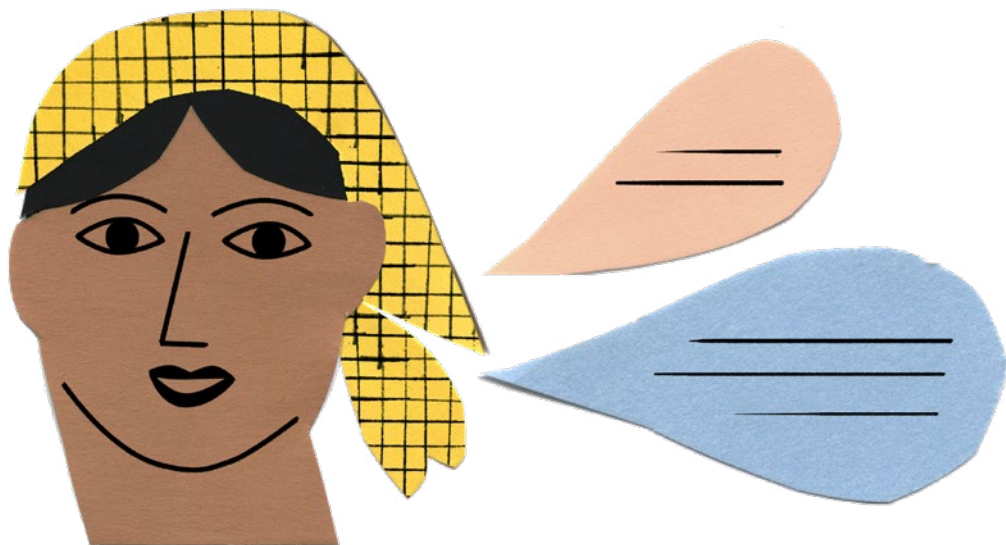
- Training is not done in an official capacity: most responses were referring to 'on the job' training conducted by their managers. This is then reliant on how effective the manager is and what the manager considers important - most felt the focus is always on price and there is little discussion on supplier capacity or how they could implement responsible purchasing practices.
- Those that are not in roles closely linked with suppliers (e.g., those that are not buyers) felt they would also benefit from training on purchasing practices so they could understand more about how their roles (e.g., development, merchandising) may impact on purchasing practices.
- A few comments refer to online training being ineffective - a general lean towards in-person training being more useful.

 We have been given quite some online training sessions in the last 2 years, but I don't believe these are effective at all."

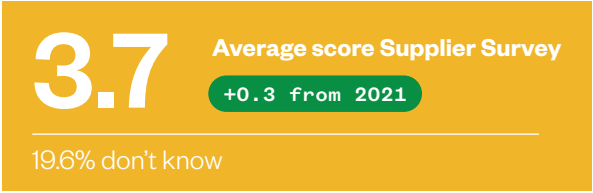
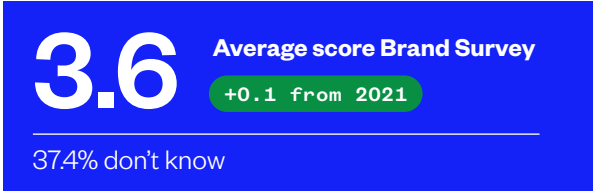
Surveyed suppliers commented that:

- A few suppliers mentioned that more training is needed on planning/forecasting for the relevant contacts in the brands (e.g., the merchandiser AND the buyer).
- One theme that came up consistently is ensuring training is actually accessible: whether that is in the relevant language of the trainee or providing slides / something to read if the trainee is not able to keep up with the video, for example.

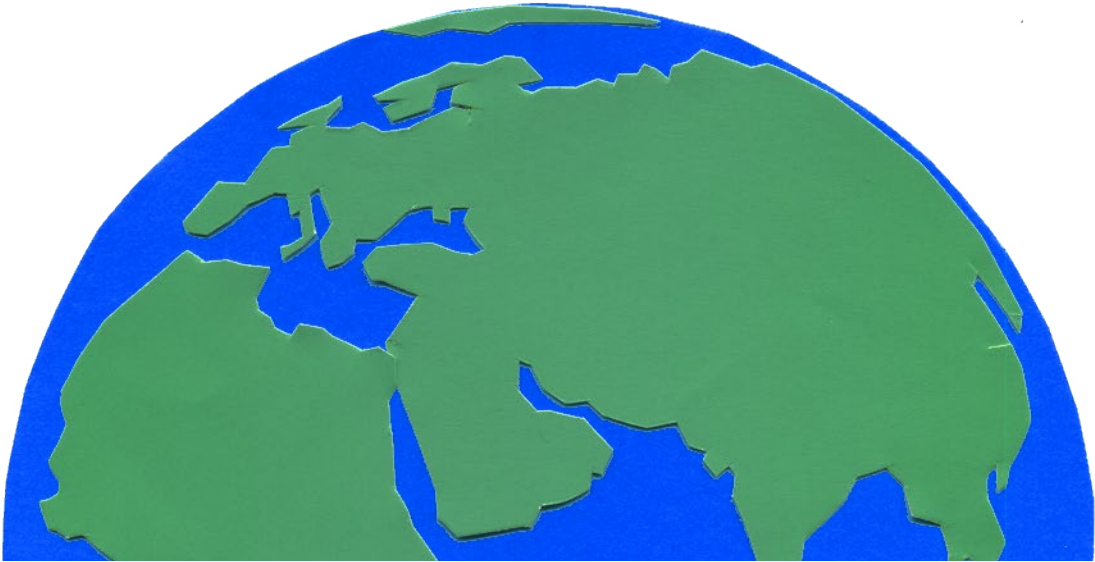
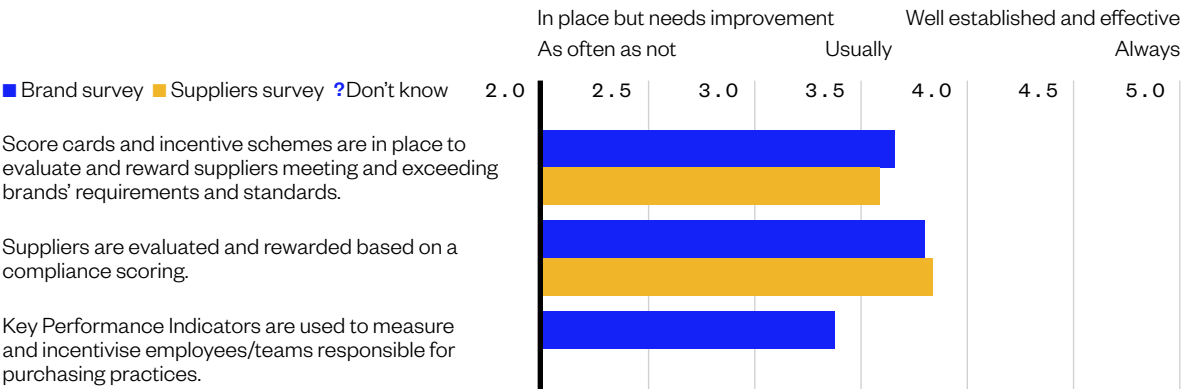
 Generally, brand call to leader for training, but those are working in mid labels like execute order they don't get any training, they learn from SOP. So, we recommended brand/ buyer need to arrange meeting and training for merchandiser those are fully involved with order. Leader should attend but need to create scope to join merchant too in meeting, it's very important, also brand can invite merchant in overseas office for learn and know the brand very well. Generally, leader only visit"



14 Incentives & Compliance Scoring



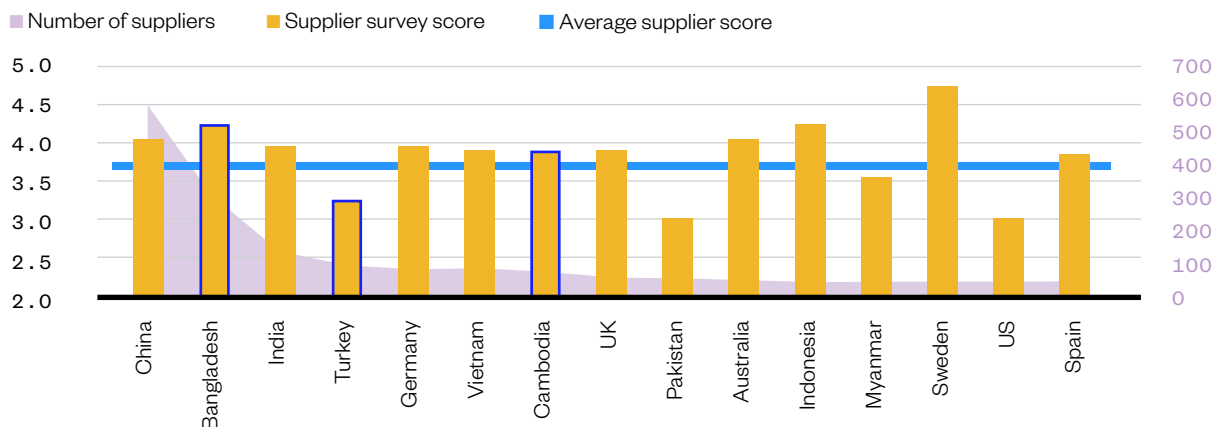
- Incentives & Compliance Scoring was one of the lower scoring sections, though there have been small improvements compared to last year (in score and in “Don’t know” percentage).
- The scores received for both the Supplier and Brand Surveys in this section have had a wide spread. Several brands are scoring particularly poorly, with little apparent reward for good performance by suppliers.
- Türkiye, Pakistan, and the US are scoring lower than other countries, and all saw decreases in scores compared to 2021.
- This is clearly an area that needs improvement to incentivise good compliance performance.



Brand Survey score by service



Supplier Survey score by country



Surveyed brand employees commented that:

- Some respondents thought scoring of suppliers is inconsistent, because of subjective scoring. Others felt that it wasn't linked to rewards or incentives for suppliers.



A lot of the score cards seems like buyer's person experience and different buyers may have different view on same supplier."

Surveyed suppliers commented that:

- No between compliance and rewards/incentives / Price is viewed as the only factor in brand decisions.



Even we comply with all X requirements and have a good scorecard, PRICING is the ULTIMATE X consideration when placing order."

15 Buyer-Supplier relations

4.4 Average score Brand Survey
+0.2 from 2021

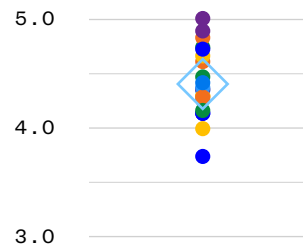
38.1% don't know

4.3 Average score Supplier Survey
+0.2 from 2021

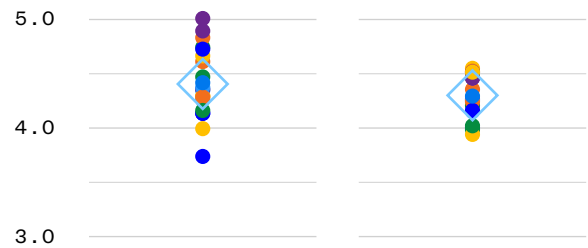
12.5% don't know

- Overall scores were good across both surveys.
- There is a somehow significant spread across brand respondents but only one of the brands is scoring below 4.0.
- The lowest score in both surveys given to the question about whether feedback is being gathered from suppliers by buyers with a high % of “Don't know” for brand staff.
- The high % of “Don't know” for questions around grievance mechanisms (over half of brand employees) confirm supplier's comments about these mechanisms being unclear in some cases. 57% of brand employees don't know if the AOT confidential channel is explained to suppliers or whether any other confidential communication channels to raise concerns are available.

Brands



Suppliers

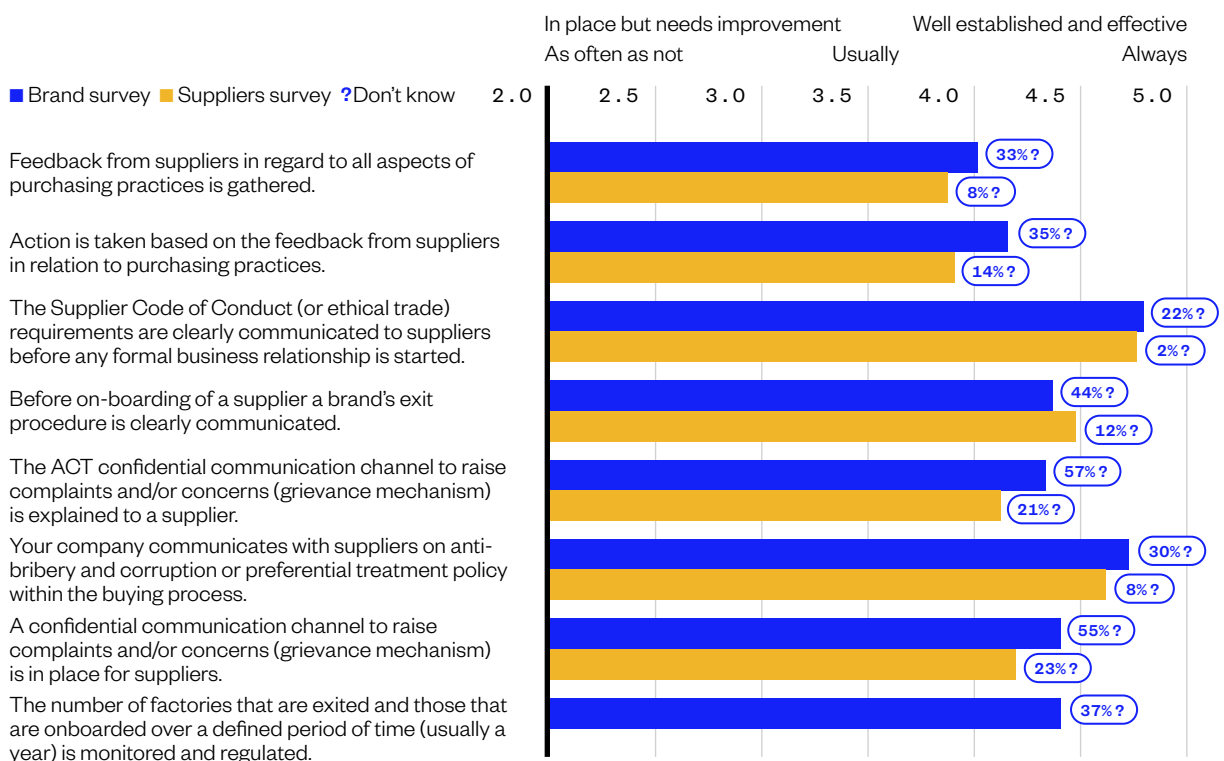


Surveyed suppliers commented that:

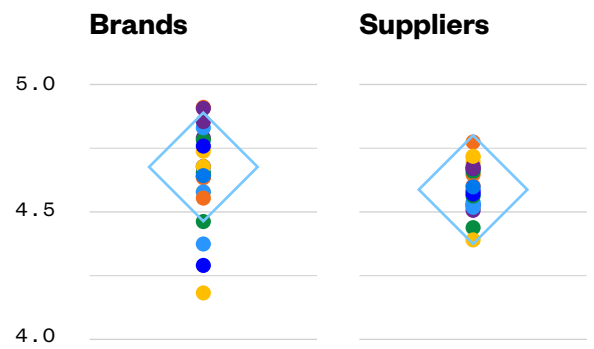
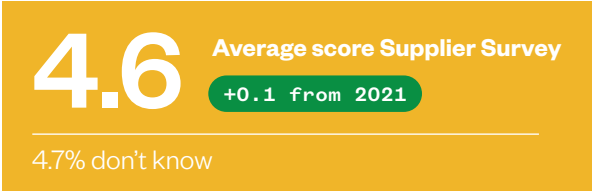
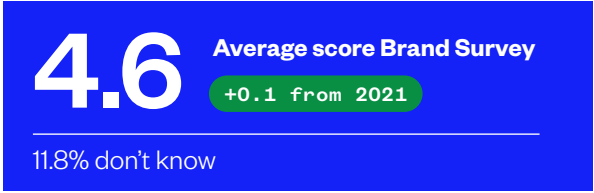
- Where grievance mechanisms exist, some suppliers felt those mechanisms unclear.
- Some suppliers complained that transparency felt one way.



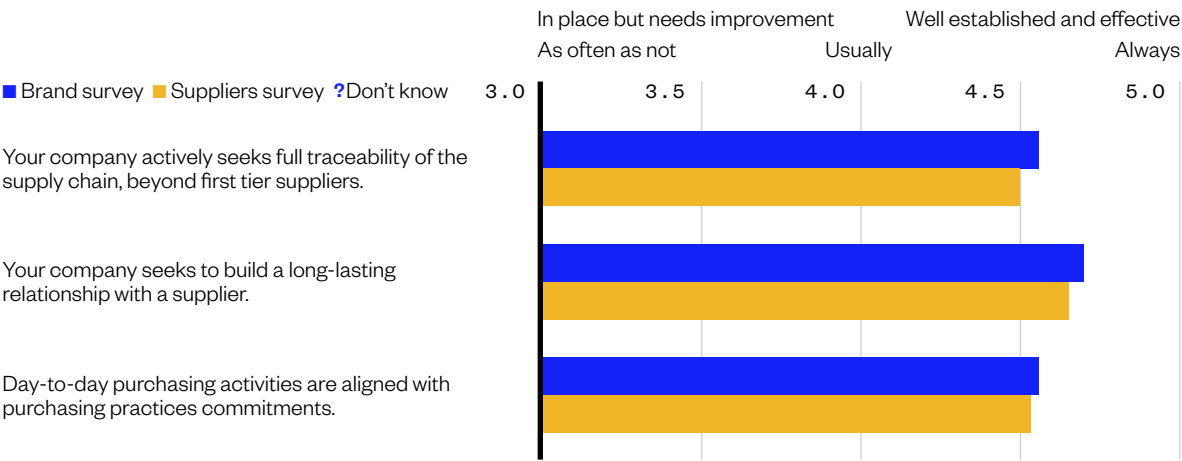
The grievance mechanism is well established. Effectiveness of this idea can however be debated. Try seeing it from the other side: A grievance mechanism for brand staff to complain about brand operations with their suppliers? Sounds weird? Well, that might highlight how awkward this concept is.”



16 Strategy & Alignment



- This is a high scoring section across both surveys, with the score having increased from 2021 and a low % of “Don’t know”. From this it can be concluded that brands are really trying to build long-term relationships, at least with the suppliers taking part in the survey.
- Long-term relationships are a core foundation on which to build trust and better communication Without these improvements in purchasing practices and wage levels is almost impossible.



Surveyed brand employees commented that:

- Many comments referring to the importance of long-term relationships with suppliers and how this is largely the key focus when onboarding a new supplier - they’re only onboarded if they see a future.

In X we ALWAYS strive for strong and long-lasting relationship with our suppliers. Mutual respect and understanding are for sure the key for us”

Notes

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

For all further information on ACT activities,
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