Agreement on Sustainable Garments and Textile Midterm Evaluation
Final report
May 2019
List of acronyms and abbreviations

AGT Agreement on sustainable Garments and Textile
B2B Business to Business
BSCI Business Social Compliance Initiative
CSO Civil Society Organisation
CR Corporate Responsibility
CMT Cut-Make-rim (assembly stage of garments)
DD Due Diligence
EU European Union
FLA Fair Labor Association
MTE Midterm Evaluation
FWF Fair Wear Foundation
KPI Key Performance Indicator
M&E Monitoring and Evaluation
MoU Memo of Understanding
MSI Multi-Stakeholder Initiative
MTE Midterm Evaluation
NGO Non-Governmental Organisation
OECD Organisation for Economic Cooperation and Development
ToC Theory of Change
ToR Terms of Reference
RBC Responsible Business Conduct
SAC Sustainable Apparel Coalition
SER Social and Economic Council
SMART Specific, Measurable, Attainable, Realistic, Timely
UNGP United Nations Guiding Principles on Business and Human Rights
WWF World Wildlife Fund

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Overall conclusions

Here we present our overall conclusions and recommendations that are based on the research findings on the four core themes of the Midterm Evaluation that are outlined in the following sections of this report.

Conclusion 1: The AGT is relevant for the sector and has achieved the foreseen progress for the first 2.5 years. The AGT has especially been effective in getting companies involved in the due diligence process and raising awareness among companies on what is needed. In line with the AGT objectives, progress is mostly related to the first steps of the due diligence process: setting up policies and adjusting internal systems and carrying out risk assessment. Moreover, the AGT has made important steps in setting up a multi-stakeholder collaboration. Finally, it (almost) achieved the goal of 50% of the Dutch market share.

Conclusion 2: The time frame of 3-5 years is likely to be too short for achieving the AGT’s overall objective: “substantial progress towards improving the situation for groups experiencing adverse impact.” The AGT started with a lot of ambition, but setting up processes and procedures took time. Also, companies were less advanced in terms of due diligence than expected at the start of the AGT. And setting-up a multi-stakeholder collaboration is also time-consuming. The last two years of the AGT present a new challenge: companies, parties, and supporting organisations taking concrete steps in addressing risks and negative impacts in the supply chain. The case studies as well as interviews showed that working on improvements in producing countries is very complex and time-consuming. Therefore, even though positive signs towards impact in production countries are already visible, it does not seem to be realistic to achieve the overall objective in the upcoming two years.

Conclusion 3: The prioritization as determined by the OECD guidelines has proven to be difficult to implement in practice. The OECD Guidelines state that companies should prioritize based on the significance of an adverse impact. Significance is judged by scale, scope and irremediable character. According to the OECD Guidelines, companies should address the most salient risks first. For companies, the most salient risks may also be the risks that are most complex to address. For these complex issues it is often necessary to collaborate with other companies, parties, supporting organisations and experts. Yet, AGT parties are often not aware of the risks prioritised by the companies (within the 9 themes). Therefore, parties act in line with what they see as what is most important in relation to the nine themes. This results in a situation where the priorities of the companies are not always in line with priorities of parties. Moreover, the capacity of parties and funding available may also not always be aligned with the most salient risks of companies.

Conclusion 4: The objective to reach 80% market share by 2020 is ambitious and can only be reached by including larger, non-Dutch companies. It is important to reach the 80% market share objective to create leverage for AGT companies in their supply chains. To reach the 80% objective, collaboration is needed with larger, often non-Dutch companies. Yet, these companies see limited relevance in national initiatives like the AGT.
Overall recommendation on engaging larger, non-Dutch companies: We recommend to search for alternative ways to engage larger, non-Dutch companies. For example through closer alignment with the SAC or by signing a memorandum of understanding, in which they agree to share their production locations and collaborate with AGT companies in addressing problems in overlapping production locations.

Conclusion 5: There is room for improvement within the collaboration model, especially on defining roles and responsibilities. As stated in conclusion 2, setting up a multi-stakeholder collaboration takes time. There are signs that the collaboration is moving in the right direction as there is an increased level of trust between NGOs, trade unions, and companies. In cases where they collaborate, the cooperation is felt to be valuable and effective by parties and companies. However, there is a number of limiting factors to collaboration. First, NGOs and trade unions do not know what specific issues individual companies are working on in their value chains and what problems they want to address. Second, companies struggle with whom to contact for what because of ambiguity in terms of how NGOs and trade unions themselves perceive their role and how companies and other internal stakeholders see their role.

Overall recommendation for defining roles and responsibilities: NGOs and trade unions could clarify their roles by formulating “light” versions of road maps or action plans in which they clearly define SMART goals and indicate what they are going to do in the remaining period of the AGT. This road map or action plan needs to have a clear link with the issues concerning the companies and their priorities. This road map or action plan needs to be discussed with the AGT secretariat to get clarity on expectations. Appendix 1 of the text of the AGT could be used as a starting point for these road maps or action plans.

Conclusion 6: The AGT secretariat is highly appreciated and clearly contributed to the progress made by individual companies, both by supporting companies and by assessing their progress. The support lead to progress of companies in the steps of the due diligence process (see conclusion 1) and the assessment is a push for companies to do better. In terms facilitating exchanges between companies and parties, there is room for improvement: stakeholders would like to see more support from the AGT secretariat in match making. Lastly, it is clear that the secretariat’s workload is currently too high and there is a need to prioritise.

Overall recommendation on the role of the AGT secretariat: the secretariat should focus more on support, assessment and match making and the Steering Group should support the secretariat in prioritizing. This will make the work load more in line with the capacity of the secretariat.

Conclusion 7: The logic of the strategies on due diligence and collective actions as described in the Theory of Change is confirmed and change is already seen at the level of individual companies. Out of the AGT’s main strategies: 1. due diligence related activities; 2. collective actions and projects; 3. outreach and alignment, the first two strategies have led to the expected changes in the short-to medium term as outlined in the Theory of Change (ToC). The expected change logic on the third strategy on outreach and alignment is partly confirmed. The logic that outreach could lead to alignment was confirmed, for example in the case of the collaboration with the Textilbündnis through associate membership and the alignment with SAC. But other, unexpected effects, were also noticed. For example that outreach has led to more efficiency for companies who are also member of these other initiatives and created more market share in the sector for the AGT and thus contributed to better leverage. Also, the ToC misses sufficient detail in the change logic on how change is supposed to happen in production countries, especially when companies do not have a direct relationship with the production location because they work via agents or if it concerns a production location beyond the garment manufacturing stage of cut-make-trim (CMT) production (such as spinning mills). Finally, there are a number of missing assumptions that need to be made explicit to complete the change logic.

Overall recommendation to review the ToC: review the Theory of Change and particularly the assumptions and the pathway related to the strategy on outreach and alignment. Subsequently, use the Theory of Change as a basis to develop a monitoring framework to measure progress of the AGT towards change in the sector.
Executive summary

I. Introduction

In July 2016 a wide range of stakeholders signed the Agreement on Sustainable Garments and Textile (AGT) to increase the commitment of Dutch companies in their obligation to prevent or mitigate the risk of adverse impacts of garment and textile production in countries outside the Netherlands. At the beginning of 2019, 71 companies representing 92 clothing labels had signed the AGT. Their combined share of the Dutch garment and textile market is estimated at 48%. Parties that signed the AGT include associations representing the sector, NGOs, trade unions and the government of the Netherlands.

This Midterm Evaluation (MTE) was conducted halfway through the AGT’s implementation period (5 years in total). The purpose of the MTE is to ‘learn and improve’ and to provide insight into these four themes:

1. The approach taken and progress made (including planned and implemented activities) and the likelihood of these resulting in the foreseen impact 3-5 years after the start of the AGT
2. The systems and materials developed to facilitate the implementation of the AGT, including ‘checks and balances’ in place to monitor if commitments are implemented
3. The organisational structure of the AGT and how it operates; collaboration model (governance and work structures), entities involved including the secretariat hosted by the SER and the role of the parties/supporting organisations in the achievements to date
4. The AGT Theory of Change (ToC) and the assumptions and preconditions underlying it

Scope and methodology

The scope for the MTE is to look at how signatories of the AGT do their due diligence and how parties contribute to these processes. The AGT Steering Group felt it would be too early to conduct a wide evaluation in production countries because it takes time to observe change in supply chains using the process of due diligence. Nevertheless, in order to evaluate expectations, assumptions and key success factors in relation to impact in the supply chain, three case studies have been analysed in one key production country; India.

Apart from desk and literature review, the methodologies used for this evaluation include:

- Key informant interviews with representatives of all stakeholder groups (46 persons interviewed)
- A survey among companies (35 people completed the survey)
- A participatory value chain mapping session with 9 representatives of all stakeholder groups
- Three case studies in India where 7 key informant interviews and 5 group interviews were conducted, and 4 production facilities and 3 workers’ hostels² were visited

The main research findings related to the four themes of the evaluation are presented below.

II. Main research findings

Relevance: as a multi-stakeholder initiative including the government, the AGT is relevant for the sector. It is unique in terms of the extensive support and guidance offered to companies. And it is comprehensive as it covers the whole range of due diligence, looks at risks in the supply chain beyond the CMT production location and looks at social and environmental themes as well as animal welfare.

Progress: in terms of due diligence, progress has been made in the first steps of the due diligence process: setting up policies, adjusting internal systems and risk assessment. This is in line with the planned progress according to the AGT’s assessment framework. To achieve impact and to meet the overall objective, companies need to actively address problems in the supply chain. This must be the focus for the next two years of the implementation period of the AGT.

In terms of collective activities, 1 out of the 2 collective projects foreseen in the AGT was set up next to two additional, not foreseen, collective projects on other themes. While good progress has been made, companies indicate to have a need for more opportunities for collective action.

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¹ We looked at relevance, efficiency and effectiveness of the approach.

² Living quarters for garment workers, organised by the employer
On policy influencing, some concrete (collective) lobby activities at EU level and in production countries did take place, though there is more potential for (collective) lobby.

Regarding outreach and alignment, good progress was made with the goal of a 50% market share in 2018 almost achieved. Also, progress has been made in terms of relevant alignment activities with the Textilbündnis and SAC.

**Efficiency:** the priorities for companies are correctly set with a focus on: due diligence, on transparency of production locations and materials, on mapping beyond the CMT production location and on the 9 AGT themes.

Even though companies do acknowledge that conducting due diligence and working on these issues is their responsibility (and not a choice), a majority of companies indicate that the time and capacity required from them to fully perform all tasks and requirements is not in line with the time and capacity they have available. For some, this results in a focus on minimum requirement (administrative) tasks related to due diligence. Others increase capacity for RBC related activities (see also under effectiveness). Parties also indicate that time and capacity required is not in line with the available time and capacity. For parties, limitations in terms of budget and capacity sometimes means that they can mainly contribute to the AGT with activities for which they have budgets available.

There is a need for more efficiency in task division for themes, projects, workshops and other activities: it is important that there is more focus and prioritisation. Prioritisation should be based on the action plans of companies – under the assumption that these are based on a due diligence process that includes stakeholder consultation - to ensure that the activities organised focus as much as possible on creating direct support for achieving impact in the supply chain.

In terms of working groups, more efficiency could be achieved when focus is only on working groups that have clear goals, are set up around themes/issues prioritised by companies, are made up of max. 4 members and include companies.

Lastly, alignment with other initiatives clearly leads to more efficiency for companies in reducing the administrative burden and by providing easy access to more tools.

**Effectiveness:** the AGT’s tools and guidance have been effective in influencing some key aspects of responsible business practices. These key aspects are:

- More knowledge about risks in the supply chain
- Strengthened policies and internal processes
- More involvement of top management in RBC
- Increased capacity for RBC
- Positive changes in purchasing practices
- Effective outreach to other companies in the sector
- More insight in suppliers and materials
- More awareness about the need for external communication on RBC

Even though the AGT has been effective in instigating change at these levels, it is clear that it could be more effective in the following areas:

- Creating more leverage
- Use of the production location list to flag issues and problems in the supply chains of companies
- Use of the complaints and dispute mechanism

Overall, the AGT has been effective in terms of changes at the level of individual companies. However, in terms of collective action, there is room for improvement (see also main findings on the collaboration model).

**Foreseen impact:** impact is achieved at the level of the due diligence process of companies in the AGT in line with the expectations set out in the AGT’s assessment framework. There are also clear signs of impact in terms of collective activities and projects as well as outreach and alignment. But for some elements of the strategies on collective activities and projects and on outreach and alignment there are opportunities for improvement which can lead to more impact.

To achieve impact at the level of the overall objective - substantial progress towards improving the situation for groups experiencing adverse impacts - progress needs to be made in step 3 of the due diligence process. That means addressing problems in the supply chain (prevent, reduce, mitigate and remediate). This needs most attention in the two years to come. It is moreover likely that the AGT is too ambitious in expecting to achieve “substantial progress” at the level of “groups experiencing adverse impacts” through the process of due diligence within the remaining two years.

**Systems, materials and support offered:** the newsletter, workshops, the members’ day and webinars were most used by parties and companies.
In terms of usefulness of tools, the newsletter and members’ day are considered most useful, the latter mainly because it responds to the need of both companies and parties to have more face-to-face contact. The collective projects as well as tools and reports developed by parties are not yet widely used by companies. However, those who did use them were positive.

The e-tool is based on the AGT’s assessment framework. It is important that AGT parties developed this framework because it enhances transparency and can lead to a ‘race-to-the-top’ by companies comparing scores. We found that the e-tool works well but there are suggestions for improvement so that it becomes less of an administrative burden. And in terms of scoring there is a risk of subjectivity as different assessors are involved and detailed follow-up questions are missing. The evaluation formulates recommendations for this.

There is room for improvement in terms of the practicality of the tools and support offered. This refers mainly to the need for concrete tools linked to a specific theme or production location, as well as tools that support collective action such as joint risk analysis. In terms of support there is a need for more one-on-one support for certain companies that are relatively new to due diligence. The yearly appraisal meetings are not sufficient for them. And lastly, also for reasons of efficiency, it is important that more use is made of the tools that have been developed by other experts and similar initiatives and thus already exist.

Collaboration model: the AGT is a new multi-stakeholder collaboration in which many stakeholders collaborated for the first time. This required some organisations to take up new roles and responsibilities. For instance, those NGOs that traditionally have a ‘watchdog role’ are now looking to collaborate with companies. And for some companies, collaboration with NGOs and trade unions within a multi-stakeholder initiative is new. We see that the different types of stakeholders are slowly coming closer together and that the expertise of the parties is seen as relevant by companies and that trust is growing.

In order to further intensify the collaboration, there is a need for more clarity around roles and responsibilities. Companies need more clarity on what parties can offer to be able to meaningfully engage with them. At the same time, parties struggle with the fact that, because of confidentiality, they have no insight in the priorities and risks identified by companies in their action plans. This hampers them to proactively engage with companies that could benefit from their expertise and support. The involvement of parties (and other stakeholders through stakeholder consultation) in the due diligence process of companies will become more important in the last two years because their involvement is crucial in supporting companies to take the next step: addressing issues in the supply chain in relation to the 9 themes.

Theory of Change: a Theory of Change (ToC) was developed for the AGT in 2018. The ToC outlines the change process that the AGT foresees as a result of its interventions on due diligence, collective actions and projects, and outreach and alignment. Most of the change processes as foreseen in theory have essentially been confirmed by the findings of this evaluation. However, some change processes need to be studied in more detail or need to be reviewed. For instance, the change logic related to the use of expertise and tools provided by parties and supporting organisations is likely to lead to more and better due diligence, but this should be studied in more detail in a final evaluation once there is more experience with this. And the change logic on outreach and alignment seems to follow a different logic than currently outlined in the theory. Namely, alignment with other initiatives also leads to efficiency for AGT companies who are member of more than one initiative. And through alignment, AGT companies have more leverage at production locations as they can work together with members of these other initiatives. And lastly, the ToC should include how change is expected to happen beyond the cut-make-trim (CMT) production location and in cases where companies work through agents/importers.

Three main risks underlying the change logic have been identified: 1. the risk that companies do not manage to move beyond the first 2 steps in the due diligence cycle and 2. parties, supporting organisations and other stakeholders are not sufficiently involved in the due diligence process of companies. A third risk is related to sustainability of the AGT itself: most companies, parties and supporting organisations as well as external stakeholders see it as a risk that the AGT is limited to 5 years. To create sustainable change, it is important that the AGT continues beyond the 5 years.
1. Introduction

In July 2016 a wide range of stakeholders signed the Agreement on Sustainable Garments and Textile (AGT). The agreement emerged from a need to support and increase the commitment of Dutch companies in their obligation to prevent or mitigate the risk of adverse impacts of garment and textile production in countries outside the Netherlands. The commitments in the AGT are based on international frameworks. These are mainly the United Nations’ Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and ILO’s fundamental labour standards.

Focus of the Midterm Evaluation

A Midterm Evaluation (MTE) was planned at the start of the AGT to assess progress and learn lessons for the remainder of the AGT’s implementation period (5 years in total). Avance was contracted by the AGT’s Steering Group to conduct this MTE. The MTE was conducted in the period January – April 2019.

The Terms of Reference (ToR) developed by the Steering Group clearly outline the purpose of the MTE: “the core objective of the midterm evaluation is ‘learning and improving’. The AGT Steering Group seeks, on the basis of an evaluation of the first 2.5 years of implementation, feedback on progress, strengths and areas to improve”4. The Steering Group put forward four core themes for the MTE. The aim was to provide insight5 into these four themes:

1. The approach taken and progress made (including planned and implemented activities) and the likelihood of these resulting in the foreseen impact 3-5 years after the start of the AGT
2. The systems and materials developed to facilitate the implementation of the AGT, including ‘checks and balances’ in place to monitor if commitments are implemented6
3. The organisational structure of the AGT and how it operates: collaboration model (governance and work structures), entities involved7 including the secretariat hosted by the SER and the role of the parties/supporting organisations in the achievements to date
4. The AGT Theory of Change (ToC) and the assumptions and preconditions underlying it

These four core themes have been adopted by Avance and operationalised into sub-questions which can be found in the introduction to each section of this report.

Scope of the Midterm Evaluation

The scope for the MTE was set by the AGT’s Steering Group: to identify progress and areas for improvement for the remaining two years. This involves looking at how companies that signed the AGT (“companies”) do their due diligence8 and how parties contribute to these processes to achieve positive change in supply chains. The AGT Steering Group felt it would be too early to conduct a wide evaluation in manufacturing countries because it takes time to observe change in supply chains using the process of due diligence. The assumption at the time of signing the AGT, was that when taking due diligence of companies as the key method, improvement for those who are currently experiencing negative impacts9 could be noticeable after 3-5 years. In order to evaluate expectations, assumptions and key success factors in relation to impact in the supply chain, selected cases have been analysed in one key production country: India.

Structure of this report

The report is structured as follows: the executive summary and overall conclusions and recommendations are presented at the beginning of this report.

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3 The obligation in line with the OECD Guidelines for Multinational Enterprises
4 See Terms of Reference, p. 3
5 See Terms of Reference, p. 3
6 This includes amongst others the AGT E-tool, assessment framework, guidance documents and training, means of communication, SharePoint, AGT disputes and complaints committee.
7 Parties, companies, AGT secretariat, supporting organisations. The names of organisations involved in the AGT can be found on the AGT website and in the first textbox in section “3. Background to the Agreement on Sustainable Garments and Textile”.
8 See Terms of Reference, p. 4.
9 According to the expectations set in the Assessment framework companies that joined in July 2016 start implementing impact driven measures from the current implementation year onwards (second action plan/3rd year).
We then present the main research methodology used (section 2).

Then we provide some background information about the Agreement on Sustainable Garments and Textile (AGT) (section 3).

After this, we discuss the main research findings for the four main topics of research:

- Approach, progress and foreseen impact (section 4)
- Systems and materials developed and support offered (section 5)
- Collaboration model and entities involved (section 6)
- Theory of change: assumptions, preconditions and sustainability aspects (section 7)

An overview of all recommendations is provided as Annex 1 to this report.
2. Research methodology

DATA COLLECTION: OVERVIEW

- 46 persons interviewed in key informant interviews, divided among stakeholder groups as follows:
  o Companies: 17
  o NGOs: 5
  o Trade unions: 4
  o Industry associations: 2
  o Government: 1
  o Internal stakeholders*: 4
  o Supporting organisations: 5
  o External stakeholders**: 9
- 35 survey respondents (companies)
- 1 participatory value chain mapping with 9 participants
- 3 cases in southern India
  o 7 key informant interviews
  o 5 group interviews
  o 4 production facilities visits
  o 3 workers' hostels visits

* Internal stakeholders are members of the AGT secretariat and chairman of the Steering Group
** examples of external stakeholders interviewed are companies outside of the AGT, similar international initiatives such as the Textilbündnis, NGOs outside of the AGT (and not a supporting organisation), and international organisations such as the Organisation for Economic Co-operation and Development (OECD).

The evaluation team selected the research methods in line with the chosen scope (see introduction): there is a strong emphasis on collecting data from those involved in the AGT in the Netherlands. This is complemented with three case studies in one key production country to explore the potential in producing countries of the AGT with regards to its change mechanisms. We adopted a mixed methods approach which allowed researchers to look at research questions from multiple angles. From these different findings, we were able to compare and triangulate results. An overview of the data collection details is presented in the box on the left.

Key informant interviews

Key informant interviews form the basis of the data collection. The MTE team interviewed 46 representatives of companies, parties, internal stakeholders (such as the AGT secretariat), supporting organisations and external stakeholders (see box). With the majority of the respondents (40) we talked about all four of the main research topics. Other interviews focused on case studies but also provided insight in (some of) the four main research topics.

The selection of persons interviewed for key informant interviews was done during the inception phase. An effort was made to align the number of people interviewed per stakeholder group with the size of the stakeholder group (see table 1). We conducted an additional survey among companies (see below) in addition to the interviews to get the best insight in their views and experiences with the AGT.

Table 1: number of organisations per stakeholder group and number of persons interviewed per stakeholder group

<table>
<thead>
<tr>
<th>Role in the AGT/type of stakeholder (if specified)</th>
<th>Number of organisations</th>
<th>Percentage</th>
<th>Number of persons interviewed</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signatory/company*</td>
<td>92</td>
<td>76.0%</td>
<td>17</td>
<td>37.0%</td>
</tr>
<tr>
<td>Party/industry association</td>
<td>3</td>
<td>2.5%</td>
<td>2</td>
<td>4.3%</td>
</tr>
<tr>
<td>Party/trade union</td>
<td>2</td>
<td>1.7%</td>
<td>4</td>
<td>8.7%</td>
</tr>
<tr>
<td>Party/NGO</td>
<td>5</td>
<td>4.1%</td>
<td>4</td>
<td>8.7%</td>
</tr>
<tr>
<td>Party/government</td>
<td>3</td>
<td>2.5%</td>
<td>1</td>
<td>2.2%</td>
</tr>
<tr>
<td>Supporting organisations</td>
<td>16</td>
<td>13.2%</td>
<td>5</td>
<td>10.9%</td>
</tr>
<tr>
<td>Other (internal)</td>
<td>4</td>
<td>8.7%</td>
<td>1</td>
<td>2.2%</td>
</tr>
<tr>
<td>Other (external)</td>
<td>9</td>
<td>19.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>121</td>
<td>100%</td>
<td>46</td>
<td>100%</td>
</tr>
</tbody>
</table>

*92 reflects the number of labels as in Annual Report 2018, the number of individual companies is 71.

10 Triangulation facilitates validation of data through cross verification from more than two sources. It tests the consistency of findings obtained through different instruments and increases the chance to control, or at least assess, some of the threats or multiple causes influencing our results (see Better Evaluation).

11 For some organisations we interviewed two people.
In terms of interviewee selection, we used a number of criteria for the companies and from this group, 7 companies were randomly selected. The criteria were set to ensure a mix of companies. Apart from these randomly selected companies, we interviewed representatives of 10 companies that are either part of the Steering Group or involved in one of the three case studies.

We followed a structured interview format. This helped the evaluators to systematically analyse the answers. We asked follow-up questions during the interviews to make sure respondents gave in-depth insights to the evaluation questions.

The evaluation team also analysed the interviews in a structured manner, using an analysis tool. The evaluators could assess the relative importance of each issue by assessing the frequency with which an issue was mentioned and by analysing differences among and across stakeholder groups.

In the analysis we considered that there are factors that can influence the validity of answers. For instance, when someone is very positive about his/her own organisation’s role, this is given lesser importance than when someone is very positive about another organisation. By randomly selecting companies we made sure that we had a wide variety of perspectives from companies. Nevertheless, when analysing responses, we considered factors such as whether they joined at the start in July 2016 or joined later.

When presenting our findings, we only refer to different types of stakeholders if there were significant differences in views and opinions.

Survey for companies
We sent out a survey to all companies of the AGT to complement and triangulate the results from the key informant interviews. The survey asked questions related to:

- usage and appreciation of tools and support (research topic 2)
- appreciation of the collaboration, added value of the AGT secretariat and the involvement in collective action and projects (research topic 3)

The added value of the survey is that we could collect input from a bigger number of companies. Additionally, these results are quantifiable. The survey was anonymous to encourage companies to give honest and critical answers.

We sent the survey to 154 representatives of companies. In most cases we invited multiple representatives per company. This was done for two reasons. Firstly, we wanted to include as many perspectives on the AGT as possible, acknowledging that the main contact person from the AGT secretariat, often the Corporate Responsibility (CR) manager, may have different perspectives than CEOs or buyers. Secondly, sending it to more people increased the likelihood of an acceptable number of responses.

In total 35 respondents completed the survey: a response rate of 23%. This means that while we cannot claim that the survey results are representative of the views of all companies, they are valid as additional illustrations to the in-depth analysis of the interviews.

Case studies
We looked at three case studies as examples of how the AGT aims to contribute to change in southern India: Collaboration on sustainability via due diligence (see case summary on page 41); Collective project “Remedies towards a better work place” (see case summary on page 52); and Dialogue on migrant labourers [case summary not included in this report, see reason below]. In southern India, we conducted 7 key informant interviews and 5 group interviews and we visited 4 production facilities and 3 workers’ hostels. Additionally, we conducted 6 key informant interviews with stakeholders in the Netherlands who are involved in the cases.

The case studies are explorative in nature and provide anecdotal evidence. The focus is on learning about mechanisms of change that are identified in

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12 Examples of criteria are: category A, B, and C companies (see p. 6 of the Agreement for a definition of the categories), companies that joined at the start in July 2016 and those that joined later, front-runners when it comes to sustainability and beginners in the field, companies that are critical of the AGT and those that are positive as well as firms from different sub-sectors and with differing production countries.

13 It should be noted that the views of the CEOs and buyers may also be reflected in the surveys completed by Corporate Responsibility (CR) managers as they may have consulted their colleagues before completing the surveys.

14 The 6 key informant interviews with stakeholders in the Netherlands are included in table 1. The 7 key informant interviews and 5 group interviews in India are not included in table 1.
the Theory of Change (research core theme 4) and to see whether key success or limiting factors can be identified within these case studies.

We documented the findings of all three case studies in separate case reports. Additionally, we present two case summaries in this report. The third case, on the dialogue on migrant labourers, is not included since we cannot guarantee anonymity of the respondents.

**Desk review and literature review**

As part of this MTE, we studied AGT’s project documents and relevant literature around due diligence and responsible business conduct (RBC). The desk review gave a general insight into the approach of the AGT and the progress made thus far. We used these insights to make choices regarding scope, the formulation of research questions and to develop tools. We sometimes refer to findings from project documents in this report. Finally, we studied literature in the inception phase to obtain insight into the perspectives of academics on the topics included in the AGT and how they link to the ToC.

**Participatory value chain mapping**

We kicked off data collection with a participatory value chain mapping exercise. During this session we mapped the AGT value chain and reflected on the main interventions in the sector. This provided more insight into the structure of the sector and the main changes related to sustainability. Representatives of the sector associations, NGOs, trade unions, government, companies and the AGT secretariat joined this workshop.
3. Background to the Agreement on Sustainable Garments and Textile

Background

Many businesses in the Dutch garment and textile sector have outsourced production to countries where human rights, worker health and safety, environmental protection and animal welfare may be at risk. Companies are obliged to avoid these risks under international guidelines and agreements such as the United Nations’ Guiding Principles on Business and Human Rights, the OECD’s Guidelines for Multinational Enterprises and the ILO’s fundamental labour standards. Under the OECD Guidelines, companies are expected to carry out risk-based due diligence to identify, prevent, mitigate actual and potential adverse impacts and account for how these impacts are addressed.15

Problems in emerging markets in the developing world are often systemic and complex. This implies there is very little one company can achieve alone. Therefore a broad coalition of partners have signed the Dutch Agreement on Sustainable Garments and Textile (AGT). These partners are called “parties” and include associations representing the sector, NGOs, trade unions and the government of the Netherlands (see box).

Companies can participate in the AGT by signing a declaration committing themselves, among others, to carrying out due diligence in line with the OECD Guidelines including an annual assessment by the AGT secretariat.16

At the beginning of 2019, 71 companies representing 92 clothing labels had signed the AGT. Their combined share of the Dutch garment and textile market is estimated at 48%.17

In addition to the parties and companies that have signed the AGT, an increasing number of organisations - such as amfori, Fair Wear Foundation, Fair Labor Association, International Apparel Federation, Plan Nederland, Sustainable Apparel Coalition and Zero Discharge of Hazardous Chemicals - support the work of the AGT and became supporting organisations.

Theory of Change

The AGT has developed a Theory of Change in 2018 (see figure 1) on how it sees change taking place within the textile and garment sector and how it sees its role within this change process. In section 7, the Theory of Change is described in detail.

Potential impacts are to be addressed through prevention or mitigation, while actual impacts are to be addressed through remediation. The Guidelines concern those adverse impacts that are either caused or contributed to by the enterprise, or are directly linked to their operations, products or services by a business relationship.”14

For the complete commitment see the Declaration by Enterprises concerning the Agreement on Sustainable Garment and Textile on p. 24 of the Agreement.18

See the overview of the AGT’s current situation in the Annual Report 2018.

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15 In terms of what is in this report understood as due diligence, please refer to p. 23 of the OECD Guidelines for Multinational Enterprises: “… due diligence is understood as the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems. Due diligence can be included within broader enterprise risk management systems, provided that it goes beyond simply identifying and managing material risks to the enterprise itself, to include the risks of adverse impacts related to matters covered by the Guidelines.”

16 For the complete commitment see the Declaration by Enterprises concerning the Agreement on Sustainable Garment and Textile on p. 24 of the Agreement.

17 See the overview of the AGT’s current situation in the Annual Report 2018.
The ToC shows three main pathways of change which are related to the intervention strategies of the AGT:

1. Due diligence related activities
2. Outreach and alignment
3. Collective actions and projects

What the intervention strategies entail is described below.

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1. Due diligence related activities

Companies that sign the declaration of the AGT\(^{18}\) commit to carrying out due diligence, keeping in mind the 9 themes the AGT parties have prioritized (see box). The companies agree to include these themes in their RBC policy.

Companies also commit to creating an insight into their supply chain and materials as well as associated risks by (see also figure 2):

- Submitting an overview of all ‘cut make & trim’ (CMT) and vertically integrated production locations in their supply chain (year 1) to the AGT secretariat, which publishes an aggregated list annually\(^ {19}\)
- Providing the AGT Secretariat with an overview of materials used and the associated risks (starting year 2)
- Continuously expanding the overview of production locations further up the value chain (beyond CMT)
- Communicating publicly about their due diligence (starting year 3)

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\(^{18}\) See page 43 of the AGT text (Dutch version)

\(^{19}\) For the public production location list, click [here](#).
practices influence this. Based on the identified risks on negative impact in its supply chain, in its annual action plan the company must explain how risks are prioritised and which steps the company will take to prevent, reduce or mitigate these risks. In the plan, the companies must also explain how they monitor progress and what achievements have been made.

And lastly, companies must agree with the procedures of the AGT’s independent complaints and disputes committee\(^\text{20}\).

2. Outreach and alignment

Given the limited scale of the Dutch market (approximately 1% of the global market), the AGT seeks close cooperation with other initiatives such as Germany’s Bündnis für nachhaltige Textilien (Textilbündnis) so that it can increase its leverage and help bring about a transition in the sector. The AGT also actively shares approaches and experiences with other organisations with the aim of contributing to a level playing field in the sector.

3. Collective actions and projects

Companies can take measures on their own as part of their due diligence process.

**AGT secretariat**

The AGT secretariat is hosted by the Social and Economic Council of the Netherlands (SER). The secretariat supports the AGT parties and the companies in all their AGT-related activities. It advises the participating companies (companies) on how to carry out due diligence properly and assesses whether they meet their commitments. For this purpose, AGT parties have developed an assessment framework\(^\text{21}\).

The Dutch Agreement on Sustainable Garments and Textile will remain in effect for a five-year period from the date it was signed (until 4 July 2021). It can be extended by three years, if agreed by all parties\(^\text{22}\).

\(^{20}\) Rules of procedure of the Complaints and Dispute Mechanism of the Agreement Sustainable Garment and Textile

\(^{21}\) AGT Assessment framework.

\(^{22}\) See p. 22 of the Agreement: “The Agreement, possibly in amended form, can be extended by three years one year before expiry, if the Parties agree to do so by unanimous decision. The enterprises will also have a vote in this regard via the Steering Group”.
4. Approach, progress and foreseen impact

In this section, we present our findings related to approach, progress and foreseen impact.

How did we study the AGT’s approach, progress and foreseen impact?

Approach: we assessed 3 elements when looking at the AGT’s approach: the AGT’s relevance, efficiency and effectiveness. We used interviews and a survey to study these elements. The sub-questions used to assess relevance, efficiency and effectiveness are outlined further in this section.

Progress: to assess progress we looked at the objectives of the AGT as outlined in the Terms of Reference and carried out a desk review of relevant documents, such as annual reports.

Foreseen impact: the assessment of the AGT’s approach and progress provided us with an insight into the foreseen impact of the AGT.

Since approach, progress and foreseen impact are over-arching and relevant for all themes, this section contains the main findings, conclusions and recommendations of our evaluation, including:

- system and materials developed and support offered;
- collaboration model and entities involved;
- Theory of Change.

Later sections in this report provide more detailed information.

Firstly, we will look at the relevance of the approach taken by the AGT, then the progress made on planned activities, followed by efficiency and effectiveness. Lastly, we describe the foreseen impact.

Relevance of the approach

By relevance we mean the relevance of the AGT’s approach in achieving the foreseen change in the garment and textile sector. We looked at the following two aspects to answer the question: is the AGT relevant?

- The motivation for parties and companies to join the AGT
- The extent to which the AGT meets their needs

These questions indicate the extent to which parties and companies believe that the AGT is relevant for the sector.

Overall conclusion on relevance: as a multi-stakeholder initiative including the government, the AGT is relevant for the sector. It is unique in terms of the extensive support and guidance offered to companies. And it is comprehensive as it covers the whole range of due diligence, looks at risks in the supply chain beyond the CMT production location and looks at social and environmental themes as well as animal welfare.

Clear motivation to join because fundamental elements are relevant

The overall impression obtained in the evaluation is that the AGT is relevant because there is a number of fundamental elements in the AGT which are seen as relevant for achieving sector change. These fundamental elements are described below.

Firstly, parties and companies clearly see that the AGT offers an opportunity to join forces and to collaborate with different stakeholders. This is illustrated by a survey respondent as follows: “The AGT provides the opportunity to initiate sustainable change in the supply chain in cooperation with other large parties, with which we are happy to cooperate.”

Secondly, the AGT is comprehensive because it:

- provides support for companies to conduct their due diligence and develop an action plan
- is based on the OECD guidelines for due diligence
- goes beyond CMT production locations

23 The evaluation team used the definition of impact as used in the AGT’s Theory of Change: impact is what would not have happened without the AGT.
• looks at social, environmental and animal welfare themes

Parties and companies acknowledge that mapping the supply chain beyond the CMT production location is a challenge but at the same time they see that it is important and are therefore positive that it is in the scope of the AGT. Also, other initiatives in the sector focus primarily on social or environmental themes while the AGT is unique in covering not only social themes but also environmental and animal welfare themes.

Thirdly, as a Multi-Stakeholder Initiative (MSI) the AGT is considered especially relevant because of the government’s involvement. This contributes to the legitimacy of the initiative. Representatives from all types of stakeholders believe that the AGT can achieve more than other MSIs because of government involvement.

Interestingly, the evaluation shows that companies would not be surprised if – in the near future - due diligence legislation will be adopted. They believe that the AGT prepares them in case this indeed happens. In fact, a growing number of AGT companies seems to be more open to EU legislation, since it would create a ‘level playing field’ which contributes to more equal competition. Government involvement is considered important for creating this ‘level playing field’.

Government involvement is also important for advocacy on situations in the supply chain (in specific production countries) as it allows the AGT to speak on behalf of a collective with legitimacy. This makes advocacy easier at, for example, EU level, and at government level in production countries. Many see (collective) lobbying as an important role for the AGT.

The AGT meets the specific needs of companies and parties

Our interviews show that the following specific needs of companies and parties are met by the AGT:

• for both companies and parties, the AGT is a logical next step to its precursor, the so-called Plan of Action of the Dutch Garment and Textile sector; a sector initiative launched in June 2013, in the sense that it is more binding than the former “Plan of Action” 24
• for companies, the AGT helps when responding to (European) tenders which is particularly relevant for corporate fashion, workwear and B2B in general. One company said: “[when responding to European tenders …] it is an advantage if you are affiliated with the AGT”.
• for NGOs that traditionally had a watchdog role, the AGT has a clear added value because they can apply an ‘insider approach’ rather than being limited to the role of a watchdog. The AGT provides NGOs with a relevant network in that they have the opportunity to be in contact with motivated companies.

Some critical remarks were made in relation to relevance by companies. Firstly, companies felt that even though the AGT looks at social, environmental and animal welfare themes, the focus seems to have been on the social themes. This is particularly the case when it comes to activities such as training and workshops. Secondly, for companies that were already quite advanced when it came to due diligence, the AGT is less relevant for their due diligence as they are often already members of other initiatives, such as the Sustainable Apparel Coalition (SAC), which largely meet their needs. But still, they felt it is important to be part of the AGT mostly to expand their network and collaborate with others. And lastly, some companies felt that the AGT needs a clearer link between theory and practice when it comes to implementing due diligence.

Progress made by the AGT

To assess the progress made by the AGT we looked at the progress of planned activities by the AGT secretariat, parties and companies. Planned activities are those relating to the following objectives of the AGT25.

Overall objective: to achieve substantial progress towards improving the situation for groups experiencing adverse impacts in respect of specific risks in the garment and textile production or supply chain within 3-5 years.

Specific objectives:

• Due diligence: to provide individual enterprises with guidance for preventing their own operation or business relationships from having a (potentially) adverse impact in the production or supply chain and for addressing an adverse impact if it does arise.

24 See for details the “http://www.gidrd.nl/” website (in Dutch).

25 The objectives of the AGT as mentioned in the Agreement on p. 4 have been revised by the Steering Group in 2018. The revised objectives, which are listed in the Terms of Reference on p. 2-3, have been used as a basis for this evaluation.
• **Collective activities and policy influencing**: to develop joint activities and projects to address problems that enterprises in the garment and textile sector cannot resolve completely and/or on their own

• **Outreach and alignment**: to ensure sufficient scale and a level playing field. Parties of the AGT aim to cover 50% of the Dutch market by the end of 2018, eventually reaching 80% by 2020.

The evaluation also looked at the perception of progress made by various stakeholder groups on due diligence and the 9 themes.

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**Overall conclusion on progress**: in terms of due diligence, progress has been made in the first steps of the due diligence process (setting up policies, adjusting internal systems and carrying out risk assessment). This is in line with the planned progress according to the AGT’s assessment framework. To achieve impact and to meet the overall objective, companies need to actively address problems in the supply chain. This must be the focus for the remaining 2 years of implementation of the AGT.

In terms of collective activities, 1 out of the 2 collective projects foreseen in the AGT was set up next to two additional, not foreseen, collective projects on other themes. While good progress has been made, there is a need among companies for more opportunities for collective action.

On policy influencing, some concrete (collective) lobby activities at EU level and in production countries did take place but there is more potential for (collective) lobby.

Regarding outreach and alignment, good progress was made with the goal of a 50% market share in 2018 almost achieved. Also, progress has been made in terms of relevant alignment activities with the Textilbündnis and SAC.

We will now look at the research findings for progress on:

1. due diligence
2. collective activities and projects
3. policy influencing (lobbying)
4. outreach and alignment

**1. Progress on due diligence**

Companies are expected to follow the different steps of the due diligence process as outlined by the AGT (see figure 3).

**Figure 3: due diligence management system cycle of the AGT**

| Step 1 | Policy, organisation, internal processes |
| Step 2.1 | Analysis of supply chain, product range and buying practices |
| Step 2.2 | Risk analysis: scoping potential risks |
| Step 2.3 | Determination of relevance, specific risks, and actual negative impact |
| Step 3 | Goals and actions; prevent, reduce, mitigate and remediate |
| Step 4 | Monitoring, review, reporting and communication |

In line with this, companies are required to annually deliver documents to the AGT secretariat to show what progress has been made in their due diligence process. Starting the first year after signing the AGT, companies need to deliver a production location list. In year 2, companies also need to deliver a list of raw materials and quantities used as well as the risks in the use of these materials. In each of the following years, companies need to annually update and resubmit the production location and materials list. From year 3 onwards companies are required to map their supply chains further and more deeply (including for example spinning mills, weaving mills, dye houses) and to start communicating publicly about their due diligence process. Furthermore, starting the first year of signing, companies are required to submit an annual action plan.
As illustrated in Figure 4, findings from the survey indicate that companies either start to do due diligence or that since they joined the AGT they follow a more thorough due diligence process compared to before they joined the AGT.

As can be expected, the monitoring data of the AGT confirm that companies are making progress in the first step: policy organisation and internal processes. Progress is seen in the fact that a majority of companies have partially or satisfactorily written policy on the 9 AGT themes. Also, when it comes to the second step, delivering production location lists, material lists, and action plans, almost 100% of AGT companies have complied. Thus, progress was made on the first 2 steps of the cycle. This is in line with the focus that was determined at the start of the implementation of the AGT. The results related to step 3 and 4 in terms of addressing and following up on specific issues identified in the supply chain and account for how these issues are addressed is the focus for the last two years of the AGT.

Figure 5 shows that 60% of all companies, so both companies in year 1 and in year 2, meet a 40% score in 2018, which is the requirement for companies in year 2.26

Monitoring data underlying this graph shows that the majority of companies that score below 30% are companies that are in year 1. Among the 21% of companies that score 30%-40%, there are also a few that are in year 2.

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26 Assessment framework. Year 2 requirements, p. 22: “The company scores a minimum of 40 per cent of the maximum number of points possible for efforts and results.”
This means that the majority of companies show sufficient progress, but that progress remains difficult for a small number of companies. This is confirmed in the interviews in which some companies say that due diligence is still difficult, that they still have a lot to learn and that they find it, for example, difficult to map their supply chain beyond the CMT production locations (the cut-make-trim factories). This applies mostly to smaller companies that were not doing any due diligence when they joined the AGT. Also, several representatives of parties interviewed said that they were surprised at the entry level of companies joining the AGT - the expectation was that companies would have been more advanced in due diligence already.

The perception of companies and parties on the progress made is in line with the research findings: significant progress has been made on the implementation of the first 2 steps of due diligence, which is line with the expected progress as set out in the assessment framework developed by parties to the AGT. The perception of companies and parties on the progress made on addressing problems relating to the 9 AGT themes in the production countries, is that there has not (yet) been much progress. Or that it is hard to assess whether any progress is made because of a lack of information. This quote from a company demonstrates that they do not have insight in what companies are doing in terms of addressing problems: “Overall, on [the area of] living wage, it is evident that steps are taken there, with the workshops. But there is no togetherness for those other themes. So it is difficult to judge what others are doing [on those themes].” The fact that the perception is that there is not (yet) much progress is made in addressing problems in the supply chain is not surprising given the fact that the focus in the first 2.5 years has been on step 1 and 2 which is a prerequisite for addressing problems in the supply chain (step 3). Nevertheless, to achieve impact and reach the overall objective, progress is crucial in step 3 of the due diligence process: prevent, reduce, mitigate and remedy adverse impacts. This is the point at which companies are actively addressing problems in the supply chain and when groups experiencing adverse impact in producing countries will actually start to notice change. It is essential for the AGT to ensure that this foreseen next step, which is necessary to achieve impact in the supply chain, is indeed taken. This should be the focus of the AGT in the next two years.

2. Progress on collective activities and projects

For those risks that companies cannot resolve individually, for instance on living wage and freedom of association, the AGT aims to develop joint activities and projects to address problems that companies in the garment and textile sector cannot resolve (completely) on their own.

In terms of progress of these collective activities and projects, good progress has been made in the number of projects that are set up. Also, the companies who made use of collective projects are positive about them. However, companies indicate that there is a need for more relevant collective projects on themes and production locations that they prioritise in their action plans. The focus for collective projects should follow from the due diligence process of companies which was not necessarily the case for all collective projects set-up so far. Suggestions for focus of collective projects were made by companies. If company priorities are in geographical regions or on themes where AGT parties may not have local network or expertise, solutions need to be sought. For instance through collaboration with supporting organisations or other experts outside the AGT. Also, Appendix 1 to the Agreement includes suggestions for (collective) projects related to the 9 themes but these suggestions need to be updated and to be aligned with goals and prioritised actions of companies within the 9 themes.

For collective projects and activities, the following goal was formulated in the AGT (p. 16): “Parties aim to create at least two collective projects: one in the area of living wage and one in the area of freedom of association.” One out

27 The assessment framework indicates that in the first year, the focus is on ensuring insight in the supply chain, knowing the production locations and subcontractors. In year two, companies are expected to focus on the development of policies, insight in risks in the supply chain as well as those of purchasing practices. In year three, the focus is, among others, on setting goals and actions for prioritised risks in the supply chain and on transparency through public communication.

28 It should be noted this perception is only true for internal stakeholders (companies and parties). External stakeholders indicated that they did not have sufficient information to give any statement on progress made, not on due diligence or on the 9 themes. This is a concern, also because of the political attention for progress made within the AGT which is demonstrated by the discussions in parliament related to the international responsible business conduct (RBC) initiatives (see discussions in the Dutch parliament in 2018).

29 See p. 4 of the Agreement for the aims of the arrangements in the Agreement.
of these 2 collective projects foreseen in the AGT has been set-up: a project on living wage.

A project on freedom of association has not been initiated yet and it is not clear whether this is planned or not. In addition to the project on living wage, two more collective projects on other themes that were not foreseen were set-up as outlined in table 2.

Table 2: collective projects: theme/topics, country and number of companies participating

<table>
<thead>
<tr>
<th>Theme/topic</th>
<th>Country</th>
<th>Number of companies participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living wage</td>
<td>Phase 1: N/A (training for AGT companies)</td>
<td>30-40</td>
</tr>
<tr>
<td>Child labour</td>
<td>India and Bangladesh</td>
<td>6</td>
</tr>
<tr>
<td>Dying mills</td>
<td>China</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: monitoring data of the AGT secretariat, March 2019

Hence, more than the foreseen number of collective projects were set up halfway through the implementation of the AGT. The interviews and survey show that companies that participate in these projects are positive about them. This is quite an achievement as the process of setting up collective projects is complex. As one company which is member of the Steering Group said: “We can still improve on collective projects, it took a long time to find out what the needs of companies are, what the main risks are in the sector in the world, and where the budgets and networks of the NGOs are. You all have different agendas and you have to bring them together.”

Nevertheless, most companies feel that the potential of collective activities is not fully used. The interviews indicate that the AGT has been less effective in offering more relevant collective projects. The most common complaint by companies in relation to the collective projects is that most of them are not linked to the company’s priorities. Either because there is no overlap in terms of location or because the theme is not a priority for the company. As one company stated: “We were unable to participate in collective projects; they were too large or too specific, it is difficult to hook onto something.”

This is logical if you look at the example of the child labour project (see case study on page 52), which was set-up in 2017, before companies had finished their year 1 due diligence process and had insight in the most salient risks. Instead of prioritised risks, the determining factors for setting up this project were the focus of the parties and the funding opportunity. This is legitimate, particularly combined with the fact that research, knowledge and experience of AGT parties indicate regional sector risks. Going forward, it is desirable to strike a balance in terms of the risks prioritised by the companies (based on a thorough due diligence process which includes stakeholder consultation and expertise of parties) and funding opportunities. A person interviewed for the case study acknowledged that looking at the company’s risk analysis, the collective project on child labour did not address the most important risk. But since this collective project offered a good opportunity to work on an issue which is also important – even though maybe not the most important – and to work on the issue collectively, the company decided to take this opportunity and join the project. But the idea is essentially that the topics for collective projects follow logically from the due diligence process of companies and that collective projects are set up for issues prioritised by companies that are difficult to address alone.

There is a risk though that non-applicability of the theme/topic/location of a collective project is used by companies as an excuse to not participate in collective projects. Especially when these projects address most complex issues and are seen – rightfully so – as having a major impact on capacity. Companies that participated in the child labour project indicated that it is a huge administrative burden, especially because of the need to comply with donor regulations. The fact that these collective projects present such a burden for companies underlines the need to ensure that collective projects are in line with priorities set by the companies. If their own goals and strategies are aligned with those of the collective projects, the time spent on the projects is not ‘extra’ but part of the company’s strategy.

30 The child labour project seized the opportunity of the Fund against Child Labour (FBK) commissioned by the Netherlands Enterprise Agency (RVO).
Suggestions for new collective projects
Suggestions for collective projects mentioned by survey and interview respondents were mainly for projects in Turkey (mentioned 8 times in the survey and mentioned most often by interviewees\textsuperscript{31}), the environment (mentioned 5 times in the survey and second most often by interviewees) and, to a lesser extent, transparency (mentioned twice in the survey only).

The extent to which parties can participate in collective projects as suggested by companies may be limited. The reason for this are parties’ constraints in terms of local partner networks in the main production countries where most companies source and relevant expertise (most parties focus on social themes). In such cases, the AGT secretariat or Steering Group will have to work with other expert organisations. A good example of where this works well is the living wage project in which collaboration was sought with Fair Wear Foundation and ACT\textsuperscript{32}.

Appendix 1 to the Agreement contains goals on the 9 themes and suggestions for (collective) projects relating to these themes. For example, for the discrimination and gender theme: “enterprises should join collective projects aimed at eradicating discrimination and achieving equal rights, such as: multi-stakeholder initiatives and other joint ventures that actively combat discrimination”. These aims in Appendix 1 are very broad and since Appendix 1 was developed prior to July 2016 without the input of the AGT companies, it is recommended to be revised on the basis of the companies’ current due diligence. In doing so, collective projects can be set-up in line with the aims in Appendix 1, within the nine themes, and in line with the priorities of companies.

Furthermore, we believe it is also important to look at the scalability of a potential project. This is clear from our evaluation which shows that only a limited number of companies participated in collective projects. Increasing the number of collective projects will not necessarily mean more impact, but rather scalability in terms of more companies taking part in the projects will contribute to their effectiveness. The living wage project is a good example of a project which is attracting a large number of companies and it is being replicated next year for new companies. As one company said: “For the collective projects it is important to look at the scalability of the project so that it is relevant for several companies... It is important that... a chain reaction is achieved.”

**Recommendation on collective projects:**

Collective projects should be set up around issues prioritised by companies in their due diligence process including stakeholder consultation and they should be scalable and/or replicable so that they attract a large number of companies. If relevant expertise and/or capacity in terms of location or topic cannot be provided by AGT parties, the AGT should seek collaboration with other organisations and experts. The topics and aims for collective projects as outlined in Appendix 1 should be revisited and made more specific in relation to the issues prioritised by companies in their due diligence processes of the last three years.

3. Progress on policy influencing (lobbying)

Parties and companies see AGT’s lobbying role as important and believe that the AGT is a useful (collective) lobbying platform. As one respondent put it: “I see joint lobby [at EU level] as very important. The collaboration between the government, the industry associations and the secretariat are very important. These three work very well together in the European lobby arena.” Apart from lobbying at EU level, there are also examples of collective lobbying by the AGT of governments in production countries, such as a letter sent to the Bangladeshi government in November 2018.

4. Progress on outreach and alignment

The goal on market share in terms of AGT membership as stated in the AGT (p. 6 of the Agreement) is as shown in table 3.

<table>
<thead>
<tr>
<th>Table 3: goals related to market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number</td>
</tr>
<tr>
<td>Market share</td>
</tr>
</tbody>
</table>

\textsuperscript{31} No further details were provided in terms of types of projects in Turkey.

\textsuperscript{32} ACT on living wage.
The 2018 goal (50%) on market share has been nearly achieved. The AGT currently has 92 labels which represents a market share of 48%\(^{33}\).

In January 2018, a cooperation agreement with the German Textilbündnis was signed. And a pilot project with the Sustainable Apparel Coalition (SAC) was started which seeks alignment between SAC’s Higg Brand and Retail module\(^{34}\) and AGT’s due diligence questionnaire so that AGT companies who are also member of the SAC do not have to answer the same or similar questions twice\(^ {35}\). The OECD is also conducting alignment assessment of the SAC, the Textilbündnis and the AGT, which could lead to closer alignment with these initiatives.

Parties state that the AGT has made good progress in outreach and alignment. Parties feel that the AGT has a good reputation in Europe. And with the alignment of Textilbündnis and SAC, there is probably more influence at EU level. Companies seem to have less insight into the progress on outreach and alignment, with the exception of those that are member of the SAC.

For the AGT to reach the next goal of 80% market share by 2020, it is important to get the larger, non-Dutch companies involved. These larger companies are often already part of other initiatives, including other national initiatives such as the Textilbündnis. Therefore, they do not see the added value of the AGT, which for them only represents an additional administrative burden. However, involvement of these larger companies is not only important to reach the 80% market share goal, but also to create leverage for the AGT companies in terms of addressing problems in production locations. The AGT should look for alternative ways to engage these larger companies or align with initiatives that they are already part of, so as to increase leverage at production country level.

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\(^{33}\) Percentage as in the Annual Report, 2018. It should be noted that the calculation of the market share is not clear to all external stakeholders. As an external stakeholder said: “I want a clear picture of what the AGT sees as 100% market share. There are few (home) textile companies and shoes are not included either. I think it is important to know what they mean by ‘the sector’”.

\(^{34}\) See the website of the Sustainable Apparel Coalition for more information on the Higg brand and retail module.

\(^{35}\) On 17 April 2019, the Steering Group decided on the basis of the outcomes of the pilot, to also allow the use of the Higg brand and retail module in the future.

\(^{36}\) Although we acknowledge that financial aspects of efficiency are important, we agreed not to include this when formulating the research questions as this requires a different set of tools and questions outside the scope of this MTE.
Overall conclusion on efficiency: the priorities for companies are correctly set with a focus on: due diligence, on transparency of production locations and materials, on mapping beyond the CMT production location and on the 9 AGT themes.

Even though companies do acknowledge that working on these issues is not a choice but their responsibility, still many companies indicate they feel the time and capacity required from them to fully perform all tasks and requirements is not in line with the time and capacity they have available. For some companies, this results in a focus on minimum requirement (administrative) tasks related to due diligence. Others increase capacity for RBC related activities (see under effectiveness). Parties also indicate that time and capacity required is not in line with what they have available. For parties, limitations in terms of budget and capacity sometimes means that they can mainly contribute to the AGT with activities for which they have budgets available.

There is a need for more efficiency in task division for themes, projects, workshops and other activities: it is important that there is more focus and prioritisation. Prioritisation should be based on the action plans of companies – under the assumption that these are based on a due diligence process that includes stakeholder consultation - to ensure that the activities organised focus as much as possible on creating direct support for achieving impact in the supply chain.

In terms of working groups, more efficiency could be achieved when focus is only on working groups that have clear goals, are set up around themes/issues prioritised by companies, are made up of max. 4 members and include companies.

And lastly, alignment with other initiatives clearly leads to more efficiency for companies in reducing the administrative burden and by providing easy access to more tools.

The specific findings in relation to efficiency are outlined below. We start by describing the research findings which led to the conclusion that priorities are set correctly for companies. We then move on to the research findings that led to the conclusion that more efficiency is needed in terms of the organised activities. Next, we describe the research findings related to efficiency of working groups. And lastly, we look at how the research findings show that alignment with other initiatives leads to more efficiency.

Priorities are correctly set for companies

Companies feel that it is right and important that they focus on due diligence, first with the mapping of production locations and then materials. One of the respondents said: “I really believe that 80% of the AGT companies had no idea of what materials they used. I think there have also been a lot of people who had to check 3 or 4 times with an intermediary about the exact composition”. A majority of companies also mentioned that even though it is challenging, it was important to spend time on mapping beyond the CMT production location. Companies that have actually started to map beyond the CMT production location indicated that it raises awareness of how far their responsibility extends. A critical note here is that some companies find it difficult to accept that their responsibility goes beyond the CMT production location even though this is their responsibility according to the OECD Guidelines.

More efficiency is needed in terms of the activities organised

Most respondents, from all types of stakeholders, said that the time and capacity required from them is not in line with what they have available. Yet, a number of companies also acknowledged that it is a responsibility for them to work on these corporate responsibility issues and not a choice. As such, the question whether the time and capacity required from them is realistic, is irrelevant; because they will have to spend it anyway. Some companies said that if the time was not spend on the requirements of the AGT, they would have spent time on due diligence / RBC in another way, for example, within another initiative.

Companies spent a lot of time on due diligence and on writing the action plans and this is important. However, for those with limited RBC capacity, this left no time for other AGT related activities such as training and workshops. Companies also said that there is insufficient clarity on the amount of time and capacity required for the AGT when they sign the agreement. An important coping strategy for companies to deal with limited capacity is to focus on due diligence and the action plan rather than on attending workshops, trainings and seminars. This leads to another often-heard concern which is that it is always the ‘usual suspects’ who attend training. Companies mentioned that getting internal buy-in, particularly at management/CEO level, is important to make additional capacity available to do proper due
diligence in line with OECD guidelines. The AGT offers valuable support for this as it is a requirement for the CEO to attend the appraisal meeting. That way, the CEO understands the company’s progress in meeting its responsibilities.

NGOs and trade unions, have limitations in terms of how much budget and capacity they can make available for their activities within the AGT. In some cases, these limitations in capacity mean that they can mainly contribute to the AGT with activities for which they have budgets available. The Ministry of Foreign Affairs offers financial support to civil society organisations in the implementation of the Responsible Business Conduct (RBC) agreements of which the AGT is one. With this financing, organisations can use their expertise and network to help companies make their value chain more sustainable. This concerns over-arching activities such as participation in the Steering Group and thematic activities such as participation in working groups and other project-related activities. The limited capacity of parties to fully engage in the AGT means time was mainly given to attending (working group or Steering Group) meetings. On the one hand because these meetings take up much time and on the other hand because for these activities budget was made available. This leaves little time for other more content-related activities, such as webinars, factsheets, and support to companies, as budget and capacity for these activities should come from own interest and funding. This leads to discontent among some parties. As one representative of an NGO said: “Workgroup meetings. Those meetings cost me more than half a day, And I don’t like meetings at all. What I would rather do? Organise a training. Set up practical projects. Enter into dialogue with companies. Create a tool. Or lobby in Europe with some clever plan, where we organise a session with different parties.”

The most common response by parties and companies in relation to efficiency is that there should be more focus in the activities organised by the AGT secretariat (workshops, trainings, seminars). And that the priorities set by companies in their action plans (within the 9 themes) should be the lead in terms of focus for these activities. The priorities and expertise of the parties should be integrated in the due diligence process of companies such as the living wage group. This concerns over-arching activities such as participation in the Steering Group and thematic activities such as participation in working groups and other project-related activities. The limited capacity of parties to fully engage in the AGT means time was mainly given to attending (working group or Steering Group) meetings. On the one hand because these meetings take up much time and on the other hand because for these activities budget was made available. This leaves little time for other more content-related activities, such as webinars, factsheets, and support to companies, as budget and capacity for these activities should come from own interest and funding. This leads to discontent among some parties. As one representative of an NGO said: “Workgroup meetings. Those meetings cost me more than half a day, And I don’t like meetings at all. What I would rather do? Organise a training. Set up practical projects. Enter into dialogue with companies. Create a tool. Or lobby in Europe with some clever plan, where we organise a session with different parties.”

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Recommendation on efficiency of activities such as workshops, trainings and seminars: these should be more focused and the priorities set by companies in their action plans (within the 9 themes). In this way these activities are not ‘extra’ for companies but in line with what they need to do anyway. The priorities and expertise of parties should be integrated in the due diligence process of companies so that the goals of companies and parties are aligned. This means that it is assumed that proper stakeholder consultation takes place as part of the due diligence process of companies. That way, the activities organised in relation to the priorities of the companies are aligned with the priorities of the parties.

Efficiency of the working group structure

The working group structure was updated at the beginning of 2018. Prior to this, there were working groups envisioned for each of the 9 themes, for example, a working group on animal welfare. Since the revision of the working group structure, there are only 3 working groups covering: due diligence, the environment and social issues. There are also 2 sub-groups of the Steering Group: Internationalisation and Outreach and Monitoring & Evaluation (M&E). In addition to this there are groups organised around a particular activity or collective project, such as the living wage group.

Even with this new structure, there is a feeling that the working groups are inefficient. The working groups on the environment and social issues are labelled as inefficient by most parties. The reasons mentioned for this inefficiency are that there is no clear work plan, the groups do not know what they are supposed to do, they lack direction and the fact that the working group on social issues does not include any companies. One respondent commented on a recent meeting of the working group on social issues as follows: “It was a relevant exchange meeting, such a working group, but there were no new actions”.

In terms of how the working groups could be more efficient, parties said that they should be set up around concrete common issues or problems prioritised by companies. The secretariat has an important match-making role here as the parties do not know the action plans of the companies. Other aspects relating to the efficiency of the working groups mentioned are that they should have clear (SMART) goals and a timeline as well as a budget which outlines the required time investment from those involved. The number of members in the group should be limited to improve efficiency and some
parties suggested having a maximum of one representative from each stakeholder group.

The working group on outreach and alignment is working well. This group is a spin-off from the Steering Group with members from the Steering Group. It has clear goals and there is a common interest; everyone is an ambassador for the AGT. Clear goals and a common interest are important factors for the functioning of the working group.

Even though the living wage group is not a working group as such, it demonstrates what factors are important for a group to work well. Firstly, the group is set up around a particular issue that is prioritised by several companies and for which parties, supporting organisations, experts and companies come together to organise trainings (concrete goal) and identify further activities to be taken up by the AGT. Secondly, the living wage group includes companies which is an important factor for efficiency: companies are only likely to get engaged if there is a clear goal which aligns with their own goals (from the action plan).

**Recommendation on working groups:** Working groups should be set up around concrete common issues or problems prioritised by companies. They should have clear (SMART) goals and a timeline as well as a budget. The number of members should be limited (around 4) and only one delegate from each stakeholder group should be involved. Efficiency should be the leading factor for contact and consultation within the working group. Other methods besides physical meetings could be used such as tele-conferencing or video-conferencing. If meetings are held they should be short (max. 1 hour) and with a clear agenda with the focus on decision-making. Engaging companies is important but does not necessarily mean that they have to attend working group meetings - getting their input and buy-in can also be done through short surveys or by consulting one or a few companies on a specific matter (phone calls).

**Efficiency as a result of alignment with other initiatives**

It is clear that the strategy of outreach and alignment results in efficiency for companies. For instance, companies that are members of SAC can use the same assessment made for this organisation for the AGT so that they do not have to complete two questionnaires. Another important comment that was made, in particular by companies that are already quite advanced in their due diligence, is that alignment with the Textilbündnis and collaboration other initiatives like the SAC and ACT (for the living wage collective project) gives them access to best practices and tools which are also relevant for them. As one company stated: “Through collaboration with the Textilbündnis, associate members are now also invited to workshops/seminars, and then it becomes interesting for us to see how they approach something as a larger company.”

**Effectiveness of the approach**

To assess the effectiveness of the AGT’s approach, we looked at:

- the extent to which the AGT contributed to the intended changes in the Dutch textile and garment sector
- the extent to which other factors have contributed to the intended changes
- what the unexpected effects are
- what do companies and parties do differently since they joined the AGT?

We looked in particular at the extent to which the tools and guidance provided by the AGT influenced business practices.

We analysed this by assessing whether respondents in the interviews clearly linked an identified change in their business practice to tools and support provided by the AGT.

We also included a question on this in the survey, as follows:

Please indicate if you see any influence of the AGT on the changes listed:

(6 point scale from ‘no influence at all’ to ‘a lot of influence’)

- More knowledge about risks in our supply chain
- More measures for prevention and/or mitigation of risks

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37 Associate members are companies that are member of initiatives which the AGT has signed a collaboration agreement with such as the Textilbündnis.
- Strengthened policies and internal processes with regards to sustainability
- Changes in purchasing practices
- More capacity for corporate responsibility
- More involvement of top management in corporate responsibility
- Enhanced external communication on corporate responsibility
- More contact with other companies and organisations (Govt, NGOs, Trade Unions, sector associations)
- Strengthened grievance mechanism/access to remedy

The answers from the survey respondents on the influence on business practices were triangulated with the information obtained from the interviews which led to the overall analysis presented in this section.

To assess the relative contribution of the AGT to the identified changes, we carried out an analysis to determine what other explaining factors or mechanisms contributed to change.

**Overall conclusion on effectiveness:** the AGT’s tools and guidance have been effective in influencing some key aspects of business practices. These key aspects are:

- More knowledge about risks in the supply chain
- Strengthened policies and internal processes
- More involvement of top management in RBC
- Increased capacity for RBC
- Positive changes in purchasing practices
- Effective outreach to other companies in the sector
- More insight in suppliers and materials
- More awareness about the need for external communication on RBC

Even though the AGT has been effective in instigating change at these levels, it is clear that it could be more effective in the following areas:

- Creating more leverage
- Use of the production location list to flag issues and problems in the supply chains of companies
- Use of the complaints and dispute mechanism

Overall, the AGT has been effective in terms of changes at the level of individual companies. However, in terms of collective action, there is room for improvement (see also the section on the collaboration model).

Below we describe the different elements that indicate the AGT's effectiveness. Firstly we describe the elements that were clear from the survey and were confirmed in the interviews. These are:

1. more knowledge about risks in the supply chain
2. stronger policies and internal processes
3. more involvement of top management in RBC
4. increased capacity for RBC
5. positive changes in purchasing practices
6. effectiveness in outreach

We then describe other elements that emerged from an analysis of the interviews. Next, we present the results of the contribution analysis of other...
factors that also influenced companies to do more or better due diligence. And lastly, we describe the areas in which the AGT has been less effective:

1. creating more leverage
2. limited number of issues raised from the list of production locations
3. limited use of the complaints and disputes mechanism

In terms of companies doing more or better due diligence, the approach of the AGT is effective. In the survey companies indicated that the tools and support provided by the AGT (secretariat and parties) mostly led to more knowledge about risks in the supply chain (69%) (see figure 6).

Figure 6: Influence of the AGT on business practices

<table>
<thead>
<tr>
<th>The AGT has contributed to...</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>... more knowledge about risks in our supply chain</td>
<td>69%</td>
</tr>
<tr>
<td>... more measures for prevention and/or mitigation of risks</td>
<td>37%</td>
</tr>
<tr>
<td>... strengthened of policies and internal processes with regards</td>
<td>57%</td>
</tr>
<tr>
<td>... changes in purchasing practices</td>
<td>17%</td>
</tr>
<tr>
<td>... more capacity for corporate (social) responsibility</td>
<td>31%</td>
</tr>
<tr>
<td>... more involvement of top management in CSR</td>
<td>44%</td>
</tr>
<tr>
<td>... more contact with other companies and organisations</td>
<td>43%</td>
</tr>
<tr>
<td>... strengthened grievance mechanism / access to remedy</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: survey for AGT companies, March 2019

From the interviews it also became clear that the tools and support provided are important contributing factors that led to more or better due diligence. For instance, companies indicated that they asked more questions from their suppliers about the information in audit reports as a result of the due diligence questionnaire. One company mentioned that the AGT tools have led to comparing information in audit reports with minimum wage and living wage.

It should be noted that the interviews showed that this increased knowledge about risks in the supply chain was mostly true for companies that did not do any due diligence before joining the AGT. For a small group of companies the AGT tools were less significant for their due diligence process, for instance because they previously used other tools. A representative of a company that was already advanced on RBC before joining the AGT said: “As we already had the majority of the programs on due diligence established before the AGT most of the services offered have had little impact internally. However, we appreciate the work done by AGT as they are levelling the playing field.”

2. Stronger policies and internal processes

The AGT tools and guidance also had a clear influence on strengthening policies and internal processes with regards to RBC according to the companies who completed the survey (57%). This was confirmed by the assessment of progress made by the AGT.

3. More involvement of top management in RBC

The survey respondents also indicated that the tools and support offered by the AGT led to more involvement of top management in RBC (46%). This was confirmed by the interviews. These showed that this is mostly related to the appraisal meetings held by the AGT secretariat in which managements were involved. This was especially appreciated by Corporate Responsibility (CR) managers because the AGT helped them to get more commitment for RBC from management. This has probably also contributed to another effect of the AGT which was often mentioned in interviews with companies: RBC has a more strategic position in the organisation (direct reporting to the CEO).

4. Increased capacity for RBC

Another change in business practices that is a result of the tools and support mentioned by survey respondents (31%) was increased capacity for RBC. Even though companies struggle with limited capacity and the fact that capacity required is not in line with capacity available (see also efficiency), they have increased their capacity on RBC because they acknowledge the importance of it and because they need to comply with the AGT requirements. Most companies underestimated what was required. In a number of cases this led to an increase of staff capacity because of the AGT. The interviews confirmed this as many companies indicated that there is more capacity available for RBC since they joined the AGT. One company said: “Because so much is demanded by AGT, we have extra capacity on RBC: my role is 50% CR, that was not the case for my predecessor”.

...
5. Positive changes in purchasing practices

The interviews indicated that the tools and support led to positive change in relation to purchasing practices. However, the findings in the survey are not as clear as only 17% stated that changes were made in purchasing practices (see figure 6). The difference in findings from the interviews and the survey can be explained by the fact that survey respondents perhaps did not see the importance of certain changes in purchasing practices, also because changing internal processes takes time. Whereas in the interviews important steps towards improved purchasing practices were identified. For instance, the interviews with companies showed that CR managers have more influence over where products are sourced, for instance because new suppliers must first be approved by the CR manager.

Some companies indicated that they have different terms for their suppliers and one company mentioned that they now have a code of conduct based more on equality, with responsibilities and requirements not only for the supplier but also for themselves as buyers. As a representative of an industry association stated: “In the past, a code of conduct was written, sent to the supplier and signed by the supplier. And then: fingers crossed. And now there is a realisation that it is not finished then. That shared responsibility is now being felt. This is a good example of a result of the AGT”.

It was also mentioned that there were clear signs of more awareness at the supplier level because of the questions raised by the AGT companies about working conditions and other due diligence process related questions. Some have set goals for their purchasing departments in relation to materials. And in other cases, materials as well as supplier locations were integrated in the order/purchasing system. In this way, no order can be placed without knowing the production location and registering the materials.

6. Effective in outreach

From the interviews it became clear that companies and parties actively encouraged others in the sector to join the AGT. There is also clear progress on the goal for a 50% market share to be covered by the AGT in 2018, this has almost been achieved. The effectiveness in outreach may also be explained by the efficiency of the working group on outreach and alignment as mentioned before.

Companies in particular try to involve others in their own supply chain, such as agents, importers and buyers (B2B). As one company said: “Importers should comply with the AGT. Now you have to explain to importers every time what you are doing, and that is quite a story. Two of our importers are already included. I do not ask questions to these importers, I do not have to check, because I know that they must do the same for the AGT. That makes a huge difference”.

Most of the companies interviewed worked with agents/importers and it is likely that this is the case for most of the companies for at least part of their supply chain. Working via agents/importers means that companies may not have direct access to their suppliers. Even though these agents/importers are often only small players and reaching them is difficult, to include these agents/importers in the AGT is an important step towards effectiveness.

The participatory value chain mapping exercise with representatives from all stakeholder groups also highlighted the critical role of agents in the value chain.

Several representatives of parties, supporting organisations and external stakeholders indicated in the interviews that the AGT should focus on involving smaller companies (category B and C38) and/or that are beginners in terms of RBC. The reason is that these companies cannot easily become part of other (membership fee based) initiatives and they need much support and guidance. This presents a dilemma for the AGT in terms of prioritising as involving these types of companies and providing this type of support takes up much time. Yet it does not contribute much to market share and therefore does not have much effect on the target on outreach.

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38 See p. 6 of the Agreement for a definition of the categories.
Other changes in business practices

Other changes in business practices directly linked to the tools and support provided by the AGT that were mentioned in the interviews, include:

- The fact that companies have more insight in the production locations involved in the production of their collections and in the materials used is clearly a result of the AGT’s production location and materials list. Some indicated that the production location list and materials list are also useful communication tools for their buyers (B2B).
- Many companies are now working on their communication strategy or are more conscious about their communication on due diligence because of the communication requirement from year 3.

Other factors outside of the AGT that have contributed to change

The evaluation also looked at other factors or mechanisms that could have contributed (more) to the changes seen. The aim was to analyse the actual contribution of the AGT.

Other factors that have contributed to companies doing more or better due diligence are related to external pressure which could come from the government, stakeholders, NGOs, media and the wider public. For instance, some companies have started to conduct due diligence because of a serious complaint received well before the AGT started. And others are more aware of their responsibility and of reputational risk as a result of the collapse of the Rana Plaza garment factory in Bangladesh in 2013.

Intrinsic motivation also played a role in doing more or better due diligence. For instance, one CR manager said: “Why do I work in this field? We can make the difference. If one party had done proper due diligence in Rana Plaza, it would not have happened. So, we can have a clear impact on the supply chain. And the AGT is a very nice step for what I hope is the future”.

The contribution analysis based on the information received from the interviews showed that these other factors also had an influence on the changes pursued by the AGT. The analysis does not indicate that these factors had more influence than the tools and guidance provided by the AGT itself. Moreover, these other factors may have also supported the change achieved by the AGT as they may have led to companies joining the AGT.

1. Less effective in creating more leverage

The interviews showed that companies and parties expected that the AGT would lead to more leverage for companies for addressing problems in production locations than was actually the case. The lack of overlap in production locations (less than 5%) was disappointing to companies and parties. Companies expected more opportunities to address problems in production locations jointly. And also parties see the limitations of what can be achieved when companies have little leverage. It is clear that the AGT only had limited influence on this. An effective strategy to increase leverage would be to involve larger, non-Dutch companies. This is explained in the section on progress.

2. Limited number of issues raised from the list of production locations

Parties and external stakeholders expected more use of the production location list. There have only been 11 instances where stakeholders have sought to redress an issue in production countries via the AGT although the published list of production locations now reached 4,268. It is not entirely clear

Recommendation on outreach: the AGT should encourage the companies to actively engage their agents/importers in due diligence. It needs to be identified how the AGT can support agents and importers in contributing to sustainability.

In terms of reaching out to and involving smaller companies and/or that are beginners in terms of CR: the AGT has an important role here as these companies are not likely to be part of other RBC initiatives. Because supporting these smaller companies takes up relatively much time, the AGT secretariat should seek advice from the Steering Group whether or not this should be a priority. And the secretariat should seek opportunities to work with others (parties, supporting organisations, and other experts) to provide support to this type of companies if it does not have the capacity itself.

Contribution analysis systematically searches for the mechanisms and factors that contributed to a certain change and tries to find and weigh the evidence for the existence and contribution of each of these factors.
why the AGT has been less effective in getting parties and external stakeholders to raise issues based on the production location list.

A possible explanation is that there is lack of awareness of the list in production countries as well as among stakeholders and therefore complaints are not shared with the AGT secretariat nor with parties via their local networks. During fieldwork in India we observed that in fact there was little awareness of what the AGT entails so local civil society organisations (CSOs) may not use the production location list directly nor involve parties to address such issues. It is not clear to what extent AGT parties actively promote the AGT within their local networks so as to also increase the use of the production location list. The case studies gave an indication that it might be more likely for (local) CSOs that have a ‘watchdog’ role to use the production location list to raise issues.

The NGOs among the external stakeholders interviewed indicated that the fact that the production location list is aggregated and that it is only possible to get in touch with the companies concerned via the AGT secretariat is a barrier to raise issues. In cases where companies have published their production location list themselves, for instance on their website, external stakeholders found it easier to flag a problem with the company concerned directly so that follow-up can also be more easily traced. However, one specific example of a complaint that was handled showed that it was unlikely that NGOs and other stakeholders would be able to link a production facility to a smaller brand as it would be very inefficient for them to trace this link.

Besides this, the procedure around the issues raised were unclear. This despite a responsibility as formulated in the UNGPs that grievance mechanisms should be known to all stakeholder groups for whose use they are intended and that they should provide a clear and known procedure. This was illustrated by an example of the dialogue that followed a complaint shared with the AGT. In this example, the involvement of the secretariat was crucial in facilitating the process of remediation. Although this was largely successful, not everybody involved was aware of the steps taken by brands to resolve the issue. In particular the local trade union and CSO who detected the complaint and raised this with one of the NGO parties of the AGT, received little information about the process. Moreover, from our interviews, it seemed that stakeholders that filed a complaint expected the AGT secretariat to communicate what measures were going to be taken or had been taken by the company to resolve the problem. However, it was not clear from the procedures if and when who was supposed to inform the person that filed a complaint about the progress made by the company to resolve the issue. This resulted in a lack of insights into whether or not an issue was addressed, which made it difficult for the person who raised the issue to determine when it should be escalated to the formal stage: filing a formal complaint through the complaints and disputes mechanism. The Rules of Procedure of the (official) complaints and disputes mechanism (see next paragraph) states that: “Prior to submitting a Complaint parties should attempt to resolve the issue amicably”. The production location list provides an opportunity for stakeholders to resolve issues amicably. It is however not clear when this attempt is successful or not and what a reasonable timeframe for resolving the issue is.

Recommendations relating to issues raised from the list of production locations: first, clear procedures have to be developed. Procedures need to specify the role of the AGT secretariat, the company involved, the follow-up process (when is an issue escalated to the formal complaints and disputes mechanism?), the communication around progress on solving the issue. The procedures also need to indicate when an issue should be escalated to become a formal complaint through the complaints and dispute mechanism. Second, these procedures as well as the production location list itself need to be more actively communicated to parties and external stakeholders so that is used more. And parties need to communicate the production location list and the related procedures with their local networks. Finally, it is important to determine the role of the local stakeholder who files the complaint in the procedure and make sure that it is aware of the remediation steps that are taken. This is important for creating trust and promoting dialogue at the local level.

Principle 31 of the Guiding Principles on Business and Human Rights (see p. 33).
3. Complaints and disputes mechanism not yet used

On page 11 of the Agreement it is stated that a complaints and disputes mechanism should be established not later than one year after the Agreement came into force. This goal was achieved and is a major achievement for the AGT bearing in mind all the systems and procedures that needed to be set up in the first year. The mechanism is well developed with clear protocols. It should be noted that the aforementioned issues raised based on the list of production locations are not part of this complaints and disputes mechanism.

However, our evaluation shows that most AGT companies were not aware about the complaints and disputes mechanism. Those who were aware were mostly positive about the fact that it exists, but most did not know how the complaints and disputes mechanism functions. As stated in the AGT’s assessment framework, companies score points if they have a complaints and disputes mechanism. They can use their own system, that of others or the AGT’s complaints and disputes mechanism which is applicable to all companies. The representatives of companies we interviewed were not aware of the fact that they can make use of the complaints and disputes mechanism. Also, no complaints have been filed yet which is also a clear indication that the mechanism is not well known. There are two possible explanations for this. First, because AGT companies often only have a small share of production with a particular production location, the complaints are more likely to be filed with the larger companies that are not part of the AGT and that (might) have published their production locations. And second, complaints raised based on the production location list need to first be resolved amicably and it is not so clear when the complaint can be escalated to the formal complaints and disputes mechanism which might be an explanation why this has not yet happened.

Filed complaints can lead to important insights for companies into their supply chains which helps them in their due diligence process. Therefore, we believe that this complaints and disputes mechanism should be more used.

Recommendation on the complaints and disputes mechanism:

Communicate clearly about the existence of the complaints and disputes mechanism to companies during appraisal meetings or other moments of contact. Explain how stakeholders can make use of this mechanism and raise further awareness of its existence.

Foreseen impact

Insights on relevance, efficiency and effectiveness as well as on progress give an indication of the foreseen impact of the AGT.

Impact is defined as: all that would not have happened without the AGT.

Overall conclusion on foreseen impact: Impact is achieved at the level of the due diligence process of companies in the AGT. There are also clear signs of impact in terms of collective activities and projects as well as outreach and alignment. But for some elements of the strategies on collective activities and projects and on outreach and alignment there are opportunities for improvement which can lead to more impact.

To achieve impact at the level of the overall objective - substantial progress towards improving the situation for groups experiencing adverse impacts - progress needs to be made in step 3 of the due diligence process. That means addressing problems in the supply chain (prevent, reduce, mitigate and remediate). This needs most attention in the 2 years to come and it is likely that the AGT is too ambitious in achieving “substantial progress” at the level of “groups experiencing adverse impacts” within the remaining 2 years.

As outlined previously, the overall impression obtained during the evaluation is that the AGT is relevant because of a number of its fundamental elements are seen as relevant for achieving sector change (see section on relevance). The fact that the AGT is relevant means it is expected to have impact in the sector.

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42 Question 4.2 on p. 15 of the AGT Assessment Framework: Do you have a grievance mechanism open to individuals, groups and organisations that experience the negative consequences of your company’s actions?
The progress on planned activities shows a move forward in all of the strategies leading towards impact:

- supporting the due diligence process of companies in the AGT
- collective activities
- policy influencing (lobbying)
- outreach and alignment

In relation to the three latter strategies, it is clear that even though there are some signs of impact – the progress seen would not have happened without the AGT – it is important to do more.

When discussing efficiency and effectiveness, some elements are mentioned which are not yet fully efficient or effective. Examples are collective projects, working groups and issues raised from the production location list. Focusing on increasing the efficiency and effectiveness of these elements is important to achieve more impact.

In terms of supporting companies in their due diligence, it is clear that impact has been achieved on the first two steps of the due diligence process which is in line with the planned progress for two years. However, the experience of the past two years also shows that setting up processes and procedures takes time. Moreover, companies were less advanced in terms of due diligence than expected at the start of the AGT. Yet, to achieve impact at the level of the overall objective – substantial progress towards improving the situation for groups experiencing adverse impacts – (more) progress needs to be made in step 3 of the due diligence process: addressing problems in the supply chain (prevent, reduce, mitigate and remediate). The research findings show that working on improvements in producing countries is very complex and time-consuming. Therefore, in order to reach the overall objective, it is likely that more time is needed than the current two years left for the remainder of the Agreement.
5. Systems and materials developed and support offered

In this section we will present findings related to the systems and materials developed and the support offered and which work well. The contribution of systems and materials to change are outlined in the previous section.

How did we study the systems and materials developed and the support offered?

**Systems and materials**: with systems and materials we mean the tools offered by the AGT (secretariat, parties and supporting organisations). There are mandatory tools that must be used by the companies: the e-tool for the production location list; the materials and risk overview; the due diligence questionnaire. The action plan format is used optionally. The AGT’s assessment framework is also evaluated as part of the mandatory tools.

In addition to these mandatory tools there are a whole range of tools provided that companies and parties can opt to make use of. These include:

- webinars
- workshops
- members’ day
- collective projects
- communication tools such as newsletters and the Steering Group list of action points and decisions
- reports and other tools developed by parties
- the complaints and disputes mechanism

**Support offered**: with support offered we refer to the support and advice offered by the AGT (secretariat, parties and supporting organisations) to companies to strengthen due diligence processes; the annual assessment by the AGT secretariat; the facilitation of exchange between companies and between companies and parties.

Since the systems, materials and support are developed for the companies, we looked at which tools and support are known and used by companies and whether they find these tools and support useful. In terms of usefulness we looked at whether the tools and support met their needs and whether they were of sufficient quality.

**Influence of tools and support on business practices**: we also looked at whether or not there were any signs of tools and support leading to changes in the business practices of companies.

**Tools and support missing**: we also studied whether tools and support that could solve potential limiting factors for companies to make changes in their business practices were missing.

**Overall conclusion on systems, materials and support offered**: the newsletter, workshops, the members’ day and webinars were mostly used by parties and companies. In terms of usefulness of tools, the newsletter and members’ day are considered most useful, the latter mainly because it responds to the need of both companies and parties to have more face-to-face contact. The collective projects and tools and reports developed by parties are not yet widely used by companies. However, those who did use them were positive. We found that the e-tool works well but there are suggestions for improvement so that it becomes less of an administrative burden. It is positive that the AGT’s assessment framework is there because it enhances transparency and can lead to a ‘race-to-the-top’ by companies comparing scores. But there is a risk of subjectivity as different assessors are involved and detailed follow-up questions are missing.

There is room for improvement in terms of the practicality of the tools and support offered. This refers mainly to the need for concrete tools linked to a specific theme or production location as well as tools that support collective action such as joint risk analysis. In terms of support there is a need for more one-on-one support for certain companies that are relatively new to due diligence. The yearly appraisal meetings are not sufficient for them. And lastly, also for reasons of efficiency, it is important that more use is made of the tools that have been developed by other experts and similar initiatives and thus already exist.

Below we will describe how we came to the above overall analysis for each tool and form of support. Firstly we will discuss the mandatory tools and support for companies, followed by the other tools and support offered by the AGT secretariat, parties and supporting organisations. Next, we will outline
the influence on business practices. And lastly, the tools and support that are missing will be described.

The use and appreciation of mandatory tools

**E-tool**

The E-tool comprises of the production location list, the materials and risk overview, the due diligence questionnaire and the action plan format as well as an automated analysis page. It is a mandatory tool used by all companies and is at the core of the company commitments of the AGT.

In general, this tool was highly valued by companies. This was indicated by both survey respondents (see figure 7) and interviewees.

![Figure 7: appreciation of the E-tool](image)

<table>
<thead>
<tr>
<th>Requirement</th>
<th>[very] high</th>
<th>somewhat low / somewhat high</th>
<th>[very] low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment framework</td>
<td>44%</td>
<td>48%</td>
<td>7%</td>
</tr>
<tr>
<td>Action plan format</td>
<td>33%</td>
<td>52%</td>
<td>15%</td>
</tr>
<tr>
<td>Due diligence questionnaire</td>
<td>42%</td>
<td>52%</td>
<td>6%</td>
</tr>
<tr>
<td>Materials and risk overview</td>
<td>44%</td>
<td>47%</td>
<td>9%</td>
</tr>
<tr>
<td>Production location list</td>
<td>44%</td>
<td>50%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: survey for AGT companies, March 2019

In the interviews, companies said that it is very positive that the AGT allows them to use their own format for the action plan. And they were appreciative that it was easy to upload and download documents. A company said: “The due diligence tool works great. Uploading the location list works well. Uploading materials also went well. They [the AGT] can be proud of that, to get this up and running within a year.” Some companies indicated in the interviews that the production location list and materials list was also useful in communication with others in their supply chain. One company also mentioned that: “The fact that the skeleton of the action plan comes rolling out [of the due diligence questionnaire], I think is practical.” And connected to this, one company mentioned that the pie charts and graphics generated by the e-tool gave useful insights.

Even though this tool is highly valued by companies, there are some aspects that can be improved. For instance, some companies expressed the concern that the questionnaire is too long and because (sub-)questions pop up while completing the questionnaire it is hard to determine in advance how much time you will need to spend on it. Also, companies that are also members of other initiatives that use due diligence questionnaires stated that the added value of the AGT due diligence questionnaire is limited because there are already other strong questionnaires, like the Higg Brand and Retail Module used by the SAC.43

And lastly, even though the E-tool is valuable for companies, it seems to be less useful for the AGT secretariat in terms of generating relevant aggregated monitoring information on issues prioritized by companies and the progress in due diligence of companies (see section 7 for more details).

**Assessment framework**

Companies that signed the Dutch Agreement on Sustainable Garments and Textile have to meet a number of requirements. The Assessment Framework lists how they should do this by listing the obligations that companies are required to meet. These provide the basis for actions and result indicators. The AGT secretariat uses these indicators to assess the participating companies.

43 It should be noted that SAC’s Brand and Retail module is currently adjusted on the basis of feedback from the OECD so that the questionnaire becomes more aligned with due diligence as described by OECD. The AGT and Textilbündnis are going through a similar OECD alignment assessment which should lead to more alignment in terms of questionnaires of these three initiatives in the future.
We consider the existence of a clear assessment framework very positive. However, the framework does not provide the detailed follow-up questions that assessors need to ask. This means there is a risk of lack of consistency among assessors. The assessment framework is viewed by some companies as subjective. As one company stated: “The assessment framework is quite subjective. We sometimes did not understand why we received a certain rating, why we ended up lower on certain things.”

**Recommendation on E-tool:** the E-tool questionnaire should as much as possible be shortened by for instance removing doubling of questions (if any). Also, the questionnaire should be aligned with questionnaires used by initiatives which AGT companies are also member of, such as the SAC.

**Appreciation of support offered**

When assessing the support offered by the AGT (secretariat, parties and supporting organisations), we looked at the following: the support and advice provided to companies by the AGT secretariat with the aim of improving due diligence processes; the annual assessment by the AGT secretariat; the facilitation of exchange between companies and between companies and parties. The findings on the use and appreciation by companies for support provided by parties and other experts is outlined in section 6 on the collaboration model.

**Valuable support from the secretariat**

Overall, companies were positive about the support provided by the secretariat. The secretariat staff are seen as extremely knowledgeable and competent. Companies felt that they learnt a lot from the secretariat’s staff. Most also stated that it was positive that the secretariat is critical. It was seen as an independent assessor that is backed by the government. External stakeholders highlighted that, compared to other similar initiatives, the AGT is unique in the amount of support and guidance offered to companies. Companies also appreciated the fact that the AGT provided ‘free’ advice which is particularly important for smaller companies with lower budgets for RBC as they cannot afford to join initiatives that ask for membership fees.

**Assessment is a push to do better**

Even though a small number of survey respondents said that they felt they were being judged, the interviews indicated that the appraisal meetings were seen as very useful. It motivated them to do better from one year to the next: it was an incentive to improve. Companies also stated that they learnt a lot from these meetings. Several companies, mainly the beginners in terms of due diligence, indicated that they would like more of these kinds of meetings. As one company stated: “Once a year [appraisal meeting with the secretariat] is too little, once per quarter is better. Also to involve the secretariat more in the process of change and the steps that you take”. The involvement of management in the appraisal meetings was also viewed as valuable as this contributed to more commitment from management for corporate responsibility.

An interesting side-effect of the assessment was that companies found it important to have a good score, also in comparison to the scores of other companies. A representative of a party said: “I was pleasantly surprised to hear how important companies find it to know the scores of others. Competition starts to develop. Beautiful”. The AGT has also been effective in facilitating mutual exchange between companies and NGOs through face-to-face events organised by parties, such as speed dating sessions. This also led to more understanding of due diligence (this is further elaborated in the section on effectiveness in section 4).

Figure 8 shows the progress of companies in relation to the assessment framework. From the interviews there are signs that this can be attributed to the appraisal meetings by AGT secretariat. One example of this is a company who mentioned that: “If I look at what we received as recommendations in our 2017 assessment meeting and that this is being looked at again in 2018, then we have clearly taken steps there.”

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44 It should be noted that in general, companies were positive about the knowledge and expertise of the secretariat staff, but this varies from account manager to account manager.
Some opportunities for improvement in terms of the support offered

As mentioned above, overall, companies were positive about the support provided by the secretariat. The companies who filled out the survey highly valued the involvement and personal approach of the secretariat (mentioned 8 times) as well as the expertise and practical information provided (mentioned 5 times). Even though still positive, the survey respondents were slightly less positive about the support provided by the secretariat than the companies interviewed. The lower ratings in the survey were related to:

- late responses (mentioned 5 times)
- not using the potential for more collaboration optimally and joint analysis of problems (4 times)
- impractical information (3 times)
- the fact that people felt they were being judged (3 times)

The late responses could be explained by the high workload of the secretariat (see also section 6 on the collaboration model). The (limited) use of the potential to facilitate exchanges between companies and between companies and parties mentioned by survey respondents was confirmed by parties and companies alike in the interviews. Especially parties mentioned that they would like to see more support in match making with companies. As one company stated in an interview: “It would be good if the secretariat matched companies to create more leverage together. We do know where there is overlap in factories, but to go to company X or company Y ourselves to say: let’s tackle this together, that goes too far. That threshold is too high. That requires another motivator, like the AGT secretariat”.

Recommendation on support: Management should continue to be included in the annual appraisal meetings as this is highly valuable to create more commitment from management for corporate responsibility. And more exchanges between companies and between companies and parties should be facilitated. Either by the AGT secretariat, or by parties and companies themselves.

The use and appreciation of other tools

The survey among companies and the interviews provided insight in whether tools and support offered by the AGT secretariat were used by companies and how they valued these tools and support.
The tools that were most frequently used are:
- communication such as the newsletter
- workshops
- members’ day
- webinars

The tools not (yet) used as much are:
- collective projects
- facilitation of exchange/contact
- reports and other tools developed by parties

In the interviews, the reports and other tools developed by parties were more often mentioned as used than in the survey. This might be because of the way this question was posed in interviews.

We also assessed to what extent companies perceive the tools as useful. Survey respondents were generally positive about the usefulness of all tools (see figure 9). The collective projects were not used much but they were valued as very useful (100%) by those that participated.
Below we will discuss the specific tools and support that companies indicated were used most often and present the findings around usefulness and suggestions for improvement.

Members’ day

We found the members’ day was perceived as useful by both survey and interview respondents. During interviews, companies indicated to appreciate the following two aspects. First, the ability to share and learn from best practices and be inspired by companies that are ahead in some sense. This was explicitly mentioned as a positive impulse for companies to do better. Second, some mentioned that the members’ day led to concrete action, like inquiring about joining a project or contacting a supporting organisation about a tool they could offer. Parties and supporting organisations indicated in the interviews that all face-to-face contact moments, such as the members’ day, are useful. The opportunity to have personal conversations with companies is seen as valuable by them.

Meetings, workshops and trainings

The AGT secretariat in close collaboration with parties, supporting organisations and others organised a number of meetings, workshops and trainings (see table 4 for overview). The workshops were viewed as useful by most companies; both survey respondents (see figure 9) and interviews confirmed this result.

Table 4: number of participants in AGT trainings/workshops by type of stakeholder

<table>
<thead>
<tr>
<th>Number of participants</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company</td>
<td>123</td>
<td>310</td>
</tr>
<tr>
<td>NGO</td>
<td>6</td>
<td>38</td>
</tr>
<tr>
<td>Trade Union</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Government</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Supporting Organisation</td>
<td>6</td>
<td>58</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>149</td>
<td>480</td>
</tr>
</tbody>
</table>

Source: monitoring data of the AGT secretariat, March 2019

The appreciation of the workshops by companies depends on whether they included enough practical tools for companies to actively do something about problems in their supply chain. Workshops where best practices of other companies were shared, such as during the living wage workshop, were found to be of most practical use by companies. The majority of companies who attended workshops found them useful and interesting. Companies mentioned that the workshops contributed to a growing sense of importance of due diligence and that usually workshops helped to provide tools and information for companies to improve their due diligence. A company mentioned: “For 2021 we have an ambitious target in the field of water and chemicals. The AGT can help with that, they give very interesting workshops. That’s the good thing about them: they are open to everything.”

Companies that were critical about the workshops mentioned that the workshops were not practical enough. They mentioned that workshops they attended stem from a heavy focus on abstract theoretical concepts (like the OECD Guidelines) rather than a practise-based approach. One company mentioned about a workshop: “... what should I do? What can I look out for during audits? But the workshop focused on what the guidelines and issues were. The issues are well known, so we want to take concrete steps”. Companies are looking for action-oriented subjects in workshops.

Industry associations are mostly of the opinion that there are too many workshops and that it is not clear what they achieve. One respondent from an industry association suggests that one workshop per quarter is sufficient and that workshop themes should be carefully selected based on priorities in the action plans of companies. Or based on an urgent issue identified by parties.

NGOs as well as companies, indicate that workshops are not practical enough. Reference was made to the workshop on supply chain mapping deeper down the supply chain by one representative of an NGO as follows: “[the workshop] ... remained too much in the theoretical framework of the FLA, the 12 steps. But how? It is not practical enough. We should have had an expert fly in who told us from his/her own experience how [s]he did it”. And lastly, parties would like to be more involved in developing the content of the workshops for which currently a lot of responsibility is taken by the secretariat.

Conversely, AGT parties that hosted workshops were not always satisfied with the attendance and how much was used from what was learnt. From the interviews, the concerns were mostly the fact that it was usually the same companies that attended the workshops. As figure 10 shows, almost a quarter of the companies attended workshops more than 8 times (out of the total of
24 workshops held in 2018. In 2018, five companies had never attended a workshop. In most cases, this was for particular reasons. Such as because a company only recently joined or because of illness.

In 2018, five companies had never attended a workshop. In most cases, this was for particular reasons. Such as because a company only recently joined or because of illness.

Parties, supporting organisations and external stakeholders emphasised that mere attendance of a workshop will not bring about any actual change or lead to impact. The evaluation team suggests that the practicality of the workshops should be increased, for instance by showing best practices from other companies. And to attract more companies, it is important that the workshops align with the prioritised issues of most companies so that they are in line with activities that are already part of their action plan.

Recommendation on workshops: the practicality of the workshops should be increased, for instance by showing best practices from other companies. To increase relevance for (more) companies, it is important that the workshops are aligned to the prioritised issues in the action plans of most companies.

Newsletter

The survey and interviews indicate that companies rate the means of communication positively. Interviewees specifically mention the newsletter as being very useful, citing its clarity and useful information as the primary reason. There were also examples of where the newsletter had led to concrete follow-up by companies. For instance, an inquiry about joining a project after reading about it in the newsletter. For the survey, we have to note that the answers may have a positive bias: the survey was distributed via e-mail, and we expect that people who are positive about the means of communication are more likely to fill out a survey.

Tools and guidance documents provided by AGT parties

AGT parties have made tools or guidance documents for AGT companies to help them in their due diligence process. These tools build on a party’s specific knowledge and expertise about the textile sector. Examples of these tools include:

- a tool developed by the trade unions that contains questions about freedom of association, to make discussing this difficult topic with suppliers easier for companies.
- fact sheets about animal welfare developed by the working group on animal welfare. This contains specific knowledge about animal welfare issues for 5 types of materials and provides suggestions about ways that companies can improve their policy on animal welfare and reduce animal welfare risks.
- a tool for companies that contains information on risks in countries, and potential tools, projects and NGO’s to approach for those risks developed by Modint in partnership with other AGT parties.

The interviews show that half of the respondents have used the reports and all of those found them to be useful. One respondent used the fact sheet about animal welfare in their RBC strategy. The other half of the respondents had never heard of the reports and other tools available. It is therefore concluded that there should be more publicity for these reports. The view from the interviews is confirmed by the survey in which those survey respondents that indicate they have used guidelines and reports, found them to be useful (see figure 9).

Some companies mentioned in the interviews that they found the tools of supporting organisations which were shared useful. The reason for why they were felt to be useful is the action-oriented subjects in the tools.

Sharepoint

About a third of survey respondents indicate they have never used SharePoint. Of those who have used it, the majority finds it useful. From the

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46 Figure 4 shows that only 82% of the respondents attended a workshop. This result may seem to contradict figure 5, but can be explained by the way the question was asked: the results of figure 4 indicate personal attendance rather than that of the company, so it may be possible that it was a colleague of the person filling in the survey who attended.

47 Companies that attended 0 workshops are not included in the graph.

48 This links to the recommendation in section 4 on the effectiveness of activities such as workshops where it is mentioned that the subject of these activities should be linked to the prioritised issues in the companies’ Action plans.
interviews it also becomes clear that most companies do not find SharePoint very user friendly. The main criticism is the lack of structure and organisation of the website. Some of these comments were directed towards the Microsoft tool of SharePoint in general, and not in particular to the application by the AGT secretariat.

Missing tools and support

From both the interviews and the survey, it became clear that there is a need for more practical tools, for more tools that facilitate collaboration between companies such as joint risk analysis, and alignment on tools.

Examples of practical tools are related to research and studies on water and chemicals, such as research on the usage of water and chemicals in fabric printing so that this can easily be integrated in targets on water and chemicals in the action plans. Other examples mentioned were practical tools for mapping beyond the CMT production location and practical tools on living wage with specific information and data on wages in the main production countries such as Turkey and China and practical tools on how to have meaningful conversations with suppliers.

Examples of tools that facilitate collaboration between companies are linked to templates for joint risk analysis. A company made the following suggestion in the survey: “Develop as many templates as possible for issues such as risk analysis, where everyone encounters the same issues. In production countries / regions, the generic risks for all companies are often the same, . In use of materials, the risks are also the same for everyone, but there too the amount of use differs per participant. We now feel that everyone has to reinvent the wheel, while we all face the same risks.”

And lastly, we suggest that there is more alignment on tools because there are already a significant number available and offered by other initiatives. Certain companies indicated in the interviews that the tools offered by others were (also) very useful, for example SAC’s Higg Index and Fair Wear Foundation’s gender analysis tool. The AGT already makes use of existing tools and from an efficiency perspective, it seems sensible to try and align even more with others so that AGT companies can make more use of already existing tools.

Recommendations on additional tools: provide more practical tools which give companies concrete ways to work on certain issues individually and jointly with other companies that work on the same issues. In line with what is already done, continue to not develop new tools but make use of existing tools, for instance through alignment with other relevant initiatives and by finding ways to make their tools available to AGT companies.

In terms of support, it was clear that some companies, mostly those that do not yet have much experience in due diligence, have a need for more intense support from the AGT secretariat. For instance through more bilateral meetings on top of the yearly appraisal meeting.

Recommendations on additional support: for those companies that are relatively new to due diligence - offer more support and meetings on top of the yearly appraisal meeting. If the capacity of the AGT secretariat is too limited, seek collaboration with parties, supporting organisations and other experts who can provide this one-on-one support to companies.

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49 It should be noted that the fact that a risk exists in a region does not necessarily mean that it is also the risk with the highest priority for the company in question.
Case study: Collaboration on sustainability via due diligence

Due diligence of companies is at the core of the AGT’s approach. By signing the declaration of the AGT, companies commit to undertake several steps to identify and prioritise risks in their supply chain. They then develop actions to prevent, reduce, mitigate or remediate those risks. This case study analyses two specific examples of collaboration on due diligence between two companies (company 1 and company 2) and their suppliers (supplier 1 and supplier 2) in southern India.

What has been achieved?

The case analyses two examples of collaboration on due diligence. Below we describe the main results per collaboration:

Example 1: Company 1 and supplier 1 have already worked together for many years but in 2018 the company wanted to source from a new unit of the same group. Before production starts, the company’s policy is to conduct their own audit on social compliance. During the audit it was found that fire safety improvements were needed. Changes required by the auditor included installing a fire hydrant which is expensive for the supplier and at the same time not required by law. Because the supplier acknowledges it was important for safety of the workers and acknowledged that company 1 has business potential, supplier 1 felt the investment was worth it. This example illustrates how company 1 and supplier 1 worked on issues related to social compliance. Besides the audits company 1 does with its own audit teams and external auditors, the local auditor closely monitors risks via news and research reports that are published by various stakeholders, like (local) NGOs and expert institutions in combination with stakeholder meetings. Supplier 1 is a large company that has worked with many different (large) buyers on improvements in their production facilities. Through these collaborations, they have gone through various certification processes before working with company 1 and have professional staff to handle issues related to compliance.

Example 2: Company 2 and supplier 2 have worked together for over a decade. A couple of years ago, company 2 wanted all their suppliers to become a member of amfori BSCI. Supplier 2 already met this requirement since another buyer had made this demand earlier. The supplier explained that especially the initial investment is high, but that it will earn back this investment by getting more business. Now, in addition to the requirement to become part of amfori BSCI, company 1 has also started a conversation about working conditions and sustainability at the production location. The reason is that the AGT expects companies to move beyond audits. The CR manager prepared a list of questions together with an NGO that is part of the AGT, and the buyer used this as a guideline during a visit to the supplier. The buyer described the meeting as follows: “I noticed that our supplier appreciated the interest a lot. The owner’s wife joined and the meeting became more informal. An audit is very hierarchical, but this was more of an equal conversation.” The buyer felt this was a first step in changing the relationship. Moreover, the buyer had increased awareness of the efforts that have been made to offer good working conditions, for example by providing workers with transport. Nevertheless, some topics were difficult to discuss, especially margins, because these directly relate to the price negotiations that were also part of the meeting. The agent, who was also present during the meeting, played an important role in providing (general) explanations on margins based on their knowledge on this topic. The supplier appreciates its relationship with company 2 because the company was open and flexible when it came to their purchasing practices.

Conclusions

This case study gives two examples of suppliers who have already taken steps towards improving the working conditions of their production facilities. The due diligence process has helped these companies and their suppliers to get more insights into the situation at the production facilities, both by using audits and by engaging in a dialogue. Both approaches have proven valuable: dialogue is important in the move towards open and equal collaboration and audits can be a good tool to achieve direct improvements. This underscores the strategy of the AGT: a due diligence cycle in which audits play a role but in which companies do more than audits. Moreover, the case shows that business and sustainability are intertwined, which confirms the focus of the AGT on addressing buying practices and sustainability simultaneously.
What can we learn from this case?

The evaluation team draws three main lessons from the two examples of collaboration on sustainability via due diligence:

1. Having local presence (such as local staff, agents and auditors) is a successful strategy for collecting information about risks beyond the audits. For instance, in example 1 the local auditor follows the newspapers, social media. In the second example, the agent was able to give explanations, thereby facilitating the dialogue. Local stakeholder engagement is key to due diligence. A first essential step for companies is to include local stakeholders in the risk analysis, for instance by asking them for their views on the main risks identified in the region as well as request them to monitor these risks at their suppliers. These local stakeholders can be agents and auditors, but also local NGOs and trade unions. We have to note though that it is important for companies to be critical whose interests the local stakeholders, particularly the local agents and auditors, represent when judging information they receive.

2. Making improvements for sustainability is an investment that is partly approached as a business decision, in the sense that both suppliers factor the expected returns into the decision to invest in sustainability. Companies can take this into consideration by making strategic decisions to partner with a supplier on working on sustainability: when starting a collaboration on sustainability companies should be aware of the importance of their business potential for suppliers, and focus on long-term business relations. If business potential is limited, the company can engage in a dialogue with the supplier on how investments can be made.

3. It is important to engage in dialogue for creating openness, trust and more equal relationships when working on improvements. This is especially illustrated by example 2: supplier 1 also indicated that they appreciated the personal involvement of company 1’s auditor in the collaboration. Of course this is a gradual process and can more easily be done if the relationship is already good. For companies, we recommend that they engage in the conversation about sustainability with their suppliers themselves, rather than through third parties. This requires sensitivity to local culture and context so trust will be built. Furthermore, giving the supplier confidence that the company will stay when challenges remain is key for creating openness.
6. Collaboration model and entities involved

This section presents the findings of our evaluation in relation to the collaboration model and the different entities involved: NGOs, government, trade unions, industry associations, supporting organisations and the AGT secretariat.

How did we study the collaboration model and entities involved?

The evaluation looked at different aspects of the collaboration model such as roles and responsibilities, how the collaboration is assessed by those involved, the added value of the secretariat and the governance structure. Examples of detailed questions that the evaluation asked are:

- is it clear to all stakeholder groups what they should deliver and achieve as part of the AGT?
- are roles, expertise and capacity complementary in terms of the various stakeholder groups? Is there overlap are there any gaps?
- how often do different stakeholder groups approach each other?
- is the support and assessment by the secretariat useful for companies?
- do internal stakeholders feel that the Steering Group is working well as a decision-making body (governance structure)?

In this section we will first look at how the collaboration is assessed by those involved. Next, we will examine the roles and responsibilities of the different stakeholders and factors relating to these within the research findings. Then we will look at how complementary the expertise is, followed by a discussion on the role of the AGT secretariat. And finally, we will look at the AGT’s governance structure.

Overall conclusion on the collaboration model: the AGT is a new multi-stakeholder collaboration in which many stakeholders collaborated for the first time. This required some organisations and companies to take up new roles and responsibilities. For instance, NGOs that traditionally have a “watchdog role” are now looking to collaborate with companies. We see that the different types of stakeholders are slowly coming closer together and that the expertise of the parties is seen as relevant and that trust is growing.

But there is a need for more clarity around roles and responsibilities. Companies need more clarity on what parties can offer for them to meaningfully engage with parties. On the other hand, the parties struggle with the fact that they have no insight into the priorities and risks identified by companies in their action plans, which hampers them to proactively engage with companies that could benefit most from their expertise and support. The involvement of parties (and other stakeholders through stakeholder consultation) in the due diligence process of companies will become more important in the last 2 years because their involvement is crucial in supporting companies to take the next step: addressing issues in the supply chain in relation to the 9 themes.

How is the collaboration assessed by those involved?

We asked companies both in the interviews and in the survey how they assess collaboration. The findings from the interviews were compared with those from the survey. Below we present our findings on the collaboration which led our overall analysis and conclusion. We also present the lessons from the case studies to better understand how parties and companies can collaborate with stakeholders in production countries (see box on the next page).

In general stakeholders are positive about the collaboration.

From the interviews, it is clear that the collaboration is positively assessed by most of the interviewees. Both from the parties’ and the companies’ side, positive comments were made about collaboration. For example, a company said: “The AGT has really made cooperation with other parties much easier. It is great that we have now come under a joint initiative. We are on the road together. That is a good signal to the outside world”. From the parties’ side, a representative from a trade union was also positive: “We have a very open, transparent relationship with the company that we are working with. We always coordinate: can we do this? That collaboration is very nice and really works on the basis of trust. That feels good from both
This evaluation showed that there is an increased level of trust between NGOs and companies who are directly involved in the AGT. It should be noted that the view obtained from the survey was less positive which can potentially be explained by the fact that respondents are typically more critical in a survey than in interviews.

The research findings from the interviews indicate that the positive view on the collaboration also meant parties and companies know how to find each other easier. However, it was also clear that this is not yet sufficiently the case. This is not surprising as building trust within multi-stakeholder initiatives like the AGT takes time. And it should be a continuous effort to improve the level of trust (see also lesson 1 in the box on the next page). A complicating factor is that NGOs and trade unions see it as the responsibility of companies to approach them for support and advice, while most companies still find it difficult to approach NGOs and trade unions with the concrete issues they are facing because of the role some of the NGOs and trade unions played vis-à-vis companies in the past. It should be noted that there is a difference amongst NGOs: some have made important steps in combining their watchdog role with a more collaborative role (this was also demonstrated in the case study), whereas others were already used to collaborating with companies.

From the interviews it is clear that both parties and companies highly appreciate the face-to-face meetings and other, more informal, ways of direct interaction and that this contributed to trust-building. As a respondent of a party stated: “The speed dates were great, I gave a lot of people more information in a short time. A woman approached me to ask something about a particular issue. Companies do not want to do that by e-mail, that is a bridge too far.”

## Recommendation on interaction among companies and parties

Focus on match-making to enhance one-on-one contact amongst companies and between companies and parties. Additionally, organise face-to-face meetings like speed-dates to ensure more contact between companies and parties so that they are more open to approaching each other.

### Interaction still limited but there is a positive feeling about the relevance of parties’ expertise

As figure 11 shows, the aspects of the collaboration which were assessed as relatively highly valued compared to other aspects are: the relevance of parties’ expertise, frequency of interaction with parties and other stakeholders and the frequency of interaction with the AGT secretariat. The first 2 aspects were confirmed by the interviews. On the latter (frequency of interaction with the AGT secretariat) different views were expressed during the interviews. This is discussed in the section on the added value of the secretariat.

**Figure 11: Assessment of the collaboration by companies**

<table>
<thead>
<tr>
<th>How do you assess the collaboration?</th>
<th>70%</th>
<th>66%</th>
<th>59%</th>
<th>77%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision making process</td>
<td>30%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working groups / task teams</td>
<td>14%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication process</td>
<td>28%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility taken by parties</td>
<td>3%</td>
<td>21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relevant expertise of parties</td>
<td>3%</td>
<td>38%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear roles and responsibilities</td>
<td>6%</td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency of interaction parties</td>
<td>11%</td>
<td>37%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and other stakeholders</td>
<td></td>
<td></td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Frequency of interaction AGT</td>
<td>9%</td>
<td>38%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>secretariat</td>
<td></td>
<td></td>
<td>53%</td>
<td></td>
</tr>
</tbody>
</table>

Source: survey for AGT companies, March 2019
Lessons from the three case studies in India on collaboration on sustainability via due diligence

The three case studies in India explored how companies and parties work with production facilities and other local stakeholders to work towards sustainable practices (see page 41 and 52 for 2 of these case studies). Based on the overall analysis of these examples, we drew 4 main lessons on collaboration when it came to sustainability:

2. **Trust-building is vital for multi-stakeholder collaboration, especially between NGOs and companies.** Several examples in the case studies show that companies and production locations on the one hand and (critical) NGOs and trade unions on the other hand are not always natural allies. This can be explained by past experiences with ‘naming and shaming’ actions which have created fear amongst companies. It takes time and effort to take away this fear, create mutual understanding, trust and transparency. These form the basis of good collaboration and dialogue. Moreover, it needs to be noted that bridging this gap will be easier in The Netherlands where there is a longer tradition of multi-stakeholder dialogue, than in the production countries.

3. **Business and sustainability are intertwined, the potential for losing and gaining business is an important incentive for improvements.** Production facilities are commercially driven. Therefore the potential for gaining business can be a stimulus to make improvements (see also lessons for due diligence in the case summary on page 42). This is also confirmed by the case studies that show that companies have leverage over their suppliers, depending on the business potential. For instance, we observed several improvements at residential facilities for migrant workers which were driven by companies. Finally, working on improvements can sometimes interfere with commercial relationships: for instance, a production facility feared that their sub-contractors may increase their price as the result of participation in a project. Therefore, fair purchasing practices and prices that allow for sustainable practices are key.

4. **Trust in external parties is low when doing audits.** Third party auditors share their findings in a report which was distributed to the companies. Several respondents in the case study on due diligence collaboration (see page 41) stated that production facilities were less transparent to external auditors than to the companies themselves. The logic behind this is that companies can engage in a dialogue and thus build trust so that sales will not be affected. One respondent suggested that the first conversations on sustainability should be done by the company to gain trust, after which a third party can do an audit.

Lessons from case study on collaboration on sustainability via due diligence (continued)

1. **Trade unions and (critical) local CSOs are important sources of information but not always included in due diligence.** In the context of southern India we found that this was the case in several examples in which local CSOs and unions tried to represent the voice of workers but struggled to find collaboration from companies or production facilities. Although it is logical because of a history of ‘naming and shaming’ in the garment industry, unions and CSOs are a key source of information in detecting risks and violations beyond what is discovered in audits. It is important to note that there are different types of NGOs – those focused on service delivery and those with a ‘watchdog’ function. To identify and monitor risks, it is suggested that companies also consult critical voices in their production countries as part of their stakeholder consultation as required in their due diligence process. AGT parties can help companies identify local CSOs and trade unions who provide reliable and constructive criticism. This will help them avoid tunnel vision and gives a more complete picture of the various perspectives on risks in production countries.
In both the survey and interviews we asked the companies how they assessed collaboration. The frequency of interaction with other stakeholders (other companies, parties and supporting organisations) and the relevance of the expertise of other stakeholders scored relatively high (see figure 11).

The survey results showed that companies do not frequently have contact with other stakeholders: around 50% of companies said they almost never, or never, have contact with other stakeholders in the AGT. From the interviews it became clear that companies that are part of the Steering Group recognise that for companies that are more “at a distance” it is difficult to engage with others in the AGT. As one company which is part of the Steering Group said: “The members of the Steering Group understand much more about each other, visit each other, help each other and share knowledge. Outside of that it is less clear. There you feel more like a loner who has to carry out an assignment and is checked. Maybe there are too few contact moments”. In terms of how they assessed the frequency of interaction, they are relatively positive (relative to other aspects of collaboration), see figure 11. We tried to find an explanation for this by doing additional analysis of the survey results which showed that those that have less contact were more negative about the collaboration, whereas those that were positive also had more contact. A possible explanation for the fact that the survey respondents do not have much contact is that they were not aware of, and do not see, the added value in collaboration. But the findings from the interviews show that in cases where companies did experience interaction or collaboration with other parties or other companies, they are very positive about the collaboration and do see the added value. For interaction with parties, the main reason for the companies’ positive view is the relevance of the parties’ expertise. This was confirmed by the results from the survey in which 38% of respondents were relatively positive about the relevant expertise of parties (see figure 11). In the interviews, a company mentioned this in relation to freedom of association: “You really have to work together on this. Of course, I have zero influence on trade unions as a small company. But they are the ones that make huge improvements when it comes to salary [of workers]”. And in relation to the expertise of NGOs, a company mentioned: “We have gained a lot of knowledge from networks like amfori BSCI, but in the AGT, there are also NGOs involved. This leads to even more learning, because we get the knowledge from such sources, trainings, documents on SharePoint. And we have used this knowledge, for instance on animal welfare, we learned quite a bit about certification, and also on living wages. We knew nothing of these things”.

It should be noted that the involvement of parties, supporting organisations and other stakeholders in the due diligence process of companies is very important in supporting them to take the next step: addressing issues in the supply chain in relation to the 9 themes. If there is no involvement of parties, supporting organisations and other experts in the due diligence process of companies (stakeholder consultation), this may have an effect on the quality of the due diligence process and potentially fail to lead to the foreseen impact.

Another company mentioned in an interview the usefulness of expertise from a range of parties and supporting organisations: “We are in contact with Modint, Four Paws, Arisa, Fair Wear Foundation, Solidaridad. That helps a lot. They know exactly what you can ask for outside of the audits. Arisa gives news updates about what is going on, and what you should specifically ask about.”

How are the roles and responsibilities of stakeholders perceived?

More clarity needed on what NGOs and trade unions can offer.

There seems to be ambiguity in terms of what NGOs and trade unions themselves see as their role and what companies and other internal stakeholders see as their role.

Most companies indicated both in the survey and in the interviews that more clarity is needed on the roles of NGOs and trade unions. They seem to struggle with whom to contact for what, because it is not clear what NGOs and trade unions can offer. One company said in an interview: “We must have a mapping of what everyone else is doing. I don’t know all those abbreviations either. There is a web of NGOs. There should be a guide or an online tool. Simple short texts, with icons.”

This need for more clarity might also be linked to the fact that there is ambiguity in terms of what NGOs themselves see as their role. One example is that an NGOs said that they clearly see their role as providing 1-on-1 advice to companies. Another NGO stated the opposite: they do not see this as their role to give advice because they do not want to assume a consultants’ role.

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50 The government is also party in the AGT, but there we no particular findings related to the interaction between companies and the government, therefore when we refer to parties here, this only relates to NGOs, trade unions and industry associations.
It seems that there is a difference in terms of how far NGOs want to go in providing support to individual companies. Apart from differences in interpretation among NGOs of their own role, there is also a difference in what NGOs and companies expect from each other when it comes to collaborating. The interviews show that NGOs expect companies to approach them (directly or via the AGT secretariat) with questions and requests for advice on due diligence. For instance, questions like ‘what are the most important issues in the region where our supplier is based?’ However, according to NGOs, this is not (sufficiently) happening. A possible explanation is that for companies, as mentioned above, it is not clear what NGOs and trade unions can offer and which kind of information and advice they can get from NGOs and trade unions. The AGT secretariat could play a role in tackling this by deliberately linking companies with relevant NGOs and trade unions (see recommendations for the AGT secretariat).

For trade unions specifically, it seems that expectations are not made explicit. For instance, in terms of their role, trade unions themselves indicate that they are doing a lot by attending the Steering Group meetings and the working group meetings in which they invest significant time. But because the theme of freedom of association is very complex for most companies, the companies expect support ‘on the ground’ from trade unions. For example, in interviews several companies mentioned that they are really looking for connections with local trade unions that they can trust: “If as a brand, you look for trade unions in sourcing countries, you don’t know where to start, who you can trust, who you should and should not work with. The AGT can then be the connecting factor that links us to the right trade union organisation in the countries.”

It is important to note that there are positive examples of where trade unions have provided support to companies at the level of their suppliers in production countries. And this support is highly valued by those involved because trade unions brought in the right expertise and connections. But as already mentioned, there is a clear need for more of this type of support.

Factors influencing the roles and responsibilities of NGOs and trade unions

From the survey and the interviews, we saw that there are some important factors that influence the extent to which NGOs and trade unions can meet expectations to play their role and take responsibility. The factors are listed below and elaborated further on in this paragraph:

1. the set-up of how trade unions are involved in the AGT is not ideal
2. NGOs and trade unions have limitations in terms of budgets available for support in countries where AGT companies source their products
3. the shrinking space for NGOs and trade unions (and civil society in general) in most of the countries where the AGT companies source their products is limited
4. trade unions and other parties do not have insights into the priorities of companies and what their exact needs are because of the confidentiality clause
5. the roles and responsibilities of NGOs and trade unions are not as clearly spelt out in the AGT as for the companies.

The first possible factor that influences expectations was mentioned by several representatives of various stakeholder groups and is the way the involvement of the trade unions is set up in the AGT. This is not ideal according to others (parties and other internal stakeholders). The set-up which involves a representative of the national trade union in the Steering Group and a representative from the international department of the union in the working groups is not optimal according to some. Various stakeholders that were interviewed indicated that it would be better if only people from the international department are represented in the AGT. The reason is that they have regular contact with the local partner network which is expected to be one of the key added values of having the trade unions represented in the AGT, as mentioned in the quote above.

The second factor for limitations to meet expectations is related to the fact that NGOs and trade unions have budget agreements for ongoing programmes in countries which do not sufficiently overlap with the main production regions for AGT companies (Turkey and China). It is therefore not so much the amount of budget available but the type of activities and where these can be implemented that is relevant. To a certain extent, this was also the case for the NGOs. Apart from budget agreements for ongoing programmes not related to the AGT, the Ministry of Foreign Affairs provides specific financial support to civil society organisations, NGOs and trade unions for the implementation of international RBC agreements, among

Recommendation on information sharing on what NGOs and trade unions can offer: companies need a guide or online tool which is short, practical and concrete and which tells them what NGOs and trade unions can offer to those involved in the AGT in terms of support, advice and expertise.
which the AGT. This funding should as much as possible allow NGOs and trade unions to provide tailor-made support to companies within the AGT, even if this is outside the scope of their regular programmes and funding, for instance in Turkey and China. Besides using the financial support provided for the international RBC agreements, several internal stakeholders mentioned that NGOs and trade unions should be more flexible in the sense that they should themselves actively seek possibilities for alignment with priorities of companies (in terms of countries where they operate) and look for funding possibilities to provide specific support to AGT companies.

**Recommendations on funding for NGOs and trade unions:** funding provided by the Ministry of Foreign Affairs should be flexible to allow NGOs and trade unions to provide tailor-made support to companies within the AGT, even if these are outside of the scope of their regular programmes and funding. Besides this, NGOs and trade unions themselves should also be flexible in the sense that they should themselves actively seek other funding possibilities to provide specific support to AGT companies.

The third factor that influences expectations is related to the shrinking space for civil society in the main production countries of the AGT members, such as Bangladesh. This was mentioned by parties themselves as a concern but also by external stakeholders. This limits the space for NGOs and trade unions to meaningfully engage with suppliers on improvements for workers.

The fourth factor that influences expectations is an important constraint for trade unions and NGOs alike: because of the confidentiality clause, they have no insight into individual companies’ needs. Most representatives of NGOs and trade unions mentioned in the interviews the constraint of not having access to the action plans of the companies. Although some also said that it is not necessary to have insight in all individual plans as long as it is clear where the needs for support of most AGT companies are.

**Recommendations relating to the insight NGOs and trade unions have on the issues prioritised by companies:** the AGT secretariat should look for ways to inform NGOs and trade unions about issues prioritised by companies (location, theme) as well as for which companies these issues are relevant, so that they can be more aware of the companies’ need for their support.

The fifth factor that influences expectations relates to the fact that the companies are very clear of their roles and responsibilities within the AGT from the Agreement text. But for parties, this is not so clear. To a certain extent this is described in Appendix 1 to the Agreement. However, none of the parties interviewed referred to Appendix 1 for clarity on their roles and responsibilities.

Looking at the related multi-stakeholder initiative in Germany, the Textilbündnis, here not only companies but also NGOs and trade unions have to formulate a sort of action plan (there they call it a ‘road map’) in which the NGOs and trade unions set out clear activities on how they are going to support companies and the overall targets of the Textilbündnis. One lesson learnt from the experience in Germany which should be considered is that the NGOs and trade unions may spend too much time on developing the road map rather than implementing it. So action plans or road maps should be ‘light’ versions (see recommendation).

**Recommendations for road maps or action plans for NGOs and trade unions:** NGOs and trade unions should formulate ‘light’ versions of road maps or action plans in which they clearly define SMART goals and indicate what they are going to do in the remaining period of the AGT. This road map or action plan needs to be discussed with the AGT secretariat to get clarity on expectations. Appendix 1 could be used as a starting point for these road maps or action plans.

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51 For each theme in Appendix 1 to the Agreement, there is a section “E. The Parties agree” where the role and responsibility of the parties in relation to specific themes are described. Such as “[parties are] prepared to share their knowledge of the subject and to use their local contacts and networks”.

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Expectations for the role of the government

The government has various roles and responsibilities which are clearly outlined in the AGT in section 4 on policy coherence and the role of government52. These roles and responsibilities refer to the role of the government as a party in the AGT. The government’s roles include for example: lobbying on behalf of the AGT; keeping embassies informed and involved; applying sustainable sourcing practices to the government itself; setting international standards related to sustainable sourcing. Apart from these functions, the government also has taken up the role as (co)financer of the AGT secretariat and of civil society organisations for their activities within the RBC Agreements. From the interviews it became clear that companies and other stakeholders also see a role for the government as regulator. They expect the government to keep track of the progress of companies within the AGT and of the AGT as a whole. Whereas in the current set up, it is the AGT secretariat that is tasked with keeping track of progress of companies. So there is a discrepancy between the actual agreed role of the government as a party to the AGT and what different stakeholders believe should be its role.

The perception is that the government should be much more stringent in regulating the AGT (and other RBC agreements) and also assess and communicate progress by companies. So there is a mismatch in terms of expectations of the government’s role and the way that its role has been agreed as part of the AGT.

Recommendations on the role of the government: the AGT and the government need to make clear to internal and external stakeholders what the exact role of the government is in terms of controller and overseer of the (progress made within) the AGT. Alternatively, the AGT and the government could consider agreeing on a more prominent role for the government in terms of control.

Complementary expertise

The joint expertise of the AGT parties and companies is one of its strengths. Nevertheless, respondents identified a small number of areas in which expertise was missing:

- according to the survey respondents, the main expertise missing in the AGT at present is on environmental/material issues. Organisations like Greenpeace and WWF were mentioned a couple of times.
- Several stakeholders said expectations in terms of parties’ expertise should be realistic and it should be clear that not all relevant expertise can be found with parties.

Appreciation and added value of the AGT secretariat

Our analysis showed that the AGT secretariat is highly appreciated for its expertise and continuous effort to support companies and assess their progress. Its dual role of advisor and assessor is generally appreciated by all stakeholders. One NGO expressed that they see a need for an external assessor to do the appraisal instead of the secretariat because they believe that companies are not open and willing to ask for advice from the same person who is also judging their progress. And one company did indeed indicate that they hesitate to contact the secretariat for advice because of the fact that the secretariat also does the appraisal. But the other companies interviewed indicated they see no harm in the dual role or that they appreciate it. The secretariat itself also does not experience challenges with this dual role. Most parties expressed in the interviews that they do believe that the appraisal role is the most important role of the secretariat. They indicated that the secretariat, in order to cope with the limited capacity, could leave some of the advisory tasks to parties within the AGT. They feel there is a need for more prioritisation in terms of activities implemented by the secretariat because of the limited capacity. The evaluation team believes that priorities should be set around the themes prioritised by the companies. The secretariat should also prioritise match-making among companies and between companies with parties, supporting organisations and other experts. This will allow parties, and NGOs and trade unions in particular, to more actively advise companies how to address certain issues as part of the multi-stakeholder collaboration model. And lastly, the secretariat should focus on guiding, advising and assessing individual companies. All other activities, such
as developing trainings and workshops for companies collectively, could be left to parties and supporting organisations as much as possible.

Capacity of the secretariat

Everyone agreed that the secretariat does a lot of work. In fact, there were many comments that indicated that parties and companies felt the secretariat’s workload is too high. External stakeholders also had this impression\(^3\). Therefore, it is not surprising that we received many suggestions about the need to prioritise the tasks of the secretariat. The most common suggestions are:

- The secretariat should be stricter on project management and prioritise more in its yearly plan. The plan should be feasible and realistic and the secretariat should keep to it. When prioritising, the secretariat is recommended to focus on providing support to companies and conducting appraisals. For other activities such as workshops, seminars and trainings, the focus should be linked to the issues prioritised by companies.

- The secretariat should focus on match-making, having a clear overview of which parties offer what kind of support and linking this to the issues and problems companies face. Match-making between companies who source from the same suppliers is also seen as important. In the survey, companies also mentioned this as something which could be improved: collaboration and joint risk analysis.

- A number of examples were mentioned in which the secretariat has performed this match-making role and in all cases, respondents were very positive and saw this as an important role for the secretariat. When it comes to content, such as workshops and trainings, it was felt that this should be left to parties; this was not considered to be a priority activity for the secretariat. Because of the earlier mentioned limited capacity of parties, opportunities to work with supporting organisations and other experts should be explored.

- And lastly, many felt that the secretariat could do more in terms of communication. External communication about progress to external stakeholders: external stakeholders and companies felt more external communication of results achieved and progress made is needed. For companies this is important to support their own communication about the AGT to external stakeholders. And internal communication (apart from the newsletter) should be more accessible – this was a specific need expressed by companies.

Both companies and parties appreciated the dual role of advisor and assessor of the secretariat. The Textilbündnis uses an external consultant for appraisal and its experience is that this makes the it a much heavier process. Its secretariat sees it as a problem that it is not involved in the appraisal itself.

**Recommendations on the role of the AGT secretariat:** the secretariat should be stricter on project management and should prioritise more. When prioritising, it should focus on supporting and assessing companies. Besides this, the secretariat should concentrate on match-making, having a clear overview of which parties offer what kind of support and linking this to the issues and problems companies address in their action plans. All other activities, such as developing training and workshops for companies collectively, should be left to parties and supporting organisations as much as possible. Here too, issues commonly prioritised by companies should be leading, assuming that priorities are set based on due diligence processes that include stakeholder consultation to ensure that priorities of companies and parties are aligned. And assuming that all 9 themes will eventually be covered so that also less prioritized issues will be discussed in training and workshops.

**Is the governance structure working well?**

In terms of whether or not the Steering Group works well as a governing body, the interviews with both members and others showed that it does. There is an open and constructive atmosphere. It also seems to represent the other AGT members well: representatives of companies and parties we spoke to and who are not included in the Steering Group do not necessarily want to have more influence or be included in the Steering Group. They did mention that they sometimes miss feedback on issues raised in the Steering Group by them. Further, sharing the agenda and minutes of the Steering Group is not seen as the best way to provide updates on the Steering Group.

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\(^3\) This is underlined by a statement by Schone Kleren Campagne in an article in Vice Versa published in May 2017.
The majority of respondents saw it as an important role of the Steering Group to make decisions on priorities, such as what themes to focus on for workshops. They also felt the Steering Group should more strictly set priorities for the secretariat. The evaluation clearly indicated that the AGT does not need an Advisory Board. The conclusion is that any additional governing structures would only lead to more time and energy spent on issues that are not focused on the main goals of the AGT.
Case study: Collective project ‘Remedies towards a better workplace’

This case study describes the experiences of the project ‘Remedies towards a better workplace’ in India. This project is part of the collective project ‘Combatting Child Labour in the Garment Supply Chains’, which is implemented in India and Bangladesh. The project is a collaboration between parties and companies to identify and address child labour risks in India with specific attention to the supply chain beyond the CMT production location and subcontracting. The project started formally in September 2017 and is expected to finish by March 2020. The project in India has the following objectives:

- Map the upstream supply chain of participating companies and suppliers including subcontractors and (material) suppliers;
- Help establish concrete policies and procedures in participating suppliers and spinning mills so they are able to identify and remediate labour issues in a timely manner, including those at their (sub) suppliers;
- Strengthen worker committees in 20 garment factories and spinning mills in Tamil Nadu (or set up and train if none are in place).

What has been achieved?

The project is still being implemented and implementation has taken longer than expected. Nevertheless, we already see 3 main achievements:

- The project has been successful in setting up a multi-stakeholder collaboration between 12 NGOs and companies.
- The companies and suppliers that participate in the project have obtained more insight into their supply chain and this goes beyond the suppliers they directly work with. This was the result of a supply chain mapping that was done with project partner FLA, aiming to identify spinning mills in the supply chain of companies that participate in the project. This mapping can be seen as a learning experience: it was challenging for companies and suppliers to get the right information to identify the spinning mills. Especially when there were a lot of intermediaries with their own commercial interests and a lack of transparency.
- At the time of data-collection, the first steps were taken to involve the spinning mills and factories in the project, to start the training of the worker committees. Since the influence/leverage of the companies or suppliers is usually low over the spinning mills, the local NGO and supplier have to convince the spinning mills of the benefit of the project. The first suppliers and the implementing NGO have asked the spinning mills to participate in a meeting, in which they explained the project activities.
- Especially in the Netherlands, those involved acknowledge that trust had to grow between the companies and the NGOs, but that they are now working well together. Time and a number of individual consultations helped build trust in the collaboration. When trust was there, project partners were also willing to be more transparent, which was an important precondition for the collaboration.

Conclusions

The first collective project provides valuable lessons on doing a project in a multi-stakeholder setting within the supply chain of the companies involved. The stakeholders see that there are clear benefits to this approach as the companies will be involved in activities in their supply chain. At the same time, by working in the supply chain of the companies, it took longer than expected for project partners to actually implement activities on the ground. The lessons and recommendations in the box will help with avoiding this for future projects. Building trust between local stakeholders is a precondition to do these kind of projects (see also box in the section on collaboration on page 46), it is expected that when starting projects now, after relations in the AGT have been there for 2.5 years, it may be easier than when this project started.
**What can other collective projects learn from this case?**

Firstly, working in a multi-stakeholder setting was more time consuming than expected. It takes time and effort to build trust and establish relationships. Therefore we recommend a time span of at least 2 years for collective projects where there are new multi-stakeholder collaborations. If this is not possible, organisations and companies should try to work in a multi-stakeholder setting in which stakeholders already have good relationships and trust each other or ensure that the project is not too complex in terms of activities and geographical regions.

Secondly, it was much more difficult than expected to involve the spinning mills via the suppliers. The evaluation team acknowledges the potential in the approach of working via a company’s supply chain, especially if the company has leverage over the supplier that they target. At the same time the challenges should not be underestimated. For future projects this can be avoided by involving suppliers at a much earlier stage, preferably during proposal writing. Moreover, we recommend the supply chain mapping as a separate project and give preference to projects in supply chains that are known. This can reduce uncertainties in reaching project targets due to the unwillingness of suppliers to participate.

Thirdly, when working with spinning mills, we recommend that the AGT and NGOs put in effort to exchange information about their production locations beyond the CMT production location. Since the spinning mills are big, it is likely that multiple companies source from a spinning mill. The evaluators already observed such overlap during the data collection. Having this insight may contribute to more leverage of companies and suppliers over the spinning mills.
In this final section we reflect on the AGT’s Theory of Change (ToC). The ToC outlines the change process that the AGT foresees as a result of its interventions on due diligence, collective actions and projects, and outreach and alignment. We compare the findings from the MTE, including the case studies, which are presented in the previous sections, with the envisioned change process as presented in the ToC.

How did we study the Theory of Change?
We reflect on the Theory of Change based on research findings as presented in previous sections and the findings from case studies. We also provide suggestions for monitoring this change process. And we look at risks underlying the ToC and review sustainability of the AGT.

In this section we will zoom in on different parts of the Theory of Change and draw lessons about the intervention logic, assumptions and pre-conditions.

We will start by introducing the ToC and will then outline our research findings in relation to its 3 main strategies:

1. due diligence related activities;
2. collective actions and projects;
3. outreach and alignment.

Next, we will look at change at the ‘higher level’ of the Theory of Change: improvements at production locations. This will be followed by examining the assumptions and pre-conditions. Then we look at the consumer as an enabler in the ToC. Lastly, we will elaborate on monitoring the Theory of Change. The section concludes with a description of the risks and of sustainability.

The Theory of Change of the AGT

The AGT developed a Theory of Change in 2018 (see figure 12). This is the theory of how the AGT sees change happening within the garments and textile sector and its role within this change process. As described in section 1, the ToC has three main pathways related to the intervention strategies of the AGT: due diligence related activities; collective actions and projects; and outreach and alignment.

Figure 12: theory of Change of the AGT

Due diligence related change process

The due diligence process is at the core of the Theory of Change. Overall, the MTE clearly supports the logic of the sequence of the due diligence cycle as displayed in figure 3 on page 18. This cycle includes the following steps:

1. Policy, organisation, internal processes
2.1 Analysis of supply chain, product range and buying practices
2.2 Risk analysis: scoping potential risks
2.3 Determination of relevance, specific risks, and actual negative impact
3. Goals and actions: prevent, reduce, mitigate and remediate
4. Monitoring, review, reporting and communication

As the progress presented in section 4 showed, significant progress has been made on the first 2 steps of the cycle. This is in line with the focus that was determined at the start of the implementation of the AGT. The results related to step 3 and 4 in terms of addressing and following up on specific issues identified in the supply chain (step 3) and account for how these issues are addressed (step 4) is the focus for the last two years of the AGT. We recommend that the AGT Steering Group sets clear goals with indicators and benchmarks to carefully monitor progress in these areas.

When looking at the change process underlying the due diligence management system cycle there are two interventions that contribute to the system (see figure 13):

1. AGT secretariat + parties + supporting organisations provide companies with tools and guidance on how to set up and implement the due diligence management system
2. AGT secretariat advises companies, monitors their progress and assesses whether the progress is sufficient (assessment framework)

The evaluation supports the logic of the Theory of Change in the sense that strategy 1 has led to the foreseen change because the advice and support provided by the AGT secretariat contributes to an increased willingness and ability to set up due diligence management systems. The evaluation also showed that there is room for improvement in terms of the use of tools, advice and support provided by parties since companies do not yet make optimal
Use of parties’ expertise. Using the expertise of parties and relevant available studies, research and reports would result in a more thorough due diligence process. The evaluation team did not have sufficient insight into action plans to be able to draw conclusions on the use of parties’ expertise, studies, research and reports as part of the due diligence process conducted by AGT companies. However, this could be an interesting topic for a final evaluation.

In terms of the second strategy, related to the assessment framework, the evaluation also showed that this has contributed to the foreseen change of companies conducting due diligence and better comprehending root causes and issues in their value chain.

**Collective actions and projects related change process**

The pathway related to the strategy on collective actions and projects starts with transparency as a result of the production location list and info on materials (see figure 14).

**Figure 14: change pathway leading to (local) CSOs playing a role in implementation of due diligence**

In relation to the effect of “CSO’s bring complaints & salient risks and solutions to the attention of AGT and/or AGT companies (via secretariat),” the evaluation shows that the published aggregated production location list does lead to more transparency as issues are raised, but that this is not yet to a significant extent (see section 5).
An example of a complaint in India gives insight into the logic of this pathway\(^{54}\): the complaint was shared and resolved with the companies involved using the production location list. But the case also demonstrated that sharing of complaints directly with companies (in the Netherlands) by local CSOs can lead to distrust at the local level because production locations may feel it is a case of ‘naming and shaming’ by (local) CSOs. The ToC currently does not show how the effect of “CSOs bring complaints & salient risks to the attention of the AGT ...” takes involvement of companies and production locations into account. Suppliers and companies have an important role to play in the dialogue with (local) CSOs on the implementation of improvements as in this way, trust is ensured at the local level.

In terms of the effect at the higher level: “(Local) CSOs have an understanding of the process of DD, play a role in dialogue, awareness raising and/or implementation of improvements” (see figure 14), the case study on the collective project (see page 52) and key informant interviews underscored the importance of the link between the due diligence process and collective projects. The research findings also emphasized that this link has not been clear in all collective projects. There were 2 main reasons for this: insufficient (aggregated) information on what the most salient risks are for companies and the fact that available funding was usually linked to specific regions and/or topics which was not always aligned with the most salient risks of companies.

The effect on the left side of the pathway on transparency is important: AGT companies and parties collaborated in projects to find solutions and approaches for complex issues. This is the link between the effects in the due diligence management system and the role of (local) CSOs in implementing improvements. This evaluation showed that there was an increased level of trust between NGOs and companies who are directly involved in the AGT, which is an important achievement. NGOs/trade unions have a better understanding of the realities faced by companies which helps them in dialogue, awareness raising and implementation of improvements in production countries. However, the evaluation showed that this level of trust and exchange is not yet sufficient. For companies to conduct proper due diligence, it is important that the expertise and advice of parties is integrated in the due diligence process. So, this link between the pathway related to CSOs (and other parties) on transparency (blue boxes on the right in figure 14) and the changes at the level of the due diligence management system of companies (via the red box on the left in figure 14) can be improved

**Outreach and alignment related change process**

The evaluation showed that for the change pathway related to the strategy on outreach and alignment (see figure 15), the causal relations are somewhat different. Parties, and companies in particular, did successfully reach out to additional companies to join the AGT. And as a result of the deliberate and extensive efforts of the AGT secretariat and the working group outreach and alignment, the AGT works together with other initiatives. However, the assumed causal relationship of this leading to initiatives aligning (more) with OECD guidelines and with each other does not seem to be a logical change process\(^{55}\). What it does lead to is efficiency for companies who are also member of these other initiatives and to better leverage by creating more market share in the sector for the AGT.

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\(^{54}\) For confidentiality reasons, this case is not included in the report. The case includes sensitive information which could be traced back to the stakeholders involved. As evaluators, we ensured anonymity to all respondents and since this could not be guaranteed in this case, this particular case study is only shared with the AGT evaluation committee.

\(^{55}\) It should be noted that the AGT’s working group on outreach and alignment does lobby with other initiatives such as SAC to align with OECD Guidelines, but this intervention or activity is not currently reflected in this pathway in the ToC. The intervention should read: “the AGT, through its lobby activities, influences international similar initiatives to align with OECD Guidelines”.
Higher level effects on improvements at production locations

The case studies explore the logic of AGT parties’ and companies’ work on improvements at production locations. This is the higher level of the Theory of Change and refers to the changes that are expected in the sphere of concern (see figure 16).

These specific examples largely followed the logic as formulated in the Theory of Change. However, we have some critical comments:

- A direct relationship between companies and production locations has proven very important for implementing improvements. The Theory of Change does not make explicit how change is expected to happen beyond those suppliers with whom companies directly or somewhat directly (for example via agents) collaborate on improvements such as for spinning mills. If the AGT intends to achieve this, it should be clear from the Theory of Change how this is expected to happen (for example what should we expect in terms of effects, assumptions and preconditions).

- Both examples of the effect of due diligence in production countries that were explored in the case studies show that the production facilities already took many steps towards improvements, often in collaboration with other companies. In one example, the buyer was positively surprised by the efforts made by the production locations. We acknowledge that improvement is always possible. At the same time, we would like to emphasize that some production locations may need more change than others. Therefore, acknowledging that there are production locations which have acceptable (for now) working conditions will help companies prioritise with whom to work first. It is therefore important for companies, in line with the AGT and the OECD guidelines, to prioritise risks on the basis of scale, scope and irremediability, to ensure focus is put there where it is needed the most.
Assumptions and preconditions

The assumptions and preconditions underlying the Theory of Change are as follows:

**Assumptions:**

1. Due diligence of OECD guidelines can result in measurable change for final beneficiaries
2. Companies have sufficient trust and/or increased leverage to activate production locations
3. Production locations are strong enough economically to implement improvement
4. Parties have access to sufficient budgets to implement relevant activities/collective projects
5. AGT companies are strong enough economically to implement improvement

**Preconditions:**

1. Parties have sufficient capacity, time and budgets
2. There is sufficient trust and understanding amongst parties and companies
3. CSOs mediate with local parties and local CSOs to increase understanding on common agenda and help solve local conflicts
4. Local CSOs have sufficient space to work (advocating and supporting) safely
5. AGT parties have sufficient local expertise/networks in key countries

Assumptions and preconditions can either be confirmed (when the evaluation shows that there is evidence for the assumption/precondition to be correct) or refuted (when the evaluation shows that there is evidence that an assumption/precondition is incorrect). This MTE was not set out to collect evidence for the assumptions and preconditions but the data obtained does give some insights into these assumptions and preconditions.

Data obtained through interviews showed that all assumptions and preconditions are important and relevant for the Theory of Change. In short, interview respondents have the following reflections on the assumptions. There was consensus that due diligence can lead to change, however the
extent to which this can actually be measured is uncertain (assumption 1). Whether companies have sufficient trust and leverage with their suppliers is something which can be influenced to a large extent by companies themselves (assumption 2). To a large extent, this assumption is confirmed, meaning that a number of AGT companies do have sufficient trust and increased leverage. Whether or not production locations are strong enough economically is hard to confirm or refute because the circumstances are very different for the production locations of AGT companies (assumption 3). However, case studies suggest that this is possible provided the companies have sufficient business potential.

That parties have sufficient budgets was refuted; parties lacked resources to set up and implement activities and collective projects (assumption 4 and pre-condition 1) for the priorities of the AGT. Most importantly, there was not always coherence between the most salient risks that emerge from the due diligence process and the funds available which is changing with the new Fund for Responsible Business. Whether AGT companies are strong enough economically varies considerably as well (assumption 5). Over the course of the MTE process, two companies that are member of the AGT went bankrupt, suggesting that there are financial difficulties for some companies.

The evaluation showed that the AGT had a significant influence on the second precondition, that there is sufficient trust and understanding among parties and companies. This evaluation showed that there was an increased level of trust between NGOs and companies who are directly involved in the AGT. Whether or not this was sufficient was not clear but it is likely that this precondition was met or is about to be met. Precondition 3 only applies to a few CSOs as there were only a few examples of CSOs that took up this role. The parties all have their own strategies and objectives which may not be fully aligned with this precondition. It became clear from an example on the production location list that the space for local CSOs to do their work was sometimes limited (precondition 4). And the last precondition, that AGT parties have sufficient local expertise/networks in key countries, is likely to be met in terms of local expertise. The reason is that where local expertise was used, it was positive. But this is not in key countries, with a gap of local expertise mainly in Turkey and China.

Based on our analysis, we suggest adding the following to the list of assumptions and preconditions:

- The pathway leading to (local) CSOs playing a role in implementation of due diligence starts with the intervention of publishing the production location list and with (local) CSOs bringing complaints and salient risks and solutions to the attention of the AGT. The evaluation however shows that so far issues raised based on the production location list are limited (see section 4 on effectiveness). So there is an important assumption underlying this change pathway: that CSOs are aware of how to bring complaints to the attention of the AGT based on the aggregated production location list and that there is a proper mechanism in place to handle these complaints.

- Agents/importers/traders provide the required information on suppliers and that they also implement due diligence and/or RBC related improvements. Another aspect related to the supply chain which is not included in the ToC but which came up in interviews and during the participatory value chain mapping, is that a lot of companies do not have direct access to their suppliers because they work through agents/importers. Getting the collaboration of agents/importers/traders can be especially challenging if you want to implement improvements further up the supply chain, as was shown in the first collective project (see page 52).

- The research findings from the case studies show that trust is key for having a good dialogue, openness and transparency. Leverage, on the other hand, can be used to hold suppliers accountable and activate them. Dividing the second assumption into 2 separate assumptions, would make the difference between dialogue and compliance more explicit. We suggest dividing the assumption as follows: “Companies have sufficient trust to allow suppliers to be transparent and engage in an open dialogue” and “Companies have sufficient leverage to activate production locations.”

- The case studies showed that leverage is related to the business potential of a buyer: if suppliers have to make an investment for

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56 Yet this evaluation shows that there is limited increase of leverage as a result of the AGT because of the limited overlap in production locations so this increase leverage is mostly a result of other factors such as deliberate choices of companies to reduce the number of production locations and have less spread of production.
sustainability, they may be more likely be willing and able to do so if they expect sufficient return on the investment.

**Recommendations on assumptions:** make the following assumptions underlying the Theory of Change (more) explicit:

1. (local) CSOs are aware of how to bring complaints to the attention of the AGT and there is a proper mechanism in place to handle these complaints
2. Agents/importers/traders provide the required information on suppliers and they also implement due diligence and/or RBC related improvements
3. There is sufficient trust between companies and suppliers for suppliers to be transparent to and engage in an open dialogue with companies (amongst others on purchasing practices)
4. Companies have sufficient leverage to activate production locations
5. Companies give suppliers confidence that they will get sufficient business to cover the costs of investing in sustainability

The AGT builds on the fact that companies have a responsibility to do their due diligence, and mitigate risks in their value chains in line with the OECD guidelines. Consumers, including corporate customers, can be an enabler (accelerator) of this process when good practice with regards to due diligence and responsible business conduct is rewarded through their buying choices. Such market behaviour would enable companies to make further improvements and, if relevant, would allow companies to reflect higher costs associated with certain necessary improvements in consumer pricing.

That the role of the consumer is important in order to achieve the change foreseen in the Theory of Change becomes clear in this evaluation. The interviews with companies showed that the consumer has indeed a significant influence on the choices companies (can) make. But is it sufficient if the consumer is included as an enabler or should consumer awareness and demand be included more specifically in the Theory of Change? Could the AGT, either directly or via the companies included in the AGT, have an influence on consumers?

The interviews showed that AGT companies believe they themselves have limited influence on consumers and think that there is a role for the AGT here. Especially also because the government is party in the AGT; the government, as party in the AGT, could create more consumer awareness by communicating what companies of the AGT are doing to make improvements in their supply chain. But certain companies were also realistic in the interviews about what can be communicated to the consumer. As one company said: “The biggest risk of the AGT is that you are in a process, but the consumer expects a result. It is therefore important to also inform the consumer about what has been achieved as part of the process.” In line with this, most external stakeholders indicated that they believe that the AGT is not a very useful instrument for consumer communication because it focuses on the internal processes of companies.

Taking these various perspectives of companies and external stakeholders into account, the evaluation team concluded that creating consumer awareness with the aim to change consumer behaviour to reward good practice, by informing them of what companies are doing as part of the AGT, is a challenge. The main reason is that the due diligence processes that companies engage in within the AGT, are difficult to translate to consumer interests. Also, some critical external stakeholders argued that consumer demand should not be seen as an incentive for companies to work on CR, as this is their own responsibility in line with OECD and UN frameworks. So the AGT should deliberately not focus on the consumer as a way to motivate companies to work on improvements in their supply chain.
Therefore, we conclude that because of varying and mostly not positive opinions about the idea of a more prominent role for the consumer in the AGT, it should remain as it is now. Also because it is important that the AGT focuses on its core intervention strategies and stakeholders because of time constraints. Nonetheless, changes in consumer demand and the influence this has on RBC within the Dutch garment and textile sector has significant influence on the Theory of Change of the AGT and should be reviewed in a final evaluation.

**Monitoring of progress in relation to the Theory of Change**

As it is important to monitor progress towards change as outlined in the Theory of Change, the evaluation looked at whether the existing data gathered by the AGT gives sufficient insight into progress.

The evaluation showed that a lot of data is gathered at the level of individual companies through the due diligence questionnaire. This data gives a lot of insight into what progress companies are making. There is also monitoring data available on progress in terms of outreach (the % market share). And in terms of transparency, the issues raised from the production location list are monitored. So for all three pathways, monitoring data is collected. The most data available is on the due diligence management system of companies. Most of the data collected is at the lower level effects in the Theory of Change. But there is little monitoring data for ‘higher level’ effects such as for example this effect in the pathway on due diligence related activities: AGT companies engage with production locations on improving the situation for workers, the environment and animal welfare. In the Theory of Change, this effect is a change that results from companies implementing a due diligence management system. In order to get insight in this effect, it is important that progress is monitored on the engagement of companies with production locations. This can be monitored based on the data provided by the companies: companies have to indicate in their action plans how they measure progress towards goals and actions. But to be able to say something about the collective progress of the companies on this effect of engagement, it is important that a set of standardised questions and related answer categories is added to the list of questions in the due diligence questionnaire. In this way information can be aggregated and insight can be gained in terms of progress of companies towards this ‘higher level’ effect in the Theory of Change.

Due to limitations in time and capacity of the AGT secretariat it will not be possible to verify the progress on engagement with production locations at production at country level. But we recommend collecting some anecdotal evidence on what is happening at production location level. For instance by conducting some systemised case studies whereby the goals and actions of one company are more closely monitored and for which data is collected at one production location. This will also be important to show progress towards the overall goal at the end of the 5 years.

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**Recommendations on collecting information on the progress of companies in terms of engagement with production locations**

Due to limitations in time and capacity of the AGT secretariat it will not be possible to verify the progress on engagement with production locations at production at country level. But we recommend collecting some anecdotal evidence on what is happening at production location level. For instance by conducting some systemised case studies whereby the goals and actions of one company are more closely monitored and for which data is collected at one production location. This will also be important to show progress towards the overall goal at the end of the 5 years.

In terms of monitoring ‘higher level’ effects within the pathway on outreach and alignment, it is important that the effects in this pathway are updated. As mentioned before, the strategy on outreach and alignment mostly leads to more efficiency for companies that are also members of other initiatives and to a higher market share for the AGT which in turn contributes to better leverage. Once this pathway is updated, depending on what the exact identified effects are, it is important to monitor progress. For instance, in terms of efficiency gained for AGT companies in alignment with other initiatives and on whether the engagement with other companies and initiatives does in fact lead to more leverage.

And lastly, monitoring data collected by the AGT secretariat at the level of individual companies is also very valuable for parties to learn what their needs are. However, the confidentiality clause is an important obstacle here as parties do not have insight into the action plans of companies. But even within the boundaries of the confidentiality clause there is room for sharing more detailed information on progress in an aggregated manner. For instance, an overview of which issues are mostly prioritised by companies (within the 9 themes) and in which regions and countries. This would be very useful information for parties to determine where they can provide support.

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57 See Assessment Framework, p. 22
But since companies’ action plans do not follow a standard format, it is very difficult to generate and aggregate this information. However, with a set of standardised additional questions in the due diligence tool with standardised answer categories, it should be possible to generate this information. It should be clear that these should be short and simple questions that can be quickly answered. The information for these questions should already be available in the action plans.

**Recommendations on collecting information on companies’ priorities:**
The AGT secretariat should include standardised questions on priorities within issues to be addressed (within the 9 themes) by the companies so that this information can be shared with parties.

Providing more data on the progress of companies is also important to keep external stakeholders informed as all have expressed a concern in the interviews that they lack insight in progress made by AGT companies.

**Risks related to the Theory of Change**
The evaluation also looked at whether the key risks of not achieving the change as foreseen in the Theory of Change are sufficiently included. Key risks are important risks that influence the likelihood of the AGT reaching its objectives. The objectives are outlined in section 4.

The main risk is that companies do not manage to perform the entire due diligence cycle (see figure 3 on page 118). Even though there are good signs of companies already working on addressing problems this will be the next step for the majority. If they are not able to take this next step, the risk is that the AGT will not achieve the overall objective of “substantial progress towards improving the situation for groups experiencing adverse impacts in respect of specific risks in the garment and textile production or supply chain within 3-5 years”.

**Overall recommendation on the time frame:** It is recommended to attach a more realistic timeframe of 5-10 years (from the start of the AGT) to reaching “substantial progress” towards “improving the situation for groups experiencing adverse impacts” as stipulated in the overall objective. Related to this, it is recommended to start discussing (financial) sustainability of the AGT beyond 2021 as soon as possible (mid 2019).

In the interviews we conducted, a number of representatives from parties and external stakeholders mentioned that they feared that, by the end of the 5 year AGT period, the result will be that a huge number of workshops have been conducted and seminars held but not much beyond. The challenge for the AGT in the next two years is in getting companies to take concrete steps to address problems in the supply chain. The evaluation showed that the 9 themes as prioritised by the parties are relevant and AGT companies should address problems that are related to these. But companies need to prioritise what to address first among these 9 themes. The OECD Guidelines state that companies should prioritise based on the significance of an adverse impact. Significance is judged by scale, scope and irremediable character.

According to the OECD Guidelines, companies should address the most salient risks first. The evaluation team acknowledges that there is tension between being practical and strictly following the OECD Guidelines. However, because it is so important that companies take (the first) steps towards addressing problems and because there is a chance of not doing anything if the most salient risk is too challenging for a company to address, this evaluation recommends the AGT to apply a pragmatic approach.

**Recommendations on pragmatism to address issues in the supply chain:**
we recommend companies to be pragmatic in terms of issues addressed. This means that companies, in close coordination with the secretariat and parties, should seize opportunities to work on problems in their supply chain as long as the problems are in line with the 9 themes. Even if this means that the most salient risk is not addressed first. This pragmatic approach will help in taking faster steps to achieve impact in the supply chain. It is very important that these steps are carefully monitored for the AGT to show evidence of change taking place in the supply chains of AGT companies.

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56 OECD Due diligence guidance for responsible business conduct, p. 42.
Another important risk is related to the involvement of parties, supporting organisations and other stakeholders in the due diligence process of companies and in supporting them to take the next step: addressing issues in the supply chain in relation to the 9 themes. If there is no involvement of parties, supporting organisations and other experts in the due diligence process of companies, this may have an effect on the quality of the due diligence process and potentially fail to lead to the foreseen impact.

Sustainability of the AGT

The evaluation did not specifically look into long term sustainability but reviewed whether sustainability aspects of the AGT. Currently, the AGT secretariat is financed for 80% by the Ministry of Foreign Affairs and for 20% by the SER. From 2019 onwards, the industry associations will also start to contribute to the cost of implementing the Agreement in cash and in kind. But it is not clear if these financing arrangements will continue after the 5 year period. The risk is that, in case no solution for more structural financing of the AGT beyond 2021 is found, momentum will be lost in the last years of the AGT. It will be difficult to continue to get new companies to join and keep companies motivated in the remaining 1-2 years if it is not clear if the AGT will be able to continue to be implemented.

Recommendation (financial) sustainability: it is recommended to start discussing (financial) sustainability of the AGT beyond 2021 as soon as possible (mid 2019).

The evaluation clearly showed that companies, parties and supporting organisations as well as external stakeholders see the need for the AGT to continue after 5 years. Most see it as a risk that the AGT is limited to 5 years. The similar German initiative Textilbündnis has no time limit and interviewees referred to this as positive. It is important to note though that most of the people who mentioned in the interviews that the AGT should continue after 5 years, believe that besides the AGT as a voluntary tool for support, more stringent rules should exist, such as (due diligence) legislation (at EU level).
Annex 1 – Overview of recommendations

Overall recommendations

**Overall recommendation on the time frame:** It is recommended to attach a more realistic timeframe of 5-10 years (from the start of the AGT) to reaching “substantial progress” towards “improving the situation for groups experiencing adverse impact” as stipulated in the overall objective. Related to this, it is recommended to start discussing (financial) sustainability of the AGT beyond 2021 as soon as possible (mid 2019).

**Overall recommendation for prioritization of risks to address by companies:** We recommend companies to focus on taking action in the supply chain to achieve improvements. It is important that, in line with the OECD Guidelines, salient risks are identified and prioritised and that companies discuss with AGT parties and other stakeholders how these can be addressed and develop plans accordingly. However, if plans are not immediately actionable, for instance due to complexity, it is important that companies meanwhile start to address other identified risks, even if these problems are not identified as the most salient risks. What we suggest is that companies, in close coordination with the secretariat and parties, seize opportunities, such as a collective action or training, to work on problems in their supply chain. But still, problems need to be in line with the 9 themes and prioritization needs to be based on stakeholder consultation (with parties, supporting organisations and other stakeholders). This pragmatic approach will help in taking faster steps to achieve impact in the supply chain, considering the fact that there is much improvement needed in the sector with regards to the 9 themes.

**Overall recommendation on engaging larger, non-Dutch companies:** We recommend to search for alternative ways to engage larger, non-Dutch companies. For example through closer alignment with the SAC or by signing a memorandum of understanding in which they agree to share their production locations and collaborate with AGT companies in addressing problems in overlapping production locations.

**Overall recommendation for defining roles and responsibilities:** NGOs and trade unions could clarify their roles by formulating ‘light’ versions of road maps or action plans in which they clearly define SMART goals and indicate what they are going to do in the remaining period of the AGT. This road map or action plan needs to have a clear link with the issues concerning the companies and their priorities. This road map or action plan needs to be discussed with the AGT secretariat to get clarity on expectations. Appendix 1 of the text of the AGT could be used as a starting point for these road maps or action plans.

**Overall recommendation on the role of the AGT secretariat:** The secretariat should focus more on support, assessment and match making and the Steering Group should support the secretariat in prioritizing. This will make the work load more in line with the capacity of the secretariat.

**Overall recommendation to review the ToC:** Review the Theory of Change and particularly the assumptions and the pathway related to the strategy on outreach and alignment. Subsequently, use the Theory of Change as a basis to develop a monitoring framework to measure progress of the AGT towards change in the sector.
Recommendations on the approach, progress and foreseen impact

Recommendation on collective projects: collective projects should be set up around issues prioritised by companies in their due diligence process including stakeholder consultation and they should be scalable and/or replicable so that they attract a large number of companies. If relevant expertise and/or capacity in terms of location or topic cannot be provided by AGT parties, the AGT should seek collaboration with other organisations and experts. The topics and aims for collective projects as outlined in Appendix 1 should be revisited and made more specific in relation to the issues prioritised by companies in their due diligence processes of the last three years.

Recommendation on engaging larger, non-Dutch companies: search for alternative ways to engage larger, non-Dutch companies. For example through closer alignment with the SAC or by signing a MoU in which they agree to share their production locations and collaborate with AGT companies in addressing problems in overlapping production locations.

Recommendation on efficiency of activities such as workshops, trainings and seminars: these should be more focused and the priorities set by companies in their action plans (within the 9 themes). In this way these activities are not ‘extra’ for companies but in line with what they need to do anyway. The priorities and expertise of parties should be integrated in the due diligence process of companies so that the goals of companies and parties are aligned. This means that it is assumed that proper stakeholder consultation takes place as part of the due diligence process of companies. That way, the activities organised in relation to the priorities of the companies are aligned with the priorities of the parties.

Recommendation on working groups: Working groups should be set up around concrete common issues or problems prioritised by companies. They should have clear (SMART) goals and a timeline as well as a budget. The number of members should be limited (around 4) and only one delegate from each stakeholder group should be involved. Efficiency should be the leading factor for contact and consultation within the working group. Other methods besides physical meetings could be used such as tele-conferencing or video-conferencing. If meetings are held they should be short (max. 1 hour) and with a clear agenda with the focus on decision-making. Engaging companies is important but does not necessarily mean that they have to attend working group meetings - getting their input and buy-in can also be done through short surveys or by consulting one or a few companies on a specific matter (phone calls).

Recommendation on outreach: the AGT should encourage the companies to actively engage their agents/importers in due diligence. It needs to be identified how the AGT can support agents and importers in contributing to sustainability. In terms of reaching out to and involving smaller companies and/or that are beginners in terms of CR: the AGT has an important role here as these companies are not likely to be part of other RBC initiatives. Because supporting these smaller companies takes up relatively much time, the AGT secretariat should seek advice from the Steering Group whether or not this should be a priority. And the secretariat should seek opportunities to work with others (parties, supporting organisations, and other experts) to provide support to this type of companies if it does not have the capacity itself.
Recommendations relating to issues raised from the list of production locations: first, clear procedures have to be developed. Procedures need to specify the role of the AGT secretariat, the company involved, the follow-up process (when is an issue escalated to the formal complaints and disputes mechanism?), the communication around progress on solving the issue. The procedures also need to indicate when an issue should be escalated to become a formal complaint through the complaints and dispute mechanism. Second, these procedures as well as the production location list itself need to be more actively communicated to parties and external stakeholders so that is used more. And parties need to communicate the production location list and the related procedures with their local networks. Finally, it is important to determine the role of the local stakeholder who files the complaint in the procedure and make sure that it is aware of the remediation steps that are taken. This is important for creating trust and promoting dialogue at the local level.

Recommendation on the complaints and disputes mechanism: communicate clearly about the existence of the complaints and disputes mechanism to companies during appraisal meetings or other moments of contact. Explain how stakeholders can make use of this mechanism and raise further awareness of its existence.

Recommendations on systems and materials developed and support offered

Recommendation on E-tool: the E-tool questionnaire should as much as possible be shortened by for instance removing doubling of questions (if any). Also, the questionnaire should be aligned with questionnaires used by initiatives which AGT companies are also member of, such as the SAC.

Recommendation on support: Management should continue to be included in the annual appraisal meetings as this is highly valuable to create more commitment from management for corporate responsibility. And more exchanges between companies and between companies and parties should be facilitated. Either by the AGT secretariat, or by parties and companies themselves.

Recommendation on workshops: the practicality of the workshops should be increased, for instance by showing best practices from other companies. To increase relevance for (more) companies, it is important that the workshops are aligned to the prioritised issues in the action plans of most companies.

Recommendations on additional tools: provide more practical tools which give companies concrete ways to work on certain issues individually and jointly with other companies that work on the same issues. In line with what is already done, continue to not develop new tools but make use of existing tools, for instance through alignment with other relevant initiatives and by finding ways to make their tools available to AGT companies.

Recommendations on additional support: for those companies that are relatively new to due diligence - offer more support and meetings on top of the yearly appraisal meeting. If the capacity of the AGT secretariat is too limited, seek collaboration with parties, supporting organisations and other experts who can provide this one-on-one support to companies.

Recommendations on the collaboration model and entities involved

Recommendation on interaction among companies and parties: focus on match-making to enhance one-on-one contact amongst companies and between companies and parties. Additionally, organise face-to-face meetings like speed-dates to ensure more contact between companies and parties so that they are more open to approaching each other.

Recommendation on information sharing on what NGOs and trade unions can offer: companies need a guide or online tool which is short, practical and concrete and which tells them what NGOs and trade unions can offer to those involved in the AGT in terms of support, advice and expertise.
Recommendations on funding for NGOs and trade unions: funding provided by the Ministry of Foreign Affairs should be flexible to allow NGOs and trade unions to provide tailor-made support to companies within the AGT, even if these are outside of the scope of their regular programmes and funding. Besides this, NGOs and trade unions themselves also be flexible in the sense that they should themselves actively seek other funding possibilities to provide specific support to AGT companies.

Recommendations relating to the insight NGOs and trade unions have on the issues prioritised by companies: the AGT secretariat should look for ways to inform NGOs and trade unions about issues prioritised by companies (location, theme) as well as for which companies these issues are relevant, so that they can be more aware of the companies’ need for their support.

Recommendations for road maps or action plans for NGOs and trade unions: NGOs and trade unions should formulate ‘light’ versions of road maps or action plans in which they clearly define SMART goals and indicate what they are going to do in the remaining period of the AGT. This road map or action plan needs to have a clear link to the issues concerning the companies and their priorities. This road map or action plan needs to be discussed with the AGT secretariat to get clarity on expectations. Appendix 1 could be used as a starting point for these road maps or action plans.

Recommendations on the role of the government: the AGT and the government need to make clear to internal and external stakeholders what the exact role of the government is in terms of controller and overseer of the (progress made within) the AGT. Alternatively, the AGT and the government could consider agreeing on a more prominent role for the government in terms of control.

Recommendations on the role of the AGT secretariat: the secretariat should be stricter on project management and should prioritise more. When prioritising, it should focus on supporting and assessing companies. Besides this, the secretariat should concentrate on matchmaking, having a clear overview of which parties offer what kind of support and linking this to the issues and problems companies address in their action plans. All other activities, such as developing training and workshops for companies collectively, should be left to parties and supporting organisations as much as possible. Here too, issues commonly prioritised by companies should be leading, assuming that priorities are set based on due diligence processes that include stakeholder consultation to ensure that priorities of companies and parties are aligned. And assuming that all 9 themes will eventually be covered so that also less prioritized issues will be discussed in training and workshops.

Recommendations on the Theory of Change and sustainability aspects

Recommendations on assumptions: make the following assumptions underlying the Theory of Change (more) explicit:

- (local) CSOs are aware of how to bring complaints to the attention of the AGT and there is a proper mechanism in place to handle these complaints
- Agents/importers/traders provide the required information on suppliers and they also implement due diligence and/or RBC related improvements
- There is sufficient trust between companies and suppliers for suppliers to be transparent to and engage in an open dialogue with companies (amongst others on purchasing practices)
- Companies have sufficient leverage to activate production locations
- Companies give suppliers confidence that they will get sufficient business to cover the costs of investing in sustainability
Recommendations on collecting information on the progress of companies in terms of engagement with production locations: the AGT secretariat should monitor the progress of individual companies on goals and actions as reported in their action plans. And standardised questions on this progress should be included in the due diligence questionnaire so that conclusions can be made about their collective progress. Additionally, anecdotal evidence should be collected through systemized case studies to find indications of change at the level of production locations.

Recommendations on collecting information on companies’ priorities: the AGT secretariat should include standardised questions on priorities within issues to be addressed (within the 9 themes) by the companies so that this information can be shared with parties.

Overall recommendation on the time frame: it is recommended to attach a more realistic timeframe of 5-10 years (from the start if the AGT) to reaching the overall objective and for achieving measurable impact in production countries. Related to this, it is recommended to start discussing (financial) sustainability of the AGT beyond 2021 as soon as possible (mid 2019).

Recommendations on pragmatism to address issues in the supply chain: we recommend companies to be pragmatic in terms of issues addressed. This means that companies, in close coordination with the secretariat and parties, should seize opportunities to work on problems in their supply chain as long as the problems are in line with the 9 themes. Even if this means that the most salient risk is not addressed first. This pragmatic approach will help in taking faster steps to achieve impact in the supply chain. It is very important that these steps are carefully monitored for the AGT to show evidence of change taking place in the supply chains of AGT companies.

Recommendation (financial) sustainability: it is recommended to start discussing (financial) sustainability of the AGT beyond 2021 as soon as possible (mid 2019).