

Frequently Asked Questions (FAQs)

1. What is the vision and mission of Better BuyingTM?

Better Buying's Vision: Buyers and suppliers work together with responsible purchasing practices to achieve shared goals of profitability and social and environmental sustainability.

Better Buying's Mission is to support:

Buyers in treating their suppliers as trusted and respected partners whose insights are critical to building resilient supply chains, using feedback data to fully understand the impact of their actions, and making continuous improvements to their purchasing practices

Suppliers in feeling safe and confident engaging with buyers, providing feedback, and co-creating solutions to shared business challenges.

2. What are purchasing practices?

Purchasing practices are the steps brands and retailers (buyers) take to create products and bring them to market. They include activities related to: planning and forecasting, design and development, cost and cost negotiation, sourcing and order placement, payment and terms, management of the purchasing process, and win-win sustainable partnerships. Purchasing practices can have a direct impact on the financial, environmental, and social sustainability performance of suppliers. They can affect their ability to pay wages and benefits required by law and buyers' codes of conduct. Poor purchasing practices can lead to excessive overtime hours, unauthorized subcontracting to unsafe facilities with poor working conditions, and an increase in the use of temporary labor, making employment more precarious. Poor purchasing practices can also imperil suppliers' financial situation.

3. What is a ratings cycle, and how frequently are they?

Better Buying[™] runs ratings cycles twice a year, once in April (for the Better Buying Purchasing Practices Index[™]) and again in October, for the Better Buying Partnership Index[™].

4. Why should suppliers rate their customers, the retailers and brands?

According to an independent external evaluation of the Better BuyingTM system, Better BuyingTM surveys are the most effective tool for communicating problems with purchasing practices. Our ratings platform helps buyers understand how their purchasing practices impact suppliers.



5. What are the benefits to suppliers of engaging with Better BuyingTM?

Suppliers, and the factories they own or contract are direct beneficiaries of Better BuyingTM. As a supplier, improved retailer and buyer purchasing practices can benefit you by:

- Helping you to meet your social and environment goals while still earning reasonable profits
- Improving your workforce and facility utilization (via mutually beneficial costing)
- Improving your workforce stability (via more predictable and consistent workflow)
- Reducing unexpected finance charges in the procurement and settlement process
- Improving product quality products (as buyers better understand the supply demand cycle)

6. What happens with the data suppliers submit?

Retailers or brands are rated by suppliers on seven separate categories of purchasing practices that have been previously identified as critical. Retailers or brands that subscribe with Better Buying[™] and who receive more than five ratings from their suppliers in aggregate during each cycle are given an overall score grading their purchasing practice performance; these aggregated ratings are given to the retailer or brand that subscribed to Better Buying [™] in a detailed company report comparing their practices against an industry benchmark and recommending practices that can be improved.

7. What kind of company information will suppliers need to provide?

Suppliers begin by registering on the Better Buying[™] ratings platform by providing some basic information about their company. Once suppliers begin rating, they can expect to be asked questions about buyer practices including the timing of forecast and order placements, variance between orders reserved and actual orders booked, percent of tech packs delivered accurately and on time, and percent of the time and action calendar deadlines that were met.

For the shorter Better Buying Partnership Index[™] administered in October, suppliers will be asked 12 impactful questions about issues such as operational efficiency and the management of key deadlines, forecasting visibility and the predictability of future orders, fairness and integrity of financial practices, efforts to partner with suppliers toward improved sustainability, communication practices, and the buyers' status as a preferred partner, as well as three optional demographic questions and three open-ended questions. Prior to completing a rating, it may be useful to gather information from different departments within the supplier company.

8. How is supplier anonymity and data protected? And how secure is the platform?

The rating a specific supplier gives to a buyer is only visible to the supplier submitting the rating and select Better Buying[™] staff. Raw data is never released and multiple supplier ratings are averaged so that buyers cannot identify which specific suppliers rated them. Only buyers who have five or more ratings will receive a Better Buying[™] rating and related detailed reports that draw on aggregated data. The select staff members with access to the Better Buying[™] website



and rating platform have signed confidentiality agreements that prevent sharing supplier data. Extensive precautions are taken to protect sensitive data on the Better Buying $^{\text{TM}}$ platform.

Better Buying[™] servers are managed by the Fair Factories Clearinghouse and hosted in a SunGard SSAE16 data center which are managed 24/7 and configured for high availability and maximum redundancy using a combination of RAID1 and RAID5 configuration. Servers are behind redundant firewalls which have very strict rules about allowing only selected connections into the servers. Servers have 24/7 threat monitoring which allows us to be notified and respond to a threat before it affects our servers. As a result, the ratings platform and the data contained in it are highly secure. More detailed information about our Better Buying[™] Privacy and Data Protection Policy are provided to suppliers when they register on the Better Buying[™] platform.

9. Is there a fee for use of the Better BuyingTM ratings platform? And how is Better BuyingTM funded?

There is no fee for suppliers to rate their buyer companies on the Better Buying[™] ratings platform. Better Buying[™] is funded through grants, donations, and corporate sponsorship from brand and retailer subscribers who invite their suppliers to submit ratings. In addition to contributing data and funding to support Better Buying's overall mission, these subscribers receive Better Buying[™] Company Reports and have access to other opportunities to deepen their knowledge about how to improve purchasing practices. For more information, contact us at info@betterbuying.org.

10. Do suppliers rate only one of their retailer or brand customers? Or all of them?

Suppliers may wish to begin with rating their largest retailer or brand customer. However, suppliers are strongly urged to rate *all* their retailer or brand customers. The more information that is submitted, the better retailers and brands will be able to respond to suppliers' needs.

11. Are ratings made public?

All ratings for a retailer or brand are aggregated into a shortened scorecard, which is made available directly to the retailer or brand and to suppliers that submitted ratings that were used in the scorecard. Retailers and brands that receive scorecards are encouraged to share those internally with other teams within their business, with investors, civil society, and other stakeholders so that progress over time can be supported and acknowledged.

12. How long does it take to complete a rating?

Although actual time will vary for each buyer rated, it likely takes 30 minutes to complete all the questions for each company in the Better Buying Purchasing Practices IndexTM, and between less than 5 minutes for the shorter Better Buying Partnership IndexTM. To maximize efficiency, we allow up to four users per supplier company, including the supplier administrator, to access the rating site and input information.



13. What questions are suppliers asked?

The questions can be found here: <u>Better Buying™ Questions</u>, 2023

14. How do suppliers know if their buyer companies support their use of the Better BuyingTM platform?

Better BuyingTM was designed for suppliers to share their concerns about purchasing practices. Supplier anonymity is always protected, so suppliers need not fear their commercial relationships will be damaged as a result of use of the ratings platform. Proactive suppliers rate several and sometimes all of their buyer companies and that data is used by Better BuyingTM in its various reports that support continuous improvement in purchasing practices. Buyer companies are increasingly interested in learning from suppliers about how purchasing practices could be improved to better support sustainable partnerships. Therefore, often suppliers will receive an invitation directly from buyer companies who want their suppliers to use the ratings platform. Better BuyingTM will then follow up with you to support your registration and participation. Buying companies that subscribe with Better BuyingTM and invite their suppliers to participate receive reports detailing their companies' performance against the industry benchmark, suppliers' constructive ideas for improvements, and our support as they begin the change process. Suppliers can learn more by signing up to receive regular mailings from Better BuyingTM.

15. Will buyers know which suppliers rated them?

No. Suppliers who use the platform and rate their buyers through Better Buying[™] will *never be named*. Protecting the anonymity of suppliers is critical for Better Buying[™] to obtain open and honest feedback that can effectively measure buyer behavior on important purchasing practices issues. Suppliers can feel confident that the information they provide Better Buying[™] will not negatively affect their commercial relationships. An independent external evaluation found Better Buying[™] to be a more effective tool for communicating purchasing practices problems than any other mechanism currently available, including supplier forums and surveys initiated by buyers, precisely because supplier anonymity is maintained and because buyer ratings will be made public.

16. When will a supplier be able to learn the score that results from their rating?

Upon submitting a rating of a particular buyer, the supplier will immediately see the score generated from the data they provided.

17. Can departments within a supplier company collaborate to complete a rating?

Yes. An offline Excel module that contains all survey questions can be downloaded from the online rating platform once you find/create your buyer you wish to rate. Then, the questions can be forwarded to the relevant departments in your company. Note that all responses must be entered into one copy of the spreadsheet. Once the offline Excel module is completed, it is



uploaded onto the online platform and the designated Supplier Admin submits the questionnaire. For more information about this useful feature, read the "Instructions for Using Excel Offline Module" in the Documents Manager found on the Navigation menu on the left side of the rating platform.

18. How will retailers and brands benefit from the ratings?

If you're a brand or retailer, Better Buying[™] ratings enable you to build win-win sustainable partnerships with your suppliers, and provide you with an independent assessment of which purchasing practices you need to focus your improvement efforts on. By monitoring your scores year-on-year, and by key characteristics such as supplier region, product category or other, you can measure the effectiveness of your efforts, and continually improve your purchasing practices. You will also benefit from data driven opportunities for specific enhancements to the buying process for both buyers and suppliers, such as:

- Reduced cycle times and more accurate demand timing, via improved insights into demand drivers
- More predictable lead-times from effective workforce and facility utilization
- A reduction in potential costing "buffers" from finance charges in the procurement and settlement process.
- Better product quality from suppliers, via improved insight into the supply-demand cycle
- Improved social and environmental performance through improved purchasing practices
- Being better able to demonstrate accountability to your investors and other stakeholders

19. How can civil society organizations and investors benefit from the ratings?

Civil society organizations have long understood the relationship between buyer practices and working conditions. Those organizations, and other interested groups, can now use Better Buying[™] ratings to measure buyers' adherence to good practices. Investors in companies that operate in supply chains often analyze the risks of poor purchasing practices. Civil society organizations and investors alike can use the aggregated scores as an opportunity to engage with stakeholders about ways to improve buyer purchasing practices.

20. How does Better BuyingTM distinguish between suppliers and factories?

Better Buying[™] provides the opportunity specifically for suppliers - as opposed to factories - to rate their buyers because information pertaining to purchasing practices is most often held in the corporate supplier office that has direct contact with the buying company, and not at the factory level. A supplier, therefore, is defined as a parent company that owns one or more facilities or places orders in independently owned and operated factories on behalf of their clients (buyers from brands, retailers, agents and design houses). It is understood that a factory may also be a supplier if it has direct contact with the buyer's product creation teams and no other corporate office intervenes in the factory-buyer relationship. Suppliers can rate both the end customer (i.e., brand or retailer) as well as the importer/agent or any other third parties



from whom the orders were received. Additionally, the importer/agent can also rate the end customer.

21. Is the ratings platform available in multiple languages?

The rating site is available in English, Mandarin, Korean, and Bengali. Additional languages will be offered in the future.

22. How do suppliers get help if they have questions about the ratings site and how to rate?

Tips for completing ratings are found throughout the rating site. Tech support can be reached through the <u>Contact Support</u> feature; most inquiries will be answered within two US business days.

23. How is the information submitted by suppliers verified?

When suppliers register on the Better BuyingTM platform, before they begin rating, suppliers are required to upload proof that establishes an authentic relationship with the buyer they are requesting to rate. That information is reviewed by qualified Better BuyingTM staff. If further information or clarification is needed, Better BuyingTM will contact the supplier through the secure Better BuyingTM platform. Better BuyingTM reserves the right to request clarification regarding all data provided by suppliers when registering or rating buyers.