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Evaluation of Dutch IRBC policy: India Report

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Acronyms

| | |
|---------|--|
| AGT | Dutch Agreement on Sustainable Garments and Textiles |
| B2B | Business to Business |
| CRB | Centre for Responsible Business |
| CSR | Corporate Social Responsibility |
| ETI | Ethical Trading Initiative |
| FDI | Foreign Direct Investment |
| FLA | Fair Labour Association |
| FWF | Fair Wear Foundation |
| G2G | Government to Government |
| GDP | Growth Domestic Product |
| GLU | The Garment Labour Union |
| ICN | India Committee of the Netherlands |
| IRBC | International Responsible Business Conduct |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |
| INDUS | Indo-Dutch Corporate Social Responsibility and Sustainability Forum |
| INR | Indian Rupees |
| IOB | Policy and Operations Evaluation Department of the Dutch Ministry of Foreign Affairs |
| ITUC | International Trade Union Federation |
| MCA | Indian Ministry of Corporate Affairs |
| MoU | Memorandum of Understanding |
| MVO | Corporate Social Responsibility Netherlands |
| NVGs | National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business |
| OECD | Organisation for Economic Co-operation and Development |
| RBC | Responsible Business Conduct |
| RVO | Netherlands Enterprise Agency |
| SAI | Social Accountability International |
| SAVE | Social Awareness and Voluntarily Education |
| SME | Small and medium-sized enterprises |
| TFT-RSP | Forest Trust Responsible Stone Program |
| TNI | Trade Network India |
| ToC | Theory of Change |
| UNGP | United Nations Guiding Principles on Business and Human Rights |
| WGSN | Dutch Working Group on Sustainable Natural Stone |
| SDGs | Sustainable Development Goals |

Executive Summary

Aim and focus of the report

This report is the result of a case study conducted in India as part of the evaluation of Dutch policy on International Responsible Business Conduct (IRBC) by the Policy and Operations Evaluation Department (IOB) of the Dutch Ministry of Foreign Affairs (MFA).

The India study aimed to evaluate how different Dutch IRBC policy instruments manifest in India and how they influence (Dutch) companies to contribute positively to economic, environmental and social progress while minimising adverse effects. Concerning IRBC policy instruments, the study covers 'international cooperation and legislation', 'Embassy activities' and 'sector agreements'. For 'sector agreements', we examined the Dutch Agreement on Sustainable Garments and Textile as the primary case and the pending natural stone sector agreement as the secondary case.

IRBC policy instrument 1: international cooperation and legislation

Responsible business conduct (RBC) is part of three distinct activities that can be categorised as international cooperation and legislation in the setting of Dutch-India relations: i) Dutch economic diplomacy, ii) business and human rights activities; and iii) international cooperation with other bilateral and international organisations.

The most important part of bilateral relations between India and the Netherlands revolves around economic diplomacy, i.e. trade and investment promotion. The Netherlands' position as an increasingly important investment and trade partner to India creates some space to bring up RBC issues with the Indian government in the context of economic and trade missions. However, Dutch efforts are constrained in that the two countries have a fundamentally different understanding of what constitutes corporate social responsibility, with India promoting corporate charity and the Netherlands responsible business conduct. A unique bilateral MoU for strengthening cooperation on 'Corporate Governance and Corporate Social Responsibility' has not been effective in aligning understandings and there is currently no regular dialogue on RBC between India and the Netherlands.

RBC concerns are also promoted through the business and human rights activities related to political diplomacy. Working on sensitive human and labour rights issues is, however, according to interviews with multiple stakeholders, very difficult in the Indian context, and clear RBC-related results cannot be discerned from these activities.

While limited coordination and collaboration on RBC between bilateral and international organisations in India was observed, the Netherlands is considered to be a RBC-frontrunner in comparison to other bilateral partners in India.

Overall, the space to manoeuvre for engaging with RBC concerns in the bilateral relationship between India and the Netherlands is narrow. Dutch diplomatic staff, however, are found to learn from experience, seek new avenues and develop new approaches to make progress such as through the Embassy's business to business (B2B) activities explained next.

IRBC policy instrument 2: Dutch Embassy activities

'Embassy activities' focus on making trade and investment relations between India and the Netherlands sustainable and inclusive. A two-pronged approach can be discerned that focuses on: i) strengthening and broadening the networks of responsible Dutch companies using a business to business (B2B) approach, and ii) enhancing awareness and knowledge of Dutch companies on how to address social, environmental and political risks.

High relevance and additionality show in the Embassy's B2B INDUS Forum, which belongs to a new RBC trend focusing on creating positive impact through strengthened business cooperation. The relatively young INDUS Forum has attracted more than 100 Dutch and Indian companies, has been instrumental in creating awareness of the importance of addressing social, environmental and political risks and problems, and has forged business matches and set-up pilot projects to solve sustainability

problems. There is still, however, room to improve the RBC relevance and future impact of the Forum. Social and labour rights risks, in particular, need more attention.

The Embassy's support to bridging the gap between a forward looking legal instrument and practice that is lagging behind on preventing sexual harassment in the work-place is likewise relevant and of added-value.

The Embassy also uses demand-based service-provision to Dutch companies to promote RBC. However, while this activity has potential to influence company behaviour positively, a number of challenges exist including limited demand by companies for RBC advice; staff capacity constraints; and staff guidance and incentive mechanisms that seem to favour matchmaking between Dutch and Indian companies over RBC promotion.

The observed differences in degree of relevance and results achieved by Embassy activities is also due to the fact that no comprehensive RBC strategy could be identified that connect RBC activities of the Embassy for a common purpose. This also shows in the lack of synergies between IRBC policy instruments.

IRBC policy instrument 3: sector agreements

Whilst it is still too early to draw conclusions about the performance of the Dutch Agreement on Sustainable Garments and Textile (AGT), a number of relevant observations can be made based on the India study. Three activity categories related to the AGT in India can be distinguished: i) company activities, ii) multi-stakeholder activities, and iii) Dutch government activities.

Visits at three agents and suppliers of Dutch companies in India indicate that some Dutch business partners started focusing on risk identification and mitigation in their supply chains before the AGT was launched. They also suggest that RBC policy and requirements of Dutch brands can have a positive impact on the practice of Indian suppliers, especially if combined with the investment of the brand in longer-term business relationships with suppliers. An AGT multi-stakeholder project (Grievance Redressal Mechanisms in South-Indian Garment Factories and Spinning Mills) was found to be relevant as it addresses an RBC issue that has received limited attention, i.e. inadequate access to remedy.

Overall, a lack of awareness of the AGT in India and low coordination with other Dutch IRBC policy instruments were observed. There is a need to improve AGT's contextualisation to India-specific supply chain developments and increase coordination with the Embassy who can play an important role in supporting the promotion of the AGT and assisting its signatories.

For the pending natural stone sector agreement, the India study brings to the fore multiple similar RBC initiatives in India from which lessons can be learned.

Conclusion

The Netherlands is on its way to become a preferred investment and trade partner of India, a position that has increased leverage for IRBC policy influence in the country. As this study has shown, however, Dutch IRBC policy is implemented in a challenging field of forces characterised by ongoing friction between Dutch IRBC policy intent and trade interests, the combined paradox of economic success and extreme poverty and inequality in India, an institutional environment that is permeated by a corporate social responsibility understanding that is counter-intuitive to Dutch policy implementers, as well as global supply chain dynamics that counteract responsible business conduct.

In order to move forward and make progress on RBC within this field of forces, a continued emphasis of Dutch actors on being context-specific, flexible and iterative is essential for reducing social, environmental and political risks and achieving a fairer distribution of added value in India's global value chains.

The findings of the report give rise to a number of recommendations, which should be read within the scope of the evaluation.

Recommendations to improve the effectiveness of international cooperation and legislation

- 1) There are several opportunities for the Netherlands to reengage with Indian government authorities on RBC policy and practice. Alternative avenues to the MoU on 'Corporate Governance and Corporate Social Responsibility' could be considered such as through new Private Public Partnership MoUs (e.g. health and water sectors). With the Ministry of Corporate Affairs (MCA), in particular, the Netherlands could get involved with the ongoing MCA-led process of revising the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs) to increase alignment with United National Guiding Principles (UNGP) and the Sustainable Development Goals (SDGs).
- 2) The Netherlands is well placed to become a preferred trade partner of India, a position that creates increasing leverage for IRBC policy influence. It is recommendable that the Dutch government continues to use economic and trade missions as an instrument of IRBC promotion and focuses efforts on ensuring that IRBC is an integral part of agreements and MoUs resulting from these missions.
- 3) The Netherlands could take advantage of its position as RBC frontrunner amongst bilateral and international agencies in India and stimulate increased coordination and cooperation with other countries to jointly promote RBC with the Indian government. Relatedly, the Embassy could take the lead in organising multi-stakeholder discussions for government, international agencies civil society, sector associations and knowledge institutes to strategies collectively on solutions to issues that are currently inadequately addressed, in particular gender and caste discrimination, living wages, and freedom of association and collective bargaining.
- 4) The Netherlands could, through its network of representations outside Delhi, enhance the level of subnational diplomacy (i.e. with state level authorities) to integrate RBC better into Dutch trade and investment promotion.

Recommendations to improve the effectiveness of Dutch Embassy activities

- 5) The INDUS Forum is off to a good start with its focus on creating positive impact through strengthened business cooperation. Still, there are opportunities for the Embassy to strengthen the RBC relevance and future impact of the INDUS Forum. The Forum needs to:
 - a) develop into an Indo-Dutch partnership that is equally focused on the needs and interests of Dutch and Indian members;
 - b) transform into an instrument for holistic RBC that addresses technical sustainability concerns as well as human and labour rights, in particular gender and caste discrimination, child labour, forced labour, indecent wages, and freedom of association;
 - c) focus more on social, environmental and political risks and mitigation in addition to matchmaking;
 - d) focus on mutual learning, as well as knowledge and capacity building opportunities for Dutch and Indian INDUS members.
- 6) The Dutch Embassy could improve the effectiveness of its current RBC-related activities by means of developing a comprehensive RBC strategy for staff across Dutch representations in India. The strategy could clarify Dutch IRBC policy intent in India and how it relates to Indian RBC regulation, translate this into clear objectives and outcomes, and furthermore define how to create synergies between sectors and policy instruments. Guidelines to strategy implementation could be developed, based on current MFA guidelines for embassies but contextualised to the Indian context and with more practical advice to different staff groups and representations.
- 7) Linked to the proposed RBC strategy, we propose that the Embassy introduces RBC monitoring beyond output level. Investigating achieved RBC outcomes (such as changed practice or actions) and learning from successes or failures can improve Dutch IRBC policy implementation efforts. Monitoring could be linked to incentivising staff to work on RBC.

- 8) There is also an opportunity for the Embassy to support that a common RBC knowledge and evidence base is developed and shared by staff across India. Staff motivation for working with RBC is likely to increase with staff having more access to capacity development on RBC policy and practice. These measures could also increase institutional RBC capacity and prevent that capacity is lost with turnover of staff.
- 9) The Embassy, in collaboration with RVO and relevant MFA departments, could consider reintroducing RBC screenings of potential Indian partner companies. In conjunction with a review of the current staff credit system, this could provide more incentives for RBC promotion at country-level beyond matches achieved. Also, it is recommendable that the Embassy, together with partners, develops practical examples of how RBC can be integrated into company policy and practice as a resource that can be shared with Dutch companies entering the Indian market in addition to ongoing RBC awareness work (referring to OECD guidelines, etc.) and matchmaking.

Recommendations to improve the effectiveness of the AGT

- 10) There is an opportunity for the AGT Secretariat to strategise with the Embassy on how Dutch government commitments under the sector agreement could be operationalised in India. In the process, the potential role of the Embassy could be discussed and clarified, including how the Embassy could support the AGT to increase consultation with relevant Indian stakeholders.
- 11) The effectiveness of Dutch IRBC policy could be improved if more synergies are created between the implementation of the AGT and other Dutch IRBC policy instruments. In particular, there is potential for the Embassy to contribute to increased awareness of the AGT through INDUS and TNI, for example, through convening discussions for supply chain actors, especially Dutch brands, and their Indian agents and suppliers. Through 'international cooperation and legislation', there is an opportunity for the Embassy to tap into and disseminate learnings from AGT's collaboration with European partners, such as the German Partnership for Sustainable Textiles. Both the AGT and the German Partnership train their members to enhance social dialogue with their suppliers and improve buying practices as a part of due diligence.
- 12) Interviews with agents and suppliers in India suggest that RBC policy and requirements of Dutch brands can have a positive impact on the practice of Indian suppliers, especially if combined with the investment of the brand in longer-term business relationships with suppliers. It is recommendable that the AGT Secretariat continues its dialogue with its signatories on how to focus on investments in such business relationships.
- 13) It is recommendable that the AGT's multi-stakeholder project (Grievance Redressal Mechanisms in Garment Factories and Spinning Mills) expands coordination and exchange of lessons learned with other RBC projects in India (especially the garment and textile hubs Bangalore and Tiripur). Coordination is taking place at the European level and could be further strengthened at the local level. This could also serve as an important avenue for more AGT awareness creation and consultation with stakeholders in India on the most suitable approach to AGT interventions based on local contextual factors.

Recommendations to improve the effectiveness of a future natural stone sector agreement in India

There are several opportunities to improve the potential for positive impact in India of a future natural stone sector agreement. The SER (as the secretariat of the agreement) could:

- a) draw on lessons learned from experience with implementing already existing natural stone sector RBC initiatives in India;
- b) work towards a common compliance mechanism for natural stone suppliers as well as cost-sharing of the financial burden of RBC compliance between buyers and suppliers in the sector;
- c) contextualise a natural stone sector agreement to the Indian context based on dialogue with Indian natural stone sector stakeholders including suppliers and workers;
- d) engage and strategise with the Dutch Embassy in India.

1. Introduction

1.1 Evaluation of Dutch IRBC policy

This report forms part of the Policy and Operations Evaluation Department of the Dutch Ministry of Foreign Affairs' (IOB) evaluation of Dutch policy on International Responsible Business Conduct (IRBC)¹, comprising (i) sector agreements on IRBC, (ii) private sector instruments, (iii) Dutch Embassy guidelines/activities, (iv) international cooperation and legislation, and (v) government procurement policy. These IRBC policy instruments aim to promote responsible business conduct in settings where human rights, worker health and safety, and environmental protection are at risk. The evaluation period covers the timeframe of 2012 until 2018. The evaluation itself was conducted in April-September 2018.

To verify the results of Dutch IRBC policy instruments on the ground, the IOB evaluation is supported by detailed case studies in four countries: Bangladesh, Colombia, Ethiopia and India. With all four countries, the Netherlands maintains comprehensive and increasingly mature economic relationships. While Colombia and India are characterised as 'trade partners' by the Dutch Ministry of Foreign Affairs, which implies that the emphasis lies on activities that benefit Dutch companies and employment, Bangladesh and Ethiopia fall under the category of 'partner countries' with 'transitional relationships'. This entails that the Netherlands also runs development programmes aimed at reducing poverty and promoting the priority themes of Dutch development cooperation policy.

Doing business in these four countries is an important component of Dutch activities to promote economic growth and private sector development. However, in all four countries these activities take place in an environment characterised by an array of social, environmental and political risks, i.e. risks of violations against human, labour and workers' rights, poor governance and weak rule of law, and environmental degradation, among others. These risks also occur in sectors in which Dutch companies, partially supported by private sector instruments of the Dutch Government, are active as producers, traders or buyers; for example, in the mining sector in Colombia and the textile and garment sectors in India and Bangladesh. Dutch experiences in Bangladesh, Colombia, Ethiopia and India therefore offer information-rich examples of different IRBC policy instruments and their (expected) effects in countries and sectors where various social, environmental and political risks are prevalent and constitute important bottlenecks to sustainable development.

This report details the findings for the country study in India.

1.2 Aim and structure of the report

This report aims to evaluate how different IRBC policy instruments manifest in India and to what extent they promote and incentivise (Dutch) companies to contribute positively to economic, environmental and social progress and minimise adverse effects of company operations.

The report is structured as follows. Section 2 describes the methodology, including evaluation approach, methods of data collection and data analysis as well as the limitations of the study. Section 3 sketches the context of the evaluation in India, focusing specifically on the garment and textile sector, and natural stone sector. The empirical findings of the study are presented in Sections 4-6, focusing on the following IRBC policy instruments: International cooperation & legislation in Section 4, Embassy activities in Section 5, and sector agreements in Section 6. Section 7 reflects on the opportunities and limitations of implementing IRBC policy instruments in India, and what this implies for the underlying assumptions of IRBC policy instruments. The main conclusions of the study are presented in Section 8, including a brief methodological reflection.

¹ The evaluation commenced using the terms International Corporate Social Responsibility (ICSR) and corporate social responsibility (CSR) (according to the Terms of Reference). This has been amended in the final phases of this evaluation, following the lead of IOB, to correspond to the terminology used in the OECD Guidelines. As a result, the terms used now are International Responsible Business Conduct (IRBC) and responsible business conduct (RBC).

2. Methodology

2.1 Evaluation approach

This study follows a qualitative, theory-based approach to evaluation to facilitate an in-depth understanding of the workings of Dutch IRBC policy instruments in India. In the absence of a clear counterfactual, such an evaluation approach is both practically feasible and delivers a context-specific understanding of why and how observed results occurred. Moreover, a qualitative approach to evaluation is well suited to build an in-depth understanding of processes of change, and to bring in the perspectives and voices of beneficiaries and stakeholders.

This implies that this study does not serve as an impact evaluation. Instead, the study traces the Theory of Change (ToC) of the different policy instruments and aims to identify (existing and potential) linkages between IRBC policy instruments and observable or expected outcomes in a context where there are multiple influencing factors (e.g. national regulation or international responsible business conduct policies). Validating the ToCs of the different IRBC policy instruments with empirical evidence thus serves to indicate the extent to which these instruments have made – or are likely to make – a difference (Mayne, 2012).

2.2 Country selection

India was selected as a focal country to study Dutch IRBC policies abroad, together with Ethiopia, Bangladesh and Colombia, based on the following criteria: (i) countries are important trade and aid partners of the Netherlands, with significant social, environmental and political risks in the supply chain; (ii) countries have relevant economic sectors for which Dutch sector agreements have already been concluded; (iii) countries are important receivers of Dutch private sector instruments; and (iv) countries cover different geographical regions and are in different stages of development.

2.3 Case selection

The country study in India focuses on three IRBC policy instruments, i.e. ‘international cooperation and legislation’ (Chapter 4), ‘embassy activities’ (Chapter 5), and ‘sector agreements’ (Chapter 6). The study pays most attention to the implementation of Embassy activities, while the instrument of international cooperation and legislation constitutes a relatively smaller share of the empirical research. The country study considers two sectors, i.e., firstly the garment and textile sector and secondly the natural stone sector. These sectors are given particular attention in chapter 6 on ‘sector agreements’. Dutch government procurement was excluded from this study due to the limited expected weight outside of the Netherlands.

Within the different IRBC policy instruments, all cases were selected based on the following criteria: (i) cases involve (sub-)sectors with substantial social, environmental and political risks; (ii) cases affect or involve Dutch companies; (iii) cases have a clear IRBC relevance, either because they primarily aim to promote responsible business conduct or have IRBC as secondary objectives or eligibility requirements; and (v) cases are information-rich and information can be collected from different viewpoints (e.g. company accounts to be juxtaposed with beneficiary voices – or those who did not benefit from a particular investment).

A detailed overview of the cases studied can be found in Annex 1.

2.4 Data collection

This study involved both a desk review and field research for the purposes of data saturation and data triangulation. Field research was conducted in India from 27 August until 7 September 2018, especially in the form of semi-structured interviews. Data collection was supported by Rekha Chakravarthi from Cividep India. An IOB researcher (Martine de Groot) joined the 2-weeks of field research. Desk research took place in April-September 2018.

Data collection served to obtain in-depth information on the different IRBC policies and to validate or refute the causal logic of the ToCs. Specifically, the interviews aimed to elicit feedback on whether and how relevant RBC issues and risks are addressed in India, including the role of Dutch IRBC policy instruments and behaviour (by Dutch) companies.

Interview respondents comprised a wide variety of actors, including staff of the Dutch Embassy in New Delhi and the Dutch General Consulate in Bangalore, representatives of the Indian government, international organisations, non-governmental organisations, labour unions and business associations as well as and Dutch or Indian companies involved in/affected by IRBC policy instruments (see Annex 2 for a detailed overview). In total, 41 stakeholder interviews were held of which 36 interviews were conducted in India. Prior to the India field research a total of 5 interviews were held in the Netherlands with government, private sector and non-governmental actors.

Secondary data complemented the information obtained through primary research. To this purpose, a desk review was conducted, comprising published reports and studies, evaluations, policy and programme documentation, and independent websites on social, environmental and political risks and responsible business behaviour in India.

2.5 Data analysis

The collected data was analysed by means of content analysis and context analysis. Content analysis is “a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the context of their use” (Krippendorff, 2004, p. 18). This research technique is a widely used method in qualitative research (Hsieh & Shannon, 2005) and is useful for this evaluation as it allows for creating categories to understand and trace policy influence. The focus of content analysis lies on identifying emerging patterns and issues which are then grouped into themes. These serve to identify and understand the complex workings of the different IRBC policy instruments, including implementation processes, barriers and limitations, and (possible) impact areas. Context analysis of India was employed in this study as a complementary method to content analysis. It was used to examine the validity of the data obtained through interviews as well as to contextualise data obtained for a more in-depth understanding.

A differential and inclusive approach was used in data analysis. Although communities were not interviewed, social categories of analysis such as gender, age and ethnicity were taken into consideration during the various phases of the study (design, data gathering, analysis and report writing).

2.6 Limitations of the study

Firstly, it should be stated that the *amount of data and information available varied per IRBC policy instrument*; among others, depending on accessibility and openness of respondents. This implies that the level of detail of evaluation differs per case and not all areas of interest (and evaluation questions) could be covered equally for each case and IRBC policy instrument.

Secondly, the theory-based approach to evaluation recognises that *attributing identified effects – e.g. improved due diligence of companies – to a specific IRBC policy instrument is nearly impossible*, as impact is determined by various factors, including other policies, costs/benefits of “doing no harm”,

competitive pressures on companies, and leadership and organisational culture of businesses. The study addresses this by collecting rich data for a better picture of the context and other major external factors that may play a role in addressing risks and (Dutch) company behaviour. It is hoped that this makes the findings particularly useful to the organisations working in the contextual settings referred to, specifically, but not limited to, the Dutch Embassy in India.

Thirdly, the *absence of baseline data* presents a clear limitation and *makes a comparison across time difficult*. To some extent, this was mitigated by resorting to recall techniques, i.e. investigating through secondary data and asking respondents to position observed changes within a temporal timeframe.

Fourthly, it should be noted that this report is *not* a general effectiveness evaluation, but pertains exclusively to questions of RBC promotion. For instance, the study includes a number of embassy activities, such as the INDUS Forum, which was empirically investigated. However, the *study is neither an evaluation of the general effectiveness of this instrument nor of the effectiveness of the sampled activities*. The entire study was guided by questions of how different Dutch IRBC policy instruments (e.g. 'international cooperation and legislation', 'embassy activities', and 'sector agreements') aim to promote responsible business conduct and how this affects companies involved in the instruments.

Fifthly, with the *size, heterogeneity and complexity* of India, and the field study limited to two weeks, choices had to be made. The study team opted to visit New Delhi (the capital of India with the Dutch Embassy, government ministries and home to relevant bilateral and international organisations, civil society organisations and experts on IRBC, human rights and business). The main limitation in Delhi was the lack of willingness of Indian government officials to meet the evaluation team. Still, the evaluation team managed to hold interviews with staff of three government agencies. The study team also visited the South Indian states Karnataka and Tamil Nadu (with a Dutch General Consulate in Karnataka's state capital Bangalore, and both Bangalore and Tiripur in Tamil Nadu considered key 'textile hubs' with suppliers to Dutch companies). The key limitation in South India was the hesitance of Dutch companies to provide information about suppliers, and the lack of willingness of Indian suppliers to be involved in the evaluation. Thus, the evaluation team was able to visit and carry out interviews with agents, management and staff of no more than two garment factories that were supplying to Dutch brands and AGT signatories.

Finally, in view of the research methods and the limited cases, there is therefore *no attempt at generalisation in a "sample-to-population" approach*. Rather, the question of whether findings from India have any applicability in other settings should be considered as a matter of transferability (Patton, 2002): What can be learned from the setting of India that might be relevant for other – similar, but not identical – settings?

3. Evaluating Dutch IRBC policy in India

3.1 Relevance of IRBC in India

India is the world's fastest-growing large economy with the International Monetary Fund (IMF) predicting a growth rate of 7.4% in 2018. Although economic growth has improved living standards, India, which has the largest number of (absolute) poor in the world, is still struggling to lift its 1.2 billion population out of poverty (World Economic Forum, 2016). India ranks 130 out of 189 countries on the Human Development Index (HDI) of the UNDP. An estimated 26.8% of its HDI value is lost on account of inequality making it one of the biggest social and economic challenges for the country (UNDP India, 2018). This is reflected in a high rate of gender inequality, which shows in India's low ranking in the 2017 Global Gender Gap Report: 108 out of 144 countries (World Economic Forum, 2017).

The Indian Government considers corporate social responsibility an integral part of corporate governance and with the introduction of the Companies Act 2013, major companies located in India are required to reserve 2 % of their profits for corporate charity activities (Annex 3). Still the country faces significant social, environmental and political risks: According to the 'CSR Risk Check'² of MVO Nederland, India is exposed to 118 social, environmental and political risks, the majority of which are related to labour rights, including child labour, labour exploitation and human trafficking as well as environmental issues (MVO Nederland, 2018). Furthermore, the 2018 International Trade Union Federation Global (Workers) Rights Index attests 'terrible conditions' for workers in India, particularly in the garment and textile sector (ITUC, 2018).

3.2 Bilateral relations and trade between India and the Netherlands

Since the bilateral development cooperation relationship with India ended in 2002, the Netherlands' relationship with India revolves around trade with an emphasis on activities that benefit both countries. The Netherlands is India's fifth largest investment partner globally and has emerged as the third largest source of foreign direct investment (FDI) for the country in the last three years (India Briefing, 2018). Dutch FDI into India increased tremendously through the 2000s - from US\$127 million to US\$2,996 million between 2000 and 2016 (Ibid).

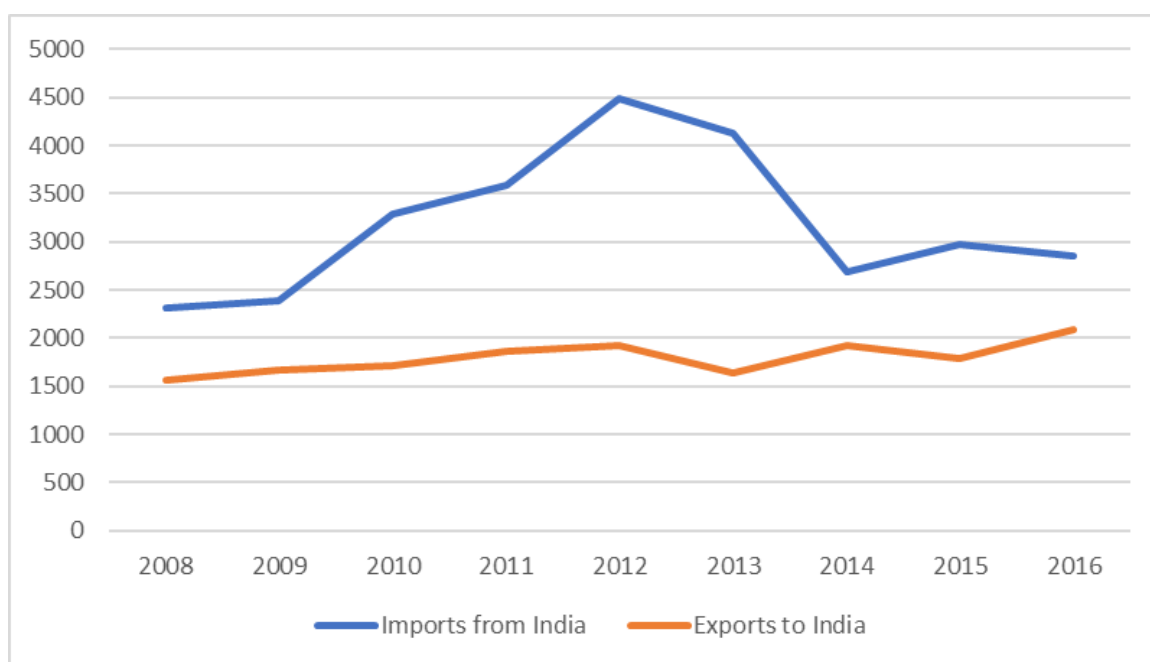
Trade between the two countries has been growing with 27% over the last decade with a volume of €4,934 million in 2016 (€2,852 million from India to the Netherlands and €2,081 million from the Netherlands to India), up from € 3883 million in 2008 (€2,318 million from India to the Netherlands and €1,565 million from the Netherlands to India) (see Figure 3-1).

The Netherlands has emerged as India's 6th largest trading partner in the EU and the 28th globally (Dutta, 2018). The two countries are now considering the significant role the Netherlands can play as India's 'Gateway to Europe', and the Netherlands is praising the transformative economic initiatives recently introduced by the Indian Government and has declared India as a priority country for economic engagement (Dutta, 2018).

With India moving up the global 'ease-of-doing-business' rankings and with the introduction of Indian Government's flagship programmes such as "Make in India" and "Skill India", an increasing number of Dutch businesses are attracted to do business in India (Roche, 2018). Currently there are over 115 Dutch companies present in India, including leading Dutch companies such as Phillips, DSM, Rabobank, Shell, Unilever, and ING (India Briefing, 2018). The Netherlands also has a vast diplomatic presence in India that in addition to the Embassy in Delhi also includes two Consulate Generals (Bangalore and Mumbai), three National Business Support Offices (Ahmedabad, Chennai and Hyderabad), two Honorary Consuls (Kolkata and Bangalore) and one Trade Consul (Lucknow). Bilateral economic and trade relationship between the two countries is expected to grow further (Dutta, 2018).

² <https://www.mvorisicochecker.nl/en/risk-check>

Figure 3-1 Bilateral Trade Volume between The Netherlands and India (in million €) (Source: CIB 2018)



3.3 The garment and textile sector in India

With an annual share of global trade standing at 4.5%, and a contribution of 4% to GDP and 14% to industrial production, the garment and textile sector is critical to India's economy. The sector has become the second largest employer of the country, after agriculture, employing about 45 million people directly. India's share in global trade of textiles and apparel stands at 5% making it the second largest manufacturer and exporter of garment and textile in the world, after China (Ministry of Textiles, 2017-18). Under the flagship programme "Make in India" that was introduced in 2014, the Indian Government has allowed for 100% FDI in this sector (Make in India, Textiles and Garments). Much of India's garment industry, however, operates in the informal sector with limited protection of worker's rights and widespread caste and gender discrimination, and with mixed levels of commitment to and implementation of due diligence processes on the part of international and national companies (Ray & Peepercamp, 2015; Sisters for Change, 2016). While the industry has seen some positive changes in the past few years, there are many areas that require attention and improvement.

The Dutch initiatives to promote RBC among Dutch and affiliated companies are embedded in the following business and human rights environment:

The issue of *high or unrealistic production targets* is common across major garment producing clusters in India. Hourly targets are set, often arbitrarily, depending on orders and they are often unattainable. It is common for workers to work overtime of 60 hours per week to meet production targets (ILO, 2015). Labour law mandates both the Central and State government to set *minimum wages*. This means that minimum wages are different across states in India. This is complicated further by having different minimum wages for different industries and also for different skill levels within in the same industry. The minimum wage, therefore, for a tailor is different dependent where he or she lives. Accordingly to ILO

research, none of the prevailing average monthly wages ensure a decent standard of living for workers and hence do not constitute as “living wages”³ (ILO, 2017)⁴.

Gender discrimination is pervasive in the garment industry in India (ILO, 2015). Women are often paid less than men for similar work (ILO, 2016), usually supervised by an all-male management and often subjected to physical, verbal and sexual harassment if production targets are not met (Fair Wear 2016; Sisters for Change 2016). In addition, childcare and crèche facilities are either non-existent or poorly maintained (ILO, 2015).

Migrant workers, especially women, are more vulnerable to all forms of exploitation (Ray and Peepercamp 2018). Migrant workers often belong to scheduled castes or tribes. They are more prone to be hired as flexible, contract labourers and their working and living conditions are often worse than those of local workers due to language barriers and lack of networks. About 70% of the workforce in Tirupur is composed of migrant workers (ILO, 2017).

In most garment factories in India, there is *no recognition of trade unions*. In effect, less than 5% of the garment workforce is unionised (Mani, 2011). The industry functions in a manner that makes unionisation difficult as it is characterised by dispersed and fragmented production, flexible and contractual labour practices, hiring piece-rate workers, high turnover rates, recruiting vulnerable groups such as migrant workers, and the feminisation of the workforce (ILO, 2017). Factories also actively discourage unionisation through acts of intimidation, threat of termination or by creating anti-union sentiments among workers (PUCL, 2017).

Lack of *access to remedy* is another area of concern. According to Indian law, depending on the number of employees in a factory, staff should have access to a grievance redressal committee or a Works Committee with equal representation from management and workers. However, in reality most of these are found to be non-functioning and ineffective. Despite legal requirements of having a Committee to look into sexual harassment in the workplace, as per the 2013 Sexual Harassment of Women and Workplace Act (Annex 4), disputes pertaining to *sexual harassment, physical and verbal abuse* are under-reported or in most cases go unreported (Sisters for Change, 2016).

Turning to environmental risks, India’s garment and textile industry dyes, bleaches, and manufactures clothes using many chemicals and consuming big quantities of water. The industry is regularly critiqued for exhausting local water supplies and dumping untreated wastewater into local streams and rivers causing environmental and health problems (Kaye 2013; ERMA 2018).

3.4 The natural stone sector in India

Similar to the garment and textile sector, the natural stone sector is critical to India’s economy with around 10 % of natural stone traded on the world market sourced from India. Half of the total world exports of granite come from India, making the country by far the largest global exporter of granite (Glocal Research et al., 2017). India’s contribution to the global production of granites is said to be 15 % (Kapoor, 2015). Other forms of natural stone include sandstone, marble, limestone, slate and quartzite. This is a sector where corruption and bribery is endemic, buyer-supplier linkages are hard to identify and with numerous reports of child labour, modern slavery and failures of companies to live up to their due diligence responsibilities (UNICEF & Centre for Responsible Business, 2015; Ethical Trading Initiative, 2016; Hodal and Bengtson, 2017).

Major human rights issues are identified in *quarries*: bonded labour – where debts of workers are passed on to their families – and child labour are leading concerns (Samata, Centre for Child Rights,

³ A ‘Living Wage’ is defined by the Global Living Wage Coalition as: the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

<https://www.globallivingwage.org/about/what-is-a-living-wage/>

⁴ See annex 6 for an example from the state of Karnataka of the complexity of negotiating wages in the garment and textile industry.

and Mines Minerals and People, 2010; Narayanan N., 2014; UNICEF & Centre for Responsible Business, 2015; Marshalls and the Global Compact, 2015). Working conditions are poor and often characterised by long working hours, job insecurity, inadequate wages, and no social security benefits. Also, excessive working hours, lack of unionisation, and absence of legally binding contracts between employers and workers are common. Quarries also lack basic amenities such as drinking water, functioning sanitation facilities, electricity and other services such as crèches, schools or medical facilities (Ethical Trading Initiative, 2016). Workers in quarries are also prone to occupational health and safety risks and fatal accidents, physical injuries, hearing impairment, and respiratory diseases are common. High cases of Silicosis to inhalation of stone dust is reported and a major reason for early death among workers, whose families are often without any social security net such as life insurance or financial compensation (Ibid). A lot of quarry workers are migrant workers who are further disadvantaged because of their social standing (often scheduled castes and tribes) (Ibid).

In stone *processing factories* the working conditions are similar (Ethical Trading Initiative, 2016). Workers usually cannot refuse overtime work due to fear of loss of employment. While there is some evidence of child labour in processing factories, reliable numbers are hard to find. Women and children are mostly employed as cleaners or helpers. Occupational health and safety risks from dust and noise are common and lack of basic amenities are issues of concern in processing units (CREM et al., 2006).

Turning to environmental risks, stone quarrying involves drilling, blasting, cutting, surface grinding and polishing and the crushing units produce generate large quantities of particulate matters (dust). These particles pollute the air, water, land and vegetation at the sites and nearby areas affecting human beings, agricultural crops and livestock negatively (Jena, 2018). Ground-water pollution – contributed directly to sandstone and limestone quarries – is another serious concern from the natural stone industry (Mishra, 2013) as is solid waste disposal by quarries and processing plants causing severe damage to agricultural areas (Glocal Research et. al, 2017).

4. International cooperation and legislation in India

4.1 Objectives and activities of international cooperation and legislation

In recent years, India-Netherlands relations have intensified, illustrated by three bilateral meetings at a prime ministerial level between 2015-2018, with trade and investment increasingly becoming a crucial aspect of bilateral ties. These visits were not only significant because they enhanced the scope of relations between the two countries but also because they happened after a long interval of a prime ministerial meeting (latest 2006). The Joint Statements of the three visits signify a common ambition of the two nations to serve as important sources of economic growth, entrepreneurial opportunities and innovation for each other (Dutta, 2018). It is in this context that the Netherlands is attempting to address the Indian government on issues related to RBC in general and human rights in particular, as part of a package of activities related to implementing international cooperation and legislation as an IRBC policy instrument. Three activity categories can be distinguished as international cooperation and legislation: (1) Economic diplomacy, (2) human rights and business, and (3) international cooperation with other bilateral and international agencies.

1. Economic Diplomacy

Since 2011, the Netherlands and India have agreed on a bilateral Memorandum of Understanding (MoU) for strengthening cooperation on corporate governance and corporate social responsibility. The Netherlands is the only country to have signed an MoU with India in this area. Under the MoU, a bilateral Working Group on 'Corporate Governance and Corporate Social Responsibility' was established which has facilitated, among others, exchange of knowledge and information between the Embassy and the Ministry of Corporate Affairs (MCA) of the government of India. In this time period, the Indian government introduced the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs), which can be interpreted as the Indian version of the OECD guidelines adapted to the Indian context. It also passed the Companies Act 2013 (Annex 3), which obliges companies operating in India with annual revenues of more than 10 billion Indian rupees to reinvest 2 % of their net profits in charity activities.

According to Embassy staff, the MoU initially provided space for dialogue but in recent years it has become difficult to make progress with this government to government (G2G) approach to RBC in India. Despite the increasing importance of the Netherlands as investment partner to India (chapter 3), interviewees indicate that there is currently no regular contact with the MCA and limited scope to raise responsible business conduct concerns with Indian government authorities. Still, despite Embassy staff characterizing the MoU as 'dormant', it seems to have been an important stepping stone for other RBC related activities and continues to be referred to in official documents as a frame-work for cooperation with the Indian government.

The Netherlands' position as an important investment and trade partner to India does create space to bring up RBC issues with the Indian Government. The Netherlands is India's fifth largest investment partner and has emerged as the third largest source of FDI since 2016 (India Briefing 2018). In particular, incoming diplomatic and trade missions provide a useful platform for RBC promotion. Since 2014, six economic and trade missions have taken place⁵. Most recently, during the May 2018 trade mission led by Prime Minister Rutte, high-level round-tables were organised for Dutch government representatives to present Dutch IRBC policy to a wide group of stakeholders including Indian government officials from federal and state level water, health and agriculture agencies. The trade mission took place from 23-25 May 2018, under the leadership of Prime Minister Rutte, the Deputy Prime Minister and Minister for Agriculture, as well as the Ministers for Foreign Trade and Development Cooperation, Infrastructure and Water Management and for Medical Care. Approximately 150 Dutch companies were represented making it the largest trade mission ever to India. Trade and investment discussions focused on the infrastructure, education, healthcare, life sciences, waste management,

⁵ Based on data from the Ministry of Foreign Affairs' (MFA) strategic travel agenda that features details of MFA staff travel (retrieved 13-09-2018).

water conservation, and agro-processing sectors⁶. Neither the garment and textile sector nor the natural stones sector was in focus. Interviews suggest that most other RBC related discussions held during the trade mission evolved around what the Netherlands has to offer in terms of technological advancements to promote environmental sustainability such as related to agriculture, water management, and smart city development.

2. Business and human rights

RBC concerns are also promoted in the domain of human rights, which the Netherlands pursues through political diplomacy, centralised funded programmes run by Dutch NGOs (through the programme “Dialogue and Dissent” on strategic partnerships for lobby and advocacy – which was not a focus of this study) and bilateral visits.

One of the focus areas of the Embassy’s human rights strategy for India is *business and human rights*, in addition to gender equality, religious minorities, and LGTBI issues. This strategy guides the use of the Dutch Human Rights Fund in India to support local and international NGOs to place human rights issues on local political agendas and play a monitoring role. Since 2010, after the introduction of the Foreign Contribution Regulation Act (FCRA), there is however limited space for Indian NGOs to receive funding from foreign donors. This makes it difficult especially for critical lobby and advocacy groups to operate. Some Dutch NGOs have also encountered difficulties after having been banned from entering India or placed on a ‘prior approval list’ of the Indian government. Amongst these are organisations that have published on corporate human rights abuse in the textile and natural stone sectors⁷. According to Embassy representatives, the Embassy has made efforts to engage in a constructive dialogue with Indian authorities regarding these difficulties. However, as explained by the interviewees, there are limits to which the Netherlands can provide support to involved Dutch NGOs without damaging relations with India, as the Indian Government could hold the Dutch Government accountable for actions of Dutch NGOs in India.

The Netherlands also takes advantage of economic and trade missions to bring up business and human rights concerns. The 2018 trade mission featured conversations between the Dutch Minister for Foreign Trade and Development Cooperation and the Nobel Peace Prize winner Kailash Satyarthi from the Global March against Child Labour on addressing child labour in diverse supply chains in partnership with Dutch financial institutions. The involvement in and/or endorsement of the Indian government of these plans, however remains unclear.

3. Cooperation with other bilateral and international agencies

International agencies are well placed to raise concerns of responsible business conduct on behalf of their members. Hence, the Netherlands, whenever possible, has attempted to promote RBC through the EU in India. Interviewees from the EU Delegation in India noted, however, that the lack of an EU-India foreign trade agreement limits the EU’s ability to focus on RBC in their communication with the Indian government, and the EU also depends on member states and their companies to address RBC.

There is currently no formal mechanisms for cooperation or exchange on IRBC related issues between bilateral and international agencies in India. The Netherlands promotes RBC wherever relevant in more informal ways, for example, by giving RBC related presentations during regular meetings of EU economic counsellors and maintaining a network of international RBC actors such as the Swedish Embassy and UNIDO in India. Through this – and particular RBC activities of the Embassy such as the INDUS Forum (see chapter 5) – the Netherlands is considered by many as a forerunner on RBC promotion amongst bilateral agencies. Embassy representatives indicated that they see the INDUS Forum as a stepping stone for expanding the scope for a business-to-business based RBC engagement with other EU states, and to get OECD and ILO involved in the discussions. This was supported by international agency representatives that pointed to the need for a common RBC voice amongst internationals to create more leverage and impact in trade and investment related discussions with the government of India.

⁶ <https://www.india-briefing.com/news/netherlands-india-trade-investment-relations-strong-16925.html/>

⁷ Including India Committee of the Netherlands (ICN) and Stop Child Labour - see References for publications.

After some years of little contact, the ILO and the Embassy have recently reconnected, which is positive, as the ILO is keen to share lessons learned on how to get the Indian government engaged in RBC discussions in particular in the garment and textile sector. Interviewees from ILO mentioned that they were expecting funding from the Dutch Ministry of Foreign Affairs for a project to develop a strategy for the natural stone sector in India, a project the Embassy had, however, not been informed about.

4.2 Results of international cooperation and legislation

A key output of the Netherlands' engagement with the Government of India has been the unique MoU for strengthening cooperation on 'Corporate Governance and Corporate Social Responsibility' between the two countries. Beyond laying important ground-work for other RBC activities, no visible results can be observed from the MoU for instance in terms of leading to new or revised government legislation. Respondents from different stakeholder groups relate the lack of progress with the MoU to multiple factors.

Firstly, the Netherlands and India have rather different understandings of what constitutes corporate governance and corporate social responsibility. The Dutch side promotes an understanding of responsible and sustainable business conduct ('how to make money without doing harm'), while the Indian side focuses on compliance to its' mandatory legal framework for corporate social responsibility ('how to spend money to do good').

Secondly, the turnover of Dutch diplomatic staff and of high-level staff of Indian government institutions has jeopardised building relations and trust at the interpersonal level, which are particularly important for booking any concrete results in the Indian context.

Thirdly, and possibly most importantly, bringing up sensitive social, environmental and political risks and issues with the government of India, such as child labour, bonded/forced labour, gender and caste discrimination is very difficult as the Government of India is averse to foreign interference in internal affairs. Embassy staff mentioned as an example, the Netherlands' attempt to raise concern with the Indian government about the Sumangali scheme in Tamil Nadu (a form of bonded labour of young women – see Annex 5 for more details), which had not been received well. Still, respondents from different groups of stakeholders called to the attention of the Netherlands the importance of engaging with the Indian government on IRBC. One promising option would be to get involved with the ongoing MCA-led process of revising the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs) to increase their alignment with the UNGP and SDGs, and in the process contribute to more convergence of the NVGs ('how to make money') and the Indian government's corporate social responsibility legislation ('how to spend money').

Results from economic and trade missions are significant⁸ also in terms of contracts and agreements on sustainability, however the extent to which RBC is an integral part of the realised agreements is not clear (Dutta 2018). Achieving results through political diplomacy efforts have increasingly become difficult as, under the current Indian government, respondents observe a shrinking space for civil society to critically address IRBC issues and there are obvious limits to which the Netherlands can support affected Dutch organisations without damaging relations with Indian authorities.

Finally, no clear results can be discerned from coordination and cooperation in India with other bilateral and international agencies such as for instance new IRBC agreements or partnerships. Interviews with Embassy staff as well as international agencies suggest that there are signs of more appetite for increased international collaboration in this area.

⁸ For example, the May 2018 trade mission resulted in Indian and Dutch companies signing more than 50 MoUs and partnership agreements worth 170 million euro. For a list of agreement see: <https://www.mea.gov.in/bilateral-documents.htm?dtl/29918/List+of+MOUs++Agreements++Initiatives+launched+during+the+visit+of+the+Prime+Minister+of+Netherlands+to+India>

4.3 Relevance and coherence of international cooperation and legislation

Addressing social, environmental and political risks through international cooperation and legislation is *highly relevant* in the current socio-economic and political context in India. However, our analysis shows that Dutch IRBC policy implementation is taken place in a challenging field of forces where priorities and interests clash: On the one hand it is influenced by Dutch IRBC policy intent and the fact that social, environmental and political risks in India are well-documented by Dutch and other organisations. On the other hand it is influenced by the Dutch Aid and Trade agenda with trade between the Netherlands and India increasing and the Indian government introducing enabling regulation and flagship programmes.

Our findings indicate that the extent to which economic and political diplomacy is used to promote RBC is influenced by Dutch economic interests in India. This is well captured in the MIB 2016-2020, which states that the Netherlands “has to get used to the fact that now we are the demanding party [...] None of India’s potential roles for the Dutch economy have been secured yet” (MFA 2016, p. 25). This situation, in combination with the identified challenges of a G2G approach to RBC in India (i.e. different understandings of RBC, staff-turnover and sensitive content), explain the limited results realised from the IRBC policy instrument international cooperation and legislation, and its *factual relevance* in India can therefore be considered more limited. We also cannot see any evidence of *additionality* as it requires insights on achieved outcomes. *Coherence* with activities of other bilateral and international agencies – including the EU – is limited, firstly because other bilateral agencies support few RBC initiatives, and secondly due to the lack of formal mechanisms for collaboration (such as interagency working groups).

4.4 Discussion

Despite the MoU on ‘Corporate Governance and Corporate Social Responsibility’ between India and the Netherlands and the growing significance of the Netherlands as an investment partner for India, we conclude that the space to manoeuvre for engaging with IRBC concerns in the bilateral relationships between India and the Netherlands is narrow. The most important part of bilateral relations revolves around economic diplomacy, i.e. trade and investment promotion, and the Netherlands, in particular, takes advantage of incoming economic and trade missions to promote RBC with the Government of India. However, the extent to which RBC concerns are an integral part of resulting trade agreements and partnerships is unclear. According to the Embassy, there is currently no regular engagement on RBC with Indian authorities in general and MCA in particular.

From interviews we conclude that many civil society and private sector stakeholders consider it essential that the Netherlands engages with the Indian government on RBC policy and practice. To this end, interviews with the Embassy indicated that the Netherlands is taking into account learning from the past and ready to be flexible and use a bottom-up approach. That means not presenting social, environmental and political risks as the core of the discussion with Indian authorities but in the future finding ‘back-door’ entry points such as through new Private Public Partnership agreement on health and water where RBC is not yet on the agenda.

Different interviewees, stressed the need for the Netherlands to become involved with the MCA-led process of revising the NVGs. Civil society representatives consulted highlighted the importance of the Netherlands prioritising political diplomacy and finding more ways to bring up labour rights issues, if not in bilateral discussions with the Indian government, then through multilateral organisations such as the EU.

Lastly, respondents from civil society and the private sector recommended that the Netherlands should add to its government-to-government approach an approach of subnational diplomacy. India’s 29 states have become important players in shaping trade and investment policy and practice (Okano-Heijmans and Sundar, 2018), and state level authorities were seen by many to be more receptive to RBC initiatives.

5. Dutch Embassy activities in India

5.1 Objectives and activities of Dutch Embassy activities

Given the size of India – geographically but also in terms of the large potential market that India can become for Dutch business and trade – the Dutch diplomatic network in India goes beyond the Embassy in Delhi and also includes two Consulate Generals in Bangalore and Mumbai; two National Business Support Offices (NBSOs) in Ahmedabad and Hyderabad, as well as honorary consuls in Lucknow. The Dutch diplomatic network focuses on four main areas in India: 1) promoting Dutch economic interests, 2) promoting peace, security and stability, 3) promoting the international legal order, human rights and security; and 4) establishing “the Netherlands” as a brand. According to the 2016-2020 Multiannual Interdepartmental Policy Framework India (MIB), RBC is an important crosscutting theme of Netherland’s engagement in the country (MFA, 2016), though most RBC activities relate to promoting Dutch economic interests with a focus on sustainable trade, innovation and investment in the country. According to the Embassy, the engagement of the Netherlands with RBC in India does not have a specific sectoral focus nor explicit attention to particular social, environmental and political risks.

RBC does not have a separate Embassy budget line, but decentralised funding mechanisms, administered by the Embassy’s Political Diplomacy Team, are mobilised to support RBC-focused initiatives. While RBC is not bound to one particular part of the Dutch diplomatic network, in practice the Embassy in Delhi is in the lead, and interviewees indicate that two international and one national staff from the Embassy’s Economic Diplomacy Team work part-time on RBC activities.

The two main vehicles for RBC promotion, derived from interviews with Embassy staff, will be further detailed below, starting with the Embassy flagship activity on RBC, the INDUS Forum and then detailing the Dutch diplomatic network’s direct engagement with companies. Given this study’s attention to the garment and textile sector, we have also included a sub-section on RBC-relevant projects and activities of the Embassy in this sector.

1. Business to Business – INDUS Forum

The “Indo-Dutch Corporate Social Responsibility and Sustainability Forum”, or INDUS Forum, is an online and offline match-making platform that furthers business-to-business (B2B) cooperation between Dutch and Indian sustainable businesses by promoting sustainability as a business opportunity. The Forum’s conception should be seen in light of the challenges of making progress with the Embassy’s G2G approach to RBC in India. The ambition is to develop the INDUS Forum into the ‘one-stop-shop’ for all Embassy related RBC activities in India.

The INDUS Forum was conceived by the Embassy and initially developed together with the India-based Non-Governmental Organisation (NGO) Centre for Responsible Business (CRB)⁹. The Global Reporting Initiative (GRI) also played an important role in particular in getting the right stakeholders – from government and private sector – involved in initial discussions. In March 2016 INDUS was thus initiated as a one-year pilot project with CRB as the implementing partner and funded by the Embassy’s Human Rights Fund. In March 2017, after its’ formal launch, INDUS became part of the International CSR program of CSR Netherlands (MVO Nederland) for the period 2017-2020. This was a strategic decision, in anticipation of higher visibility and recognition of the Embassy’s RBC efforts with relevant MFA departments and secretariats of the Social and Economic Council (SER) in the Netherlands. In India, MVO works with three Indian partners – CRB, the policy research organisation Energy and Resources Institute (TERI)¹⁰ and the branch organisation Confederation of Indian Industries’ Centre of

⁹ The Centre for Responsible Business (CRB) was established as an independent NGO in 2011 with the mandate to be a responsible business incubator for SME’s. CRB’s has 12 staff and draws on a network of associates and experts. It works with businesses, government, civil society and international agencies to promote responsible business strategies, policies and practices. It aims in particular to foster linkages between RBC and the Sustainable Development Goals (SDGs). <http://www.c4rb.org/index.html>

¹⁰ The Energy and Resources Institute (TERI) was established in 1974. TERI has developed into a not-for-profit, policy research organisation - working in the fields of energy, environment, and sustainable development. Headquartered in New Delhi, it has six regional centres and campuses around India with over 1200 scientists, sociologists, economists and engineers that work on

Excellence for Sustainable Development (CII-ITC CESD)¹¹ – who are tasked with identifying and advertising relevant sustainability solutions and challenges of Indian companies.

So far INDUS has organised three off-line events in Delhi (box 1) and all have included dedicated sessions to facilitate dialogue and debate on RBC and sustainable business, notably with a focus on textiles and apparel, agriculture, and IT sectors. Also, the later events featured 'live' matchmaking with businesses using the event as a platform for creating publicity for sustainable solutions created or in-the-process of being developed under INDUS such as in the May 2018 event a pilot project on circularly produced yarn and textiles. Interviewees from different categories confirm that the Embassy has played an important role as intermediary between MVO Nederland and Indian partners, and in promoting INDUS and convening its' off-line events in India.

The INDUS Forum is presently entering its' second phase, wherein the plan is to attract investments from Dutch financial institutions to ensure availability of initial funding to help develop business opportunities and to enhance the longer-term sustainability of the Forum.

Box 1 – Three INDUS events in Delhi 2017-2018

22 March 2017: The first INDUS event was attended by Indian businesses, Embassy representatives, MVO Nederland and Indian implementing partners. Focus of event was to officially launch the Forum after the one year pilot phase.

19 June 2017: The second INDUS event was attended by about 60 participants from Indian businesses, Embassy representatives, MVO Nederland and Indian implementing partners. This event featured off-line matchmaking sessions where participants could experience how INDUS could work and contribute to sustainable and inclusive business. These sessions focused on apparel and textiles, agriculture/agro-business and IT.

24 May 2018: The third INDUS event formed part of the 2018 Trade Mission to India program (section 4). About 100 Indian and Dutch professionals, the Dutch Minister for Foreign Trade and Development Cooperation, Embassy representatives and MVO Nederland participated. After RBC-focused presentations by the Dutch minister and directors of INDUS' partners, the event featured break-out sessions to discuss sustainability challenges - such as on circular yarn and textile, smart urban mobility and paddy straw-burning - and engage in off-line matchmaking.

Sources: MVO Nederland 2017, MVO Nederland 2018.

2. Trade Network India – service provision to Dutch companies

The Dutch diplomatic network in India also interacts directly with Dutch companies through Trade Network India (TNI)¹². TNI provides dedicated services to Dutch companies in a wide range of sectors, which include responding to inquiries about how to do business in India, making linkages to potential Indian partners, and drawing attention to IRBC tools (such as OECD Guidelines) and information on sector specific social, environmental and political risks. According to TNI sources, RBC concerns or risks do not feature strongly in inquiries received from Dutch companies that mostly seek support to understand the Indian market, its key players, import and export policy and how to identify best areas for unit location. While staff want to be more proactive on RBC, and move its engagement with companies beyond awareness raising, capacity constraints seem to be a constraining factor.

TNI services delivered are registered in a MFA database under different broad categories of services. Inquiries related to RBC issues are not registered separately but included under the category of Knowledge & Information with TNI responses to general trade, technology or investment related inquiries. While we have to treat the data with some caution, it does indicate an overall trend in services provided by TNI, i.e. Dutch businesses seem to be contacting TNI less for general information but are increasingly seeking matchmaking and facilitation support (table 1). This picture resonates with

action-oriented research and transformative solutions in agriculture, energy, climate change, environment, and natural resources management. <http://www.teriin.org/>

¹¹ Confederation of Indian Industry (CII) was established in 1895 and has developed into a non-for-profit, industry-led and industry-managed organisation with more than 8500 members from the private and public sector, including sector associations across major industries and sectors. CII runs nine Centres of Excellence including one on Sustainable Development (CII-ITC CESD). CII-ITC CESD works with businesses and the Indian government to address sustainability, environmental degradation, and climate change. It engages in policy advocacy, training and consulting services, and knowledge dissemination. It focuses in particular on facilitating companies in their sustainability efforts. <https://sustainabledevelopment.in/index.php>

¹² Trade Network India (TNI) encompasses Dutch diplomatic network staff working for Dutch trade promotion in India at the Embassy in Delhi as well as at other Dutch representations.

information from TNI interviews that confirm a change in engagement with Dutch companies from overall strategic advice to tailor-made support in order to realise concrete results often in terms of matchmaking. It also resonates with the change in approach of the Embassy from a G2G to a B2B approach to RBC.

Table 1 – Services provided to Dutch companies by Dutch representations in India 2013-2018

| Services | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* |
|------------------------------------|---------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Financing | Subsidies/schemes | 0 | 0 | 2 | 8 | 0 | 6 |
| | Transition facility | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 2 | 8 | 0 | 6 |
| Knowledge & information | General inquiry | 16 | 250 | 164 | 135 | 113 | 89 |
| | Customised information | 0 | 0 | 0 | 8 | 7 | 28 |
| | Tailor-made service | 2 | 23 | 32 | 58 | 113 | 54 |
| | Investment project | 0 | 1 | 0 | 5 | 1 | 7 |
| | Starters International Business | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 18 | 274 | 196 | 206 | 234 | 178 |
| Contacts & Network | Matchmaking | 62 | 45 | 126 | 89 | 138 | 100 |
| | Business Partner Scan | 0 | 0 | 0 | 1 | 0 | 4 |
| | Facilitation | 1 | 16 | 38 | 49 | 23 | 32 |
| | Collaboration project | 1 | 5 | 11 | 3 | 7 | 17 |
| | Official attendance | 0 | 17 | 6 | 33 | 4 | 4 |
| | | 64 | 83 | 181 | 175 | 172 | 157 |
| Economic Diplomacy | Market access barrier | 2 | 7 | 4 | 8 | 5 | 6 |
| | Trade dispute/troubleshooting | 4 | 6 | 7 | 8 | 7 | 23 |
| | | 170 | 727 | 767 | 786 | 824 | 705 |

Source: MFA internal database. Data retrieved 13-09-2018

* Latest available data 02-05-2018

3. RBC activities in the garment and textile sector

RBC features strongly in an Embassy-funded project on women's empowerment in the garment and textile sector. Here the Embassy is strategically using its Accountability Fund to contribute to better implementation of India's Sexual Harassment of Women at Workplace Act, 2013 (Annex 4). The two-year project - Elimination of Sexual Harassment against Women Workers in Bangalore's Garment Industry, 2017-2019 - focuses on capacity strengthening, multi-stakeholder dialogue and research into the constraints to effective policy implementation with the participation of workers, companies, brands and other key stakeholders. The project, which is implemented by the Indian NGO Cividep, provides training to women garment workers and trade union representatives on sexual harassment and available grievance mechanisms. According to the Embassy, the project is the only RBC related project in the garment and textile sector funded by the Embassy (i.e. the Political Diplomacy team).

As mentioned, INDUS focuses on three sectors including textiles. A 2017 INDUS textiles roundtable – which featured an introduction to the Dutch Agreement on Sustainable Garments and Textiles (AGT), reflection on sector-specific social, environmental and political risks and joint analysis of emerging sustainable business opportunities – marked the start of an INDUS pilot project on circular yarn and textiles. Under this pilot, Dutch fashion brands, and specialists in local waste management, RBC produced bio cotton, and circularity work together with Indian partners interested in circular business models. The aim is to produce circular yarns and textiles in India, made from European and Indian waste under responsible business conditions in all parts of the supply chain process.

5.2 Results of Dutch Embassy activities

1. *Business to Business - INDUS Forum*

INDUS monitors its results at output level. By mid-2018, the INDUS online community had attracted 112 community members, representing 37 companies, working on 32 sustainability challenges and 20 shared solutions (MVO Nederland, 2018b). While it is not possible to ascertain the number of matches made due to INDUS, results of the latest off-line event in Delhi give a good indication of the potential for match-making outputs (box 1). The event, which was strategically plugged into the May 2018 high-level trade mission to increase outreach, interest and leverage, attracted 100 Dutch and Indian professionals. Fourteen companies had the opportunity to present their sustainability challenges and solutions on topics such as crop irrigation, plant-based proteins, and urban environmental management, and sixteen Dutch and Indian partners signed a BioMass for All MoU focusing on upcycling paddy straw to address air pollution. Additionally, the event provided a platform to showcase the first results¹³ of INDUS' circular yarn and textiles initiative.

Overall, many private sector stakeholders showed appreciation for the Embassy and its partners' efforts to promote RBC concerns through INDUS. The Forum was seen to be innovative because it had moved away from an emphasis on preventing negative impact by lecturing Dutch businesses and local stakeholders on RBC to an emphasis on creating positive impact on the ground through strengthening business-to-business cooperation. In that way 'ownership' for responsible business behaviour was seen to be developed on the part of companies, who had started to understand that being responsible and sustainable was also being 'competitive'. INDUS was also appreciated by stakeholders for being 'cross-sectoral' as opposed to focusing on one industry or sector as many other RBC initiatives in India.

Based on interviews from the Embassy, its implementing partners, as well as INDUS members, we can conclude that INDUS has been instrumental in creating awareness of the importance of addressing social, environmental and political risks and problems amongst a growing number of Dutch and Indian SMEs. INDUS's circular yarn and paddy straw initiatives – that have attracted a sizeable number of businesses – are illustrations of this success. At the same time, however, stakeholders recognised that awareness created is not a guarantee for changed behaviour and concrete RBC action. Some civil society respondents and INDUS members remarked that INDUS has been too much of a 'talk-shop' about general RBC intentions as opposed to an action-oriented platform engaging directly with priority social, environmental and political risks – such as gender inequality, child labour, forced labour, living wages - throughout the supply chain of the involved companies. Also, a higher level of awareness and commitment to address environmental concerns as compared to human rights related risks was observed amongst INDUS members demonstrated by a predominant engagement in challenges and solutions related to environmental sustainability. This might not be so strange, as explained by an INDUS partner, as there is 'not much of a business opportunity' in addressing social risks. Rather, many companies would consider posting a labour rights challenge on the platform as a liability¹⁴. Our findings indicate that the 'S' for '*Social*' has somewhat been lost in translation in the "Indo-Dutch Corporate *Social* Responsibility and Sustainability Forum" because there is an implicit assumption that companies working on green and sustainable technologies innately practice RBC despite no further exploration to confirm if this is the case. Interviews indeed suggest that after an INDUS member company has posed a sustainability challenge or solution online or off-line there are no 'checks and balances' of how the company itself conducts its business. In fact, beyond output level (# of challenges, solutions and matches) monitoring and evaluation (M&E) has not taken place. Given the innovative nature of INDUS, however, there is a lot to learn for the Embassy and its partners in India (and beyond), if M&E was expanded to outcome and impact level. Relatedly, in particular civil society and government

¹³ During the event, a circular dress was presented made by a fabric supplier in Bangalore (Khaloom) that produces circular handwoven fabrics by textile waste <https://www.netherlandsandyou.nl/latest-news/news/2018/05/23/netherlands-and-india-partners-for-sustainable-business>

¹⁴ The only example we came across, was the Dutch natural stone company ARTE that had posted on the INDUS on-line platform the challenge of addressing child labour in communities around stone quarries. At the time of the evaluation, ARTE had not received any responses to this posting.

stakeholders stressed the importance of documenting good practice, developing 'business cases for RBC', and producing practical guidance from success stories for companies.

2. Trade Network India – service provision to Dutch companies

The extent to which the Dutch diplomatic network can increase RBC awareness of Dutch businesses in India depends on whether companies actually approach the Embassy or other Dutch representations around India. From interviews with Embassy staff we found that there are many Dutch companies that are doing business in India without reaching out to the Dutch trade network. This is, however, to some extent changing with the INDUS Forum gaining momentum. Interviews with different groups of respondents suggest that INDUS has been a 'spring-board' for making companies aware of the Embassy's RBC work and understand that the Dutch diplomatic network can play a supportive role. At the same time, the Embassy is also careful of making too much publicity of its services due to capacity constraints as all staff work part-time on RBC. It was noted by the Embassy that larger well established companies such as Philips, Unilever and IKEA do not require support as they already have well-established RBC guidelines and policies in place. The real challenge, according to TNI interviewees, is to get Dutch small and medium-size enterprises (SMEs) into 'the sustainable space' indicating a focus of TNI on the environmental aspects of RBC.

As mentioned, there has also been a yearly increase in the number of services provided to Dutch companies by Dutch representations in India between 2012 and 2018 (table 1). During the same time period, we note a change in the translation of Dutch IRBC policy intent into practice from TNI explicitly screening potential Indian partner companies on their RBC practices to TNI informing potential partners about RBC being important. When asked for reasons behind the change, TNI representatives explained that the RVO had changed the formats that guide TNI staff because too few Indian companies made it through the screening and as a result there was not sufficient Indian partner companies identified for Dutch companies to work with. From interviews we understand that this also reflected negatively on TNI staff because they are evaluated ('get credits') according to the number of matches they realise between Dutch and Indian companies. Our analysis shows that the quantity of matches made was on balance a more important incentive and achievement than the RBC quality of the partners identified. At the same time, according to TNI staff interviewed, it seems there is limited demand from Dutch companies for having RBC checks done of potential Indian business partners. More practical advice about how to work with RBC could make it more attractive for companies to seek support.

3. RBC activities in the garment and textile sector

To targets the gap between what is laid out in the Sexual Harassment of Women at Workplace Act, 2013 and what is – or rather is not – happening in reality, the Embassy has supported efforts to eliminate sexual harassment against women workers since 2017. Efforts include training of women garment workers and trade union representatives on sexual harassment and creating awareness on available grievance mechanisms. While it is too soon to comment on outcomes and draw conclusions, interviews with NGOs in South India and literature research indicate that the Embassy's support is relevant. Most garment factories have established committees to monitor and prevent sexual harassment incidences according to the Act, however, their establishment has at times become a 'tick-the-box' exercise because awareness about what constitutes sexual harassment, its root causes and how to prevent it and institute real changes are lacking behind (Fair Wear Foundation 2016; Sisters for Change 2016; Pradeep and Ray, 2017).

The INDUS focus on the textile sector has, as far as we could discern, primarily materialised into the pilot project on circular yarn. As mentioned, the project has proven that it is possible to transform waste into high quality competitive materials and at the same time save water and reduce the use of chemicals. Interviews with companies participating in the project confirm commitment to ensure responsible business conduct, for example paying workers more than the minimum wage, if not a living wage. The project currently aims to upscale its production and hopes to be able to contribute to a major shift in the textile industry.

5.3 Relevance, additionality and coherence of Dutch Embassy activities

The *relevance* of the INDUS Forum can be assessed as *high*. After years of attempting a G2G avenue with limited success, our analysis shows that approaching the promotion of RBC from a B2B angle through the INDUS initiative is a logical move. It is also a necessary and strategic move given the urgency placed by the Netherlands on developing its business ties and investments in India (Roche India briefing 2018), and with Dutch SME's needing extra attention to find their ways in India (AWTI 2018). The Embassy's focus on getting Dutch SME's into the 'sustainable space' is also sensible as opposed to engaging with large RBC responsive Dutch businesses. There is still, however, room for improvement. The INDUS Forum is young and stakeholders shared ideas and recommendations on how its relevance could be improved in the Indian context to truly contribute to inclusive growth and corporate justice. For example, interviewees proposed that INDUS could proactively promote RBC as a basis for doing business as opposed to focusing on match-making. And INDUS could encourage the addressing of difficult rights-based issues – such as gender and caste discrimination, wages, freedom of association – instead of focusing on technical and environmental issues only. A stronger focus on M&E and learning was also proposed. In parallel to INDUS, the Dutch Diplomatic network has implemented its demand-based service-provision to Dutch companies within which, however, our findings indicate that RBC advice has been in low demand, and there has been more incentives for matchmaking than for proactive RBC promotion. Civil society respondents critically commented on this development and suggested that the Embassy could take a more proactive role in addressing social, environmental and political risks and putting pressure on Dutch companies to implement responsible business practices. From a RBC perspective, there is therefore room for improvements in the *relevance* of this activity category. The *relevance* of the Embassy's support to sexual harassment policy implementation in the garment and textile industry can be assessed as *high* as there is a large so far unmet need for support in this area.

Additionality can be assessed with regard to INDUS and the Embassy-funded sexual harassment project. INDUS activities belong to a new trend in RBC that goes beyond prevention, compliance and auditing of negative corporate impact to instead focus on sustainability as a business opportunity and way to make profit. Various other organisations and donors have projects on RBC but according to respondents from different groups of stakeholders not in this more innovative way of business development. By many stakeholders, the INDUS Forum is thus applauded for being original and trendsetting. Also, successful matches made between Dutch and Indian companies – in particular the circular yarn pilot – were directly forged under the Forum. Despite the critique and room for improvements mentioned earlier, this indicates (the potential for) a *high level of additionality*. The same can be said for the Embassy's support to eliminating sexual harassment against women workers, which bridges the gap between a forward looking legal instrument and practice that is lagging behind.

Due to the Embassy's conscious decision of moving away from a G2G approach to RBC promotion, a *low level of external coherence* can be observed. As mentioned, this decision was assessed to be logical, necessary and strategic in order to ensure relevance of Embassy efforts. This also speaks to a *high alignment level* of Embassy activities with the IRBC instrument 'international cooperation and legislation'. A keen wish to develop a common understanding of RBC and how Dutch IRBC policy should be translated into practice was observed across Dutch representations in India. Dutch RBC work in India was referred to by some interviewees as 'incidental' and too 'activity focused', with staff working on his/her own in sectoral silos, despite all sectors having (common) RBC elements, and RBC being described in the MIB as a cross-cutting theme for the Netherlands in India. Some staff interviewed had heard about the 'CSR guidelines for Dutch embassies' but not all had seen them or knew about their actual content. No monitoring of RBC promotion was observed, with as a result limited incentive to do RBC or to define what constitutes RBC and what not. Also, absence of RBC monitoring limits the scope for sharing and learning across representations, to the regret of staff, especially those outside Delhi. Consequently, there is room for improvements in the *internal coherence* of 'Embassy activities'.

5.4 Discussion of Dutch Embassy activities

With Dutch investments in India having increased and prospects for Dutch companies to come to India to do business having improved (MFA 2018), 'Embassy activities' focus on making trade and investment relations between India and the Netherlands sustainable and inclusive. A two-pronged approach can be discerned that focuses on:

- Strengthening and broadening the networks of responsible Dutch companies using a B2B approach. Here the business that companies can gain from solving sustainability and inclusivity challenges is promoted as the driving force for positive impact, and
- Enhancing awareness and knowledge of Dutch companies on how to address social, environmental and political risks. Here preventing negative impact from irresponsible business conduct is the driving force for action.

Amongst peers and Delhi-based stakeholders, the Embassy is considered to be a RBC-frontrunner in comparison to other bilateral and international organisations, especially due to the INDUS Forum. Nevertheless, a number of limitations of 'Embassy activities' were observed during this study:

- 1) Although interviewees from different groups of stakeholders indicated overall support for the INDUS Forum, they pointed at the need for the Embassy and the INDUS implementing partners to i) move INDUS beyond Delhi and shape it into an all India platform, ii) maintain momentum created from off-line events, and iii) transform INDUS into an instrument for holistic RBC that addresses technical sustainability concerns as well as human and labour rights. Civil society representatives in particular were keen to see INDUS facilitate the needed discussion about social, environmental and political risks and mitigation in addition to its focus on matchmaking of companies working on sustainability.
- 2) According to some interviews with Indian civil society representatives, the Forum could gain from a better contextualisation to the Indian context, and a more balanced focus on the needs of Dutch and Indian companies. Also, Indian stakeholders would like to see more focus on knowledge sharing and capacity building. To realise its full potential, and influence the behaviour of Dutch and Indian companies, our findings indicate that the Embassy and its partners need to invest in developing the Forum into an equal Indo-Dutch partnership.
- 3) RBC is given high priority by the Embassy in India. However, no formal RBC-strategy or guidelines to support staff across Dutch representations in India could be observed, leaving it largely to individual staff to interpret the 'what', 'how' and 'why' of RBC at the level of implementation. At the same time, credits are given for match-making achieved, which seems to have reduced the incentive for some staff to promote RBC and do RBC screenings of Indian business partners.
- 4) Monitoring of RBC promotion by the Embassy and its partners could be observed at output level (i.e. # of INDUS members, posted challenges and solutions, and matches) and in terms of numbers. The study, however could not find evidence of (qualitative) assessment of achieved outcomes (e.g. changed practice or actions). Interviewed staff considered this a lost opportunity because there is much to learn about how different understandings of corporate governance and social responsibility translate into responsible business behaviour or philanthropic use of profit. Also, staff were keen to see a common RBC knowledge and evidence base developed and shared by staff across India.
- 5) As a final point, interviews with Embassy staff highlighted capacity constraints that limit their outreach to respond to companies that contact the Embassy by themselves. It also limits their role to one of RBC awareness raising (stressing the importance of RBC and referring to international tools). TNI interviews confirm that there is a case for showing, with practical examples, how RBC can be integrated into company policy and practice to have positive impact in the Indian context.

6. Sector agreements in India

The evaluation of IRBC sector agreements in India focused primarily on the two-year old Dutch Agreement on Sustainable Garments and Textile (AGT), which is considered the most mature amongst Dutch sector agreements on IRBC. Study findings pertaining to the AGT are presented in sections 6.1 to 6.4. In addition, a small share of the empirical research was dedicated to the impending natural stone sector agreement, which is still in the dialogue phase. Here the focus was not on evaluating progress, but rather on providing insights into the context for future IRBC sector agreement implementation in India. Section 6.5 presents these insights.

6.1 Objectives and activities of the Dutch Agreement on Sustainable Garments and Textile

The AGT was launched in July 2016 as a multi-stakeholder partnership between the Dutch Government, companies, unions and civil society organisations. By mid-2018, 79 Dutch garment and textile brands were signatories to the AGT – close to 44% of the Dutch garment industry¹⁵. A secretariat, hosted by the SER and funded by the MFA and SER, supports the implementation of the AGT. The aims of the AGT are threefold: 1) to achieve substantial progress towards improving the situation for groups experiencing adverse impacts in respect to specific risks in production or supply chains; 2) to provide individual companies with guidelines for due diligence, and 3) to develop joint activities and projects to address problems that companies cannot resolve on their own (SER, 2016). Whilst the AGT is voluntary, all companies and organisations that sign the agreement commit themselves to pay particular attention to nine specific themes, including fighting (gender) discrimination, child labour and forced labour, supporting a living wage, health and safety standards for workers, and the right of independent trade unions to negotiate, as well as reducing negative impact of their activities on the environment and animal welfare.

Three activity categories related to the AGT in India can be distinguished, i.e. company activities, multi-stakeholder activities, and government activities, which are detailed further below.

1. Company activities

61% of the companies that have signed up to the AGT source from India (SER, 2017). Under the terms of the AGT, an assessment process – that also attends to sustainable sourcing and purchasing practices of companies – has been developed to guide companies through a due diligence process. This process – known as the International Responsible Business Conduct (IRBC) risk management process – is mandatory for signatory companies. Accordingly companies should use the IRBC assessment as the basis for drawing up annual action plans to reduce risks in their supply chain and solve any problems that have been detected. They must also report annually to the AGT Secretariat on their progress and adjust their plans each year as they gain more insight and evidence. 90 % of signatory companies submitted an action plan for 2016/2017. According to the SER, these first year plans can be considered base-lines for measuring progress in the coming years¹⁶. The plans, however, are not made publicly available. Importantly, the IRBC assessment is developed for AGT signatory companies. The AGT has purposely not developed a separate assessment or auditing system for the supplier level but encourages signatories to use existing systems and coordinate to avoid further proliferation of audits in producer countries. As a signatory of the ‘Social and Labor Convergence Program’ (SLCP), the AGT supports and advocates for the development and use of one universal audit method to assess social and labour conditions in global supply chains¹⁷.

¹⁵ https://www.imvoconvenanten.nl/garments-textile/news/2018/7/textielsector-productieketen?sc_lang=en

¹⁶ http://garments-textile-annual-report.internationalrbc.org/en_US/6044/86805/results_of_first_year.html

¹⁷ The Social and Labor Convergence Program (SLCP) is a multi-stakeholder initiative that seeks to implement a first industry-wide framework to assess social and labour conditions in global supply chains (i.e. the Converged Assessment Framework). It aims to support brands, manufacturers and other stakeholders to move away from endless audits to free up resources that can be redirected to tangible programs for lasting improvements. Signatories include manufacturers, retailers and brands, agents and

In order to increase supply chain transparency, participating companies are required to provide a list of production sites that they have used in the previous year. An aggregated list of these sites is published annually on the AGT website. The 2017 list of production sites included 449 suppliers in India¹⁸, which was an increase of 36% as compared to the 2016 list¹⁹. The links between Dutch brands and Indian supplies are, however, not made public.

2. Multi-stakeholder activities

So far there is one collective project in India under the AGT, i.e. Grievance Redressal Mechanisms in South-Indian Garment Factories and Spinning Mills (2017-2019) (box 2). The project is funded by the Fund against Child Labour, administered by the Netherlands Enterprise Agency (RVO) and coordinated by HIVOS. At the time of the evaluation, activities in India had not started as the project was still in the process of identifying Indian supply chain partners of the participating Dutch companies, including garment manufacturers as well as textile and spinning mills²⁰.

The AGT's project focuses on supply chain transparency involving seven smaller brands. In parallel, and involving the same local partners, a complementary project of the German Partnership for Sustainable Textiles²¹ is being implemented. This project involves five big brands and focuses on capacity strengthening of local NGOs to set up mandatory committees in factories. Project coordination and cross-learning has so far mostly happened at the European level, in part during half-yearly meetings between the AGT, the German Partnership and the Ethical Trading Initiative (ETI). The aim of these meetings are to coordinate and share information on work in the same geographies and areas of interest.

Box 2: Grievance Redressal Mechanisms in South-Indian Garment Factories and Spinning Mills

This multi-stakeholder project aims to bring together Dutch brands to collaborate with their suppliers in Tamil Nadu for meeting social standards and to achieve greater traceability and transparency. It is developed to support Netherland based companies to map their upstream supply chains which is an AGT requirement. For the Dutch brands, Tamil Nadu is an important State being one of the most important garment and textile manufacturing hubs in India.

The project is a collaboration between a number of companies that have signed up to the AGT (WE Fashion, O'Neill Europe, Claudia Sträter, Espresso Fashion, Miss Etam, Steps and Prénatal), their Indian supply chain partners (agents, garment manufacturers, textile and spinning mills) and NGOs in the Netherlands and India (India Committee of the Netherlands (ICN), Social Awareness and Voluntarily Education (SAVE), Rights Education and Development (READ), with Fair Labor Association (FLA)). The project is developed with an aim to:

- Strengthen policies and practices of suppliers in Tamil Nadu for them to become front runners in embedding social standards including on Child and Forced Labour, Sexual Harassment prevention at Workplace Act and the Industrial Disputes Act in their day to day functioning
- Collaboratively map the upstream garments and textiles supply chain

The main objectives of the project are to:

- Strengthen Worker Committees in 20 garment factories and spinning mills in Tamil Nadu
- Help establish concrete policies and procedures in participating suppliers and spinning mills so that they are able to identify and remediate labour issues in a timely manner, including those at their (sub) suppliers, with a focus on (forced) child labour
- Map the upstream supply chain of participating companies and suppliers including subcontractors and (material) suppliers

audit firms/service providers, as well as organizations in the public sector, standard holders, civil society organizations and multi-stakeholder organizations <https://slconvergence.org/>

¹⁸ https://www.imvoconvenanten.nl/garments-textile/agreement/method/factories?sc_lang=en

¹⁹ SER attributes this significant increase to companies gaining more insight into their supply chain and production sites due to AGT activities. https://www.imvoconvenanten.nl/garments-textile/news/2018/7/textielsector-productieketen?sc_lang=en

²⁰ Since the evaluation, the Indian supply chain partners of the participating Dutch companies have been identified and the companies have started working on a supply chain analysis (personal communication with AGT, May 2019).

²¹ The Partnership for Sustainable Textiles was launched in 2014 by the German Ministry for Economic Cooperation and Development. Today it is a multi-stakeholder initiative with about 130 members from the fields of economy, politics and the civil society. Together they are striving to improve the conditions in the global textile production – from the production of raw goods for textile production to the disposal of textiles.

3. Government activities

Under the AGT, the Dutch government through its Embassy in India has committed itself to i) promote the AGT as part of bilateral and multilateral relations and urge the Indian governments to facilitate and/or promote its implementation as part of their state duty to protect human rights, and ii) assist signatories of the AGT to implement their RBC policy, mainly by providing information on responsible business conduct in the Indian context and promote the AGT as part of economic diplomacy. That means (proactively) putting Dutch enterprises in contact with local authorities and stakeholders so as to avoid or address any potential adverse impact of their business on the AGT's priority themes (SER, 2017). The only concrete government activity related to the AGT that could be identified in India was an INDUS textile roundtable organised by the Embassy in 2017 (section 5.2).

6.2 Results of the Agreement on Sustainable Garments and Textile

For the study, we consulted staff representing a Dutch brand in India, staff of the Indian agent of another Dutch brand sourcing from India (in Delhi and Tiripur), and management and staff of two garment factories in Tiripur supplying to Dutch brands, including a frontrunner of RBC. In total, we consulted staff, agents and/or suppliers of three Dutch brands who are signatories to the AGT. In the study, we do not attempt to generalise the feedback from these interviewees. Rather, we focus on what insights we can obtain from these interviews that have relevance for other similar companies and for the AGT. To triangulate information, during the field research in India, we also interviewed three international, two India-wide, and two South Indian civil society organisations as well as one labour union to get their perspectives on the AGT. Questions related to the AGT were also included in interviews with the Embassy, government agencies, international and bilateral organisations, as well as sector organisations.²²

In June 2018, SER published a progress report on the development of sector agreements including the AGT and concluded that with only two years of implementation it is still too early to draw conclusions on the performance of the AGT (SER, 2018). While this conclusion is confirmed by our study – and despite our study's limited number of interviews with AGT-related brands and supplier companies – a number of relevant insights have come to the fore based on the India study.

1. Company activities

According to an interview with a representative of a Dutch brand in India, attention to due diligence and related RBC practices were in focus prior to becoming signatory to the AGT. This includes a code of conduct for suppliers, which is in accordance with Federal and State level labour laws in India and international labour standards. In addition, compliance and due diligence of suppliers is monitored regularly through inspections triangulated with different actors (management and workers) by RBC personnel based in the country supported by quality assurance teams' visits, and third party audits.

No evidence of Dutch brands communicating about the AGT with agents and suppliers in India could be observed, and therefore, not surprisingly, there was no awareness of the AGT amongst Indian agents and suppliers included in this study. However, a short introduction to the AGT by the evaluation team, seemed to resonate with agents and suppliers who willingly shared about their existing RBC and due diligence practices.

Suppliers visited in Tiripur in Tamil Nadu were all 'first tier'²³ in the supply chain and different efforts to practice RBC were observed. Activities ranged from wages (slightly) higher than minimum wages,

²² In May 2019, a representative from the AGT Secretariat was consulted to cross-check the results of the study.

²³ The textile and garment sector is a multi-tier supply chain. The supply chain is in actual fact more of a pyramid, with multiple tiers of suppliers having many suppliers of their own. In the chain, the Dutch brand is considered tier 0, which sources from tier 1 suppliers (such as garment factories), that are supplied by tier 2 suppliers (such as spinning and textile mills), which are supplied by tier 3 (such as cotton wholesalers or cooperatives) etc. (Sustainable Investment Focus, 2014).

regulated overtime hours, occupational safety and health measures (such as fire-distinguishers and eye-protection), posting information sheets in the factory on sexual harassment, providing day care for children, setting up Sexual Harassment Committee (as required by law) and introducing a WhatsApp group as a grievance redressal mechanism. Since the factories visited were small, they did not require to spend 2% of the net profits on charity as per the Companies Act 2013. Still, most reported support to charity activities such as emergency relief to flood victims.

Indian agents and suppliers that were interviewed in the context of this study experienced RBC and due diligence requirements in their relations with Dutch brands in different intensities. Some brands were known to bring unfair labour practices, wage levels and environmental concern to the attention of factory management on a regular basis, for example during own inspection visits and in contract negotiations. Others practiced a more hands-off RBC approach but insisted on factory certification (in particular SA-8000²⁴ and ETI²⁵). Similarly, Dutch buyers showed different levels of interest in knowing about working conditions in lower tiers of the supply chain, with the most progressive one recently requiring certification of second tier suppliers (it appears due to raised awareness of risks of forced labour, i.e. Sumangali, see annex 5), but that was not known to be common practice.

Traders and suppliers interviewed mentioned that they themselves paid the major part of the costs of introducing RBC measures, and suggested that they would welcome contributions from the brand companies. One factory manager had experienced room for negotiation of RBC cost-sharing with a Dutch buyer (in relation in particular to the increased price of using better cotton).

Some brands focus on developing long-term working relationship with their suppliers. This is strongly encouraged by the AGT that uses the annual appraisal meetings with brands to discuss how they can 'move beyond audits' and in dialogue with suppliers identify measures and support needed to allow for improvements on the ground (e.g. payment term, long term contracts, etc.). From the suppliers' point of view long-term working relationship offers several advantages. These include security of orders, more tolerance and flexibility on the part of the buyer in case of production delays due to unforeseen circumstances (an example given was natural calamities), and other benefits such as capacity strengthening. A long-term working relationship seems to positively influence suppliers' willingness to make investments in brand specific RBC requirements even when the brand does not offer to co-invest in RBC measures. Our findings indicate that this strategy was the main reason why a Dutch brand, which is known to be very price competitive, was considered an RBC front-runner amongst its business partners in India.

Our analysis shows that adopting RBC activities with a focus on outcome standards²⁶ (such as workplace safety) was considered to make good business sense from the point of view of interviewed agents and suppliers. On the one hand, improving workers' safety and sense of well-being was seen to contribute to higher productivity and considered important for retaining qualified staff, and on the other hand it was required to get and retain contracts from international buyers. However, process rights (in particular freedom of association and collective bargaining) were less if at all promoted by suppliers as part of their RBC practice. The factories visited under this study had set up worker's committees to negotiate with management on behalf of workers, however, interviews with civil society organisations and trade unions suggest that such committees have limited leverage compared to formal trade unions that are by and large banned from factories in Tiripur. These stakeholders critically commented on the RBC efforts of brands and suppliers, calling them 'bread-crumbs' that have so far not had any profound effects on worker's process rights such as on addressing discrimination of women in the workplace or introducing living wages²⁷. This corresponds to insights from the literature, which indicate that responsible (or ethical) business conduct in supply chains often has uneven impact in that

²⁴ The SA8000 is one of the leading social certification standard for factories and organisations across the globe. It was established by Social Accountability International in 1997 as a multi-stakeholder initiative. <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1689>

²⁵ The Ethical Trading Initiative (ETI) is a tripartite alliance of NGOs, trade unions and global companies that focuses on improving working conditions in global supply chains by promoting the ETI Base Code of labour practice <https://www.ethicaltrade.org/>.

²⁶ In literature on responsible business conduct and ethical trade, a useful distinction is made between outcome standards (such as health and safety, working times, and wages) and process rights (such as trade union rights and discrimination) (Barrientos and Smith, 2007; Egels-Zandén and Lindholm, 2015).

²⁷ See annex 6 for an example from the state of Karnataka of the complexity of negotiating wages in the garment industry.

improvements in outcome standards can be observed but not in process rights (Egels-Zandén & Lindholm, 2015).

Our findings indicate that the most progressive Dutch brands started focusing on RBC compliance of their Indian supply chain partners before the launch of the AGT. These brands set the level of standards – in particular outcome standards – at the level of the suppliers. It also seems that less progressive AGT signatories and other foreign brands sourcing from the same suppliers take advantage for ‘free’ of these standards having been set. These brands seem to have less dialogue with the suppliers on how to identify and mitigate risks and impacts in their supply chain and have made less efforts to develop longer-term relationships with the suppliers.

Overall, from our interviews with garment and supply chain actors in India and factory visits in Tirupur we can conclude that RBC policy and requirements of Dutch brands can have a positive impact on the practice of Indian suppliers especially if combined with the investment of the brand in longer-term business relationships with suppliers. The latter is emphasised in recent literature as a key factor in moving from a ‘compliance paradigm’ to a ‘cooperation paradigm’ where the interests of buyers, suppliers, and workers intersect to enable benefits for commercial buyers and suppliers and improvements in the conditions of workers (Lund-Thomsen and Lindgreen 2014, Lund-Thomsen and Lindgreen 2018).

2. Multi-stakeholder activities

At the time of the evaluation, activities of the grievance redressal project under the AGT had not taken off. Civil society representatives consulted, however, commented critically on the limited scope of the project, both in terms of number and size of brands involved, that they feared would limit the influencing capacity of the Dutch brands vis-à-vis downstream supply chain actors. The real challenge, they noted, was to involve ‘the big fish’ as their influence and impact would be greater.

Respondents from different groups of stakeholders stressed the need for improving coordination especially at the local level between projects that aim to promote RBC and due diligence in the textile sector. In the past, in South India, there have been various attempts to establish state- or local level multi-stakeholder processes as platforms for dialogue between different supply chain actors such as the Garment Sector Roundtable (GSR)²⁸, the Clean Clothes Campaign (CCC) Task Force for Tamil Nadu²⁹ and more recently a forum of the Tirupur Exporters Association (TEA) to discuss common compliance systems for the sector. Overall, our findings indicate that the AGT’s multi-stakeholder project is well placed to connect to relevant platforms and associations: at the Indian level through its local partners, in particular the Social Awareness and Voluntary Initiative (SAVE), and at the European/international level through partners such as the German Partnership for Sustainable Textiles, the ETI and the Social and Labour Convergence Program (SLCP).

3. Government activities

Dutch civil society organisations with a presence in India seemed to know about the sector agreement mainly through engagement with the SER or the Ministry of Foreign Affairs in the Netherlands, and stated that the Embassy’s role vis-à-vis the AGT was not very clear. The level of awareness of the AGT amongst Indian government agencies and civil society organisations, as well as bilateral and international organisations was limited, which is not surprising given that it is a relatively new initiative and given that most AGT interventions take place at brand level in the Netherlands. The exception were key INDUS partners of the Embassy who commented that the Embassy could do more to tie in AGT promotion with other Embassy activities, INDUS in particular. Those aware of the AGT saw an

²⁸ The Garment Sector Roundtable (GSR) was a multi-stakeholder initiative that from 2012-2013 brought together various stakeholders in India’s Ready Made Garment sector. The purpose was to create a group that, outside a formal regulatory mechanism, was capable of discussing differences, identifying common interests, and taking collaborative action to make systemic change for the benefit of the garment industry in India. The participants represented manufacturers, industry associations, brands, government, trade unions, international and domestic NGOs, the ILO, and research institutions (ILO, 2015).

²⁹ The CCC Task Force for Tamil Nadu that focuses on the textile mills in southern India reported violations of workers’ rights, including low wages and long working hours, intimidation and unjust dismissals, and the use of child labour. The CCC Task Force for Tamil Nadu is made up of 30 NGOs and seven trade unions working on labour rights issues in the region.

opportunity for the Embassy to create awareness of the sector agreement and take the lead in linking RBC activities and creating synergies.

6.3 Relevance, additionality and coherence of the Agreement on Sustainable Garments and Textile

Given the critical relevance of RBC in India's garment and textile industry, and given that more than half of the companies that have signed the AGT source from India, the potential relevance of this sector agreement is high in India. Dutch and international civil society stakeholders consulted thus welcomed the AGT as they see it as an entry point to ask brands about their RBC policy and practice and to increase their public accountability.

Our analysis shows that suppliers have to adhere to multiple RBC auditing and compliance demands because almost every buyer has a different set of requirements, which according to most stakeholders is resource ineffective – or even counter-effective – and unsustainable. As noted by civil society respondents, there is an 'overflow' of RBC auditing and assessment schemes in India, and while supply chain actors are busy getting certified and doing audits the real problems are left untouched. Recently, the Tiripur Exporters Association (TEA) took the initiative to bring multiple stakeholders together to discuss the development of a common compliance mechanism, but so far progress has been limited, according to TEA and civil society because buyers insist on controlling their own supply chain auditing. The concerns of stakeholders in India on compliance demands resonate with a number of AGT activities. In particular, the AGT's attempts to encourage signatories to use existing systems and not duplicate but coordinate audits is of high relevance. Equally relevant are the AGT's efforts to urge companies to enter into dialogue with their suppliers on purchasing practices and contract terms as well as their mandatory Living Wage trainings for companies.

The relevance of the multi-stakeholder project's focus on improving access to grievance redressal for vulnerable groups of workers in Tamil Nadu is high. Interviews with local civil society organisations suggest that there is a particular need to support girls, and young women and men from Dalit communities who have little access to legal recourses. Our literature research confirms that existing complaint mechanisms, such as the ETI, do not provide needed remedy, as per the UNGP, to workers whose rights have been violated (Pranita & Peepercamp, 2015; HWW, ICN & SOMO, 2018).

Coordination of the AGT with other Dutch IRBC instruments can be assessed to be very low in India. An active role for the Embassy in promoting the AGT, as part of 'international cooperation and legislation' or in offering assistance to AGT signatories through 'embassy activities', could not be observed. Similarly, there is room to strengthen local coordination of AGT's activities in India, while the coordination of the same with partners in Europe (i.e. German Partnership for Sustainable Textiles) appears to be high.

As it is too soon to draw conclusions on the performance of the AGT, it is also too early to report on *additionality*.

6.4 Discussion

The issues addressed by the AGT are highly relevant in India. However, the AGT has been received with different levels of interest in India. According to interviews, consultations with Indian stakeholders should be strengthened to increase awareness and ownership at local levels, and to optimise impact. Also, our findings indicate that there is potential for a well-defined and more prominent role for the Embassy. As mentioned, it is still too early to assess the performance of the AGT, however, key findings from this study highlight the challenges that needs to be addressed to successfully translate this IRBC instrument into practice.

- 1) Due to limited AGT consultation in India, the sector agreement is perceived to be a top-down initiative by civil society representatives consulted. This perception is likely to be one of the most important obstacles to work on, in particular because the AGT does, in fact, address key concerns expressed by Indian stakeholders:
 - a. Local stakeholders do not seem to notice any efforts on alignment of the multitude of RBC requirements of different brands, which they believe are crucial to move beyond auditing. In this context, the value of developing one universal audit method is apparent, making the AGT's decision to sign up to the Social and Labour Convergence Program (SLCP) highly relevant.
 - b. Similarly, respondents from different groups of stakeholders called for improved coordination, especially at the local level between projects that aim to promote RBC and due diligence in the textile sector. The AGT's Grievance Redressal project is designed to complement and coordinate – especially at the European level – with similar projects of the German Partnership for Sustainable Textiles and the ETI.
 - c. Civil society respondents stressed that fundamental and systemic inequalities in the supply chain need more attention: from their perspective, local suppliers must comply to standards that are set by Western buyers who are, however, not necessarily willing to change their own procurement practices, for instance by paying better prices in order for suppliers to offer living wages to their workers. Several respondents referred to the need for voluntary agreements, such as the AGT, to engage more with the costing and pricing dimensions in the textile supply chain, in particular how this relates to workers being paid fairly. In the Netherlands, the AGT is addressing both concerns, i.e. purchasing practices and living wages. Among others, the AGT has offered a series of trainings on living wages to support companies in the social dialogue with their suppliers and improving their purchasing practices as part of their due diligence³⁰. The AGT also uses the annual appraisal meetings with brands to promote better buying practices. The AGT also partners with the German Partnership for Sustainable Textiles to make the same self-assessment tools available to signatories of both IRBC agreements.
- 2) Respondents from all stakeholder groups called for a more formalised mechanism for RBC dialogue between supply chain actors, especially brands, traders and suppliers, and many suggested that the Dutch Embassy could be well placed to convene such discussions, as a neutral player in the sector, but also in view of the Dutch government's commitments under the AGT. This could also contribute to promote increased awareness of the AGT in India and create synergies between the implementation of the AGT and other Dutch IRBC policy instruments.

6.5 Natural stone sector agreement under negotiation – insights from India

A natural stone sector agreement on IRBC is currently being negotiated by multiple stakeholders including natural stone companies, civil society organisations and government agencies³¹. According to organisations participating in the discussions, progress is slow due to civil society and private sector organisations having different expectations and demands.

The negotiations towards a natural stone sector agreement is not the first collective RBC initiative in this sector in the Netherlands. In 2005, the Dutch Working Group on Sustainable Natural Stone (WGSN) was established (CREM, 2007). With this working group natural stone companies joined hands with civil society organisations and Dutch government agencies to share information and undertake joint research, and two years later the group developed a code of conduct for companies operating in the

³⁰ Since 2019, the AGT Living Wage training is obligatory for all signatory companies

https://www.imvoconvenanten.nl/garments-textile/news/2019/2/trainingen-leefbaar-loon?sc_lang=en

³¹ So far the negotiation process has resulted in the collaboration of stakeholders on a pilot project focusing on procurement of natural stone in India of Dutch government agencies, for which the Fund Against Child Labour has been made available. At the time of the evaluation, the pilot project had not yet commenced.

https://www.imvoconvenanten.nl/natuursteen/betrokkenen?sc_lang=en

sector (CREM, 2007). In 2012, the WGNS merged with a similar UK based working group into the Forest Trust Responsible Stone Program (TFT-RSP). Around the same time, in other European countries, similar natural stone industry related RBC initiatives developed all with India as a priority country³².

The natural stone sector was not the primary focus of the India study. However, we endeavoured to give it a place in the context of Dutch IRBC policy implementation, and to the extent possible within the scope of the assignment, draw relevant lessons learned. In Delhi, we consulted management of a natural stone exporter as well as and management and staff of one natural stone factory in Tamil Nadu both supplying to a Dutch company. We also interviewed a South Indian civil society organisation partnering with a Dutch natural stone company on combatting child labour. The Dutch brands in question are all involved in the dialogue on the natural stone sector agreement. Questions related to RBC in the natural stone sector were also included when relevant in interviews with the Embassy, government agencies, international and bilateral organisations, civil society as well as sector organisations. In the Netherlands we consulted two natural stone companies and one civil society organisation involved in the negotiations regarding the pending natural stone sector agreement. Our key observations and insights are presented below.

It was observed that the natural stone sector has not been a major focus of the Dutch Embassy. Embassy staff do not explicitly engage with stakeholders in this sector in India, and are not informed about developments concerning the upcoming natural stone sector agreement. Also, the Embassy was not updated about the ILO project on developing a strategy for the sector with MFA-funding (section 4.1.3). As TNI staff do not usually register services provided to Dutch companies as RBC-related inquiries, there is no reliable data available on (RBC) requests received and/or responded to from the natural stone industry. One Dutch natural stone company representative consulted for this study, in particular stressed the importance of the natural stone sector in India to Dutch natural stone importers and suggested a need for the Embassy to take more interest in the sector. The two Indian companies consulted under this study were demonstrating a range of RBC awareness and practice from a relatively low to a relatively high level of RBC compliance.

- The *working conditions of workers* employed by the Indian company on the low side of RBC were difficult to discern as most improvements introduced seemed related to product quality. In contrast, the other company showed relatively high levels of outcome standards including medical care and crèches for children of workers as well as minimum wages.
- When asked about *supply chain transparency*, the RBC 'front-runner' alleged to only buy from legal quarries, while the other company indicated that it is impossible to know what is happening in other layers of the supply chain, which the interviewee characterised as complex and non-transparent.
- On *certification* we observed that the 'front-runner' had acquired Level 1 of the TFT certification because it had become a requirement of a European buyer who had also paid for it. When asked about requirements of other business partners, company management indicated that their Dutch buyer sourced from TFT certified as well as TFT non-certified suppliers. Also the company was not going to opt for Level 2 TFT as this requires the recognition of unions, which the company was unwilling to ensure. Management of this company insisted that unions were not necessary as workers could approach the director at any time if there were issues that needed to be solved. The other company was member of the ETI and had been certified by a German firm, although the ETI certificate shown to the evaluation team was outdated.
- The 'front-runner' company had set up a foundation to manage its *charity obligations* under the 2013 Companies Act though which it had, among others, invested in a comprehensive community health care centre. The other company was too small to fall under the act but had supported individuals, such as orphans and old people.

³² Since the mid-2000s, a number of collective RBC initiatives have emerged in the natural stone sector. In Germany, Fair Stone and XertifiX were founded around the same time as the WGSN and the already existing multi-sector RBC initiative IGEP started certifying natural stones. Also, the ETI started focusing on the sector with its ETI Sandstone program (Franken, 2016).

Civil society organisations consulted talked about the natural stone sector as a sector still in its 'RBC infancy' compared to the garment and textile sector with most companies in the Netherlands and India unaware of the OECD Guidelines. By and large, all stakeholders acknowledged that there is one Dutch role-model company exceptionally serious about actualising the intent of Dutch IRBC policies with a focus on process rights, in particular child rights.

Literature research confirm many of our observations (Ethical Trading Initiative, 2016; Franken, 2016; Hodal and Bengtson, 2017). In her comparative study of different RBC initiatives in the natural stone sector, Franken (2016) concludes that the existing initiatives³³ are generally not effective in achieving sustainability in quarries and processing factories, which shows in the low number of quarries and factories that comply with the RBC codes of conduct in the sector (Franken, 2016). The main reasons for the lack of effectiveness identified in this research include a focus on outcome as opposed to process rights, lack of transparency in the supply-chain, and an insufficient focus on learning from experience (Ibid).

On the basis of the above observations, and taking into account findings from the assessment of the AGT, it is possible to highlight key challenges that should to be addressed in the process of finalising the pending natural stone sector agreement:

- 1) Since the mid-2000s, there have been many initiatives to develop codes of conduct and improve RBC in the natural stone sector, many with a focus on India. A natural stone sector agreement should be based on learning from the experience with implementing these initiatives 'on the ground' for which further research might be necessary.
- 2) Similar to the AGT, there are multiple RBC initiatives in the natural stone sector with different priorities and requirements. Learning from experience in the garment and textile sector, a natural stone sector agreement could from the outset work towards a common compliance mechanism for suppliers as well as cost-sharing of the financial burden of RBC compliance between buyers and suppliers.
- 3) India and China are the largest exporters of natural stone to Europe and the Netherlands (CBI 2010; Franken 2016). It therefore seems appropriate to contextualise a natural stone sector agreement as much as possible to the Indian context. That means formalised efforts to engage in dialogue with Indian natural stone sector stakeholders, including suppliers and workers. There is also an opportunity for the Dutch Embassy in India to extend its outreach and service to Dutch natural stone companies, and through Embassy activities link with relevant initiatives of other international or bilateral agencies, such as the ILO.
- 4) A key challenge in the natural stone supply chain is lack of transparency. Similar to the AGT, signatories of a natural stone sector agreement could be required to provide a list of their local suppliers, and what is more, could start working with their Indian supply chain partners to map and make visible downstream actors involved.
- 5) Finally, when positive measures are taken in formal sector entities to address social and environmental risks, the problems are at times found to move elsewhere. For example, private sector and civil society informants mentioned experiences of a reduction in child labour in quarries and factories leading to an increase of children working in illegal quarries and/or in the informal sector (e.g., processing waste from quarries outside the domains of factories). The natural stone sector agreement needs to acknowledge this challenge and suggest measures to address it.

³³ Franken's study covers TFT-RSP, Fair Stone, XertifiX, IGEP, and ETI Sandstone that all cover India (Franken, 2016).

7. Discussion: IRBC policy instruments in India – opportunities and limitations

7.1 The influence of context on Dutch IRBC instruments

Any evaluation of Dutch IRBC policies must take into account the institutional environment within which these policies are implemented. India is a huge country, not just in terms of geography and population, but also in terms of hegemonic institutions.

Especially, the multiplicity and complexity of the countries government machinery and legal and regulatory landscape is immense – both at federal and state level. This poses obvious limits to what Dutch IRBC policy can achieve – despite the large network of Dutch representations in India. Yet it also provides opportunities for seeking alternative entry-points for RBC promotion (such a through sub-national diplomacy), and positive results have more than in most countries, potential for scale.

This is also what makes India such an attractive trade partner for the Netherlands, and why the extent to which economic and political diplomacy is used to address social, environmental and political risks depends on Dutch economic interests in India.

7.2 The influence of different understandings of RBC on Dutch IRBC policy instruments

A prominent case of hegemonic institutions, mentioned above, is the promotion through law of a particular understanding of corporate governance and social responsibility by the Indian Government.

In India, Dutch IRBC policy instruments are implemented in the context of the Companies Act 2013, which made India the first country in the world to mandate corporate social responsibility. From the beginning, opinions have been divided about the law in India, which was also evident from interviews for this study. While some interviewees welcomed the law and said that it brings corporate social responsibility from the fringes to the boardroom, others, among them Embassy staff and civil society representatives, felt that the legalisation of corporate social responsibility has undermined its very notion. The law has changed the meaning of corporate social responsibility into corporate charity, which has moved the discussion in India away from real social and environmental issues and pressure on companies to change their business practice has as a result been deflected. Sector organisations see the challenge in terms of getting businesses to trade competition for collaboration in fulfilling their legal requirements of the law, such as by pooling resources (i.e. investing the 2 % profits of each company in larger more meaningful community projects), while civil society argue that India needs investing in large-scale social innovation and systems change.

By contrast to the official Indian corporate social responsibility discourse, the understanding embedded in the Dutch IRBC policy instruments focuses on responsible business conduct, which shift the focus to the question about how money is made. These different understandings poses challenges for the implementation of Dutch IRBC policy instruments, in particular for 'International cooperation and legislation'. Frequent communication between the Embassy and the Government of India through a MoU and working group for strengthening cooperation on 'Corporate Governance and Corporate Social Responsibility' did not prove to be effective for aligning understandings and make progress on integrating IRBC into national policies and regulations. This implies that Dutch IRBC policy has to find new avenues for moving the RBC discussion forward with Indian authorities. The Embassy's INDUS partners stressed the need to keep the Indian government (especially MCA) well informed about INDUS' deliberations, without however, deranging its B2B approach. Reengaging with the Indian government remains a challenge.

7.3 The influence of global supply chain dynamics on Dutch IRBC policy instruments

Turning from discourse and government engagement to what is happening with regard to responsible business conduct on the ground, it can be observed that the response to RBC pressures in India has occurred mostly in export-led sectors such as the garment and textile sector, where the business is part of a global supply chain. This implies that there is ample initiatives and measures to build upon, which can be seen as a facilitating factor for the implementation of Dutch IRBC policy instruments. For example, SA-8000 certification and the ETI Base Code of labour practice are widespread in the first tier of production.

However, export-led sectors are also faced with supply chains dynamics that counteract responsible business conduct. Particularly in the garment and textile sector, the conditions at production level cannot be understood or improved without looking at the costing and purchasing practices downstream at the level of brands. Suppliers in India are confronted with increasing requirements for RBC measures from foreign buyers with different buyers often having different requirements. A primary concern is the cost of compliance. Suppliers consulted during this study expressed concern that buyers are demanding adherence to standards but they are unwilling to pay the commensurate prices. This poses a clear limitation to the effect of most Embassy Activities as they mainly focus on individual company behaviour in India (i.e. INDUS and TNI services). The AGT, however, with its direct link to Dutch companies in the Netherlands and a focus on multi-stakeholder collaboration is better placed to address broader systemic supply chain issues.

7.4 Limitations of Dutch IRBC policy instruments

A number of limitations to the effectiveness of Dutch IRBC policy instruments have been identified, which negatively affect the potential for achieving RBC outcomes and impact in India.

- Overall, a lack of coherence between the three Dutch IRBC policy instruments was observed in India. This shows in the lack of a strategic approach that connect RBC activities for a common purpose across Dutch diplomatic representations in India. Having an explicit RBC strategy can make clear how different policy instruments – separately and together – contribute to RBC promotion. A RBC strategy can also manage expectations towards the Embassy in view of indicated capacity constraints.
- There is limited monitoring and evaluation (M&E) of Dutch IRBC policy implementation in India. This concerns M&E of each of the three instruments separately, and M&E of the instruments as a whole. This means limited scope for sharing and learning across Dutch diplomatic representations, but also with peers in and outside India, and with relevant Departments of the MFA in the Netherlands. Given the challenging context of Dutch IRBC policy influencing, what is called for is an approach that combines traditional M&E with learning from shifts in the institutional context (i.e., RBC policy, trade politics, as well as social and economic realities) and monitoring of relationships with key actors in India (i.e. Indian Government, Dutch companies, SER secretariats).
- None of the three instruments fully address the systemic underlying and multi-faceted inequalities that make Indian women vulnerable in the labour market in general and in global supply chains in particular – such as garment and textile as well as natural stone. The lack of a coherent approach to address gender dimensions of RBC across all instruments means that many RBC gains and solutions do not always proportionately benefit women, and women thus easily lose out on opportunities to equally benefit. This limitation can be attended to by ensuring that the suggested Embassy RBC strategy explicitly incorporates gender concerns in all aspects, including RBC activity implementation, M&E and learning.

8. Conclusion

8.1 Dutch IRBC policy in India

The Netherlands is on its way to become a preferred trade and investment partner of India. This position has increased leverage for IRBC policy influence in the country. As this study has shown, however, Dutch IRBC policy is implemented in a challenging field of forces characterised by ongoing friction between Dutch IRBC policy intent and trade interests, and the combined paradox of economic success and extreme poverty and inequality in India.

In particular the influence of the IRBC policy instrument 'international cooperation and legislation' has been restrained in this field of forces, which shows in the lack of clear outcomes identified. Moreover, the study identified a number of factors, which limit progress despite the unique bilateral MoU for strengthening cooperation on corporate governance and corporate social responsibility between the Netherlands and India: competing understandings of corporate charity and responsible business conduct, turnover of Dutch diplomatic staff and in the Indian government administration, the government of India's adversity to foreign interference in internal affairs especially as they relate to inequality, and the shrinking space for civil society. It was also observed, that despite opportunities for increased coordination and cooperation with other international and bilateral organisations in India, limited results could be found as yet.

In this context, we can conclude that 'Embassy activities' constitute the most relevant and effective IRBC policy instrument compared to 'International cooperation and legislation' and 'sector agreements'. The Embassy has positioned itself as an RBC frontrunner among international and bilateral organisations in India especially due to the Embassy supported INDUS Forum, which was developed as a follow-up and in reaction to an ineffective G2G approach to RBC promotion. The B2B approach employed with INDUS is part of a new trend in RBC that focuses on creating positive impact through strengthened business cooperation. The Embassy uses INDUS to make matches between Dutch and Indian sustainable businesses. Examples of successful matches are manifest under INDUS' circular yarn pilot project. There is still, however, room to improve the RBC relevance and future impact of the Forum. Social and labour rights risks – in particular gender discrimination, poverty wages, and ban on unionisation – seem to have been lost in INDUS's translation of RBC into sustainability as business opportunity. Also, a limited sense of ownership of INDUS on the part of Indian stakeholders was observed, which poses a risk for realising the ambition of turning INDUS into the Embassy 'one-stop-shop' for RBC in India.

The use of the Embassy's Accountability Fund to support the implementation of anti-sexual-harassment policy was also noted to be relevant. This support bridges the gap between a forward looking legal instrument of the Indian government and practice that is lagging behind.

Compared to INDUS, the Embassy's demand-based service-provision to Dutch companies seems to have been a less effective instrument for RBC promotion. As highlighted in this study, the RBC focus of some TNI activities, such as RBC screenings of potential Indian business partners, seems to have been given less priority over time due to matchmaking targets becoming important.

The observed differences in degree of relevance and results achieved by Embassy activities is partly explained by the fact that no comprehensive strategic approach to RBC promotion could be identified across Dutch representations in India and because the Embassy struggles with internal capacity constraints, which limits the scope and scale of RBC-related activities. This also shows in the lack of synergies between IRBC policy instruments.

With regard to the 'sector agreements' instrument, it is too soon to draw conclusions about performance, but key insights for their future development can be derived from the study. Whilst the sector agreements are not designed to have a specific geographical orientation, our findings reinforce that a country specific approach is important in India. For instance, the AGT has not been contextualised to India-specific supply chain developments and there has so far been limited consultation with stakeholders in India at the level of AGT as an initiative. Also the Embassy's limited role in promoting

the sector agreement and assisting its signatories was observed to be a missed opportunity for achieving results with this policy instrument. Our findings indicate that progressive Dutch brands, who started focusing on RBC long before the launch of the sector agreement, combine their RBC requirements with developing long-term business relationships. The latter is emphasised as a key factor in moving from an 'RBC compliance paradigm' to an 'RBC cooperation paradigm', which also implies that buyers start changing their purchasing practices to bear their share of the cost of compliance. In India there is thus potential for the AGT and the Embassy to mobilise frontrunner companies to lead on sector-wide dialogue, capacity strengthening and collaboration around costing and purchasing practices of Dutch brands and how they influence the realisation of outcome standards as well as process rights of workers.

An overarching observation across all instruments is that in spite of limitations, all three provide flexibility for Dutch stakeholders in India to try out new approaches that can enhance relevance and impact of Dutch RBC promotion. For 'international cooperation and legislation', this comes to the fore in attempts to find 'back-door' entry-points to RBC promotion through economic and political diplomacy as part of economic and trade missions. For 'Embassy activities' it is highlighted in the Embassy's use of the G2G MoU as a spring-board for innovating with a B2B approach to RBC. For the AGT, it is evident from the AGT's commitment to facilitating a process from 'RBC compliance' towards 'RBC cooperation' with Dutch brands and their Indian supply chain partners.

Moving forward within the challenging field of forces that constitutes the reality of Dutch IRBC policy implementation in India, a continued emphasis of Dutch actors on being context-specific, flexible and iterative is essential for reducing social, environmental and political risks and achieving a fairer distribution of added value in India's global supply chains.

8.2 Methodological reflection

The theory-based approach used in this evaluation makes the attribution of observed effects to specific IRBC policy instruments difficult, if not impossible. Therefore, the study focused primarily on the identification of major factors – enablers – which contributed (or are likely to have contributed) to observed effects. For instance, Chapter 5 discussed the role of the Dutch Embassy in setting up the INDUS Forum to create positive impact through strengthened business cooperation. While there are also other factors that are likely to have influenced INDUS (e.g. increased Dutch investments in India and interest and effort of Indian organisations), the triangulation of stakeholder perspectives unanimously points to the importance of the Dutch Embassy's role.

Furthermore, as in any evaluation, there is the question of generalisability. It should be stated that many of the investigated policy instruments in this study, while falling into broader categories, are unique. This holds specifically for 'Embassy activities' and 'international cooperation and legislation'. The point here is thus not to generalise findings, but to bring underlying patterns, factors, barriers and enablers to the surface in order to guide future policy implementation.

This is slightly different for the sector agreements looked at in this study, which are (or will be) implemented in different countries at the same time (and not just in India). The question of *generalisability* thus becomes more pertinent, but should not be misunderstood. Findings from the interviewed companies and other stakeholders in India cannot be interpreted as *representative* of other companies participating in the selected sector agreements. Rather, we have focused on obtaining insights that may be *transferrable* to other companies in other settings, based on the underlying logics exposed. Readers and users of this study are therefore invited to evaluate in how far the findings (are likely to) apply to other settings. The findings of the KIT country study in Bangladesh, which also looked at the AGT, offer further insights in this regard.

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Annex 1. Detailed list of cases in India

Table. List of cases in India

| IRBC policy instrument | Programme or category | Case | Relevance to evaluation | Participants | Location |
|---------------------------|--|---|---|--|----------------------------|
| Embassy activities | B2B | + INDUS Platform | + Indus is an online and offline entrepreneurial network aiming to improve sustainable and inclusive innovations in both Indian and Dutch businesses and thus enhancing futureproof trade relations | + Embassy of the Kingdom of the Netherlands (EKN) in New Delhi | + New Delhi |
| | Trade Network India (TNI) | + RBC support to Dutch companies through EKN in New Delhi and General Consulate Bangalore | + Dutch diplomatic network staff that work in India for Dutch Trade promotion. TNI is geographically and thematically spread across India | + EKN in New Delhi and General Consulate Bangalore | + New Delhi + Bangalore |
| | Decentralised funding for RBC related projects | + Accountability Fund | + Project on Sexual Harassment Law Implementation | + EKN in New Delhi + CIVIDEP Bangalore | + New Delhi + Bangalore |
| | Civil society support | + Support to RBC promotion of Dutch civil society organisations in India | + Connecting Dutch civil society organisations in India to GOI and other bilateral and international organisations and support their understanding of Indian policy etc. | + EKN in New Delhi + ICCO, IDH, Solidaridad, ICN, FWF etc. | + New Delhi + Bangalore |

| IRBC policy instrument | Programme or category | Case | Relevance to evaluation | Participants | Location |
|------------------------|-----------------------|---|---|--|---|
| Sector agreements | Natural Stones | <ul style="list-style-type: none"> Sector agreement on natural stones (at the time of the evaluation still in the process of being negotiated) | <ul style="list-style-type: none"> The natural stone sector agreement is expected to address specific RBC-risks within the manufacturing and supply chain of the natural stone industry in order to reach substantial improvements within a period of 3-5 years for those groups that experience negative consequences | <ul style="list-style-type: none"> Private companies involved in sector agreement process and sourcing in India (according to SER): Arte BV, Michel Oprey & Beisterveld Link to the INDUS platform (under Embassy activities) of which Arte BV is member | New Delhi and Tamil Nadu: Companies from which Dutch natural stone companies source |
| | Garment and textile | <ul style="list-style-type: none"> Dutch Agreement on Sustainable Garments and Textile (AGT) | <ul style="list-style-type: none"> Garment and textile sector Sector agreement focuses on RBC Comparatively “mature” (signed in 2016) compared to other sector agreements | <ul style="list-style-type: none"> More than fifty companies have signed the AGT. For the country study, agents and/or suppliers of some of these were visited in Delhi, Bangalore and Tiripur | New Delhi, Bangalore, Tiripur - |
| | | <ul style="list-style-type: none"> Pilot project under AGT | <ul style="list-style-type: none"> Combatting Child Labour in Garment Supply Chains Project (2017-2019) | <ul style="list-style-type: none"> Netherlands Enterprise Agency (RVO) Stop Child Labour Now HIVOS India Committee of the Netherlands (ICN) Local NGOS: Social Awareness and Voluntarily Education (SAVE), Fair Labor Association (FLA) Signatory companies of AGT: WE Fashion, O’Neill Europe, Claudia Sträter, Espresso Fashion, Miss Etam, Steps and Prénatal). | Tiripur, Tamil Nadu |

| IRBC policy instrument | Programme or category | Case | Relevance to evaluation | Participants | Location |
|--|---------------------------------|---|---|--|-----------|
| International cooperation & legislation | Bilateral cooperation | <ul style="list-style-type: none"> Memorandum of Understanding (MoU) between India and the Netherlands on 'Corporate Governance and Corporate Social Responsibility' Economic diplomacy – in particular incoming Trade Missions | <ul style="list-style-type: none"> In 2011, the Netherlands and India established a bilateral working group on Corporate Governance and Corporate Social Responsibility. The group focuses on mutual learning and promoting dialogues through, bilateral consultations and expert talks, joint events, and strengthening dialogue between the stakeholders | Stakeholders: <ul style="list-style-type: none"> EKN in New Delhi Ministry of Corporate Affairs India, New Delhi | New Delhi |
| | Bilateral cooperation | <ul style="list-style-type: none"> Political diplomacy | <ul style="list-style-type: none"> Human rights and business work of Political Diplomacy Team and bilateral visits | Stakeholders: <ul style="list-style-type: none"> EKN in New Delhi GOI New Delhi | New Delhi |
| | Multilateral cooperation | <ul style="list-style-type: none"> Collaboration with other bilateral or international agencies | <ul style="list-style-type: none"> RBC coordination and promotion with 'peers' | Stakeholders: <ul style="list-style-type: none"> EKN in New Delhi Bilateral (SIDA, GIZ, etc.) and International Organisations in New Delhi (EU, ILO, UNIDO, OECD, etc.) | New Delhi |

Annex 2. List of interviews India Country Study

Table. List of interviews India Country Study

| Category | Organisation | Respondent | Date | Location |
|---------------------------------------|--|---|---------------------|--------------------------|
| Dutch Government | Embassy of the Kingdom of the Netherlands | Senior Policy Advisor | 27 August 2018 | New Delhi |
| | Embassy of the Kingdom of the Netherlands | Counsellor Economic Section | 27 & 29 August 2018 | New Delhi |
| | Embassy of the Kingdom of the Netherlands | First Secretary Political Affairs | 27 & 29 August 2018 | New Delhi |
| | Embassy of the Kingdom of the Netherlands | Ambassador | 27 August 2018 | New Delhi |
| | General Consulate of the Kingdom of the Netherlands, Bangalore | Consular | 2 September 2018 | Bangalore, Karnataka |
| | General Consulate of the Kingdom of the Netherlands, Bangalore | Senior Deputy Representative | 6 September 2018 | Bangalore, Karnataka |
| | General Consulate of the Kingdom of the Netherlands, Bangalore | Senior Policy Advisor Holland Innovation Network | 6 September 2018 | Bangalore, Karnataka |
| | CSR Netherlands | Program Manager ICSR; Program Officer | 23 August 2018 | Utrecht, the Netherlands |
| Indian Government | Ministry of Mines | Additional Secretary; Director | 29 August 2018 | New Delhi |
| | Indian Institute of Cooperate Affairs | Former Head, Centre for Institutional Partnerships & Corporate Communications | 30 August 2018 | New Delhi |
| | Apparel Export Promotion Council | Director, Compliance and Economic Consultancy | 30 August 2018 | Gurgaon, Haryana |
| International Organisations | International Labour Organisation (ILO) | Country Director; National Program Manager; National Professional Officer | 27 August 2018 | New Delhi |
| | Embassy of Sweden | Counsellor Trade, Economic and Cultural Affairs; Senior Advisor | 28 August 2018 | New Delhi |
| | Delegation of the European Union to India | Counsellor; First Secretary Trade Affairs | 28 August 2018 | New Delhi |
| Non-governmental organisations | Centre for Responsible Business (CRB) | Chief Operating Officer | 28 August 2018 | New Delhi |
| | TERI | Vice President; Senior Director; Associate Corporate Partnerships | 29 August 2018 | New Delhi |

| Category | Organisation | Respondent | Date | Location |
|--|---|--|------------------|-----------------------------|
| | ICCO | Executive Director; Manager Communications | 30 August 2018 | New Delhi |
| | The Sustainable Trade Initiative (IDH) | Country Director; Communication Officer | 1 September 2018 | Gurgaon, Haryana |
| | SAVE | Managing Director | 3 September 2018 | Tirupur, Tamil Nadu |
| | Cividep | General Secretary; Program Director | 5 September 2018 | Bangalore, Karnataka |
| | Fair Wear Foundation | Country Representative | 5 September 2018 | Bangalore, Karnataka |
| | MV-Foundation, Secundarabad, Andhra Pradesh | National Convenor | 6 September 2018 | <i>Skype call</i> |
| | India Committee of the Netherlands | Program Officer Business & Human Rights; Program Officer Corporate Social Responsibility | 2 July 2018 | Utrecht, the Netherlands |
| Companies / private sector | Fronrunner Dutch brand (anonymised) | CR Supply Chain Manager India | 17 August 2018 | <i>Skype call</i> |
| | Rabo India | Asia Head | 29 August 2018 | New Delhi |
| | Mehta Stones | Managing Director | 31 August 2018 | Gurgaon, Haryana |
| | Vogueserv Overseas LLP | Partner; Vice President; Manager Corporate | 31 August 2018 | New Delhi |
| | Vogueserv Overseas LLP | Assistant Manager Quality Assurance | 2 September 2018 | Tirupur, Tamil Nadu |
| | Hallmark Fashion | Managing Director; HR Manager | 2 September 2018 | Tiripur, Tamil Nadu |
| | Sri VNS Textiles | Managing Director; HR Manager | 2 September 2018 | Tiripur, Tamil Nadu |
| | Aro Granites | Managing Director; Whole-time Director | 3 September 2018 | Krishnagiri, Tamil Nadu |
| | Enviu | Country Manager India | 4 September 2018 | Bangalore, Karnataka |
| | ARTE BV | Director | 6 July 2018 | <i>Skype call</i> |
| | Michel Oprey & Beisterveld | Former Director; Purchasing Director | 4 & 31 July 2018 | <i>Skype call</i> |
| Sector / business organisations | Confederation of Indian Industries (CII) | Deputy Director General; Deputy Director | 28 August 2018 | New Delhi |
| | Okhla Garment and Textile Cluster | Director General | 30 August 2018 | New Delhi |
| | Tiripur Exporters Association | President | 2 September 2018 | Tiripur, Tamil Nadu |

| Category | Organisation | Respondent | Date | Location |
|-----------------------------------|----------------------|--|------------------|----------------------|
| Labour unions | Garment Labour Union | Executive Committee Member; General Secretary | 7 September 2018 | Bangalore, Karnataka |
| Total number of interviews | 41 interviews | | | |

Annex 3. Government of India Companies Act, 2013

The Companies Act regulates the incorporation, responsibilities and dissolution of a company in India. The Act has 29 chapters containing 470 sections, and 7 schedules. It replaced the Companies Act, 1956 upon its passing in 2013.

Section 135 of the Act prescribes a mandatory framework for Corporate Social Responsibility (CSR). As per the section companies with a certain turnover and profitability have to spend two percent of their average net profit for the past three years on CSR.

This law makes India the first country to legally mandate companies to spend a percentage of their profits on socially responsible activities or explain why they do not. Accordingly, any public or private limited company which has a net worth of 500 crores Indian Rupees (INR) or more, or a turnover of 1000 crores INR or more, or a net profit of 5 crores INR or more, during any financial year, should constitute a Corporate Social Responsibility of the Board. This rule is also applicable to foreign companies with branches or offices in India if they meet or exceed any of the three thresholds.

The Act also provides a broad list of activities for CSR spending including education, health, eradication of hunger and poverty, promoting gender equality, environment sustainability etc. The 2 percent CSR law has been met with mixed reactions. One of the biggest criticisms of the law is that it mandates not only a minimum spending on CSR (2 percent) but also limits the activities on which CSR money can be used for. Moreover, CSR spending is not aligned to a company's core business nor does it consider how profits are made. It does not make business operations responsible but instead encourages philanthropy.

Annex 4. Government of India Sexual Harassment of Women at Workplace Act, 2013

The 2013 Act is an extension of the 1997 Vishaka Guidelines, which acknowledged sexual harassment at the workplace as a human rights violation. The Act specifically addresses the issues of sexual harassment at workplace.

The 2013 Act has been enacted with the objective of preventing and protecting women against workplace sexual harassment and to ensure effective redressal of complaints of sexual harassment. It inter alia, applies to government bodies, private and public sector organisations, non-governmental organisations, organisations carrying out commercial, vocational, educational, entertainment, industrial, financial activities, hospitals and nursing homes, educational institutes, sports institutions and stadiums used for training individuals and also applies to a dwelling place or a house.

The Act requires an employer to set up an 'internal committee' ("IC") at each office or branch, of an organisation employing 10 or more employees, to hear and redress grievances pertaining to sexual harassment. While the law has a broad coverage including women from organised and unorganised sectors, its implementation has proved to be a big challenge.

Annex 5. Sumangali scheme in Tamil Nadu

The Sumangali scheme, which is considered to be a form of forced labour, was practiced in the spinning and textile mills in Tamil Nadu. The practice is said to have started in mid to late 1990s. The term Sumangali roughly translates to “happily married woman”, which is seen as the most desirable future for young women by their families. However, marriages under the Hindu system entail substantial expenses which have to be met by the bride’s family. The practice of dowry is prevalent in India even though it is legally prohibited. In the event that the bride’s family fails to meet the expectations of dowry demands made by the groom’s family, the bride is harassed and subjected to violence post marriage or the groom’s family walk out of the wedding causing shame and embarrassment to the bride and her family.

Under the Sumangali scheme, spinning and textile mills hired young unmarried women (15-18 years old), who were mostly from poor and lower caste families, on three-year contracts promising a lump sum payment at the end of three years. This lump sum money could then be used to meet the needs of poor families or marriage expenses of the young women. On the other hand factories got the benefit of a cheap workforce for three years. It has been reported that women under the scheme were employed for a lump sum payment of 25,000-50,000 INR at the end of 3 years, which was way below minimum wages. Women worked and lived in poor and unhygienic conditions; they worked for long hours; stayed in factory-operated hostels and their movement was monitored thus limiting their contact with the outside world. Some factories also terminated women before the completion of their 3-year contract so as to avoid paying the lump sum amount. This scheme brought into attention the complexity of overall supply chain linkages and the responsibilities of brands and retailers in creating decent working conditions in their supply chains.

This practice received large scale national and international media coverage forcing the state government to intervene and abolish the scheme. However, NGOs working in areas where spinning mills operate have noted that the scheme continues to be practiced under different names.

Annex 6. Negotiating minimum wages for textile workers in Karnataka by Garment Labour Union

In 2014 minimum wages in Karnataka was revised and at present wages for unskilled workers category is INR 313 per day. Minimum wages has to be revised once in 3-5 years.

In January and February 2018 GLU, submitted memorandums to various government authorities and ministers about revising minimum wages. A meeting was called by the government to revise the wages. The state government announced an amount of INR 11,000 per month for unskilled category, but the management association was not ready to pay this amount. The negotiations were put on hold because of state elections.

Post-election once the new government took charge, GLU submitted another memorandum to the new Chief Minister, Labour Minister and the regional MLA to revise minimum wages immediately to INR 18,000 per month as per the Central Trade Union's demands. A committee was formed by the Chief Minister to discuss the issue and revise the minimum wage. Four meetings have been called by the government so far, but only two meetings took place and 2 meetings were postponed. The management association is not ready to pay INR 18,000 and they are threatening the government that they will move the industry to different states/countries where the wages is less. They are also telling workers that they will lose their jobs. Hence the state government has approached an organisation to prepare a report on working and living conditions of garment workers based on the present minimum wage. Any further discussion between stakeholders will depend on the findings of the report.