

# 2018 Annual Report

Dutch Agreement on  
Sustainable Garments  
and Textile

[Change set in motion ›](#)

# Change set in motion



*In 2018, the Dutch Agreement on Sustainable Garments and Textile (AGT) took further steps in the area of International Responsible Business Conduct (IRBC). Companies, the government, civil-society organisations, and trade unions are working together to bring about sustainable change in the garment and textile chain.*



A great deal has been achieved since the Agreement was signed in 2016. The number of participating brands has risen to 92, representing nearly half of the Dutch garment and textile market. Many companies have made good progress with their due diligence (risk management). A clearer picture of the chain is emerging: the list of production locations grew strongly in 2018. Cooperation within the Agreement has led to a further deepening and broadening of knowledge and understanding of the chains and due diligence, with workshops, training courses and meetings. In addition, numerous joint projects have been set up, aimed at tackling problems in production countries.

But we are well aware that this is only the start of the change process. Change is slower than we would wish it to be in view of our enthusiasm and commitment. It takes time to arrive at the right approach and to change the organisation and processes within companies. This makes it essential to set clearly defined priorities and to focus our attention and efforts on activities that can really make a difference.

The Dutch textile market is only a small part of the world market and our influence is limited. However, our initiative can help to get things moving within the international garment and textile sector. Together with the German Bündnis für nachhaltige Textilien [*Partnership for Sustainable Textiles*], we are working to achieve broader cooperation in Europe.

All the companies and other parties in the Agreement are following a steep learning curve. We can apply this new knowledge in a positive fashion in follow-up steps. In this annual report, we present the results for 2018, together with many stories from the field which illustrate how the Agreement is gradually taking shape.

*Pierre Hupperts, chair of Dutch Agreement on Sustainable Garments and Textile*



# Contents



Convenant:  
Current  
situation



Action plans



International  
expansion and  
upscaling



Cooperation



Outlook

Preface ›

Facts & Figures 2018 ›

Colofon ›



# Convenant: Current situation

Because the available information and a company's experience increase over time, the goals can be made increasingly refined. The process of due diligence is therefore continuously being worked through and improved.

## The Agreement in brief

The Dutch Agreement on Sustainable Garments and Textile is supported by a growing coalition of companies, sector organisations, trade unions, national government, civil-society organisations (NGOs), and expert organisations. The goal is that in 2020, at least 80 per cent of the Dutch garments and textile sector will have signed the Agreement.

With their signatures, participants declare their commitment to the goals of the Agreement, which involve working for better labour conditions and dealing appropriately with animals and the environment. Companies undertake to investigate their chain to define the risks of being involved in abuses in the areas of human rights, the environment and animal welfare, and how they can deal with such risks. This is done through due diligence according to the OECD guidelines: drawing up RBC policy, analysis of the chain, risk analysis and prioritisation, tackling the risks, and access to remedial action, monitoring and communication.

## Moving forwards step by step

In the course of the Agreement, participating companies are expected to keep taking further steps. We have now reached year 3.

- Year 1: companies gain a clear picture of their production chain and make a list of production sites, which the Secretariat adds to the aggregated list. In addition, companies draw up an action plan in which they investigate the risks in their chain and set priorities. They also identify specific, achievable goals for tackling the risks.
- Year 2: companies start to implement their action plan, in cooperation with trade unions, civil-society organisations, and government. They produce a progress report each year. Because the available information and a company's experience increase over time, the goals can be made increasingly refined. The process of due diligence is therefore continuously being worked through and improved.
- Year 3: companies communicate their action plan to the outside world. On their website and in annual reports, they explain their risks and how they deal with them.

### Results achieved in 2018

1. **Expansion of production site list:** from 2802 production sites (end-2017) to 4268 (end-2018). Result: greater transparency in the chain.
2. **Rise in the number of participating brands to 92, which represents 48% of the Dutch market.** Result: greater joint influence both in the Netherlands and internationally.
3. **Greater understanding of materials** used in the sector. Result: more informed choices lead to a switch to using more sustainable materials.

**4. Setting up and carrying out collective projects, training courses, workshops and tools.**

Result: more knowledge and skills for enhancing sustainability of processes and products.

**5. Introduction of assessment framework for action plans.**

Result: learning together, giving companies practical help, and joint action.

**6. Assessment of the action plans** by the Secretariat; Facts & figures.

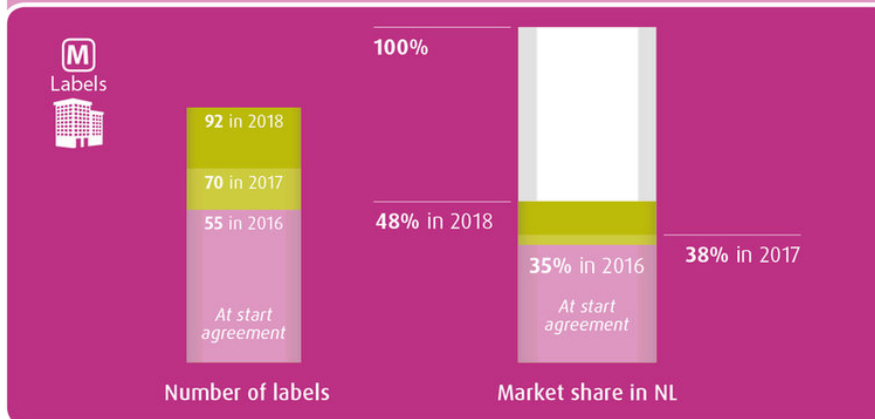
Result: greater transparency regarding joint progress.

**7. More international cooperation with other initiatives, such as the German partnership, the Fair Labour Association (FLA), and the Sustainable Apparel Coalition (SAC).**

Result: cooperation strengthens collective influence and international support.

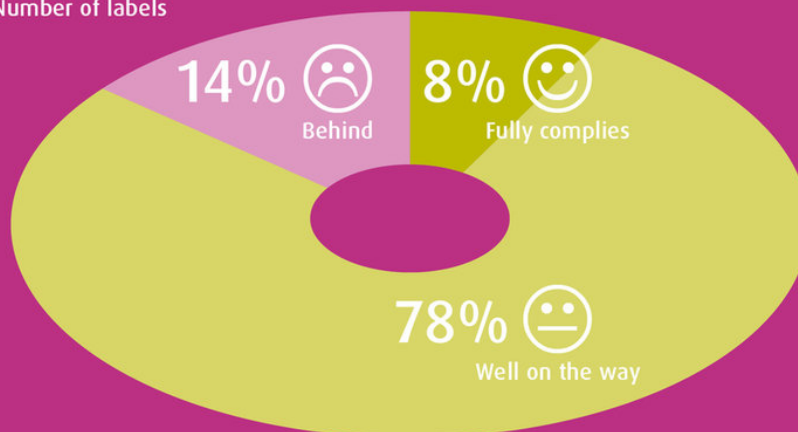


## Number of participating labels & market share in Netherlands (%)



## How were fashion labels assessed?

Number of labels



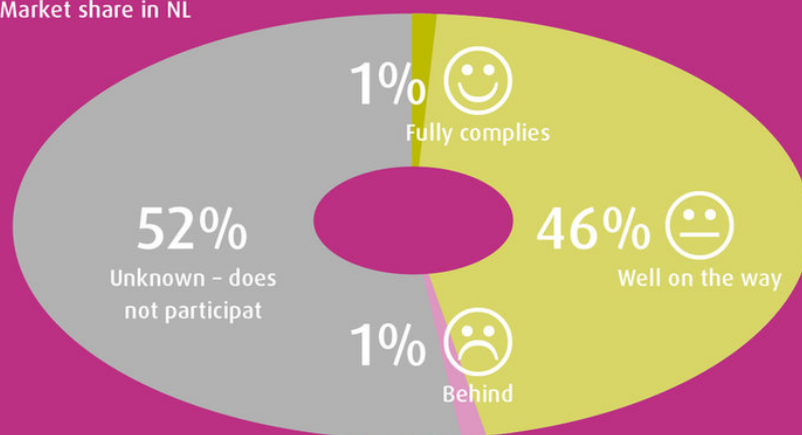
- ☺ Complied to all obligations according to assessment framework.
- ☹ Almost complied to all obligations according to assessment framework.
- ☹ Could not show enough efforts towards obligations according to assessment framework.

Companies are assessed based on [an assessment framework](#). The secretariat of the agreement assesses companies and helps them to achieve the required score.



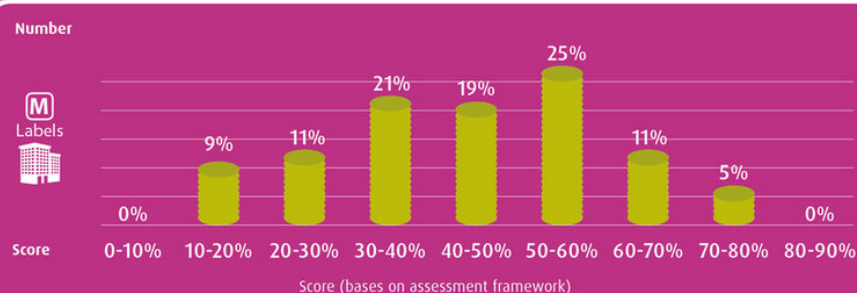
## How were fashion labels assessed?

Market share in NL



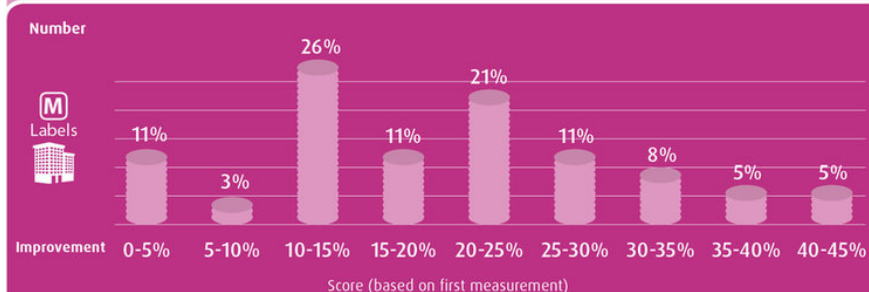
- 😊 Complied to all obligations according to assessment framework.
- 😐 Allmost complied to all obligations according to assessment framework.
- 😞 Could not show enough efforts towards obligations according to assessment framework.

## How did fashion labels score in 2018








According to [the assessment framework](#), companies are required to score a 20%-score in their first year, 40%-score in their second year and 60%-score in their third year.

## How did fashion labels improve in 2018



This graphic shows how companies improved their score compared to their first assessment in 2017. The score is based on the assessment framework.

## Follow-up on notifications on list of production sites

Subject >	Freedom of association	Child Labour	Rights temporary workers	Suicide employees	Right to strike	Forced labour	Forced labour	Human rights violation
								
Brought forward by >	Turkey	India FLA and Stop child labour	India Arisa	India ETI and Arisa	Cambodia Phnom Penh Post	North Korea FNV and LAC	Malaysia Amfori and BSCI	Myanmar C&A

[Read more](#) about the follow-up on these cases.

# Action plans

In 2018, an assessment framework was set up to assess companies' action plans in a consistent manner.

Companies that sign the Agreement undertake to submit an action plan to the Secretariat within a year of signing and to update the plan annually. In an action plan, a company looks at the various elements of due diligence: drawing up IRBC policy; analysing the chain and the materials used; the risk analysis and prioritisation of risks; tackling the risks; and monitoring and communication.

By continually repeating this due diligence cycle, companies accumulate information and gain experience, enabling them to tighten up their goals and also to set new goals.

There are many challenges and risks that companies cannot deal with on their own. Companies can increase their influence by cooperating, for example in achieving a living wage. For this reason, collective projects are initiated within the Agreement in order to work together on these issues.

## **Assessment framework gives insight into progress**

In 2018, an assessment framework was set up to assess companies' action plans in a consistent manner. The Secretariat uses the framework in assessment meetings. This helps companies to tighten up and improve their action plans. Based on the assessment results, the Secretariat [reports](#) on the progress companies are making in due diligence.





***A thorough screening before you start to do business with a new factory is considerably more efficient than searching for audit reports at a later date. At WE Fashion, this is the way they have been working for years, according to sustainability manager Marijke Willemsen.***

WE Fashion only does business with a new factory once sustainability manager Marijke Willemsen has given it her blessing. This has been the case for some six years, she says. 'It happens 10 to 20 times a year that the purchasing department wants to place an order with a new factory. The buyers ask the intended supplier first to provide recent reports from recognised audit systems and submit them to our sustainability department.'

'If the information is incomplete or if it is shown that child labour or forced labour is involved, we will not work with that factory. We regularly encounter incomplete information, but we never come across child labour. Forced labour sometimes occurs, for example if workers' passports are confiscated or if the first month's salary is retained as a deposit.'

By incorporating clear conditions in its own purchasing structure at an early stage and also by carrying out local inspections, for example of subcontractors, WE Fashion has obtained a much better understanding of the production chain. Willemsen: 'We only place orders with factories that we've approved, so that we have greater certainty as to where and under what conditions production is taking place. Our department's work slows down that of the buyers, but over the last few years, they've come to understand and appreciate what we do. They're also unwilling to do business with a factory that is unable to provide sound reports.'






***Is it possible for a relatively small player in the worldwide textile market to have any influence? Sustainability manager Sofie Schop of G-Star RAW is very positive. 'Yes, of course, if you cooperate and dare to share.'***

A denim brand can have some influence on its supplier on virtually any issue – that is the firm conviction of Sofie Schop, sustainability manager at G-Star RAW. But there are a few conditions. 'The first is that you must seek opportunities to cooperate, for example within national and international agreements or with other fashion firms that buy from the same supplier. It's very good that the industry is working on one single measuring method instead of the many different audits that exist for checking the sustainability status and progress of factories. Cooperation is also needed to ensure that workers earn a living wage.'

Good, long-lasting relationships are the second condition, according to Schop. 'As a company, we are deliberately working towards doing business with fewer suppliers. We build long-term relationships with those suppliers, so that we can increasingly deal with each other as partners. You don't have to change everything in one go; it's a process of continuous improvement. But if, after long discussion, a company does not stick to agreements or is unwilling to change, we will ultimately choose to end our collaboration.'

Another factor that is important for G-Star is: dare to share. 'Last year, we developed our most sustainable jeans ever. For the fabric, we received the Cradle to Cradle™ Gold certificate. This certified denim, made from organic cotton, has 70 per cent less chemical content. During the production process, 98 per cent of the water is recycled, while the remaining 2 per cent evaporates. We made the knowledge relating to the development of this denim fabric available to others. It's only by sharing that you can move forwards together. And to do that, you really don't have to be a big company.'

# International expansion and upscaling



Real change will only be achieved if the Agreement is emulated internationally and companies around the world shoulder their responsibility for human rights, animal welfare, and the environment.

The Dutch garment and textile market makes up only 1 per cent of the world market. Real change will only be achieved if the Agreement is emulated internationally and companies around the world shoulder their responsibility for human rights, animal welfare, and the environment.

For this reason, the signatories to the Dutch Agreement on Sustainable Garments and Textile are making efforts to raise the profile of the Agreement in the European Union. For big, multinational garment brands, it is of crucial importance for there to be a single, uniform approach at the European level, so that they do not have to sign up separately in each country.

## Cooperation with a German initiative

The Dutch Agreement has found a German ally. In January 2018, the [cooperation agreement](#) with the German Partnership for Sustainable Textiles was signed. Both initiatives want to support companies in conducting due diligence and setting up joint projects, as well as exerting greater influence together. Companies that have signed up to the Dutch Agreement can join the German Partnership under straightforward conditions, and vice versa.

## Exerting influence together

Where possible, the Agreement exerts its influence to bring change to the sector. One example is the letter sent in November to the Prime Minister of Bangladesh. In the letter, the parties to the Agreement, together with a large number of multi-stakeholder initiatives, called on the Prime Minister not to end the [Bangladesh Accord](#) before the government has sufficient capacity to carry out inspections of factories and other companies itself. This is necessary so as not to risk frustrating the progress of safety in Bangladesh's garment industry. The Agreement had previously sent a letter to Bangladesh in July to voice encouragement for an increase in the [minimum wage](#) for garment workers.

## Support in the Netherlands

In 2018, the Agreement organised a number of working visits for members of the House of Representatives and the Minister of Foreign Trade and Development Cooperation. Among other things, the members of the House of Representatives visited [HEMA](#) to learn more about agreements in the area of IRBC. Kings of Indigo and WE Fashion were also present during the visit. Minister Sigrid Kaag made a [visit to Zeeman](#) to see how this party to the Agreement works on sustainability.







***Expansion to other member states, while at the same time scaling up to the European level. That is the joint aim of the Dutch Agreement and the German Partnership. In June, they organised a meeting in Brussels to promote their approach. It was the start of a European Roadshow.***

The Dutch and German initiatives for a sustainable garment and textile sector are working together closely. According to Jos Huber, policy adviser of the Ministry of *Foreign Affairs*, they want to put the subject of IRBC high on the European agenda.

‘In June, we launched a roadshow together with the German Partnership to inspire other member states to start similar multi-stakeholder initiatives. In Spain, similar efforts are now underway and that is an important step. In the next step, we would also like to reach the East European member states. We talk a lot about Asia, but the garment industry in Europe should also meet the sustainability standards. There is quite a bit of work still to be done on that point, too.’

If other member states can be motivated to start national initiatives, it will be easier for the European Commission to arrive at a European approach. Huber: ‘That is exactly our strategy. National initiatives are needed to address the whole garment and textile sector, thus also including SMEs. At the same time, we need a European approach to get the international retail chains and fashion brands on our side. The two movements are needed at the same time in order to arrive at an internally coordinated approach by the European Commission.’

The role of Europe was also on the agenda at a conference organised by the Dutch Ministry of Foreign Affairs in Brussels in October 2018, in cooperation with the Social and Economic Council of the Netherlands (SER) and the European Economic and Social Committee (EESC). The conference looked at the role of initiatives for sustainable international value chains in relation to the Sustainable Development Goals (SDGs). This concerned, among other things, sustainability within the garment and textile industry and the role that Europe can play.





***She chairs the working group that is striving to achieve more affiliations, more signatories, and more support for the Agreement. Femke den Hartog, policy adviser at INretail, is often in talks with multinationals on the subject.***

‘Over the past year, quite a number of Dutch brands and retailers have signed up to the Agreement. Unfortunately, the big multinationals, such as H&M, Inditex and Primark, are still underrepresented.

This not because they reject the Agreement – on the contrary, they emphasise its importance. They are happy to take part in projects undertaken on the basis of the Agreement, such as the living wage, and they are also very willing to share their expertise. However, they are reluctant to sign all kinds of national initiatives, including the Dutch Agreement. The reason is that they come up against practical limitations with regard to meeting the various different requirements set under the initiatives.

That is a great pity. That said, the Agreement is a means, not an end. The aim is for the problems in the sector to be tackled worldwide. This starts with national initiatives, but an initiative at the European level is indispensable. Therefore, we’re calling on the European Commission to set this in motion, particularly in view of the multinationals that would like to see a European initiative. We’re also considering which international initiatives the Dutch Agreement could work with well, such as the German Partnership for Sustainable Textiles and the Sustainable Apparel Coalition (SAC).

The sector is facing a major transition. Garments and textiles not only have to become sustainable, but also circular, that is to say ‘cradle to cradle’. A level playing field is of great importance for the whole sector. The transition cannot remain limited to companies that participate voluntarily. Ultimately, all companies in the sector will have to make a contribution. This will become increasingly important in the years to come.’

## Cooperation and alignment

‘As a national initiative, we have been striving for cooperation and alignment with other initiatives, to achieve impact, minimise double work and be attractive to members. Our cooperation with the Dutch Agreement for Sustainable Garments and Textile evolved a great deal in 2018. We exchanged tools, organised joint workshops and events, achieved alignment across a variety of topics, and welcomed the first joint memberships of companies. We aspire to go further in 2019, making our cooperation a cornerstone for sustainable and responsible business conduct in Europe.’

*Juergen Janssen, coordinator Bündnis für nachhaltige Textilien [Partnership for Sustainable Textiles]*



# Cooperation

Cooperation is essential for attracting worldwide attention to human rights, working conditions, animal welfare, and the environment.

From the start, the Agreement has focused on joint initiatives, collective projects, and sharing knowledge and experience. Cooperation is essential for attracting worldwide attention to human rights, working conditions, animal welfare, and the environment. Supporters also make a contribution here.

## Support from the financial sector


In July 2018, a large group of investment companies signed a [statement](#) expressing support for the Agreement, the German Partnership, and the Sustainable Apparel Coalition. In the statement, they underline the importance of complying with the OECD guidelines and harmonising national initiatives, with the aim of creating a level playing field for companies that are working to achieve sustainability.

## Reporting based on list of production sites

An important joint instrument for dealing with risks is the list of production sites, which now includes 4268 locations. If trade unions, civil-society organisations (NGOs) or other parties become aware of problems at a particular production site, they can alert the companies concerned to the problems through the Secretariat. This happened a few times in 2018. [See here](#) an overview of these cases in 2018. In addition, companies sometimes call on stakeholders for help if they notice problems. The Secretariat also regularly contacts signatories in response to media reports.

## Living wage and social dialogue

Cooperation requires collective projects in which participants share knowledge and experience, for example regarding the central issues of a living wage and social dialogue. Progress on these issues has a positive effect on all the other issues that play a role in the chain. In 2018, a collective project was started on the subject of the living wage, social dialogue and sustainable purchasing practices. Read more about that project [here](#). Where possible, international cooperation is sought. Training courses have been prepared, which companies are obliged to attend in 2019. The government, NGOs, trade unions, supporters, and international organisations have been involved in the preparations.



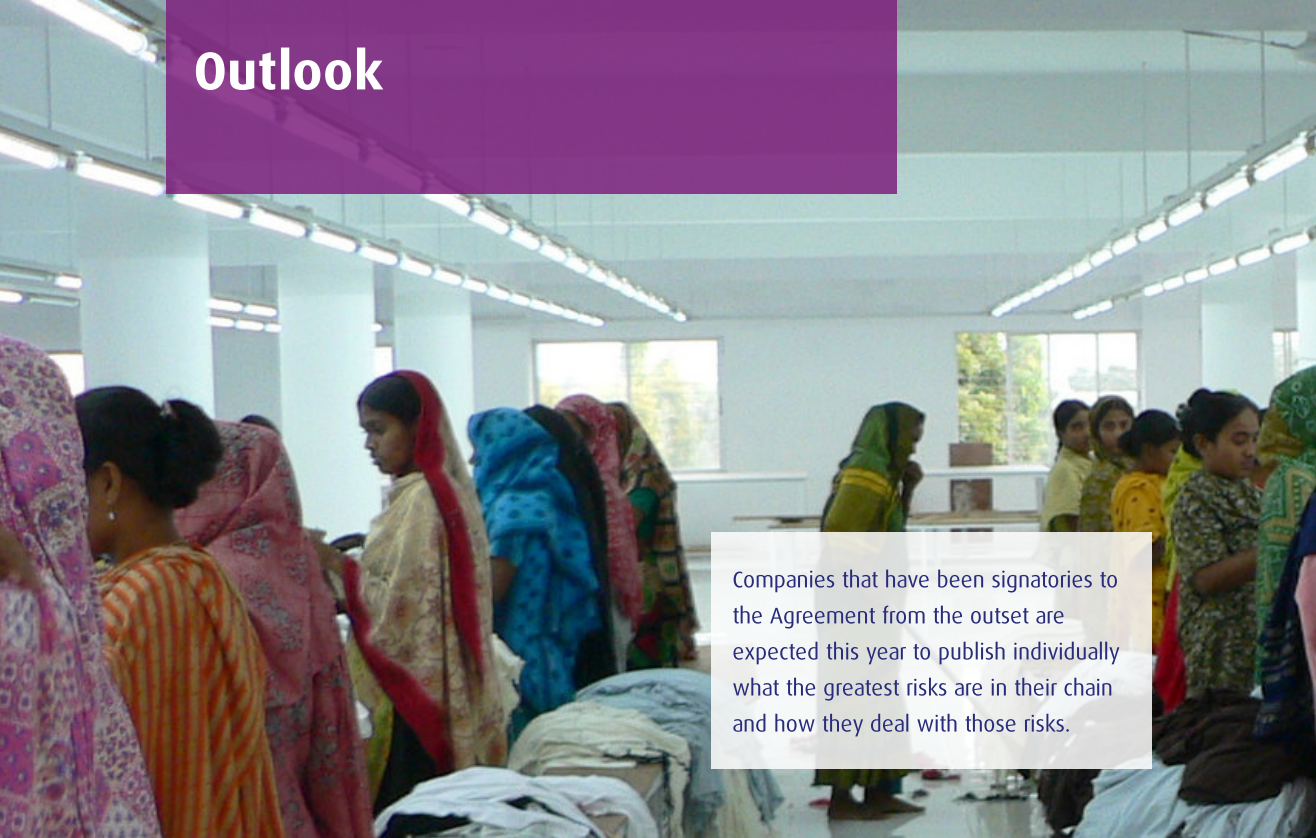
	Merken	Partijen Steunbetoigers	Totaal
<b>Outreach</b>	<b>30</b>	<b>186</b>	<b>216</b>
• Dutch Parliament at HEMA	7	28	35
• German-Dutch Cooperation	15	77	92
• Promoting Due Diligence in EU	8	81	89
<b>Webinar</b>	<b>137</b>	<b>13</b>	<b>150</b>
• Assessment framework	53	-	53
• Child labour risks	12	6	18
• Insight in production locations, materials & due diligence	44	4	48
• Sustainable cotton	28	3	31
<b>Workshop</b>	<b>362</b>	<b>250</b>	<b>612</b>
• Addressing animal welfare	12	3	15
• AGT participant day: living wage/wet processing/supply chain mapping	61	33	94
• Due diligence & top management	19	10	29
• Due diligence exchange pilot for small and medium enterprises	3	2	5
• Due diligence into practice	48	51	99
• Improving Purchasing Practices	48	14	62
• Introduction to Due Diligence	14	4	18
• Labour rights in Myanmar	17	28	45
• Labour rights in the South Indian garment and textile industry	14	18	32
• Living wage	14	9	23
• Round Table Bangladesh	5	9	14
• Sustainable Materials Workshop	34	27	61
• Sustainable Sourcing Seminar	23	22	45
• Training insight in supply chain	46	15	61
• Workshop Prioritizing Risks	4	5	9
<b>Grandtotal</b>	<b>529</b>	<b>449</b>	<b>978</b>

## Child labour

The collective project 'Combating child labour in garment supply chains', supported by the Fund against Child Labour, has as its aim the prevention of child labour. Read more about the project [here](#). In this context, a number of companies and civil-society organisations had an orientation week in South India and Central Bangladesh in September 2018, to consider together how we can improve the situation in the workplace at factories and spinning mills. The project works together with local NGOs. Among other things, they organise training programmes in spinning mills and factories.

## Other activities

Freedom of association and collective bargaining are fundamental human rights. However, in many countries, these rights cannot be taken for granted. For this reason, the trade unions have drawn up a [questionnaire](#) that companies can use to discuss these subjects with the management of a factory. A report has been published on the subject of [animal welfare](#). Training sessions and meetings on various topics within the Agreement have also been organised.



Companies that have been signatories to the Agreement from the outset are expected this year to publish individually what the greatest risks are in their chain and how they deal with those risks.

The problems in the textile chain are large, complex and intractable. The Dutch Agreement for Sustainable Garments and Textile has a limited impact on the global market. However, the Agreement demonstrates that companies can achieve structural changes if they make sustainable decisions. By conducting sound due diligence, they discover where the risks are located in their supply chain and they can address problems in factories. They can do this, for example, by changing their purchasing practice and by engaging in discussions with suppliers about improvements.

## **Communication about risks and action**

In 2019, the parties to the Agreement are embarking on the following step together, building on the knowledge acquired over the past years. Companies that have been signatories to the Agreement from the outset are expected this year to publish individually what the greatest risks are in their chain and how they deal with those risks. In doing this, they will also set out the dilemmas they have faced and their struggles. The reason for taking this step is the conviction that transparency helps to stimulate change and to raise awareness in the entire sector and among consumers.

Once again, there are various training courses on the agenda in 2019, for example on the living wage, gender, and purchasing practices.

## **Interim evaluation**

In 2019, an interim evaluation will consider how the Agreement has been working up to now. An independent external evaluator will report on the extent to which the Agreement is on the right path to achieve the Agreement's objectives. The evaluator is asked to make recommendations on how cooperation under the Agreement and its approach can be strengthened over the next 2 1/2 years in order to achieve the common goals.

Furthermore, the OECD is looking at the extent to which the Dutch Agreement, the German Partnership, and the Sustainable Apparel Coalition contribute to the OECD guidelines. Both reports are expected in the course of 2019. The recommendations will be very valuable for improving the Agreement further.





