

Responsible Purchasing Practices in times of COVID-19

amfori guidelines for responsible purchasing practices

Responsible Business Conduct

Responsible Business Conduct = Dialogue and Collaboration

During these unprecedented times of crisis, businesses everywhere are struggling to stay afloat.

Workers across global supply chains are also taking a devastating economic hit, with the most vulnerable, including women, children, the elderly, and informal workers being hit the hardest.

While some governments have announced measures to support their local businesses and their workforces, all actors in the global value chain will need each other more than ever to get through this period – **dialogue and collaboration are key.**



Responsible Business Conduct = Business Continuity

Responsible Business Conduct, as mandated by the **UN Guiding Principles on Business and Human Rights**, is the only route that will ensure business relations can be strengthened during a time of crisis, rather than broken.

This will be crucial to ensure business continuity where possible and, more importantly, to enable businesses to ramp up their activities as soon as the local situation allows it – while safeguarding human rights and enabling human prosperity across global value chains.

amfori is and will continue to work with other organisations, such as Multi-Stakeholder Initiatives, trade unions and other local and international stakeholders on areas of collaboration in support of businesses and people.

Responsible Purchasing Practices

Responsible Purchasing Practices = Your Commitment

When joining amfori, members sign the amfori BSCI Code of Conduct and with that they acknowledge their capacity to influence social changes in their supply chains through their purchasing activities and commit to manage their relationships with all business partners in a responsible way.



Our ask to you : **continue with Due Diligence**, as defined by the OECD Due Diligence Guidance for Responsible Business Conduct, even in these challenging times, and **specifically to focus on Responsible Purchasing Practices**.

Responsible Purchasing Practices = License to Operate

During this time of crisis, but also going forward, **companies will be scrutinised on their purchasing practices**, and criticised when they, for example, trigger force majeure clauses to halt payments to business partners.

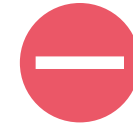
Ultimately, non-responsible business practices will damage companies' reputations, **risking them to lose their social license to operate**.

Responsible Purchasing Practices Snapshot

- Proceeding with payments as much as possible
- Communicating with local producers to understand the challenges they are facing in order not to make unilateral purchasing decisions
- Not cancelling orders which are already in production
- Consideration for supporting supply chain business partners that are struggling

Do's and Don'ts

Responsible Purchasing Practices = what NOT to do

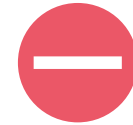


Do Not

Do not cancel orders which are already in production and allow producers and intermediaries to ship orders that are ready as per the contract.

Talk to your producers to discuss possible solutions and apply flexibility with regards to delivery and shipment dates where needed.

Responsible Purchasing Practices = what NOT to do



Do Not

Do not put undue pressure on essential product producers and importers in terms of

- unfair price negotiations
- additional cost implications, for example by having them absorb the cost of sending goods by air freight
- additional rush orders which may incur excessive working hours

Responsible Purchasing Practices = what to DO



Do

Carefully consider all potential ramifications in the supply chain when taking significant purchasing decisions.

This includes what may look like small purchasing decisions, but which may in fact have a domino effect in the B2B value chain.

Effective communication channels with producers and intermediaries as well as with trade unions and civil society groups will be crucial to understanding any possible negative impacts, and collaborative dialogue will provide for mutually acceptable solutions.

Responsible Purchasing Practices = what to DO



Do

Proceed as much as possible with payments as usual, and not re-negotiate prices or payment terms.

It is understandable that companies are prioritising cash flow towards their own operations and staff. However, delaying payments to producers will in the short term create issues for these producers and compromise their ability to pay for workers, raw materials, loans, rent and utility bills.

Responsible Purchasing Practices = what to DO



Do

Make the effort to understand the local context. What is the current situation and what local measures have been taken? Communicate with your local producers to understand if they are operational or not and discuss specific challenges they are facing. Engage also with trade unions and other local stakeholders to get their perspective.

- Producers who are subject to temporary closure should ensure workers are paid during this time, if temporary unemployment benefits are not foreseen by their governments. This should include payments such as social security and health insurance. The increased vulnerabilities of migrant labour, female workers and other groups at risks should be taken into account. Encourage producers to strengthen or establish social dialogue with trade unions.
- Producers who are allowed to remain operational should ensure strict health & safety including protective measures against the Coronavirus are applied, and that other social and environmental requirements are met.

Responsible Purchasing Practices = what to DO



Do

Consider possible impacts on workers while making significant purchasing decisions.

This could range from illegal lay-offs, non-payment of wages or unsafe working conditions. Please check the amfori COVID-19 Updates Hub for advice on amfori BSCI Audits at this time.

Responsible Purchasing Practices = what to DO



Do

Consider potential impacts on logistics.

Companies should also communicate with their logistics partners and allow them to apply responsible business practices. For example, truck drivers are under pressure to deliver goods but are facing many delays at borders which could result in non-adherence to applicable rest times.

Responsible Purchasing Practices = what to DO



Do

Consider supporting supply chain business partners that are struggling in *whichever way you can*, potentially in collaboration with other brands/retailers or local partners and local government and possibly in consultation with trade unions and other local stakeholders. \

Supporting your business partners should be part of your long-term strategy, to ensure business continuity during the crisis as well as when business resumes.

COVID-19 and Gender

Impacts on women and girls

A recent report by CARE and IRC **Rapid Gender Analysis for COVID-19** draws specific attention to the impacts of the pandemic on girls and women, who may be subject to domestic violence during a quarantine, carry the main burden of care at home while having less access to health care.

As a signatory of UNECE's Declaration on Gender Responsive Standards and the UN Women Empowerment Principles (WEPs), amfori encourages efforts to minimise these specific impacts on women by following the abovementioned guidelines, which will have direct and indirect impact on this portion of the population.

COVID-19 and the SDGs

Sustainable Development creates Resilience

In the long-term, the world will need to double its efforts on delivering the 2030 Sustainable Development Agenda.

The recent UN Report on the Socio-Economic Impacts of COVID-19, clearly states that **bigger investments in the SDGs could have prepared the world better for this crisis**, particularly regarding access to universal health coverage and quality health care, and more inclusive and sustainable economies.

The assurance of inclusive and sustainable economies post-COVID will heavily rely on businesses and trade, with Responsible Purchasing Practices as the key leverage for success.

More information and tools

Resources

- [amfori COVID-19 Updates Hub](#)
- [amfori BSCI System Manual](#)
- [ILO Standards and COVID-19](#)
- [UN Report on the Socio-Economic Impacts of COVID-19](#)
- [CARE and IRC Global Rapid Gender Analysis for COVID-19](#)
- [Gender equality matters in Covid-19 Response – UN Women](#)