



TruStone Initiative
Stakeholders working
towards responsible business
conduct in the natural
stone sector

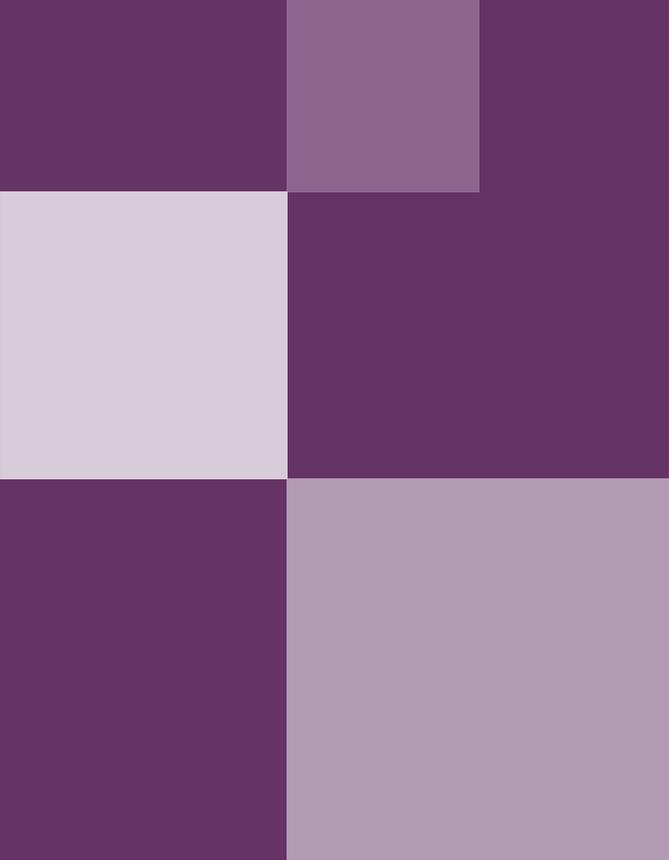
TruStone Initiative

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MARCH 2021

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Preface

Preface

The TruStone Initiative is an extraordinary and courageous venture. A relatively small sector has had the courage to collectively tackle some of the most difficult and intractable problems in global supply chains – those involving poor environmental and working conditions and a failing human rights situation.

The public was made aware of such practices by the 2017 report on The Dark Sites of Granite by the then India Committee of the Netherlands, which now actively and constructively participates in TruStone as Advocating Rights in South Asia ('Arisa'). A Flemish newspaper had already published negative revelations about the natural stone sector by criticising the stone used for a square in the centre of Ghent. After three years of negotiations, there is now an Agreement that breaks new ground because it embodies cooperation between two different countries, their civil society organisations, trade unions and companies, but also cooperation in which the supply and demand sides seek solutions together.

TruStone aims to tackle not only socially irresponsible practices within the supply chain by importers and processors, it also focuses on parties such as municipalities that purchase natural stone, urging them to set clear conditions for selecting stone based on international Responsible Business Conduct (RBC).

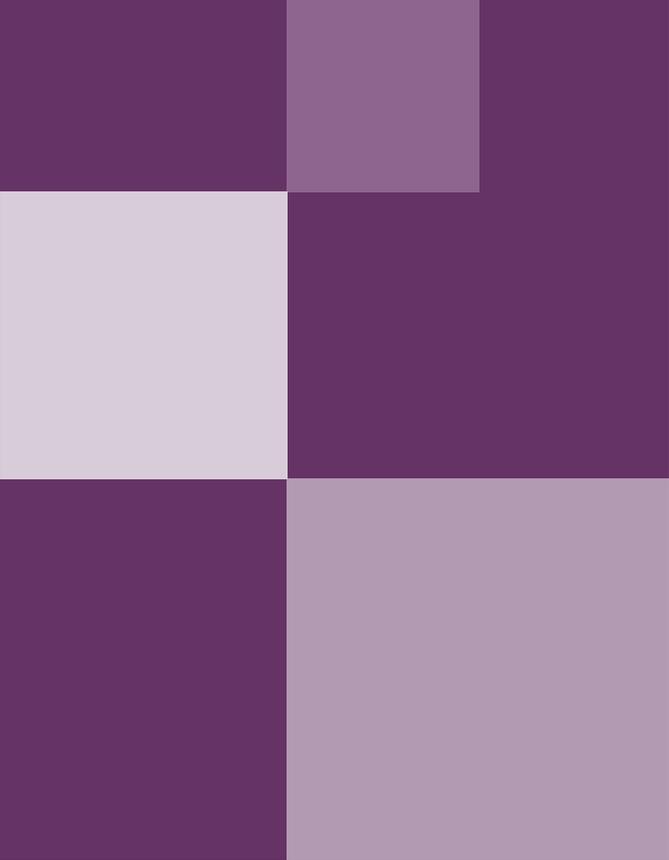
It's important to note, however, that all this pioneering work of transnational cooperation and collaboration throughout the supply chain from supplier to consumer is being carried out by a fairly small sector, made up to a large extent of small businesses. Only a few of the participating companies are any bigger than what the statisticians term 'medium-sized enterprises'. I know from personal experience that a business in which just a small group of people work has to focus fully on production and sales, and doesn't have much extra capacity to fully comprehend, integrate, and implement responsible business conduct. Such a business has only limited capacity for fully understanding the source of the stone it purchases, let alone the conditions in the factories or quarries where it comes from. Fortunately, all the parties that participate in TruStone are prepared to support one another in achieving that understanding – public authorities, trade unions, industry associations, civil society organisations, and the entire supply chain.

TruStone is a textbook example of problem-solving cooperation. This first year – with the added challenges of a pandemic – has shown that we still have a great

deal to do, but also that we are already making significant progress. If we work together, then we can really make a difference in the years ahead. That applies not only to the parties, companies, and contracting authorities that have already signed up to the Initiative but also to those that have yet to do so. If your natural stone company, construction company, kitchen company, gardening company, paving company, contractor company, NGO, or municipality hasn't yet signed up, make sure it does so. That will make it a lot easier to implement responsible business conduct when procuring natural stone.

Pieter van der Gaag
Chairman of the TruStone Initiative





Annual Report

1 Background

1.1 The TruStone Initiative in brief

The TruStone Initiative took effect on 1 October 2019. It involves Dutch and Flemish sector organisations, companies, trade unions, NGOs, and public authorities working together to improve social and environmental conditions in the quarrying and processing of natural stone.

International guidelines on international responsible business conduct form the basis for the Initiative, for example the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Organisation for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises, and the International Labour Organization's (ILO) Core Labour Standards.

Companies that import or process natural stone can sign up to the Initiative, as can contracting authorities that purchase it.

Importing companies are expected to carry out due diligence, namely the process whereby they identify and tackle risks so as to prevent their activities having a negative impact on people and the environment. In concrete terms, this means that companies in the natural stone sector systematically investigate whether they themselves – either directly or through their chain of suppliers or customers – are associated with harm caused somewhere within that chain to people, animals, nature, and the environment. This means not only actual harm sustained but also the risk of it occurring. Companies that have identified their involvement in harm, or the risk of it, must take measures. Due diligence is not just a one-off action; as part of business operations, it is a continuous process.

Processing companies and contracting authorities are expected to question importers and ultimately to purchase only natural stone whose quarrying and processing comply with the standards laid down in the international guidelines.

The participating companies and contracting authorities do not have to do this all on their own. The aim of the Initiative is for companies, their industry associations, public authorities, trade unions, and civil society organisations to join forces to tackle the problems jointly.

1.2 First-year report

The present report covers the first year of the Agreement, running from 1 October 2019 to 30 September 2020.

The report is largely based on data provided by companies, in confidence, using a specially developed web tool. Companies are themselves responsible for the reliability of the data. In some cases, evidence such as audit reports has been provided.

The companies' reports are assessed by the TruStone Initiative's independent Secretariat (accommodated at the Social and Economic Council of the Netherlands (SER)). The Secretariat uses an assessment framework adopted by the parties, with the requirements being made more stringent each year.

2 Impressions of the natural stone supply chains

This section gives a picture of the origin of natural stone imported by Dutch and Flemish companies, and of the risks identified by the companies as regards quarrying and processing it.

That picture is not complete because participating companies are introducing due diligence in stages. A timeframe has been set by the parties for surveying their supply chain: after one year, companies must, *inter alia*, have information regarding at least 25% of the quarries where the natural stone is extracted and 50% of the factories where the materials are processed. On average, companies now have information about 37% of their quarries and 58% of their factories.

It is only when they know the origin of the stone that companies can begin to identify risks. During the year under review, many companies focused on tracing the origin of their materials and not yet on identifying risks. Nevertheless, more than half the importing companies reported about actual or potential risks within their supply chain, using the specially developed web tool.

Companies find it easier to pinpoint risks concerning their supply chain in India and China. This is firstly because many companies acquire their largest volumes from those countries and also have more direct, long-term relationships with production sites there. Secondly, more public information about risks is available for those countries.

2.1 Companies

The natural stone sector in the Netherlands and Flanders consists of several hundred companies that import and/or process natural stone. Most companies that are members of the TruStone Initiative operate as wholesalers and/or importers in various market segments such as funerary monuments, kitchen worktops, or public projects such as squares, façades, and quays. A few companies specialise in tiles, kitchen worktops, or funerary monuments.

The great majority of companies can be classified as small and medium-sized enterprises (SMEs). The number of supply chains per company varies from only a few to many dozens:

- Fewer than 5: 2 companies;
- Between 5 and 10: 4 companies;
- Between 10 and 50: 17 companies;
- More than 50: 1 company.

2.2 Origin

Production sites that supply Dutch and Flemish companies are located in approximately 20 countries. In terms of the number of Dutch or Flemish companies that have materials processed in a factory directly or via an agent or exporter, the main production countries are:

1. India: 20 companies;
2. China: 14 companies;
3. Vietnam: 12 companies;
4. Portugal: 5 companies;
5. Italy/Turkey: 4 companies each.

Image

World map top 5 production countries



Within production countries, extraction of materials takes place in various different quarrying areas. Quarrying areas where more than 5 participating companies acquire materials are:

- Bundi (state of Rajasthan), India;
- Prakasam (state of Andhra Pradesh), India;
- Chittoor (state of Andhra Pradesh), India;
- Rangareddy (state of Telangana), India;
- Yên Định (province of Thanh Hoa), Vietnam.

A full list of quarrying areas where materials are extracted for participating companies can be found on the TruStone website.

Affiliated Dutch or Flemish companies did not themselves import any materials from African countries during the year under review. Companies that process such materials purchase them from importers, mainly from Italy. These importers have not so far been very willing to provide information to Dutch and Flemish customers about the production sites and the risks involved. There is therefore not yet any clear picture of the risks in African production countries.

2.3 Materials

Materials that are imported are basalt, granite, limestone, slate, marble, and sandstone.

Granite is the most commonly imported material. China and India are the most important suppliers for the affiliated Dutch and Flemish companies. Chinese granite – mostly grey, red, and yellow – is relatively often used for public outdoor areas. Granite from India – especially black and dark grey – is widely used for kitchen worktops and funerary monuments.

Photo Granite from China for public outdoor areas



Sandstone imported by affiliated companies comes mainly from Rajasthan (India) and is widely used for outdoor areas. Basalt mostly comes from China and Vietnam and is also used in outdoor areas.

Marble is imported from many different countries, but mainly from China and Italy. Affiliated companies use it mostly for (tile) floors.

2.4 Risks identified by companies

About half the companies have reported risks to the independent Secretariat, usually based on their own observations during working visits, sometimes supplemented by findings in public reports. A minority of companies have identified risks on the basis of up-to-date, independent audits. Next year, the companies will continue to survey the risks and their underlying causes. Subsequently, they will contribute as far as possible to reducing them.

Companies that have identified risks within their supply chain report mainly health and safety issues, often involving a lack of personal protective equipment (PPE) such as helmets, face masks, and safety shoes. This can entail the risk of injury in the event of an accident or of diseases such as silicosis. In any case, companies that co-own or are major customers of a factory regularly discuss this issue with the site management. One issue the companies have come across is that the PPE

provided is not used by workers, either from habit or because of weather conditions, and is sometimes even sold by the workers themselves. Discussions with site management will be necessary to determine how companies can address this risk effectively.

Companies also report issues in the web tool regarding a living wage and forced labour. These risks are quite often associated with migrant labour, for example in southern India, where many itinerant migrant workers from the north of the country are employed. During discussions, companies indicated that it is difficult to determine whether this is the case with their suppliers, given that migrant workers are often employed on a short-term basis and generally without any written agreement. It is difficult for the companies to have direct contact with migrant workers because of the language barrier. Here too, an effective approach requires discussion with stakeholders (see box).

Contact with local organisations is important

Sandra Claassen, director of Arisa

‘Contacts with local organisations and trade unions in the area where companies purchase natural stone are extremely important so as to really understand the situation in a quarry or factory. We often see, for example, that migrants are not on the payroll but work as contract workers. An auditor or purchaser sometimes only gets to see the official payrolls for permanent employees, so that the situation of migrants is unclear. They are a vulnerable group, at risk of forced labour and non-payment of the statutory minimum wage. Companies get a better idea of these problems if they have direct contact with local organisations.’

The risk of child labour was also regularly mentioned in the assessment discussions between the Secretariat and the companies. Child labour is reported in specific processes in the processing of natural stone, for example collection of waste and chipping cobblestones. Companies did not observe child labour within their own supply chains. They may nevertheless become involved in child labour because suppliers often pass on orders to other producers, especially in the case of tight delivery deadlines for public clients. As yet, it is difficult for Dutch and Flemish suppliers to get a good idea of the situation in this regard. The risk of child labour has increased as a result of the COVID-19 pandemic (see box).

Consequences of the COVID-19 pandemic in India

Henny Plat, director FNV

'COVID-19 has rocked the world, and thus the world of natural stone too. The health of quarry workers is at extra risk, and now not only because of dust and excessively long working days. After all, if workers can't maintain – or aren't permitted to maintain – social distancing, it's virtually inevitable that they will contract one of the COVID-19 virus variants in the quarry. And in a lot of countries the schools have been closed during the pandemic, so child labour has increased again.'

For countries such as China and Vietnam, risks to the right to organise and collective bargaining are also mentioned. Dutch and Flemish companies do not feel that they are in a position to address this often politically sensitive risk. One company stated that the management of its production sites set wages in consultation with the workers.

Environmental risks are also mentioned, for example the illegal dumping of waste, the environmental and climate impact of non-reusable wooden crates for transporting natural stone, and the CO₂ emissions associated with its transport.

As regards China specifically, companies regularly point out the high level of dynamism within the sector as a result of government policy (see box). A risk analysis for China will be available in mid-2021 which can provide more guidance for companies.

Risks in China

Siwert Hoogenberg, entrepreneur

'I've noticed during conversations in the Netherlands that many people have an extremely negative picture of working conditions in the natural stone sector in China. I have a different view of the eastern provinces of Shandong and Fujian, where natural stone for the Dutch and Flemish markets usually comes from. There is hardly any risk of importers from those provinces being involved with child labour or low wages. One area of concern, however, is the forced closure of production sites.

A few years back, the Chinese central government significantly tightened up the permit policy for operating quarries and processing plants. Among other things, companies must meet high environmental and safety standards if they are to keep their permit. Many existing companies didn't receive a permit, and it's also very difficult for new companies to qualify. Companies that don't meet these requirements are closed down without hesitation.

But it's not just environmental considerations that play a role here. Provincial governments that implement the policy also aim to receive tax revenues from the business activity in their region. The natural stone industry then quickly loses out to high-value brainwork. The way the authorities act isn't always transparent or consistent. That creates major uncertainties for the owners and employees of production sites.'

3 Results for year 1

3.1 Demand side

3.1.1 Participation by contracting authorities

	Target	Actual
Participating contracting authorities	30	37

When the Initiative started on 1 October 2019, 28 Flemish and 3 Dutch contracting authorities had joined. During the year under review, six municipalities also signed up. A number of municipalities are still deciding whether to join.

A relatively large number of Flemish municipalities are participating. Prior to the Initiative taking effect, the Flemish government made a strong case for them to do so. During the first year of the Agreement, civil society organisations also approached numerous Dutch municipalities. In addition, a number of Dutch municipalities, in particular, are involved in the International Social Criteria (ISC) pilot programme (see Section 3.1.3 below).

Contracting authorities that sign up to TruStone commit themselves to applying the ISC to natural stone procurement wherever possible. Suppliers can comply with the ISC by carrying out due diligence. Participation in TruStone can serve as proof that a supplier meets this requirement.

Image

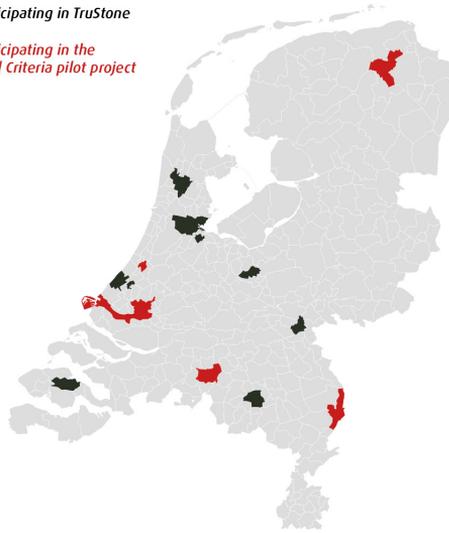
Participating procurement authorities

Municipalities participating in TruStone



Municipalities participating in TruStone

Municipalities participating in the International Social Criteria pilot project



A list of affiliated contracting authorities can be found at <https://www.imvoconvenanten.nl/en/trustone/contracting-authorities>

3.1.2 Application of the International Social Criteria (ISC)

The parties to the Initiative have also set a target for application of the ISC, namely 30% of the natural stone procurement volume after one year. Unfortunately, no reliable figures are currently available to assess progress towards that target.

The parties are expecting a lot from the wider application of the ISC to public procurement. This will act as an incentive for suppliers of natural stone to undertake due diligence and/or sign up to the Initiative. So far that incentive has been insufficient. Contracts have in a great many cases been awarded on the basis of the lowest price tendered.

What is clear, however, is that during the year under review many more contracting authorities applied the ISC than before. These include not only affiliated contracting authorities but also municipalities participating in the Sustainable Procurement (SP) pilot programme for natural stone. This is being implemented at the behest of the TruStone parties. High-volume contracts, such as in Amsterdam, were also included (see box).

TruStone as the basis for long-term contracts for the supply of natural stone

Frank van Sloun, strategic advisor to the City of Amsterdam

'Amsterdam put out a city-wide call for tenders for natural stone in August 2020. Suppliers could tender for a multi-year framework contract for nine categories of natural stone.

Suppliers that have such a framework contract can then compete for orders. They can only do so if they can show that they have their international RBC risk management up and running. Participants in the TruStone Initiative meet that requirement. With this call for tenders, the City of Amsterdam wants to send a signal to the market that responsible business conduct is the norm.'

3.1.3 Support

Recruitment

It has been agreed within TruStone that all the parties will help recruit new signatories so as to increase leverage and impact. During the year under review, the TruStone civil society organisations wrote to 82 municipalities in order to discuss their natural stone procurement policies, raise awareness of the TruStone Initiative, and encourage them to join TruStone. They did so in two ways: by approaching local councillors and by approaching relevant civil servants.

This led to questions being raised in the councils of six municipalities (The Hague, Alkmaar, Assen, Rijswijk, Tilburg, Zoetermeer); the municipalities of The Hague and Alkmaar have now joined TruStone.

In the case of 58 municipalities it was not possible to establish contact; in the remaining municipalities sustainable procurement and the TruStone Initiative were discussed internally and in some cases discussions took place with the relevant individuals. The civil society organisations will follow up on this in year 2. Pilot programme

In 2017, the parties involved in the negotiations that led to the TruStone Initiative gave instructions for a study of how contracting authorities can give substance to the ISC. A pilot programme was set up under the leadership of Soeters Management. The programme runs until mid-2021.

The Natural Stone ISC Team (TIN) was set up as part of the programme in 2018 in order to support the contracting authorities, and reduce the burden on them, as regards applying the ISC. The TIN is made up of experts in the fields of human rights, due diligence, and procurement. The cities of Leiden, The Hague, Venlo, and Nijmegen made active use of this support facility during the year under review.

The project team issued an interim report in October. That report presents preliminary findings based on experience with calls for tenders during the past three years. The final report will be published in mid-2021.

The interim report is available at <https://www.imvoconvenanten.nl/-/media/imvo/files/natuursteen/transactie-transformatie-tussen-rapportage.pdf?la=nl&hash=3987BB7CDAA6A035EC9059542B9147B7>

3.2 Supply side

3.2.1 Participation by companies

	Target		Actual	
	Start	End of year 1	Start	End of year 1
The Netherlands				
Importers	16	29	10	15
Processors	10	30	1	5
Import share (estimate)	25%	30%	20%	25%
Flanders				
Importers	25	33	13	14
Processors	15	50	0	2
Import share (estimate)	70%	80%	65%	65%

Participation by companies fell short of the targets, especially in terms of the number of companies. However most major importers, especially in Flanders, have become members, meaning that the gap between the target and what was actually achieved in terms of the estimated share of imports is smaller, relatively speaking.

Reasons for participation failing to achieve the target include:

- Uncertainty due to the COVID-19 crisis made many companies decide not to participate this year;
- During the past year, the Dutch industry associations NOA and DI-Stone have been discussing a merger, meaning that they paid more attention to other issues than recruiting companies for the TruStone Initiative;

- For natural stone processors in particular, for example retailers in the kitchens or gardens sector, participation in the TruStone Initiative is still of little benefit, given that a number of arrangements relevant to them – such as development of a strategy to increase consumer awareness – have not yet been fleshed out in the first year of the Initiative.

Efforts to recruit new companies will be stepped up next year.

A list of participating companies can be found at

<https://www.imvoconvenanten.nl/en/trustone/participating-parties>

3.2.2 Implementation of due diligence

	Objectif	Réalisation 31-12-2020
Implementation of due diligence	All participating companies have a total score of 20%	21 of the 26 companies comply
Understanding of supply chain	All participating companies have information about: 100% of direct suppliers 50% of factories 50% of quarrying areas 25% of quarries	21 of the 26 companies comply
Action plan	All importers from high-risk countries submit an action plan	20 of the 25 companies comply

The due diligence efforts of 26 companies were assessed during the past year. Companies that do not themselves import or companies that only joined after the third quarter of the year under review were not required to submit an annual report. Points were awarded based on an assessment framework adopted by the parties: <https://www.imvoconvenanten.nl/nl/natuursteen/~/-/media/BD09DB9FD29C4D629A06552F7833C4F4.ashx>

Only one of the 26 companies assessed imports solely materials extracted and processed in countries within the European Economic Area. That company was not required to submit an action plan.

Of the 26 companies, 21 comply with the requirements for the first year. Five companies need more time. Partly due to the COVID-19 pandemic, they have not succeeded in gaining sufficient information about the origin of their products. They will provide that information no later than 1 April 2021.

The companies that meet the requirements for the first year score as follows for implementation of due diligence:

- 20-40%: 8 companies;
- 40-60%: 11 companies;
- >60%: 2 companies.

Due diligence comprises six steps:

1. Formulate and embed policy;
2. Survey the supply chain (2.1) and identify risks (2.2);
3. Tackle risks;
4. Monitoring and evaluation;
5. Communication;
6. Access to remediation.

Companies could achieve the required score of 20% by completing steps 1 and 2.1. 21 companies have completed these steps to a sufficient extent. Eleven importing companies have already contributed directly to reducing risks (see 3.2.3). Three companies have adopted a systematic approach to monitoring and evaluation. Two companies communicate publicly about risks and about their due diligence efforts. The sixth step (remediation) will be fleshed out jointly in the course of the next reporting year (see Section 4).

3.2.3 Responsible production

The aim of the Initiative is to significantly combat specific international RBC risks in the production or supply chain of the natural stone industry within a 3- to 5-year period for groups experiencing adverse impacts.

In order to achieve that aim, the following arrangements have been made in the Initiative:

- Companies implement due diligence. If they identify risks within their supply chain, they draw up an improvement plan and contribute to reducing or resolving those risks. If they come across more risks than they can tackle, they deal with the most severe and likely risks first;
- Parties set up collective projects in cooperation with companies.

TruStone active in Rajasthan

Varun Sharma, programme director of ARAVALI in Rajasthan (India)

‘The TruStone Initiative has been contributing at the bottom of the natural stone supply chain in Rajasthan. It is the first time an initiative has emphasised developing facilities for natural stone workers, where building local capacities is its approach.’

During the year under review, eleven importing companies contributed directly to reducing risks in part of their supply chain:

- In three cases, companies collaborated with NGOs and local parties on a regional approach to tackling risks, such as the Arte project (see box);
- Two companies participated in improvement programmes run by certification organisations;
- In seven cases, companies contributed to improvements at regular suppliers from which they purchase a large volume. As noted in Section 2, this quite often involves the provision of personal protective equipment (PPE).

Although the intended improvement measures are of great importance, the risks in question were not always prioritised in terms of their severity and likelihood (i.e. in accordance with the OECD guidelines) but according to volume. Prioritisation in terms of severity and likelihood is a key issue from the second reporting year on, i.e. companies must comply with this requirement.

Arte combats child labour

Niels van den Beucken, financial director at Arte

‘With the Arte Right To Education project (A.R.T.E.), Arte is cooperating with various parties to ensure, by promoting and improving education, that working conditions in one of its supply chains are improved and that children are given a fair chance at a better future. The aim is to create a “Child Labour Free Zone” in the villages around the Indian quarries where Arte sources its granite. The A.R.T.E. project attempts to create awareness among public authorities, teachers, the supplier, and families with children, with the aim of bringing about a change of mentality whereby everyone involved is convinced that all children should be allowed to go to school and that workers work under fair working conditions.’

Unfortunately, companies have also had to deal with deterioration in the supply chain:

- As a result of the COVID-19 pandemic, many companies, especially in India, noted that the risks of child labour and low wages, among other things, have increased (see box in Section 2);
- At least two companies have been confronted by the forced closure of production sites (see box in Section 2), with improvements already achieved thus being nullified and needing to start up again at new sites.

3.2.4 Support

Support by parties

To assist companies with implementing due diligence, the parties, supported by the Secretariat, have made tools and training available.

The meeting to launch the Initiative took place at Arte in Helmond on Friday 22 November 2019. Situations taken from actual practice were discussed to help companies and contracting authorities examine their supply chains and tackle risks. The chairperson and members of the Steering Committee also unveiled the new logo for the Initiative. Companies can use this in their communication with customers, for example.

In May 2020, the Secretariat hosted a webinar on prioritising risks and on holding a dialogue with stakeholders. In September, another webinar was held on drafting a policy statement and embedding policy.

The parties commissioned EY to develop a web tool which companies can use to report confidentially on their due diligence activities. The web tool went live in May. It includes an explanation of the various steps involved in due diligence.

In September 2020, the parties published an assessment framework. This makes it clear for participating companies how annual assessment of their efforts takes place, and it also clarifies the steps they can take and the areas in which they still need to make progress.

The parties to the TruStone Initiative see cooperation with audit firms that issue certificates as a possible component of an overarching or 'broader' due diligence process. Attached to the assessment framework is a checklist that deals in greater

detail with the differences between the TruStone Initiative and such firms; it also lists the various points requiring attention in each step.

The assessment framework and checklist are available at <https://www.imvoconvenanten.nl/-/media/imvo/files/natuursteen/assessment-framework.pdf?la=en&hash=66BA70A53E13E49B0D068E43424C23BB>

The Secretariat has drawn up a model letter for companies whose range includes materials that they do not import themselves. For those materials, companies do not themselves need to carry out full due diligence. Based on the OECD guidelines, however, they do continue to bear (joint) responsibility for conditions within the relevant supply chains. It has been agreed in the TruStone Initiative that in such a situation companies should question their importer.

On 9 April 2020, civil society organisations called on the other parties to the Agreement to assume supply chain responsibility. This is because of the threat and impact of COVID-19 on workers and their families in the quarries and factories.

Support from the pilot programme

The pilot programme facilitated by Soeters Management and assisted by the TruStone Secretariat has also taken action to support companies' due diligence activities and contribute to improvements in the supply chain.

A delegation of natural stone companies and contracting authorities visited quarries and factories in Shandong and Fujian (China) in November 2019. The purpose of the visit was for both to learn lessons as to what can realistically be expected of companies when conducting due diligence and how this can be incorporated into the public procurement specifications. An independent risk assessment for Shandong and Fujian will also be published in mid-2021.

At the beginning of March 2020, a delegation of companies and contracting authorities travelled to India to engage in dialogue with local stakeholders, i.e. owners/managers of production sites, workers' representatives, NGOs, and local authorities. The purpose of the visit was for both to learn lessons as to how to seek and promote cooperation with stakeholders in India, and how to deal with this in the context of public procurement.

Photo Stakeholder dialogue in Khammam (Telangana state)



Prior to this visit, a risk assessment had been carried out by an independent Indian research firm (ASK) on the quarrying and processing of black granite in the state of Telangana and sandstone in Rajasthan. In Khammam (Telangana), ASK presented its investigation report and the participants discussed the findings. Discussion was aimed at understanding one another better and at finding ways to work together towards solutions to the risks that have been identified. The COVID-19 pandemic meant that a similar dialogue meeting and field visit in Rajasthan could not take place.

The lessons learned from the working visits to China and India have been included in the interim report on the pilot programme.

The risk analysis for Telangana and Rajasthan is available at <https://www.imvoconvenanten.nl/-/media/imvo/files/natuursteen/risicoanalyse-india.pdf?la=nl&hash=3B073CCC1D9F68F33FAF9284D66ABD3D>

Activities of civil society organisations in the framework of TruStone
At the invitation of the civil society organisations Weltwirtschaft, Ökologie & Entwicklung (WEED) and Werkstatt Ökonomie, Arisa, together with the municipality of Amsterdam, held a workshop on the TruStone Initiative during a two-day conference for German contracting authorities in Stuttgart in September. The workshop aimed to raise awareness of TruStone and of the importance of the

role of contracting authorities. When purchasing natural stone, the latter are in a position to query where it comes from and to ask about the risks associated with quarrying it. In Germany, it is often only audit reports that are requested, whereas in the Netherlands dialogue between purchaser and company is considered important. The workshop and conference led to interest in TruStone and to possible cooperation being given a higher position on the agenda of relevant German organisations involved in public procurement.

Our experience with TruStone during the first year

Erik van Eynde, Maris Natuursteen

'We're convinced that supply chain transparency is going to become an important item in the world of public procurement. But there's still a lot of work to be done to raise awareness of its importance among the various contracting authorities, cities and municipalities, consultancies, and architectural firms.

The working visit to India unfortunately had to be terminated early. But we still feel positive about it because importers, contracting authorities, NGOs, trade unions, Indian suppliers, and Indian quarry owners all recognise the importance of the TruStone Initiative. Before very long, we can together make the negative connotation of natural stone from India a thing of the past.

In a broader context, TruStone is also important within our own organisation. A sound code of conduct, a web tool that helps us to systematically implement the due diligence process, and internal adjustments in the areas of safety, prevention, and sustainable business are all elements that have been implemented and/or optimised within our company because of TruStone.'

4 Aims for year 2

4.1 Demand side

4.1.1 Public projects

In year 2, the project team will conclude the ISC Natural Stone pilot programme and the TruStone parties will incorporate the lessons learned into their activities. In mid-2021, the project team will produce a final report with specific guidance for contracting authorities and with recommendations for the Initiative's Steering Committee.

From year 2, affiliated contracting authorities will also be able to request information about their suppliers from the Secretariat, making it easier for them to assess suppliers' due diligence reports.

A working group made up of various parties to the Agreement will continue its efforts to gain maximum recognition for TruStone within the sustainability criteria applied by contracting authorities in Germany. This will involve approaching sustainability platforms and umbrella organisations (of which municipalities and German federal states are members) and convincing them of the TruStone approach. The parties hope this will give TruStone a place alongside the sustainability labels and certificates currently applied by German contracting authorities. This will promote awareness of TruStone and support TruStone companies in convincing customers that the due diligence process they undertake adds to their value as a player in the market.

4.1.2 Consumer market demand

It is clear from the many discussions the Secretariat had with the companies that the natural stone sector receives few enquiries from consumers about where materials come from and whether they are fair trade products. Today's consumers are still hardly aware of the environmental and human rights risks associated with the quarrying and processing of natural stone. We know from other sectors, such as the garment industry, that raising consumer awareness plays a major role in making a sector more sustainable. In year 2, the parties will therefore start working on a strategy aimed at giving consumers of natural stone a good idea of what TruStone stands for. We want to show consumers that risks exist and that TruStone companies (importers, processors, and retailers) are doing all they can to improve

their impact on people and the environment throughout the supply chain. The aim of such a strategy is clear communication, tailored to the various consumer groups, on the one hand so as to support the TruStone companies and on the other to help raise awareness within the entire sector.

4.2 Supply side

4.2.1 Implementation of due diligence

In year 2, the requirements that companies must meet are more stringent. There are more key questions and the minimum score for due diligence reporting is 40%.

But the participating companies will not be going it alone. For example, the parties and the Secretariat will provide support as regards communication, complaints, and disputes. The parties will also make arrangements regarding verification of the data provided by companies.

Communication

It has been agreed in the Initiative that – starting one year after they join the Initiative – affiliated companies that import natural stone originating from high-risk countries will communicate publicly on the basis of the OECD Guidelines and the arrangements in the Initiative. The OECD Guidelines and the UN Guiding Principles on Business and Human Rights emphasise that public communication is an extremely important step in the due diligence cycle. Providing transparency enables a company to display responsibility as a player within society and to stay in control of its reputation. It also gives it the opportunity to provide stakeholders with feedback on its progress as regards due diligence, and it gives potential customers a chance to find out how sustainable its products are. A working group made up of a number of TruStone parties will assist the member companies with this, for example by designing suitable templates. This will make it clear to the member companies what mandatory information (required by the international guidelines) and what voluntary information should be shared with the general public.

Complaints and disputes

An effective Complaints and Disputes Mechanism (CDM) is a crucial component of the due diligence process of any company. It is through such a mechanism that all stakeholders involved in the operations of a company and its partners within the supply chain are given a voice and can complain about any violation of their rights.

It also ensures that companies really know what is going on in terms of their impact on social rights, human rights, and the environment. The TruStone Initiative has chosen to create a Committee that ensures that complaints from parties adversely affected by signatories and disputes between parties, or problems between a company and the Secretariat, can be addressed through a confidential platform in a relatively low-threshold manner. The intention is for affiliated companies to receive an objective assessment from experts on how to prevent or deal with the impact. The independent Committee will consist of an independent chairperson and a person nominated by the employers' delegation as well as a person nominated by the employees' delegation and civil society organisations. It will start work on 1 March 2021. By working together with the Complaints and Disputes Committees for other Agreements, through a joint chairperson and regulations, the Agreement seeks to develop a CDM that will benefit greatly from the expertise built up in the context of the other Agreements. That cooperation will also raise awareness of such a mechanism. Partly due to the quest for the most effective way to instigate cooperation with other Agreements, the Committee will start work later than the beginning of year 2.

4.2.2 Responsible production

In year 2, the companies and parties that are affiliated to TruStone will work more on their impact on the ground. For example, three companies will work with civil society organisations to carry out a risk analysis at three factories in India from which they purchase, thus gaining a better understanding of which quarries their natural stone comes from. On that basis they will develop an approach to tackling the risks.

Taking responsibility, particularly right now

Laetitia Baldan, international secretary to ACV-CSC BIE

'In this first annual report, for a year marked by a global pandemic, it has become all the more clear that – particularly right now – we in the Netherlands and Flanders, and throughout the EU, must assume our responsibility within the supply chain. In that context, worldwide protection of children and workers throughout the natural stone supply chain is paramount.'

The parties and the Secretariat will provide assistance to companies, for example in the form of guidance, webinars, and collective risk analyses

Guidance and webinars

In year 2, we will also start to look more closely at certain themes that have come to the fore up to now in risk analyses and discussions with companies and parties. For many companies, a great many of the social themes are entirely new. The Secretariat will use information from the civil society organisations to draw up guidance for each theme (child labour, health and safety, forced labour, a living wage, and collective bargaining) that is applicable to the natural stone sector, with specific points requiring attention, proposals, and good examples.

Given the success of the webinars already organised during the first year of the Agreement, online workshops will also be held in year 2 to enable companies (and perhaps also contracting authorities) to better understand at least the following topics: the complaints and disputes mechanism, health and safety, identifying and prioritising risks, and public reporting.

Collective risk analyses

The purpose of concluding an Agreement is to join forces as a group to tackle difficult problems within the sector. The first year of the Agreement mainly involved a quest to gain a better understanding of the supply chains. The result is a clearer picture of where exactly the impact of companies lies and what kind of risks are involved. That clearer picture can be the start of a joint approach to certain risks in certain places in the world. Where risk analyses have already been performed, it is possible to decide where projects can be started with various different companies with a view to tackling those risks. Where risk analyses have yet to be performed, companies, together with civil society organisations and other parties, can perhaps start by carrying out a thorough investigation of where exactly the impact occurs.

Civil society organisations intend commissioning collective risk analyses, together with companies, in Zimbabwe, Brazil, Turkey, and Vietnam.

4.2.3 International cooperation

The Good Lobby report

At the request of the civil society organisations within TruStone, The Good Lobby conducted a study of awareness on the part of companies, public authorities, and civil society organisations in Germany, France, Italy, and the EU regarding risks to human rights in natural stone production countries. The idea behind the study is that if more players become aware of the risks and are willing to pay attention to them, the human rights situation in the production countries can improve. The

extensive report shows that, specifically in Italy and France, there is very little awareness of, or attention to, responsible business conduct in general and human rights risks in particular. In Germany, certificates, specifically, are requested and the authorities are more active as regards the issue of human rights and companies. The report concludes with recommendations on how to raise awareness in these European countries. The civil society organisations will organise further activities in the coming year in order to achieve this.

This is the first annual report of the International RBC Initiative ‘TruStone’. In the Agreement, companies, industry associations, trade unions, civil society organisations (NGOs), and public authorities from the Netherlands and Flanders are working together. The aims of the Agreement are to ensure better working and environmental conditions in the quarrying and processing of natural stone. This annual report was published in March 2021.

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