



Newsletter

November 2023

Message from STTI Management team



Dear STTI Community,

With an incredible sense of anticipation, we are thrilled to embark on Phase 3 from April 2023. This new phase is not just a continuation but a remarkable stride forward in the Sustainable Terms of Trade Initiative (STTI) journey. After a rewarding two-year effort, our objective in the 3rd phase is now to transform business models in the textile industry, forging equitable partnerships that bring prosperity to buyers, suppliers, workers, and our planet.

STTI is currently in a state of dynamic evolution, fuelled by the commitment and dedication of everyone in this community. The heart of Phase 3 pulses with eight essential streams, each channelling our energies towards responsible purchasing practices that are both impactful and lasting. From grievance mechanisms to MSI engagement, pilot projects with brands and manufacturers, STTI governance, Learning and Implementation Community, Supplier Contract Clauses, Policy, and Media and Visibility – we're embracing this new phase with enthusiasm and determination.

We are delighted to share that STTI's commitment to driving positive change has been recognised with the prestigious International Textile Manufacturers Federation (ITMF) International Collaboration Award for 2023. This recognition celebrates our relentless efforts in promoting international collaboration within the textile industry.

As we navigate through this exciting phase, it's heartening to see gradual shifts from the buying side. The role of responsible

purchasing practices is gaining prominence, and several noteworthy examples underscore this positive change. The joint investor letter sent to Nike emphasises the importance of ethical purchasing practices and fair treatment of garment workers. Within the Learning and Implementation Community, we see brands taking concrete actions to enhance their communication and production planning with suppliers. The formal Memorandum of Understanding (MoU) signed between STTI and Fair Wear Foundation creates a solid foundation for collaboration, empowering manufacturers and bringing brands closer to responsible purchasing practices. Intriguingly, several brands have expressed their interests in the Supplier Contract Clauses. These clauses have the potential to revolutionize the apparel and textiles industry, and it's heartening to note that numerous brands are considering integrating them into their daily operations. The excitement around this development is palpable, and we eagerly anticipate supporting follow-up pilot activities.

Although we see some positive changes in the industry, unfortunately unfair purchasing practices still exist and hurt the supply chain as a whole, which makes STTI's work timely and necessary. As we navigate the 3rd phase, we're confident that our collective efforts will continue to drive change and promote a healthier industry. The topic of responsible purchasing practices is steadily gaining momentum, infusing fresh energy into the industry, and we look forward to collaborating with a growing network of industry partners to create more positive impact and tangible changes.

Best wishes,
STTI Management Team

STTI is a global manufacturer-driven initiative focused on creating fairer purchasing practices in the textile and garment industry.

Interested in us?

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Newsletter Overview



STTI Related Activity

- Advisory Board meeting
- Supplier contract clauses
- Learning and Implementation Community

STTI News on Purchasing Practices

- ITMF Award
- STTI and Fair Wear Foundation MoU
- Joint investor letter to Nike
- BGMEA calls for fair price
- Better Buying Institute (BBI) supplier rating
- BBI commercial compliance tracker report

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- Boohoo's broken promises documentary
- The 38th World Fashion Convention
- Experts discuss unfair purchasing practices
- Barriers in SME supply chains
- Legislation will support purchasing practices
- Supply chain profitability

Purchasing Practices Event Outlook

- STTI Global Working Group Meeting
- Responsible contracting workshop
- Model contract clauses webinar

STTI 4th Advisory Board Meeting



Gearing up for Phase 3

On September 19th, the Sustainable Terms of Trade Initiative (STTI) hosted its 4th Advisory Board Meeting, aiming to hear valuable insights from board members regarding the priorities set for the 3rd phase.

The objective in phase 3 is to contribute to transform business models so that they support equal partnerships in a way that brings benefits to buyers, suppliers, workers and the planet.

The heart of this phase comprises of 8 essential streams, encompassing grievance mechanisms, MSI engagement, pilot projects with brands and manufacturers, STTI governance, Learning and Implementation Community, Supplier Contract Clauses, Policy, Media and Visibility. The advisory board actively engaged in discussions, with a particular focus on the impact of pilots with manufacturers and brands, seeking to drive tangible progress and influence purchasing practices.

The Advisory Board provided crucial input to support the development of STTI's phase 3. Notable recommendations included leveraging existing work on grievances to avoid redundancy and employing admissibility checks based on recognised Responsible Purchasing Practice (RPP) frameworks, such as Common Framework for Responsible

Purchasing Practices. Collaboration with the OECD was encouraged to foster mutual understanding between brands and suppliers on RPP, demonstrating the importance of engaging with industry stakeholders and policymakers.

The Advisory Board commended STTI for its achievements and acknowledged the depth and breadth of its third phase. In addition to offering feedback, the board shared recommendations to bolster STTI's pilots with brands and manufacturers. Emphasis was placed on showcasing practical applications of good purchasing practices and creating a platform for sharing knowledge and experiences within the industry, as several organisations are already involved in pilots, bringing valuable experiences to share.

Furthermore, the Advisory Board highlighted the importance of research outcomes, specifically in understanding shared risk and reward models. Collaboration with industry experts and bodies like the International Trade Centre (ITC) and ILO was encouraged to enhance the impact and credibility of these pilots.



Advisory Board

Industrial stakeholders from different (multilateral) organisations, companies and NGOs working on purchasing practices

Role of Advisory Board

To serve as the initiative's connection to the ecosystem working on improvement of purchasing practices

Learning and Implementation Community on Responsible Purchasing Practices

Collaborative Production Planning



The Learning and Implementation Community (‘The Community’) is a group of 36 garment brands and retailers from Europe and the UK, committed to taking new actions in improving purchasing practices. The primary objective of the Community is to learn from experts, manufacturers and peer brands, and to work together with supply chain partners, in order to make practical improvements in the purchasing practices.



The Community was established in late 2022 and is led and organised by The Fair Wear Foundation, Ethical Trade Initiative, Ethical Trade Norway, Partnership for Sustainable Textiles and Solidaridad. STTI supports this group and the Community by strengthening involvement of manufacturers and empowering them to initiate conversations and potential changes with their customers.

LIC’ s work is structured around the Common Framework for Responsible Purchasing Practices, which includes most of STTI’ s recommendations in their ‘White Paper’ . In September 2023, the discussion was focused on **Collaborative Production Planning**. During a manufacturer’ s preparatory meeting on September 18th, 5 practical suggestions were shared for manufacturers as they discuss improvements in production planning with their customers. These were:

1. Limiting the number of free prototypes.
2. Matching the price to the number of minutes required, based on garment complexity.
3. Engaging nominated fabric suppliers for discussions and exploring alternative options if the price is too high.
4. Clarifying tech packs and offering technical support before making samples.
5. Balancing orders by establishing good communication and open discussion in order to find solutions.

Three days later, on September 21st, a constructive online meeting between buyers and suppliers was held, with over 50 individuals attending from each group. During the meeting, a panel discussion involving buyers and manufacturers gave concrete suggestions for both sides. Several ideas were offered, including streamlining the sign-off procedure, integrating the critical path into business operations, spreading production across a wider period, and using digital colour approval, etc.

A brief survey during the meeting showed that several brands were already initiating efforts to improve production planning collaboratively with supply chain partners and increase internal critical path adherence. Some brands had implemented specific suggestions, such as sharing forecasts 9 months and 3 months before production, to foster closer communication with suppliers, enable suppliers to plan and purchase materials with confidence and to reduce last-minute changes. Other practices mentioned included having a checklist of information that must be included in tech packs, to ensure they are as accurate and complete as possible, and then discussing the tech pack with suppliers before it is confirmed.

Following the meeting, a summary list of ideas with actionable suggestions to improve production planning will be shared with all manufacturers who participated, so that they can share it with their customers outside of the Community, to initiate conversations to improve purchasing practices.

<https://www.cfrpp.org/learning-and-implementation-community>

Supplier Contract Clauses Launch to Drive Fair Purchasing Practices in Apparel Supply Chains



Addressing the aftermath of disrupted global apparel supply chains during the COVID-19 pandemic, the Responsible Contracting Project (RCP) and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) have jointly unveiled the Supplier Model Contract Clauses 1.0 (“SMCs”) to enhance human rights and purchasing practices in the apparel and textiles industry through innovative contracting practices.

The SMCs were recently unveiled on September 19th during a closed-door online meeting of STTI members. These clauses and accompanying documents are available online at the Responsible Contracting Project website: responsiblecontracting.org/smc.

The SMCs were designed to prioritize the concerns of apparel suppliers, including garment manufacturers. They incorporate various obligations for buyers, such as setting reasonable deadlines, paying prices that support responsible business conduct, aiding suppliers in upholding human rights standards, and minimizing requests for free samples.

The SMCs operationalize three core RCP Principles: a shared commitment to ongoing, risk-based HREDD; supporting suppliers' human rights performance through responsible purchasing practices; and prioritizing victim-centred human rights remediation over traditional contract remedies.

“ Responsible purchasing practices are critically important for supporting better human rights outcomes in all supply chains, including the apparel supply chain ”

Sarah Dadush, Director of RCP



The SMCs act as a practical tool for companies to enhance their contracts and can be adapted, edited and customized. They are based on the UN Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Cooperation and Development' s Due Diligence Guidance for Responsible Business Conduct (OECD Guidance) and can enhance compliance with evolving human rights and environmental due diligence laws and trade sanctions

The SMCs' development was supported by pro bono counsel from Linklaters LLP and at the request of STTI. The SMCs follow the pan-industry Model Contract Clauses 2.0 (MCCs) released in 2021, which emphasized shared responsibility and human rights due diligence based on global principles.

GIZ's projects, Initiative for Global Solidarity (IGS) and FABRIC, will conduct online and in-person training sessions to promote the SMCs in Europe and Asia. Further promotion is planned at various events, including an in-person event in Bonn (Germany) on November 22 and the annual International Apparel Federation conference in Philadelphia (USA) on October 23-24.

The SMCs are expected to gain traction as companies adapt their contracts to comply with the German Supply Chain Due Diligence Act and prepare for the EU Corporate Sustainability Due Diligence Directive.

Contracts are fundamental in shaping business relationships. The introduction of SMCs represents a significant stride toward upholding human rights and promoting better purchasing practices in the apparel and textiles industry.

STTI Awarded Prestigious ITMF International Collaboration Award 2023



CNTAC on behalf of STTI receiving the International Cooperation Award



ITMF International Cooperation Award Certificate

The Sustainable Terms of Trade Initiative (STTI) has been honoured with the prestigious International Textile Manufacturers Federation (ITMF) International Collaboration Award for the year 2023. This esteemed award is a testament to STTI's exemplary efforts and progress in promoting international collaboration within the textile industry, aligning with the values of the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development.

[The ITMF International Collaboration Awards](#) are bestowed upon projects that demonstrate significant advancements in fostering global cooperation, enhancing sustainability, and promoting positive change within the textile sector.

STTI has been invited to showcase its ground-breaking cooperation project during the ITMF Annual Conference 2023, scheduled to take place in Keqiao. During the ITMF Annual Conference 2023, STTI was formally presented with the official ITMF Award-Certificate, acknowledging its outstanding contributions to international collaboration in the textile industry. CNTAC attended on behalf of STTI to receive the award and introduced the initiative to all participants.

“ We are very glad that ITMF has recognised that STTI is an important step for the much needed global collaboration of apparel and textile suppliers. This collaboration of manufacturers already had a strong effect on the global discussion on purchasing practices. The definition of what makes for better purchasing practices is becoming the global “standard” . ”

CNTAC on behalf of STTI

Fair Wear Foundation and STTI Announce Collaboration to promote responsible purchasing practices



The MoU signing ceremony between Fair Wear Foundation and STTI

Fair Wear Foundation and the Sustainable Terms of Trade Initiative (STTI) have signed a Memorandum of Understanding (MoU), committing to further strengthening their collaboration on advancing systemic change in the garment and textile industry through the promotion and facilitation of responsible purchasing practices and, more broadly, the impactful implementation of the human rights due diligence (HRDD) framework.

Fair Wear and STTI share the vision of a just garment and textile industry in which brands actively engage in a dialogue with stakeholders from manufacturing countries to improve working conditions. Crucially, brands must establish equal partnerships with their suppliers who have valuable knowledge and practical insights to inform their HRDD efforts, including responsible purchasing practices. The latter are key in enabling the suppliers who will ultimately need to implement the improved working conditions.

STTI have already been contributing important recommendations from their White Paper on the Definition and Application of Commercial Compliance to the Common Framework of Responsible Purchasing Practices (CFRPP), a set of principles around responsible behaviour developed by a comprehensive group of MSIs, amongst which Fair Wear, and expert organisations, including a process of stakeholder consultation. The MoU between Fair Wear and STTI consolidates the organisations' intentions to further integrate STTI into the work of the CFRPP.

“

The manufacturers gathered in STTI seek collaboration with brands and retailers to push real improvements in purchasing practices. The MoU with Fair Wear opens up the opportunity to establish a stronger link with the Fair Wear member brands. Beyond that, with Fair Wear's expertise on human rights due diligence, the collaboration with STTI takes on a bigger dimension, helping both organisations move the needle on a global infrastructure that can help drive more responsible purchasing practices. ”

Matthijs Crietee, Secretary General of IAF

More news at: [Just Style](#), [Ecotextile](#)

STTI's Recommendations Echoed in Joint Investor Letter to Nike



“ We encourage Nike to explore implementation of the American Bar Association Model Contract Clauses, and of the recommendations of Sustainable Terms of Trade Initiative (STTI), which are both designed to reflect a shared responsibility to supplier standards. ”

More news at: [Business of Fashion](#), [Just Style](#), [ICCR](#)

In an impactful joint effort, ABN AMRO and CCLA Investment Management, supported by ICCR, PGGM, and Triodos Investment Management, have collaborated to send a crucial joint investor letter to Nike on September 7, 2023. The letter presses Nike to address outstanding wage payments for garment workers in factories located in Cambodia and Thailand, both affiliated with the Ramatex Group.

The joint letter explicitly refers to STTI, encouraging Nike to explore the implementation of the American Bar Association Model Contract Clauses and the recommendations of the Sustainable Terms of Trade Initiative (STTI) because these mechanisms are designed to promote shared responsibility to supplier standards, emphasizing ethical purchasing practices and supply chain collaboration.

The joint investor letter sheds light on two distressing cases of labour violations involving workers employed by Nike's major international supplier, the Ramatex Group. Workers from Violet Apparel in Cambodia and Hong Seng Knitting in Thailand were not fully compensated for wages and benefits in 2020, amounting to a collective \$2.2 million owed to over 4,500 workers in Cambodia and Thailand combined.

The investors, representing over \$2.1 trillion AUM/AUA, emphasized the need for immediate remedy through payment of unpaid wages and benefits, aligning with the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

By late September, more than 50 investors had joined the group of signatories in this powerful joint letter, highlighting the urgency and importance of the issue.

BGMEA demands fair price from fashion buyers to support higher minimum wages



In September 2023, Faruque Hassan, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) issued a letter respectively to the American Apparel & Footwear Association (AAFA) and the Action, Collaboration, Transformation (ACT) group to address concerns and observations on the minimum wages review and related matters.

BGMEA emphasised its unwavering commitment to ensuring the safety and wellbeing of workers within the ready-made garment (RMG) industry. The association highlighted significant strides in workplace safety, environmental sustainability, and workers' empowerment.



“ Considering the standard and cost of living of our workers, and the inflation, we also expect fair price and ethical sourcing from our valued buyers. Therefore, we would urge you to engage with global brands, retailers and their representatives urging them to be more empathetic and rational on pricing and sourcing practices. ”

Faruque Hassan, President of BGMEA

One key aspect discussed was the ongoing review of minimum wages considering the prevailing challenges posed by inflation and changes in living standards. BGMEA urged global brands and retailers to engage in fair pricing practices. This engagement is critical to support a rational adjustment aligned with the new wage scale, ultimately ensuring the continued welfare and prosperity of the workers.

Through these communications, BGMEA seeks collaborative efforts with AAFA and ACT to advocate for fair pricing practices. These practices are pivotal for maintaining workers' livelihoods, sustaining the industry, and promoting stable progress.

More news at
 Letter to AAFA: [The Financial Express](#), [The Business Post](#)
 Letter to ACT: [Just Style](#), [Ecotextile](#), [Fibre2fashion](#)

The Better Buying Partnership Index (BBPI) Opens for Supplier Rating



Better Buying is offering every STTI participating supplier organization a free country-specific report based on the responses associations' members provide during this month's ratings cycle.

This data will enable STTI members to compare the quality of the business relationships the members enjoy with their buyers with the industry average, both overall, and across a range of measures including operational efficiency and the management of key deadlines, forecasting visibility and the predictability of future orders, the fairness of financial practices, the efforts buyers make to partner with associations' members to improve sustainability, communication practices, and buyer status as a customer of choice.

The survey is 100% anonymous and it only takes 5 minutes to rate each buyer customer. Please share [the survey](#) with associations' members, and encourage them to submit their ratings by the deadline of November 3rd.

To find out more about how to receive the free country-specific report, please email Leonie Abraham (leonie.abraham@betterbuying.org), Vice President of Business Development.



Better Buying Commercial Compliance Tracker Report Highlights Four Crucial Practices



“ These and other measures are high-impact areas for the industry to focus on, and Better Buying™ stands ready to help brands and retailers begin measuring their commercial compliance so they can identify and mitigate areas where they are deficient. ”

Dr. Marsha Dickson, President and Co-founder of Better Buying Institute

BBI has unveiled its first annual report, the “[Better Buying Commercial Compliance Tracker™](#),” as part of its participation in The Sustainable Terms of Trade Initiative.

Among the key findings, the report highlights four specific practices where compliance is notably interconnected with compliance in other essential areas.

Brands and retailers seeking to enhance their purchasing practices are encouraged to concentrate their efforts on these aspects, including:

1. Payment in Full
2. Allowing adjustments to prices paid to suppliers when external costs fluctuate.
3. Committing to prices that cover all costs associated with compliant production, enabling suppliers to earn a reasonable profit.
4. Confirming production capacity in advance.

Industry News on Purchasing Practices



- Fashion United**
 - New investigation claims Boohoo breaks past promises of fair production
 - Boohoo’ s Broken Promises documentary
- Just Style**
 - Fashion manufacturers ‘can’ t act green when in the red’
- Fair Trade**
 - Fair Purchasing Practices and Barriers in EU SME Garment Supply Chains
- Just Style**
 - AI project aims to add value to fashion brands while boosting supplier profits
- Sourcing Journal**
 - Fashion industry experts say legislation will Support ‘good behaviour’
- Fashion Revolution**
 - The backbone of exploitation: Experts discuss unfair purchasing practices

Purchasing Practices Event Outlook



November 15, 2023

STTI Global Working Group Meeting, Humen, Guangdong Province, China (hybrid event for STTI members)

November 22, 2023

Responsible contracting in global supply chains workshop, Bonn, Germany (in-person event open for public, registration email: Nicolina.Hajdu@giz.de)

November 29, 2023

Model contract clauses webinar, online event

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Image Credit

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