



Ethical
Trading
Initiative



Responsible purchasing practices in manufacturing industries

Contents

Introduction	3
Initiative overview	4
The use of the Common Framework	7
Company progress	8
Principle 1: Internal integration	9
Principle 2: Equal partnership	10
Principle 3: Collaborative production planning	11
Principle 4: Fair payment terms	12
Principle 5: Sustainable costing	13
Supplier feedback on purchasing practices	14
Key findings	15
Impact on workers	16
Pilot projects	17
Methodology	18
Worker engagement and process	20
Results	20
Improvements	21
Beyond purchasing practices	22
Key learnings	23
Challenges	24
Successes	26
Resources	28



**Ethical
Trading
Initiative**

IGS INITIATIVE FOR
GLOBAL SOLIDARITY

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



**Federal Ministry
for Economic Cooperation
and Development**

This document was written with support of the [Initiative for Global Solidarity \(IGS\)](#), implemented by [Deutsche Gesellschaft für Internationale Zusammenarbeit \(GIZ\) GmbH](#) on behalf of the [German Federal Ministry for Economic Cooperation and Development](#).



Introduction

The *Purchasing Practices in Manufacturing* initiative by the [Ethical Trading Initiative](#) (ETI), aimed to explore how the principles outlined in the [Common Framework for Responsible Purchasing Practices](#) for the garment and footwear sector could be applied across a range of manufacturing sectors.

Responsible purchasing practices (RPP) are vital for improving labour conditions and sustainability across supply chains. By broadening the focus beyond textiles and food, the initiative sought to identify barriers to RPP implementation and develop solutions to drive lasting, positive change in diverse industries.

Irresponsible purchasing practices – such as inaccurate forecasting, short-term planning, last-minute order changes, below-cost pricing, late payments, and inadequate sampling – directly affect working conditions and supplier stability. These issues can lead to excessive overtime, low wages, poor health and safety standards, and over-reliance on temporary labour.

Investing in responsible purchasing and building strong partnerships with suppliers offers significant benefits to businesses, including improved supply chain stability and efficiency gains through better communication, planning, and processes. The initiative used workshops, consultations, pilot projects, and collaboration with supply chain partners to enhance understanding of the human rights impacts of purchasing practices and to support companies in embedding RPP into their operations.

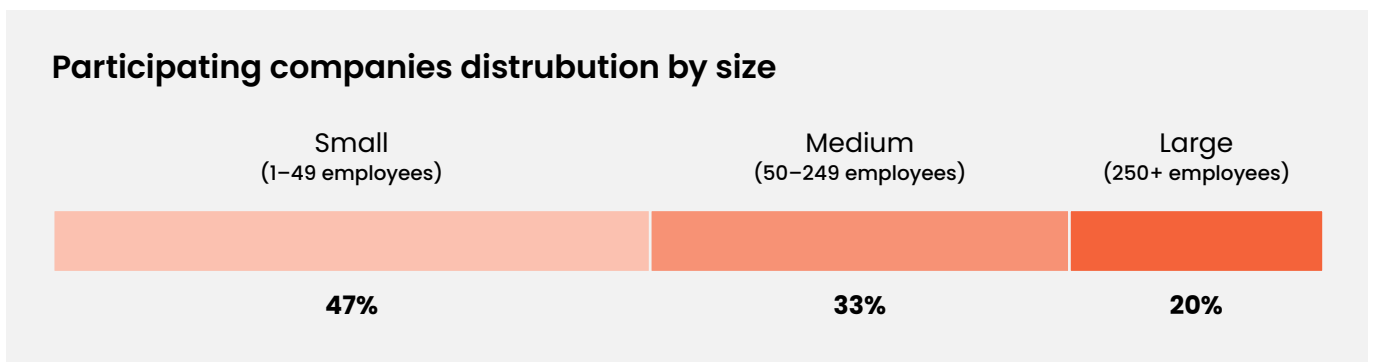
‘Purchasing practices’ refer to the actions a company takes when procuring products or services from a supplier. This includes product development, technical specifications, forecasting, production planning, contracts, order placement, lead times, cost and price negotiations, and payment terms.

Responsible purchasing practices (RPPs) ensure that these activities do not negatively impact workers’ human rights in the supply chain.

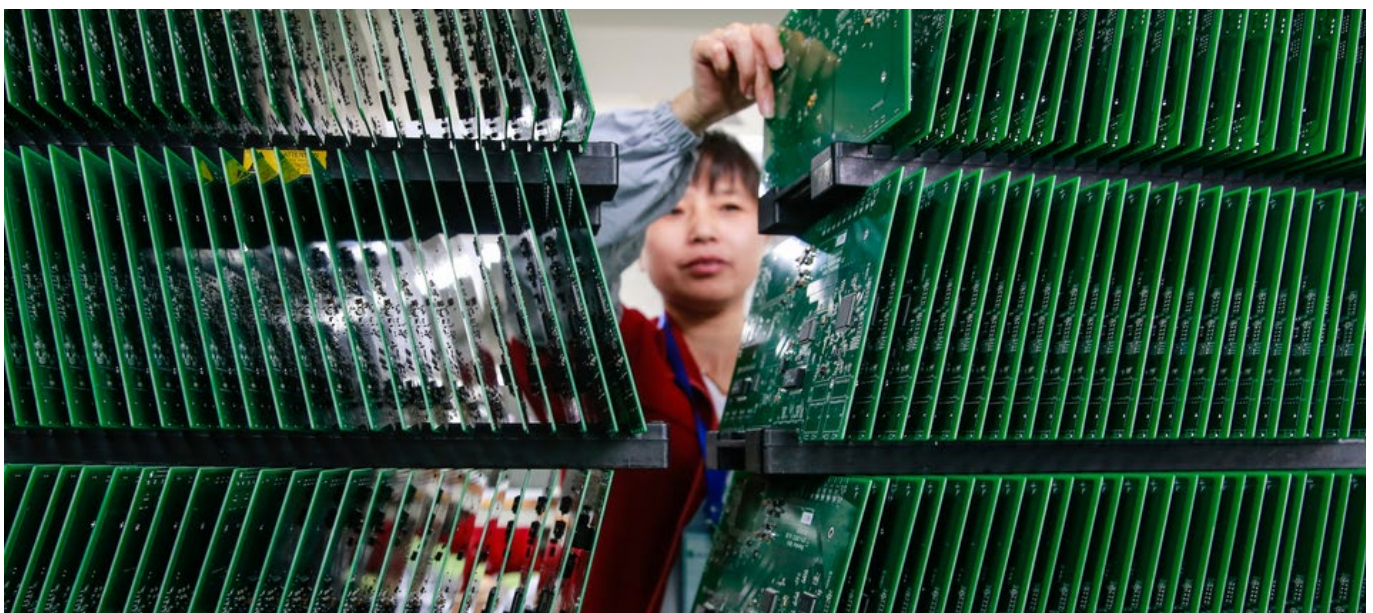
Initiative overview

Over the course of 21 months, from June 2023 to February 2025, the initiative assessed the extent to which the five overarching principles of the Common Framework for the garment and footwear sector could be effectively applied across other manufacturing sectors. Throughout this period, ETI played a central role in guiding participating companies through the RPP journey. This included offering individual sessions for personalised support, facilitating workshops for all participating companies, designing tools and materials, and engaging with suppliers to ensure effective implementation. ETI also developed a comprehensive survey to gather insights, managed pilot projects, and actively encouraged brands to take meaningful action towards adopting responsible purchasing practices.

Building on the foundations of the [Learning and Implementation Community \(LIC\)](#), the initiative served as a platform for cross-industry knowledge sharing and innovation. 15 purchasing companies from diverse industries, including renewables, cosmetics, construction, stone, electric vehicles, and home accessories, participated in the initiative. Seven of the original 22 companies withdrew during the initiative, some due to time constraints, and others without a stated reason.



These companies were members of [ETI](#), [Ethical Trade Norway](#) and [Ethical Trading Initiative Sweden](#).



Activities included



Purchasing companies' self-assessment

Companies were surveyed to assess their purchasing practices based on the five principles of the Common Framework. This helped identify strengths, gaps, and areas for improvement.



Procurement mapping

As part of the risk assessment process, cross-functional teams internally analysed and mapped current purchasing practices.



Initial risk and impact assessment

Companies used this tool to document their existing purchasing practices and conduct a risk assessment with input from suppliers. This process helped prioritise initial actions for improvement based on identified risks.



Supplier survey

Supplier surveys were conducted to evaluate the purchasing practices of the participating companies. For suppliers who didn't take part in the survey, in-person visits, and online interviews were held to gather perspectives.



Critical path review

By analysing the timelines and actions required to bring a product or material to market, both internally and externally, companies gained a better understanding of the pressures and risks faced by suppliers. The goal was to develop solutions that helped share, mitigate, and prevent these risks.



Pilot projects

The initiative included five pilot projects, engaging workers through interviews and focus group discussions to assess purchasing practices and develop action plans for improving working conditions.



Action plans to improve purchasing practices

Companies established structured action plans, formed internal teams, and communicated their strategies with suppliers. These plans were designed to align practices with RPP and drive meaningful improvements.

Meaningful stakeholder engagement

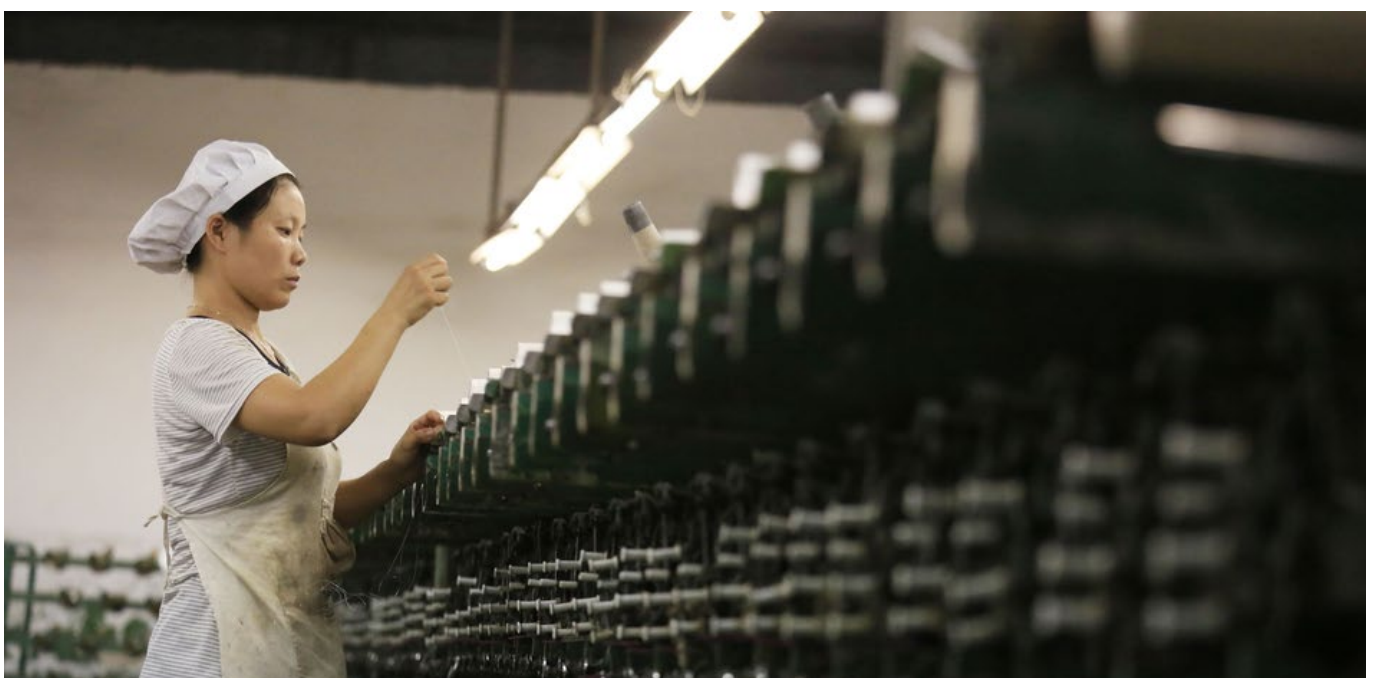
The initiative required companies to not only assess the impact of their purchasing decisions but also to take effective action to prevent or mitigate negative effects on suppliers and workers.

A key task of the initiative involved having participating companies encourage their suppliers to honestly assess their purchasing practices. These supplier surveys were conducted anonymously, to ensure the safety of suppliers and reduce any risk of retaliation, with responses collected and compiled by ETI. For those who did not participate in the survey, engagement took place through in-person visits or online interviews to ensure a broad range of perspectives were considered. This helped assess the impact of purchasing decisions on both permanent and temporary employees. The findings were then reported back to the purchasing companies, providing them with insights to guide improvements in their purchasing practices.

This initiative aimed to meaningfully engage workers, whose experiences and perspectives on risks and impacts have historically been overlooked in projects focused on purchasing practices. A group of four purchasing companies took part in five pilot projects across Bangladesh, China, and India. These projects aimed to engage with workers through interviews, to understand their working conditions and gain further insight into the impacts of current purchasing practices.

After initial visits, purchasing companies collaborated with suppliers to develop an action plan to improve their practices and enhance working conditions as part of the pilot. A second visit was planned to gather further information on the shared action plan and assess additional steps needed to improve working conditions, which would be implemented by both purchasing companies and suppliers.

Experts from trade union organisations, living wage specialists, and NGOs were also engaged as part of the stakeholder consultation process throughout the project. This commitment to meaningful engagement served as the foundation of the project, setting clear expectations for all stakeholders involved.



The use of the Common Framework

The initiative was built on the [Common Framework for Responsible Purchasing Practices](#),* originally developed for the garment and footwear sector. This framework, structured around five core principles, provides a shared language for implementing responsible purchasing practices.



Principle 1: Internal integration

The purchasing company has top leadership buy-in and commitment to RPPs, and a thorough understanding of existing suppliers and purchasing systems, and their potential impact on human rights. This information is used to develop an action plan. RPPs are integrated into all commercial unctions and other relevant departments.



Principle 2: Equal partnership

The purchasing company and their suppliers respect each other as equal business partners, engage in respectful sourcing dialogue; and pursue win-win situations, with a shared responsibility to improve working conditions.



Principle 3: Collaborative production

Critical path and production planning are done collaboratively between the purchasing company and suppliers, with a fair distribution of risk and accountability, and due consideration for workers' rights and labour conditions.



Principle 4: Fair payment terms

The purchasing company and suppliers agree on fair and transparent payment & terms that do not place a disproportionate burden on one party. Contractual obligations are mutually agreed upon, honoured, and payments are made in full and on time.



Principle 5: Sustainable costing

The costing levels and procedures of the purchasing company support wage increases and sustainable production. Prices cover all costs of production in line with responsible business conduct and allow for a reasonable and maintained supplier profit margin.

* The Common Framework for Responsible Purchasing Practices (CFRPP) was developed in 2022 by The Ethical Trading Initiative, Ethical Trade Norway, the German Partnership for Sustainable Textiles (PST) and Fair Wear.

Through the initiative, each principle was explored in detail, with attention to the relevant practices within. However, due to the diversity of the participating companies, not all practices were initially deemed applicable. By using the Common Framework as part of a human rights due diligence (HRDD) approach, companies identified the most relevant and impactful practices in their operational context. Even when certain practices were initially considered irrelevant, stakeholder engagement often revealed otherwise. The approach was therefore adapted to focus on the principles and practices most relevant to each company, considering factors like supply chain, business model, size, operational context, ownership, and structure. Companies were encouraged to focus on practices with the greatest likelihood of adverse human rights effects for workers.

The HRDD approach allowed companies to tailor the framework to their unique needs while still working towards the overarching goal of enhancing responsible purchasing practices.



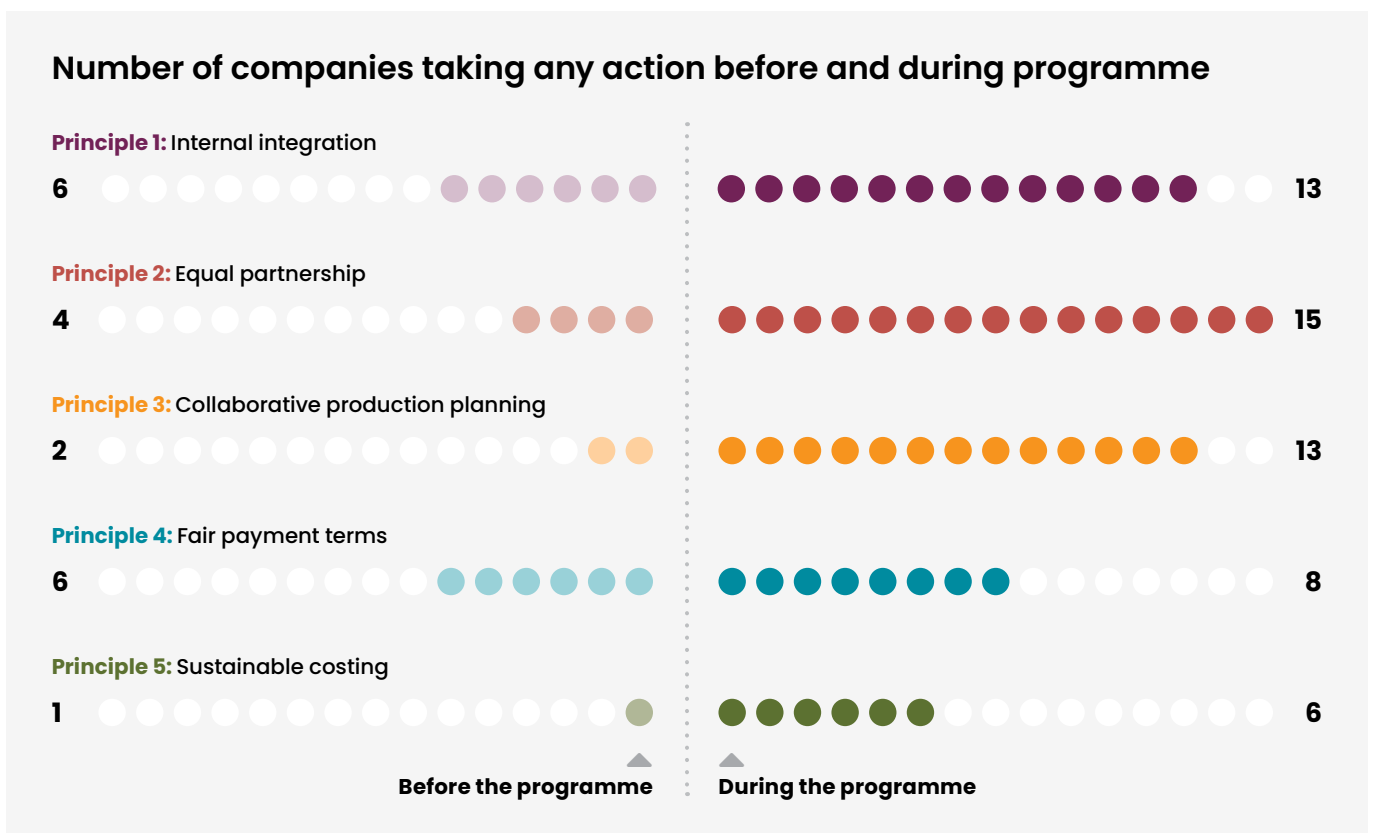
Company progress

Throughout this initiative, purchasing companies have made progress on RPP across various practices of the Common Framework. The following graphics outline key developments and achievements for each principle as reported by the participating companies, highlighting the actions taken and changes implemented by purchasing companies.

At the start of the project, participating companies were asked to conduct a baseline assessment of their current practices regarding RPP. A year later, when reassessed, six out of the 15 companies who completed the end-line survey acknowledged that, upon review, they had not acted on certain principles. Specifically, this applied to two companies for [Principle 1](#), four companies for [Principle 2](#), and two companies for [Principle 3](#).

Regardless, most companies showed progress in addressing their purchasing practices. As seen in the graph below, nearly all respondents had acted on Principles 1-3 by the end of the programme, whereas at baseline, only six, four and two had acted on those principles respectively. In contrast, progress on [Principles 4](#) and [5](#) was more limited, with companies acting on [Principle 4](#) increasing from six to eight and [Principle 5](#) rising from one to six.

It is interesting to see the general trend in actions taken. Companies were asked what specific actions they had taken in these areas, to better understand the changes they made.

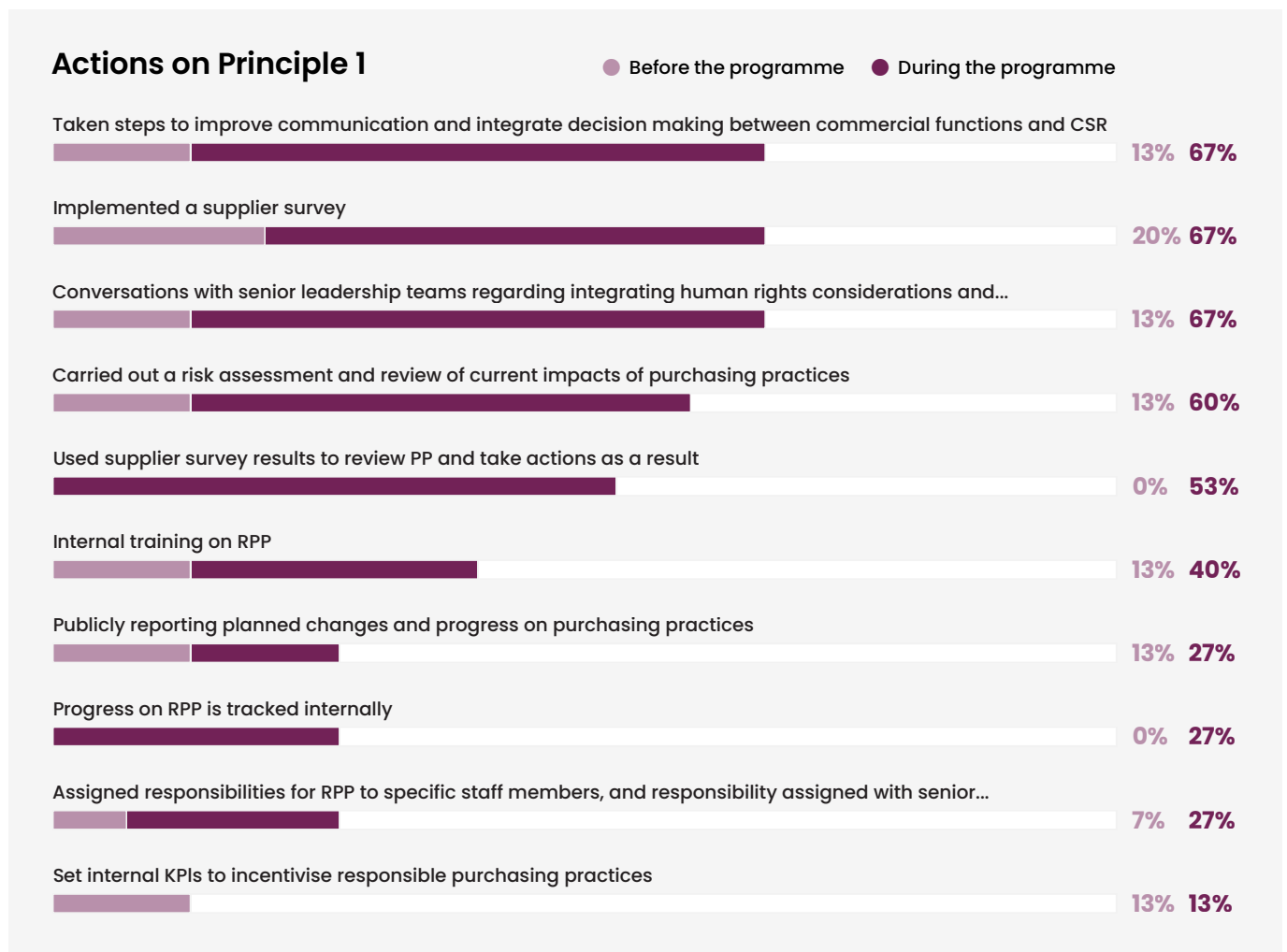




Principle 1: Internal integration

The most significant area of progress has been made in improving communication and integrating decision-making between leadership, commercial and corporate social responsibility (CSR) functions. Other actions taken include the use of supplier survey results to assess purchasing practices, conducting risk assessments, and forming cross-functional teams.

Additionally, discussions with senior leadership teams have focused on incorporating human rights considerations and RPP into purchasing decisions, demonstrating substantial progress in aligning these functions within the organisation.



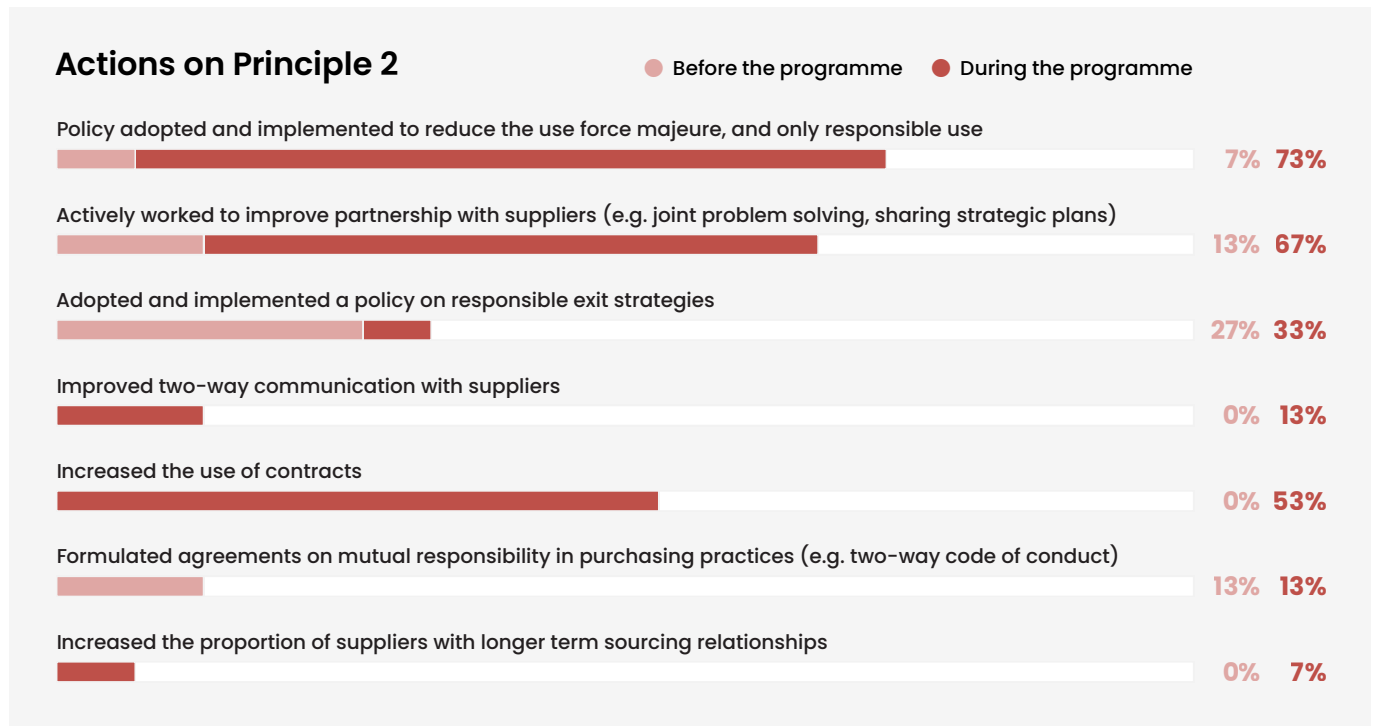
Purchasing companies have reported several changes they observed in this principle, including:

- ▶ A deeper understanding of the impact purchasing decisions have on human rights within the supply chain.
- ▶ An increase in visits to suppliers by Sales Managers and Directors
- ▶ Improved internal collaboration, with clearer target-setting and increased investment in additional resources.
- ▶ Increased engagement with commercial teams, particularly following participation in sessions with the ETI.



Principle 2: Equal partnership

In relation to Principle 2: Equal Partnership, there have been notable improvements in supplier relationships and engagement. Ten organisations reported actively working to strengthen partnerships with suppliers on key issues such as joint problem-solving and sharing strategic plans. Other organisations highlighted improvements in two-way communication, the adoption and implementation of responsible exit strategy policies, and 11 companies noted their efforts in adopting and implementing policies to reduce the use of force majeure, ensuring it is applied responsibly.



Changes reported in this principle include:

- ▶ One organisation mentioned working on standardising contracts and approaches, with plans to launch these initiatives later this year.
- ▶ Several organisations noted fostering more open dialogue with suppliers, holding more frequent meetings and video calls to strengthen communication.
- ▶ Some companies highlighted improvements in problem-solving through the introduction of a new format for quality control and remediation processes.
- ▶ One organisation reported working at group level to develop an exit strategy policy.

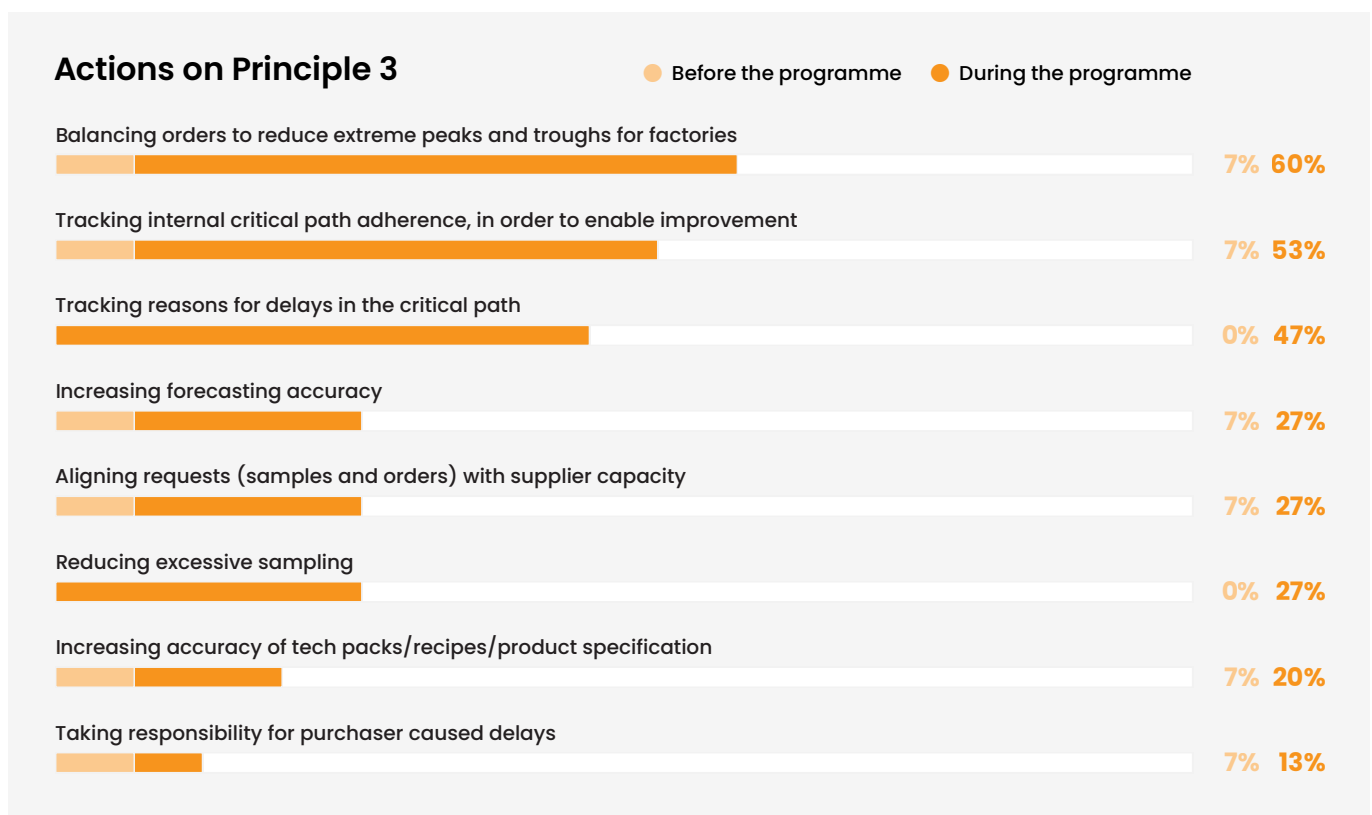


Principle 3: Collaborative production planning

At the start of the project, very few organisations had taken steps in this area; however, many organisations have now reported actively addressing it. The most frequently mentioned actions include tracking reasons for delays in the critical path, monitoring internal adherence to the critical path to facilitate improvements, balancing orders to avoid extreme peaks and troughs, and enhancing sampling efficiency.

Several companies noted that issues highlighted by suppliers in surveys were being addressed, with steps taken to improve these areas. One organisation mentioned that while they believed they had made progress in this area previously, this year they have indicated their efforts to a much higher standard. A number of organisations highlighted a better focus on planning and forecasting, with improved alignment between internal teams and suppliers. This included ensuring that suppliers had a clearer understanding of the types of orders they could expect, providing them with longer-term forecasts to support more accurate production planning, and aligning both internal and external critical paths to minimise inefficiencies and improve workflow coordination.

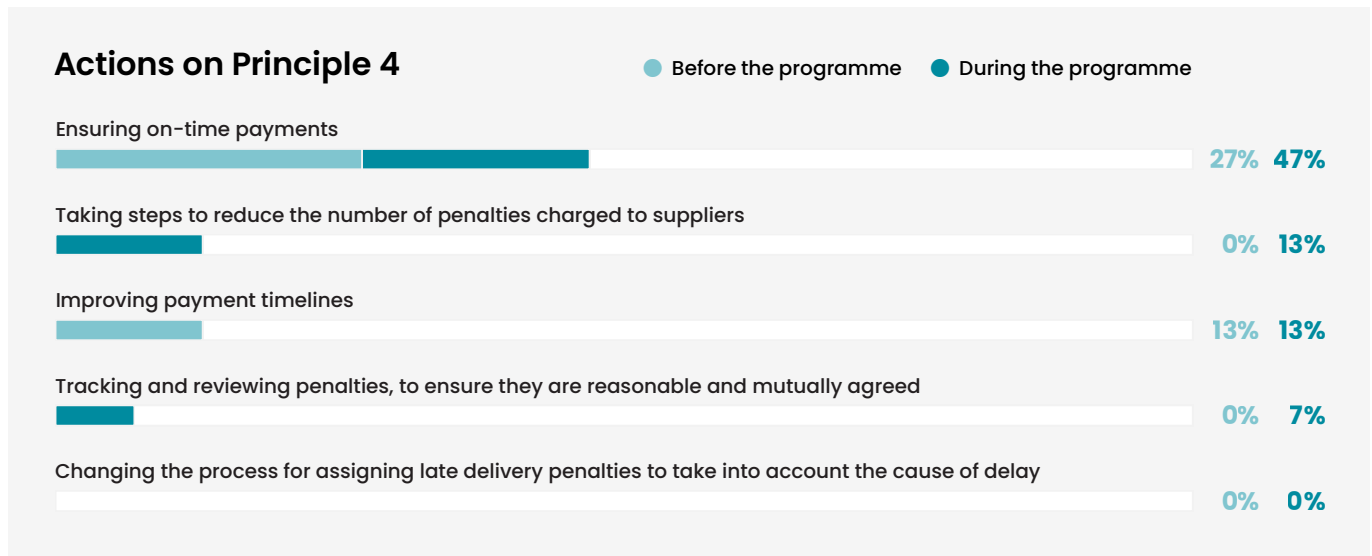
Additional improvements included enhanced sampling efficiency and accuracy, the completion of more specific and accurate specifications, and efforts to avoid overburdening suppliers with excessive sample requests. These actions demonstrate a concerted effort to improve collaborative production planning and streamline processes, benefiting both organisations and their suppliers.





Principle 4: Fair payment terms

In relation to Principle 4: Fair payment terms, many organisations reported that work had already been undertaken in this area previously, particularly in improving payment timelines. There has been notable progress in ensuring on-time payments and efforts to reduce the number of penalties charged to suppliers, both of which are critical improvements for fostering fairer payment practices. However, it should be noted, that although about half of all participating companies did claim to make progress on Principle 4 it was almost entirely about adhering to existing payment terms. Very few companies worked on improving these payment terms.



Key efforts on this principle included:

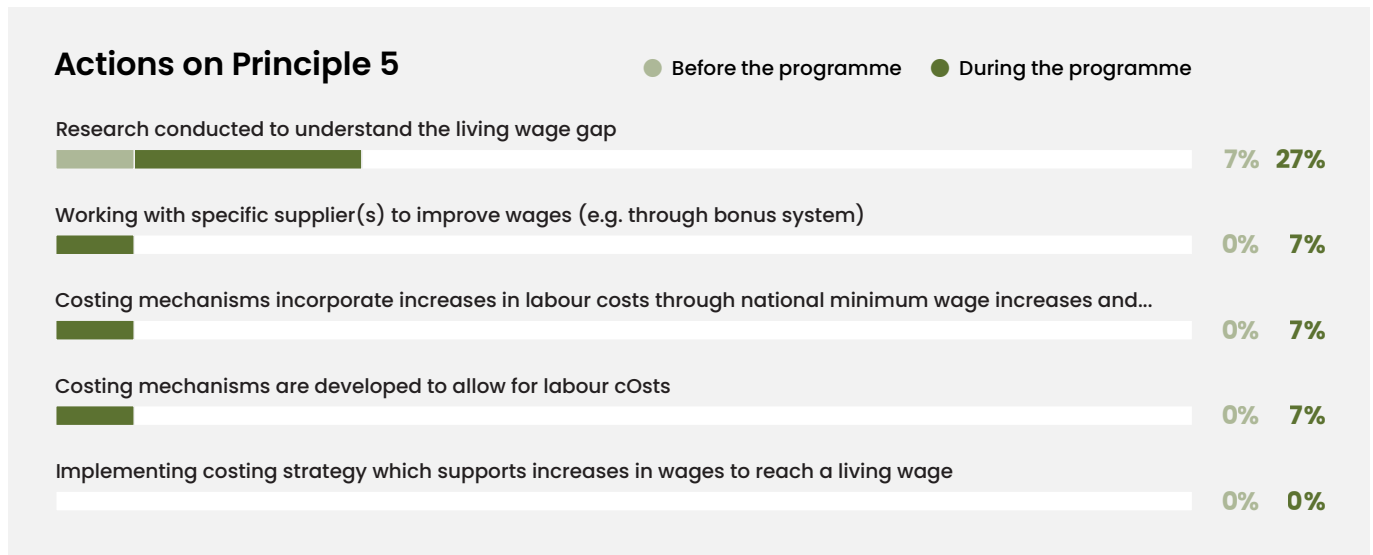
- ▶ Reviewing how different business units handle payment terms to ensure consistency across the organisation.
- ▶ Ensuring that on-time payments remain a priority, with a focus on timely processing and reducing delays.
- ▶ Conducting in-depth assessments to better understand the status of payment terms and identify areas for improvement.
- ▶ Improving customer complaint resolution, which has contributed to reducing delays in payments.
- ▶ One organisation highlighted defending suppliers when necessary to ensure that payment terms are reviewed and addressed more objectively.
- ▶ A general focus on improving payment timelines was also noted, aiming for greater efficiency in processing payments.



Principle 5: Sustainable costing

In relation to Principle 5: Sustainable costing, most organisations reported that no significant work has been done in this area to date. However, a few organisations have begun to explore and address this principle. The most common first step which 4 companies have taken is to understand the living wage gap in their supply chains. A few companies have otherwise begun to explore actions. These include collaborating with suppliers to look at how to improve wages for workers, looking into costing mechanisms that account for increases in labour costs due to national minimum wage adjustments and collective bargaining agreements. One organisation mentioned that they are in the process of developing a costing mechanism that will specifically incorporate labour costs. None have yet implemented living wage strategies in their costing mechanism, perhaps to be expected from a short programme such as this one.

These early steps reflect a growing awareness of the importance of sustainable costing, particularly in terms of fair wages and the integration of labour cost increases into pricing mechanisms.



Participants described several actions they have taken on Principle 5, including:

- ▶ Communicating supplier cost increases in advance, allowing for better planning of costs to customers ahead of future orders. These increases are not challenged by the purchasing company, and a more understanding approach has been adopted.
- ▶ Working to gain a better understanding of how to effectively approach sustainable costing.
- ▶ A reduction in the pressure placed on suppliers to lower margins.
- ▶ For some, it remains a medium- to long-term goal, with efforts focused on increasing understanding over time.

Supplier feedback on purchasing practices

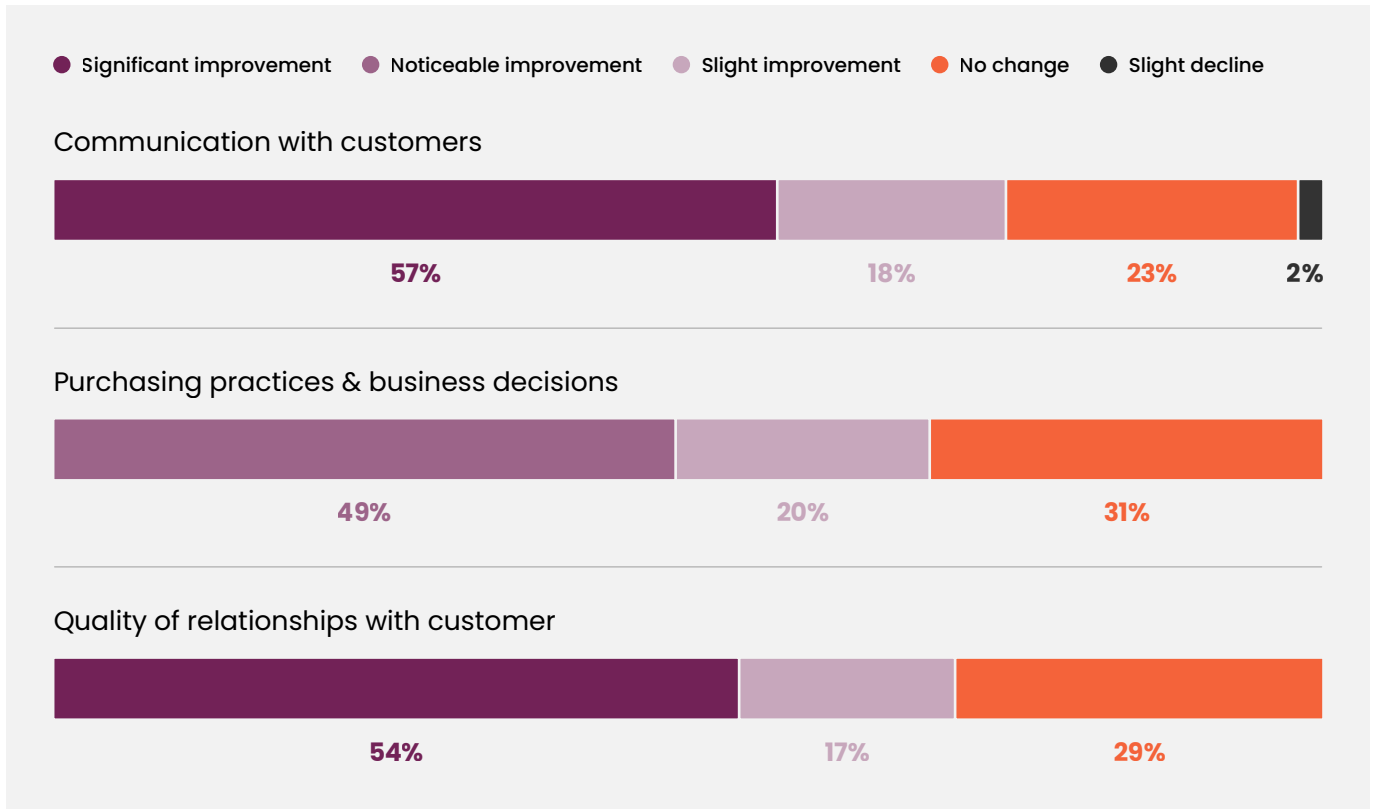
To gain a clearer understanding of the progress made, supplier feedback was collected to assess the impact of changes to purchasing practices. In March 2024, a survey was conducted among 90 suppliers, employing 83,664 workers, aligned with the five principles of the Common Framework. It included questions on equal partnership, collaborative production planning, fair payment terms, and sustainable costing – focusing on the relationship between purchasing companies and their suppliers. This feedback provided valuable insights into current purchasing practices and highlighted key areas for improvement.

To assess the early-stage impact of planned improvement from participating companies, an endline survey was conducted with the same suppliers in January 2025. Given that many of the first supplier findings were captured in March 2024, the survey sought to capture any changes in communication, purchasing practices, and the overall quality of relationships between suppliers and their purchasing companies over the following nine months.



Key findings

Of the 60 suppliers who responded:



Although the timeframe has been short, these early results are largely positive. Suppliers were also asked to provide specific examples of changes they had noticed, these included:

We have better communication about both their and our needs/limitations, so most of their orders are just suitable for our production.

They communicate more frequently and ask for thoughts/suggestions from us more than before.

The team is now more receptive to our input, especially regarding changes to orders and adjustments in the dipping plan. This has made it easier for us to collaborate and adapt quickly to any modifications, ensuring smoother operations.

*1) Our customer gives more feedback on the market and best sellers.
2) Our customer sends us a copy of the critical path to show when orders will be sent, helping us plan our production accordingly.*

Impact on workers

Due to the short time frame of the initiative, direct engagement with workers or trade unions to validate the improvements in working conditions was not feasible. It was assumed that the changes in purchasing practices had not yet reached the workers or fully impacted their conditions at the time of the assessment. Therefore, reliance was placed on supplier feedback regarding the observed changes, recognising that any impact on workers may not have been visible at that stage. Suppliers shared the following:

Smooth communication and mutual understanding make it easier for our team to execute tasks without hesitation. This has a positive effect on productivity and reduces stress, allowing the team to focus on their work with confidence. The improved clarity also helps prevent mistakes and delays, leading to better overall performance.

Workers have less stress, less overtime due to a stable task list, and work happier.

For employees, a stable salary from a positive cycle has a profound significance.

The feedback indicates improvements in communication and supplier relationships with some changes to purchasing practices. However, some suppliers have yet to observe changes. Continued efforts are required to achieve long-term improvements, particularly in areas with slower progress. A sustained focus on RPP is necessary to drive further impact across supply chains. Although both purchasing companies and many suppliers are aware of the relationship between purchasing practices and worker outcomes, supplier responses show that business considerations are often top of mind. Thus, continued focus on workers by purchasing companies is necessary to ensure that changes in purchasing practices have their intended effect for workers.



Pilot projects

The aim of the pilot projects was to assess working conditions within the supply chains of participating purchasing companies. The focus was to determine whether workers noticed direct impacts from the companies' purchasing practices. Specifically, the project sought to understand how practices such as tight lead times, last-minute orders, and inaccurate forecasting influenced workers' rights and conditions.



Methodology

A key aspect of the project methodology was engaging workers in the supply chain. This approach aligns with international norms, particularly the [UN Guiding Principles on Business and Human Rights](#) (UNGPs). These principles require businesses to undertake “meaningful engagement” with those affected by their operations, especially vulnerable individuals, to better understand and address risks to their rights.

The methodology was based on primary social research, using both quantitative and qualitative data collected through in-person interviews with workers at supplier companies. This process aimed to determine whether workers could identify the impacts of purchasing practices and link them to the purchasing companies or suppliers.

It’s important to note that the findings were derived from an analysis of rightsholder testimony, rather than an evidentiary audit. No attempt was made to verify testimony through documentation.

Approach

To gain insights into workers’ concerns, two complementary tools were developed for in-person engagement:

- ▶ A structured one-to-one interview template, primarily quantitative with optional qualitative questions.
- ▶ A semi-structured focus group discussion (FGD) template, focusing on qualitative questions with a few quantitative ones.

These tools align with key ETI reference documents and survey findings, including the Common Framework and results from an ETI survey on the impact of purchasing companies’ practices on workers’ conditions. Issues identified in the survey – such as employee satisfaction, timely payment, safety, motivation, and overtime – formed the basis for the questions.

The templates focus on workers’ experiences with:

- ▶ Relationships and wellbeing (e.g., employee satisfaction, stress, work relationships)
- ▶ Safety (e.g., health and safety challenges)
- ▶ Labour rights and standards of living (e.g., overtime, hours worked, remuneration)

This approach ensures the research captures the key issues affecting workers’ rights and well-being in relation to purchasing companies’ practices.




Sample size

When determining sample size, several factors are considered, including the size of the factory workforce, the gender breakdown, and the purpose of the sample. According to recent guidance on [meaningful stakeholder engagement](#) from the STITCH consortium, a minimum of 5% of the factory workforce is required. However, for smaller workforces, a larger sample is necessary to ensure adequate representation.

The project was carried out with five suppliers, employing 1,445 workers across five locations: three in China, one in Bangladesh, and one in India.



The breakdown per factory is as follows:

Country/factory	# workers	Sampled workers	% population
 China 1	70	14	20%
China 2	100	20	20%
China 3	1140	260 (220 online/40 in person)	23%
 India	75	35	47%
 Bangladesh	65	13	20%

As can be seen above, the sample of workers drawn ended up being much larger than 5%, in keeping with good practice. The sample was then balanced to reflect the gender breakdown in the factories, considering men, women, and any non-binary workers. In addition, some of the sample were invited to participate in focus groups, while others took part in in-depth interviews. In one factory, due to the large number of workers, interviews were conducted both via an online survey and in-person. In India, the total number of workers was not known before arrival, so the sample ended up being much larger than elsewhere.

Worker engagement and process

As part of the pilot project, worker interviews were carefully planned and conducted to ensure a safe, open, and effective engagement process. Scheduling considered workers' shifts, peak workload periods, and cultural factors to minimise disruption and encourage participation.

To foster trust, workers were informed in advance on the purpose and process of the interviews by their suppliers, with researchers reiterating this during the first visit. All interviews were conducted anonymously, in a language workers understood, and in safe, private spaces away from management oversight to encourage honest discussions.

For on-site interviews, management cooperation was secured to facilitate participation while ensuring worker anonymity. Researchers emphasised that the discussions were not audits or grievance mechanisms but an opportunity for workers to share their experiences. A safeguarding policy was developed to protect workers, outlining confidentiality measures, protocols for handling sensitive disclosures, and emergency response procedures.

Results

The results showed that certain purchasing practices, such as urgent orders, tight production schedules, and inaccurate forecasting, were negatively impacting working conditions. These factors led to increased stress, excessive overtime, and safety risks for workers, highlighting the need for greater collaboration between purchasing companies and suppliers to address these challenges.

However, the pilot revealed that workers were generally unaware of the direct link between a specific company's purchasing practices and their working conditions. Most were unable to identify which purchasing company was responsible for issues such as rushed orders or delays, even though they experienced the consequences. Workers' ability to recognise these links often depended on their role within the factory and their level of seniority.

Key observations across the pilot projects included:

- ▶ Urgent orders often created pressure on workers, leading to overtime and injury.
- ▶ Tight production schedules or inaccurate forecasting created stress, led to overtime, and resulted in the hiring of temporary workers to meet demand.
- ▶ Shifting deadlines due to last-minute changes in deadlines contributed to workers' stress and increased working hours.
- ▶ Technical and quality issues caused additional stress and overtime, sometimes resulting in injuries.

A critical takeaway was that purchasing practices, when not carefully managed, could directly harm workers. However, these insights also served as a starting point for improvement efforts aimed at mitigating these impacts.

Improvements

In response to the findings, the purchasing companies worked closely with their suppliers to make changes aimed at improving working conditions. These improvements aim to address key areas where purchasing practices had been found to negatively affect workers, including:

- ▶ Extending lead times to reduce pressure on workers and allow more time for production, reducing the risk of overtime and stress for workers.
- ▶ Improving forecasting accuracy to prevent last-minute orders, which could lead to rushed production, overtime, and increased stress for workers.
- ▶ Providing clearer technical specifications to eliminate confusion and ensure that workers had the necessary information to complete tasks efficiently and accurately.
- ▶ Adjusting payment terms to optimise cash flow, creating a more stable financial environment for suppliers, which in turn helped ensure workers were paid on time and without delay.

Six months after the first visit, a second visit was scheduled to gather further insights and assess additional steps for enhancing collaborative action plans between both purchasing companies and their suppliers. The focus was on gathering feedback from key employees involved in purchasing practices, such as those in sample development, mid-management, and factory leadership. The aim was to gather critical details and gain a better understanding of the supplier's level of involvement, as well as to include individuals who typically handle tasks but were not directly engaged in the action plan discussions. Additionally, the researchers shared insights from the first visit, discussed potential actions, and outlined the next steps with the workers to ensure they remained informed and engaged.

However, it's important to note that not all issues are fully resolved due to the short timeframe of the pilot project. Many purchasing companies are still actively working with their suppliers to implement and refine these actions.



Beyond purchasing practices

The pilot projects revealed other issues that do not directly relate to purchasing practices, but do affect the lives of workers. Though these issues were beyond the scope of this initiative, some participating companies took further steps to address these, including:

- ▶ Health and safety training at the supplier level.
- ▶ Developing policies to better support workers.
- ▶ Running awareness campaigns within factories to educate workers about their rights and available support.
- ▶ Introducing formal contracts to all employees to ensure job security and fair compensation.
- ▶ Establishing worker committees to facilitate collective bargaining and support the engagement of worker representatives in decisions about their conditions and benefits.

In summary, the pilot projects have provided a deeper understanding of how purchasing practices impact suppliers and their workers. Full reports of anonymised worker interviews and site visits were shared with purchasing companies, allowing them to refine their actions with suppliers to address real worker concerns. Importantly, this stakeholder engagement uncovered non-purchasing-related issues, which can then be addressed through normal HRDD processes. Coupled with an enhanced focus on internal alignment between CSR and commercial teams, these changes have a real chance of being implemented. For further reading on the results of the pilot projects, see the case studies available in the [resources section](#).

Ultimately, the follow-up visits neither affirmed nor denied the importance of the actions taken so far on purchasing practices. Given more time and better internal communication, there is no reason to believe that workers would not notice the benefits.



Key learnings

In summary, substantial evidence indicates that this programme has effectively supported companies in achieving significant progress on integration ([Principle 1](#)), equal partnership ([Principle 2](#)) and collaborative production planning ([Principle 3](#)), particularly through a clear emphasis on enhancing supplier relationships via improved communication.

While this serves as an essential prerequisite for further action, it is not sufficient on its own. Findings reveal that companies struggled to comprehensively address fair payment and contract terms ([Principle 4](#)) and sustainable costing ([Principle 5](#)), often focusing on win-win scenarios within [Principle 3](#). This outcome is understandable given the project's limited timeframe, but it underscores certain limitations.

The following sections will explore successes and challenges, particularly concerning processes and other obstacles, which will inform the development of enhanced programmes in the future and suggest pathways forward for RPP.



Challenges

Addressing PP without a strong HRDD system

A key phase of the initiative involved encouraging collaboration between purchasing companies and their suppliers to map and mitigate risks. Purchasing companies were tasked with engaging relevant suppliers to conduct surveys on their own purchasing practices. However, some companies struggled to progress due to a lack of awareness of their suppliers or existing relationships with them.

This challenge was particularly evident in the renewable energy sector, as well as in electric vehicles, logistics, and steel furniture industries. Many businesses in these sectors have not effectively mapped their supply chains, which not only reduces their awareness of risk exposure but also hinders their ability to engage and communicate with suppliers. These factors made it more difficult for purchasing companies to engage in RPP.

While some companies recognised potential risks within their supply chains, they felt inadequately prepared to participate in the project. Limiting factors included weak supplier relationships, limited internal influence and insufficient external leverage.

Power imbalances and dynamics

Problematic purchasing practices are often linked to an imbalance in power between suppliers and purchasing companies, with larger purchasing companies typically holding more influence in negotiations and decisions. However, the distribution of power can vary significantly depending on the context. For example, when dealing with much larger suppliers, some purchasing companies may feel their influence is limited, making it difficult to drive improvements. Despite this, positive changes can still be achieved. Companies should focus on what they can control, even in the face of a power imbalance, and look for opportunities to make improvements within their influence.

B2B partnerships

Many companies function as both purchasing and supplying entities, particularly when working with state agencies, brands, or larger retailers. In this initiative, 10 of the 15 companies operate in this capacity. Some expressed that, to win tenders or build relationships with clients, they often must offer competitive pricing. This requirement limits their ability to negotiate with suppliers to improve wages for workers, as the pressure to maintain lower prices constrains their financial flexibility.

Purchasing companies frequently feel compelled to select lower-priced options to secure orders, noting that if clients paid higher prices, it would enable them to support fair wages and better working conditions. This creates a dilemma: how to uphold ethical standards while meeting client demands for lower costs.

To address these challenges, purchasing companies should engage in open discussions with their clients about the pressures they face, including unrealistic timelines and pricing constraints. Just as suppliers are encouraged to communicate openly with their purchasing companies about unrealistic demands, it is equally important for purchasing companies to initiate similar conversations with their clients. By addressing these challenges together, purchasing companies can foster understanding and work towards more sustainable solutions that benefit both sides of the supply chain.

Holistic approach to RPP on improving workers' rights

A holistic approach to understanding and addressing the impacts of adjusting purchasing practices is vital, to avoid unintended consequences. For instance, improved purchasing practices can improve production efficiency, as the critical path is optimised. This will reduce the burden on workers to work excessive overtime. However, we know that in many industries workers still rely on overtime earnings. Therefore, if a mechanism to improve wages isn't established simultaneously, workers' wages will be adversely impacted. In this instance, perceived 'improved' purchasing practices can have a negative impact on workers.

Everyone should earn a living wage in normal working hours, yet in many industries it is still common for workers to rely on earnings from overtime.

In all contexts it is vital that supply chain partners agree on credible mechanisms to improve working conditions in response to improved purchasing practice. This is even more crucial when living wages are not paid, and where basic enabling rights – such as freedom of association – are denied.

Scaling and regulating purchasing practices

Individual efforts to improve purchasing practices can have great impact, however for the transformational changes needed RPP must become the norm. We found that most participating businesses earnestly invested in improving their purchasing practices to benefit workers. Out of all five Common Framework principles, Principle 5 – sustainable costing received the least investment. Whilst time restrictions may have limited activity here, we know that pricing is the most complex and contentious principle to address. For purchasing companies, who are often one of many customers fulfilling just a proportion of the supplier's business, there is a concern that increasing their pricing will impact on their competitiveness, without guaranteeing impact for workers. Similarly, for suppliers that commit to costing sustainably, they too fear loss of competitiveness to suppliers that do not. This 'race to the bottom' is common in many industries.

To overcome this, a level playing field must be created by incorporating responsible purchasing practices in legislation. By regulating, RPP purchasing companies could be held accountable to the same standards, unlocking the transformational potential of trade to provide decent work and end poverty.

Successes

Broad applicability

Initially, many companies were sceptical about the practices outlined in the Common Framework. Some purchasing companies assumed that certain purchasing practices were not relevant to their business or that they had limited influence due to power dynamics. In some cases, these assumptions were accurate. However, many companies found that by shifting the focus from assessing risks within suppliers' operations to examining the risks created by their own purchasing practices, they were able to initiate a fundamentally different dialogue – one that was previously unfamiliar to most suppliers. As a result, they discovered that certain practices actually do apply to their industry.

Overall, the principles of the Common Framework are widely applicable across manufacturing industries. Core elements such as integration, equal partnership, collaborative production planning, fair payment terms, and sustainable costing are considerations that most companies must navigate regularly. While implementation may vary depending on the industry and company structure, these principles remain essential for fostering more responsible purchasing practices.

Meaningful stakeholder engagement

RPP relies on meaningful stakeholder engagement. For many purchasing companies, the supplier surveys were crucial in helping them understand how their own purchasing practices affected suppliers and, consequently, workers. The supplier survey was a pivotal turning point, shifting the focus from identifying risks in the supplier's actions to understanding the risk created by the purchasing companies' practices – an approach many suppliers had not encountered before. However, work had to be done to help suppliers understand this change in dynamic, as some initially assumed the survey was just another audit focused on their performance. The anonymity of the survey enabled suppliers to provide honest feedback without fear of retaliation, highlighting the importance of creating safe spaces for open communication.

The pilot project was a key component of the initiative, allowing purchasing companies to gain insights directly from workers and better understand their experiences. However, if this approach is to be scaled up and conducted by multiple companies, it could become burdensome for both suppliers and workers. For example, one purchasing company was unable to participate in the second phase of the pilot project due to timing constraints, as there was insufficient time to engage with the supplier amid their busy production schedule.

While conducting surveys and interviews can provide valuable insights, it is important to recognise that this process can be stressful for workers. The pilot project demonstrated that this approach was far more comfortable compared to traditional audits. As one worker noted, *“Previously, we mostly had client audits, in which the auditors would apply a Q&A approach, which made us very nervous. However, this project involves communication through casual conversations with workers, and we feel more at ease.”*

This feedback highlights the importance of how engagement is conducted. When consulting with stakeholders, it is crucial to be mindful of their time, resources and mental health. Exploring alternative ways to reduce the burden on supplier and workers – such as adjusting timing or approach – should be a priority. Ultimately, respectful, thoughtful engagement is key to ensuring that all parties benefit from the process without undue strain. The STITCH Partnership developed the [MSE framework](#), a resource to assist companies in embedding meaningful stakeholder engagement into their HRDD efforts.

Embedding RPP

Establishing clear governance mechanisms and assigning responsibility for RPP across relevant functions is crucial. Responsibility should not solely rest with sustainability or human rights teams, especially in companies without teams or individual roles dedicated to these functions. Engaging commercial teams alongside leadership is essential. Survey data from the endline assessment revealed that 11 out of 15 respondents reported improved understanding of RPP within commercial teams, underscoring the importance of RPP training.

Companies who addressed purchasing practices issues through cross-functional teams – such as including representatives from sales, buying, sustainability, and logistics – found it easier to implement responsible changes. Those with actively engaged senior leadership made faster progress.

The procurement mapping exercise, which identifies responsibilities across teams, has proven valuable for engaging internal teams and sharing knowledge across functions. Supplier feedback highlighting the negative impacts of purchasing practices on both suppliers and workers, was a critical driver for change, demonstrating the harm caused by current actions and encouraging ownership of RPP among leadership and commercial functions. Presenting these impacts allowed companies to demonstrate the harm caused by their actions, encouraging leadership and commercial teams to take direct ownership of RPP. This shift allocated necessary resources and time for improvements, with 10 out of 15 respondents noting enhanced collaboration between teams.

To ensure alignment, 14 out of 15 companies provided training and/or guidance on RPP to their commercial functions, with one-third engaging external consultants. This training extended to commercial teams, enhancing their understanding of their roles in responsible purchasing decisions.

Supporting HRDD

A significant outcome of the pilot projects was that, typically, the burden of addressing HRDD issues often falls on the supplier. However, by approaching the situation from a different angle – showing that purchasing companies genuinely want to learn how to improve and provide support – RPP fostered a different relationship dynamic. This shift made HRDD issues feel less like a burden. As a result, when issues arise that are not strictly part of RPP but fall under HRDD, they become easier to address. For instance, in some factories, it was uncovered that not all workers had formal contracts. As a result of collaborations during this project, those workers now have contracts. This is one example of how, when buyers take responsibility and offer support, suppliers become more engaged and willing to work on HRDD-related issues, leading to a more effective and collaborative process that benefits the workers.

Common framework for responsible purchasing practices in manufacturing industries

Available in four languages: Bengali, English, Hindi, and Mandarin

The successes of this initiative highlight how applicable and effective the Common Framework is for responsible purchasing practices. Its implementation directly addresses the challenges outlined in this report, demonstrating its practical value. The resources below provide further insights into its impact and potential for broader adoption. By using this framework, stakeholders can drive continuous improvement and enhance responsible purchasing efforts. Ongoing commitment to this approach will ensure long-term, sustainable progress in this area.



Common Framework for Responsible Purchasing Practices in Manufacturing Industries (CFRPP MI)

Resilience in manufacturing supply chains

VERSION 1 – MARCH 2025

This framework, developed by the **Ethical Trading Initiative (ETI)**, gives a brief overview of what is meant by 'responsible purchasing practices' for manufacturing industries.

The manufacturing industry spans diverse product types, sectors, and processes, for which 'responsible purchasing practices' may vary (e.g., renewables, stone, steel, home accessories, construction, beauty, etc.). This framework acts as a core reference document to provide a common language and structure for discussion and action, after which guidelines for different elements of these industries may be developed.

This document was written with support of the **Initiative for Global Solidarity (IGS)**, implemented by **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH** on behalf of the **German Federal Ministry for Economic Cooperation and Development**.

IGS INITIATIVE FOR GLOBAL SOLIDARITY

Federal Ministry for Economic Cooperation and Development

Ethical Trading Initiative

Resources

- ▶ [Common Framework for Responsible Purchasing Practices in Manufacturing Industries](#)
- ▶ [Responsible purchasing practices in manufacturing industries - Summary](#)
- ▶ [Responsible purchasing practices in European legislation](#)
- ▶ [Mining of metals & minerals: A rapid assessment](#)
- ▶ [Case study: Small World Accessories](#)
- ▶ [Case study: Hardscape](#)

For more information reach out to:
melissa.karadana@eti.org.uk



**Ethical
Trading
Initiative**

ETI is a leading alliance of NGOs, trade unions, and companies advancing human rights in supply chains.

Our vision is of a world of work that protects human rights, ensures dignity for all, provides opportunity and is free of exploitation and abuse.



Ethical Trading Initiative

LHBO4 Kennington Business Park
1-3 Brixton Rd, London SW9 6DE
United Kingdom



+44 (0)20 7841 4350



ethicaltrade.org



info@eti.org.uk



[LinkedIn](#)