

## Win-Win Partnership: how suppliers are investing savings when buyers accept recently completed audits

BETTER BUYING INSTITUTE, DECEMBER 2022

HIGHLIGHTS FROM THE BETTER BUYING PURCHASING PRACTICES INDEX™ 2022

### KEY FINDINGS

Suppliers who responded to questions in the Better Buying Purchasing Practices Index™ 2022 related to how their buyers are enforcing expectations around CSR and compliance were asked a number of further questions about how much they were saving as a result of buyers accepting recently completed audits and assessments, rather than buyer-specific audits.

- 86.3% of suppliers reported that buyers are now accepting results from recently completed audits and assessments
- 22.5% reported that their buyers are accepting the SLCP's Common Assessment Framework (CAF)
- Nearly 64% of suppliers reporting that their buyer accepts the SLCP's CAF indicate that the primary benefit is increased clarity on corrective action plans.
- Of those suppliers whose buyers' accept the SLCP's CAF, two thirds are saving up to \$5,000 a year per customer, with 4.3% saving more than \$20,000 a year
- The top 3 areas where suppliers are investing these savings are: investments in the workplace; offering new programs or services to workers; and investments in new technology.

### Workers benefit when brands and retailers prioritize audit harmonization

Suppliers whose customers accept the SLCP's CAF in lieu of buyer-specific audits are investing the savings in ways that are directly and indirectly benefiting workers in global supply chains.

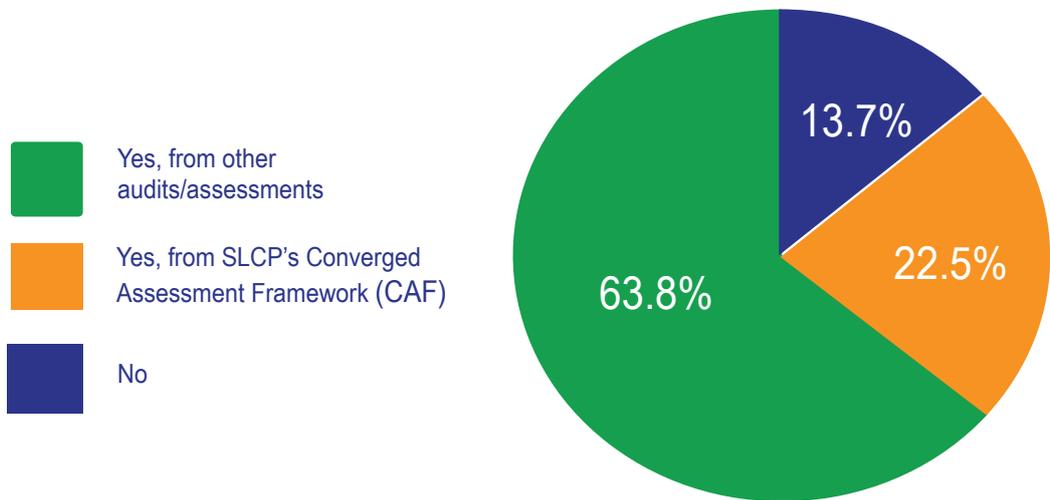
Savings were invested about equally in the workplace (36.7%) and in new programs or services for workers (35.3%). Investments in the workplace would encompass health and safety improvements, such as enhanced lighting, better egress, social distancing, and ergonomics. New programs or services for workers would include medical testing and vaccinations to reduce the spread of Covid-19, and others that support the total workforce.

While only 7.7% of suppliers reported being able to pay higher wages to workers as a result of the savings, this is undoubtedly influenced by competing financial pressures suppliers are facing due to continued requests for lower prices and poor forecasting that leads to inefficient and more costly operations. Paying higher wages to workers requires suppliers with sound financials, supported by a broad range of better purchasing practices.

Another point important not to overlook is the benefit to workers that results from suppliers having more clarity on corrective action plans. When suppliers and customers agree about the improvements needed, violations that harm workers can be remedied more quickly, and reduce the risk of future noncompliances to labor standards in codes of conduct.

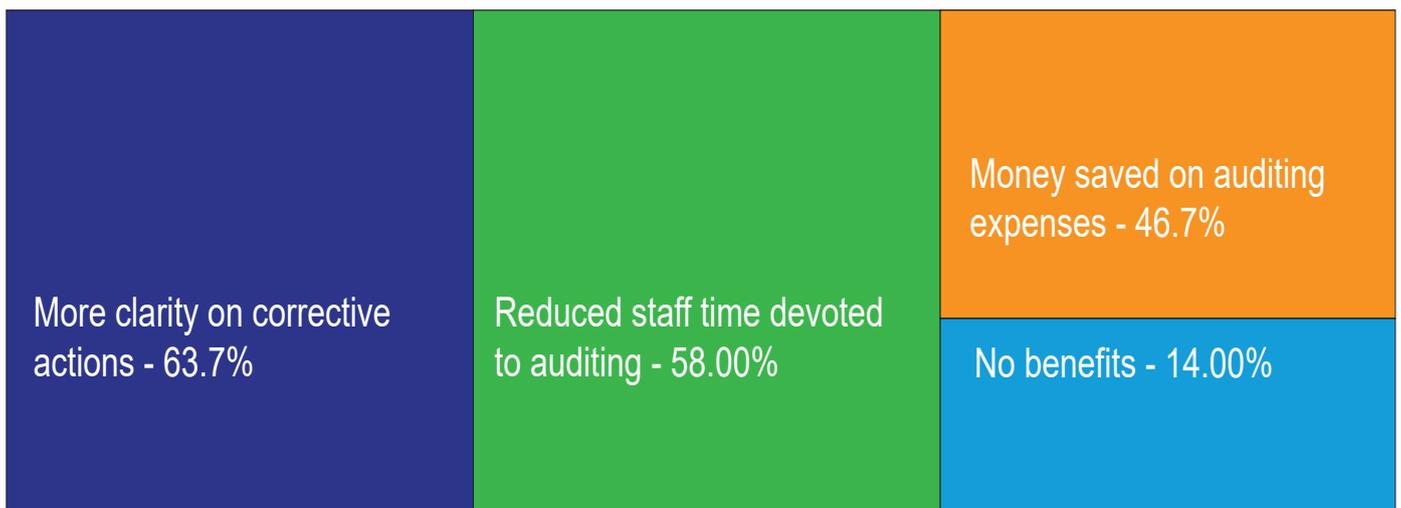
Did the buyer accept results from recently completed audits/assessments of workplace conditions at your factories in lieu of requiring new audits specifically for the buyer?\*

### Recently Completed Audits Accepted (n=1,333)



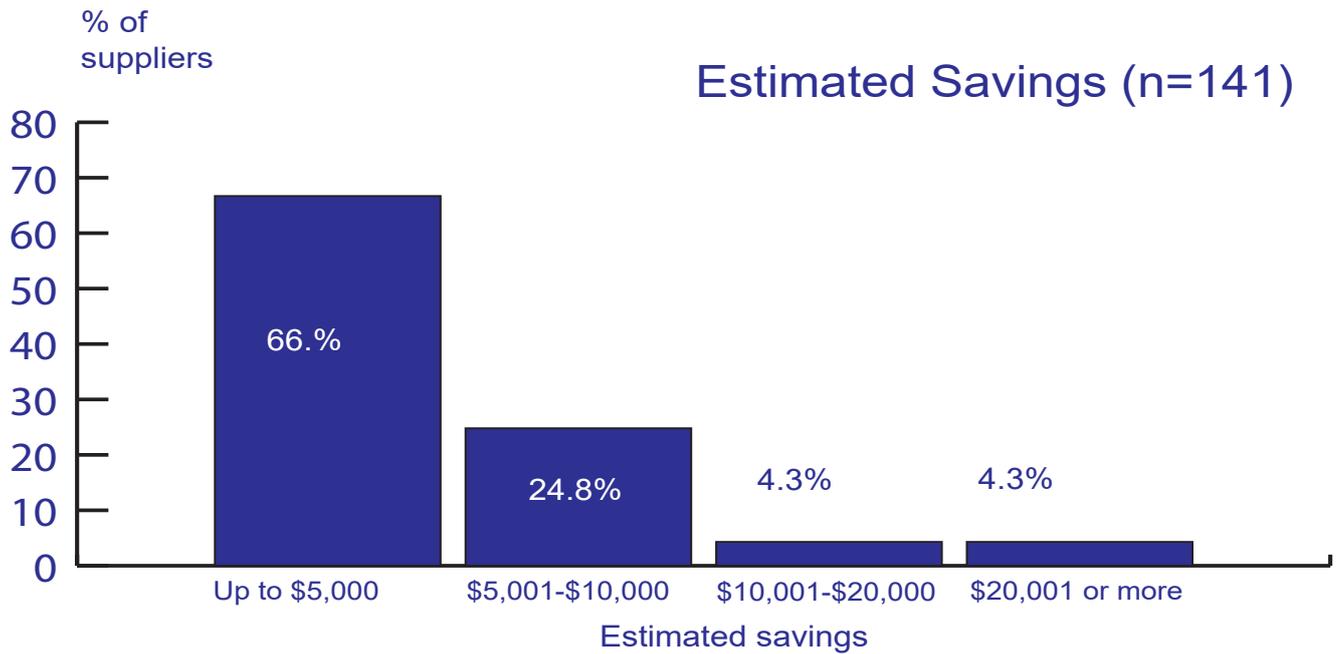
\*This question was only asked if the rater selected 'Factory audits' or 'Factory self -assessments' to the question 'How does the buyer enforce its expectations of CSR/compliance?'

### Benefits of Buyer Accepting SLCP's CAF (n=300)

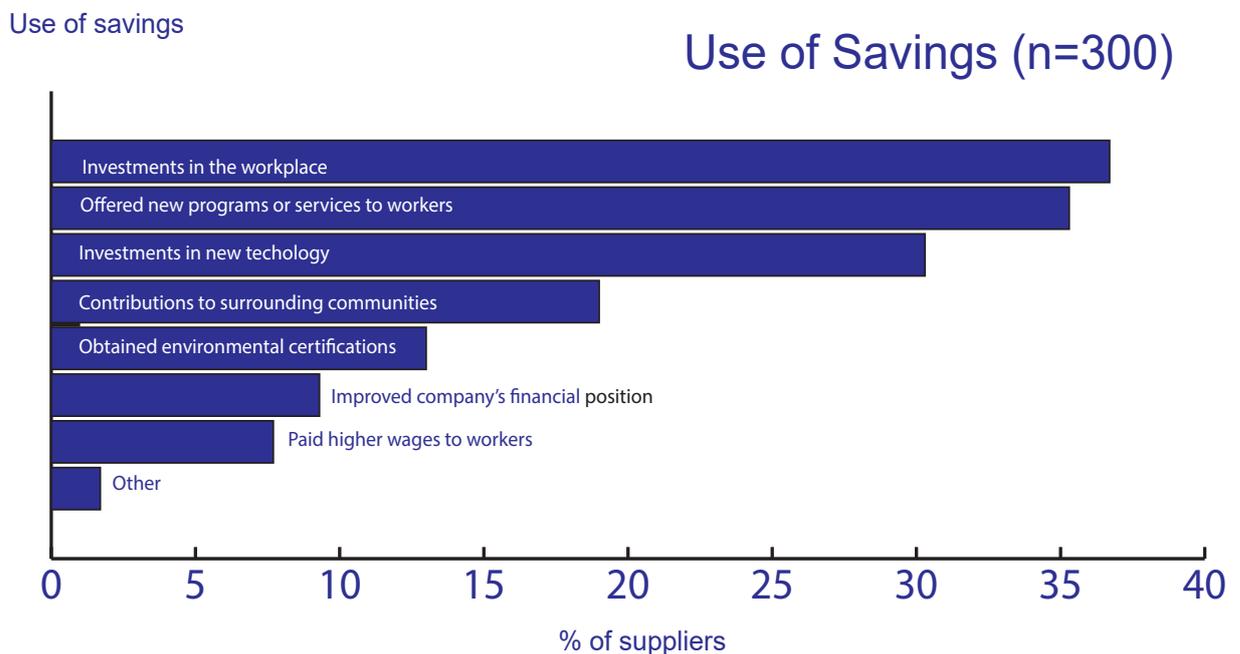


\*This question was only asked if the rater selected 'Yes, from SLCP's Converged Assessment Framework (CAF)' to the previous question 'Did the buyer accept results from recently completed audits/assessments of workplace conditions at your factories in lieu of requiring new audits specifically for the buyer?'

## How much money do you estimate was saved as a result of your buyer accepting SCLP's CAF?\*



## How were these savings used?\*



\*This question was only asked if the rater selected 'Money saved on auditing expenses' to the previous question 'What were the benefits of your buyer accepting SLCP?'

## About Better Buying™

Better Buying Institute reimagines supply chain sustainability, leveraging data to strengthen supplier-buyer relationships. Our goal is to accelerate industry-wide transformation of buyer purchasing practices so that buyers and suppliers create mutually beneficial business relationships. Better Buying's programs provide retailers, brands, suppliers, and industry with data-driven insights into purchasing-related activities. The transparency we deliver to supply chain relationships promotes sustainable partnerships and mutually beneficial financial and other outcomes.

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