



**KIT** Royal  
Tropical  
Institute



# Final Evaluation of the Dutch Agreement on Sustainable Garments and Textile (AGT)

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## Colophon

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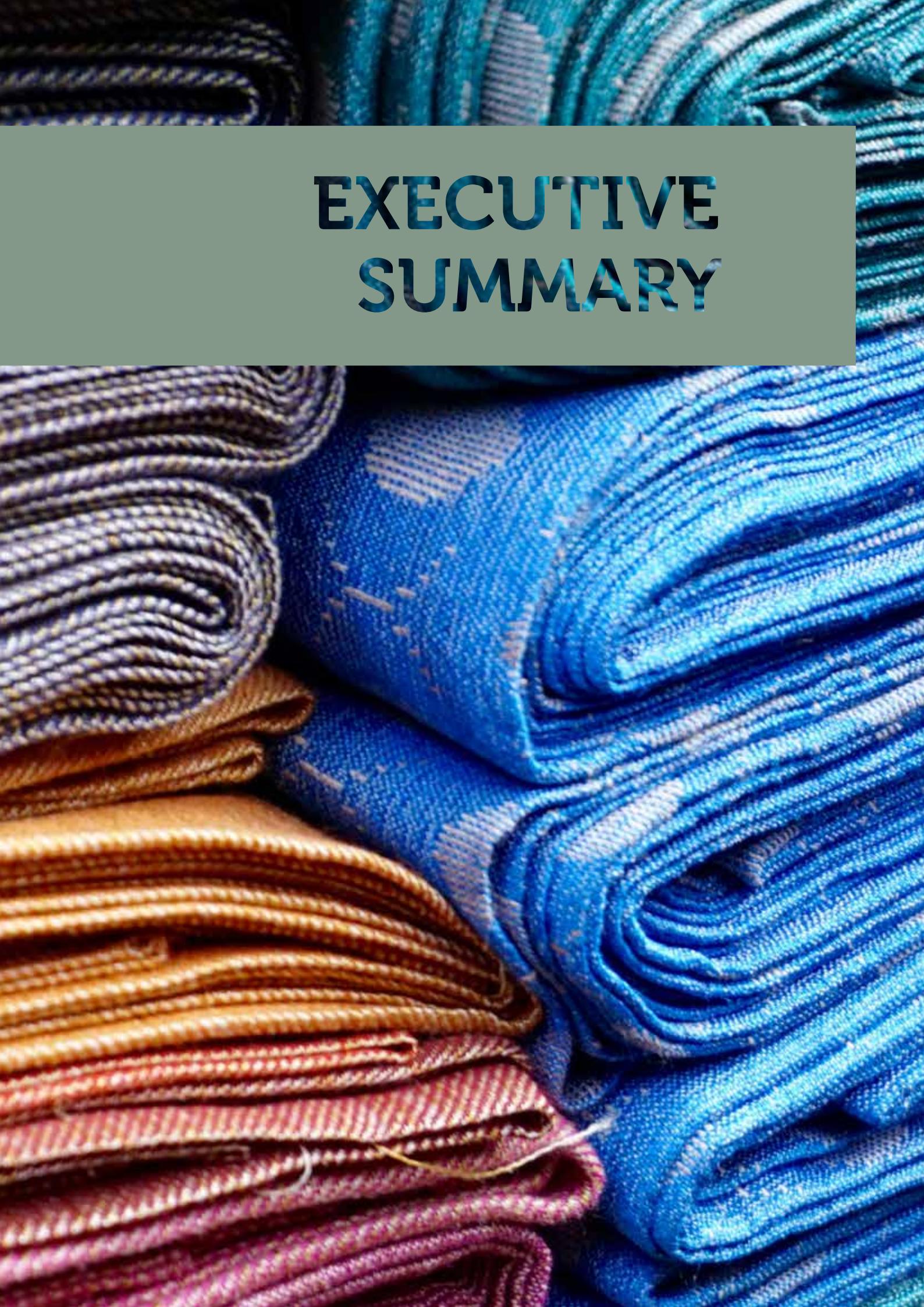
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## Acronyms

ACT	Action Collaboration Transformation
AGT	Dutch Agreement on Sustainable Garments and Textile
Arisa	Advocating Rights in South Asia
BB4C	Better Business for Children project
CSO	Civil society organisation
ETI	Ethical Trade Initiative
EU	European Union
CDC	Complaints and Disputes Committee
CNV	Dutch Christian National Trade Union
CSR	Corporate social responsibility
FBK	Dutch fund against child labour
FLA	Fair Labour Association
FNV	Federation of Dutch Trade Unions
FVO	Dutch fund for responsible business
FWF	Fair Wear Foundation
Higg MSI	Higg Materials Sustainability Index
IDH	Sustainable Trade Initiative
ILO	International Labour Organisation
KIT	KIT Royal Tropical Institute
M&E	Monitoring and evaluation
MNE	Multinational enterprises
MSI	Multi-stakeholder initiatives
MTE	Midterm evaluation
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
PPSA	Purchasing Practices Self-Assessment tool
PST	German Partnership for Sustainable Textiles
RBC	Responsible business conduct
RVO	Netherlands Enterprise Agency
SAC	Sustainable Apparel Coalition
SER	Social and Economic Council of the Netherlands
SG	Steering group of the AGT
SKC	Clean Clothes Campaign
SME	Small and medium-sized enterprises
SOMO	Foundation for Research on Multinational Enterprises
ToC	Theory of change
ToR	Terms of reference
UNGP	United Nations Guiding Principles (on Business & Human Rights)
VGT	Dutch Association of Large Retailers in Textiles
WTO	World Trade Organisation

# EXECUTIVE SUMMARY



## How effective was the AGT in reaching its overall and specific objectives?

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**Objective 1 of the AGT:** “to achieve substantial progress within 3-5 years towards improving the situation for groups experiencing adverse impacts in respect of specific risks in the garment and textile production or supply chain.”

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This evaluation was limited in its ability to assess the impact on groups experiencing adverse impacts in garment and textile supply chains, as the focus of the analysis was at the level of the AGT and its signatory companies. No field research was conducted.

Data collected through in-depth stakeholder interviews, a company survey and an analysis of the AGT’s e-tool shows that companies have progressed considerably in their due diligence implementation. This has led to changes in behaviour by companies, including closer supplier relationships and changes in purchasing practices by nearly half of the AGT signatories. Companies have also made action plans to address concrete risks identified.

The impact of due diligence is starting to become visible on the theme of raw materials. There is a clear shift towards the use of more sustainable materials which can have significant positive impacts, e.g. on water and pesticide use during production stages. To a lesser extent, (some) impact is reported on ‘safe and healthy workplaces’ and environmental issues, such as water and chemical use. Impact on the other six AGT themes—such as freedom of association and living wage—seems to be rather low, according to the result indicators in the AGT’s assessment framework and companies’ own perceptions. This suggests that impact is more visible on issues where companies have direct influence (e.g. what they source) rather than indirect influence (e.g. what their suppliers do). Moreover, companies indicated that COVID-19 had a negative effect on action and impact on the ground. Overall, there is little concrete and systematic evidence of companies’ impact on their supply chains, but the progress that companies have made in formulating goals and implementing actions indicates the potential for impact through due diligence.

Impact for adversely affected groups in garment and textile supply chains can also be made through collective projects. However, the impact of collective projects could not easily be assessed, as many projects are still ongoing and do not have a clear framework for monitoring and evaluation. Current signs of impact are therefore anecdotal. Some of the newly started projects have improved monitoring frameworks for a better evidence base in the future, whilst noting that long-term, attributable impact also represents a methodological challenge.

Finally, the AGT’s Complaints and Dispute Mechanism can be viewed in relation to impact on the ground, as it is supposed to act as a grievance mechanism for workers or parties who are adversely affected by a signatory to the Agreement. However, the effectiveness of this mechanism has been low in view of the limited number of complaints received, problems of accessibility, limited reporting on the outcomes of issues raised, and the limited relevance of the mechanism for participating

companies' due diligence. The low number of complaints filed can be explained by the small circle of Dutch civil society organisations (CSOs) who actually submitted a complaint, the reluctance of CSOs to submit complaints in order to not jeopardise relationships with AGT companies, the inaccessibility of the complaints mechanism for workers in production locations, limited company interest in promoting the mechanism with suppliers, and procedural barriers for complainants.

**In conclusion, it can be observed that objective 1 of the AGT has not (yet) been met. This is partially due to the early stage of many collective projects and of companies' implementation of action plans. There is also limited documentation and monitoring available on progress made. The limited effectiveness of the Complaints and Dispute Mechanism further limits progress on objective 1.**

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**Objective 2 of the AGT: "to provide individual enterprises with guidelines for preventing their own operation or business relationships from having a (potential) adverse impact in the production or supply chain and for resisting it if it does arise."**

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The AGT has effectively managed to engage signatory companies in due diligence processes—something which most companies were not familiar with prior to the AGT. Companies were on one hand supported in their due diligence trajectory by having clear requirements, and on the other hand through a wide variety of tools, workshops, guidance and projects, facilitated by the Secretariat and AGT parties.

The different tools and mechanisms have supported companies' understanding of and engagement with complex issues (e.g. how to calculate a living wage). Companies who reported high use of these tools and mechanisms also achieved a higher score in the AGT's assessment framework. This confirms that the support tools and mechanisms of the AGT were effective in promoting due diligence.

The majority of companies appreciated the support they received. In particular, they valued (1) training, workshops and webinars, (2) tools and reports, and (3) the support of the Secretariat. The latter provided constructive guidance during the AGT, effectively managed to promote due diligence among senior management, and annually assessed company progress against the AGT assessment framework—all of which were identified as important enablers for due diligence.

Companies also recognised the support of AGT parties, including CSOs. This was recognised as a stumbling block in the initial years of the AGT due to limited transparency around individual companies' due diligence performance. While cooperation has improved in the last two years of the AGT through improved match-making efforts by the Secretariat and the increase of collective projects, it did not match many stakeholders' expectations, particularly CSOs.

**In conclusion, it can be observed that the AGT provided signatory companies with a range of support tools and mechanisms to help companies in their due diligence. Therefore, objective 2 of the AGT has been met.**

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**Objective 3 of the AGT: “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.”**

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The multi-stakeholder character of the AGT, including the representative Steering Committee and different working and task groups, has contributed to building trust, reducing friction between parties and co-creating knowledge on complex issues encountered in the garment and textile sector. As such, the AGT has offered an important platform for deliberation and cooperation between companies, CSOs, the government and sector associations. This included discussions on due diligence implementation, the nine themes of the AGT and emerging issues (e.g. in Xinjiang and Myanmar).

Another mechanism for joint activities between the organisations involved can be found in the collective projects of the AGT. Initially, there were challenges in starting collective projects and company interest was low. As trust between the different parties and insight into potential benefits increased, collective projects started gaining momentum over the last 1.5 years. This suggests that projects are better linked to companies' priorities in terms of risks and production locations, which facilitates their integration in due diligence efforts rather than remaining stand-alone projects. However, COVID-19 and political unrest in some countries also caused some delays or led to the withdrawal of some companies from projects, or hindered projects from starting.

Furthermore, the AGT has been in active consultation with other, like-minded initiatives, which has led to initial steps on alignment, as an important prerequisite for a level playing field. Important successes include the increased international alignment vis-à-vis the OECD Guidelines and on responsible purchasing practices. By contrast, limited concrete outcomes can be discerned when looking at the AGT's lobbying efforts at the European level and the level of producing countries.

In conclusion, it can be stated that the AGT has put in place an important multi-stakeholder structure that facilitates a collective approach towards complex issues, even if these issues are not yet resolved. As such, objective 3 of the AGT has partially been met.

## **To what extent did the three pathways of change contribute to this effectiveness?**

### **Impact pathway 1: due diligence by signatory companies**

The AGT contains clear due diligence commitments for companies that increase over time and are monitored and assessed by the Secretariat. The latest assessment round of 2020/21 shows that there is clear progress over time on companies' due diligence performance. Although many companies reported negative effects on due diligence

implementation due to COVID-19, this cannot be seen in their assessment scores and only a few instances of undesirable company behaviour were found by the Secretariat.

While the mid-term evaluation of 2019 noted that companies are mostly working on the initial stages of due diligence (policy formulation, risk identification), this evaluation shows that the last two years have resulted in a push for more company attention to formulate goals and implement actions to address concrete risks identified in their supply chains. Nonetheless, companies still have lower scores on 'goals and actions' (average score of 43% of the maximum score) compared to 'policy and organisation' (average score of 80%), insight in chains, materials and processes (average of 75%), and risk analysis (average score of 72%). Comparatively lower scores can also be observed on stakeholder engagement (average score of 60%). The longer companies participate in the AGT, the higher their assessment scores.

Companies have benefited in their due diligence from the support tools and mechanisms made available by the Secretariat, parties to the Agreement, and support organisations. While not all tools were used extensively, companies' overall assessment of the support provided was positive.

Due diligence implementation has led to changes in the companies themselves, including increased knowledge on supply chain risks and more insights into sustainable options. There is also progress on improved purchasing practices and closer relationships with suppliers, but this only holds for half of the companies or fewer. Evidence of impact on the nine themes of the AGT is still limited at this stage, except for the increasing use of sustainable raw materials by AGT signatories.

The transparency around production locations has increased significantly over the years, both at the level of aggregate reporting (from 3,168 sites in 2017 to 6,061 sites in 2020) and at the level of individual companies, as a growing number of signatories have fully disclosed their production locations.

### **Impact pathway 2: collective actions and projects on complex issues and risks**

The AGT has developed several collective projects in which signatory companies and support organisations aim to jointly implement activities in production countries on specific issues. Two projects (in three countries) have so far been completed, six projects were started in late 2020 or 2021, one project is on hold (Myanmar) and four projects are in the pipeline (proposals for funding not yet submitted).

The completed collective projects delivered on developing tools and guidelines (39 developed so far). The projects were also appreciated by participating AGT companies, and led to improved dialogues with suppliers, increased insight and understanding of supply chains and improved due diligence, and changes in corporate policies (e.g. child labour policies). This was the result of companies having the opportunity to work on risks collectively with CSOs and local partners among other things.

The recent launch of more projects testifies to the increased willingness of companies to engage collectively, including companies that already participated in previous projects. Synergies also started emerging between projects, and companies and NGOs involved in earlier projects took learnings from those projects into newer ones.

The impact of collective projects on the ground is challenging to assess, as many projects are still in an early stage of implementation. Companies were also reluctant or unable to link the evaluation team to participating suppliers for an interview on their perceptions. The collective projects also did not have a clear framework for monitoring and evaluation, did not conduct baseline measurements, and did not systematically report on impact-level indicators (rather on output and outcome level).

The limited evidence available suggests that the (completed) projects have resulted in several outputs (e.g. workers in supplier factories being trained on their rights; or environmental performance assessments conducted). This also led to increased knowledge and more open attitudes among participating suppliers (outcomes). Whether this results in impact cannot be stated.

Generally, the impact of collective projects has been limited by project size (e.g. the number of companies and suppliers involved, duration), limited ownership by participating companies, limited leverage with suppliers, uncertain sustainability of practices in crisis situations (e.g. COVID-19), and the limited scalability of projects.

### **Impact pathway 3: international alignment and cooperation**

The AGT has sought alignment vis-à-vis the OECD Guidelines, which has improved the assessment methodology of the AGT and created more buy-in for the OECD Guidelines as the international benchmark for responsible business conduct among textile companies. International alignment was also successful on responsible purchasing practices. The 'Common Framework for Responsible Purchasing Practices' was drafted by a coalition of international initiatives, including the AGT, and is expected to lead to the standardisation of responsible purchasing practices among various initiatives active in the textile sector.

Cross-recognition between the AGT and other international initiatives has been realised for specific due diligence requirements by the German Partnership for Sustainable Textiles, the Sustainable Apparel Coalition and the social requirements of the Fair Wear Foundation. The practical relevance of this is rather limited, as the overlap in membership is low. In general, we find that relatively few AGT companies are also a member of other initiatives, with the exception of amfori. The limited overlap in membership (except for amfori) also shows that the initiatives have different target audiences, with the AGT being (implicitly) oriented at Dutch companies. This limits the drive towards cross-recognition. Other barriers include the different objectives and structures of initiatives, limited attractiveness of the AGT as a Dutch initiative, limited ability of (some) initiatives to welcome many new companies, and each initiative's interest in organisational relevance and survival.

The AGT has cooperated successfully with other initiatives on sharing knowledge and tools with AGT signatory companies. Conversely, cooperation with other initiatives on impact projects has been limited. This was viewed critically by interviewed stakeholders, who had hoped for more cross-initiative efforts in order to achieve larger-scale impact.

Another element of international collaboration can be found in the lobbying efforts of the AGT with other initiatives at the European level (to influence the European Commission to take steps for a level playing field based on the OECD Guidelines) and vis-à-vis governments of producing countries. However, there are no discernible outcomes of these activities, also because they are weakly documented and were conducted by different organisations (often without clear mandates).

## How can the effectiveness of the AGT be improved?

1. *Enhance transparency on company performance.* Individual company performance on due diligence should be publicly disclosed to (1) stimulate desired company behaviour and (2) support companies on the risks which they encounter and cannot easily address by themselves.
2. *Motivate improved company performance on purchasing practices and 'goals and actions' (with result targets).* Changes in purchasing practices should be prioritised for those AGT companies (around half) which have not made progress so far. Moreover, enhanced company engagement on 'goals and actions' should be stimulated by setting individual and collective targets on a limited number of key risks, identified and chosen by companies.
3. *Focus the support to companies on their relative shortcomings in due diligence.* Support to companies should be provided based on their progress on due diligence and, in particular, on relative shortcomings regarding the impact on the ground. This implies that support follows a needs-based approach rather than what other parties (e.g. AGT parties and Secretariat) can offer ('supply').
4. *Promote more cooperation between companies for synergies on due diligence.* Cooperation between companies should be fostered to create synergies (and efficiency gains) on due diligence (e.g. collaborative region-specific risk assessments and stakeholder engagement, joint development of action plans and monitoring strategies.). Overlap in supplier locations, albeit limited, should be used more extensively for joint leverage.
5. *Facilitate enhanced local stakeholder engagement.* Stakeholder engagement needs to extend to companies' production locations, including suppliers, local CSOs and community organisations, as part and parcel of their due diligence. Local stakeholder engagement is essential for identifying risks, developing action plans, identifying forms of remedy, or tracking the effect of a company's activities. CSOs, in particular, have a role in supporting companies with this. Local stakeholder engagement can also be facilitated through their involvement in the governance of the Agreement, including a structural position in the Steering Committee, participating in working or task groups, or through an advisory or support body.

6. *Improve insights into impact generated through due diligence.* At the level of companies, this demands improved local stakeholder engagement (see recommendation 5) and more consistent and evidence-based reporting on observed changes on the ground (instead of intentions). At the aggregate level, monitoring and evaluation against the assessment framework needs to be based on more robust and rigorous evidence, focusing on the key results commitments by companies (see recommendation 2).
7. *Cooperate with other initiatives on a collective grievance mechanism.* In view of the limited effectiveness of the Complaints and Dispute Mechanism, it is recommended to collaborate with other initiatives for a joint grievance mechanism. Critical shortfalls of the AGT's current mechanism offer important lessons learned, including the importance of raising awareness of the complaints mechanism in producing countries, improving access to and use of the complaints mechanism, enhancing company buy-in, monitoring the outcomes of issues raised, and transparent reporting.
8. *Improve scalability of projects across companies' suppliers.* Projects should focus more explicitly on building companies' capacities to implement improvements with their suppliers, rather than on achieving direct results with only a few selected suppliers in one location. Projects should also focus on improving companies' ownership over projects and on providing tools that can support companies in engaging with suppliers (also beyond tier 1 suppliers).
9. *Improve project monitoring and reporting.* (Impact) projects should have a clear monitoring and evaluation framework which (1) sets clear goals and output indicators, (2) captures outcomes (enablers), such as improved knowledge, dialogue and transparency, (3) formulates clear assumptions on how outcomes can lead to impact, and (4) specifies how evidence can be collected to validate these assumptions. Projects should improve their reporting and sharing of information to showcase their relevance, motivate (additional) participants, and facilitate cross-project learning.
10. *Increase the leverage of collective projects.* Impact projects should collaborate more strongly with other initiatives to make use of overlap in production locations with member companies of other initiatives. This offers more potential for leverage. In addition, leverage could be increased by involving actors in projects that could be potential change-makers, such as intermediaries and agents that buy from several suppliers.
11. *Collaborate for more international 'best practice' tools and guidance.* Following the successful international cooperation on responsible purchasing practices, further best practice tools and international benchmarks should be developed on other complex topics, such as freedom of association, gender equality or child labour. International 'best practice' guidance can also be country-specific, e.g. on freedom of association in China.
12. *Develop a clear lobbying strategy and involve the government as the main responsible party to conduct lobbying towards the EU and other governments.* It is important to formulate a strategy for lobbying, including soft targets, and monitor progress and results. Lobbying should also be based on a clear mandate and sufficient

capacities. While this does not exclude other parties from lobbying, where appropriate, lobbying should primarily be a role for the government.

13. ***Conduct adjustments for a lighter governance structure.*** The main elements of the current governance structure are effective: independent secretariat, independent chair, representative Steering Committee, and involvement of different stakeholder categories. Recommended adjustments for a lighter governance structure include a smaller Steering Committee (one representative per stakeholder category), restriction of the Steering Committee to high-level strategic decisions, the delegation of smaller issues to working groups, the limitation of working groups to specific priority themes (e.g. linked to companies' result commitments), and better integration of support organisations to bridge supply gaps in expertise/resources.
14. ***Split the dual role of the Secretariat.*** To safeguard the independence of annual company assessments, the Secretariat should either outsource or internally divide the role of adviser and assessor.

# INTRODUCING THE EVALUATION



## 1.1 Objectives of the Report

The Dutch Agreement on Sustainable Garments and Textile (AGT) was signed in July 2016 to support companies in implementing due diligence, develop joint activities and projects, and ultimately address adverse social, environmental and animal welfare challenges in supply chains. As a multi-stakeholder initiative (MSI), the AGT brings together multiple companies active on the Dutch market, non-governmental organisations (NGOs), unions, sector associations and the Dutch government. The AGT comes to a close at the end of 2021—which motivates this end-term evaluation.

The evaluation was commissioned by the AGT itself. Following the terms of reference (ToR), the evaluation aims to assess the “qualitative and quantitative progress achieved in relation to the AGT’s objectives in terms of output, outcomes and impact on the ground”. This includes an investigation into the extent to which the three impact pathways of the AGT, as per its Theory of Change (ToC), have been effective. Finally, the evaluation serves to identify where and how the effectiveness of the AGT can be or could have been improved.

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### Main evaluation questions

1. How effective was the AGT in reaching its overall and specific objectives?
2. To what extent did the three pathways of change contribute to this effectiveness?
3. How can the effectiveness of the AGT be improved?

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The main evaluation questions are operationalised based on 12 subjacent research questions and 10 learning questions articulated in the ToR, to which this evaluation responds in detail.

## 1.2 Scope of the Evaluation

The evaluation covers all three impact pathways identified by the AGT’s ToC (a detailed illustration of the ToC can be found in Annex 1):

- The first impact pathway is to improve due diligence-related activities by AGT companies. The AGT Secretariat (from hereon: Secretariat), together with participating parties and supporters of the Agreement, provides companies with tools and guidance on how to set up and implement a due diligence management system. The Secretariat advises companies on their due diligence activities, monitors the progress made by companies, and assesses, through the AGT assessment framework, whether their progress is sufficient. The premise is that AGT companies with a due diligence system will get a better understanding of social, environmental and animal welfare risks in their supply chain, which will influence how they engage with production locations on improving responsible business practices and how they make choices that support sustainable production.
- The second impact pathway focuses on collective actions and projects on complex issues and salient risks. To improve transparency, the AGT publishes an annual aggregated production location list with information on where signatory companies produce. This allows non-governmental organisations (NGOs) and unions

(collectively referred to as civil society organisations, CSOs) to bring complaints, salient risks and solutions to the attention of AGT signatory companies via the Secretariat. It also provides the opportunity for signatory companies, NGOs and unions participating in the AGT, as well as support organisations, to collaborate with local organisations (suppliers, unions, NGOs, etc.) and to find solutions and approaches to complex issues, ultimately leading to concrete improvements of specific situations.

- The third impact pathway entails reaching out and collaborating with similar international initiatives. Simultaneously, AGT parties and signatory companies individually and/or collectively engage in lobbying activities at the EU/OECD level for a level playing field and with local governments on improved supply chain related governance. The underlying premise is that these activities will contribute to the alignment of international initiatives with the OECD Guidelines and with each other.

Finally, the evaluation covers specific questions on the governance of the AGT and resilience in relation to the COVID-19 pandemic, as per the ToR.

## 1.3 Methodology

### Approach

The evaluation is based on a theory-based approach following the underlying ToC of the AGT. The approach employed served to systematically gather evidence for the three main impact pathways of the AGT and identify and substantiate causal linkages between the AGT (and its impact pathways) and resulting outcomes. It also guided the evaluation in identifying the enablers and barriers for the AGT to move from various outputs developed over the years (e.g. company manuals, workshops, projects, etc.) to outcomes, especially at company level, and to impact, particularly for affected groups and communities.

### Data Sources

**Desk review of secondary data.** The desk review comprised previous evaluations, publicly available reports and newsletters, and data made available by the Secretariat, including working group reports, steering committee notes and other internal documents. Each information source was captured in an Excel database to indicate the quality of the information and its relevance for the evaluation. The database includes more than 1,100 documents and offers detailed information on all the evaluation questions.

**AGT e-tool.** AGT signatory companies are required to upload their progress on due diligence to the AGT's e-tool, a secure online environment. The evaluation team was given access to this confidential database and used this to calculate company performance on due diligence. Our calculations are based on the scores verified by

the Secretariat and establish statistically significant correlations between company performance and specific explanatory variables through regression analysis. These were simple linear regressions for the most part and logit regressions in the case of categorical dependent variables (see Annex 2 for details).

**Company e-survey.** An online survey was sent to all current signatory companies of the AGT to assess their current due diligence practices and recent improvements, their views on support tools and expertise offered by the AGT, the realisation of impact on the ground and the impact of COVID-19. The survey was designed in such a way that it builds on the survey conducted during the mid-term evaluation of the AGT in 2019 and focuses on progress and developments in the period 2019-2021. The survey was distributed to 56 companies, of which 39 responded (70% response rate).

**Interviews with AGT stakeholders.** A variety of (online) key informant interviews were conducted with representatives from the Secretariat and chairperson, government, CSOs, and signatory companies. We also spoke to support organisations (or partner initiatives), non-participating CSOs and two companies that left the AGT. For the sampling of respondents, we aimed at a balanced mix of stakeholder categories. We specifically chose to speak to stakeholders who were interviewed by KIT for the evaluation of Dutch RBC agreements in 2020. This served to draw on their perspectives and experiences of what has happened since the past interview. A total of 28 interviews with AGT stakeholders were conducted, comprising representatives from 14 organisations that were previously interviewed<sup>1</sup> and 14 'new' organisations. In some cases, we spoke to more than one representative from a single organisation, which is why the number of respondents (34) exceeds the number of interviews (28) (Table 1).

Table 1. Interviews conducted with AGT stakeholders

Category	No. of interviews	No. of respondents	No. of previous interviews from 2020 (with consent for using the notes)
Secretariat and chairperson	2	3	2
Sector associations	2	2	1
Signatory companies	7	7	4
Former signatory companies	2	2	0
Government	1	2	0
AGT CSOs (NGOs, unions)	6	8	3
Support organisations/partner initiatives	5	7	1
Non-AGT CSOs	3	3	2
Total	28	34	13

Source: KIT

<sup>1</sup>. All previous respondents were asked for consent to use the notes from the interviews conducted in 2020. Consent was granted by 13 former respondents (which are included in Table 1).

**Interviews with collective project stakeholders.** We aimed to conduct several interviews with participants connected to the AGT's collective projects to understand their views on the outcomes/impacts of projects. Only stakeholders of finalised collective projects were included in this selection. This resulted in seven interviews: four with implementing partners (in India, Bangladesh and China) and three with suppliers (one in China and two in India) (Table 2).

Table 2. Interviews conducted with collective project stakeholders

Category	No. of interviews	No. of respondents
Implementing partners	4	5
Suppliers	3	3
Total	6	7

Source: KIT

## Research Ethics

All interview respondents and surveyed companies were asked for formal consent to participate in this evaluation based on strict data confidentiality and security protocols. Nothing of what respondents shared with us can be traced back to any particular individual and/or organisation. All the interview respondents received the written notes of the conversations and were able to check if the transcribing was correct and to add further explanatory information if needed. The company survey was distributed among signatory companies through the Secretariat. Participation was anonymous, so the evaluation team has no insights into who participated and who did not. The e-tool analysis was conducted after anonymising company data and using an ID code for each company. As such, individual company performance is not traceable.

## Limitations

The evaluation has the following limitations, which were addressed by the evaluation team to differing degrees.

Table 3. Limitations of the evaluation and mitigation measures

Limitation	Details	Mitigation and implications
Limited interviews with collective project stakeholders	The evaluation design foresaw 15-20 interviews with local NGOs, unions and suppliers to understand the effects of collective projects. However, it was not possible to get into contact with more local organisations due to various barriers (e.g. suppliers participating in a project were no longer suppliers to an AGT signatory company; suppliers' identity could not be revealed; suppliers did not respond/agree to an interview). This reduced the number of interviews conducted.	To some extent, the reduced number of interviews with project stakeholders was mitigated by interviewing Dutch-based stakeholders who participate(d) in the projects, including NGOs, unions and companies, and by drawing on project reports as much as possible. Nonetheless, the results of section 4 should be read with this limitation in mind.
Limitations of the company survey	39 companies participated in the survey. It is possible that respondents who are positive about the AGT were more inclined to fill in the survey, whereas companies with a more negative perspective may have been more hesitant. Furthermore, former signatories were not included in the survey for various reasons, including number of years since dropping out, different stages of due diligence achieved and different reasons for exiting (e.g. bankruptcy). The exclusion of former signatories may have induced a bias in the survey, as their views could have been more negative.	No mitigation was necessary. The response rate of 70% gives sufficient confidence in the results of the company survey. At the same time, the company survey only elicits the perspectives and experiences of companies, which, therefore means other data sources (e-tool, interviews, documents) are required to cross-check these perspectives and experiences.
Limitations of the e-tool analysis (1)	Assessing the scores of AGT signatory companies over time on their due diligence performance is difficult, as the AGT's assessment framework has changed multiple times. Many questions in the assessment framework have been altered in content and the number of points attached. However, the e-tool software automatically overwrote companies' original scores, making it difficult to trace companies' progress over time.	With the help of the Secretariat, the evaluation team manually changed back companies' scores to the original ones received in past assessments to ensure that individual company scores were in the intended proportion, and to facilitate comparison of company scores over time.
Limitations of the e-tool analysis (2)	The e-tool analysis is based on a limited number of companies (53).	The regression analysis takes the limited number of companies into account. First, we ran a regression for a combined category and took out the variables that were highly insignificant. Then we ran regressions for each of the other categories separately with the significant variables that remained. This was to make the predicting models as accurate as possible. R-squared in table 6 refers to the adjusted R-squared (which corrects for insignificant variables that were included).
Limitations of the e-tool analysis (3)	Three out of 53 companies were not able to hand in their definitive results in time. They still had the opportunity to submit evidence on a limited number of questions. This means that the analysis is made on slightly incomplete data.	Given the limited opportunity for improved scores, it is not expected that these new results would significantly influence the reported outcomes of the analysis.
Difficulty of measuring impact	Data about the impact of the AGT is scarce—this concerns data on both the impact through due diligence and through collective projects. The limited data available is due to limited measurements (e.g. monitoring data on impact indicators), limited externally verified/independent measurements (e.g. third-party impact evaluations), and/or limited depth of measurement (e.g. evidence required from companies in the e-tool).	The limited evidence of impact could not be rectified by this evaluation. As such, the evaluation assesses impact based on the following sources of information: internal reports on project outputs and outcomes (document analysis), companies' views on impact (company survey), companies' scores on result indicators (e-tool analysis), perceptions of overall AGT impact and accounts of project-related impacts by stakeholders and project participants (key informant interviews). The evaluation cannot assess the actual impact. This concerns sections 3.4 and 4, in particular.

Source: KIT



**THE AGT**

## 2.1 Aims of the AGT

The AGT was signed on 4 July 2016 for a period of five years and was later extended by half a year until 31 December 2021. With their signatures, participants declared their commitment to the three-fold aims of the AGT (AGT, 2016):

1. “To achieve substantial progress within 3-5 years towards improving the situation for groups experiencing adverse impacts in respect of specific risks in the garment and textile production or supply chain.”
2. “To provide individual enterprises with guidelines for preventing their own operation or business relationships from having a (potential) adverse impact in the production or supply chain and for resisting it if it does arise.”
3. “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.”

Companies specifically commit to engaging in due diligence by investigating the risks in their supply chain, taking measures and seeking collaboration to address any risks found, and reporting on their progress. Due diligence is defined in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines, and is explicitly understood as a learning process, which should take into consideration the specific circumstances of the individual company. The AGT expresses a general expectation that “more can be expected of enterprises which are larger, exert greater influence on the production or supply chain and/or have more experience” (AGT, 2016).

## 2.2 Members and signatory companies over time

The AGT has a current membership of 58 companies, 2 sector associations,<sup>2</sup> 5 NGOs, 2 unions and 3 ministries from the Dutch Government (Table 4). Companies that support the AGT, individually signed a Declaration to the effect that they support the Agreement, share its objectives, and will act in accordance with the Agreement. By including the Ministry as a signatory, the AGT explicitly positions itself as a ‘wider’ initiative than the previous national Action Plan of the Dutch garment and textile sector from 2013, which has increased its legitimacy (Avance, 2019).

Table 4. Participating organisations of the AGT

Participating parties	Organisations
NGOs	UNICEF Netherlands, FOUR PAWS, Solidaridad, Stop Child Labour, Arisa
Unions	CNV, FNV
Industry organisations	Modint, INretail
Dutch government	Ministry of Foreign Affairs, Ministry of Economic Affairs and Ministry of Infrastructure and Environment <sup>3</sup>

Source: KIT

2. VGT signed initially as third sector association, but merged with INretail during the implementation period.  
3. Names of the ministries may have changed since signing the Agreement.

In addition to signatory members, the AGT has 20 organisations that support the Agreement, including NGOs, companies and several (international) sustainability initiatives in the textile and garment sector.

Table 5 provides an overview of the participating number of companies and number of brands over the years, including the number of companies and brands that joined or left the AGT per year. Company participation in the AGT has fluctuated over the years, from 51 companies (representing 70 brands) in 2016, up to 67 companies (representing 93 brands) in 2018 and back to 56 companies (representing 79 brands) in 2021. In total, 33 new companies joined the AGT after 2016, but 28 companies also left the AGT throughout the years.

Table 5. Number of signatory companies from 2016 to 2021

Year	No. of companies	No. of brands represented	No. of companies joining the AGT	No. of brands represented	No. of companies leaving the AGT	No. of brands represented	Net change companies	Net change brands represented
2016	51	70	51	70	0	0	51	70
2017	61	82	13	18	-3	-6	10	12
2018	67	93	11	16	-5	-5	6	11
2019	66	93	5	7	-6	-7	-1	0
2020	59	82	4	4	-11	-15	-7	-11
2021	56 <sup>4</sup>	79	0 <sup>5</sup>	0	-3	-3	-3	-3
Total			84	115	-28	-36		

Source: Data from Secretariat<sup>6</sup>

Figure 1. shows the years of participation for the current signatory companies. Out of all current signatory companies, the majority (52%) have participated for 5 years (i.e. since the beginning), followed by 4 years (19%) and 3 years (15%). The figure also shows that a relatively small number of companies is in their first (6%) or second year (8%).

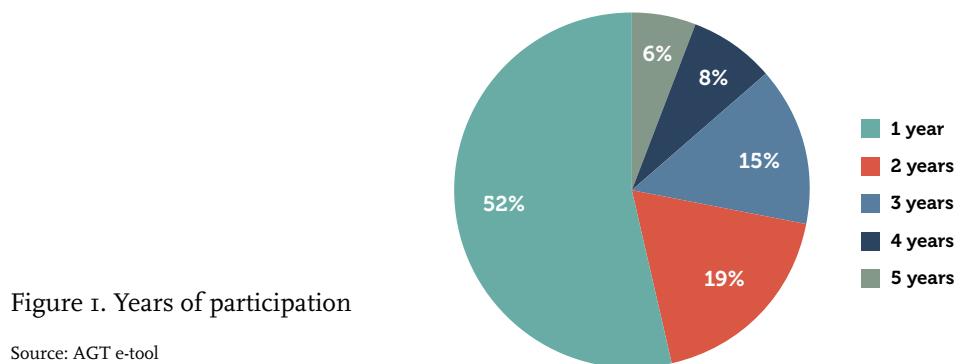


Figure 1. Years of participation

Source: AGT e-tool

4. Out of the current 56 signatory companies, 53 are included in the e-tool assessment because two companies are associated members from the German Partnership for Sustainable Textiles, with different (but recognised) due diligence requirements, and two companies from the same parent company completed one due diligence questionnaire jointly.

5. Despite interest amongst some companies, the Secretariat did not allow new signatory companies in 2021 because of the inability to do a full annual assessment.

6. There is conflicting evidence in internal reports, AGT website, and annual reports due to some changes in participation by parent companies and subsidiaries, or due to bankruptcy and mergers. The table is based on internal documents of the Secretariat.

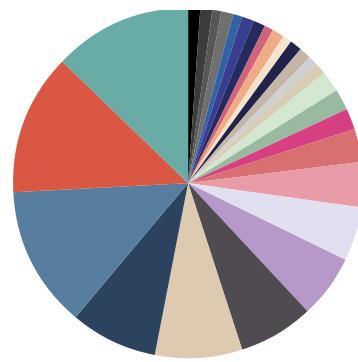


Figure 2. Relative size of companies

Source: AGT e-tool

Figure 2. shows the relative size of companies, based on their 2012 turnover. The figure shows that there is a small number of relatively large companies, and that the majority of signatory companies is smaller. The median turn-over of all companies in the year 2021 was 16.4 million euro, whereas the annual turnover of the top 10 largest companies fall between 126 and 495 million euro.

### 2.3 Scope of the AGT

The due diligence requirements set out in the AGT relate to the enterprise's own operations and business relationship throughout the production, supply or value chain. Both Dutch companies and non-Dutch companies active in the textile and garment market in the Netherlands are explicitly addressed. The Agreement specifies that its initial focus is on the garment sector (i.e. textiles associated with the production of items of clothing) and not on home textiles (i.e. textiles used for household purposes and home furnishing). The focus of the AGT is explained with reference to the importance of garments, which represents 50% of the textile sector (40% consumer clothing, 5% sport clothing and 5% work wear) compared to home textiles, which account for 25% of the sector (another 25% are constituted by technical textiles). Non-Dutch companies are explicitly mentioned in the Agreement, as they generate half of the revenues in the garment sector.

### 2.4 Thematic Focus of the AGT

The AGT has identified nine themes on which it considers individual and collective action necessary:

1. Discrimination and gender
2. Child labour
3. Forced labour
4. Freedom of association
5. Living wage
6. Health and safety
7. Raw materials
8. Water pollution and use of water, chemicals and energy
9. Animal welfare.

For each theme, the Agreement details what signatories are expected to do, either individually or jointly (Annex 1 of the Agreement, a total of 18 pages).



EA11

# IMPACT PATHWAY 1

## Due Diligence by AGT Signatory Companies

The first impact pathway of the AGT is to improve due diligence-related activities by signatory companies, including the entire cycle of due diligence, which is supposed to increase companies' engagement with production locations to support sustainable production and reduce risks.

This section addresses the evaluation questions associated with companies' due diligence, including their progress over time, differences between company performance, the support offered to signatory companies, the reported impact on the ground, the effect of transparency measures and the effectiveness of the AGT's Complaints and Dispute Mechanism.

### 3.1 Due Diligence Commitments of Companies

Signatory companies commit to engaging in due diligence according to the AGT's assessment framework (latest version: May 2021), which is based on international guidelines and comprises the following six steps of: 1) policy; 2) risk analysis; 3) implementation; 4) monitoring; 5) remedy; and 6) communication (Figure 3).



Figure 3. Due diligence process steps and commitments for companies per year

Source: AGT website

Every year, companies must register their due diligence progress in the AGT's e-tool, which comprises the following information:

- List of production sites used (from year three onward also beyond cut, make and trim production sites)
- List of materials used in products
- Due diligence questionnaire, including supporting documents

- Annual action plan to describe company goals and (realised) actions on prioritised risks
- Public communication about due diligence efforts (from year three onward).

The Secretariat monitors and assesses companies' commitments against the AGT's assessment framework on an annual basis, which also details the maximum scores attainable for each deliverable. Companies that do not meet the assessment framework at the time of the assessment interview have two months to make the necessary improvements before the assessment is made final. If companies fail to meet the extended two-month deadline, their cases are escalated to the Steering Committee which can ultimately decide to present the cases to the Complaints and Disputes Committee. Companies comply with the assessment framework if both of the elements below are met:

1. The company meets the minimum score for the year of participation based on the due diligence questionnaire (e.g. 20% of a maximum number of points possible in year 1 and 80% in year 5)
2. The company meets the core questions from the due diligence questionnaire for the year in which the company is located.

The first assessment framework was developed for the assessment year 2017/2018<sup>7</sup> and has since been revised every year (minor adjustments in 2018/19 and 2020/21; major changes in 2019/20). This shows quick adaptation to new developments and inputs from AGT members but partially happened in an ad hoc manner (OECD, 2020). Overall, the OECD confirmed a high degree of alignment of the AGT's assessment framework to the OECD Guidelines (OECD, 2020).

Details of company progress, including their annual action plans, are not disclosed by the AGT on an individual level, also not to participating AGT members, due to strict confidentiality protocols in place. This has been criticised by NGOs and unions throughout the AGT period, as this has made it difficult for them to support companies in their concrete risks identified (see Section 3.3 on support to companies). However, aggregated level data on priorities and progress has been shared with the AGT members each year, and also several individual companies have shared more details about their progress on their website.

## 3.2 Progress on Due Diligence

### Evidence of progress

During the first years of the AGT, most companies were busy with the first steps of due diligence, i.e. policy development, mapping of production locations and risk identification. This was due to the limited familiarity of many companies with due diligence, which resulted in a long start-up phase of the AGT (KIT, 2020). However, when looking at companies' performance on due diligence over the last three

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<sup>7</sup>. In 2016-2017, there was no assessment framework, but only three types of questionnaires (for different types of companies) to help companies in setting up a due diligence process and a plan of action. There was no score associated with the questions.

assessment cycles, from 2018/19 to 2020/21, considerable progress can be observed (Figure 4). Data from the AGT's e-tool reveals that **there is clear progress on all of the five components of the due diligence questionnaire**: A. policy and organisation; B. insight in chains, materials and processes; C. risk analysis and prioritisation; D. goals and actions; and E. stakeholder consultation and communication. When looking at companies' scores during the final assessment of 2020/21, it can be observed that **performance is particularly high on policy and organisation** (average company score is 80% of the total scores attainable), insights in chain, materials and processes (75% on average), and risk analysis and prioritisation (72% on average). **Companies fare less well on stakeholder consultation and communication (60% on average) and particularly on goals and actions (43% on average).**

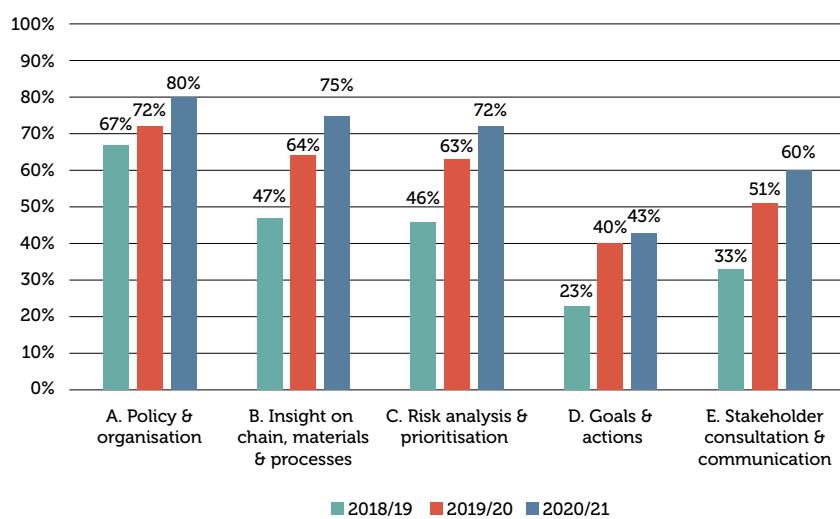


Figure 4. Progress of company scores on due diligence assessment framework (% of maximum scores possible)

Source: AGT e-tool

Companies themselves also reported that they had made considerable progress on all aspects of due diligence between 2019-2021 (Figure 5). Most 'major improvements' were carried out with regard to the information on supply chains, materials and processes; the least improvements were reported on stakeholder consultation and communication. The high rate of improvements conducted across all components of due diligence reiterates the process character of due diligence, as a learning trajectory based on continuous improvement.

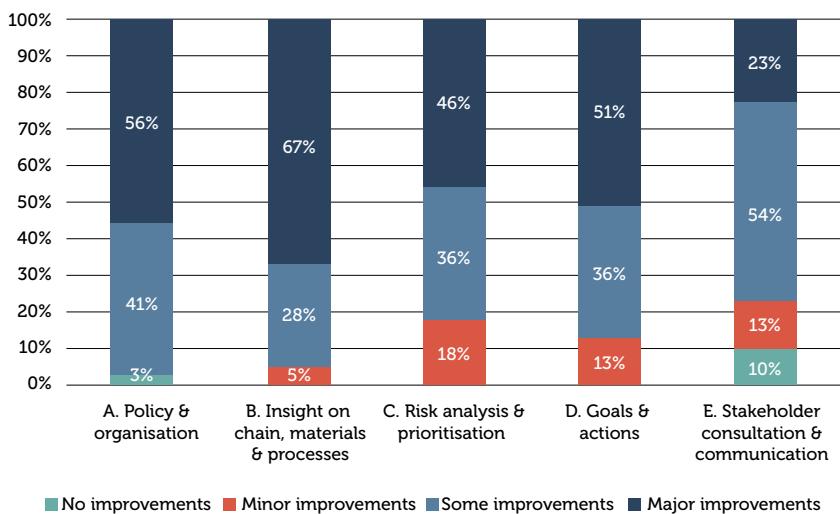


Figure 5. Improvements on due diligence in 2019-2021 period, according to companies (% of companies)

Source: KIT AGT final evaluation company survey

The companies interviewed concurred that the AGT was important to spur progress on due diligence, in particular in light of yearly assessments and different types of support received. Changes in the AGT's assessment framework also influenced company progress. In 2020, duplicate, too abstract and too technical questions were removed, which reduced the workload for companies of completing the e-tool and thus facilitated compliance. At the same time, due diligence requirements have become stricter over time. This means that companies were required to deliver more detailed insight into, for example, their production locations, SMART impact results, purchasing practices and stakeholder consultation, in order to stimulate companies to realise change on the ground.

The results from the e-tool analysis and company survey match with the perceptions of stakeholders. The interviewed members of the AGT were largely positive about the due diligence progress of participating companies. In particular, interviewees highlight the following achievements since the MTE in 2019:

- Improved due diligence policies of companies (addressing more complex topics than in the initial years of the AGT, such as freedom of association)
- Increasing awareness of sustainability within companies beyond corporate social responsibility (CSR) managers
- Improved and continuous prioritisation of risks in the supply chains
- Increased supplier engagement
- Improved public reporting on corporate due diligence efforts
- Increased disclosure of production locations, from 3,168 (cut, make, trim) locations in 2017 to 6,061 (cut, make, trim and up to tier 3) locations in 2020.

At the same time, weaknesses come to the fore with regard to the practical steps taken by companies to address risks and adverse impact and with regard to stakeholder engagement, as also confirmed by e-tool data. Interviews with companies and AGT parties confirm that companies find it challenging to move from risk identification to concrete actions. Specifically, companies emphasised the challenge of getting suppliers on-board for necessary changes, e.g. because of limited leverage with suppliers, supplier fatigue of receiving requests from multiple buyers, supplier resistance, or context-specific barriers from the institutional environment. AGT companies also referred to limited resources on their part to implement specific activities, especially during COVID-19, and to the physical and cultural distance to the production location.

Furthermore, interviewees, particularly CSOs, considered the stakeholder engagement of companies to be insufficient. While there is stakeholder engagement within the AGT (e.g. companies consulting with CSOs that are part of the AGT), most companies do not yet engage with stakeholders at the production level. Barriers mentioned by companies include lacking local networks, considerations of not upsetting their suppliers, and fear of making themselves vulnerable to increased criticism.

The CSOs interviewed also criticised that companies' public communication on due diligence often lacks depth and does not detail how they address risks found in their supply chains. Accordingly to the e-tool, only around 16% of companies voluntary publish their annual action plans on their website.

Nonetheless, it should be mentioned that companies have made progress on both goals and actions, and stakeholder engagement and consultation, according to data from the e-tool (Figure 4). Stakeholders suggested that this is due to the increasing push within the AGT for 'impact' of companies' due diligence since 2019 and enhanced match-making by the Secretariat to better link companies with AGT parties. This has led to growing stakeholder consultation and actions by companies, either individually (see Section 3.4) or collectively in new projects (see Section 4).

## Differences in company performance

To understand differences in company performance towards the end of the AGT, this evaluation first assessed the enablers and barriers identified by companies that have influenced their own due diligence processes. The company survey shows that the top three **enabling factors** experienced by companies are (1) clear due diligence requirements by the AGT (mentioned by 75% of the surveyed companies), (2) demand for sustainable products or services (58%), and (3) top management support for due diligence (50%) (Figure 6).

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8. Enablers and barriers were predefined based on KIT (2020) and presented to companies as a multiple-choice question.

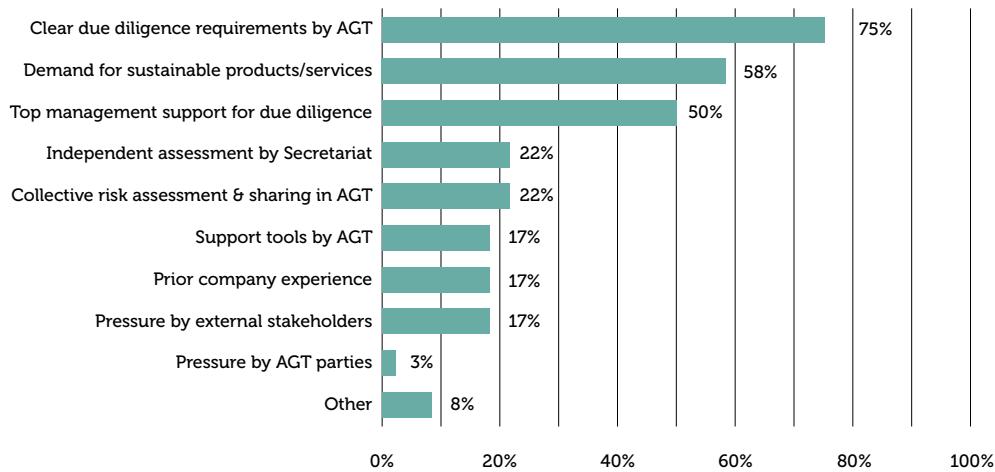


Figure 6. Enablers for due diligence implementation in the 2019-2021 period (% of companies)

Source: KIT AGT final evaluation company survey

The main **barriers** encountered for the implementation of due diligence include (1) a lack of leverage in supply chains (mentioned by 56% of the surveyed companies), (2) company capacity and resource constraints (56%) and (3) the complexity of due diligence requirements (33%) (Figure 7). A basket of different barriers can be observed under “other” (19%), including COVID-19-related challenges and limited ICT capacity. Seventeen percent of the companies responded that they were not hindered (at all) in implementing due diligence.

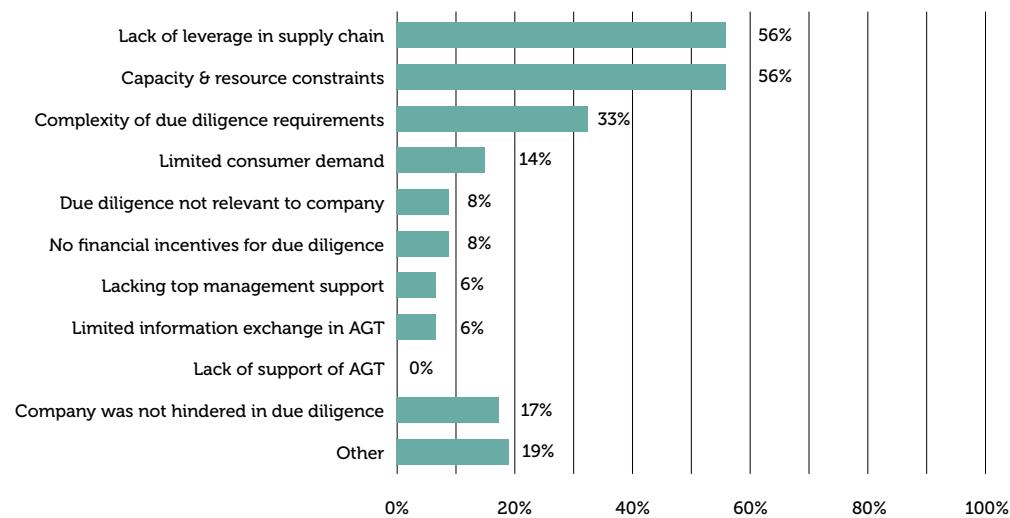


Figure 7. Barriers to due diligence implementation in the 2019-2021 period (% of companies)

Source: KIT AGT final evaluation company survey

Companies clearly experience different enablers and barriers, which shape their individual progress on due diligence. Previous reports (Avance, 2019; OECD, 2020) propose that performance is largely determined by company size: The membership base of the AGT includes a core membership of SMEs, many of which are implementing due diligence for the first time through their engagement with the AGT (OECD, 2020) and face capacity and resource constraints (Avance, 2019). This impression was repeated in various stakeholder interviews. Interviews further unravelled prevailing assumptions that progress may be influenced by companies' supply chain structures, top management support, staff available for CSR issues, and participation in other initiatives.

To test these assumptions, we performed a regression analysis of the data captured in the e-tool, where the detailed scores of companies are available. This enables an analysis against specific independent variables to detect statistical correlations. The variables used were derived from (1) stakeholder interviews, (2) reports and previous evaluations, and (3) internal discussions within the evaluation team.

Table 6 shows the outcomes of this analysis.<sup>9</sup>

Table 6. Explaining company performance on due diligence

Variables	Correlation (for 2020/21 assessment)	Statistical significance (Significant: P<0.05)
Years of participation in AGT	Positive	P 0.000 (adj R-squared: 0.57)
Use of AGT support tools <sup>2</sup>	Positive	P 0.000 (adj R-squared: 0.72)
Use of PPSA tool <sup>2</sup>	Positive	P 0.000 (adj R-squared: 0.67)
Company size (turnover)	—	
Change in turnover (2019/20-2020/21) <sup>1</sup>	—	
Supplier locations (high- vs. low-risk countries)	—	
Senior management support <sup>2</sup>	—	
Participation in other initiatives (e.g., MSIs) <sup>2</sup>	—	
Number of staff (in FTE) for CSR	—	

Source: AGT e-tool

Note: <sup>1</sup> Suspected influence of COVID-19 on company (financial) performance. <sup>2</sup> Assessment of company scores except for "Policy and Organisation" category.

#### Due diligence performance is positively correlated with:

1. *Years of participation in the AGT.* The longer companies are part of the AGT, the higher their scores in the assessment. This points at a learning effect: companies learn over time what is expected of them in terms of due diligence and how to implement this. Years of participation is by far the best exogenous predictor of higher due diligence scores.
2. *Use of AGT support tools.* The higher the use of AGT support tools, including training and workshops, by companies, the higher their scores in the assessment. This suggests that companies benefit from support tools which offer guidance and reduce the complexity of due diligence. There is a particular positive correlation between company scores and the use of the Purchasing Practices Self-Assessment (PPSA) tool by companies. This could refer to a beneficial effect for companies

9. Only correlations that showed high statistical significance were included in the analysis. There might be correlations not visible due to the small sample size (n=53).

resulting from the PPSA tool, potentially to instigate changes in company purchasing practices which positively affect other due diligence components.

No statistically significant correlations were found between due diligence performance and:

1. *Company size.* There is no statistically significant correlation between company size and due diligence performance (even when looking at the assessment categories separately). In other words, there is no SME bias visible in the assessment scores.
2. *Decreases in company turnover during 2020 and 2021.* There is no statistically significant correlation between decreases in turnover and performance in the 2020/21 due diligence assessment. While many companies reported negative financial results (e.g. due to COVID-19), this did not have a negative effect on average due diligence performance.
3. *Supplier locations.* There is no statistically significant correlation between company performance in the assessment and the location of their suppliers. Most AGT companies source primarily from high-risk locations, which is not related to their due diligence scores.

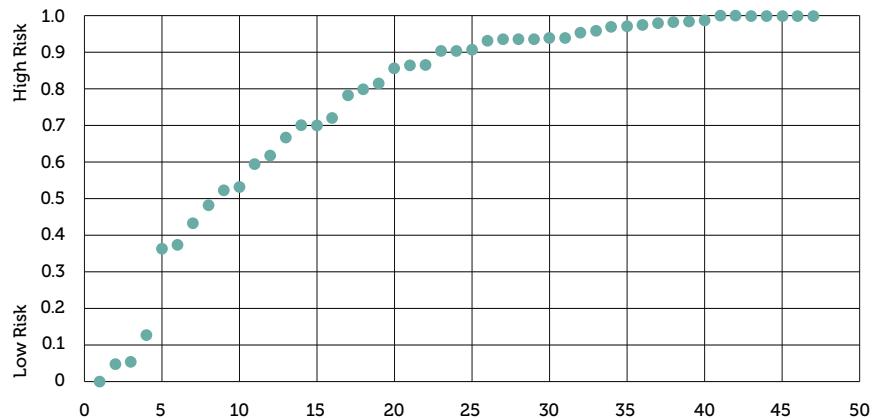


Figure 8. Risk profile of sourcing locations by AGT signatory companies

Source: AGT e-tool

Note: For every production location disclosed, companies receive a score of 1 (for high risk countries) or 0 (for low risk countries) in the e-tool. Each dot in the figure represents the risk profile calculated for every AGT company based on the average score obtained for their aggregated production locations. A profile leaning towards 1 implies high risk locations and 0 implies low risk locations. No distinction is made between different high risk categories (e.g. India is rated the same as China or Myanmar).

4. *Senior management support* for international responsible business conduct. There is no statistically significant correlation between senior management support and companies' scores in the assessment. Overall, senior management support for international responsible business conduct policy is high among AGT companies. On average, companies received a score of 1.89 out of 2 for this assessment criterion.

5. *Participation in other sustainability initiatives.* There is no statistically significant correlation between company performance on due diligence and participation in other initiatives. This suggests that participation in other initiatives does not help companies with the AGT due diligence assessment.
6. *Number of staff for responsible business conduct.* There is no statistically significant correlation between company performance on due diligence and dedicated staff available. According to the e-tool, AGT companies have, on average, 1.16 FTE available for responsible business conduct, including due diligence. Some companies have up to six staff at their disposal, but this is not correlated with higher due diligence scores.

## Recommendations to improve company progress

*Enhance transparency on company performance.* Individual company performance on due diligence should be publicly disclosed, following international examples of the Fair Wear Foundation (FWF) and the German Partnership for Sustainable Textiles (PST). This has two main advantages. First, it can stimulate desired company behaviour by publicly recognising well-performing companies (reward) and calling on laggards to improve their performance (sanctions). Second, transparency offers the opportunity to support companies specifically on the risks they encounter and cannot easily address by themselves.

*Motivate improved performance on ‘goals and actions’ by working with individual and collective result commitments.* While the AGT assessment framework already introduced result indicators (impact goals and impact results), more progress on ‘goals and actions’ is required as integral part of due diligence. It is therefore recommended to introduce individual and collective result commitments on a limited number of risk topics. This makes company actions more urgent and goal-oriented, supporting concrete actions to achieve a pre-defined commitment within a set timeframe. Shifting from broad indicators on all nine AGT themes to a limited number of risks which are relevant to companies’ supply chains also makes company actions more focused, and facilitates monitoring of company progress, as result commitments cannot simply change from one year to the next. Companies should be able to choose the risks on which they have individual and collective targets, in discussion with other (AGT) stakeholders.<sup>10</sup>

*Facilitate enhanced stakeholder engagement.* Enhanced transparency can promote more targeted stakeholder engagement to support companies in their due diligence. Stakeholder engagement includes AGT parties (e.g. CSOs, government), but also needs to extend to companies’ production locations as part and parcel of their due diligence. Meaningful stakeholder engagement is important, for instance, for identifying risks, developing action plans, identifying forms of and facilitating access to remedy, or tracking the effect of a company’s activities.

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<sup>10</sup>. The PST offers an interesting example to learn from, as they require companies to set individual targets on at least three risk topics. In addition, there are (a limited number of) collective targets to which all companies need to contribute.

### 3.3 Support to Companies

The Secretariat developed several support tools and conducted a multitude of trainings, webinars and other activities to improve due diligence practices within companies. The support is aimed at facilitating companies to report and track their progress on due diligence. Tools and guidance were offered, for example, to increase transparency by mapping supply chains, to improve policies and practices and to increase insights into supply chain risks.

The e-tool is the most important and mandatory tool to be used by all signatory companies, consolidating the company commitments to AGT. The e-tool includes a production location list, a materials and risk overview, a due diligence questionnaire and an action plan format as well as an automated analysis page. Companies fill out their yearly commercial activities and due diligence efforts and see the scores from the Secretariat's account managers on their performance.

In addition, the Secretariat launched a number of support mechanisms to assist companies in the uptake of due diligence. These mechanisms include:

- Events such as training workshops, webinars and the participants' day
- Tools and reports are downloadable from the website
- Direct support from the Secretariat
- Direct support by other AGT parties (such as sector associations, NGOs and labour unions)
- Participation in collective projects
- Guidance due diligence in the COVID-19 crisis.

This section addresses the question to what extent the signatory companies used the AGT tools, training, webinars and other activities in their efforts to improve due diligence. It particularly investigates the usefulness and identifies suggestions for improvements to better guide companies to undertake due diligence.

#### E-tool

The usefulness of the e-tool was earlier assessed in the MTE (Avance, 2019), which is why this evaluation assesses the e-tool's usefulness for the 2019-2021 period as perceived and experienced by the signatory companies. The survey findings are presented in Figure 9 and further complemented and validated with insights from the desk review and qualitative interviews with companies and stakeholders.

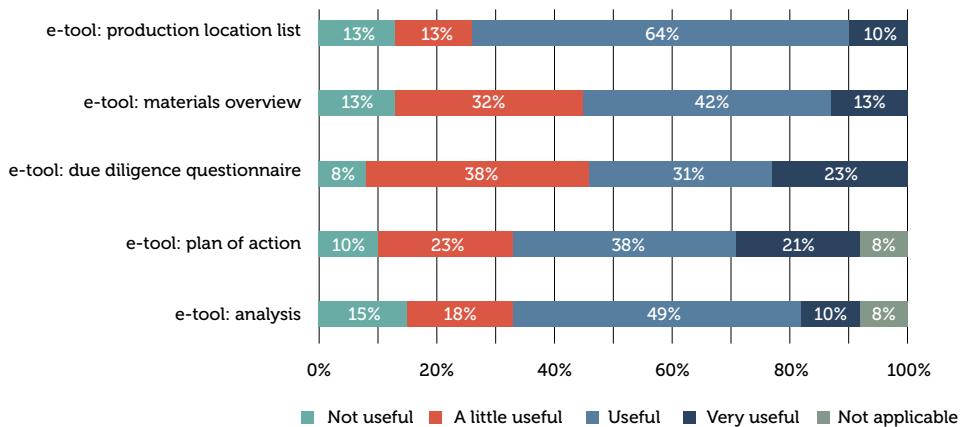


Figure 9. Usefulness of the e-tool components provided by the Secretariat (% of companies)

Source: KIT AGT final evaluation company survey

Overall, the surveyed companies assessed the e-tool as useful and very useful (60% of the respondents) for facilitating due diligence and keeping an overview of the scoring and status in real-time, while 37% of the companies considered the tool a little or not useful.

The **production location list component** was considered most useful (64% useful; 10% very useful), as it forces signatory companies to conduct a thorough and critical analysis of their supply chains. The surveyed companies mentioned that the list's template is systematic and comprehensive (although the format could be clearer for the different tiers). They were positive about how the list provides for supply chain transparency. Conversely, some companies expressed reluctance and concerns about the extra administrative work for similar production location lists. Several companies already have similar functioning systems in place. The linking of the production location list with the similar Open Apparel Registry (OAR) is somewhat problematic, as the way of supplying the data varies. OAR only allows each single production location to be submitted only once, whereas the AGT requires signatory brands to show that it has insight into the supply chain that lays behind each contractual partner which could mean that the same locations would appear on the list multiple times.

Regarding the **materials overview component**, surveyed companies considered it a little (32%) or not useful (13%), while another assessed it as useful (42%) or very useful (13%). Developing the overview has helped companies to quickly gain solid insight into the materials used in products, which results in more explicit goal setting and improvement assessments. On the other hand, several companies mentioned that they already conducted materials monitoring prior to the AGT. Several companies doubted the accurateness of the materials overview because figures are foremost based on assumptions. A few companies flagged that their transition to sustainable materials was not well supported by the e-tool and suggested placing more emphasis on sustainable materials in future initiatives.

There is an ambiguity in the perceived usefulness of the **due diligence questionnaire**: some respondents find it a little (38%) or not useful (8%), while others consider it useful (31%) or very useful (23%). Companies explained that the questionnaire provides a solid starting point and guidance for risk assessments, the identification of improvement areas and the setting of clear goals. The questionnaire asks the right questions to force companies to think and take actions within the themes. At the same time, signatory companies stressed that completing the questionnaire is a time-consuming effort, as flagged in earlier evaluations.

There is some difference in the perceived usefulness of the **plan of action**: 59% of the surveyed companies consider it useful (38%) and very useful (21%), while another 33% do not find it useful (10%), or only a little (23%). The positive companies mentioned that the plan of action gives a clear overview of the road ahead and the accomplishments. It helped to take structured steps and formulate actions involving SMART goals and actions. It subsequently assisted in the realisation and monitoring of plans and reporting to the Secretariat at a later stage.

A similar picture emerges for **analysis and progress** as shown in the tool; many surveyed companies find the component useful (49%) or very useful 10%), while others consider it a little (15%) or not useful (18%). Companies that are positive mention that the tool gives focus and guidance by providing a clear overview of the deadlines and what still needed to be done. The percentage of points, for instance, brings critical details of the activity to light.

## Training, workshops and other AGT support mechanisms

The Secretariat has launched several more support mechanisms to facilitate the uptake of due diligence by companies. The usefulness of these mechanisms is assessed through the company survey complemented with insights from the qualitative interviews.

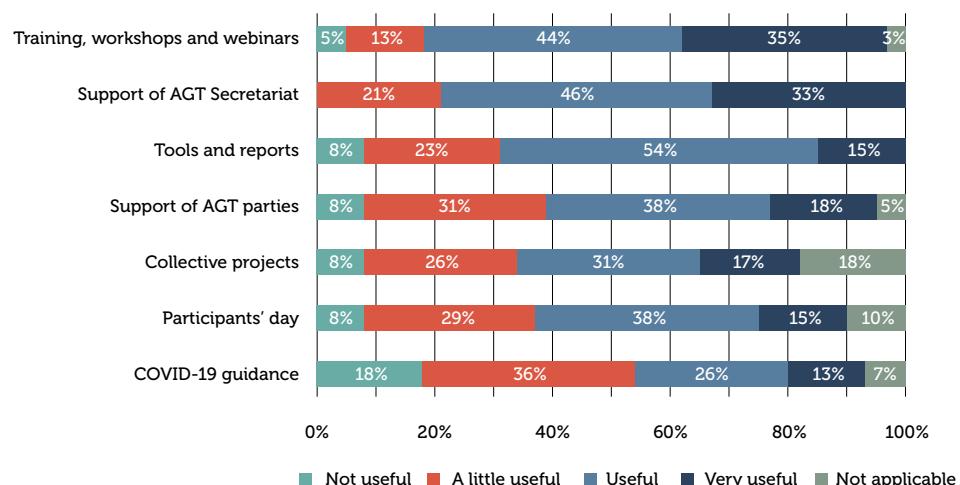


Figure 10. Usefulness of other support available (% of companies)

Source: KIT AGT final evaluation company survey

The outcomes of the company survey show that the **support mechanisms of the AGT were generally appreciated by the majority of companies** (Figure 10). Only a minority of surveyed companies reported that they did not find the support mechanisms useful.

Signatory companies highly valued the **training, workshops and webinars** (44% useful; 43% very useful). The high quality of the seminars and webinars was often mentioned. The workshops were particularly useful in helping the companies to learn about the nine AGT themes and to get started with due diligence steps. The training, workshops and webinars were a valuable way of supporting companies initiating their social responsibility agenda and program. Before the COVID-19 crisis, one-on-one contact in the workshops was considered useful for building a network and to share examples of how other brands approached the AGT themes. Companies found it less useful when multiple webinars were organised in the same week or even on the same day, others suggested that there should be more discussion on practical implications of the subjects discussed during the training, workshops, and webinars.

The **support of the Secretariat** was equally highly valued (46% useful; 33% very useful). Signatory companies often seized the opportunity to discuss issues on an individual basis with an AGT account manager. The account managers and Secretariat provided constructive guidance on how to use the e-tool and other support mechanisms. Personal conversation(s) with the account manager were highly valued. It is worth mentioning that less positive experiences and perceptions were also stated in the survey: A number of companies (21%) found the support of the Secretariat a little or not useful and mentioned the lack of support from and cooperation with the account manager, and regular staff changes.

The companies surveyed made good use of the **tools and reports** (54% useful; 15% very useful), although a few suggested that the available materials should be better organised. Signatory companies were sometimes overwhelmed by the abundance of information. Practical guidelines/manuals on topics such as water, sanitation and hygiene (WASH) and discrimination and gender would have been helpful. A few companies suggested the creation of a common risk assessment for specific countries and materials and more short 'ready to use' tools that are easy to understand for suppliers.

Companies also valued the **support of the AGT parties**, although less so by comparison (38% useful; 18% very useful). Many referred to positive and improved interactions with NGOs and labour unions over the years. Within AGT the collaboration with these stakeholders was new, which required some organisations to take up new roles and responsibilities. For instance, NGOs that traditionally had a 'watchdog role' were looking to collaborate with companies, whereas brands, which often felt under scrutiny by NGOs, were encouraged to open up to the same organisations. Initial mistrust and limited insights into companies' risks and priorities impeded more collaborative relations in the first few years of the AGT. The MTE in 2019 observed that companies, NGOs and labour unions needed more

clarity on each other's roles and responsibilities (Avance, 2019). As a result, the Secretariat engaged in more match-making between companies and AGT parties. In the company survey and qualitative interviews, many stakeholders confirmed that relationships had improved over the past two years, trust was growing, and companies recognised the relevance of the expertise of the AGT parties.

Specifically, the two sector associations organised different training sessions and developed tools for companies, including on purchasing practices, sustainable materials, open costing, COVID-19, chemicals/water/energy, and public communication. In addition, they helped with the preparations of discussion sessions on specific emerging issues, for example on the situation in Xinjiang in April 2021, organised by the Ministry of Foreign Affairs and VNO-NCW. Participating NGOs also organised training and webinars and indicated that they provided direct advice to several companies. For example, in 2020, Four Paws provided advice to at least 15 companies, Solidaridad to at least 26 companies, and UNICEF to at least 20 companies. Similarly, participating unions offered specific training and developed country-specific fact sheets on freedom of association (e.g. Vietnam, Bangladesh). They also provided in-depth advice to 19 companies in the context of the Amplify project. Finally, the government (Ministry of Foreign Affairs) facilitated specific meetings with embassies on country-specific themes, e.g. in India.

At the same time, several companies expressed reservations about the support by CSOs. They mentioned the narrow expertise of CSOs (e.g. limited to specific countries or topics) and the overall focus on social issues compared to environmental ones (there is no environmental NGO part of the AGT). Specific themes of interest mentioned were the circular economy, water, energy, and chemicals. A few companies mentioned that there was little structural collaboration between CSOs and companies, but rather ad hoc interactions.

Moreover, CSOs indicated that the lack of transparency about companies' individual due diligence progress and performance made cooperation with companies difficult, especially in the case of issues raised in producing countries. They indicated that the fact that the Secretariat operates as intermediary slows down processes, reduces CSOs' ability to offer targeted one-on-one advice to companies and limits pro-active follow-up in case of insufficient response or measures to specific issues raised. Some CSOs had expected that there would be more transparency and that they would get access to companies' risks and action plans. They also criticised that companies did not make sufficient distinction between potential risks in a particular region and actual risks in their supply chains.

**Collective projects** were largely considered useful (31% of survey respondents) and very useful (17%). These projects supported changes and impact on the ground in the past years, according to many companies, which is difficult to achieve without support from experts and local organisations. Around a quarter of the surveyed companies (26%) regarded collective projects as only a little useful, and 8% did not find them useful. Similarly, 18% of the surveyed companies were of the opinion that collective projects did not apply to them. A number of companies criticised the fact

that collective projects were often bound to requirements of grants providers and implementing CSOs but did not fit their own needs. Section 4 elaborates on the collective projects and assesses their effectiveness and impact further in detail.

Networking during **participants' days** provided opportunities to connect with other participants and share experiences and examples of how other brands approached relevant topics. The events were useful for 38% and very useful for 15% of the surveyed companies. They particularly appreciated the newly established links among signatory companies and helping each other to develop policies. A few companies found the Participants' Days a bit long for the information getting out of it.

The **COVID-19 guidance** was the least valued, 26% of the surveyed companies found it useful, and 13% very useful. Section 7 discusses the impact of the COVID-19 crisis and the support and guidance by the AGT.

## Recommendations to Improve Support to Companies

*Focus the support to companies on their relative shortcomings in due diligence.* Support should be provided based on companies' progress on due diligence. Companies score less well on translating identified risks into concrete actions and on stakeholder engagement, which requires specific support. This implies that support should follow a needs-based approach rather than what other parties, such as the Secretariat, CSOs and others can offer (supply-based approach). Supply gaps can be bridged by collaborating with similar initiatives and support organisations.

*Promote more cooperation between companies sourcing in the same region.* Cooperation between companies should be fostered to create synergies (and efficiency gains) on due diligence (e.g. by sharing experiences, replicating action strategies, etc.). Companies should be linked in e-tool activities, including data collection, collective projects on risk analysis and development of action plans. Overlap in supplier locations, albeit limited, should be used more extensively for joint leverage.

*Improve support on environmental issues.* There is a general request by companies for more specific support on environmental issues, including circularity, climate change (CO<sub>2</sub> footprint), biodiversity and waste management. On the one hand, these topics could be better integrated into the e-tool to support companies' efforts to reduce their environmental footprint. On the other hand, targeted direct support, e.g. through one-on-one advice or collective projects, is needed.

## 3.4 Outcomes and Impact Through Due Diligence

The MTE of 2019 observed that companies spent most time fulfilling the first steps of the due diligence cycle, occupied with internal processes and procedures including policy, organisation, chain insights and risk analysis (Avance, 2019). As shown in Section 3.2, companies have meanwhile progressed with goals and actions in the due

diligence cycle. This section assesses to what extent progress in the 2019-2021 period extends to outcomes and impact through due diligence.

Before discussing the findings, it is important to distinguish outcomes from impacts in this analysis because these terms describe change as a result of the AGT at different levels. In programme evaluations, outcomes are typically directly measurable and attributable to short- to medium-term effects of an intervention—in this case, the improvement of due diligence promoted by the AGT. The evaluation question ‘what change has been realised within companies with regard to knowledge, practices, and relationships?’ addresses the outcomes at this level.

Impacts are the long-term, broader or indirect effects of the outcomes. Impacts are more difficult to measure and attribute to a particular intervention since they could manifest differently and be subject to various other factors outside a programme’s framework,<sup>11</sup> or they may not happen within the programme’s lifetime. Addressing impacts refers to the evaluation questions ‘to what extent was impact on the ground realised?’ and ‘how could impact on the ground be further enhanced?’.

## Outcomes: Changes in Knowledge, Practices, and Relationships of Signatory Companies

This section assesses changes (outcomes) realised as a result of improved due diligence within signatory companies with regard to knowledge, practices, and relationships. Figure 11 presents the finding from the company survey. Together with insights drawn from qualitative interviews with signatory companies and AGT stakeholders, the findings are further discussed.

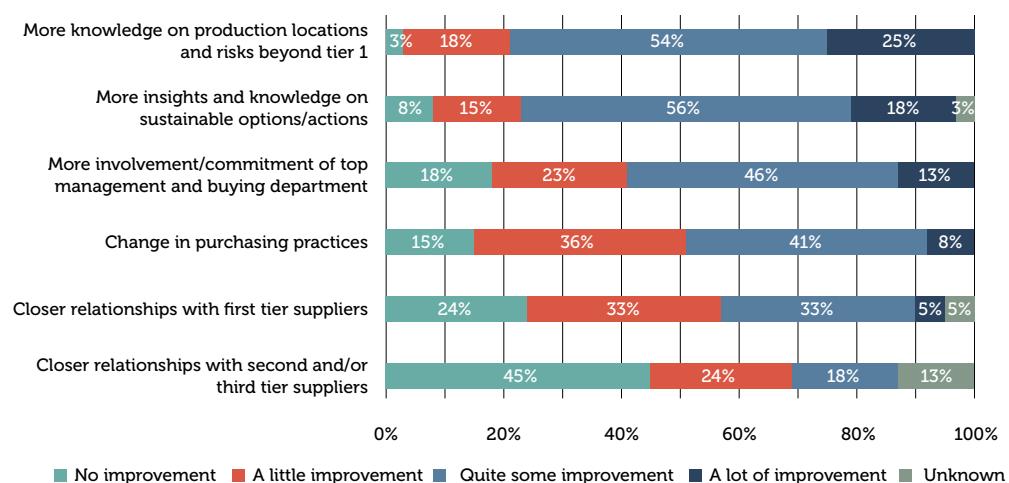


Figure 11. Outcomes at the level of signatory companies as a result of due diligence, according to companies (% of companies)

Source: KIT AGT final evaluation company survey

11. It should be noted that several companies challenged the attribution of impact to AGT, suggesting that their impact results from broader sustainability goals and ambitions set by the company, rather than the due diligence activities conducted.

The surveyed companies reported important changes regarding **knowledge on production locations and risks beyond tier 1** (54% of the surveyed companies indicated ‘quite some’ and 25% described ‘a lot of’ improvements). Enhanced **insights and knowledge on sustainable options and actions** are further important outcomes (56% of the surveyed companies experienced ‘quite some’ and 18% noted ‘a lot of improvements’).

Surveyed companies reported change in terms of **more involvement and commitment of top management and buying departments** (46% of surveyed companies observed ‘quite some’ and 13% attested to ‘a lot of’ improvements), which has contributed to improved due diligence policies and internal and external communication about risks. Survey respondents also witnessed more interest in AGT- related matters from their management or CEO, which also helped during the COVID-19 crisis. In particular, the AGT’s COVID-19 guidelines made it clear that due diligence practices cannot be limited to the CSR departments, but that it requires serious involvement of CEOs and other managers (further explained in Section 7). This interest was confirmed, for example, by the participation of 130 top managers of clothing companies in a webinar organised by the AGT in 2021. The purpose of the meeting was to involve CEOs and other managers in due diligence during the COVID-19 pandemic, and to provide them tools concerning responsible purchasing practices and emphasising the importance of generating sufficient cash flow to meet their supplier obligations.

The improvement of **purchasing practices** has been a crucial point of attention within the AGT. Half (49%) of the surveyed companies reported quite some or a lot of improvement in their own purchasing practices. One of the tools companies use to analyse their purchasing policies is the Purchasing Practices Self-Assessment tool (PPSA), developed by the ACT on Living Wage initiative. Another tool to achieve better purchasing practices is a ‘two-way code of conduct’. With such a code of conduct, both the buyer and the supplier commit to certain principles to achieve set goals, such as a living wage. Up to date, 23 AGT companies have developed a two-way code of conduct.

Accordingly, 38% of the surveyed companies mentioned ‘quite some’ or ‘a lot of’ improvements in **relationships with first tier suppliers**. In contrast, more than half of the respondents either saw only ‘a little improvement’ or ‘no improvement’ in tier 1 supplier relationships.

Relatively few outcomes can be observed when looking at the **relationships with second and/or third tier suppliers**. Nearly half of the surveyed companies did not observe closer relationships with these suppliers, whereas one quarter of respondents at least testified to ‘a little improvement’ in this regard. None of the surveyed companies suggested that a lot of improvements had taken place in relationships with second or third tier suppliers.

## Impact on the Ground With Regard to the Nine AGT Themes

In the AGT context, impact was not sharply defined involving quantitative or qualitative indicators and was not monitored against baseline data over time. For this evaluation, we combined data from the company survey, the AGT's e-tool and qualitative interviews to understand how due diligence resulted to impact to a certain extent. However, it is not possible to attribute impact solely to the AGT.

The company survey assessed impact per AGT theme, as perceived by signatory companies in their supply chain (see Figure 12). Companies were asked to further explain and illustrate impact in open-ended questions. In qualitative interviews, companies expressed their views of what they understand as impact. In the e-tool impact assessment framework, the Secretariat scored companies' impact goals and impact results, particularly in terms of the efforts made. Companies are required to substantiate their efforts by uploading additional information to the e-tool. However, the quality and depth of this information varies significantly between companies and topics. Moreover, it is important to stress that 'efforts made' is not a precise measurement of actual impact, such as improved workers' health status or closing the income gap, but merely a pointer towards impact. Figure 13 presents the average company scores for the 2002/21 assessment, as a percentage of the highest score (100%).

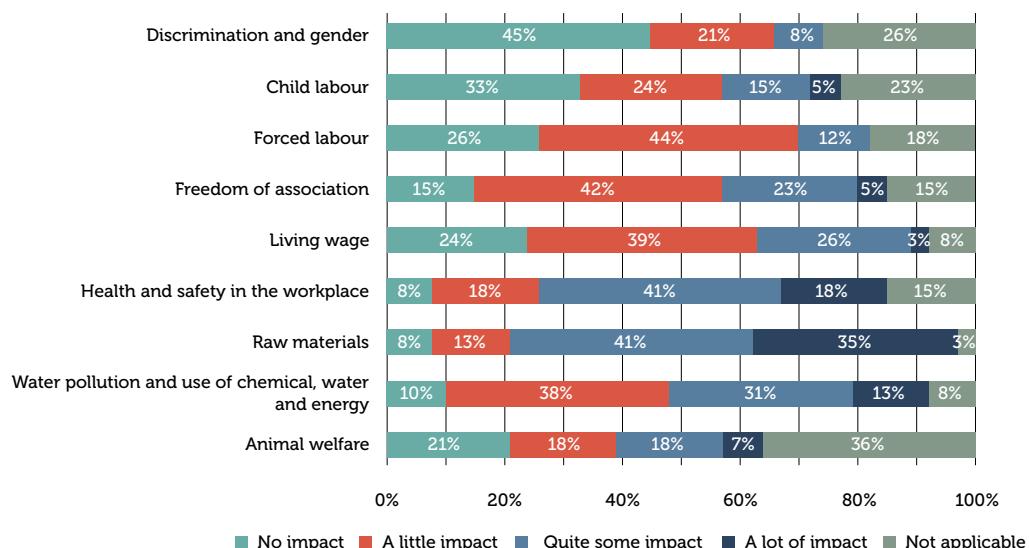


Figure 12. Impact on the ground as a result of due diligence, according to companies (% of companies)

Source: KIT AGT final evaluation company survey

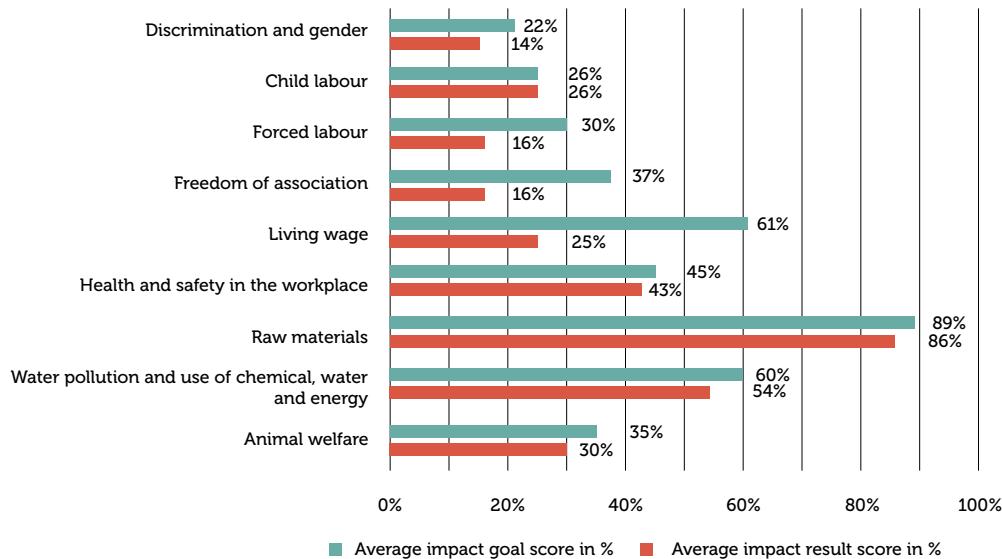


Figure 13. Impact on the ground as a result of due diligence, according to e-tool scores 2020/21 (average company scores as a % of the maximum scores)

Source: AGT e-tool

**Discrimination and gender.** Companies reported little impact on discrimination and gender. Only 8% of the surveyed companies reported ‘quite some’ impact resulting from their actions. In addition, 26% of the respondents perceived that the theme did not apply for their supply chains. The e-tool analysis shows that companies received, on average, 22% of the possible scores on impact goals and only 14% on impact results on discrimination and gender. This theme is possibly not perceived as a priority risk or companies do not know how to address it.

The company survey, qualitative interviews and e-tool illustrate efforts and impact within the gender theme. For instance, three signatory companies have started to track how many men/women work in each factory, including data per department, monitor the share of women in (higher) management positions, which is often not included in regular audits, and review the gender balance in the worker committees. In addition, several companies reported addressing the gender pay gap in living wage projects. Companies have drawn up policies to protect women’s rights with regard to maternity leave, childcare, and maternity benefits. Several companies updated their code of conduct for suppliers to include more gender-specific measures.

**Child labour.** Similarly for the child labour theme, the company survey reports low impact scores (15% of the surveyed companies claimed ‘quite some’ impact and 5% ‘a lot’ of impact). Nearly a quarter of the respondents rated this topic as ‘not applicable’ for their supply chains. The e-tool shows a higher average impact goal and impact result scores of 26% (each) of the maximum score. Some signatory companies mentioned that the child labour issue is often sufficiently addressed among tier 1 suppliers, while the situation is still critical with tier 2 and tier 3 suppliers.

In the e-tool, several companies reported identifying a potential risk of child labour in recent years. The cases were identified in unauthorised subcontracted facilities. The

affected companies and suppliers collaborated with different social organisations and addressed these risks by agreeing on minimum ages and wages. A related example concerns a signatory company that has established an age verification system in factories in Pakistan. Other signatory companies have organised supply chain risk mapping training for tier 1 and 2 suppliers with a focus on child rights. According to the information uploaded by these companies, participating factories expressed their intention to set a minimum age to work as a selection criterion when selecting new upstream suppliers. Under the several projects, suppliers made action plans to improve the working conditions for parents and education options for children (day-care) and young workers (job training) in the community.

**Forced labour.** Limited impact within the forced labour theme is reported in the company survey (12% of companies saw 'quite some' and none experienced 'a lot' of impact, whilst 18% did not consider this risk to be applicable in their supply chains). The e-tool analysis shows an average impact goal score of 30% and an average impact result score of 16% of the maximum score.

Some companies described in complementary information uploaded to the e-tool that several cases of forced labour had surfaced through the audit reports. They acted by providing training and follow-up visits, which according to them, had resolved the issues. Some companies flagged potential issues with migrant workers in factories. They checked whether there was clear communication with migrants on their rights (since they might not speak the local language). There were other suspected cases of forced labour signalled. Signatory companies contacted suppliers indicating that they expected suppliers to have a policy against forced labour, which is also checked during audits.

#### Box 1. Meetings addressing forced labour on the political agenda and setting goals

In 2020, both the Secretariat and companies participated in various meetings in relation to the Xinjiang region, including a closed dialogue between the AGT companies and the Ministry of Foreign Affairs about chain transparency and risks when doing business in this region.

The Secretariat participated in a roundtable in the Dutch parliament (Tweede Kamer) and advised Dutch politicians to steer and contribute to an adequate intervention towards the Chinese government, supported by a coalition involving relevant international organisations such as the ILO, the OECD and the WTO.

Source: AGT (2021b)

**Freedom of association.** Within the freedom of association theme, the surveyed companies reported 'quite some' impact (23%) and 'a lot' of impact (5%), while 13% suggested that the theme did not apply to them. The e-tool shows that the average score for goal setting within this theme is 37%, while the impact result has a lower average score of 16%, which is the lowest of all the impact scores (together with the theme of forced labour).

Nevertheless, several activities are described by companies in the e-tool. In 2020, cases of limited freedom of association were detected in several supply chains (Bangladesh, Myanmar and India). Signatory companies reported that these cases were addressed individually, involving suppliers, production units, respective units, and government representatives. According to the companies, most cases were resolved to the mutual satisfaction of workers, management, and the labour union.

Some signatory companies organised training in factories on freedom of association and worker representation. For instance, one signatory company reported that their suppliers in India had established worker committees through transparent election processes, without the intervention of the management. The signatory company supported this process by verifying whether the committee members were properly educated and trained. One signatory company addressed its suppliers in Vietnam specifically on freedom of association. The management teams of these suppliers showed a positive attitude towards the idea of joining unions. Subsequently, internal dialogues were initiated in which employees provided input on the working conditions through their representatives. This signatory company witnessed a faster and easier process when working explicitly on this matter.

**Living wage.** Although the living wage theme applies for most of the companies (8% of the respondents answer that it does not apply), it is notable that surveyed companies reported modestly on experiencing 'quite some' impact (26%) and 'a lot' of impact (3%) from due diligence. Companies mentioned that AGT was a good starting point to raise the issue and commence with goal setting. This is in line with the e-tool scores. The average score for developing goals on living wage is 61%, while the impact results receive an average score of 25% of the maximum score.

Specifically, some companies have initiated living wage projects involving the sharing of salary sheets, conducting worker interviews, and discussing salaries, working hours and price structure transparency with suppliers (see Box 2 for the example of Schijvens and Zeeman). Reports uploaded in the e-tool suggest that most companies have more in-depth insights on the gap between the wages paid and the living wages in supplier factories based on a wage analysis. Some signatory companies mentioned that they face challenges to calculate the living wage gap due to lacking available data. Other companies reported mapping the costs of employees per month through the Cost-of-Living Survey. The FWF Wage Ladder were also mentioned as useful. Several companies use the Wage Ladder to identify where a factory's wages fall short in comparison to these benchmarks (a few companies reported negative audit experience from production locations, resulting in a critical attitude towards the FWF Wage Ladder). When companies found that workers did not receive the minimum wage, there was active follow-up and continually checking of wage lists, which contributed to increases in wages, according to company reports.

One possible reason for the (relatively) low impact on living wages, as explained by several interviewed signatory companies, is the complexity of the theme in terms of finding solutions. Another explanation, underscored by companies in qualitative interviews, was the issue of addressing the theme in case the order volume is only limited. The companies find it difficult to convince suppliers to put substantial effort in achieving living wage.

## Box 2. Schijvens and Zeeman cooperation on living wage in Pakistan

In 2019, Schijvens Corporate Fashion and Zeeman started cooperating to pay living wages in a Pakistani textile factory. The cooperation is based on Schijvens' initiative to calculate a living wage for the MYM textile factory in Karachi Pakistan, following its earlier experiences with a factory in Turkey. As Zeeman also sources from the Pakistani factory, the Secretariat mediated between the companies and Zeeman joined the project. Both companies are also part of FWF, and together, they use 75% of the total capacity of the supplier.

The companies were assisted in this project by IDH (the Sustainable Trade Initiative), who interviewed the employees and together they determined the household costs. The calculation showed that the living wage in the region would be 29% higher than the statutory minimum wage set by the government. Together, Zeeman and Schijvens decided to raise purchasing prices in such a way that the factory owner is able to start the implementation of a living wage for all factory employees from 1 October 2019.

Source: Key informant interviews; Zeeman (2021); Schijvens (2020)

**Health and safety in the workplace.** Another area of relatively high impact on the ground, as reported by the companies, concerned the theme of safe and healthy workplaces. Surveyed companies reported 'quite some' (41%) or even 'a lot of' impact (18%). The e-tool assessment framework presents similar figures of an average impact goal score of 45% and impact result score of 43%. Companies mentioned different practical improvements, such as the development of safer buildings (in Bangladesh), installation of emergency exits, or refurbished electricity boxes.

There are many other global initiatives on health and safety reinforcing one another in their efforts on the ground and eventually leading to impact. One example is the Bangladesh Accord, an independent, legally binding agreement between brands and trade unions to work towards a safe and healthy garment and textile industry in Bangladesh. The Accord's website suggests that 20 AGT companies were part of the first Accord, implying that all their supplier factories underwent regular fire, electrical and structural safety inspections. For the recently renewed Accord, 18 out of 26 AGT signatories that source in Bangladesh have signed the agreement (Clean Clothes Campaign, 2021). This can be seen as an important part of due diligence on health and safety risks and was also promoted by the AGT.

At several production sites, AGT companies reported that actions have been implemented, including the wearing of personal protective equipment and respiratory protection as well as the installation of dust extraction equipment. Other examples of efforts involve fire and electrical engineers to conduct safety assessments at production locations. Companies that are part of FWF (six AGT signatories) declared following up health and safety issues identified from the FWF audits and provide subsequent training at the factories.

**Raw materials.** Figure 12 shows that a lot of impact was generated on the raw materials theme. Surveyed companies reported ‘quite some’ (41%) and ‘a lot of’ impact (35%). In addition, only 3% of the companies stated that the raw materials theme did not apply to them (3%). The e-tool assessment framework confirms this observation of high impact with an average result score of 89% and an average impact score of 86%. Impact refers to the use of alternative sustainable materials by tier 1 suppliers, which the AGT has promoted through the use of organically or sustainably produced raw materials (for instance, cotton) through different certification systems (e.g. Global Organic Textile Standard or Global Recycled Standard).

Data from the Secretariat illustrate the increased use of sustainable materials by signatory companies, from 16% in 2017 to roughly 38% in 2019 (Figure 14). In particular, the use of sustainably produced cotton has increased from 23% in 2017 to 55% in 2019 and the use of sustainably produced animal-derived materials has increased from 2% to 21%.

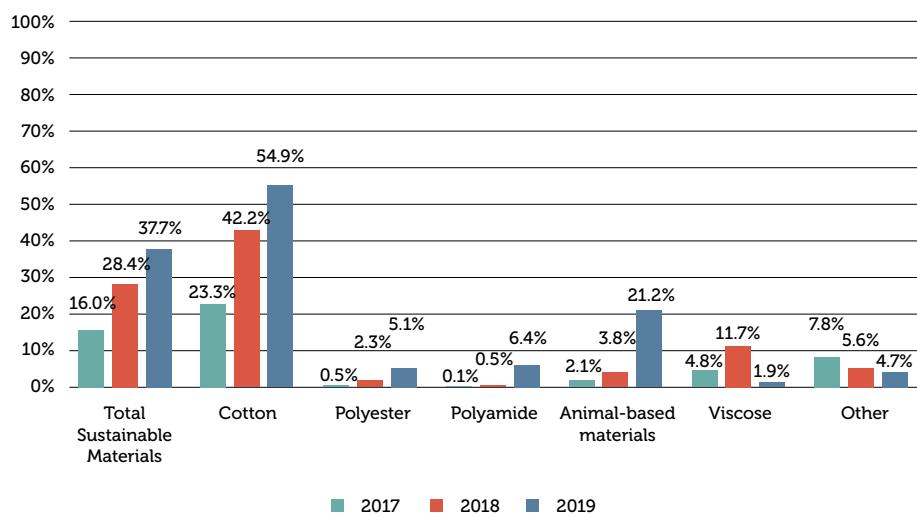


Figure 14. Percentage of sustainable raw materials by signatory companies

Source: AGT Annual Report 2020

More data sources confirm the increased use of sustainable materials as presented in Box 3. In particular, the use of sustainable cotton has a significant impact on the sector.

Box 3. Impact calculation on more sustainable materials used by AGT signatory companies

Recently, two impact assessments were completed related to the use of more sustainable materials. The first assessment addressed the impact of Better Cotton using the Impact Claims Calculator developed by the Better Cotton Initiative (BCI). The second one assesses the impact of other more sustainable materials (except Better Cotton) based on the use of the Modint Ecotool.

The Secretariat provided BCI with the aggregated data of all AGT members (except Esprit). This allowed BCI to do the calculations for the aggregate Better Cotton impact claims for those Better Cotton members which are also part of the AGT. BCI's impact calculations suggest the following:

- The aggregate sourcing in 2020 was 26,443,300 BCCUs (= kg) of Better Cotton.
- Estimated water savings generated at field level (2020): 11.9 billion litres
- Estimated pesticide reductions generated at field level (2020): 7709 kg
- Estimated farmer profitability generated at field level (2020): 5.5 million euro

The Secretariat provided a consulting company (Alcon Advies) with the aggregated data of all AGT members for other more sustainable materials in 2020 (except Better Cotton), such as organic cotton, recycled fibres, more sustainable viscose and modals, etc. Alcon Advies' impact calculations based on the Modint Ecotool show the following:

- Emission reduction of 15.8 million CO<sub>2</sub> equivalents due to the use of organic cotton instead of conventional cotton.
- Water use reduction of 45 million m<sup>3</sup> due to the use of organic cotton fibre instead of conventional cotton fibre.
- Emission reduction of 2.9 million CO<sub>2</sub> equivalents due to the use of mechanically recycled polyester fibre instead of conventional polyester fibre.
- Smaller savings in CO<sub>2</sub> emissions and water use via the use of other sustainable materials (e.g. Tencel, recycled nylon, etc.) can also be noticed but because lower volumes were used, the savings were less substantial.

Source: Data from Secretariat

**Water pollution and water, energy and chemical consumption.** Surveyed companies reported 'quite some' (31%) or 'a lot of' impact (13%) within the theme of water pollution and water, energy and chemical consumption. The e-tool analysis shows an average scores of 60% on impact goals and 54% on impact results. It is notable that the scores for goals and reported results are close, which could indicate that signatory companies have set realistic goals for their supply chains.

Data uploaded by companies in the e-tool assessment reports that approximately ten companies installed various chemical management programmes to eliminate hazardous chemicals from the supply chain. This involves input management by tracking the chemicals being used in the supply chain. It further concerns process

management which addresses and identifies on-site environmental, chemical and wastewater performance of the supply chain. Lastly, output management focuses on the conformance of output against set guidelines and ensures the elimination of hazardous chemicals from the manufacturing process. Two signatory companies declared that their suppliers have now clearer insights in their chemical management, environmental performance and environmental management.

Signatory companies also have asked suppliers (direct, indirect, and lower tiers) to report on their environmental systems, such as ZDHC, amfori BEPI, Oeko-Tex Standard 100 and Oeko-Tex STeP. For example, one company claimed that 63% of its supplying factories now have one or more certification systems running in their factories.

**Animal welfare.** The outcomes of the company survey suggest that some impact has been achieved within the animal welfare theme—18% of the surveyed companies observed ‘quite some’ impact and 7% saw ‘a lot of’ impact. The e-tool shows an average impact goal score of 35% and an average impact result score of 30%. One explanation for the low score could be that relatively few companies use animal products in their production, while many others do not. This is in line with the figure of 36% of the respondents of the company survey mentioning that the theme did not apply to their company.

Meanwhile, the e-tool provides illustrations of several initiatives within this theme. All companies using animal-derived materials reported that they address the issue of risk fibres, such as angora, mohair and real fur, and do not use products from exotic or endangered species. One company signed the Merino pledge, which is to only source merino wool from non-mulesed sheep. Other companies stated that they no longer use wool, unless it is certified in such a way that the Five Freedoms of animal welfare are met. Five companies indicated that they do not source any down/feathers that are not certified against the Responsible Down Standard or DOWNPASS. Finally, one company mapped suppliers’ farms and requested detailed documentation in order to be able to make an analysis of the level of animal welfare.

## Recommendations to Improve Impact Through Due Diligence

*Promote further outcome-level changes by companies.* Responsible purchasing practices are recognised by the AGT as critical elements of due diligence. Companies that have not yet made much progress should be further motivated to follow responsible purchasing practices. Other necessary improvements at the outcome level refer to closer relationships with suppliers, also beyond tier 1.

*Identify barriers to impact.* Despite the comprehensive support provided to companies in the context of the AGT, most impact-related due diligence scores are, on average, relatively low. This suggests the need for a deeper analysis to identify the barriers

to impact and how companies could individually and collectively overcome these barriers.

*Increase leverage through collaboration.* Specifically, companies mentioned their limited leverage with suppliers as a barrier to impact. More focus should therefore be placed on facilitating and motivating cooperation between companies when they source from the same supplier. This could be expanded to include companies from other initiatives that also source from a specific supplier. Moreover, impact projects offer the opportunity for collaborative leverage.

*Support companies in challenging impact themes.* Depending on companies' needs, more focused support on challenging impact themes should be provided to create more awareness and understanding by companies, as prerequisites for impact on specific themes.

*Improve monitoring of company actions and impact.* While the AGT assessment framework requires companies to substantiate any results achieved, the quality and depth of submitted information vary considerably. This should be improved by collecting more robust evidence in a rigorous and consistent manner. Concrete recommendations include focusing less on intentions and more on changes observed by companies, supporting companies with clear guidelines on distinguishing between outcome level and impact level changes, and setting clear exclusion criteria (what is not considered 'substantiating' information). The monitoring of company actions should include verification by local stakeholders. For a selected number of impact themes, monitoring should be linked to key result commitments by companies.

### 3.5 Effect of Transparency Measures

Transparency is a critical factor when it comes to identifying risks and working together to make improvements. In the AGT, transparency particularly relates to companies' supply chain and communication requirements of due diligence. All signatory companies are required to commit to surveying their supply chains, starting with the cut-make-trim production sites, and from year 3 onward to sites further up the supply chain. This creates an aggregated list of production locations of all participating companies together, which the Secretariat uploads to the OAR. As such, the AGT is the only initiative that discloses information beyond tier 1 suppliers. Many other initiatives either limit transparency to tier 1 suppliers or do not require their member companies to disclose suppliers at all.

**The number of production sites revealed by AGT companies has roughly doubled over time**, from 3,168 (2017) to 6,061 sites (2020) (Figure 15). Both the number of received and unique sites decreased in 2020 compared to 2021, which may be related to the exit of ten companies from the AGT in 2020.<sup>12</sup> The overlap in suppliers of

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<sup>12</sup>. In 2020, two companies also joined the AGT, but it can be expected that they were not yet able to disclose a high number of production locations, as this disclosure increases over time, as Figure 15 shows.

signatory companies has been rather limited, albeit at varying levels. In 2017 and 2018, it was around 11% before dropping to 5% in 2019 and increasing to 21% in 2020.

Meanwhile, 21 companies also added their production sites to the OAR on an individual basis (in addition to the aggregated list). Twenty are still members of the AGT today.

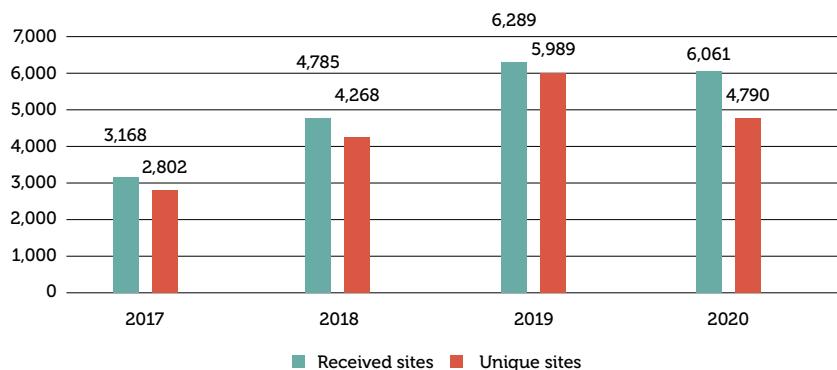


Figure 15. Aggregate number of production sites disclosed by signatory companies

Source: AGT Annual Reports and data from Secretariat

Data from the qualitative interviews reveal that many signatory companies were initially reluctant to share information about production locations. This was especially the case for small companies with fewer suppliers and for companies producing specialised products which are only produced by a few specialised suppliers. Other companies were hesitant about the transparency measure because it took extra work and there is a risk of making information public, thereby informing competitors of their production locations. A number of businesses also acknowledged that they look at the production sites of other signatory companies out of curiosity. However, companies have come to realise over time that increased transparency on production locations does not entail any competitive disadvantages for them (there were no reports of interference of competitors). According to interviewed businesses, **disclosing their production locations has become a standard feature of due diligence** for them.

Several companies also joined the Transparency Pledge, an international initiative to make companies' supply chains transparent for better collaboration with CSOs in identifying, assessing, and avoiding actual or potential adverse human rights impacts. By 2021, twenty AGT signatory companies had signed the Pledge, and at the time of writing the report, there still are nineteen signatories committed to the Pledge. This means that these companies went a step further than what was expected and disclose what their production locations are, what kind of clothing is made there and how many people work at these locations.

Signatory companies are relatively positive about the aggregate list of production locations and the communication requirements of the AGT (Figure 16).

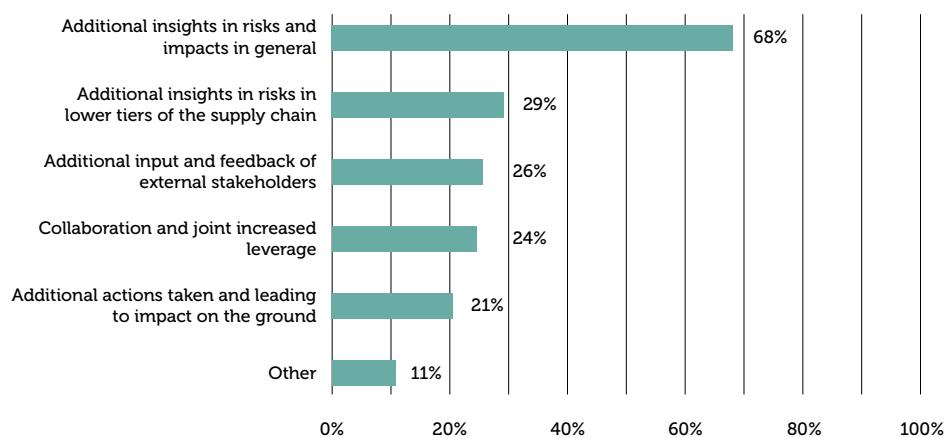


Figure 16. Effects of transparency measures in the AGT, according to signatory companies

Source: KIT AGT final evaluation company survey

Figure 16 shows that a large majority (68%) of the surveyed companies mentioned that they gained **additional insights into risks and impacts in general**. The transparency measures, such as disclosing production locations, stimulated companies to engage more critically with their supply chains, starting with tier 1 suppliers. As this was a new exercise for most member companies, it helped them to gain insights into risks and adverse impacts in their supply chains.

Only a limited number of surveyed companies (29%) gained **additional insights into risks in lower tiers of the supply chain**. The information is much more difficult to get and not easily shared. As a result, the additional insights into supply chain risks are still relatively limited. This can also be owed to the fact that companies only need to disclose lower-tier suppliers from year 3 of their AGT membership.

Likewise, only a quarter of the surveyed companies (26%) received **additional input and feedback from external stakeholders**. Interviewed companies and sector associations mentioned that other parties can now find the signatory companies easier. However, interviewed CSOs did not fully agree with this. They observed that the aggregated production list on OAR only reveals that a certain production site is linked to an AGT signatory company, but not which one (unless the respective company uploaded this information directly or shared it on their website). The Secretariat suggests that, as many signatory companies have put their individual supplier lists on the OAR or Transparency Pledge, about 80% of the aggregated AGT list can now be traced to an individual company. As a result, in case of any adverse human rights impact, CSOs have to contact the Secretariat who then asks the concerned company to reveal its identity. Most CSOs indicated to use the list of

production sites for their work and share the list with their networks in producing countries. Other CSOs suggested that they also use the list of production locations to check for any overlaps in suppliers in the preparation of collective activities.

**Collaboration and joint increased leverage** have been relevant outcomes for 24% of the surveyed companies. For most companies, however, collaboration and increased leverage are impeded by the limited overlap in production locations. Companies that did indicate the effect of greater collaboration, suggested that they look for opportunities to work together at production locations, especially as individual companies often have limited leverage. Even some large companies stated that they only have a 5% share in production and seek collaboration to bring about change.

Increased transparency has also led to **additional actions being taken and leading to impact on the ground**, according to 21% of the surveyed companies. This may be connected to the use of the list of production sites by CSOs, as the starting point for raising issues. Interviewed CSOs were positive that full transparency (being able to trace back a supplier to a company) seems to promote quicker corrective actions by companies. A case in point is the research by SOMO and Arisa, published in May 2021, on poor labour conditions in 29 spinning mills in Tamil Nadu (India). The findings showed that five of these spinning mills were connected to AGT signatory companies (Overeem et al., 2021). Following Arisa and SOMO's request for further information, the Secretariat facilitated contact with three AGT companies. All three companies reacted to the claims brought forward by the NGOs. One company indicated that it had already stopped its relationship with the supplier in 2019 due to a lack of supply chain transparency. Another company attempted to enter into dialogue with the respective supplier, but in view of the supplier's unwillingness to discuss the issues raised, the company decided to terminate its relationship. The third company responded that it would investigate the issue and that the supplier would also be part of an upcoming improvement project (Overeem et al., 2021).

The example of this research demonstrates that supply chain transparency makes companies more vulnerable to public exposure compared to less transparent companies. Yet, it also shows that AGT companies can engage with externally revealed information, check what relationship they have with named suppliers and find means of (dis-)engagement.

### 3.6 Effectiveness and Limitations of the Disputes and Complaints Mechanism

The AGT comprises a formal Complaints and Dispute Mechanism, which corresponds to a non-state-based grievance mechanism according to the UNGPs. The AGT's mechanism includes an independent Complaints and Disputes Committee (CDC, established in 2017), with the power to make binding decisions for the AGT's signatory companies. Disputes are issues between companies and the Secretariat over the evaluations of the companies' annual action plans; or between parties themselves

about the nature or execution of the Agreement. Complaints are issues filed by parties adversely affected by a business that has signed the Agreement. This can include representatives of employees or other CSOs that represent the interests of people, the environment or animals.

The complaints mechanism distinguishes between ‘raising an issue’ and ‘filing a complaint’. When CSOs find information about issues or (alleged) malpractices at specific production locations, they can use the aggregated list of production locations to find out whether any of the AGT companies are associated with these production locations. If this is the case, they contact the Secretariat, who will identify and contact the company in question to discuss the issue and encourage effective due diligence. Effective due diligence includes understanding the (alleged) issue, taking action to eliminate or minimise, prevent recurrence, and arranging for compensation when necessary. Where requested by the companies, the Secretariat facilitates contact to the party raising the issue. The company then needs to report on the actions taken in the yearly action plan. The main aim of this procedure is for affected parties to try to mutually solve the problem. Should no solution be found between affected groups and the company concerned, a formal complaint can be filed and submitted to the CDC. Involved parties need to show that they have not been able to reach agreement or resolve the issue as a prerequisite for the admissibility of formal complaints. The decisions of the CDC are public and published on the website of the SER.

## Use of the Complaints and Dispute Mechanism

The use of the formal component of the Complaints and Dispute Mechanism has been limited, with only four formal cases (two disputes and two complaints) registered with the CDC throughout the duration of the AGT (Table 7).

Table 7. Number of filed disputes and complaints

Type	Number	Closed
Disputes	2	2
Issues raised	49	21
Formal complaints	2	2 <sup>1</sup>

Source: AGT Annual Reports; data from Secretariat

Note: <sup>1</sup> Second formal complaint: interim ruling (case not closed).

However, the number of issues raised with the Secretariat about conditions in producing countries has been higher: in total, 49 issues were received by the Secretariat. In the last two years of the AGT, an increase in issues raised was registered, from 7 in 2017 to 15 in 2020 (Figure 17).

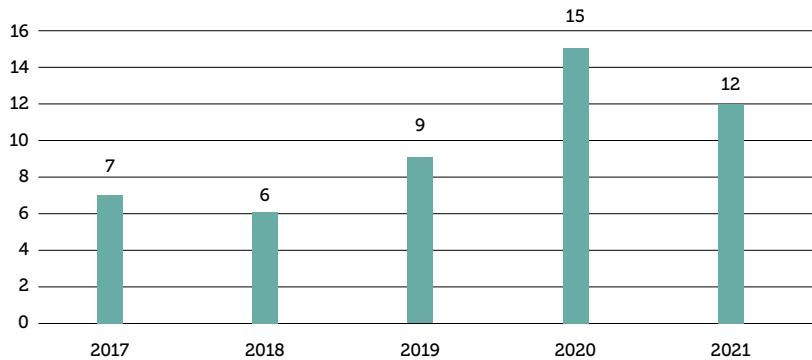


Figure 17. Issues raised and received by the Secretariat

Source: Data from Secretariat

Issues were usually brought forward by AGT parties (participating NGOs and unions), Dutch NGOs (e.g. SOMO) and AGT support organisations (e.g. Fair Labor Association). In all cases, the Secretariat connected the complaining party (or parties) to the signatory company that sourced from the implicated supplier to facilitate interaction and dialogue. According to information from the Secretariat, 21 cases have been closed, 27 cases are still ongoing, and 1 case is labelled as 'progress unknown'. The status 'closed' implies that a solution has been found, that the signatory company no longer sources from the supplier, or that the assumed linkages between AGT companies and the implicated supplier were not correct (AGT, 2018a).

However, detailed information on a case-by-case basis is not available, except for an overview from 2018 on eight issues raised published by the Secretariat (AGT, 2018a). Also, interviewed AGT members were not aware of how many issues were submitted annually and what happened with these issues. CSOs indicated that they are typically not involved in or informed of the actions taken by companies, even if they helped raising the issue. The Secretariat has no detailed overview either, although they check with companies on the issue of concern during the annual assessment interviews. At the same time, the Secretariat only sees itself as a facilitator to establish connections between complaining parties to signatory companies, since complaining parties usually do not know which AGT company sources from a specific supplier where adverse impacts (allegedly) occur. After making these connections, the Secretariat does not participate in the process. As a result, there are no means of externally verifying whether the issue raised has been resolved.

Two issues raised against C&A were escalated to the CDC—one by Arisa as a party to the AGT and one by SOMO, Clean Clothes Campaign (SKC) and a Myanmar labour rights organisation (all external organisations to the AGT). In both rulings (one final and one interim), the CDC essentially dismissed the cases as substantially unfounded and did not require the company concerned to engage in or contribute to access to remedy (see Box 4 for details). This was criticised by the complainant NGOs as not in alignment with the OECD Guidelines (Arisa, 2021; SOMO et al., 2021). They indicated that they would not consider submitting another complaint based on these initial experiences. Other CSOs also criticised that the CDC rulings had not helped

to resolve the (allegations of) severe negative impact at specific supplier locations in India and Myanmar. Non-CSO stakeholders, however, emphasised that the rulings had created awareness that NGOs needed to (better) substantiate their complaints, whereas implicated companies needed to communicate better on how they dealt with complaints and what actions they took to resolve them.

#### Box 4. Formal complaint cases at the AGT

The first complaint was raised by Arisa against C&A and concerned alleged severe malpractices by a supplier for C&A located in Tamil Nadu (India). The complaint was first brought forward in 2019 when Arisa informed C&A about human rights violations at its supplier. When communication with C&A did not result in a solution, Arisa filed a formal complaint in May 2020. In its ruling in December 2020, the CDC substantiated Arisa's view that C&A did not share enough information with Arisa and indicated that AGT signatories must share information with relevant external parties about possible abuses and risks in their supply chain and how they address them. For example, Arisa only found out during the complaints procedure that C&A had, in fact, already decided to terminate the contract with the concerned supplier in late 2019, with effect at the end of 2020. However, the CDC did not consider Arisa to have provided enough evidence that it acted as a 'mandated party' on behalf of innominate employees at the supplier. Moreover, the CDC considered the substantive parts of the complaints unfounded and declared that C&A cannot be held responsible for situations outside its direct sphere of influence as "it has no contractual relation to the employees, but only to the supplier". Arisa has challenged this conclusion as being at odds with the OECD Guidelines and the AGT, which require meaningful stakeholder engagement (including with employees of suppliers) (Arisa, 2021). C&A did not publish a reaction to the ruling.

The second complaint was submitted in July 2020 by SOMO, SKC and a Myanmar labour rights organisation ('Z') against C&A's alleged insufficient efforts to address union-busting and labour rights violations at one of their supplier factories in Yangon, Myanmar. Communication between the parties on the conditions at the factory started in 2018 but did not result in improvements. As a consequence, the complainants escalated the case to the CDC. In its interim ruling in May 2021, the CDC acknowledged that C&A should have shared more information on its actions regarding labour conditions at the factory with stakeholders. Yet, the CDC considered the complaint to be unfounded because of insufficient and specific evidence that C&A had failed on its due diligence obligations. The CDC, therefore, advised all parties to engage anew in dialogue. Should this not succeed, the CDC would take up the case again. According to the CDC, this has since been the case, and handling of the complaint was resumed. SOMO et al. submitted a memorandum at the end of October. C&A must submit a memorandum by the beginning of December 2021 at the latest. After that, another hearing may take place before the CDC formulates a ruling (CDC, 2021). This suggests that the final ruling will only come after the end of the AGT.

Source: Data from Secretariat

The CDC also handled two dispute cases against company's action plans, which were brought forward in late 2018 (Secretariat vs van Dijk; Secretariat vs. Manderley Fashion; rulings in May 2019). One company decided to withdraw from the AGT, the other company has remained.

## Effectiveness of the Complaints and Dispute Mechanism

The effectiveness of the Complaints and Dispute Mechanism can be considered to be low. First, the **low number of complaints** submitted to the CDC has limited the mechanism's practical application and relevance.

Second, more issues on (allegedly) adverse conditions at the production level were raised but **without clearly documented outcomes**. The limited transparency was already criticised by the OECD Alignment Assessment (OECD, 2020). In response, the AGT developed a guideline for the complaints procedure to provide details on the process of receiving complaints. However, this guide does not address the issue of reporting on the handling of complaints and does not allocate clear reporting responsibilities to any of the parties involved. No transparent reporting on the process and outcomes of issues raised from any party involved can be observed.

Third, the complaints mechanism depends on a limited number of mostly Dutch CSOs (or AGT support organisations) to raise an issue, which suggests that **it is not known or accessible to stakeholders in producing countries**. This is not in line with the UNGP effectiveness criteria for non-judicial grievance mechanisms, which demand 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 (UN, 2011). This shortcoming was already documented by previous external evaluations (Avance, 2019; OECD, 2020; KIT, 2020) and has not changed significantly since then. However, the AGT has recognised the problem and recently sought collaboration with FWF to make use of the Foundations' established grievance mechanism in a pilot project, together with the PST (Box 5). During the 18-month pilot, two of the AGT's signatory companies will introduce and promote the complaints mechanism among selected suppliers in India and Vietnam. Since this is a new project, there are no reported results as of yet.

### Box 5. Collaboration for access to remedy

Since April 2021, the AGT has been cooperating with FWF and PST to provide workers in the supply chains of participating companies with improved access to remedy and formal grievance mechanisms. Through the cooperation, a group of two AGT companies and three PST companies get access to the FWF grievance mechanism in Vietnam and India. During this time, the companies will need to introduce and promote the FWF mechanism among suppliers, participate in the investigation of complaints, and implement remedy and redemption. Grievance cases will be published on FWF's website. At the same time, FWF supports the companies in establishing internal processes for receiving and resolving complaints as well as raising awareness of the mechanism in their supplier factories.

Source: PST (2021)

Fourth, while interviewees suggested that the presence of the CDC has acted as a motivation for signatory companies to improve their due diligence efforts before escalation to a formal procedure, only limited evidence was found in this regard. There are at least five cases documented where the Secretariat recommended the Steering Committee to escalate to the CDC when companies had failed to comply with their due diligence requirements during assessment cycles. In three cases, the threat of escalation led to increased company efforts to submit missing information to the Secretariat—which can be taken as an improvement of their due diligence. In two cases, the companies exited the AGT prior to escalation. It can thus be observed that the threat of submitting a formal dispute to the CDC influences company behaviour, but this only happened in very few cases. No wider effect is discernible, as **interviewed companies indicated that the AGT Complaints and Disputes Mechanism was not relevant for them.**

Finally, the experiences of the two formal complaint cases speak to the **challenge of interpreting the OECD Guidelines in a voluntary multi-stakeholder initiative**. On the one hand, the two cases bring to light conflicting interpretations of the OECD Guidelines by CSOs, companies and the CDC (Leone, 2021). On the other hand, interviewed stakeholders suggested that the emphasis on legal procedures made the accused company defensive and put undue pressure on the workers who testified. Instead of finding a solution to the issues brought forward, the focus of the procedure was on the evidence presented by each side. This suggests that the interpretative and legal uncertainties which the involved parties had to grapple with reinforced opposing viewpoints rather than stimulating joint constructive efforts to address the issues raised.

## Reasons Behind the Limited Number of Complaints Filed

Interviews and internal AGT documents suggest that several reasons explain the limited number of issues raised and formal complaints filed.

**High dependence on a few CSOs to submit a complaint.** From within the AGT and its close stakeholders (e.g. AGT support organisations; other Dutch NGOs), there are only a few organisations that raised issues against signatory companies. This was done by Arisa, FNV, CNV, amfori, Fair Labor Association, FWF, SKC, SOMO and an Indian NGO. Only three organisations submitted a formal complaint, namely Arisa, SKC and SOMO. This shows that complaints are not submitted from a diverse range of organisations, rendering the functioning of the mechanism dependent on a limited number of (mostly Dutch) CSOs who are (highly) familiar with the AGT and who have a watchdog function.

**Limited transparency of production sites.** Interviewed CSOs reported that the limited transparency around companies' production sites was a key barrier to submitting a complaint, especially in the first years of the AGT. Two developments have led to improved transparency since 2019: the submission of the aggregate production location list to the OAR (which enables CSOs to make a link between a certain supplier and the AGT) and the commitment of a growing number of signatory companies to the Transparency Pledge (publishing all their suppliers' names). However, there are still many suppliers deeper in companies' supply chains who have not yet been disclosed, as companies need to start reporting beyond tier 1 suppliers starting with their third year of AGT membership, suggesting that there are more suppliers to AGT signatories than currently known.

**Reluctance of CSOs to escalate to formal complaints.** Interviewed CSOs reported that they were reluctant to escalate issues raised to the CDC. Firstly, they did not want to create antagonistic relationships with the accused company but preferred looking for solutions together. Interviewed CSOs felt that an issue raised was perceived as something negative by signatory companies and the sector associations instead of an opportunity to enter into dialogue. Secondly, a number of interviewed CSOs revealed that they had not considered raising an issue and submitting a complaint, as this does not fit their organisational mission. Thirdly, CSOs indicated that submitting a complaint is associated with costs<sup>13</sup> and administrative work but does not offer clear prospects that the problem will be resolved. The interviewed organisations assessed the costs and benefits of filing a formal complaint and partially decided against initiating a formal procedure, except for the above mentioned two cases. Finally, CSOs suggest that the handling of these cases has reinforced their reluctance to escalate issues raised. They emphasised that the formal Disputes and Complaints mechanism was not perceived as constructive to resolve the issues brought forward.

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<sup>13</sup>. Article 35 of the rules of procedure of the Complaints and Dispute Mechanism specifies that both parties carry their own costs—unless the violation in question is deemed a substantial violation of the AGT, in which case the accused company can be mandated to reimburse the costs of the complainant.

**Inaccessibility of AGT complaints mechanism for workers in production locations.** The Complaints and Dispute Mechanism depends on CSOs to submit complaints on behalf of workers in supplier factories, as these workers lack awareness of the existence of such a mechanism. Awareness-raising among workers in supplier factories to signatory companies, as done by other initiatives such as FWF to facilitate the use of a grievance mechanism, was not part of the AGT. The AGT also does not have a network of local organisations that could provide support awareness-raising and training. Even when workers are aware of the complaints mechanism, the barriers to raising complaints are (too) high, including language barriers, fear of negative repercussions, administrative requirements (e.g. access to email), substantiating claims with sufficient documented evidence, and identifying the respective AGT company sourcing from their factory. Several interviewees also mentioned cultural barriers which hinder employees from making complaints against employers. Finally, the rules of procedure of the Complaints and Dispute Mechanism specify that each party—complainants and the accused—need to carry their own costs.<sup>14</sup> Unless workers find an organisation willing to cover these costs, they will not be able to submit complaints.

**Limited company interest in AGT complaints mechanism.** Interviewed companies confirmed that the Complaints and Dispute Mechanism was not relevant for them. Instead, they emphasised the importance of having an operational complaint management system at the supplier level. As such, companies did not promote the mechanism with their suppliers. They also do not publish the complaints mechanism on their website. Several companies are also part of other initiatives with a collective grievance mechanism, such as FWF (six AGT companies are a member), amfori BSCI (21 AGT companies are a member) and the Bangladesh Accord (15 AGT were a member of the first Accord and 18 have signed the new Accord).

**Procedural barriers for complainants.** The rules of procedure of the Complaints and Dispute Mechanism detailed that the costs of the procedure needed to be borne by the complainant if the complainant acted in ‘bad faith’. As this was not further defined, it scared off stakeholders and was also not in line with the UNGP requirements for non-judicial grievance mechanisms. Based on the advice of the OECD and the task group on the Complaints and Dispute Mechanism, the AGT Steering Committee decided to remove the clause on ‘bad faith’ in June 2021.

## Recommendations to Improve Effectiveness of the Disputes and Complaints Mechanism

*Cooperate for cross-initiative grievance mechanism.* Based on the low effectiveness of the current mechanism, it is recommended to have a cross-initiative grievance mechanism with other initiatives instead of an AGT-exclusive mechanism. A cross-initiative mechanism has potential for greater accessibility and effectiveness. The FWF pilot project is a step in the right direction, but there are also other initiatives and local grievance mechanisms that lend itself for cooperation.

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<sup>14</sup>. See previous footnote.

The following recommendations should be kept in mind for the design of a future grievance mechanism, regardless of its organisational grounding (as a single- or cross-initiative mechanism):

*Increase awareness of the complaints mechanism.* AGT parties and signatory companies should promote the mechanism in production countries, especially with suppliers to AGT brands. Signatory companies' actions in this regard could also be part of their annual assessment. This is important to complement local level procedures (e.g. at the level of suppliers).

*Improve access to and use of the complaints mechanism.* The barriers identified in this evaluation need to be addressed to improve access to the complaints mechanism for workers. This includes that workers (and their representatives) have the capacity to submit complaints (e.g. through targeted training) and have access to financial resources to cover the costs associated with filing complaints. Trust in the mechanism, as a prerequisite for the use of the complaints mechanism, can be built by increasing the interaction with potential users of the mechanism and ensuring that lodging complaints will not lead to sanctions against the submitting party. Improve the transparency around issues raised. Stakeholders across the board, including AGT members, were uncertain about the number and types of issues raised against signatory companies and the outcomes of these complaints. Reporting and communication should therefore be improved while maintaining confidentiality (of the workers/local unions and accused companies). Important information includes the geographic origin of the issue raised, supply chain level, type of (alleged) violation, process steps taken, current status, conclusion/resolution. Initiative-internal reporting should be the responsibility of the companies involved. Public communication should be the responsibility of the Secretariat.

*Improve guidance for involved parties in a formal complaint.* The two cases processed by the CDC offer interesting lessons for improvement, including improving guidance for the submitting party on lodging an admissible and well-founded complaint, guidance for the accused company on how to respond to a complaint, and clarity for each party on the different steps in the complaint process. While steps towards improved guidance were made after the first formal complaint, 'user manual' for complainants and accused parties is required in order to improve the efficiency and transparency of the complaints procedure. The rules of procedure published by the CDC are not sufficient in this regard.

*Focus on finding solutions for human rights violations.* The two cases addressed by the CDC set a precedence to offer victims of human rights violations access to remedy. The substantive parts of both complaints were declared unfounded. From a legal point of view, this may have been the case. However, the rulings did not contribute to finding a solution for the complaints lodged (or improvements to the status quo)—which should be the starting point for the Complaints and Disputes Mechanism.

*Improve follow-up to CDC rulings.* CDC rulings, including (non-binding) recommendations, should be followed by clear monitoring and review arrangements to assess whether and to what extent improvements take place with regard to the complaints registered. This should be the responsibility of the CDC. The second ruling by the CDC already entailed a step in this direction but should be complemented with concrete agreements among the parties involved.

## **Recommendations to Improve Increased workers' Voices in the AGT Beyond the Complaints and Dispute Mechanism**

*Improve companies' engagement with stakeholders in producing countries.* While companies have increased their stakeholder engagement over the last years, this has mostly focused on NGOs and unions in the Netherlands. Yet, stakeholder engagement should be broadened to include suppliers, workers, their representatives, community organisations and local governments. Companies should include these stakeholders to inform their due diligence, e.g. annual action plans, supplier relations and supplier assessments, and monitoring and assessment of impacts.

*Support companies in strengthening worker voices at suppliers.* Several studies have shown the inefficiency of auditing process-oriented components of working conditions at the supplier level, such as freedom of association and right to collective bargaining (e.g. Egels-Zanden & Merk, 2014; Anner, 2017; LeBaron et al., 2017; Kumar, 2018). Yet, as verification of process issues is complex, the dependency on social audits is high, according to interviewed stakeholders. Finding alternative entry points for strengthening worker voices should therefore be encouraged. The AMPLIFY project has proposed a number of complementary 'action routes' for companies, together with NGOs and unions (CNV & FNV, 2020), such as:

- *Support suppliers to engage in social dialogue.* Suppliers should be supported in strengthening the voice and representation of their workers. This may be facilitated by showing the 'business case' of worker empowerment, especially the advantages of detecting and resolving problems before they become complicated and costly crises. Suppliers can be supported through training on workplace social dialogue, worker representative systems, and grievance and conflict resolution mechanisms.
- *Engage with local unions and worker representatives.* Worker voices can be strengthened by engaging with local unions and worker representatives on the rights and roles of unions and the process of social dialogue. It is important to include a discrimination lens, as unions are often male-dominated, which may not match the realities of the workforce of AGT suppliers and may therefore neglect the needs of women and vulnerable workers.

*Improve workers' visibility in the AGT.* Finally, the AGT can support workers' voices by increasing their presence in the AGT. For example, the AGT can support worker delegates to attend the annual members' day or to dial in during (online) meetings of working groups or the Steering Committee.



# IMPACT PATHWAY 2

## Collective Actions and Projects on Complex Issues and Risks

One of the main objectives of the AGT is to develop joint activities and projects to address problems that companies in the garment and textile sector cannot (completely) resolve on their own. This is captured under impact pathway 2, where projects are depicted to lead to sustainable practices at signatories' production locations and respect for human rights of workers and communities, the environment and animal welfare.

This section assesses the collective activities and projects of AGT parties, including an evaluation of what is known about the impact on the ground.

### 4.1 Collective Projects in the AGT

The AGT has developed several collective projects in which signatory companies and support organisations aim to jointly implement activities in production countries on specific issues. Often, other external parties are involved to implement particular activities. Table 8 provides an overview of past and ongoing collective projects. What constitutes a collective project can be interpreted in several ways. Here we use a broad definition, listing all projects that have come about with some facilitation or linkage made by the AGT. Two projects have been completed, six projects are ongoing, one project is on hold because of the political situation in Myanmar, and four projects that are still in the submission stage for funding from RVO. The 'Factory support program' in India consists of three parts, which we have counted as one project here. Each part works with a different set of brands and suppliers. The third part of this project is still in the funding application stage. The evaluation has focused on the projects 'Remedies towards a better workplace' and 'Sustainability in dye houses', as these have been completed and their results could therefore be assessed. It was a challenge for the evaluation team to get in contact with supplying companies in the producing countries that were involved in the projects due to their reluctance to be interviewed. The Tamil Nadu 'Factory support programme' has been evaluated as part of an evaluation of RVO's Fund for Responsible Business (FVO) and therefore only one interview was conducted as this would otherwise overburden respondents. This project can be seen as a follow-up to the Indian component of the 'Remedies towards a better workplace'-project, while 'Better Business for Children' is a larger effort led by UNICEF that builds on learnings from the Bangladesh component of that same project. A number of other initiatives are being implemented, which do not have the characteristics of a collective project and are therefore excluded from the table below. These include the bilateral living wage project (implemented by Schijvens and Zeeman) and the collective living wage initiative, which included trainings for participating companies.

Table 8. Overview of collective projects

Project name	Countries	Topic	Start date	End date	Funds	No. of signatory companies involved	No. of implementing organisations involved <sup>2</sup>
Remedies towards a better workplace <sup>1</sup>	India, Bangladesh	Child labour/ working conditions	09/17	09/19	RVO-FKB	6	8
Sustainability in dye houses <sup>1</sup>	China	Water, energy, chemicals	07/19	12/20	BZ (consulate Shanghai)	6	1
Factory Support Programme <sup>1</sup>	India	Working conditions	09/20	09/23	RVO-FVO	8	3
Factory Support Programme (part 2)		All social themes	10/21	10/24		2	2
Factory Support Programme (part 3)		All social themes	pipeline			5 or 6	2
Amplify\J	Indonesia, Myanmar, Cambodia, Vietnam, Bangladesh, India, Bulgaria, Ethiopia, Mexico, Honduras	Freedom of Association and Social Dialogue	09/20	03/22	In-kind contributions	19	2
Pilot Grievance mechanism FWF	Vietnam, Myanmar India	Working conditions	04/21	10/22	AGT & PST	3	3
Eco-Tool: WECh (chemicals, water and energy)	N/A	Occupational health and safety, raw materials, water energy, chemicals	01/21	01/24	RVO-FVO	3	3
Better Business for Children	Turkey	Child labour (child rights)	04/21	04/24	RVO-FBK	3	1
Shared supplier Vietnam	Vietnam	Freedom of Association, Living Wage	2021	2024	RVO-FVO	3	1
Wage management systems	Myanmar	Living wage	On hold		RVO-FVO	1	1
Cleaner production	Bangladesh	Water, energy, chemicals	pipeline		RVO-FVO	4	1
Living wage & gender	Turkey	Living wage	pipeline		RVO-FVO	1	1
Organic Cotton Accelerator	India	Raw materials	pipeline		RVO-FVO	TBD	1
WECh based on ZDHC	Turkey, India, Bangladesh, China	Water, energy, chemicals	pipeline		RVO-FVO	TBD	2

Source: AGT project overview; AGT website; key informant interviews

Note: <sup>1</sup> Included in interviews as part of this evaluation. <sup>2</sup> Implementing organisations include AGT support organisations as well as other local and international organisations involved in implementation.

## 4.2 Contribution of Collective Projects to the Effectiveness of the AGT

This section first describes the contribution to the objectives of the collective projects that have been completed.

### **Objective 1: Improve the situation for groups experiencing adverse impacts.**

According to key informant interviews, completed projects have had an impact on the employees of suppliers. However, there is no available verifiable evidence of these impacts. The impact is limited to only those suppliers that participated, mainly tier 1 and some tier 2. This is further elaborated in Section 4.4.

**Objective 2: Provide guidelines for companies.** Three of the projects developed tangible tools and products that can be used by companies to replicate with other suppliers (outputs). Other newer projects (in particular the Eco-tool project) are aiming to do the same. Not all of the tools or guidelines are publicly available. Table 9 provides an overview of tools developed so far. For one project, the AGT website also includes tools originating from other projects. These have been excluded from the overview. The company survey showed that 70% of respondents found the tools and reports of the AGT useful or very useful. This question did not specify the source of the tools and reports (whether from the collective projects or not). In key informant interviews, companies did not specifically mention the tools in relation to the projects, while implementing partners highlighted them as scalable products.

Table 9. Overview of tools and guidelines developed

Project	Number of tools & guidelines	Topics	Publicly available
Remedies towards a better workplace	17, of which 5 could not be verified to have been produced under this project.	<ul style="list-style-type: none"><li>Supply chain mapping &amp; traceability</li><li>Child labour</li><li>Forced labour</li><li>Freedom of association</li></ul>	Yes, in 3 cases only on request <sup>1</sup> .
Sustainability in dye houses	21	<ul style="list-style-type: none"><li>Site visit checklist</li><li>Environmental &amp; social management systems</li><li>Chemical management</li><li>Personal protective equipment</li><li>Resource efficiency</li><li>Training, communication &amp; awareness</li></ul>	No
Living wage	1	Living wage benchmarks	Yes

Source: AGT website; documents from Secretariat, key informant interviews.

Note: <sup>1</sup> See: <https://www.imvoconvenanten.nl/en/garments-textile/tools>. The tools produced by FLA are being added as publicly available documents.

**Objective 3: Develop joint activities and projects.** The aim of the collective projects was to develop joint activities and joint solutions to complex issues. The overview in Table 8 shows the initial challenges in starting collective projects, as shown by a low number of projects starting in the first three years, however as trust between the signatory parties and insight into the potential benefits gradually increased, more collective projects started. COVID-19 and political unrest in some countries caused some delays, led to the withdrawal of some companies from projects, or hindered

projects from starting. The number of companies that participated also increased, yet out of all signatory companies, 56% did not participate in any collective projects, while 11% participated in three or more projects (Figure 18). Companies interviewed provided two main reasons not to participate in collective projects. Firstly, there was a perceived lack of relevance of project themes and/or of countries where they take place, either because they source from other high-risk countries than those where projects take place, or because they source from so-called low-risk countries (further elaborated in Section 4.4). A second reason provided was a lack of capacity (or commitment) for the company to implement projects. In addition, an analysis developed by the Secretariat for the March 2021 Steering Committee meeting found that for some companies (9), the projects have come too early in their improvement process, implying that they have yet to identify the most salient risks in their supply chains (AGT, 2021a).

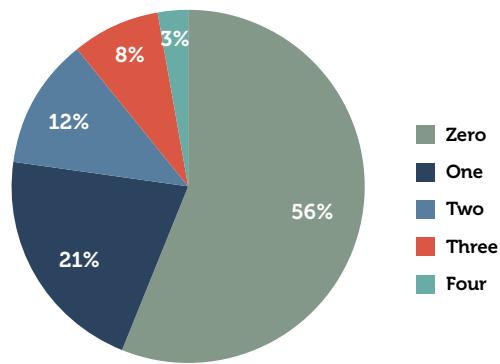


Figure 18. Number of projects signatory companies participate in

Source: Secretariat overview document

Note: The analysis only includes projects that have started, not those in the pipeline.

As will be further elaborated in Section 4.3, key informant interviews among companies participating in collective projects showed that they found them useful to start working on concrete issues with suppliers and to work with local CSOs on these issues. Only one company also referred to the benefit of peer-to-peer learning with other signatory companies. This was also indicated as a benefit of the Schijvens and Zeeman project on living wage, although this was not an AGT collective project. It does indicate that there is potential for such learning to emerge.

While we were unable to assess the effects of the newer projects, we can make some observations about the nature of these later projects. Table 8 shows that the collective projects that started in 2021 all have three or fewer signatory companies and only one implementing organisation and only take place in one production country. This seems to indicate learning with regard to implementing projects that suit the salient risks of brands in a particular location and ensuring that projects fit the local circumstances. Key informant interviews also indicate that concrete learnings that were generated by the project 'Remedies towards a better workplace' in Bangladesh have now been taken forward in the project 'Better Business for

Children' in Turkey. These include 1) the most appropriate ways of presenting the issues of the project to suppliers (child rights); 2) more customisation to the local context; 3) working deeper in the supply chain; 4) spending more time on concrete interventions with suppliers.

The objectives of the projects, as stated in project documents, are summarised in Table 10. This table shows that the content or objectives of the projects have not changed dramatically over time. Some projects have a clearer focus on changes in behaviours and policies among brands, whereas others appear to have a stronger direct focus on the suppliers. However, we are unable to conclude from this that this is a shift that happened over time and not just a difference in the focus of those participating in the project. Another observation is that in some cases project objectives differ from what is eventually monitored, which makes it difficult to conclude the degree to which projects are set up for scaling.

Table 10. Overview of project goals of collective projects (in chronological order of start date)

Project name		Ultimate goal	Intermediate goals/ approach
<b>Remedies towards a better workplace<sup>1</sup></b>	Improved conditions and procedures at the factory level to enhance children's rights and prevent and mitigate child labour risks.	<ul style="list-style-type: none"> <li>Develop and implement tools for supply chain mapping of brands, agents and suppliers (supply chain mapping, factory visit guide etc.).</li> <li>Create insight and transparency in VC of companies beyond tier 1.</li> <li>Design and implement action plans to address child labour and its root causes and adjust company' policies.</li> <li>Share lessons learned with all signatory companies and publicly.</li> </ul>	
<b>Sustainability in dye houses<sup>2</sup></b>	Improved environmental and social performance in the Chinese wet processing industry.	<ul style="list-style-type: none"> <li>Assess level of environmental and social performance at dye houses.</li> <li>Formulate action plan for improvement, tailored to needs and capacities.</li> <li>Coach dye houses on implementation.</li> <li>Monitor improvements on environmental and social performance related to pollution prevention, reducing resource consumption and occupational health &amp; safety.</li> </ul>	
<b>Tamil Nadu Factory Support Programmes<sup>3</sup></b>	Improved working conditions by establishing effective grievance mechanisms at factory level.	<ul style="list-style-type: none"> <li>Suppliers improve worker-management relations through (1) improved awareness of worker rights and responsibilities and (2) establishing functioning worker-management committees through transparent elections compliant with local laws and regulations.</li> <li>Workers address areas for improvement through worker-management committees (and are trained to do so).</li> <li>Brands gain insight in their Tamil Nadu supply chains and support suppliers in identification and improving working and housing conditions.</li> <li>Collaboration between companies and parties of the AGT is strengthened.</li> </ul>	
<b>Amplify<sup>4</sup></b>	Workers in companies' supply chains are organised, collective bargaining is started up.	<ul style="list-style-type: none"> <li>Incubator, one-on-one guidance of brands to define and elaborate own ToC and scrutinizing policies and practices to promote FoA, leading to deepened knowledge about the FoA situation in own supply chain.</li> <li>Brands develop, implement and reflect on own action plans on FoA.</li> <li>Capacity development of selected supplier management and workers.</li> <li>Practical lessons on promoting FoA in garment supply chains made available to a wider public.</li> </ul>	
<b>Eco-Tool: WECh<sup>5</sup></b>	Companies understand the environmental impact of their products and processes and are able to evaluate different options to adjust them	<ul style="list-style-type: none"> <li>Testing of Modint Eco-tool with companies through cases, with data collection to test the</li> </ul>	
<b>Better Business for Children<sup>6</sup></b>	Improved respect and support for the rights of children, working parents and young workers	<ul style="list-style-type: none"> <li>Implement child footprinting and rapid analysis tools with suppliers, to build understanding of the effect of business on children.</li> <li>Develop action plan for child and family-friendly business policies and practices (prototype solutions).</li> <li>Test, monitor and refine prototype solutions.</li> </ul>	
<b>Shared supplier Vietnam<sup>7</sup></b>	Improved social dialogues at shared supplier and in its geographical area.	<ul style="list-style-type: none"> <li>Improve social dialogue (SD) between employer &amp; employees at shared supplier and in its geographical area.</li> <li>Improve the quality of the existing CBA of the shared supplier.</li> <li>Enable production workers to raise their voice during SD process.</li> </ul>	

Source: <sup>1</sup> AGT (2020); <sup>2</sup> ARCADIS (2019); <sup>3</sup> Arisa (2020); <sup>4</sup> CNV & FNV (2020); <sup>5</sup> Modint (2021); <sup>6</sup> UNICEF (2021a); UNICEF (2021b); <sup>7</sup> CNV (2021)

## 4.3 Effects of Collective Projects on Participating Companies

The company survey showed that about half of the respondents (19 out of the 39 companies that answered this question) considered the collective projects useful or very useful. Six companies mentioned that collective projects were the most useful support method of the AGT.

The collective projects had a number of positive outcomes for the signatory companies that participated in them:

1. **Improved dialogue with (some of) their suppliers:** over the course of projects, mutual trust and understanding was built, and conversations were opened on difficult topics. This also facilitated faster progress on gaining access to facilities and tier 2 suppliers.
2. **Availability of concrete tools to support supply chain mapping:** these tools are also available for use by the companies for other suppliers and by other companies.
3. **Increased insight and understanding of their supply chains and improved due diligence:** the tools and dialogue, with suppliers supported, as well as support from local NGOs, helped companies to gain more knowledge about issues deeper in their supply chains.
4. **Concrete changes in the policies** of the signatory companies and their purchasing office, such as child labour policies.

Among others, this was the result of the opportunity for companies to work collectively facilitated by the projects—which in turn facilitated (some) peer-to-peer learning between brands—and the linkage with Dutch, and in particular local NGOs. The latter provided access to expertise and knowledge of the local context and how to communicate on and address the issues targeted in the projects and deeper engagement with suppliers. According to key informant interviews, the understanding between brands and NGOs on respective ways of working progressively increased as initial projects were completed and more projects were added.

As the AGT progressed, more projects were launched, facilitated by an increased willingness of companies to engage in the collective projects, including those companies that already participated in earlier projects. Synergies also started emerging between projects, and companies and NGOs involved in earlier projects took learnings from those projects into newer ones, for example, the child rights project in Turkey builds on the earlier project in Bangladesh. Only a few companies participated in the earlier projects, as other companies did not see those projects as relevant. This was because the projects' topics did not match the companies' perceptions of their risks and/ or their production locations. It is also likely that in the initial stages, companies were more likely to 'wait and see', given the indication in interviews that trust grew over time.

## 4.4 Impact of Collective Projects on the Ground

The impact of collective projects on the ground has been challenging to assess, as many are still in an early stage and, therefore, it is too early to assess impact, and companies were also reluctant or unable to provide the evaluation team access to suppliers that participated in the projects for an interview on their perceptions. The early collective projects also did not have a clear framework for monitoring and evaluation, especially on the social issues, according to key informant interviews, due to challenges to formulate useful indicators. There is some indication that more recent projects have tried to address this, but it was not possible to verify this based on the documents available. Project reporting also did not systematically report on impact-level indicators (rather on output and outcome level). In addition, setting a baseline for monitoring was considered challenging, due to the initial stage required to build trust among the participating suppliers.

The perceptions of the companies on the impact on the ground were measured in the company survey. The results show that **overall, for most of the themes**, companies perceived limited impact on the ground (mean score of less than 1.5), **except for safe and healthy workplaces, raw material, and environmental issues** (Figure 19). This points to the difficulties of trying to achieve impact on the ground on challenging, multifaceted (social) themes. To understand how the collective projects may have played a role in impact on the ground, we also compared the companies that considered the collective projects useful or very useful (19 companies) to those companies that did not find them useful, or only a little (12 companies), assuming that those that did find them useful, also had more impacts on the ground. **Those that did find them useful had somewhat higher scores on the questions regarding the impact on the ground for some themes, in particular for forced labour, and raw material.** However, they had lower scores on the themes of a living wage, discrimination and gender, and animal welfare. On the other themes, the differences between the two groups of companies were negligible. The reasons for the differences in results between the two groups of companies cannot be deduced from these results but could potentially be related to the difference in nature of these two groups of companies, and their ability or willingness to engage with suppliers directly on certain issues.

**At outcome level, collective projects achieved significant results, with tier 1 suppliers directly involved in the projects**, such as changes in the knowledge and attitudes of management, and policies of the factories, e.g. with regard to worker health and safety. Many people (employees) were trained on a range of issues (Box 6). According to the few interviewed suppliers, this led to improvements in worker wellbeing in these facilities, however, we were not able to verify this.

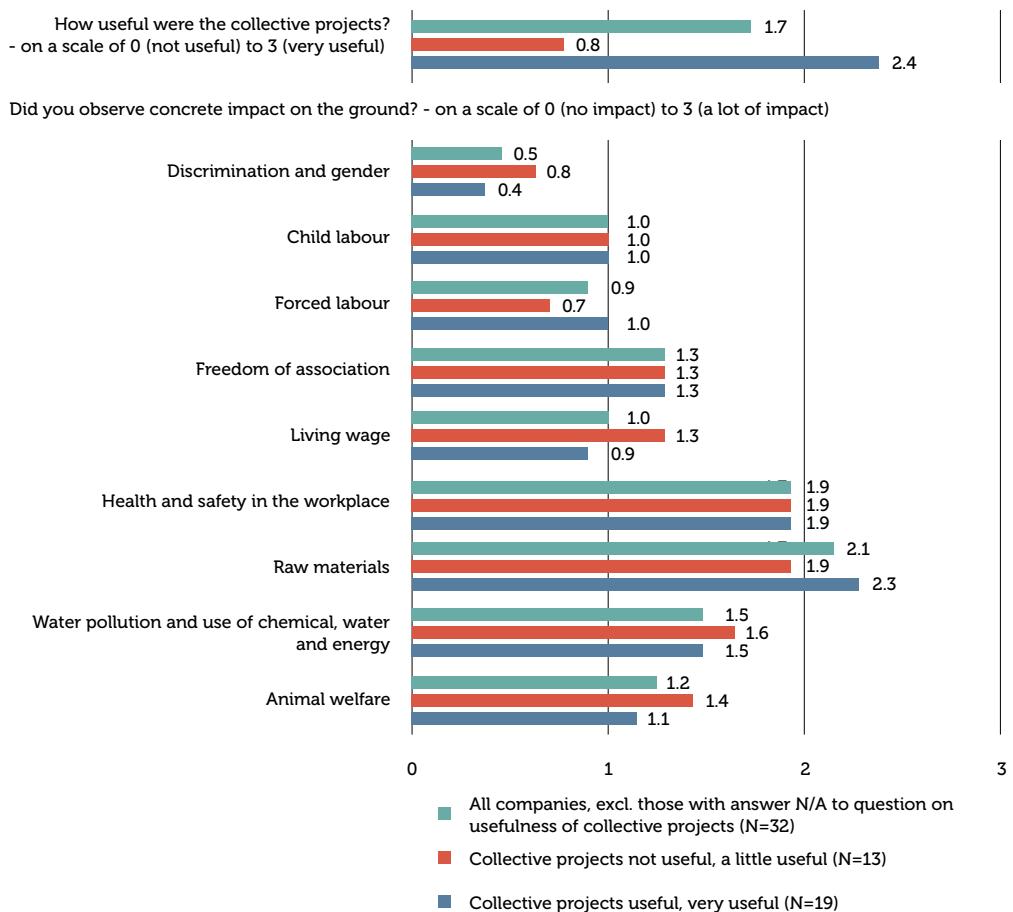


Figure 19. Impact on the ground: comparison of companies based on their opinion on usefulness of collective projects

Source: KIT AGT final evaluation company survey

Note: To calculate the mean scores for each question the companies with the answer 'Not applicable' on the question with regard to the usefulness of the collective projects were removed (N=32).

Box 6. Results of two collective projects.

**Collective project ‘Remedies towards a better workplace’ in India and Bangladesh**

A coalition of parties and companies worked together from 2017 to 2020 to combat child labour in chains in India and Bangladesh. This first collective AGT project was coordinated by Hivos and implemented by six companies: Cool Investments, FNG group, Hunkemöller, O’Neill, Prénatal and WE Fashion, in collaboration with Arisa, CCR-CSR and Creative Pathways, Fair Labor Association, INretail, READ, SAVE, UNICEF and the Secretariat.

The project was completed in 2020 and according to the project documentation produced the following results:

- More than 12,000 workers work in safer working conditions and have more knowledge of their labour rights and the rights of children. This is the result of a training program aimed at setting up and strengthening employee-employer committees together with suppliers.
- In 30 factories and spinning mills, methods for child-friendly age verification were introduced.
- In 13 factories, workers’ committees improved, increasing the number of employee complaints filed in 2019. All 83 complaints were resolved through a collaboration between clothing brands and the management of the factories. Also, more than 400 employees were registered under the Employee State Insurance Act, a Social Security system that gives employees access to health care, maternity benefits, and sickness and disability benefits.
- More than 3,500 workers received workshops and training on children’s rights, maternity rights, water, sanitation & hygiene, health & nutrition for mothers, young workers, wages & other allowances, and the prevention and approach of child labour, indirectly reaching nearly 2,000 children.
- The tools developed are available to all interested parties and companies. The experience gained can also be applied by other industries with an international supply chain, particularly the clothing, footwear and leather sectors.

**Collective project ‘Sustainable textile dye houses’ in China**

The collective project on sustainable textile dye houses in China was implemented from early 2018 till early 2021. The project aimed to support nine dyeing plants in Shanghai, Jiangsu and Zhejiang in making their production process more sustainable in terms of the environment and working conditions. Six signatory companies were involved.

In the first phase, research was carried out into the environmental performance and working conditions in the dyeing plants. The results of this have been recorded in reports and advice. In the second phase, the recommendations were discussed, and improvements were implemented. This included issues such as safe storage and use of chemicals, use of personal protective equipment, reducing water and energy consumption, and properly treating and removing waste and wastewater. In the third phase, the improvements were monitored. The project has led to concrete improvements in the textile dyeing plants but had no effect on other plants.

Source: AGT (2021b)

At the impact level the effect of the collective projects has been limited by six key factors:

1. The **modest size of projects** in terms of finances, number of suppliers involved, duration, and ability for follow up, in relation to the complexity of supply chains, and the issues being addressed, which was highlighted in interviews with signatory companies, NGOs implementing the projects, and participating suppliers. Point 7 on scalability further elaborates on this issue.
2. Limited **ownership by companies** of the activities in the projects. In the projects where NGO's / trade unions are in the lead, there is a potential for companies to refrain from taking (sufficient) own responsibility. This may partially be the result of the individual agendas of NGOs driving the content and approach of the projects. A lack of capacity among companies was also mentioned by key informants as a limitation for companies to engage more (or at all)
3. The **limited leverage** of the signatory companies with many of the suppliers, together with a lack of strong supplier management system with the signatory companies (especially in the early stages of the AGT). The wide geographic spread of suppliers, as became clear from the aggregated supplier list, also means that there are limits to the degree to which signatory companies can work together in a particular geographical region. This is exacerbated by challenges in achieving more collaboration with similar initiatives in other countries. Another issue with regard to leverage is that tier 1 factories are needed to reach tier 2, however often the tier 1 factories do not have adequate policies and practices in place to prevent and address issues.
4. The **uncertainty of sustainability of practices** in a situation of crises. The example of the COVID-19 crisis has shown that major shocks may lead to some results being undone, e.g. as trained workers returned to their place of origin, and families came under pressure leading to more reported incidences of child labour. It should be noted that the pandemic is an extreme and exceptional event that could not have been predicted.
5. **Limited scalability** of the collective projects. While the approach of working with suppliers results in outcomes with this specific supplier, key informants indicate that it is challenging to replicate such an experience without the support of a local implementer. This also points to a need to apply for further funding to do so. Scalability or spill-over effects were not at the forefront in the projects, although two of the interviewed companies indicated they can now apply what they have learned with other suppliers, and the projects have given at least one company the confidence to start their own project (not a collective project) with support from an NGO.
6. The earlier projects faced specific challenges in reaching impact such as a **perceived limited relevance of themes of the projects or countries in which they take place** (according to the midterm review (Avance, 2019) and the interviews about the early projects). The specific focus and expertise of NGOs and trade unions involved in implementation, influenced what projects did, and those agenda's did not always align with the most salient risks in the supply chain. At the same time many companies initially were unaware of their most salient risks. The earlier projects also faced some obstacles in relation to the funding

mechanisms for the collective projects, such as the processes of grant application, and the requirement of companies being in the lead. Key informants also raised concerns about inefficiencies in spending of funds in the early projects, with a large number of implementing parties involved and the limited share of funds that was spent locally with the suppliers. These issues were partially addressed by the newer projects, yet still a large share of companies has not been involved in any of the collective projects.

## 4.5 Recommendations to Improve the Collective Projects

*Improve project reporting.* During the evaluation, it was noted that information on the collective projects was scattered and incomplete. It was also initially unclear what the status was of different projects, both with respect to their classification as a ‘real’ AGT collective project (as opposed to other collective activities) and with respect to their funding and implementation stage. This is inherent to the desired nature of the projects (i.e. driven by companies rather than the Secretariat), but it results in a lack of ability to learn from these projects, and to track their impact. This also limits the ability (and perhaps motivation) of other companies to take on the practices developed under a certain project and, to a lesser degree, the ability of participating companies to scale them up to other suppliers. Therefore, it is recommended to improve the way in which projects report and how this information is synthesised and shared with other companies and NGOs; for example, during the participant days, as well as the monitoring and evaluation of the projects (see also recommendation below).

*Improve project monitoring and evaluation:* A monitoring and evaluation system is recommended that captures intermediate outcomes (enablers) such as improved dialogue, openness and transparency, and setting of clear goals and targets that relate to such outcomes. In general, it is recommended to develop a clear set of targets and indicators specifically for the collective projects.

*Improve scalability of projects across companies’ suppliers:* Given the observed limits in scalability of the collective projects, it is recommended to put a stronger focus in projects on the scalability from the start, by having a more explicit focus on building companies’ capacities to implement improvements with their suppliers, rather than on achieving direct results with only a few specific suppliers in one location, although this is also still an outcome. One should also focus on improving companies’ ownership over projects and on providing tools that can be used to support improved supplier management systems, direct improvements and due diligence deeper in the supply chain.

*Increase collaboration to increase leverage of collective projects:* it is recommended to conduct projects in collaboration with companies from other international initiatives, preferably while avoiding arduous formalisation. In addition, leverage could be increased by involving actors in projects that could be potential change makers; e.g. wholesalers or agents that buy from several suppliers.

*Implement projects within realistic timeframes:* Allow for more generous timeframes that permit more follow-up, monitoring, and support for suppliers. This could deepen and capitalise on existing relationships and improve the long-term sustainability of practices as well as address new issues that arise.



# IMPACT PATHWAY 3

## International Alignment and Cooperation

“International alignment and cooperation” has been identified as a separate impact pathway in the ToC of the AGT. Impact was to be created by means of reaching out to similar international initiatives, joint lobbying efforts by the AGT (and other parties) at the EU/OECD level or with local governments, to promote alignment with the OECD Guidelines and an enhanced level playing field for companies.

This section looks at the cooperation between the AGT and international initiatives, and assesses different resulting effects.

### 5.1 Cooperation with Other International Initiatives

The AGT operates in a space where there are multiple other (like-minded) initiatives, including the Dutch-initiated FWF (established in 1999), the also Dutch-initiated Sustainable Trade Initiative (IDH) and the global Sustainable Apparel Coalition (SAC) with an office in Amsterdam. In the beginning of the AGT, there was limited cooperation with most other initiatives, as the terms of cooperation had to be understood first. For example, when the AGT was initiated, FWF was asked to become a member, but this was not possible due to the resistance of the Clean Clothes Campaign (as a member of FWF). This led to the decision to have the category of ‘support organisations’, where interested initiatives could be associated with the AGT. Over time, the AGT established linkages to several organisations and multi-stakeholder initiatives (MSIs) in the textile sector. Linkages vary from limited interactions to joint activities and formal cooperation agreements. The main partners of the AGT include:

- **PST.** The AGT and the PST signed a collaboration agreement in January 2018, with the objective to “support companies in implementing due diligence by harmonising sustainability requirements, to work on joint projects to improve working conditions in risk areas and to facilitate knowledge sharing between both initiatives” (PST & AGT, 2020). Cooperation with the PST has included the introduction of an associated membership model, shared training and tools for companies, benchmarking of assessment frameworks against the OECD Guidelines and joint lobbying, in particular at the EU level.
- **SAC.** The AGT and the SAC signed a letter of intent on strategic cooperation in February 2019. The purpose is “to give clearer orientation to (joint) members of the Parties with regard to sustainability management and to increase the number of companies implementing supply chain due diligence by stronger aligning tools and frameworks”. Cooperation with the SAC focused on alignment of assessment frameworks, benchmarking of assessment frameworks against the OECD Guidelines and joint lobbying.
- **FWF.** The AGT and FWF have worked together on a number of issues, particularly on the sharing of tools and knowledge and joint lobbying. Recently, the AGT started a pilot collaboration with FWF (and PST) to make FWF’s complaints mechanism available to AGT signatories.

Other types of outreach and cooperation with other initiatives can be found in Table II.

Table 11. Types of outreach and cooperation with similar initiatives

Organisation / MSI	Description
<b>German Partnership for Sustainable Textiles</b>	<ul style="list-style-type: none"> <li>Associated membership model to allow companies to participate in both initiatives under simplified conditions</li> <li>Trainings offered by the PST are open to AGT members and vice versa</li> <li>Through the PST, AGT companies have access to the online Purchasing Practices Self-Assessment (PPSA) tool developed by ACT (Action, Collaboration, Transformation)</li> <li>Lobbying the European Commission to take steps for a level playing field based on the OECD Guidelines</li> <li>Ad hoc advocacy and joint statement during COVID-19</li> <li>Collaboration on Common Framework for Responsible Purchasing Practices</li> </ul>
<b>Fair Wear Foundation</b>	<ul style="list-style-type: none"> <li>Parties to the agreement have sent a letter to the government of Bangladesh with a request to raise the minimum wage</li> <li>Workshops and tools for AGT members on specific topics (e.g. living wage, costing methodology, working conditions in Turkey, etc.)</li> <li>Chair/lead organiser of AGT's social working group</li> <li>Companies can use FWF membership to comply with the social requirements of the AGT</li> <li>Pilot cooperation to use FWF complaints mechanism</li> <li>Ad hoc advocacy and joint statement during COVID-19</li> <li>Collaboration on Common Framework for Responsible Purchasing Practices</li> </ul>
<b>Sustainable Apparel Coalition</b>	<ul style="list-style-type: none"> <li>Alignment between SAC's Higg Brand and Retail module and AGT's due diligence questionnaire</li> <li>Workshops for AGT members on specific topics, including water, energy and chemicals in due diligence</li> <li>Lobbying the European Commission to take steps for a level playing field based on the OECD Guidelines</li> <li>Ad hoc advocacy and joint statement during COVID-19</li> </ul>
<b>Fair Labor Association</b>	<ul style="list-style-type: none"> <li>FLA supported the FBK project in India and helped companies to map their supply chains</li> <li>Ad hoc advocacy to lobby governments in producing countries</li> <li>Ad hoc advocacy and joint statement during COVID-19</li> <li>Workshops and tools for AGT members on specific topics (e.g. supply chain mapping)</li> <li>Living wage dashboard made available to AGT members at reduced cost</li> </ul>
<b>Open Apparel Registry</b>	<ul style="list-style-type: none"> <li>Aggregated production list is published on the OAR's website increase findability of AGT-related sites and register overlap with production sites of non-AGT companies.</li> </ul>
<b>OECD</b>	<ul style="list-style-type: none"> <li>OECD Alignment Assessment, together with PST and SAC</li> </ul>
<b>amfori</b>	<ul style="list-style-type: none"> <li>Lobby by AGT to align on OECD Guidelines with focus on OECD Alignment Assessment, due diligence tools, audits, buying practices and grievance mechanisms</li> <li>Workshops for AGT members on specific topics, including living wage, water, energy and chemicals in due diligence</li> <li>Ad hoc advocacy to lobby governments in producing countries</li> <li>Ad hoc advocacy and joint statement during COVID-19</li> </ul>

Source: AGT website, documents, key informant interviews

## 5.2 Effects of International Cooperation

### Improved Alignment

**Alignment with the OECD Guidelines.** In 2020, the OECD conducted a so-called Alignment Assessment of the AGT, PST and SAC, to evaluate the alignment of the three initiatives with the OECD Due Diligence Guidance for the Garment and Footwear Sector. This was important, as the initiatives had developed their respective assessment frameworks prior to the publication of the textile-specific guidelines by the OECD. For the AGT, the OECD found the AGT's assessment framework to be largely aligned with the OECD Guidelines, which positions the AGT as a type of best practice on practical due diligence guidance for companies in the textile sector. The AGT also revised its assessment framework following the OECD's recommendations to address a few points of non-alignment. Similarly, both the PST and SAC adjusted their respective frameworks in response to the OECD's recommendations, also integrating some of the elements of the AGT. As such, the results of the OECD Alignment Assessment contributed to further alignment of the three initiatives to the international benchmark set by the OECD. This raises the standard of due diligence

implementation across these initiatives and enables further cross-recognition between the initiatives.

**Cross-initiative alignment on purchasing practices.** There has been considerable collaboration on responsible purchasing practices, in particular between the AGT, PST, FWF and ACT. Since October 2019, AGT companies can also make use of an online tool to assess their purchasing practices. The tool is based on the Purchasing Practices Self-Assessment (PPSA) tool developed by ACT and made available by the PST. The PPSA supports industry-wide best practices regarding purchasing practices across the garment, textiles and footwear industry. A report published in 2020 (pre-COVID-19) detailed the analyses of the purchasing practices of 20 AGT companies and 22 PST companies, based on the PPSA. The aggregate results showed a mixed picture, with some responsible purchasing practices implemented, but also areas with require considerable improvement and overall, significant variation between companies (AGT & PST, 2020).

Finally, in 2021, a draft ‘Common Framework for Responsible Purchasing Practices’ was published. This is a reference point for companies working to improve their purchasing practices and for MSIs to support their members in implementing practical improvements in purchasing to increase the scope for improved working conditions in supply chains. The framework was written with reference to existing frameworks and documents on responsible purchasing practices, from the Joint Ethical Trading Initiatives, the Better Buying Institute, FWF, ACT and builds on recommendations by the ‘Sustainable Terms of Trade Initiative’, which is led by the STAR Network (Sustainable Textile of the Asian Region), the International Apparel Federation and the Better Buying Institute, and is supported by GIZ FABRIC. The working group which has collaborated to draft the framework included representatives of ETI, Ethical Trade Norway, Better Buying Institute, FWF, PST and AGT, and consulted with ACT, Better Work and amfori. The draft will be reviewed based on internal consultations within each MSI and stakeholder feedback. The aim is that multi-stakeholder initiatives will integrate this framework into their own implementation systems with their members, with flexibility as to how this is done in specific cases.

## (Partial) cross-recognition with FWF, PST and SAC

The AGT has entered into agreements with SAC, PST and also FWF to reduce the reporting burden for companies with overlapping membership. Through these agreements, the AGT recognises the evaluation of companies by third-party initiatives where they map to the AGT assessment framework, both in terms of the due diligence questions for companies and the process of how companies are reviewed (OECD, 2020).

With regard to the FWF, a comparative analysis was conducted by ERM Nederland in 2020, which showed high degrees of overlap between the initiatives in terms

of purpose and assessment framework, as well as complementarity in terms of approach scope. The analysis concluded that FWF's Brand Performance Check is closely aligned with the AGT's Assessment Framework as regards social issues for tier 1 suppliers, but less so on raw materials, environment and animal welfare (ERM Nederland, 2020). Therefore, recognition by the AGT is limited to the social requirements of the FWF, which is relevant for six of the AGT's signatory companies as members of FWF.

The AGT and PST introduced an associated membership model in 2019, which allows companies to participate in both initiatives under simplified conditions. In order to join the AGT, members of the PST have to submit a list of their production locations to the Secretariat and accept being subject to the AGT Complaints and Dispute Mechanism. For an associated membership to the PST, members of the AGT have to publish their action plans and progress reports on the website of the German Partnership. Currently, there are three AGT associates with the PST and two PST associates with the AGT. This speaks to a relatively low interest by companies in associated or dual membership between the AGT and the PST.

Finally, companies that are member of the SAC can choose not to fill out the AGT due diligence questionnaire and only the SAC questionnaire. The Secretariat then fills in companies' scores on due diligence based on the SAC questionnaire. This eliminates duplication of efforts for the four AGT companies that are also part of SAC.

Beyond these steps with FWF, PST and SAC, there has been little harmonisation and cross-recognition between the AGT and other initiatives. According to stakeholders, there are different impediments for further mutual alignment and cross-recognition.

First, there is a relatively low overlap in company membership between different initiatives, which limits the urgency for mutual alignment. For instance, whereas the AGT includes mostly Dutch companies, FWF has a European focus and FLA a largely American audience. The differences in target audiences can also be by default, rather than by design. For example, despite its objectives, the AGT has struggled to include large international companies and was more successful in integrating Dutch SMEs (KIT, 2020). Considerable overlap in membership of companies can only be observed for amfori BSCI and amfori BEPI, where 21 and 13 of the current AGT signatories, respectively, are members (Figure 20). Several AGT companies (13) are also part of BCI, noting that this is an initiative dedicated to sustainable cotton production.

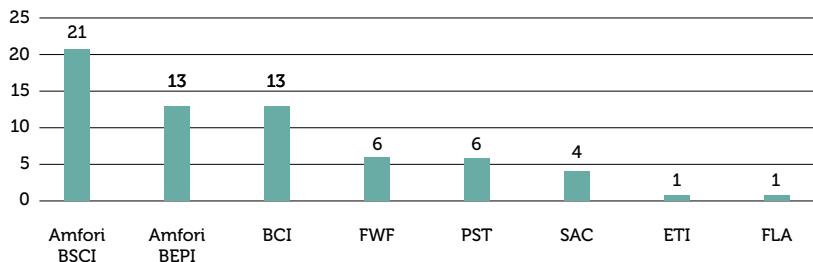


Figure 20. Membership of AGT signatory companies in other initiatives

Source: Websites of amfori, FWF, PST, SAC, BCI, ETI and FLA

Note: Membership counted per company; not per brand. Overlap in membership with FLA due to company that is part of the AGT through the PST. Overlap in membership with PST due to four AGT companies associated with PST and two PST companies associated with AGT.

Second, other initiatives view the AGT as a Dutch initiative and suggested that Dutch companies are mostly small, with limited leverage. This reduces the importance of the AGT, as a national initiative, vis-à-vis other initiatives with a larger reach. From the perspectives of other initiatives, the AGT seems most attractive for knowledge sharing and, due to the participation of the Dutch government, for lobbying efforts, but does not seem to be a priority initiative for mutual alignment.

Third, initiatives have different emphases in the topics they address and in their ambitions to promote changes in company behaviour. For example, some initiatives are process-oriented, such as the AGT, whereas others are more results-oriented, such as FWF. Important differences also come to the fore with regard to the structure and setup of initiatives. Some initiatives, such as FWF and FLA, have institutionalised structures and networks in production locations, whereas others, such as the AGT and PST, do not. This implies that their design is often significantly different, which makes alignment challenging.

Fourth, during interviews, the different initiatives were quick to refer to such mutual differences and pointed out their respective advantage(s) over other initiatives. This suggests that each initiative has an interest in organisational relevance and survival ('right to exist'), which reduces the motivation for cross-recognition.

Finally, many initiatives can only absorb a certain number of new companies at a single moment in time, as they work closely with each company involved, which is a resource-intensive approach. As a result, the interest of initiatives to attract new members from other initiatives through mutual alignment (or even associated membership) may be limited.

## Sharing of Knowledge and Tools, but Limited Collaboration at Project Level

The AGT has collaborated on tool and knowledge sharing with a range of initiatives, including amfori, FWF, PST and SAC. For example, amfori and FWF organised a number of trainings for AGT companies on living wage and implications for production locations. Other times, the AGT shared its tools or guidance (e.g. on animal welfare) and was able to use specific tools developed by other initiatives, such as the PPSA or environmental tools by SAC and amfori. The AGT has promoted and used tools by support organisations to offer insights in the risks of materials, such as 'MADE-BY environmental benchmark for fibers' and the 'SAC Higg MSI' (AGT, 2018b). This indicates important efficiency gains for the AGT. However, some interviewed stakeholders suggested that the AGT could have made more use of existing knowledge and tools developed by other initiatives. Instead, some topics were worked out from scratch through the extensive working group structure at the AGT. This led to duplication of efforts, including on living wage, according to those stakeholders.

Furthermore, collaboration took place to better understand how to deal with adverse situations in specific producing countries. For example, the Secretariat checked with other MSIs did with regard to the adverse human rights impacts in the Xinjiang region in China or after the military coup in Myanmar in early 2021.

Collaboration was less extensive at the level of impact projects. Only one of the AGT's projects included a like-minded initiative, in this case the FLA, which was involved in the collective project on combating child labour in India and Bangladesh. FLA's involvement was based on a previous project with Dutch companies and NGOs on cotton chain mapping in Turkey (this project took place in the context of the 'Plan van Aanpak' of the Dutch garment and textile sector, prior to the AGT). The final learnings of the previous project fed into the proposal to RVO to start a 'follow-up' in Bangladesh and India. In this project, FLA helped with local stakeholder engagement and provided support and tools for the companies' supply chain mapping. Initially, FLA was active in both countries, but stopped its involvement in the Bangladesh project, as it had no local office and was viewed sceptically by Bangladeshi suppliers. The outcomes of the projects were discussed in Section 4, but also stimulated a closer relationship between the AGT and FLA.

There were ideas for collaboration on impact projects with other initiatives, in particular on a project in Tamil Nadu with the PST and FWF. However, these ideas did not materialise and ultimately, all initiatives implemented separate projects. Interviewees argued that it was easier to implement projects with a limited number of organisations (or initiatives) due to donor coordination challenges (e.g. contractual issues, administrative work). Other times, limited overlap in suppliers of companies hindered collaboration. Furthermore, stakeholders suggested that it was in each initiatives' own interest to claim a project and its resulting outcomes for themselves, rather than sharing the credit. The limited collaboration on impact projects was

viewed critically by interviewed stakeholders, who had hoped for more cross-initiative efforts in order to achieve larger-scale impact.

Finally, FWF, PST and the AGT recently announced its cooperation on making FWF's grievance mechanism accessible to selected AGT and PST companies and workers in their supply chains in India and Vietnam (see Section 3.6). This pilot holds important potential for complementarity between the initiatives, owing to the limited use of the AGT's Complaints and Dispute Mechanism. However, it only started after considerable delays, mostly on the part of FWF, and will therefore end approximately one year after the conclusion of the AGT. This makes it difficult to integrate lessons learned in terms of the feasibility of a joint grievance system into a possible follow-up of the AGT and increases the risk of continued parallel grievance mechanisms.

## Lobbying Efforts for an Enhanced Level Playing Field

Another element of international cooperation can be found in the lobbying activities of the AGT. The Agreement text of the AGT specifies that lobbying is a responsibility of the Dutch government, both vis-à-vis other consuming countries and, mostly through Dutch embassies, towards producing countries. Different lobbying activities have in fact taken place, to some extent by the government, but also by different AGT parties and the Secretariat, despite the lack of a concrete mandate for doing so. While there was internal consultation in the AGT within the task group on 'outreach, internationalisation and funding' and with the AGT Steering Committee, lobbying by the different organisations did not follow a concrete strategy. There were different ad hoc activities, often undertaken by individual organisations and not jointly. Lobbying took mostly place at EU level and only relatively few activities were directed at producing country governments.

At the European level, the AGT joined forces with the PST and SAC, but also others who informally organised as the 'Paris Group'. The purpose was to influence the European Commission to take steps for a level playing field based on the OECD Guidelines, including a common understanding of what due diligence is and a harmonised European approach to due diligence assessment and reporting. This should avoid a comparative advantage for companies not adhering to the international social and environmental standards as promoted by the PST, AGT and SAC.

To this purpose, the Secretariat and AGT parties participated in different events and activities, including an 'EU roadshow' together with the PST and different OECD events on due diligence in the garment and footwear sector. Moreover, the Dutch government promoted the AGT as a best practice example at the European Commission and worked with German counterparts on scaling due diligence in the textile sector to a European level. The sector associations INretail and Modint also discussed the AGT with relevant European industry associations. Finally, diverse AGT parties individually gave input on the EU Strategy for Sustainable Textiles, which is currently in preparation at the European Commission.

Concrete outcomes of these diverse activities are difficult to discern. Lobbying outputs are relatively weakly documented, and most interviewed stakeholders were not aware of which activities had taken place. This may also be related to the fact that many lobbying activities were conducted by individual organisations, without clear mandates, and only relatively few activities took place together with other initiatives, which could carry more leverage.

At the level of producing countries, cooperation with other initiatives was more pronounced and took the form of sending formal letters to push for specific issues, including minimum wage in Bangladesh (2018, with FWF), continuation of the Bangladesh Accord (2018, with FWF, FLA and others), working conditions in Bangladesh (2020, with amfori, FLA, FWF and others) and minimum wage in Tamil Nadu (2021). Some letters were sent by a group of businesses, without formal AGT involvement (e.g. letters to government of Cambodia in 2018, 2019). This evaluation could not find any evidence for any direct outcomes of these letters, but it is plausible that they contributed to increased commitment to a joint cause among the initiatives and their members. This was also visible during the COVID-19 pandemic, when different initiatives (AGT, amfori, FLA, FWF, PST, Better Buying, Ethical Trading Initiative, IDH, Ethical Trade Norway and Solidaridad) published a joint statement on responding responsibly to the corona crisis.

There are indications that Dutch embassies also addressed specific topics relevant to the textile sector with governments of producing countries. In 2019, the Dutch Embassy in Bangladesh played a connecting role to facilitate discussions between key stakeholders over the continuation of the Accord, which ultimately led to the establishment of the RMG Sustainability Council (RSC). Yet, this was an activity that was not conducted in the context of the AGT.

### **5.3 Recommendations to Improve International Collaboration**

*Increase collaboration with other initiatives for impact on the ground.* The AGT should expand its collaboration with other initiatives on impact projects. Seeing the limited overlap in production locations of AGT companies (see Section 3.5), it is plausible to expect greater overlap with member companies of other initiatives. Impact projects can be important avenues for companies to implement their due diligence action plans on the ground, which warrants increased ‘push’ for companies to join such projects. This only makes sense if the projects are in locations where AGT companies source from and if they address relevant risks identified by companies. Limiting the options for project participation to the AGT is counterproductive and reduces the scale of potential impact. It is therefore recommended to facilitate signatory companies to participate in projects under the coordination of like-minded initiatives. Vice versa, the AGT would need to welcome non-AGT companies to their projects.

*Improved alignment and cross-recognition of initiatives.* The process of recognising existing initiatives by the AGT should be accelerated in the future. This requires open

conversations with other initiatives on making (mutual) adjustments to company assessment methodologies to close existing gaps and shortcomings of the different methodologies. Ultimately, cross-recognition requires concrete guidelines on the conditions under which members of other initiatives can join the AGT, and vice versa. The example of alignment with the PST serves as an example to build on.

*Collaborate for more international ‘best practice’ tools and guidance.* The recent publication of the ‘Common Framework for Responsible Purchasing Practices’ can be considered an important success of international alignment on responsible purchasing practices. This should be repeated with other complex topics, such as freedom of association, gender equality or child labour. ‘Best practice’ guidance can also be country-specific, e.g. on freedom of association in China, but it is important to create international benchmarks which offer clarity and guidance to companies.

*Develop clear lobbying strategy towards the EU and other governments and involve the Dutch government.* Many lobbying activities under the AGT were ad hoc and did not follow a strategic plan, including soft targets and monitoring of results. This also makes it difficult to understand tangible and intangible outcomes of these activities. Yet, as lobbying activities demand resources that can also be spent otherwise, it is important to formulate objectives and activities, and monitor progress and results. Lobbying should also be based on a clear mandate and sufficient capacities. While this does not exclude other parties from lobbying, where required and appropriate, lobbying should primarily be a role for the government.

# GOVERNANCE OF THE AGT



Governance of the  
AGT

In addition to the three impact pathways, this evaluation also covers specific questions on the governance of the AGT. Specifically, we looked at the relevance, effectiveness, and efficiency of the governance structure in relation to achieving the overall and specific objectives of the AGT. To do so, we discuss the roles and evaluation of specific institutions in the governance structure, alignment of the governance structure with the AGT objectives, its contribution to enhanced trust, deliberation and cooperation between parties and signatory companies, and the financing of the AGT. Lastly, we discuss how the relevance, effectiveness and efficiency of the AGT governance structure could be improved.

## 6.1 Governance Structure

Figure 21 shows the governance structure of the AGT, which comprises four main bodies: the meeting of Parties to the Agreement, the Steering Committee, the working groups, and the task groups.

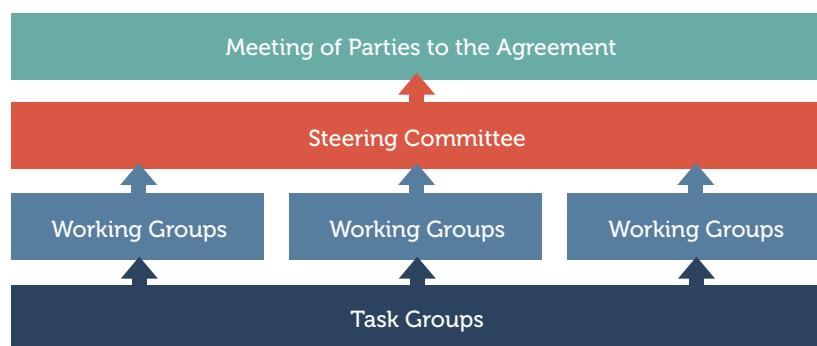


Figure 21. Governance structure of the AGT

Source: AGT (2018c)

**Meetings of Parties to the Agreement** take place twice per year. All signatories are entitled to attend the meeting of Parties.

**The Steering Committee** meets at least five times per year, and “oversees compliance with the Agreement and supervise its implementation”. All five AGT stakeholder categories are equally represented in the Steering Committee, with two government representatives, two industry associations, two trade unions, three NGOs, and three company representatives. Each stakeholder category has a maximum of three representatives to attend the Steering Committee meetings and has two of the total of ten votes. The Steering Committee aims for decisions based on consensus. When this is not possible, decisions are made based on a majority of votes. The Steering Committee has two sub-groups: (1) Monitoring and Evaluation (M&E); and (2) Outreach, Internationalisation and Funding.

**Working groups** report to the Steering Committee. They meet at least four times per year and exist during the whole term of the AGT. The AGT initially started with a working group for each of the nine prioritised themes. This set-up failed due to high workload and demands for participants and lack of ownership and was restructured into three main working groups: Social; Materials (Environmental & Animal Welfare); and Due Diligence.

**Task groups** are time-bound and work on specific tasks as prioritised by the working groups. Both the working groups and task groups are chaired by one of the members, together with a representative from the Secretariat. Table 12 shows an overview of the active and finished working groups and task groups after restructuring.

Finally, the **independent Complaints and Disputes Committee** was established in the summer of 2017.

Table 12. Overview of working groups and task groups since the restructuring

No.	Type	Name	Status
1	Working group	Social	Finished
2	Working group	Environment & animal welfare	Finished
3	Working group	Due diligence	Finished
4	Working group	Materials	Active
5	Task group	Linkages backwards in the chain	Finished
6	Task group	Turkey round table	Finished
7	Task group	Discrimination, gender, health & safety	Finished
8	Task group	Theory of Change	Finished
9	Task group	Forced labour in China	Finished
10	Task group	Participant day	Finished
11	Task group	Outreach, internationalisation and funding	Finished
12	Task group	Difficult companies	Finished
13	Task group	Leverage	Finished
14	Task group	Disputes and complaints	Active
15	Task group	Living wage	Active
16	Task group	Year plan 2020/2021	Active
17	Task group	Monitoring & Evaluation	Active
18	Task group	Communication	Active
19	Task group	Annual reporting	Active

Source: AGT (2021c), key informant interviews

Note: The overview is not exhaustive because of conflicting evidence

## 6.2 Role and evaluation of Specific institutions in the Governance Structure

The **Secretariat** helps to implement the Agreement and is hosted by the Social and Economic Council of the Netherlands (SER) in The Hague. The SER also facilitated the negotiations that led to the Agreement. The Secretariat assists the Steering Committee with its tasks and advises and assists participating businesses with the activities that they are obliged to undertake under the terms of the agreement. In addition, the Secretariat is responsible for the assessment of participating companies against the AGT assessment framework and proposes collective activities (such as projects, match-making, training and tools) based on insights gained from the action plans submitted. The Secretariat treats the information from individual enterprises as confidential. The flow of information between the Secretariat and the other parties or companies consists of aggregated and non-individualised information, e.g. in the case of the list of production locations and reporting on companies' due diligence progress in annual reports. In addition, the Secretariat tries to connect companies directly with NGOs and unions through match-making.

Overall, the Secretariat is highly appreciated by interviewees, which is also confirmed by the survey findings presented in Section 3.3 of this report. In the interviews, respondents mentioned their appreciation for the opportunities for joint discussions (e.g. during workshops and yearly meetings), and their efforts in bringing different parties together and removing prejudices. They also emphasised that their support was needed to remind parties of the objectives and detailed commitments of the AGT, as people tend not to resort to the agreement text in their daily routines. In addition, interviewees indicated that the logistical support, such as, for example, the availability of meetings rooms or catering enabled AGT negotiations and processes in a practical way. Finally, interviewees indicated that the SER acting as Secretariat brings a certain 'weight' to the AGT, which makes it easier to connect with companies and their top management or with other organisations at the international level.

Criticism was raised by CSOs on the dual role of the Secretariat, with its function as account manager to advise and at the same time assess the same companies. Also, the OECD Alignment Assessment indicated that interviewed stakeholders raised the dual role of the Secretariat as a key point concerning governance (OECD, 2020). The OECD concluded that within the context of working with companies that are in the early stages of establishing due diligence processes, the dual role of the Secretariat could be appropriate. In addition, the OECD provided considerations to address any perceived conflicts of interest, where account managers carry out assessments and receive informal complaints about accounts that are not their own (OECD, 2020).

Moreover, interviewees mentioned perceived subjectivity in the assessment by different account managers, especially at the beginning of the AGT, before the assessment framework was published. Companies mentioned that they were frustrated about the fact that they were assessed differently because they had a different account manager. In addition, interviewees criticised the high staff

turnover in account managers and indicated that sometimes account managers were just junior staff with good knowledge of the OECD Guidelines but little industry experience. Even though the OECD Alignment Assessment indicated that the AGT has increased predictability and consistency across account managers by further developing written guidance for the annual assessment, this was still raised by respondents as a key point of criticism.

Finally, some CSOs criticised the fact that the Secretariat acted as a centre of expertise despite having junior staff, while the NGOs and unions felt constrained in advising companies with the specific expertise they could offer due to the confidentiality protocol of the AGT. In addition, some respondents indicated that the Secretariat took too much of an implementing role instead of just coordinating. An example mentioned was the representation by the Secretariat in strategic external meetings without consulting the various parties through the Steering Committee (see Section 5.2 on lobbying).

The Steering Committee has an independent Chair who is not connected to any of the AGT parties. The Chair is chosen with the consensus of the AGT parties and has no vote.

Interviewees appreciate that the role of Chair is fulfilled by an independent person. In addition, interviewees mentioned that they appreciated the Chairperson's open attitude and their aims to make decisions based on consensus and finding common ground in case of conflicts. Lastly, they highly valued the ability to call the chair bilaterally outside offside of Steering Committee meetings in case of issues and trusted that this was treated with confidentiality and respect.

Generally, the AGT parties actively participated in the AGT in different ways. Firstly, representatives from sector associations, NGOs, unions and the government participated actively in the different bodies of the governance structure, such as the Steering Committee, working groups and task groups. In addition, the parties participated in collective projects and activities and provided direct advice to companies, as mentioned in Section 3.3 of the report. Lastly, the Secretariat and the parties engaged in a number of lobbying activities, as outlined in Section 5.2.

**Support organisations** are not parties to the Agreement but are supporting the AGT in a more flexible and light manner. In 2017, criteria for new support organisations were developed, including that they advocate the AGT's aims and are prepared to contribute their knowledge and experience. They do not have any management tasks (AGT, 2017).

Interviewees indicated that the role of support organisations was not yet clear at the moment the AGT was signed. Some organisations were involved through intensive or less intensive collaboration on, for example, thematic areas or tool development, as indicated in Section 5.2. Others were not involved at all. In addition, the AGT also collaborated with organisations that were not formally support organisations.

Interviewees reported that in this case, it was initially intended but not always possible due to internal governance.

Even though the flexible nature of support organisations was appreciated by interviewees, most indicated that the roles should be better clarified to understand what knowledge and expertise each support organisation can bring to the table. The role of support organisations was not seen as instrumental for the AGT progress in achieving its objectives.

### 6.3 Alignment of the Governance Structure with AGT Objectives

Overall, the governance structure is aligned with the AGT objectives, because of three main strengths.

**First, the AGT has a multi-stakeholder character by including different organisations with expertise, networks and resources, in addition to signatory companies, as well as giving equal representation in the Steering Committee.** This is important as it enables dialogue between parties, builds trust and works on risks in the textile sector, e.g. by supporting companies directly or through collective activities.

Interviewees confirmed that they value the multi-stakeholder character of the AGT and that they appreciate each other's involvement and unique contribution to the AGT. In addition, interviewees mentioned that the AGT provided a platform for dialogue between companies, NGOs and unions. Instead of pressuring companies in the media, NGOs and unions can raise issues directly with the companies in question. Furthermore, the equal representation by parties in the Steering Committee, and especially the equal votes, were particularly appreciated by interviewees and some parties even mentioned this as one of the reasons they decided to join the AGT.

Interviewees also described a few challenges related to the multi-stakeholder character of the AGT. Some interviewees indicated that it led to slow decision-making. For example, in the case of a joint statement, it took time for all parties to agree and align the wording with their own individual agendas and policies. This was especially the case with sensitive issues, such as the situation in Myanmar or China.

Moreover, NGOs indicated that it was time-consuming for them to have 'double negotiations' because they had to align amongst themselves before issues were discussed by their representatives in the Steering Committee or task or working groups. Because there are five NGOs that also have their own agenda, coordination was important. However, this meant that all organisations needed to read all meeting documents in advance, formulate input and feedback, and discuss it. In addition, NGOs had to share the funding available for their party. By having more NGOs, they spent more time on coordination and alignment but have less funding available.

In addition, interviewees criticised the full agenda of the Steering Committee meetings and the amount of reading required to prepare for each topic. It was perceived as too bureaucratic, and the Steering Committee was involved in too many details instead of only more strategic decisions, which lowered the efficiency of AGT activities. Multiple interviewees recommended a simpler structure with a more high-level mandate for the Steering Committee with fewer participants. Hupperts and Goossens (2020) confirm this and recommend one representative per stakeholder category in the Steering Committee.

Some interviewees who were not part of the Steering Committee indicated a disconnect and criticised the top-down decision-making processes. For example, companies could not vote for company representatives in the Steering Committee. In addition, one interviewee indicated they felt like they needed to adhere to important decisions without being consulted. Generally, respondents who were not part of the Steering Committee indicated that they did not have a clear perspective on the AGT governance structure.

**Second, the AGT has a variety of independent review mechanisms in place to monitor progress made by signatory companies in terms of their due diligence implementation, as well as the progress made by the AGT overall.**

The Secretariat monitors annual progress made by companies and assesses whether their progress is sufficient through a transparent assessment framework. In addition, the OECD concluded that the AGT has a robust review mechanism through which the AGT evaluates its progress against goals, such as annual reports, the MTE, the RBC Agreement Evaluation, and final evaluation (OECD, 2020).

However, the AGT assessment framework was also criticised, which some stakeholders said was too rigid and demanded a lot of time from companies. Stakeholders were afraid that companies were losing the motivation to work on impact because of the time spent on completing their due diligence requirements. Some companies emphasised the heavy administrative burden, while others indicated that it was intense, but they also appreciated the step-by-step guidance of the AGT. Interviewees indicated that for SMEs without a dedicated CSR manager, it is very difficult to comply with all requirements of the AGT. The sector associations played a large role in trying to keep the companies and SMEs on board.

Several signatory companies had reservations about the set-up of the assessment framework. They felt that companies are focused on scoring points instead of intrinsic change processes or supply chain results. On the other hand, some companies mentioned that such a system helps to motivate and push companies to act. Moreover, some companies that are members of other multi-stakeholder initiatives indicated that better alignment would reduce workload and the duplication of work. Sometimes they have to submit the same information, but in different formats, which adds unnecessary workload. This confirms the finding from the survey presented in Section 3.3.

**Third, working groups and task groups were established to further work on themes that were not yet clearly defined in the text of the actual agreement.**

Several interviewees mentioned that collaboration within working groups and task groups has been a key driver for increased trust and better collaboration between the different parties.

However, both working and task groups were mostly perceived as inefficient. Interviewees indicated that the initial structure resulted in too many meetings and too many activities on different topics without clear alignment. Therefore, the structure was changed into fewer and more focused working groups, as listed in Table 12, based on the priorities of participating companies. Generally, there was still a lot of confusion amongst interviewees about the number of working and task groups.

Interviewees further indicated that the lack of specific objectives in the text of the actual agreement led to lengthy processes of further defining themes, objectives, and clear agreements in the working groups. In addition, one interviewee mentioned the need to look critically at which members you need for which task group. Some felt they were dragged into task groups that they did not have expertise in. Finally, interviewees mentioned little participation by companies in working groups due to the limited time available, which was also confirmed by the MTE.

**On the other hand, a limitation of the governance structure is the lack of involvement of local stakeholders.**

This was also confirmed by interviewees who indicated that it is important to include the perspective of local NGOs, unions and suppliers at an earlier stage. This will help to contextualise AGT activities to local realities, as well as identify bottlenecks and opportunities.

## 6.4 Enhanced Trust, Deliberation and Cooperation Between AGT Parties and Signatories

Companies need to be able to work with other parties, such as NGOs and unions. Particularly in the textile sector, relations between companies and societal stakeholders have been frequently characterised by adversarial interactions in view of repeated exploitative labour conditions in manufacturing locations. This has required trust-building between the different parties, as emphasised by various stakeholders who were interviewed. The majority of respondents also suggested that trust has increased through the AGT and that mutually antagonistic attitudes have been reduced. This was also confirmed by the MTE. Interviewees also indicate that frequent training, participant days, and close collaboration in working and task groups have contributed to improved relationships and trust between the different parties.

Nonetheless, multiple companies reported that they are still very conscious that they are at a table with organisations that have a different agenda. For example, when sharing the production sites with CSOs, then sometimes 'their' factories were suddenly part of other studies. In addition, companies find it difficult to work with CSOs within the AGT on certain topics or projects, while they also publish critical reports naming AGT companies at the same time. Companies argue there was a misuse of internal information by CSOs. In contrast, CSOs mention that they never broke any agreements or protocols but that companies needed to get used to their ways of working, and that collaboration with companies in one initiative, does not mean that they will not appear in a critical report outside of that initiative. CSOs indicated that initially, the Secretariat also needed to better understand their ways of working and later played an important role in facilitating communication between CSOs and companies in the case of tensions.

For effective cooperation, companies need to be aware of the expertise of NGOs, whereas NGOs need to have insights into the risks faced by companies in order to be able to collaborate. However, in the AGT, this was frequently not the case due to the confidentiality protocols in place, as mentioned in Section 3.3. This has been recognised in the MTE, and as a result, the Secretariat has directed more efforts at match-making. Interviewees indicated that an outcome of the improved match-making efforts is the growth of collective projects in the last year.

Moreover, the focus of the AGT was the implementation of due diligence by signatory companies. However, some interviewees mentioned that it is also important that the other parties, the government and the CSOs align their strategies, agendas, and objectives to the AGT. The joint development of annual plans in the last two years supported alignment between different parties and increased ownership. Before that, annual plans were developed by the Secretariat.

## 6.5 Financing of the AGT

As agreed during the negotiation phase, financing was obtained from the Ministry of Foreign Affairs to cover the first two years of the implementation of the AGT. The SER also contributes to the costs as the Secretariat of the Agreement.

Furthermore, after exploring different financing options, it was agreed that the textile sector would contribute financially to the AGT (according to provisions in the agreement). However, while this was repeatedly requested from the Ministry of Foreign Affairs (e.g. Steering Committee meeting December 2017, Steering Committee subgroup meeting March 2018, introductory meeting for new Foreign Affairs' staff and industry associations in April 2018), and discussed in meetings of the Steering Committee, this request proved to be difficult, due to financial difficulties in the textile sector.

The sector associations eventually agreed to contribute financially. In early 2018, the SER and the other Parties to the Agreement requested additional funding from the

Ministry of Foreign Affairs for the period 2018-2021. In 2019, new agreements were made between the Parties based on the budget underspending. Finally, additional funding was requested for the extension of the AGT in Q3 and Q4 of 2021. Table 13 and Table 14 indicate the budget and funding structure of the AGT, respectively.

Table 13. Budget of the AGT

2016 - 2018		2019 – 2021 Q1 + Q2		2021 Q3 + Q4	
Budget	Realised	Budget	Realised	Budget	Realised
€ 2.564.808,00	€ 1.667.391,00	€ 3.319.028,00	€ 2.728.918,00	€ 508.626,00	Not yet known

Source: Documents from Steering Committee

Table 14. Funding of the AGT

Source	Funding 2016 -2018	Funding 2019 -2021
Ministry of Foreign Affairs	80%	64.3%
SER	20%	20%
Sector Associations		12.6% <sup>15</sup>

Source: Documents from Ministry of Foreign Affairs

The funding of CSO participation in the AGT is excluded from the above. Interviews with NGOs and unions revealed that they often depend on government subsidies to participate in the AGT. This was also confirmed by other research (Strolenberg, 2019): In the first years of the Agreement, the Ministry of Foreign Affairs provided a subsidy for NGOs and unions, which changed in 2019, and they had to apply for subsidies from the Ministry of Foreign Affairs, facilitated by RVO.

In addition to the financial budget of the AGT, in-kind contributions are provided by the parties in different ways. Firstly, participation in the Steering Committee is not part of the financial contribution to the AGT budget but provided in-kind by the different parties. CSO participation in the Steering Committee is, in some cases, funded by the subsidy they receive. Moreover, signatory companies use their own resources for due diligence, action plan, verification and projects, and do not make an additional financial contribution to the implementation costs of the Agreement. Sector associations indicated an in-kind contribution of close to 110,000 Euro for the funding period 2019-2021.

Collective projects are excluded from the AGT budget. Most project funding has so far come from the Ministry of Foreign Affairs via the Fund against Child Labour (FBK) and the Fund for Responsible Business (FVO), facilitated by RVO. In addition, one project is funded by the Dutch Consulate Shanghai. Other collective activities are financed through the AGT in combination with in-kind contributions by participating companies.

<sup>15</sup>. It was agreed that the remaining 3.1% was contributed by the sector associations in-kind.

## 6.6 Recommendations to Improve the Relevance, Effectiveness and Efficiency of the AGT Governance Structure

*Conduct adjustments for a lighter governance structure.* The main elements of the current governance structure are effective: independent secretariat, independent chair, Steering Committee with equal involvement and votes of different stakeholder categories. In addition, government involvement is important for the legitimacy of the AGT. Recommended adjustments for a lighter governance structure include a smaller Steering Committee (one representative for each stakeholder category) and restriction of the Steering Committee to high-level strategic decisions. In addition, the working groups and task groups should be organised around fewer priority themes and have a clear agenda, objectives and decision-making capacity. Moreover, a clear strategy on the role and contribution of support organisations should be developed. Working and task groups could collaborate with targeted external support organisations on specific priority themes, including both social and environmental themes as prioritised by companies. Supply gaps amongst parties can be bridged by collaborating with support organisations.

*Split the dual role of the Secretariat.* The dual role of the Secretariat can lead to a conflict of interest because account managers advise companies, as well as assess companies and receive their informal complaints. To safeguard the independence of annual assessments, the Secretariat should either outsource or internally divide the role of adviser and the role of assessing companies.

*Involve stakeholders in production locations in the governance structure.* This could be either through a more structural position in the Steering Committee, working or task groups, project-based, or through an advisory or support body.

# EFFECTS OF COVID-19



In March 2020, the COVID-19 pandemic hit the Netherlands and, just as in many other countries, a lockdown was imposed to contain the spread of the virus. Sales plunged, but companies were also affected by widespread supply disruptions in producing countries. This section addresses the extent to which AGT signatory companies were able to manage the COVID-19 pandemic successfully and sustainably. It particularly reviews the economic effect on companies, how COVID-19 affected companies' due diligence performance, and how the AGT supported signatory companies during the crisis.

## 7.1 The Economic Effect of COVID-19 on AGT Signatory Companies

For the global garments and textile sector, the COVID-19 crisis started with the first production stops in China—the epicentre of global manufacturing. As the virus reached other countries, more apparel manufacturers stopped production, including Bangladesh and India. Later, the economies of many consuming countries, including in Europe and the US, went into lockdown, which led to unprecedented disruption in demand. A sharp decline in global trade in garments followed, largely in the first half of 2020 (ILO, 2021). As consumer demand collapsed, imports from some of the main global consumer markets for garments reduced significantly leading to widespread factory closures and adverse impacts for millions of workers (ILO, 2021). The garment exports of some producing countries plummeted by as much as 70% (ILO, 2020).

For most AGT signatory companies, the first lockdown in the Netherlands came as a surprise and affected fashion companies in particular. There were also negative effects on corporate and work wear companies, but comparatively less. During the second lockdown, signatory companies still faced reduced retail and consumer demand but increasingly struggled with delivery issues on the supply side and supply chain logistics (e.g. container prices).

For 2020, the majority of AGT signatories experienced a decrease in turnover, often by around 10-25%. Only 12 companies reported increases in turnover (Figure 22). A number of companies even went bankrupt. These companies exited the AGT and are not included in the figure.

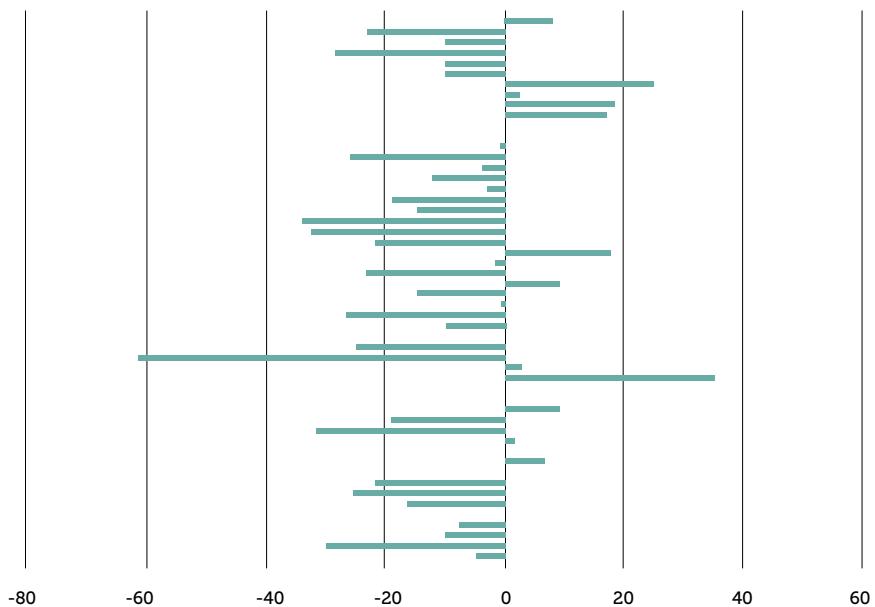


Figure 22. Change in turnover by AGT companies, 2019/20 compared to 2018/19 (%)

Source: AGT e-tool

Note: Figure shows change in turnover per individual AGT company, anonymised and in random order.

## 7.2 The Effect of COVID-19 on Companies' Due Diligence

The negative effect of COVID-19 on companies' financial performance also had implications for their due diligence. In the first instance, signatory companies were faced with the issue of whether or not to cancel orders with tier 1 suppliers. A survey by the Secretariat revealed that 11 companies (around 20%) cancelled orders during the first lockdown; in the second lockdown, only three companies reported cancelled orders (AGT, 2021d). Other companies supported suppliers with pre-payment and extended payment terms to help suppliers avoid bankruptcy. In some cases, companies have had to use extra capital (loan banks, investment from the owner). Overall, while there were instances of undesired behaviour towards suppliers, this was only observed for a small number of AGT companies.

When the Secretariat enquired with companies during the first lockdown whether due diligence and AGT assessments should continue, almost all companies indicated that due diligence assessments were appropriate. Nevertheless, the negative effects of COVID-19 also influenced companies' due diligence. The majority (63%) of surveyed companies indicated that they have fewer resources available for due diligence, and 58% of the surveyed companies have less time available for due diligence (Figure 23). Similar observations were confirmed in qualitative interviews with selected companies. For about one-third of survey respondents, COVID-19 did not affect the resources and time available for due diligence.

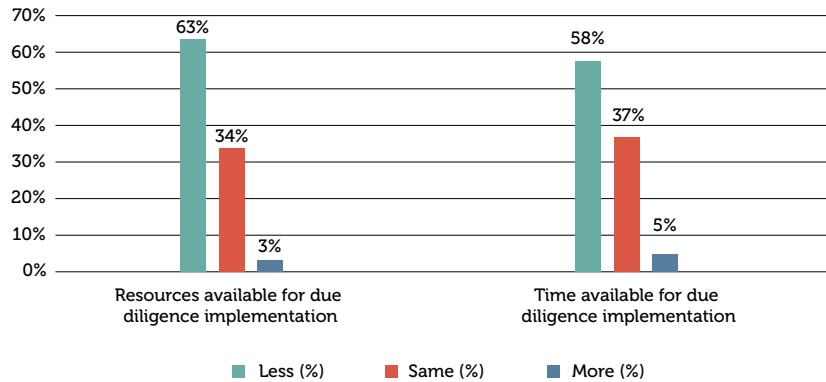


Figure 23. Effect of COVID-19 on time and resources available for due diligence

Source: KIT AGT final evaluation company survey

Effects on the implementation of due diligence vary (Figure 24). While many surveyed companies described (minor) negative effects, others did not see their due diligence affected. Positive effects as a result of COVID-19 are rare. A large segment of the surveyed companies (45%) revealed that the pandemic had a minor negative effect on improving due diligence; others reported a major negative effect (21%) or no effect (24%). Many companies also felt a minor negative effect (44% of respondents) or major negative effect (28%) on the implementation of action plans, compared to only 23% who did not confirm a negative effect.

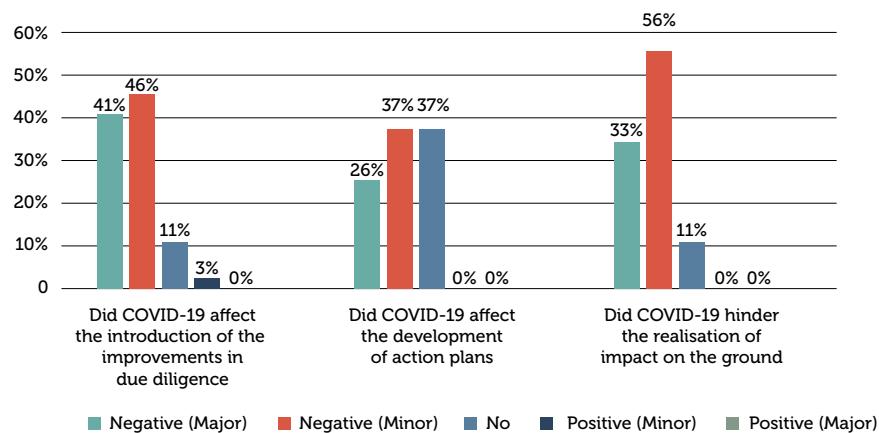


Figure 24. Effect of COVID-19 on the implementation of due diligence

Source: KIT AGT final evaluation company survey

Furthermore, COVID-19 also seems to have hindered the realisation of impact on the ground: nearly all surveyed companies reported either a major negative effect (41%) or a minor negative effect (46%). Companies disclosed that they found it difficult to discuss issues such as living wage with suppliers when orders generally go down, payment terms are stretched and when there is little to no crisis support by their home government. As a result, companies reported having focused less on impact

than they had intended. Another problem was that companies were not able to visit their suppliers. Many companies reported that they still tried to be in touch through digital means of communication, which they linked to increased awareness of supplier relations due to conducting due diligence. Finally, companies indicated that COVID-19 was not the only situation that impacted their due diligence but also other crises, such as the political situations in Myanmar and Xinjiang.

As Section 3.2 revealed, there is no visible negative impact of COVID-19 on companies' performance against the AGT assessment frameworks over the last two assessment cycles. Instead, overall due diligence performance by signatory companies has increased. This does not exclude the possibility of cases of undesirable behaviour, such as the cancellation of orders during the pandemic. The Secretariat reported that not all companies adhered to the COVID-19 guidelines at the beginning of the crisis, but compliance improved again throughout the year (AGT, 2021b).

In the 2019/20 and 2020/21 assessment interviews, the Secretariat also examined how the corona crisis affected the (re)prioritisation of risks and the corresponding objectives and actions, as well as whether AGT companies complied with responsible purchasing practices during the crisis (AGT, 2021b). This was done on the basis of adjustments to the AGT assessment framework conducted in 2020, which serve to support companies in dealing responsibly with the impacts of COVID-19. At the same time, the Secretariat acknowledged that it had to make its assessment based on what the companies reported or information that was publicly available, which may limit the depth of insights into company behaviour during the COVID-19 crisis.

### 7.3 Guidance and Support by the AGT to Signatory Companies

In April 2020, the AGT signed a declaration by a large group of organisations and a call to action by the ILO. In June 2020, the AGT issued an additional statement. The AGT specifically called on purchasing companies to:

- Only take measures in good consultation with partners in the chain (so not unilaterally).
- Orders that are in production or have already been produced cannot be cancelled.
- Pay for materials and labour costs of orders that are in production or have already been produced.
- Not to negotiate discounts under threat of cancelling orders.

The statement made, among other things, the following recommendations to ensure safe conditions in factories:

- Ensure that employees have access to safe transport to the factory. Listen to the voices of workers through their trade unions, social dialogue mechanisms or elected workers' representatives.
- Ensure that safety measures are in place in the workplace to reduce the risk of infection and that employees are informed of their rights and given the correct information about preventive safety measures.

- Make sure factories have a mechanism in place to answer employee questions and involve them in decision-making. Workers should have access to a trade union or other employee representation to respond jointly to measures or raise issues. They must also have access to a channel to resolve issues related to their rights. Complaint channels must be accessible to workers, even if factories are closed or workers have been laid off.

The willingness of companies that follow the guidelines was high (see Table 15). When undesired behaviour was observed, the Secretariat included this in the training and assessment conversations

Table 15. AGT Evaluation of the COVID-19 guidelines

Guidelines	Evaluation measures (COVID-19 survey)
1. Companies should only take measures in good consultation with their partners in the chain.	In the first lockdown, 86% of surveyed AGT companies (their CSR staff/departments) indicated to make decisions in close consultation with the suppliers in the chain. This has increased to 94% in the second lockdown, also referring to growing awareness among senior management of the effect of their actions in the chain and the importance of a better integration of CSR staff/departments. This is partly due to the conversations held, the assessments, the session, but certainly also due to reports about the effects in the press and from stakeholders. In addition, commercial interest also plays a role in companies. Good partnerships have to come from both sides and later (in good times) you need each other again.
2. Companies cannot cancel orders that are in production or are already produced.	In the first lockdown, more than 20% (11 companies) of companies cancelled orders, this dropped to 6% (3 companies) in the second lockdown. This is a clear improvement. There seems to be a growing awareness of the adverse consequences of cancelling orders.
3. Companies did not pay for materials and labour for orders that are in production or have already been produced (in case of cancellations).	In the first lockdown, 11 companies cancelled orders, which three companies did not compensate. In other words, 27% of the companies that cancelled orders did not compensate. In the second lockdown, three companies cancelled orders and did not compensate for the cancelled orders, bringing the percentage of companies that did not compensate in case of cancellation to 100% (noting that this only concerned three companies in total).
4. Companies should not negotiate discounts under the threat of cancelling orders (extra discount on current orders).	In the first lockdown, 10% of surveyed companies admitted to negotiating discounts under the threat of cancelling orders. In the second lockdown, there were no cases of aggressive negotiation for additional discounts.
5. The brand is not delaying shipping dates, or, if there are any delays imposed, they are small in scale and length and the brand is providing reasonable accommodation to affected suppliers.	In the first lockdown, six companies (12%) did not comply with this criterion. In the second lockdown, this had dropped to four companies (8%). Among the 92% of compliant companies, this is mainly because shipping dates were not delayed. There is, therefore, no question of compensation. At the same time, some suppliers could not deliver on time in the past year. The delay has partly been made up by having orders flown in, often at the cost of companies or a shared cost distribution.
6. If the brand is delaying any payments relative to agreed terms, the brand is providing affected suppliers with access to low-cost financing, so that suppliers' cash flow is unaffected.	In the first lockdown, 9 companies (18%) did not comply with this. In the second lockdown, the number of companies extending payment terms, without giving the supplier the opportunity to access financing, reduced by almost half (5 companies), but it still occurs. There are still companies that unilaterally extend payment terms.

Source: Documents from Steering Committee

The company survey reviewed the AGT's support for companies. The COVID-19 guidelines received a rather mixed assessment by the surveyed companies. Eighteen per cent did not consider them useful, 36% found them a little useful, 26% considered them useful, and 13% even rated them as very useful. When looking at the overall guidance and support by the AGT, the assessment was more positive (Figure 25). A majority of 57% regarded the AGT's guidance as somewhat helpful, and another 23% perceived it as very helpful, compared to 20% of surveyed companies that did not experience the guidance as helpful. In particular, the focus on purchasing practices was appreciated by companies as constructive.

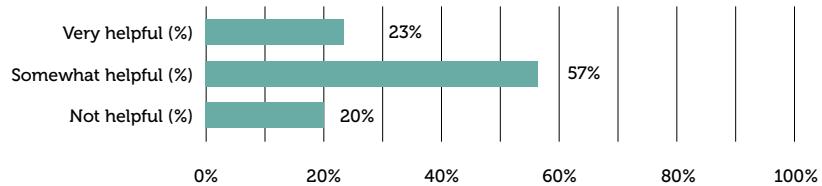


Figure 25. Helpfulness of guidance and support provided by the AGT during COVID-19

Source: KIT AGT final evaluation company survey

During the qualitative interviews, signatory companies explained that the AGT's support and guidance were useful in helping them to understand what was expected from them, e.g. with regard to supplier relations. The companies also valued the webinars and information shared to develop internal policies about COVID-19 and the guidance from the Secretariat's account managers. Furthermore, some companies found it helpful to talk to other signatories that had orders cancelled. Overall, there were sufficient and helpful tools. At the same time, most companies were already fully engaged with immediate damage control to mitigate financial losses before AGT presented the COVID-19 guidelines. As such, a number of companies criticised the timing of the guidance as relatively late.



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# ANNEXES

## Annex 1. Theory of Change of the AGT

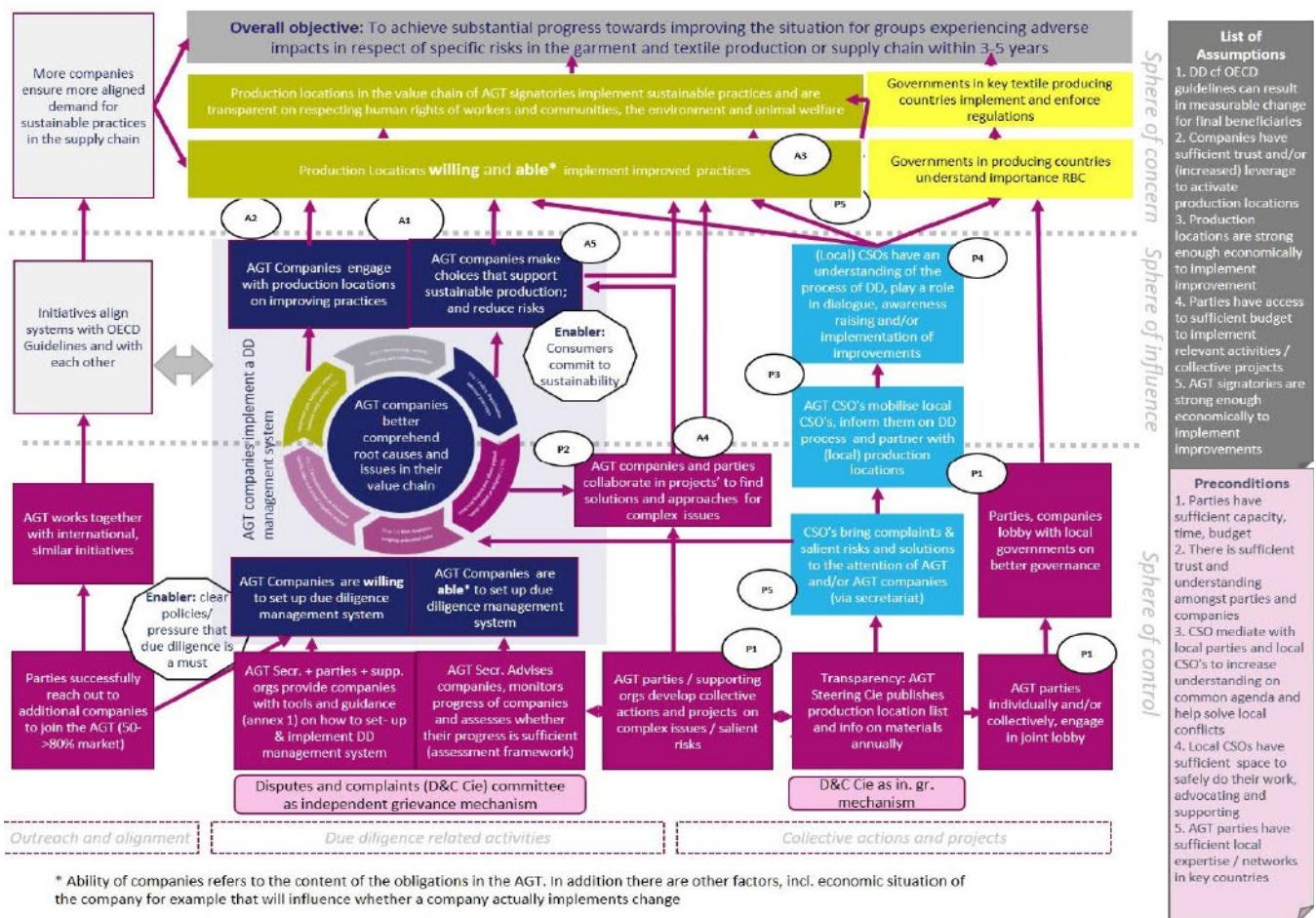


Figure 26. Theory of Change of the AGT

Source: Avance (2019)

## Annex 2. Regression Analysis

• *A	reg cat_BCD_E_21 Years_participating A_IMVO_pol_AGT	A_IMVO_tooluse	A_IMVO_selecevalua
Source	SS	df	MS
Model	79355.6188	4	19838.9047
Residual	27429.9284	48	571.456841
Total	106785.547	52	2053.56821
	Number of obs	=	53
	F(4, 48)	=	34.72
	Prob > F	=	0.000
	R-squared	=	0.7431
	Adj R-squared	=	0.7217
	Root MSE	=	23.905
cat_BCD_E_21	Coef.	Std. Err.	t
Years_participating	15.96141	3.656489	4.37
A_IMVO_pol_AGT	8.595614	3.415671	2.52
A_IMVO_tooluse	11.68771	2.362623	4.95
A_IMVO_selecevalua	14.94508	5.939603	2.52
_cons	-4.247839	15.31071	-0.28
	P> t	[95% Conf. Interval]	
• reg cat_B_21 A_IMVO_tooluse A_IMVO_selecevalua			
Source	SS	df	MS
Model	721.971778	2	360.985889
Residual	863.235769	50	17.2647154
Total	1585.20755	52	30.4847605
	Number of obs	=	53
	F(2, 50)	=	20.91
	Prob > F	=	0.000
	R-squared	=	0.4554
	Adj R-squared	=	0.4337
	Root MSE	=	4.1551
cat_B_21	Coef.	Std. Err.	t
A_IMVO_tooluse	1.884971	.3858712	4.88
A_IMVO_selecevalua	2.482962	.8969274	2.77
_cons	14.99626	1.655115	9.06
	P> t	[95% Conf. Interval]	
• reg cat_C_21 Years_participating A_IMVO_pol_AGT			
Source	SS	df	MS
Model	2749.52155	3	916.507184
Residual	993.648259	49	20.2785359
Total	3743.16981	52	71.9840348
	Number of obs	=	53
	F(3, 49)	=	45.20
	Prob > F	=	0.000
	R-squared	=	0.7345
	Adj R-squared	=	0.7183
	Root MSE	=	4.5032
cat_C_21	Coef.	Std. Err.	t
Years_participating	4.261461	.6009675	7.09
A_IMVO_pol_AGT	1.984407	.6309275	3.02
A_IMVO_tooluse	1.779161	.4430622	4.02
_cons	3.006624	2.811488	1.07
	P> t	[95% Conf. Interval]	
• reg cat_D_21 Years_participating A_IMVO_tooluse			
Source	SS	df	MS
Model	15050.0448	2	7525.0224
Residual	22550.0684	50	451.001368
Total	37600.1132	52	723.0791
	Number of obs	=	53
	F(2, 50)	=	16.69
	Prob > F	=	0.000
	R-squared	=	0.4003
	Adj R-squared	=	0.3763
	Root MSE	=	21.237
cat_D_21	Coef.	Std. Err.	t
Years_participating	9.138406	2.792484	3.27
A_IMVO_tooluse	6.272657	2.079697	3.02
_cons	4.286836	11.00686	0.39
	P> t	[95% Conf. Interval]	
• reg cat_E_21 Years_participating A_IMVO_pol_AGT A_IMVO_tooluse A_IMVO_selecevalua			
Source	SS	df	MS
Model	5678.25555	4	1419.56389
Residual	1675.66898	48	34.9097705
Total	7353.92453	52	141.421626
	Number of obs	=	53
	F(4, 48)	=	40.66
	Prob > F	=	0.000
	R-squared	=	0.7721
	Adj R-squared	=	0.7532
	Root MSE	=	5.9084
cat_E_21	Coef.	Std. Err.	t
Years_participating	4.633598	.9037454	5.13
A_IMVO_pol_AGT	1.864327	.8442243	2.21
A_IMVO_tooluse	2.540498	.5839507	4.35
A_IMVO_selecevalua	5.092372	1.468044	3.47
_cons	-9.830733	3.784227	-2.60
	P> t	[95% Conf. Interval]	

. \*B  
 . reg cat\_ACDE\_21 Years\_participating B\_overview\_prodloca B\_overview\_resources B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	97309.8946	4	24327.4736	F(4, 48)	=	26.65
Residual	43818.7847	48	912.891347	Prob > F	=	0.0000
Total	141128.679	52	2714.01306	R-squared	=	0.6895

cat_ACDE_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	23.46589	4.448455	5.28	0.000	14.52167 32.41011
B_overview_prodloca	4.14579	1.959011	2.12	0.040	.2069349 8.084644
B_overview_resources	14.30728	7.245022	1.97	0.054	-.2598126 28.87437
B_use_sus_fifty	4.075057	1.016074	4.01	0.000	2.032103 6.11801
_cons	5.633879	27.65684	0.20	0.839	-49.97393 61.24169

. reg cat\_A\_21 Years\_participating B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	4963.14547	2	2481.57274	F(2, 50)	=	33.10
Residual	3748.66585	50	74.973317	Prob > F	=	0.0000
Total	8711.81132	52	167.534833	R-squared	=	0.5697

cat_A_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	5.932357	1.101629	5.39	0.000	3.71967 8.145044
B_use_sus_fifty	1.146327	.2879137	3.98	0.000	.5680358 1.724619
_cons	46.29581	4.457984	10.38	0.000	37.34168 55.24993

. reg cat\_C\_21 Years\_participating B\_overview\_prodloca B\_overview\_resources B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	2625.61717	4	656.404292	F(4, 48)	=	28.19
Residual	1117.55264	48	23.2823467	Prob > F	=	0.0000
Total	3743.16981	52	71.9840348	R-squared	=	0.7014

cat_C_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	3.98654	.7104165	5.61	0.000	2.558151 5.414928
B_overview_prodloca	.9777798	.3128532	3.13	0.003	.3487463 1.606813
B_overview_resources	2.98546	1.157027	2.58	0.013	.6591011 5.311819
B_use_sus_fifty	.4527684	.1622666	2.79	0.008	.1265095 .7790273
_cons	-3.634524	4.416787	-0.82	0.415	-12.51507 5.246021

. reg cat\_D\_21 Years\_participating B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	13174.7377	2	6587.36887	F(2, 50)	=	13.48
Residual	24425.3755	50	488.50751	Prob > F	=	0.0000
Total	37600.1132	52	723.0791	R-squared	=	0.3504

cat_D_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	10.586	2.812015	3.76	0.000	4.937902 16.2341
B_use_sus_fifty	1.569341	.7349276	2.14	0.038	.0931956 3.045486
_cons	6.934941	11.37944	0.61	0.545	-15.92133 29.79121

. reg cat\_E\_21 Years\_participating B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	4976.61388	2	2488.30694	F(2, 50)	=	52.33
Residual	2377.31065	50	47.546213	Prob > F	=	0.0000
Total	7353.92453	52	141.421626	R-squared	=	0.6767

cat_E_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	6.861174	.8772836	7.82	0.000	5.099098 8.62325
B_use_sus_fifty	.836111	.2292804	3.65	0.001	.3755878 1.296634
_cons	-2.689409	3.550121	-0.76	0.452	-9.820036 4.441218

. \*B  
 . reg cat\_ACDE\_21 Years\_participating B\_overview\_proloca B\_overview\_resources B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	97309.8946	4	24327.4736	F(4, 48)	=	26.65
Residual	43818.7847	48	912.891347	Prob > F	=	0.0000
Total	141128.679	52	2714.01306	R-squared	=	0.6895

cat_ACDE_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	23.46589	4.448455	5.28	0.000	14.52167 32.41011
B_overview_proloca	4.14579	1.959011	2.12	0.040	.2069349 8.084644
B_overview_resources	14.30728	7.245022	1.97	0.054	-.2598126 28.87437
B_use_sus_fifty	4.075057	1.016074	4.01	0.000	2.032103 6.11801
_cons	5.633879	27.65684	0.20	0.839	-49.97393 61.24169

. reg cat\_A\_21 Years\_participating B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	4963.14547	2	2481.57274	F(2, 50)	=	33.10
Residual	3748.66585	50	74.973317	Prob > F	=	0.0000
Total	8711.81132	52	167.534833	R-squared	=	0.5697

cat_A_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	5.932357	1.101629	5.39	0.000	3.71967 8.145044
B_use_sus_fifty	1.146327	.2879137	3.98	0.000	.5680358 1.724619
_cons	46.29581	4.457984	10.38	0.000	37.34168 55.24993

. reg cat\_C\_21 Years\_participating B\_overview\_proloca B\_overview\_resources B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	2625.61717	4	656.404292	F(4, 48)	=	28.19
Residual	1117.55264	48	23.2823467	Prob > F	=	0.0000
Total	3743.16981	52	71.9840348	R-squared	=	0.7014

cat_C_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	3.98654	.7104165	5.61	0.000	2.558151 5.414928
B_overview_proloca	.9777798	.3128532	3.13	0.003	.3487463 1.606813
B_overview_resources	2.98546	1.157027	2.58	0.013	.6591011 5.311819
B_use_sus_fifty	.4527684	.1622666	2.79	0.008	.1265095 .7790273
_cons	-3.634524	4.416787	-0.82	0.415	-12.51507 5.246021

. reg cat\_D\_21 Years\_participating B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	13174.7377	2	6587.36887	F(2, 50)	=	13.48
Residual	24425.3755	50	488.50751	Prob > F	=	0.0000
Total	37600.1132	52	723.0791	R-squared	=	0.3504

cat_D_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	10.586	2.812015	3.76	0.000	4.937902 16.2341
B_use_sus_fifty	1.569341	.7349276	2.14	0.038	.0931956 3.045486
_cons	6.934941	11.37944	0.61	0.545	-15.92133 29.79121

. reg cat\_E\_21 Years\_participating B\_use\_sus\_fifty

Source	SS	df	MS	Number of obs	=	53
Model	4976.61388	2	2488.30694	F(2, 50)	=	52.33
Residual	2377.31065	50	47.546213	Prob > F	=	0.0000
Total	7353.92453	52	141.421626	R-squared	=	0.6767

cat_E_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	6.861174	.8772836	7.82	0.000	5.099098 8.62325
B_use_sus_fifty	.836111	.2292804	3.65	0.001	.3755878 1.296634
_cons	-2.689409	3.550121	-0.76	0.452	-9.820036 4.441218

.*C						
. reg cat_ABDE_21 C_overview_risk_prodchain C_overview_risk_chain C_risk_before C_sign_neg_impact						
>						
Source	SS	df	MS	Number of obs	=	53
Model	93177.9663	4	23294.4916	F(4, 48)	=	33.62
Residual	33260.4865	48	692.926802	Prob > F	=	0.0000
Total	126438.453	52	2431.50871	R-squared	=	0.7369
				Adj R-squared	=	0.7150
				Root MSE	=	26.324
<hr/>						
	cat_ABDE_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
C_overview_risk_prodchain	-115.8778	31.91026	-3.63	0.001	-180.0376	-51.71789
C_overview_risk_chain	17.01652	5.469097	3.11	0.003	6.02016	28.01287
C_risk_before	31.761	6.79177	4.68	0.000	18.10523	45.41677
C_sign_neg_impact	20.53943	3.029748	6.78	0.000	14.44772	26.63115
_cons	55.58065	13.85235	4.01	0.000	27.72864	83.43266
<hr/>						
. reg cat_A_21 C_overview_risk_chain C_risk_before C_sign_neg_impact						
Source	SS	df	MS	Number of obs	=	53
Model	5327.56563	3	1775.85521	F(3, 49)	=	25.71
Residual	3384.24569	49	69.0662385	Prob > F	=	0.0000
Total	8711.81132	52	167.534833	R-squared	=	0.6115
				Adj R-squared	=	0.5877
				Root MSE	=	8.3106
<hr/>						
	cat_A_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
C_overview_risk_chain	4.051679	1.693025	2.39	0.021	.6494186	7.45394
C_risk_before	4.866534	1.879866	2.59	0.013	1.088802	8.644267
C_sign_neg_impact	5.032964	.9280708	5.42	0.000	3.167936	6.897993
_cons	48.77941	3.91094	12.47	0.000	40.92008	56.63874
<hr/>						
. reg cat_B_21 C_overview_risk_prodchain C_overview_risk_chain C_risk_before C_sign_neg_impact						
Source	SS	df	MS	Number of obs	=	53
Model	836.102219	4	209.025555	F(4, 48)	=	13.39
Residual	749.105328	48	15.606361	Prob > F	=	0.0000
Total	1585.20755	52	30.4847605	R-squared	=	0.5274
				Adj R-squared	=	0.4881
				Root MSE	=	3.9505
<hr/>						
	cat_B_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
C_overview_risk_prodchain	-10.36439	4.788918	-2.16	0.035	-19.99316	-7.7356249
C_overview_risk_chain	2.494694	.8207725	3.04	0.004	.8444204	4.144968
C_risk_before	2.378017	1.019272	2.33	0.024	.3286328	4.427401
C_sign_neg_impact	1.671327	.4546881	3.68	0.001	.7571157	2.585539
_cons	12.32966	2.078885	5.93	0.000	8.149786	16.50954
<hr/>						
. reg cat_D_21 C_overview_risk_prodchain C_risk_before C_sign_neg_impact						
Source	SS	df	MS	Number of obs	=	53
Model	15408.8583	3	5136.28609	F(3, 49)	=	11.34
Residual	22191.2549	49	452.882754	Prob > F	=	0.0000
Total	37600.1132	52	723.0791	R-squared	=	0.4098
				Adj R-squared	=	0.3737
				Root MSE	=	21.281
<hr/>						
	cat_D_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
C_overview_risk_prodchain	-56.92543	25.29519	-2.25	0.029	-107.758	-6.092845
C_risk_before	14.196	5.459723	2.60	0.012	3.224277	25.16772
C_sign_neg_impact	10.53754	2.175829	4.84	0.000	6.165052	14.91004
_cons	2.916163	11.19142	0.26	0.796	-19.57384	25.40616
<hr/>						
. reg cat_E_21 C_overview_risk_prodchain C_overview_risk_chain C_risk_before C_sign_neg_impact						
Source	SS	df	MS	Number of obs	=	53
Model	4666.32489	4	1166.58122	F(4, 48)	=	20.83
Residual	2687.59964	48	55.9916592	Prob > F	=	0.0000
Total	7353.92453	52	141.421626	R-squared	=	0.6345
				Adj R-squared	=	0.6041
				Root MSE	=	7.4828
<hr/>						
	cat_E_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
C_overview_risk_prodchain	-18.6975	9.070856	-2.06	0.045	-36.93568	-4.4593248
C_overview_risk_chain	3.887991	1.554654	2.50	0.016	.7621507	7.013832
C_risk_before	7.374901	1.930639	3.82	0.000	3.493092	11.25671
C_sign_neg_impact	4.410577	.8612405	5.12	0.000	2.678937	6.142217
_cons	-15.355543	3.937689	-0.04	0.969	-8.070808	7.763699

```
. *D
. reg cat_ABCE_21 Years_participating D_SMART_childlabo_purch D_results_childlabo D_SMART_livwage_suppl
> D_SMART_resources_suppl DR D_action_match D_action_report
```

Source	SS	df	MS	Number of obs	=	53
Model	53922.0166	8	6740.25208	F(8, 44)	=	34.56
Residual	8581.30414	44	195.02964	Prob > F	=	0.0000
Total	62503.3208	52	1201.98694	R-squared	=	0.8627
				Adj R-squared	=	0.8377
				Root MSE	=	13.965

cat_ABCE_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	20.91389	2.311109	9.05	0.000	16.25615 25.57162
D_SMART_childlabo_purch	-11.36299	4.079112	-2.79	0.008	-19.5839 -3.142078
D_results_childlabo	5.429988	1.933819	2.81	0.007	1.532631 9.327344
D_SMART_livwage_suppl	7.640764	2.752183	2.78	0.008	2.094103 13.18742
D_SMART_resources_suppl	-9.513591	4.070505	-2.34	0.024	-17.71715 -11.310028
DR	11.08467	1.920273	5.77	0.000	7.214619 14.95473
D_action_match	2.142099	.771773	2.78	0.008	.5866929 3.697505
D_action_report	.9478889	.4186119	2.26	0.029	.104232 1.791546
_cons	30.66314	10.13114	3.03	0.004	10.24518 51.0811

```
. reg cat_A_21 Years_participating D_SMART_resources_suppl DR D_action_report
```

Source	SS	df	MS	Number of obs	=	53
Model	6144.85423	4	1536.21356	F(4, 48)	=	28.73
Residual	2566.95709	48	53.4782727	Prob > F	=	0.0000
Total	8711.81132	52	167.534833	R-squared	=	0.7053
				Adj R-squared	=	0.6808
				Root MSE	=	7.3129

cat_A_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	8.596379	.9773308	8.80	0.000	6.631324 10.56143
D_SMART_resources_suppl	-4.645714	2.087166	-2.23	0.031	-8.842242 -.4491861
DR	5.337955	.9467694	5.64	0.000	3.434348 7.241562
D_action_report	.4764148	.2010446	2.37	0.022	.0721877 .880642
_cons	26.25623	5.063299	5.19	0.000	16.07578 36.43668

```
. reg cat_B_21 Years_participating D_SMART_childlabo_purch D_results_childlabo DR
```

Source	SS	df	MS	Number of obs	=	53
Model	919.642339	4	229.910585	F(4, 48)	=	16.58
Residual	665.565208	48	13.8659418	Prob > F	=	0.0000
Total	1585.20755	52	30.4847605	R-squared	=	0.5801
				Adj R-squared	=	0.5452
				Root MSE	=	3.7237

cat_B_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	2.288104	.4835297	4.73	0.000	1.315902 3.260305
D_SMART_childlabo_purch	-3.354752	1.049082	-3.20	0.002	-5.464073 -1.245432
D_results_childlabo	1.890061	.4994814	3.78	0.000	.885786 2.894335
DR	1.96922	.4225707	4.66	0.000	1.119584 2.818855
_cons	8.011339	2.558182	3.13	0.003	2.86777 13.15491

```
. reg cat_C_21 Years_participating DR
```

Source	SS	df	MS	Number of obs	=	53
Model	2605.53255	2	1302.76627	F(2, 50)	=	57.26
Residual	1137.63726	50	22.7527453	Prob > F	=	0.0000
Total	3743.16981	52	71.9840348	R-squared	=	0.6961
				Adj R-squared	=	0.6839
				Root MSE	=	4.77

cat_C_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	5.829534	.5750916	10.14	0.000	4.674429 6.98464
DR	2.259167	.5255091	4.30	0.000	1.203651 3.314684
_cons	.5659068	3.166139	0.18	0.859	-5.793471 6.925284

```
. reg cat_E_21 Years_participating DR
```

Source	SS	df	MS	Number of obs	=	53
Model	4717.78755	2	2358.89377	F(2, 50)	=	44.74
Residual	2636.13698	50	52.7227396	Prob > F	=	0.0000
Total	7353.92453	52	141.421626	R-squared	=	0.6415
				Adj R-squared	=	0.6272
				Root MSE	=	7.261

cat_E_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Years_participating	8.11926	.8754253	9.27	0.000	6.360916 9.877604
DR	2.129032	.7999491	2.66	0.010	.522287 3.735777
_cons	-9.669481	4.819612	-2.01	0.050	-19.34996 .0109943

```
. *E
. reg cat_ABCD_21 Years_participating      E_DSM_stimu      E_DSM_com_goal_stake
```

Source	SS	df	MS	Number of obs	=	53
Model	67894.2855	3	22631.4285	F(3, 49)	=	24.78
Residual	44755.0352	49	913.368066	Prob > F	=	0.0000
Total	112649.321	52	2166.33309	R-squared	=	0.6027

cat_ABCD_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Years_participating	18.56252	4.383264	4.23	0.000	9.754019	27.37102
E_DSM_stimu	2.981103	1.136989	2.62	0.012	.6962382	5.265967
E_DSM_com_goal_stake	8.695389	3.067338	2.83	0.007	2.531342	14.85943
_cons	78.63296	15.51436	5.07	0.000	47.45569	109.8102

```
. reg cat_A_21 Years_participating      E_DSM_stimu      E_DSM_com_goal_stake
```

Source	SS	df	MS	Number of obs	=	53
Model	4886.21943	3	1628.73981	F(3, 49)	=	20.86
Residual	3825.59189	49	78.0733038	Prob > F	=	0.0000
Total	8711.81132	52	167.534833	R-squared	=	0.5609

cat_A_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Years_participating	4.696249	1.281522	3.66	0.001	2.120935	7.271564
E_DSM_stimu	.8000619	.332418	2.41	0.020	.1320429	1.468081
E_DSM_com_goal_stake	2.614887	.8967884	2.92	0.005	.8127234	4.417051
_cons	47.26152	4.535887	10.42	0.000	38.14632	56.37673

```
. reg cat_B_21      E_DSM_stimu      E_DSM_com_goal_stake
```

Source	SS	df	MS	Number of obs	=	53
Model	681.664789	2	340.832395	F(2, 50)	=	18.86
Residual	903.542758	50	18.0708552	Prob > F	=	0.0000
Total	1585.20755	52	30.4847605	R-squared	=	0.4300

cat_B_21	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
E_DSM_stimu	.7105292	.1454753	4.88	0.000	.4183334	1.002725
E_DSM_com_goal_stake	1.10828	.399426	2.77	0.008	.3060092	1.910551
_cons	17.14452	1.36867	12.53	0.000	14.39546	19.89357

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