

Guidelines for responsible purchasing practices in times of COVID-19

Recommended actions for short-term measures during the COVID 19 outbreak

The recommendations for action reflect the present state of the discussion in the Textile Partnership and are to be further elaborated. The recommendations offer an orientation and are thus not intended to rigidly prescribe what approach each company should adopt in every type of business relationship. Companies can therefore - provided that the above-mentioned principles are respected - choose to act in other ways.

Handling of orders and related payments

- Orders that have already been completed are not cancelled and the agreed payment terms are met.
- For orders that are currently in production or for which material has already been purchased, cancellation is avoided as far as possible. If necessary, another use can be found for material that has already been produced.
- Late deliveries that result from the impact of the COVID-19 outbreak will not be sanctioned.
- New order forecasts are communicated to the supplier at an early stage and regularly updated. Lead times and capacities should be closely coordinated with tier 1 and material suppliers. Delays should be anticipated, especially when production starts again after a lockdown.

In dialogue with the supplier it is to be examined:

- How costs already incurred are covered when orders cannot be completed. At best, the company placing the order pays for material and wage costs.
- Where goods can be stored temporarily in case they cannot be delivered or accepted at the moment, how costs can be split that may arise and what other alternatives are available to avoid extra costs (e.g. switching to slower means of transport).
- Whether wages can be paid and whether it is possible to make concessions in order to secure wage payments, e.g. by adjusting payment targets. Other alternatives should also be examined, such as the provision of financial emergency aid for workers to cover the loss of wages or layoffs in cooperation with other actors/at country level.
- What alternatives are to avoid cancellations and changes in forecasts. The same applies to the final termination of business relationships.
- In the event of factory closure, workers should receive the wage and compensation payments to which they are entitled (see also the previous point on the provision of financial emergency aid).

Dealing with health risks and the risk of infection in production facilities

In dialogue with the supplier, efforts must be made, e.g. by providing support or information/material, to ensure that:

- Suppliers implement adequate protective measures to reduce the risk of infection. This also applies to the transport of workers to and from the production site.
- Workers are informed about these protective measures and their rights and have access to worker/trade union representatives or other effective grievance mechanisms to raise concerns or complaints.
- Suppliers comply with government measures.

Outlook

In order to avoid negative impacts on all actors involved, and in particular on workers in the supply chain, the current situation requires all parties involved to work in a spirit of mutual understanding and partnership, as well as close communication and flexibility. The COVID-19 crisis can only be overcome together. At the same time, the current situation underlines what must apply now more than ever and in particular for the upcoming future: Fair and cooperative relationships between buyers and suppliers form the basis for stable global supply chains. Against this background, the guidelines outlined here will be further developed by the members of the Textile Partnership to cover actions beyond the immediate time frame of the crisis situation.