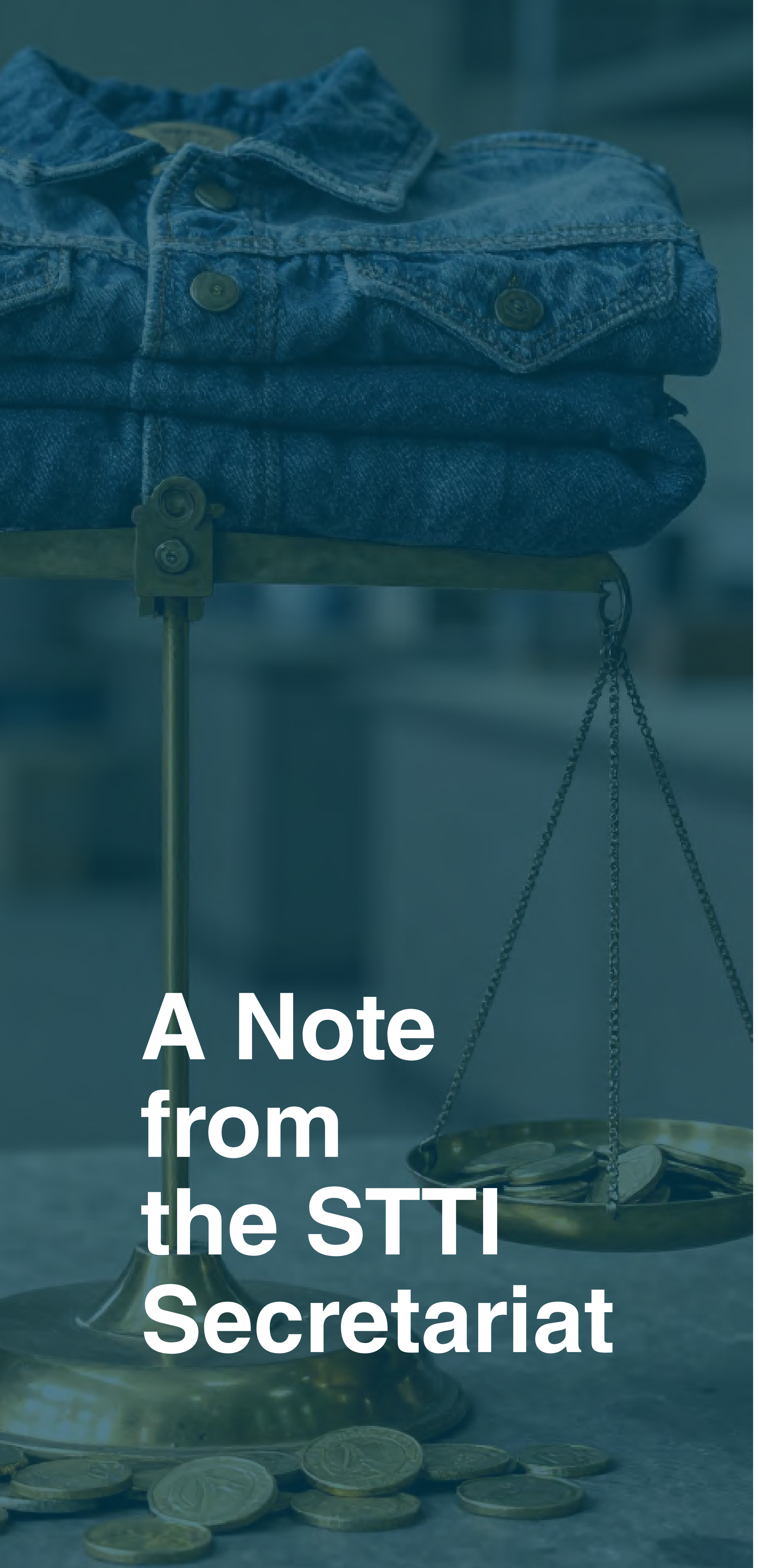
Sustainable Terms of Trade Initiative

Newsletter

July 2026



A Note from the STTI Secretariat

During STTI's recent webinar on partnership, manufacturers were asked a simple question: if there was one purchasing practice that would signal a genuine partnership, what would it be? The answer came almost immediately: fair pricing.

The answer reflects a broader challenge facing the industry. Fair pricing is not simply about paying more. It is about recognising the true cost of responsible production and ensuring that the expectations placed on manufacturers, from quality and compliance to sustainability, are matched by commercial terms that make responsible production economically viable.

The evidence in this issue paints a challenging picture. Research shows that after accounting for inflation, some brands continue to purchase a basic cotton T shirt for around half the real value it had 25 years ago. At the same time, manufacturers face rising labour costs, energy costs, increasing sustainability expectations, and continued market uncertainty. It is easy to suggest that suppliers should reject unsustainable prices. It is much harder when accepting those prices may be the only way to keep workers employed and factories operating for another day.

One comment from a brand representative during our webinar particularly stood out: we need to move from ethical sourcing to ethical buying. The distinction matters. Ethical sourcing focuses largely on how suppliers operate. Ethical buying recognises that purchasing decisions, including pricing, planning, payment terms, and communication, are equally important in determining whether responsible production can be sustained.

This issue also highlights an important shift. Research, industry experience, and the discussions in our own webinar increasingly point to the same conclusion: better purchasing practices strengthen supplier relationships, improve resilience, and deliver tangible business benefits for buyers and suppliers alike. While unfair purchasing practices remain widespread, more organisations are demonstrating that partnership and commercial success are not competing priorities. They reinforce one another.

Turning that evidence into widespread practice will require continued collaboration across the industry. Encouragingly, policymakers, industry initiatives, investors, financial institutions, and sustainability frameworks are increasingly recognising that how companies buy is as important as what they ask suppliers to deliver. The next step is to strengthen those connections, align expectations, and embed this understanding into the systems that influence business decisions. Only then can responsible purchasing move from good practice to common practice.

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Industry Insights

Shared Responsibility Moves Higher on the Industry Agenda ↗

Cascale has announced that its 2026 Annual Meeting will focus on moving beyond sustainability commitments towards practical implementation. Discussions will explore how brands, retailers, and manufacturers can share the costs and benefits of supply chain transformation, alongside the role of purchasing practices, accountability, and investment in meeting growing regulatory expectations. The agenda reflects a broader industry shift from setting ambitions to demonstrating implementation.

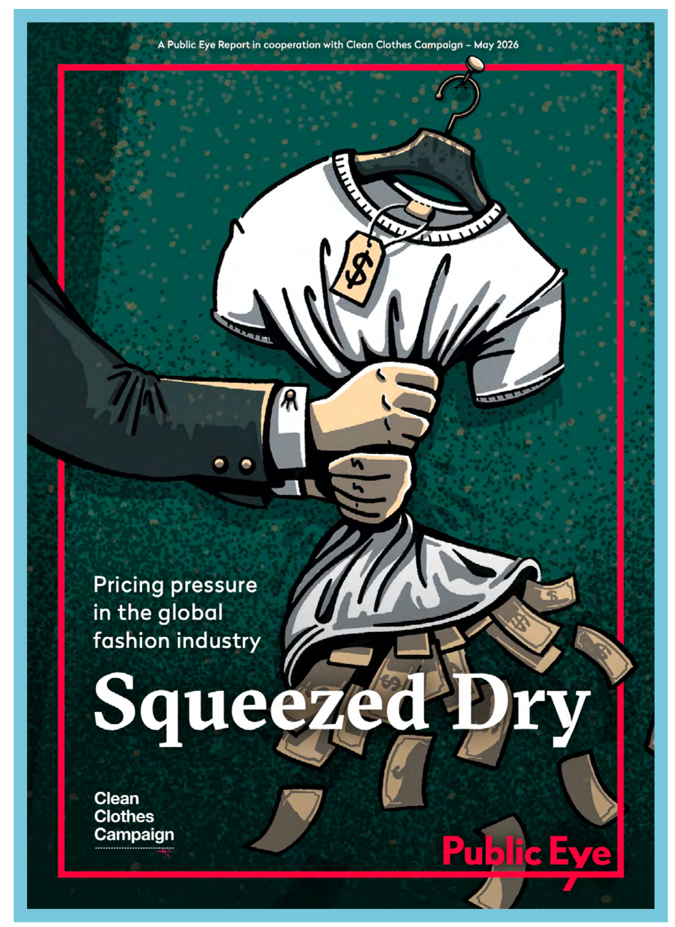
Resilience Starts with Purchasing Practices ↗

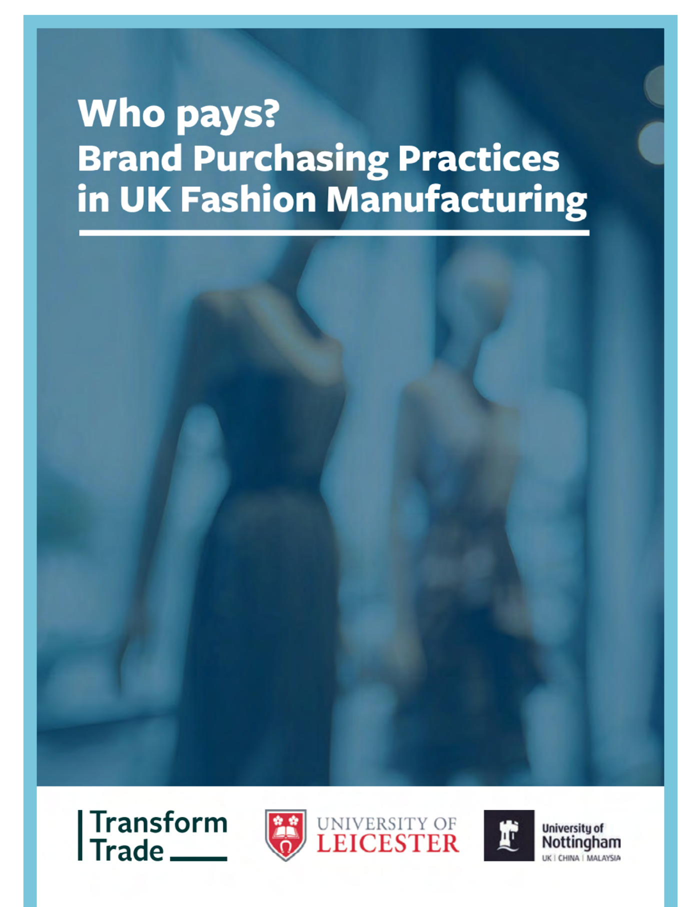
As discussions continue around new US Section 301 tariffs, Cascale and Better Buying highlight that the greatest difference in supplier outcomes is not the tariffs themselves, but how brands respond. Their analysis shows that buyers with stronger planning, predictable payment terms, fair lead times, and transparent communication were better able to support suppliers during periods of disruption. The findings suggest that responsible purchasing practices are increasingly being recognised not only as a sustainability objective, but also as a business resilience strategy.

Numbers & Signals That Matter

Inflation Up, Pricing Down ↗

Research by the Clean Clothes Campaign and Public Eye shows that many brands continue to source a standard cotton T-shirt for around **USD 2–3** per piece, with prices below **USD 1** still found in parts of the market. After adjusting for global inflation, the report estimates that brands are effectively paying around **half the real value** for a T-shirt compared with **25** years ago. The findings highlight the importance of fair pricing, a core element of responsible purchasing practices that helps ensure suppliers can meet social, environmental, and commercial expectations.





When Unfair Purchasing Becomes the Norm ↗

A survey of **48** UK clothing manufacturers found that unfair purchasing practices remain widespread. **78%** reported brands did not cover the costs of last-minute order changes, **75%** said prices were not adjusted when minimum wages increased, and **67%** experienced order volumes being reduced after quoting for larger quantities while unit prices remained unchanged. In addition, **44%** regularly faced requests to extend payment terms, while **31%** reported outright order cancellations. Together, the findings highlight the importance of fair pricing and responsible purchasing practices that share commercial risks more equitably.

Voices from the Field

Manufacturers

“Factory owners here are desperate to survive, so they accept any price. I think we’ll suffer in the long run. In the past six months alone, at least 182 factories have shut down. To keep our factory running, we accept whatever price the buyer offers. Earlier, our profit margin was around 10 Taka per piece (≈ 0,08 USD); now, even if it’s 3 Taka (≈ 0,03 USD), we’re satisfied.” ***- Manufacturer from Bangladesh***

“Sustainability has become an eligibility criterion to be a vendor, but price still decides whether you get the business. There is always a price for doing things right, and brands need to acknowledge that.” ***- Animesh Saxena, Managing Director and CEO, Neetee Clothing Pvt Limited***

Brands

“We need to move from ethical sourcing to ethical buying.” ***- Francesca Mangano, Head of CSR and Sustainability, TFG Brands London***

Other Industry Stakeholders

“The fashion brands which brag about human rights policies actively contribute to the continuation of poverty wages by their downward pricing policy. Higher prices are needed for living wages, safe workplaces, and sustainable production.” ***- Kalpona Akter, President of the Bangladesh Garment and Industrial Workers Federation***

“Relentlessly low sourcing prices are the organising principle of today’s garment industry, shaping sourcing geographies, buyer behaviour and structurally locking-in poverty wages. A transition towards a just and sustainable fashion system based on two-dollar shirts and other dirt-cheap clothing is impossible, full stop.” ***- David Hachfeld, Author, Public Eye***

Practical Insights of the Month

BEST PRACTICES

What Partnership Looks Like in Practice

Partnership is often described as the goal of responsible purchasing practices, but what does it actually look like in practice? Following STTI's webinar From Transactional Purchasing to True Partnership, STTI has developed a set of key takeaways that bring together practical actions for brands, manufacturers, and industry initiatives, providing a useful reference for organisations seeking to strengthen trust, collaboration, and shared responsibility throughout the supply chain.

WHAT CAN BRANDS DO?

Practical examples shared during the webinar included:

- Involve suppliers early and provide visibility on future business, volumes, and timelines. Decide on lead times collaboratively.
- Establish regular two-way communication, including video calls and dedicated time to discuss challenges and joint solutions. Genuinely listen, don't assume you know the best course of action.
- Provide flexibility where possible, not insisting on delivery times or penalties just because you can, if a genuine issue is faced or if the brand has contributed to delay in late approvals / information.
- Align internal functions (design, sourcing, commercial, sustainability, and finance teams) to provide consistent expectations to suppliers.
- Review payment terms and approval processes to avoid unnecessary cash-flow pressure on suppliers.
- Ensure pricing discussions reflect the real costs of responsible production and sustainability requirements.
- Consider moving quality inspections closer to production to allow issues to be resolved earlier and reduce disputes.
- Create safe channels for suppliers to raise concerns without fear of losing business. This includes anonymous feedback on the impact of purchasing practices and suggested improvements.

WHAT CAN MANUFACTURERS DO?

Partnership is a shared responsibility.
Manufacturers can strengthen partnerships by:

- Raise concerns early and support discussions with facts and data.
- Be transparent about costs, constraints, and production realities.
- Invest in regular communication rather than limiting discussions to negotiations or problems.
- Share planning information with upstream suppliers to strengthen the wider supply chain.
- Build trust through reliable delivery and consistent performance.
- Approach challenges as joint problems to solve rather than issues to escalate.

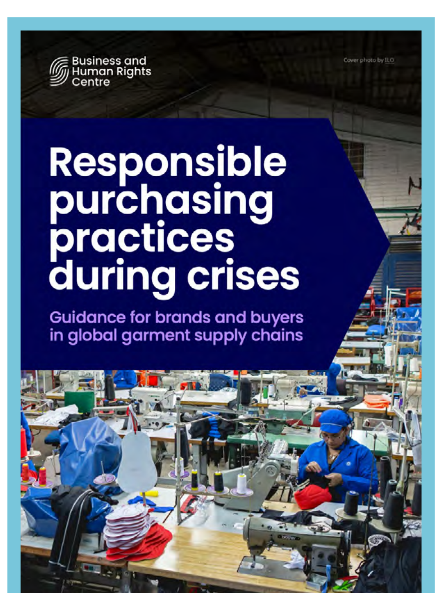
WHAT CAN INDUSTRY INITIATIVES AND OTHER STAKEHOLDERS DO?

- Develop clearer ways to measure responsible purchasing practices and track progress over time.
- Promote common tools, frameworks, and expectations across the industry to reduce mixed messages to suppliers.
- Encourage investors, banks, and sustainability assessment frameworks to recognise responsible purchasing practices as a prerequisite for achieving meaningful social and environmental outcomes in supply chains.
- Support consumer education on the true cost of responsible production.
- Help brands improve alignment between commercial, sourcing, design, and sustainability functions.

Source: *Key takeaways of the webinar From Transactional Purchasing to True Partnership*

Responsible Purchasing during Periods of Disruption ↗

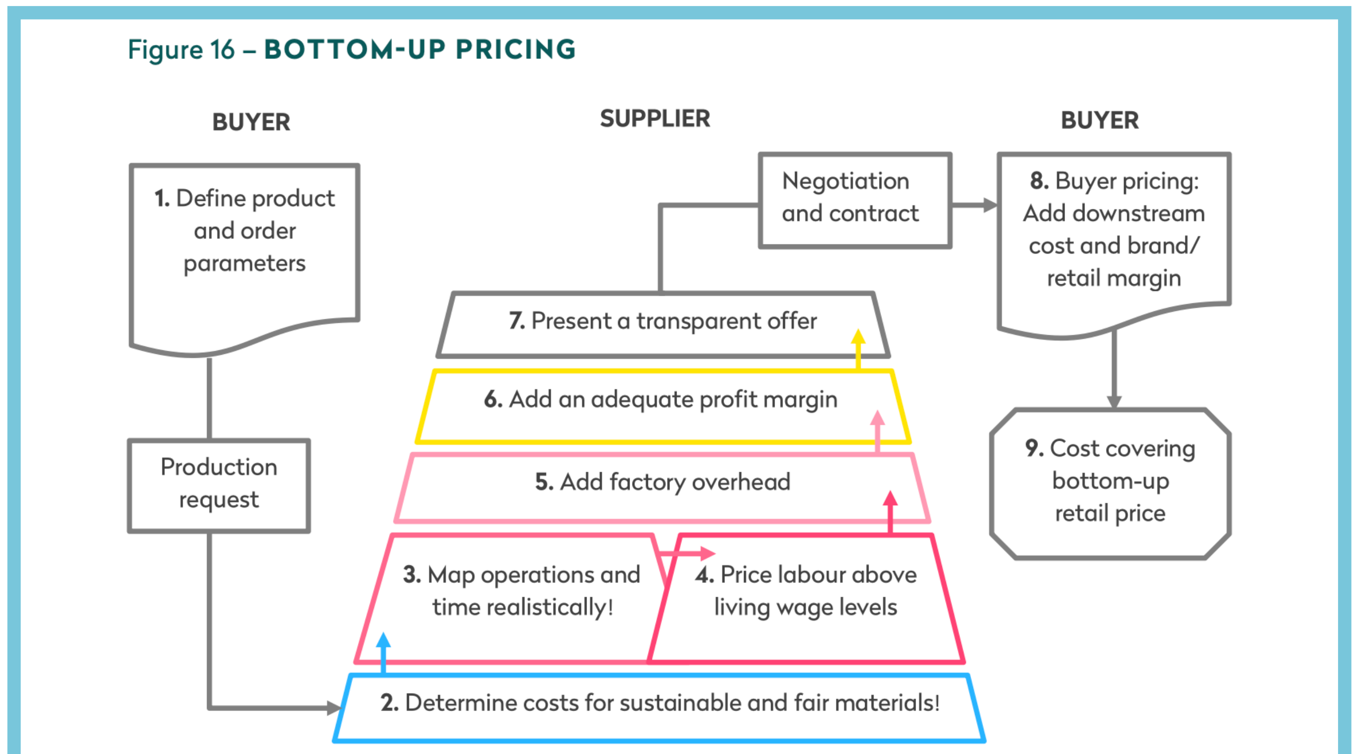
Recent **guidance** ↗ from the Business & Human Rights Resource Centre highlights several purchasing practices that can help maintain responsible business relationships during periods of market disruption. Rather than transferring commercial risks to suppliers, brands are encouraged to share risks fairly, honour financial commitments for goods already produced or in production, communicate sourcing changes transparently, and engage suppliers and workers early when making decisions that affect production and employment. These principles reinforce that responsible purchasing practices become even more important during times of uncertainty.



TOOLS & RESOURCES

Bottom-up Pricing (Clean Clothes Campaign & Public Eye) ↗

A practical framework for developing fair prices collaboratively between buyers and suppliers. It starts with the true costs of responsible production, including sustainable materials, living wages, factory overheads, and a reasonable profit margin, before adding downstream costs and margins. This approach supports fair pricing, transparent negotiations, and more responsible purchasing practices.



***Source:** Clean Clothes Campaign and Public Eye, "Bottom-up Pricing" framework (Figure 16)*

Building Genuine Partnerships in Global Supply Chains

Partnership is increasingly recognised as an important foundation for more resilient and responsible supply chains, yet its meaning is often interpreted differently by brands and manufacturers. This research by Dr. Sanchita B. Saxena examines what genuine partnership looks like in practice and identifies the conditions needed to move beyond transactional relationships towards collaboration based on trust, shared responsibility, and mutual benefit. To request a copy of the research, please contact Dr. Sanchita B. Saxena at sanchitas@berkeley.edu.

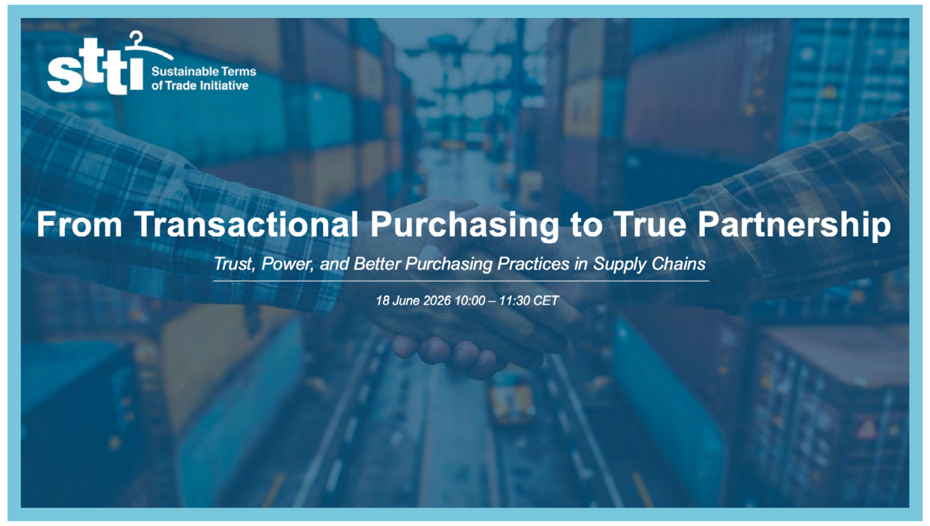
STTI in Action

Grievance Mechanism Consultation Webinar

STTI hosted a consultation webinar on 20 May to share the initial findings of its research into grievance mechanisms for responsible purchasing practices from a manufacturer perspective. The research reviewed existing mechanisms across industries and proposed key design principles for an effective model, while recognising that confidentiality, independence, and credibility are essential for manufacturer participation. Manufacturers and associations were invited to provide feedback to help shape the next phase of the research and ensure any future mechanism is practical, trusted, and fit for purpose.

From Transactional Purchasing to True Partnership Webinar

On 18 June 2026, STTI hosted the webinar From Transactional Purchasing to True Partnership, bringing together manufacturers, brands, and industry experts to explore how responsible purchasing practices can strengthen buyer supplier relationships. The discussion translated research findings into practical actions, with examples of how trust, open communication, supplier engagement, and realistic planning can support more resilient supply chains. The full webinar recording is available **here ↗**.



14th Global Working Group Meeting

On 3 June 2026, STTI members met in Bangkok for the 14th Global Working Group Meeting to review progress and agree priorities across the initiative's workstreams. Key discussions covered the grievance mechanism pilot, collaborative brand pilots, the CSDDD consultation, and practical tools to support responsible purchasing practices. The meeting also reinforced members' shared commitment to strengthening responsible purchasing practices through collaboration, policy engagement, and practical implementation.

One Thing to Do This Month

The European Commission is seeking feedback on the implementing the Corporate Sustainability Due Diligence Directive (CSDDD). This is an opportunity for companies, manufacturers, brands, industry organisations, and other stakeholders to help shape practical guidance on how due diligence should be implemented.

Feedback ↗ is open until 24 July 2026.

If you would like support in preparing your feedback, please contact **Lisa Ramershoven** at lisa.ramershoven@gmail.com. STTI members are also invited to join an internal coordination call on 21 July to discuss a shared response.

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