

**Stakeholders working towards  
responsible business conduct in  
the natural stone sector  
Assessment Framework**



**TruStone Initiative**

*Stakeholders working towards responsible business conduct in the natural stone sector*

September 2020

Assessment Framework TruStone Initiative

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## **1. Introduction**

### **1.1 Aims**

The content of this assessment framework is based on the texts of the TruStone Initiative and the international guidelines referred to therein. These guidelines are the labour standards of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises, and the United Nation Guiding Principles for Business and Human Rights. The concept of due diligence described in these guidelines forms the framework of the assessment framework.

The assessment framework will provide companies insight into how the annual assessment of their efforts is carried out, and gives companies insight into which steps they can take and in which areas they still have to make progress. To stimulate that aims and actions in relation to topics such as child labour, living wage, safety and health are openly and clearly communicated, companies can acquire the most points for this part. This encourages action being taken.

The assessment framework improves the ability of the Secretariat of the TruStone Initiative to report better on an aggregated level, the progress the participating companies and parties achieve in improving the sustainability of the sector, and on the development of collective actions.

### **1.2. Weighting**

The questions in the assessment framework are weighted. This weighting becomes apparent in the key questions vs. the 'normal' questions and the attribution of the number of points per question.

Key questions are questions which companies have to fulfil based on the agreements in the TruStone Initiative, and are supplemented with so-called essential questions, of which it can or should be expected that companies have fulfilled them after a certain amount of time. Examples of key questions, based on agreements in the Initiative are questions under step 2.1 on the extent of insight into the chains. Examples of key questions based on essence and expectations are the questions under step 1.1 on formulating the international RBC policy. The latter questions are key questions that pertain to years 2,3,4 and 5. It therefore holds that it is essential and reasonable to expect that companies in year 2 apply international RBC policy which lives up to the fundamental principles of the Initiative. Companies that answer a key question which is applicable to them with 'no' do not live up to what is expected of them. Companies that have answered 'yes', but have not provided adequate proof also do not live up to this.

Questions have been given a varying amount of points. Points have been primarily assigned based on the importance of the question. In other words, the degree to which the question contributes to the commitments that are part of the Initiative, and the degree to which they contribute to the identification, mitigation and addressing of negative consequences in the supply chain. The assigned points thus stimulate companies efforts on the most important parts of the due diligence process.

The following proportions per step in the due diligence process are different for companies that import exclusively from non-risk countries (category B) and companies that also import from risk countries (category C), because there are fewer due diligence steps relevant for B companies than there are for C companies.

<b>Due diligence step</b>	<b>Category B</b>		<b>Category C</b>	
International RBC Policy	24	24%	24	9%
Integration in the organisation	32	32%	32	11%
Overview in the chain	32	32%	32	11%
Insight/prioritising risks	0		56	20%
Actions and targets	0		64	23%
Evaluating effectiveness	0		24	9%
Public communication	12	12%	28	10%
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Complaints mechanism	0		20	7%
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Total	100	100%	280	100%

**1.3 Threshold scores**

Threshold scores or percentages have been determined for participating companies. The threshold will be increased annually. Through this, companies get the chance to develop ownership for and to become mature in the due diligence process. At the same time, by gradually increasing the threshold adequate individual progress (per company) and collective progress (of the Initiative as a whole) will be realised.

The threshold scores for both category B and C companies are shown below.

<b><u>Year (yr.) of participation</u></b>	<b><u>Threshold per year (%)</u></b>	<b><u>Key questions</u></b>
1	20%	key questions yr. 1
2	40%	key questions yr. 1 and 2
3	60%	key questions yr. 1, 2 and 3
4	75%	key questions yr. 1, 2, 3 and 4
5	90%	key questions yr. 1, 2, 3,4 and 5

The percentage is calculated on the basis of the relation between the total possible points and the amounts of points actually scored.

**1.4 The added value of audit companies that provide statements to the due diligence process.**

The parties of the TruStone Initiative see collaboration with audit companies that provide statements as a valuable part of an overarching or 'larger' due diligence process. The

assessment framework describes, where relevant, for which step or for which question certification can be of added value.

An appendix has been added which consists of a checklist in which a more detailed explanation is given of the differences between the TruStone Initiative and audit companies that provide statements, and in which points of attention are described for the different steps of the process.

Besides the audit companies there are other programmes, like the Dutch initiative MVO-Prestatieladder (RBC Performance Ladder) which are based more on the framework of the OECD Guidelines, and also ask of companies to carry out due diligence. These programmes generally do not focus on specific sectors. Therefore the assessment framework will not go into further detail on these programmes. If you are a member of such a programme contact the secretariat to discuss to what extent you already fulfil TruStone's requirements.

## **Elaboration of Assessment Framework for the TruStone Initiative**

Below is an initial elaboration of the assessment framework for the TruStone Initiative. The elaboration is based on the Agreement and the guidelines it contains, and the due diligence questions for TruStone that will be included in the E-Tool developed by EY.

The assessment framework is developed for each step, sub-step, main question, sub-question and sub-question element of the due diligence questionnaire and it is shown below. For each main question, sub-question and or/sub-question element, the nature of the question, the question's score, the I-function, and the guidelines are shown.

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### **Step 1: Policy and organisation**

#### **Step 1.1: Formulating an international RBC policy**

##### **1. Do you have a policy statement in the field of International Responsible Business Conduct (international RBC)?**

Key question: year 2,3,4,5 / Maximum score B:0 and C:0

##### **I-Function**

PLEASE NOTE: THIS IS A MAIN QUESTION; POINTS CAN ONLY BE OBTAINED FOR SUB-QUESTIONS.

A statement that the company is making efforts on behalf of international RBC and sustainable supply chain management is strengthened further the more a company is able to:

- translate this into specific policy aims;
- indicate how it plans to achieve them.

A policy statement usually has four parts:

1. A general intention/commitment to take account of the effects of the company's business activities on people and the environment.
2. A reference to the relevant sources/treaties, such as the United Nation's Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the International Labour Organisation (ILO) Conventions.

3. A section that further details the intention to work to achieve international RBC and sustainable supply chain management.
4. A section that briefly indicates how the policy statement will be implemented and who is involved.

**Guidelines:**

- No:** The company answered 'no' to all the sub-questions below.
- Partially:** The company did not answer 'yes' to all the sub-questions below, but also answered 'partially' or 'no' to some sub-questions.
- Yes:** The company answered 'yes' to all the sub-questions below.

**1.1 Does your international RBC policy statement subscribe to the international guidelines referred to in TruStone?**

Key question: year 2,3,4,5 / Maximum score B:2 and C:4

**I-Function**

Companies create jobs, drive wellbeing and innovation, and generate economic growth. Government, consumers, employers' associations, trade unions and civil society organisations expect companies to transact their business with respect for people and the planet. These expectations are laid down internationally in the OECD Guidelines for Multinational Enterprises (OECD Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs), and the labour standards of the International Labour Organisation (ILO) that form part of the UNGPs.

The UNGPs and the OECD Guidelines stipulate that companies that transact business internationally themselves or through their production or supply chain must perform due diligence. Within the context of international RBC, however, due diligence is a continuous process in which companies identify, prevent and reduce the actual and potential adverse impact of their own activities or business relationships in the production or supply chain and account for how they deal with the adverse impact so identified (and relevant risks). Performing due diligence is not a non-binding principle. It is a universal and formalised expectation set for companies, on the basis of which they give substance to their responsibility for people and the environment.

If you are affiliated with audit company that provide statements, e.g. XertifiX, Fair Stone or IGEP, and you incorporate the requirements of that system in your policy, keep in mind that ILO standards are often mentioned, but that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are often not explicitly mentioned. You will need to subscribe to them in your policy statement.

**Guidelines:**

- No:** The company has no international RBC policy or the company does have such a policy, but has not yet put it in writing.
- Partially:** The company does have an international RBC policy, but some points needed in order to score a 'yes' are lacking.
- Yes:** The company's international RBC policy contains at least:
- Explicit references to the international RBC guidelines below:
    - OECD Guidelines for Multinational Enterprises;
    - UN Guiding Principles on Business and Human Rights;
    - The labour standards of the International Labour Organisation (ILO)
    - An explicit endorsement of due diligence in accordance with the OECD guidelines.

## **1.2 Does your international RBC policy statement subscribe to the key themes referred to in TruStone?**

Key question: year 2,3,4,5 / Maximum score B:0 and C:0

### **I-Function**

By mutual agreement and in consultation with stakeholders, the Parties have identified seven specific international RBC-related themes that should be prioritised. In random order, these themes are:

- discrimination and gender
- child labour
- forced labour
- living wage
- right to organise and right to collective bargaining
- health and safety
- land rights and the living environment (including air, soil and water pollution).

For extensive descriptions of the above-mentioned themes, see Appendix 3 – Modes of action for companies on specific themes of the Agreement. See:

<https://www.imvoconvenanten.nl/-/media/imvo/files/natuursteen/initiatief-trustone-en.pdf>

The specific themes mentioned are addressed in more detail below.

If you are affiliated with audit company that provide statements, e.g. XertifiX, Fair Stone or IGEP, and you incorporate the requirements of that system in your policy, keep in mind that ILO standards are often mentioned, but that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are often not explicitly mentioned. You will need to subscribe to them in your policy statement.

### **1.2.1 Does your international RBC policy statement subscribe to the key theme 'discrimination'?**

Key question: year 2,3,4,5 / Maximum score B:1 and C:1

#### **I-Function**

Discrimination means unequal treatment of people in the same situation. Gender discrimination is not the only form of inequality; people may also suffer discrimination on the basis of other personal characteristics that have no bearing on job performance, such as caste, religion, ethnic identity or migration background.

If you are affiliated with audit company that provide statements system, e.g. XertifiX, Fair Stone or IGEP, and you incorporate the demands of that system in your policies, keep in mind that the themes of land rights and living wage are often not explicitly mentioned. You will need to include them in your policy statement.

Discrimination occurs mainly in:

- policy and practice relating to safe and healthy working conditions;
- policy and practice relating to equal pay for equal work, promotion (and opportunities for promotion) and salary levels;
- incidents of harassment in the workplace and the measures taken against them;
- the gender distribution across the various positions in the production chain.

References:

- ILO Equal Remuneration Convention, 1951 (No. 100)
- ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- ILO Maternity Protection Convention, 2000 (No. 183)

**Guidelines:**

- No:** The company does not mention the key theme 'discrimination' in its international RBC policy.
- Partially:** The company does mention the key theme 'discrimination' in its international RBC policy, but some points needed in order to score a 'yes' are lacking.
- Yes:**
- The company explicitly mentions the key theme 'discrimination' in its international RBC policy.
  - In its international RBC policy, the company refers specifically to international guidelines relevant to the theme, namely:
    - ILO Equal Remuneration Convention, 1951 (No. 100)
    - ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
    - ILO Maternity Protection Convention, 2000 (No. 183)

**1.2.2 Does your international RBC policy statement subscribe to the key theme 'forced labour'?**

Key question: year 2,3,4,5 / Maximum score B:1 and C:1

**I-Function**

Forced labour is any labour or services that are exacted from a person under threat of some sort of punishment. In the context of forced or compulsory labour, the involuntary nature of the work is not necessarily the result of violent coercion, such as violence or the threat of violence, but can also take more subtle forms, e.g. withholding identity documents or psychological coercion.

It manifests itself in many different ways, including:

- Debt bondage: bonded labour resulting from previous debt, which may have been incurred before the worker's birth, or a contractual obligation;
- Forced labour for production purposes in prisons, labour camps or prisoner-of-war camps;
- Work under coercion and in inhuman conditions for irregular or non-existent pay;
- Coercive labour, in which people are coerced to work overtime indirectly because they cannot make ends meet on their customary pay.

It may also be linked to human trafficking. The purpose of human trafficking is usually exploitation; forced or compulsory labour is a form of exploitation.

References:

- ILO Forced Labour Convention, 1930 (No. 29)
- ILO Abolition of Forced Labour Convention, 1957 (No. 105)
- ILO Protocol to the Forced Labour Convention, 2014

**Guidelines:**

- No:** The company does not mention the key theme 'forced labour' in its international RBC policy.
- Partially:** The company does mention the key theme 'forced labour' in its international RBC policy, but some points needed in order to score a 'yes' are lacking.
- Yes:**
- The company explicitly mentions the key theme 'forced labour' in its international RBC policy.
  - In its international RBC policy, the company refers specifically to international guidelines relevant to the theme, namely:
    - ILO Forced Labour Convention, 1930 (No. 29)
    - ILO Abolition of Forced Labour Convention, 1957 (No. 105)
    - ILO Protocol to the Forced Labour Convention, 2014



### 1.2.3 Does your international RBC policy statement subscribe to the core theme of child labour?

Key question: year 2,3,4,5 / Maximum score B:1 and C:1

#### I-Function

Child labour is said to exist when a child (under the age of 18) performs work that violates his/her right to education, is harmful to the child's physical and/or mental health and his/her spiritual, moral or social development. ILO Convention 138 establishes a minimum age of 15. National legislation that sets a higher standard takes precedence.

Exceptions to the minimum age of 15 are permitted in ILO-designated countries where the economic circumstances and educational facilities are underdeveloped. The ILO designates these countries at their request and after consulting representative employers' associations and employee representative organisations.

A child aged between 12 and 14 may perform light paid work, normally for approximately 12 to 14 hours a week, depending on the legislation. Such work must not prevent the child's receiving a formal education or regular instruction. It must also not be harmful to the child's health; if it is, it is immediately categorised as child labour. The definition of child labour also applies to young people aged between 15 and 17 who perform hazardous work or who work in the worst forms of child labour, including slavery and prostitution.

References:

- ILO Minimum Age Convention, 1973 (No. 138)
- ILO Worst Forms of Child Labour Convention, 1999 (No. 182)

#### Guidelines:

**No:** The company does not mention the key theme 'child labour' in its international RBC policy.

**Partially:** The company does mention the key theme 'child labour' in its international RBC policy, but some points needed in order to score a 'yes' are lacking.

**Yes:**

- The company explicitly mentions the key theme 'child labour' in its international RBC policy.
- In its international RBC policy, the company refers specifically to international guidelines relevant to the theme, namely:
  - ILO Minimum Age Convention, 1973 (No. 138)
  - ILO Worst Forms of Child Labour Convention, 1999 (No. 182)

### 1.2.4 Does your international RBC policy statement subscribe to the core theme of freedom of association and collective bargaining?

Key question: year 2,3,4,5 / Maximum score B:1 and C:1

#### I-Function

The right to organise means that employees have the right to establish and join trade unions and negotiate their terms of employment collectively. Employee representatives should not be subject to discrimination and should have access to all relevant workplaces so that they can carry out their representative duties. Employers should have a positive attitude towards trade union activities and be open-minded about their organisational activities.

At the very least, the right to organise involves:

- freedom of association;
- the right of employees to establish and join trade unions;
- the right to collective bargaining;
- the right to strike.

References:

- ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)

- ILO Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

**Guidelines:**

- No:** The company does not mention the key theme 'right to organise' in its international RBC policy.
- Partially:** The company does mention the key theme 'right to organise' in its international RBC policy, but some points needed in order to score a 'yes' are lacking.
- Yes:**
- The company explicitly mentions the key theme 'right to organise' in its international RBC policy.
  - In its international RBC policy, the company refers specifically to international guidelines relevant to the theme, namely:
    - ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
    - ILO Right to Organize and Collective Bargaining Convention, 1949 (No. 98)

**1.2.5 Does your international RBC policy statement subscribe to the key theme 'living wage'?**

Key question: year 2,3,4,5 / Maximum score B:1 and C:1

**I-Function**

The Universal Declaration of Human Rights (1948) states that everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity. The OECD Guidelines recommend paying a wage that 'should be at least adequate to satisfy the basic needs of the workers and their families'.

In its labour standards, the ILO describes a living wage as 'a wage that is sufficient to provide for the basic needs of a family of average size in a particular economy'. This means that a worker can in any event afford meals, rent, healthcare, education, clothes and transport and, at the same time, is able to save.

A living wage may therefore differ from one country, region or even city to the next. The amount can be calculated with the Anchor method used by the Global Living Wage Coalition. SA8000-certified companies adhere to this method. A great deal of data on wages and living wage can also be found through the Wage Indicator Foundation. Another method is the Asia Floor Wage (AFW), which uses purchasing power parity to estimate what a living wage is for in various countries across Asia. The Fair Wage Method defines a fair wage on the basis of twelve dimensions, including not only a living and minimum wage but also overtime, contracts, communication and social dialogue.

References:

- ILO Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)
- ILO Minimum Wage Fixing Convention, 1970 (No. 131)
- OECD Guidelines for Multinational Enterprises (2011), chapter 5, article 4b

**Guidelines:**

- No:** The company does not mention the key theme 'living wage' in its international RBC policy.
- Partially:** The company does mention the key theme 'living wage' in its international RBC policy, but some points needed in order to score a 'yes' are lacking.
- Yes:**
- The company explicitly mentions the key theme 'living wage' in its international RBC policy.
  - In its international RBC policy, the company refers specifically to international guidelines relevant to the theme, namely:
    - ILO Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)
    - ILO Minimum Wage Fixing Convention, 1970 (No. 131)

- OECD Guidelines for Multinational Enterprises (2011), chapter 5, article 4b

### **1.2.6 Does your international RBC policy statement subscribe to the key theme 'health and safety'?**

Key question: year 2,3,4,5 / Maximum score B:1 and C:1

#### **I-Function**

Wherever they are in the world, workers have a right to a safe and healthy workplace. Unfortunately, that right is too often denied them. Occupational health and safety risks are significant in the natural stone sector, including a high probability of accidents (e.g. unsafe use of machinery, lack of personal protection equipment) and serious occupational health problems (e.g. tuberculosis and lung cancer associated with quartz exposure and silicosis).

Some of the problems that occur in the natural stone sector are not related specifically to the sector itself but reflect the stage of development of and/or weak democratic and governance systems in a number of countries. For example, some occupational health and safety problems can be attributed to local governments not having enough knowledge and/or capacity or the political will to provide effective oversight of quarry or factory safety. There is often a lack of adequate legislation, for example setting legal exposure limits for crystalline silica, not to mention compliance, oversight and enforcement. This implies that solving structural health and safety problems requires cooperation between multiple parties, both 'here' and 'there'.

#### References:

- ILO Occupational Safety and Health Convention, 1981 (No. 155)

#### **Guidelines:**

- No:** The company does not mention the key theme 'health and safety' in its international RBC policy.
- Partially:** The company does mention the key theme 'health and safety' in its international RBC policy, but some points needed in order to score a 'yes' are lacking.
- Yes:**
- The company explicitly mentions the key theme 'health and safety' in its international RBC policy.
  - In its international RBC policy, the company refers specifically to international guidelines relevant to the theme, namely:
    - ILO Occupational Safety and Health Convention, 1981 (No. 155)

### **1.2.7 Does your international RBC policy statement subscribe to the key theme 'land rights and the living environment (including air, soil and water pollution)'?**

Key question: year 2,3,4,5 / Maximum score B:1 and C:1

#### **I-Function**

Quarrying of natural stone often has adverse impacts on the living environment (land degradation, loss of biodiversity, deforestation, water shortages, salinisation and soil, water and air pollution). Natural stone projects often lead to violations of land rights, such as land expropriation, forced relocations and the destruction of burial sites and other places of heritage value. Land and land use rights are a human rights issue because of their direct relationship with the right to food, water and a clean living environment. Air, soil and water pollution poses a health risk to communities in the vicinity of natural stone quarries.

#### **Guidelines:**

- No:** The company does not mention the key theme 'land rights and the living environment' in its international RBC policy.

- Partially:** The company does mention the key theme 'land rights and the living environment' in its international RBC policy, but some points needed in order to score a 'yes' are lacking.
- Yes:** The company explicitly mentions the key theme 'land rights and the living environment' in its international RBC policy.

### **1.3 Do you have a working method in the field of the international RBC policy that has been stipulated / documented?**

Key question: year 2,3,4,5 / Maximum score B:5 and C:5

#### **I-Function**

Integration within the organisation is crucial for the successful implementation of its international RBC policy. A policy statement therefore gains traction and significance if it describes briefly how the policy statement will be implemented and who is involved. Visible involvement of the company's senior management and the presentation of a management vision on international RBC are important in this context. It is also important to define the internal responsibilities and to describe briefly the systems and decision-making processes that will be used to shape international RBC and to integrate it into daily business operations. In doing this, it is essential to focus on the company's procurement practice, because the procurement practice can have – sometimes unforeseen – adverse impacts on conditions in the value chain.

#### **Guidelines:**

- No:** In its international RBC policy, the company does not describe the working method that will be used to implement international RBC in the organisation.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company's international RBC policy clearly highlights the involvement of senior management, for instance by including a management vision on international RBC.
  - In its international RBC policy, the company outlines how responsibilities and decision-making processes relating to international RBC are arranged in the organisation.
  - The international RBC policy explicitly recognises the fact that the company's own procurement practice could have adverse impacts on the supply chain. As a result of this, the company periodically evaluates its own procurement practice and adjusts its procurement and/or international RBC policy based on the evaluation.
  - In its international RBC policy, the company describes the systems that it uses to safeguard international RBC in the organisation and the value chain. These can include management systems such as ISO26000 or ISO14001. Audit companies such as XertifiX, Fair Stone or IGEP are often used to identify and address risks (possibly for only a part of the) production location or products.

### **Step 1.2 Integrating international RBC into management systems**

#### **1. Is the international RBC policy being shared with suppliers and other business relationships?**

Key question: year 2,3,4,5 / Maximum score B:4 and C:4

#### **I-Function**

It is important to share international RBC policy with suppliers and other business relations, because it sets out what you expect of your suppliers (and of your own company). international RBC policy can be shared with others by publishing it on the company website. The policy can also be formalised and communicated by including it in the 'supplier manual', procurement conditions and/or procurement contracts, and by having suppliers sign a Code of Conduct. You can indicate in the Code of Conduct (or comparable document) what you expect

of the supplier with regard to the seven key themes (child labour, forced labour, etc.), but also what you expect the supplier to do to secure the key themes in its policy, for example by means of a management system, audits, training, etc.

**Guidelines:**

**No:** The company does not communicate externally about international RBC policy.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.  
**Yes:** The company communicates its policy externally and in doing so, it focuses on the following points:

- the policy is publicly available through the company's website.
- The policy is shared with suppliers by integrating it into the contractual relationship with suppliers. This can be done in practice by including the international RBC policy in the 'supplier manual', procurement conditions and/or procurement contracts, and/or by having a Code of Conduct and ensuring that suppliers sign it. If necessary arrangements could be made between companies and suppliers regarding the use of statements provided by audit companies such as XertifiX, Fair Stone and IGEP.

**2. Are all employees in the company familiar with the international RBC policy?**

Key question: - / Maximum score B:4 and C:4

**I-Function**

It is important to inform all the employees in the company about the international RBC policy. This will enable them to take the right action and contribute to the goals. For example, add the international RBC policy to the company handbook, procurement procedures, work documents, and the induction programme for new employees. Bring international RBC into team consultations and other meetings, and touch on a particular issue once a month, for example. Provide training or presentations for staff, so that they understand international RBC policy and can implement the relevant aspects of that policy.

**Guidelines:**

**No:** The company does not communicate internally about international RBC policy.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.  
**Yes:** The company communicates its policy internally and in doing so, it focuses on the following points:

- the policy is communicated to all employees, both existing and new
- as a result, staff are broadly familiar with existing responsibilities, procedures and results
- international RBC is a regular, fixed and recurring subject of discussion for the most relevant departments of the company (management, procurement, sales, HR, etc.) in consultations and/or presentations or training.

**3. Have employees with sufficient competences, knowledge and experience been made responsible for the international RBC policy and its implementation?**

Key question: - / Maximum score B:4 and C:4

**I-Function**

It is important to think through and formalise the responsibilities and roles linked to international RBC policy. In general, it is important to make sure that the people with responsibility for international RBC have sufficient competences, knowledge and experience,

and hold positions in which they can influence the regular business process. The people with responsibility therefore need to carry enough 'weight'. This is generally not the case for trainees, but it does apply to highly experienced international RBC managers with sufficient influence within the organisation.

It is also important that responsibility for working to achieve international RBC should lie not only with the international RBC department or the person responsible for international RBC, but also with more senior management and people doing those jobs that involve social and environmental aspects. This is because staff in these 'front line' positions have to put forward solutions and also implement them. A company can therefore work towards creating a smaller or larger international RBC team, with connections to management, procurement, sales, and marketing. You can also set up task-related or project teams for international RBC, for example under the direction of the purchasing or quality management department. By making cross-connections within the organisation, international RBC becomes a shared responsibility of all departments. This prevents international RBC from depending on one person and everything being lost if that person leaves. It also boosts the organisation's international RBC capacity, so that people can operate properly and respond if an unforeseen incident suddenly requires a lot of attention.

It is important to embed international RBC responsibilities in the organisation. This can be done, for example, through an organisational chart and using job descriptions that specifically include areas of concern relating to international RBC.

international RBC is a dynamic issue and at times it is quite complicated. It is therefore important to provide those responsible for international RBC with regular training or with tools, in order for them to update or expand their knowledge. It is only in this way that they can carry out the responsibilities assigned to them and that resources will be allocated that match the required scope of the due diligence process.

When defining responsibilities and determining whether there is sufficient competence, knowledge and experience in-house to secure international RBC in the company, it is important to consider specifically the role of the purchasing department. This is because the procurement practice can have possibly unforeseen adverse impacts on the supply chain. For example, unrealistic delivery times and penalties for failing to meet the delivery deadlines can be directly related to working conditions: producers have to work overtime and/or outsource, and – under pressure due to the delivery date – they pay little or no attention to social and environmental conditions. Pressure on the supply chain due to purchase prices that are low or too low, or due to tight delivery times, often leads to production being outsourced to subcontractors. Outsourcing is generally associated with lower wages and longer working days. There can be multiple instances of outsourcing, making supply chains longer and less transparent. Every party in the chain tries to earn something from the order, which in turn can lead to a 'race to the bottom' for wages and other working conditions.

The procurement practice can of course also have positive consequences. Long-term relationships with suppliers and producers, in which realistic delivery times and purchase prices are offered, have a positive effect on social conditions in the place of origin.

**Guidelines:**

**No:** The company has no senior staff who are responsible for international RBC.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.  
**Yes:** - The company has set out the responsibility for international RBC in writing (e.g. in an organisational chart and/or job descriptions).

- Those responsible have the necessary competences, knowledge, experience, and position, so that international RBC policy can be implemented effectively.
- The employees with responsibility are periodically trained or provided with tools to maintain or expand their knowledge.
- There is a particular focus on the above factors (competences, knowledge, experience, and training & tools) for the company's purchasing department.

**4. Do you periodically evaluate whether the international RBC policy is up to date and is being applied within the company, and are measures being taken if necessary?**

Key question: - / Maximum score B:4 and C:4

Key question: - / Maximum score B:4 and C:4

The effect that a company can have on human rights, safety and the environment depends partly on the context in which the company operates. This context can change, as can the activities of the company. While due diligence is being conducted, information will be collected which could prompt a policy change. This could be information that comes to the fore during the risk analysis, consultations with stakeholders, or information that emerges through audits and the complaints mechanism. Information that will become available from audit reports (e.g. as a result of involvement in XertifiX, Fair Stone or IGEP) could also be used here. Internal evaluation (e.g. during management, Works Council or departmental consultations) can also prompt those involved to scrutinise the policy statement at set times.

**Guidelines:**

**No:** The company has no processes for periodically evaluating its international RBC policy and adapting it in the light of internal and external developments and input.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.

**Yes:** - The company periodically evaluates its international RBC policy (e.g. annually)

The company does this on the basis of internal and external developments and input. This input can be, for example, information that is collected through risk analyses, audits, stakeholder consultations, the complaints mechanism, and/or visits to factories and/or quarries.

- The input used is recorded or collected in written form. This is also the case for policy changes that are determined.

**Step 2: Analysis of the supply chain and international RBC risks and/or negative consequences**

**Step 2.1: Creating an overview of the production chain**

This step in the due diligence process involves gaining an understanding of the production chain and the various tiers of the production process. This understanding is important because without it, a company is not in a position to create a comprehensive overview of the various risks and impacts connected with the products.

**1. How much insight do you have in the first tier of the supply chain(s) from which you import (including name and address details)? The overview must be up to date.**

Key question: year 1,2,3,4,5 / Maximum score B:2 and C:4

**I-Function**

This concerns the companies with which you have a direct relationship (a procurement contract) – usually a wholesaler or exporter/agent and sometimes a factory. Drawing up a list of the first tiers in the chain is the first step in making the production chain transparent.

In practice, introducing due diligence is often a learning process and companies should be aware that this process will take some time. The TruStone Initiative uses the following criterion for member companies with regard to building up a picture of the first link in the production chain:

Within 6 months of joining the Initiative, for each stone type: provide information on 100% of the first tier in the value chain.

**Guidelines:**

**0-25%:** The company has little or no information about the first tier of the production chain(s) (wholesalers, agents/exporters and in some instances factories) with which it has a procurement contract or contracts.

**25-50%**

**50-75%**

**75%<100%:** The company has increasing, but not comprehensive, information about the first tier of the production chain(s) (wholesalers, agents/exporters and in some instances factories) with which it has a procurement contract or contracts and/or the name and address details are not complete.

**100%:** The company has comprehensive information about the first tier of the production chain(s) (wholesalers, agents/exporters and in some instances factories) with which it has a procurement contract or contracts.

The name and address details are complete.

The overview is provided for each type of stone.

This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced.

The company fulfils its obligations in year 1 of the Agreement.

**2. How much insight do you have in the factories (including name and address details)? The overview must be up to date.**

Key question: year 1,2,3,4,5 / Maximum score B:4 and C:6

**I-Function**

You are expected to obtain information about the factories with which you have a direct relationship (you buy from them) or an indirect relationship (your agents or importers buy from these factories). Drawing up a list of factories is the second step in making the production chain transparent.

NB: you may already have reported some of the factories under the previous question, because you have a direct procurement relationship with them. This is not a problem. You will have less work to do on this question, as you do not have to enter the details of these factories a second time. You do have to list here the factories with which you have an indirect procurement relationship.

In practice, introducing due diligence is often a learning process and companies should be aware that this process will take some time. The Initiative uses the following growth track for member companies with regard to building up a picture of factories:

Within 1 year of joining the Initiative, for each stone type: Provide information on 50% of the factories

Within 2 years of joining the Initiative, for each stone type: Provide information on 75% of the factories

Within 3 years of joining the Initiative, for each stone type: Provide information on 100% of the factories



**Guidelines:**

<b>0&lt;25%:</b>	The company has little or no information about the factories with which it works directly and/or indirectly.
<b>25&lt;50%:</b>	The company has a growing but not complete understanding of the factories with which it works directly and/or indirectly, and/or the name and address details are incomplete.
<b>50&lt;75%:</b>	The company has a growing but not complete understanding of the factories with which it works directly and/or indirectly. The name and address details are complete. The overview is provided for each type of stone. This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced.
<b>75&lt;100%:</b>	The company fulfils its obligations in year 1 of the Agreement. The company has a growing but not complete understanding of the factories with which it works directly and/or indirectly. The name and address details are complete. The overview is provided for each type of stone. This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced.
<b>100%:</b>	The company fulfils its obligations in year 2 of the Agreement. The company has a complete understanding of the factories with which it works directly and/or indirectly. The name and address details are complete. The overview is provided for each type of stone. This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced. The company fulfils its obligations in year 3 and ongoing of the Agreement.

**3. How much information do you have about the quarry subdistricts (including name)? The overview should be up-to-date.**

Key question: year 1,2,3,4,5 / Maximum score B:4 and C:6

**I-Function**

Here, you are expected to provide information about the quarry subdistricts where your partners in the value chain (factories, importers, wholesalers) procure products for you. Drawing up a list of quarry subdistricts is the third step in making the production chain transparent. It is important to build up a clear picture of quarry subdistricts because they often involve many risks, such as child labour or low wages, at a regional level, and thus also call for a regional approach.

The Initiative bases its definition of quarry subdistricts on the first supra-municipal level in the existing administrative division of the country. For the most important production countries, this is as follows:

- Afghanistan: Districts
- Angola: Municipalities (municípios)
- Brazil: Municipalities
- China: Counties
- India: Districts
- Turkey: Districts (ilçeler)
- Vietnam: Districts (rural district: huyện, urban district: quận)
- Zimbabwe: Districts

In practice, introducing due diligence is often a learning process and companies should be aware that this process will take some time. The Initiative uses the following growth track for member companies with regard to creating a clear picture of quarry subdistricts:

Within 1 year of joining the Initiative, for each stone type: Provide information on 50% of the quarry subdistricts

Within 2 years of joining the Initiative, for each stone type: Provide information on 75% of the quarry subdistricts

Within 3 years of joining the Initiative, for each stone type: Provide information on 100% of the quarry subdistricts

**Guidelines:**

**0<25%:** The company has little or no information about the quarry subdistricts where partners in the value chain procure stone.

**25<50%:** The company has a growing but not complete understanding of the quarry subdistricts where partners in the value chain procure stone and/or the names at sub-district level are not complete.

**50<75%:** The company has a growing but not complete understanding of the quarry subdistricts where partners in the value chain procure stone. The names at sub-district level are complete.

The overview is provided for each type of stone.

This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced.

The company fulfils its obligations in year 1 of the Agreement.

**75<100%:** The company has a growing but not complete understanding of the quarry subdistricts where partners in the value chain procure stone. The names at sub-district level are complete.

The overview is provided for each type of stone.

This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced.

The company fulfils its obligations in year 2 of the Agreement.

**100%:** The company has a complete understanding of the quarry subdistricts where partners in the value chain procure stone.

The names at district, municipality or county level are complete.

The overview is provided for each type of stone.

This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced.

The company fulfils its obligations in year 3 and ongoing of the Agreement.

**4. How much insight do you have in the quarries from which the imported natural stone is extracted? The overview must be up to date.**

Key question: year 1,2,3,4,5 / Maximum score B:4 and C:6

**I-Function**

Here, you are expected to provide information about the quarries where your partners in the value chain (factories, importers, wholesalers) procure products for you. Drawing up a list of quarries is the fourth and last step in making the production chain transparent.

In practice, introducing due diligence is often a learning process and companies should be aware that this process will take some time. The Initiative uses the following growth track for member companies with regard to creating a clear picture of quarries:

Within 1 year of joining the Initiative, for each stone type: Provide information on 25% of the quarries

Within 2 years of joining the Initiative, for each stone type: Provide information on 50% of the quarries

Within 3 years of joining the Initiative, for each stone type: Provide information on 75% of the quarries

**Guidelines:**

- 0<25%:** The company has little or no information about the quarries where partners in the value chain procure stone.
- 25<50%:** The company has increasing but not comprehensive information about the quarries where partners in the value chain procure stone. The name and address details are complete. The overview is provided for each type of stone. This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced. The company fulfils its obligations in year 1 of the Agreement.
- 50<75%:** The company has increasing but not complete information of the quarries where partners in the value chain procure stone. The name and address details are complete. The overview is provided for each type of stone. This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced. The company fulfils its obligations in year 2 of the Agreement.
- 75<100%:** The company has a strongly growing but not complete understanding of the quarries where partners in the value chain procure stone. The name and address details are complete. The overview is provided for each type of stone. This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced. The company fulfils its obligations in year 3 and ongoing of the Agreement.
- 100%:** The company has a complete understanding of the quarries where partners in the value chain procure stone. The name and address details are complete. The overview is provided for each type of stone. This overview can be submitted as an attachment (Excel file) or by means of the list of locations where stone is sourced. The company fulfils its obligations in year 3 and ongoing of the Agreement.

**Step 2.2: Mapping the risks and/or adverse impacts in the supply chain**

**1. Did you map the risks in the supply chain(s) connected to your purchasing practices?**

Key question: year 2,3,4,5 / Maximum score C:4

**I-Function**

As mentioned previously, your company's decisions on procurement have an influence on the working conditions of other people. This applies to various aspects of purchasing. Is it reasonable to ask the producer to pay workers a living wage if you continually lower the purchase price? Can you require factories to have a quality mark associated with the environment or social responsibility if you are not willing to enter into a long-term commitment and you keep changing supplier? Last-minute increases or decreases in production volumes or changes in product specifications can also have negative consequences, such as workers being obliged to do (sometimes extreme) overtime in factories or products being outsourced to suppliers where you have no information on the social and environmental conditions. Paying your invoices late can lead to delayed payments of wages to workers.

The examples above show that it is important for you to identify the risks of your procurement practice and to discuss these with your suppliers.

**Guidelines:**

- No:** The company has no understanding/overview of the risks of its procurement practice.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:** The company:
- Analyses the possible risks connected with the procurement practice.
  - Discusses/evaluates the analysis and asks suppliers for feedback.

**2. Have you identified the risks in the supply chain(s) from which you import per country or region?**

Key question: - / Maximum score C:2

**I-Function**

To give companies guidance, Parties have identified seven risks that frequently occur in the natural stone value chain as a whole:

- discrimination and gender
- child labour
- forced labour
- living wage
- right to organise and right to collective bargaining
- health and safety
- land rights and the living environment (including air, soil and water pollution).

The severity and extent of these risks will vary from one country and region to another. It is important to be familiar with these. You will have to create a clear picture of these risks for the countries and regions/districts where factories or quarries in your value chains are based. It is also possible that for sub-sectors or individual companies, the risk analysis could highlight themes other than the seven already referred to. If other risks are identified, companies should also include them in the risk analysis.

Risks at country and regional level can be identified in various ways. An important tool is an overview of frequently occurring risks in oft-used production countries and regions, and for each raw material, which the Parties to the Agreement will make available to companies. This form of collective due diligence can help companies with their own risk analysis.

The [CSR risk check tool](#) can be helpful. Furthermore, reports drawn up by NGOs, public authorities or trade unions can be useful. It is also important to enter into dialogue with these parties; this is referred to as stakeholder consultation. Discussions with NGOs, trade unions and public authorities involved in the Agreement, or with local parties such as NGOs or trade unions, can supplement your risk analysis.

**Guidelines:**

- No:** The company has not identified the risks in the production countries and, where possible, regions that are important for it.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company has identified the risks in the production countries and regions.
  - To this end, the company used the overview that parties created by means of collective due diligence and/or it used other tools/reports.

- The company consulted a number of stakeholders, involved in the Agreement or in production countries, regarding risks in each country and region.

### **3. Have you identified the risks in the supply chain(s) from which you import per product type?**

Key question: - / Maximum score C:2

#### **I-Function**

The severity and extent of the seven risks listed will vary not only from one country and region to another, but they can also differ according to product type. It is important to know about these differences and we advise you to gain a clear picture of them for four major product types: block, slab, cobblestone and custom work.

### **4. Have you identified the risks for each factory in the value chain(s) from which you import?**

Key question: - / Maximum score C:2

#### **I-Function**

This concerns obtaining information about the potential or existing risks at the factories where your products are made. These risks can be related to the above-mentioned seven specific themes that are often involved in the natural stone supply chain, but they can also be related to other aspects.

Visits by the company to suppliers or consultations with external stakeholders can give a good indication of the presence or absence of specific risks. It can sometimes also be necessary to have audits, assessments or verifications conducted at factory level. Examples are audits or assessments by XertifiX Fair Stone and IGEP.

However, audits have weaknesses as well as strengths. Depending on the degree of trust between the auditor and a producer's employees, it may be difficult for an audit to bring certain risks to light. These could be risks relating to discrimination or the right to organise, for example. Many workers will not talk about discrimination or anti-trade union practices because of ignorance of their rights or fear of negative consequences (dismissal, demotion, or blacklisting). It is important to be aware of this.

#### **Guidelines:**

**No:**

The company has no schematic overview of the risks for each factory.

**Partially:**

The company does not cover all the aspects referred to under 'Yes'.

**Yes:**

The company has:

- A schematic overview of the risks of the majority of its factories.
- Created this overview on the basis of:
  - Audits, assessments or verifications and/or
  - Consultation of local stakeholders (associations and NGOs) and/or
  - Visits and talks with management and employees of the factory.

### **5. Have you mapped the risks in the supply chain(s) from which you import per quarry sub district?**

Key question: - / Maximum score C:2

#### **I-Function**

Previously, you identified the risks for each country or region in the value chain. You can supplement this information with specific risks per quarry subdistrict. These risks can be

related to the land rights situation in the specific subdistrict, damage to the environment or biodiversity, or a specific social problem, for example resulting from the use of migrant workers in the subdistrict.

It is important to have up-to-date knowledge of these specific additional risks. You can identify these through your own visits, meetings with the management and workers in quarry subdistricts, and possibly meetings with local NGOs and trade unions that are knowledgeable about specific issues in the subdistrict. Well-informed auditors can also be helpful. If child labour is a risk in a quarry subdistrict, local teachers can often provide a lot of information.

**Guidelines:**

**No:** The company has not identified the risks in the quarry subdistricts that are important to it.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.

**Yes:**

- The company has identified the risks in the quarry subdistricts.
- The company has consulted a number of stakeholders, such as management and workers at quarries, NGOs, trade unions, auditors, and/or other local actors, regarding the risks in each quarry subdistrict.

**6. Have you mapped the risks in the supply chain(s) from which you import per quarry?**

Key question: - / Maximum score C:2

**I-Function**

This concerns obtaining information about the potential or existing risks at the quarries where your products are made. These risks can be related to the above-mentioned seven specific themes that are often involved in the natural stone supply chain, but they can also be related to other aspects.

Visits by the company to suppliers or consultations with external stakeholders can give a good indication of the presence or absence of specific risks. It can sometimes also be necessary to have audits, assessments or verifications conducted at factory level. Examples are audits or assessments by XertifiX or Fair Stone and IGEP.

However, audits have weaknesses as well as strengths. Depending on the degree of trust between the auditor and a producer's employees, it may be difficult for an audit to bring certain risks to light. These could be risks relating to discrimination or the right to organise, for example. Many workers will not talk about discrimination or anti-trade union practices because of ignorance of their rights or fear of negative consequences (dismissal, demotion, or blacklisting). It is important to be aware of this.

**Guidelines:**

**No:** The company has no schematic overview of the risks for each quarry.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.

**Yes:**

The company has:

- A schematic overview of the risks at the majority of its quarries.
- Created this overview on the basis of:
  - Audits, assessments or verifications and/or
  - Consultation of local stakeholders (associations and NGOs) and/or
  - Visits and talks with management and employees of the quarry.

## 7. Have you mapped the risks in the supply chain(s) on the basis of the complaints and/or cases and reports received from third parties?

Key question: - / Maximum score C:0

### I-Function

Thanks to the previous steps, you have now identified most of the risks in the value chain(s) from which you import. However, other risks and adverse impacts may be detected in the factories, quarry subdistricts and/or quarries where your products are sourced. Examples could be reports and studies or investigations that are published and that specifically mention factories or quarries that you work with. But there may also be complaints from employees or other stakeholders. These complaints may come to your company by means of a complaint mechanism of an initiative or an audit company with which you work (e.g. XertifiX) or through the Complaints and Disputes Committee of the TruStone Initiative. It is important to take account of these risks and adverse impacts based on complaints received and/or cases and reports by third parties.

### Guidelines:

**No:** The company has no schematic overview of risks based on complaints received and/or cases and reports by third parties.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.

**Yes:** The company has:

- A schematic overview of risks based on complaints received and/or cases and reports by third parties.
- Created this overview on the basis of:
  - Reports, studies and/or investigations by third parties that concern the specific factories, quarries and/or quarry subdistricts from which the company imports.
  - Direct or indirect complaints that concern the specific factories, quarries and/or quarry subdistricts from which the company imports.

## 8. On which themes have you identified risks in the supply chain(s) from which you import? Choose from one or more of the following options.

Key question: - / Maximum score C:0

### I-Function

For this question, you can give multiple answers. You can indicate which risks you have identified in your value chain(s) and in most cases, these will be risks of various different types. They might be among the seven risks that frequently occur in the natural stone value chain. However, different risks could be involved, in which case you can tick 'Other'.

If you tick a particular risk, you should provide a brief description in the explanatory notes. Describe the severity, extent and nature of the risk, for example.

In the (unlikely) event that you have identified no risks in your value chain(s), you must explain and substantiate this.

Please note: your answer to this question is not better if you tick few risks and it is not worse if you tick a lot of risks. The intention is only to create insight and an overview of your risks, not to make a value judgement on the number and nature of the risks.

### Guidelines:

**No:** The company has not – or not completely – filled in the overview for this question and/or has not clearly substantiated the answers.

**Partially:** - The company does not cover all the aspects referred to under 'Yes'.

**Yes:** - The company has completely filled in the overview for this question and/or has clearly substantiated the answers.

### **Step 2.3: Prioritising risks and/or adverse impacts**

#### **1. Is your company able to tackle all identified risks and/or adverse impacts simultaneously?**

Key question: - / Maximum score C:0

##### **I-Function**

Your answer to this question will depend on a number of factors. Firstly, it will depend on the number of risks that you identified under the previous questions. This number will be higher if you have multiple, complex supply chains and/or you import from higher risk countries or regions, or you import high-risk product types. The answer will also depend on the size of your organisation. On average, larger companies will have somewhat more capacity and will thus be able to address more risks simultaneously than smaller organisations.

Here, you can estimate yourself which situation you are in, together with an explanation underpinning your choice of answer.

##### **Guidelines:**

**No:** The company has made a choice that is not in line with the number of risks identified and the size of the organisation, and/or the choice is not clearly substantiated.

**Yes:** The company has made a choice that is in line with the number of risks identified and the size of the organisation, and the choice is clearly substantiated.

#### **1.1 Have you prioritised all identified risks and/or adverse impacts based on severity and likelihood?** Key question: year 2,3,4,5 / Maximum score C:4

##### **I-Function**

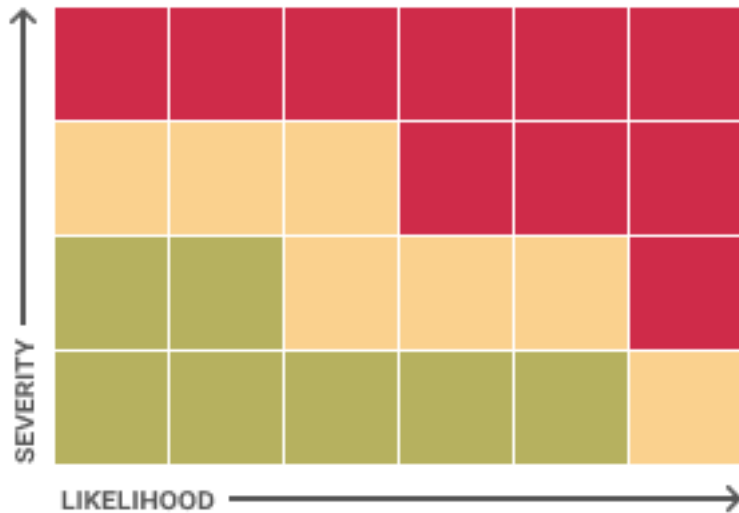
If you established with the previous question that due to the number of risks and/or the limited size of your organisation, you cannot address all the identified risks at the same time, you will have to prioritise the risks you have identified. Prioritising is an essential element of due diligence. Prioritising some matters does not mean that other matters are less important or that one right is more important than another. The main aim is to address activities successively and to allocate resources according to the severity of the potential adverse impacts. Prioritisation should take place in consultation with stakeholders and experts.

When prioritising risks, you should perform an overall assessment by considering the following questions:

- How severe is the identified adverse impact in terms of its extent, the number of people affected and the possibility of the consequences being irreversible?
- How likely is the adverse impact to occur? What is the likelihood of an adverse impact?

These two dimensions can be compared and contrasted in a heat map. The impacts that have high scores for these factors should be tackled with the highest priority. Severity is the most pressing priority, as shown by the red boxes in the heat map.





To make it easier to draw up a heat map, a few examples are given below of likely and severe risks.

Examples of likely risks:

- The failure to pay a living wage is a likely risk in what are called high-risk countries. This risk is also likely in vulnerable groups such as women or migrants, or for people belonging to a lower caste (India).
- Respiratory diseases as a result of sawing natural stone blocks (in quarries) or slabs (in factories) is another example of a likely risk.

Examples of severe risks and impacts:

- Permanent respiratory health damage for workers in factories and quarries as a result of sawing blocks and slabs, sometimes with fatal consequences, is an example of a severe risk.
- Child labour that causes lasting harm to children’s development is another example of a severe risk.

The guidelines therefore call for prioritisation based on severity and likelihood, while companies will often be inclined to start by examining the risks that fall within their direct sphere of influence. But even if they have only limited leverage and there are complex problems upstream in the value chain, they can increase this leverage by collaborating with others (e.g. with other companies and parties).

If you are affiliated with audit company that provide statements, e.g. XertifiX, Fair Stone or IGEP and you want to address risks using the systems programs, keep in mind that often prioritising according to severity and probability is not a requirement for these audit companies. You therefore have to prioritise and subsequently look into what audit companies can mean for you.

Further information: Shift report on identifying and prioritising risks:

<https://shiftproject.org/resource/business-and-human-rights-impacts-identifying-and-prioritizing-human-rights-risks/>

**Guidelines:**

- No:** The company has not prioritised identified risks on the basis of severity and likelihood
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company prioritises identified risks and impacts.
  - The company has explained clearly which risks and impacts it has prioritised based on severity and likelihood, and why.
  - The company has explained clearly which risks and impacts it has *not* prioritised based on severity and likelihood, and why.

## **1.2 Which risks and/or adverse impacts in your value chain(s) have been prioritised?**

Key question: year 2,3,4,5 / Maximum score C:4

### **I-Function**

You can give multiple answers to this question. You can indicate which risks in your value chain(s) have been prioritised and in most cases, these will be risks of various different types. They might be among the seven risks that frequently occur in the natural stone value chain. However, other risks could be involved. In this case, you can tick 'Other'.

If you tick a particular risk, you should provide a brief description in the explanatory notes. Describe the severity, extent and nature of the risk, for example.

### **Guidelines:**

- No:** The company has not – or not completely – filled in the overview for this question and/or has not clearly described the prioritised risks.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:** The company has completely filled in the overview for this question and/or has clearly described the prioritised risks.

## **1.3 Are stakeholders consulted in this process?**

Key question: - / Maximum score C:4

### **I-Function**

In order to identify risks completely and accurately, and to prioritise risks correctly in the areas of human rights, safety and the environment, it is essential that companies call on the knowledge of staff members, stakeholders and also possibly external experts. In the case of international RBC risks, the primary concern is to prevent and reduce adverse impacts of the company's business activities on other people. It is therefore clear that there should be a meaningful dialogue with relevant stakeholders. In essence, this means that a company listens, responds to the concerns that are expressed, takes these into account in its internal decision making, and communicates the results.

Internal experts can be involved, for example, by organising meetings with employees from relevant departments, such as RBC, Human Resources, and purchasing.

Because the main concern is the impact on the rights of other people, it is important not to rely solely on information from the company itself, but also to talk to trade unions (including local trade unions) and experts about the risks in a sector or country. In any case, ensure that on the subjects of the right to organise, child labour, and forced labour, you have consultations with stakeholders (including employees, local NGOs, and local trade unions) that have ample knowledge of the situation on the ground, and let them know what you will do with the information they provide.

With regard to the stakeholders, it is of course important first of all for a company to identify them. Who needs to be consulted, on what subjects and with what goal? It is important in doing this to distinguish stakeholders that can influence the company from stakeholders that

can be affected by an adverse impact. Dutch and international civil society organisations usually have a large network of stakeholders and their representatives in countries with high RBC risks. For this reason, these organisations can play a role in identifying local contacts and facilitating a local dialogue with relevant stakeholders.

If you are affiliated with audit company that provide statements, e.g. XertifiX, Fair Stone or IGEP and you want to address risks using the system's programs, keep in mind that stakeholder consultation is often not a requirement for these audit companies. You first will have to consult stakeholders, and subsequently look into what audit companies can mean for you.

**Guidelines:**

- No:** The company has not included any information from stakeholders when identifying and prioritising risks.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company has included information from stakeholders when identifying and prioritising risks.
  - The company does this regularly (e.g. once a year or every two years).
  - The company consults various stakeholders with different areas of expertise.

**1.4 Do you continue to address the risks and/or adverse impacts that have not been prioritised?**

Key question: - / Maximum score C:2

**I-Function**

As stated above under question 1.1 in this step, prioritising some matters does not mean that other matters are less important or that one right is more important than another. Therefore, risks and impacts that are not prioritised still deserve your attention as well, but possibly to a lesser extent than your priority risks. You can address these non-prioritised risks, for example, by monitoring or auditing your suppliers. You can consider audits that are carried out by companies like XertifiX, Fair Stone and IGEP. In doing this, a number of risks can often be addressed at the same time. By changing your procurement practice, for example, you can also continue to work on mitigating specific risks.

**Guidelines:**

- No:** The company has not clearly indicated whether and/or how it addresses non-prioritised risks.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:** The company has clearly indicated whether and how it addresses non-prioritised risks.

**Step 3: Action plan: cease, prevent or mitigate adverse impacts**

**Step 3.1: Formulating or adjusting objectives based on the prioritised risks and/or adverse impacts**

**1. Formulating or adjusting objectives based on prioritised risks and/or adverse impacts**

Key question: year 2,3,4,5 / Maximum score C:6

## **I-Function**

With this question, you draw up objectives that are aimed at addressing the risks and adverse impacts that have been prioritised. This means that you do not necessarily have to formulate objectives for all international RBC risks at the same time, provided you have explained clearly which themes have or have not been prioritised, and the reasons for your choices. Furthermore, the objectives formulated must be specific and not too generalised. General is: "We do not tolerate any child labour." Specific is: "Xx/% of employees and management at xx/% of suppliers in India will be trained in 2021 to address and prevent sexual harassment and discrimination in the workplace." In other words, your objectives are derived from your risk analysis and are not a repetition of, or addition to, general international RBC policy.

Objectives must be as SMART (Specific, Measurable, Achievable, Relevant and Time-bound) as possible, so that monitoring and communication are possible in relation to those objectives. This means quantifying as much as possible the activities and performance of the various parties. Therefore, challenges must be specific, substantive and possible to deal with.

Examples of SMART objectives are:

- In 2021, we will only work with factories and quarries in country X that have a policy on child labour and are members of a local multi-stakeholder initiative that is active on this subject.
- In 2025, a social audit will have been conducted at 50% of our factories, which will include a focus on forced labour.
- In order to address the prioritised risks related to safety and health in factory X or country Y, factory X must be up to the standards of the guidelines on XertifiX no later than 2022.

### **Guidelines:**

**No:**

The company has not formulated any objectives, although it has identified and prioritised risks and/or adverse impacts.

**Partially:**

The company does not cover all the aspects referred to under 'Yes'.

**Yes:**

- The objectives are specific and they address prioritised and non-prioritised risks and adverse impacts that were found through the risk analysis.

- The objectives have been formulated according to SMART principles.

## **1.1 Based on the (prioritised) risks and/or adverse impacts have you formulated or adjusted objectives?**

Key question: - / Maximum score C:2

## **I-Function**

Objectives can be related to the short term (e.g. 1 year), the medium term (e.g. 3 to 5 years) or the long term (e.g. 10 years). An example of a long-term objective is: in 2030, we will use responsibly produced natural stone for 100% of our products. Such a 'point on the horizon' can give direction, motivate, and make your aspirations clear both internally and externally. However, it will be necessary to give substance to such a long-term objective by carrying out actions that lead to achieving that goal. We will discuss these actions in the next step of the due diligence process.

### **Guidelines:**

**No:**

The company has not formulated any objectives or it has done so, but it has not broken them down into short, medium, and long-term goals.

**Partially:**

The company does not cover all the aspects referred to under 'Yes'.

**Yes:**

The company has formulated objectives and has broken them down into short, medium, and long-term goals.

### Step 3.2: Formulating or adjusting actions based on the objectives

#### 1. Based on the objectives have you formulated or adjusted actions?

Key question: year 2,3,4,5 / Maximum score C:6

##### I-Function

You must give substance to the previously formulated objectives by means of actions. The actions should contribute to achieving the objective and addressing the risk. You can formulate actions that are related to your suppliers and actions that lead to changes in your procurement practice. The latter is important if you have established that there is a relationship between your own procurement policy and practice and the risks detected. Risks can be linked to pricing policy, delivery dates, the possibility of obtaining the natural stone through other suppliers, and the length of relationships with suppliers, or the risks can be connected with trade practices such as last-minute changes to orders, quality problems or unexpected follow-up orders, etc.

##### Guidelines:

- No:** The company has not formulated any actions that contribute towards achieving the previously formulated objectives.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The action is related to the company's procurement practice and/or the suppliers with which it works.
  - The action is specific and contributes towards achieving the objective and solving the problem.

#### 2. Do you collaborate with others, for example producers, NGOs, trade unions or through a collective project, for the implementation of these actions?

Key question: - / Maximum score C:2

##### I-Function

For various reasons, you will in many cases have to plan and carry out your actions together with others. On your own, your leverage with your suppliers and in producer countries is limited, while together you can build leverage. Some actions will be wide-ranging and therefore expensive – possibly too expensive. If you work together, such actions will become affordable. Apart from costs, the time or expertise that is needed, but is not available, can be a reason to collaborate with others.

Sometimes, companies find risks in the value chain that are so large that the companies are unable to deal with them, however much they would like to. These are known as hot spots. When a company is faced with such a risk, it would be well advised to support a joint sector-based approach. This is often the most practical way to be in a position to tackle such problems.

In such cases, it will be necessary to cooperate with vulnerable/affected parties and other stakeholders to determine what actions are needed and who can take on which actions.

##### Guidelines:

- No:** The company does not collaborate with others in planning and carrying out actions
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company regularly collaborates with other companies, producers and/or parties (e.g. through a joint project).
  - Parties may be involved in the TruStone Initiative, but they can also be local NGOs, trade unions, public authorities, people affected, etc.

### 3. Have results been achieved at one or more production locations in your supply chain, as a result of the actions described?

Key question: - / Maximum score C:4

#### I-Function

In this question, we ask you about the results of the actions carried out in relation to the objectives you have formulated.

In substantiation:

Your **objective** was, for example, to eliminate child labour from factories A, B and C in Tamil Nadu, India, by 2022.

Your **action** was to have the factories participate in a local project organised by NGO XYZ or to certify the factories in accordance with standard ABC.

The **result** is possibly one or more factories that are free of child labour.

It is also possible that there has not been any result yet; that you cannot measure the result (or not yet); or that there has been an unintentionally negative result. The aim of this question is to encourage you to measure results, so that you can learn from the result or the lack of a result.

By results here we mean the results for those directly affected (in most cases the employees in the factories or quarries and/or the local residents). A result can therefore be a factory or quarry without child labour, but it can also be higher pay or a living wage for the employees.

The important thing is not to confuse actions with results. If factories or quarries take part in a collective project or training course or work together with an audit company, this is not a result, but rather an action. A company that, as a result of the collective project or training course (the action) or , now provides a safe and healthy workplace for X employees is the result.

You must provide evidence for any result that has been achieved. This can be done in a number of different ways. Some examples:

- descriptions of the successful participation by suppliers in a community-based initiative or local project (e.g. a child-labour-free zone);
- the provision of (audit) reports which demonstrate that there are no cases of major non-compliance in the area of forced labour;
- reports by external stakeholders that describe how instances of major non-compliance in the area of discrimination uncovered at the suppliers in question have been dealt with effectively (remediation).

If you answered 'yes' or 'partially' to this question, you need to describe the following in the explanation for this question: the action, the results, evidence supporting the results, the production sites involved, and the number of employees and/or nearby residents or the local population.

#### Guidelines:

**No:** The company is not (or not yet) able to show results at the production sites in question.

**Partially:** The company does not cover all the aspects referred to under 'Yes'.

**Yes:**

- The company is able to substantiate results achieved at one or more of the production sites, among other things by consulting local and non-local stakeholders, and/or participating in local projects or research and/or audit reports.

- The result described directly benefits those immediately involved (in most cases the employee).

- The company has described which production sites and how many employees were involved.

- Results are preferably positive, but can also be unintentionally negative or neutral. Most important is that a company has a clear understanding of the results of actions and that on that basis it can learn and make adjustments.
- The result described has been achieved during the term of the Agreement.

#### **4. Are the actions you have implemented appropriate to your responsibility for the adverse impacts in the supply chain?**

Key question: - / Maximum score C:2

##### **I-Function**

Your responsibility for adverse impacts and the actions that are expected of you depend on the way in which you are involved in the adverse impacts. It may be that you cause the adverse impacts, contribute to them, or you might be directly connected with them. It is important to make that distinction, as it has an influence on the actions expected of you.

- **Causing adverse impacts:** In this case, there is a direct relationship between your actions and the adverse impacts. One example is a company that discriminates against its own staff members or customers. The action that is expected of the company is to end the activity that is causing the adverse impacts and provide – or help provide – remedy for those adversely affected. Please note: if you observe adverse impacts at suppliers that you own or co-own, this often comes under the definition of causing adverse impacts. After all, as owner or co-owner, you are primarily responsible for conditions in your company.
- **Contributing to adverse impacts:** In this case, you cause adverse impacts together with another party or parties. One example is a company that puts pressure on its suppliers by reducing purchase prices, which results in the supplier outsourcing all or part of its production to a factory that does not pay the minimum wage. The company and the supplier are then jointly responsible. The action that is expected of the company is to end the activity that is causing the adverse impacts and provide – or help provide – remedy for those adversely affected. The company is additionally expected to use or increase its leverage, with the aim of eliminating the adverse impacts as much as possible.
- **Being directly linked to adverse impacts:** In this case, you are directly linked to the adverse impacts through the supply chain. An example is a company that has done everything in its power through due diligence to exclude child labour at specific production sites. In violation of all agreements and behind your back, a factory outsources work to another factory where children work. In this case, you are not responsible and you do not have to put a stop to any activity or provide remedy (although you can choose to do so). However, you are expected to use or increase your leverage with the aim of eliminating the adverse impacts as much as possible.

If you are affiliated with audit company that provide statements, e.g. XertifiX, Fair Stone or IGEP and you want to address risks using the system's programs, keep in mind that the company's programs do not necessarily adequately address the matter of your responsibility. You will have to judge which actions are appropriate and then subsequently look into what the audit companies can mean for you.

For more information on this subject, please see: [https://shiftproject.org/wp-content/uploads/2014/01/Shift\\_SERworkshop\\_identifyHRrisks\\_2014.pdf](https://shiftproject.org/wp-content/uploads/2014/01/Shift_SERworkshop_identifyHRrisks_2014.pdf)

##### **Guidelines:**

**No:** The company has no understanding of the ways in which it is involved in adverse impacts in the supply chain (causing, contributing to or being

directly linked to such impacts) and it is not taking any action in this matter.

**Partially:**

**Yes:**

The company does not cover all the aspects referred to under 'Yes'.  
- The company understands the ways in which it is involved in adverse impacts in the supply chain (causing, contributing to or being directly linked to such impacts).  
- The company carries out actions appropriate to the nature of its involvement.

**5. Have you taken up and handled all the actions listed in the action plan and in last year's assessment report?**

Key question: year 2,3,4,5 / Maximum score C:6

**I-Function**

You have formulated specific actions based on the due diligence questionnaire that you completed, the action plan you drew up, and the final assessment report. These actions can involve addressing risks and adverse impacts (as discussed above), but they can also be related to completing your international RBC policy, conducting your risk analysis, the external communication of your policy, etc. Formulating these actions is important, but it is much more important to carry them out. Otherwise, companies would only 'talk the talk' instead of 'walking the walk'. For this reason, describe here your progress over the past year in implementing the actions that were part of the due diligence questionnaire, the action plan, and the assessment report.

**Guidelines:**

**No:**

The company has not indicated which actions from last year's due diligence questionnaire, action plan, and assessment report it has initiated and completed.

**Partially:**

**Yes:**

The company does not cover all the aspects referred to under 'Yes'.  
The company has explained that all the actions from last year's due diligence questionnaire, action plan, and assessment report were initiated and completed.

**N/A.**

This answer can only be chosen by companies that are in year 1 and have therefore not submitted any action plan in the past.

**Step 4: Monitoring and evaluation; determining improvements**

**Step 4.1: Evaluating the effectiveness of international RBC measures taken**

**1. Do you evaluate the progress of the measures as stated in the action plan?**

Key question: - / Maximum score C:6

**I-Function**

Continuous monitoring of progress is essential if a company wants to know whether policy, objectives, and actions in the area of sustainable supply chain management are being implemented optimally, and whether there has been an appropriate response to the risks identified. Monitoring also helps in continuously improving policy and the toolbox. Risks for human rights, safety and the environment can also change gradually due to changes in companies' activities and the context in which they take place.

An oft-used method for monitoring progress is to conduct audits of partners in the value chain. Audits drawn up by an audit company can be used to create a picture of the situation at a manufacturer or a quarry (a baseline measurement) and help to uncover particular problems; they can subsequently be used to encourage progress on individual issues. However, audits are not always a reliable instrument that can be depended on. 'Abstract' risks



such as discrimination and a lack of freedom to organise, for example, are difficult to measure. Audits are also not always completely reliable due to specific dependency relationships.

Further information:

- Shift report on audits:

<https://shiftproject.org/resource/from-audit-to-innovation-advancing-human-rights-in-global-supply-chains/>

You must not only monitor external progress (in the supply chain), but also internal progress. To what extent do you carry out your own agreements and follow up your own actions? You can use practical indicators to monitor your internal and external objectives. Indicators can be quantitative or qualitative. Quantitative indicators can provide precise comparisons and are often easier to integrate into an existing system. But because it is hard to quantify the impact on human rights, safety and the environment, the qualitative variables are also important for monitoring progress on sustainable supply chain management.

Examples:

- Percentage/number of manufacturers and quarries that have been described and documented.
- Percentage/number of manufacturers and quarries that have been audited.
- Deadline/time span agreed for training buyers.
- Percentage of stakeholders affected that are of the opinion that the adverse impacts have been properly addressed.
- Percentage/number of agreed action points that have been implemented by the deadlines set.

#### **Guidelines:**

- No:** The company has no processes for evaluating the progress of measures.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company periodically evaluates the progress of internal and external measures.
  - The company does this on the basis of quantitative and/or qualitative indicators.
  - The results are briefly recorded in writing or collected.
- A brief explanation is given of the way in which the evaluation is used to adjust measures.

## **2. Do you consult stakeholders when evaluating the progress of measures taken?**

Key question: - / Maximum score C:6

### **I-Function**

It is important to involve stakeholders in determining the need for information, because stakeholders are often very knowledgeable about abuses in relation to human rights, safety and the environment. For this reason, and in view of the shortcomings of audits that we explained under the previous question, it is important to supplement information from audits with information from other sources, such as local NGOs, trade unions, workers, and local residents. In addition, stakeholders are of course the reason for the existence of the TruStone Initiative. We do it for them. Therefore, it is essential to find out to what extent they experience the measures as being desirable and effective.

One way of involving stakeholders in the monitoring process is by entering into a dialogue with them. NGOs or trade unions can, for example, check whether all the relevant subjects have been covered in the selection of indicators that will be monitored. Justified criticism can lead to the set of indicators being adjusted. Other ways of initiating a dialogue are:

- Cooperating with national and/or international trade unions to monitor workers' rights.
- Setting up fact-finding missions or monitoring programmes in collaboration with experts, NGOs or platforms involving the local population.
- If sentiment among stakeholders is overwhelmingly negative, call on a party that everybody trusts to carry out an assessment of the efforts that the company has made.
- During purchasing trips, meet local NGOs or trade unions, but also the management of the factory or quarry and their employees (e.g. the chair of a workers' committee or a representative of the trade union at the factory).

**Guidelines:**

- No:** The company has not consulted stakeholders when evaluating measures.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:** The company has consulted stakeholders when evaluating measures.  
The company does this regularly (e.g. once a year or every two years).  
The company describes how stakeholder input is used when drawing up or adjusting measures.

**Step 5: Communication and reporting**

**Step 5.1: Reporting externally about your due diligence**

**1. Do you report publicly about the due diligence in your supply chain(s)?**

Key question: year 2,3,4,5 / Maximum score B:6

**I-Function**

It is important that you share your due diligence efforts with others and therefore report on it externally. This enables you to make your efforts and aspirations transparent, and, as it were, give account to your stakeholders. As well as sharing your international RBC policy (which came up under question 1 of step 1.2), you should also describe briefly how you have integrated international RBC into your organisation and supply chain. You can do this in a manner appropriate to you, your target groups and the message, for example in an international RBC report, a webpage, blog, fact sheet, newsletter or short film. In addition, you can hold one-to-one talks with specific stakeholders.

**Guidelines:**

- No:** The company does not communicate publicly about the due diligence performed.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:** The company communicates publicly about the due diligence activities carried out (the international RBC policy and a brief description of the integration of this policy into the company's own organisation and supply chain).  
The company communicates publicly in ways that are appropriate to its target groups and the messages it wants to convey.

**1. Do you report publicly about due diligence and the risks and/or adverse impacts in your supply chain(s)?**

Key question: year 2,3,4,5 / Maximum score C:10

**I-Function**

Respecting human rights, safety, and the environment goes further than reducing existing risks and preventing new risks. A company should also make public how it is working to

achieve sustainable supply chain management. This gives stakeholders a clear picture of the risks and the measures taken by the company.

In addition to making your international RBC policy available to the public (mentioned under question 1 of step 1.2), you should also share the following information:

- The measures taken to integrate RBC into your organisation (procedure, training, tools, and systems).
- The risks and adverse impacts that you have identified and prioritised.
- The objectives and actions formulated to prevent or limit these risks.
- The results or the extent to which these actions have achieved their goals.

**Guidelines:**

**No:**

The company does not communicate publicly about the due diligence performed and the risks and/or adverse impacts identified.

**Partially:**

The company does not cover all the aspects referred to under 'Yes'.

**Yes:**

The company communicates publicly about the due diligence activities carried out and its communications cover:

- international RBC policy
- The measures taken to integrate RBC into the organisation (procedure, training, tools, and systems)
- The risks and adverse impacts that have been identified and prioritised
- The objectives and actions formulated to prevent or limit these risks
- The results or the extent to which these actions have achieved their goals.

**2. Do you report publicly in an appropriate way regarding the target group(s) and message(s) of your due diligence?**

Key question: year 2,3,4,5 / Maximum score C:4

**I-Function**

If you report publicly on your due diligence activities and results, you should ensure that the form and content of the communications are appropriate to the target group(s) and the message(s) that you make public. The form should fit the audience, so this form can vary according to the target group and the message. You can choose from a variety of forms: an international RBC report, a web page, a blog, a newsletter, a fact sheet or a short film. In addition, you can hold one-to-one talks with specific stakeholders. In addition to more structural reporting through an annual report or the website, it is sometimes also necessary to report on an occasional basis on incidents, complaints or revisions of the guidelines on conduct.

The decisive factor when choosing from these alternatives is that the stakeholders should be given a clear picture of the relevant risks, the chosen approach to these risks, and an evaluation of the effectiveness of this approach.

Your external communication and the feedback you receive may in turn lead to you make changes to the policy and the objectives that have been set in the areas of human rights, safety, and the environment. In this way, RBC risk management becomes a circular process.

**Guidelines:**

- No:** The company does not communicate publicly on the due diligence performed in a manner appropriate to the target group(s) or the message(s)
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:** The company communicates publicly on the due diligence performed in a manner appropriate to the target group(s) or the message(s).

## **Step 6: Access to remedy**

### **Step 6.1: The use of a grievance mechanism**

#### **1. Do you ensure that stakeholders are aware of the existence and role of the TruStone Initiative's Complaints and Disputes Committee?**

Key question: year 2,3,4,5 / Maximum score C:10

##### **I-Function**

The TruStone Initiative operates in accordance with the principles of the OECD guidelines and the UN Guiding Principles on Business and Human Rights. One of these principles is that companies and the multi-stakeholder initiatives of which they are members set up grievance mechanisms. These mechanisms are important for facilitating the principle of access to remedy. Through these mechanisms, stakeholders in the value chain whose rights may have been violated can submit complaints. If complaints are well-founded, remedy can take various forms in practice, including making apologies for the harm suffered, providing financial compensation or ensuring that the harm or adverse impact is not repeated. For the TruStone Initiative, it was agreed that within one year of it taking effect, an independent Complaints and Disputes Committee would be set up. This means that, among other things, grievances relating to an issue between a stakeholder or stakeholders not directly involved in the Initiative (e.g. an employee or a person living near a factory or quarry in the supply chain) and a member company, regarding damage for which the stakeholder considers the company to be wholly or partly responsible, can be brought to the attention of the Complaints and Disputes Committee. In such a case, after hearing both parties, the Complaints and Disputes Committee will determine whether the party that is the subject of the complaint acted in accordance with the Initiative. As both parties are heard, care is taken that both the companies and the affected parties are involved in any remedial measures that might be taken. In cooperation with the Initiative's Secretariat, the company will subsequently have to check with the affected parties whether the remedial measures have been carried out to their satisfaction.

It is important that you understand and acknowledge the significance and the role of the Complaints and Disputes Committee in relation to stakeholders. You can do this by alerting stakeholders to the existence of the Complaints and Disputes Committee. Stakeholders will of course only be able to submit a complaint if they have been made aware of the existence and the role of the Committee. You can inform stakeholders about the Committee through your international RBC policy or your website.

##### **Guidelines:**

- No:** The company does not make stakeholders aware of the existence and role of the TruStone Initiative's Complaints and Disputes Committee.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company makes stakeholders aware of the existence and role of the TruStone Initiative's Complaints and Disputes Committee.
  - The company does this through its publicly accessible international RBC policy or through its website.

#### **1.1 Do you encourage grievance mechanisms for your suppliers that are considered accessible and legitimate by those who are directly involved?**

Key question: - / Maximum score C:4

### **I-Function**

Under international guidelines, your suppliers are expected to set up a grievance mechanism, in the same way that you are. In addition to the Complaints and Disputes Committee described under the previous question, it is therefore advisable to encourage or require grievance mechanisms at the level of factories and quarries in your supply chain(s). This will allow many grievances to be resolved locally in a quick, low-cost and effective fashion. Complaints can be simple matters, but they can also be complex problems that require management and employees (or their representatives, such as trade unions) to reach a consensus. In general, you can stipulate that such local grievance mechanisms must adhere to a number of rules or meet effectiveness criteria. For example, a worker in a factory will only submit a complaint if the mechanism is trusted and accessible (in the worker's language and not too complex). This channel can be a formal complaints system, but it can also be a hotline, a worker-management committee or a confidential counsellor. It can also be a mechanism linked to a statement from an audit company that you use to monitor factories or quarries. Signs of a trusted and accessible system are the number of complaints (the more, the better sounds strange, but if people do not trust the system, they will not complain, whereas they will if the system is seen as trustworthy), the number of grievances that are satisfactorily resolved, and the extent to which workers are actually aware of the system. You or an auditor can give this matter attention during your visit to a supplier. Is the procedure for making complaints or the hotline number displayed on the bulletin board? In which language or languages do those responsible keep track of complaints and how they are resolved? What do the workers say about the system? Do they know about the system?

A trusted and legitimate mechanism at the level of factories and quarries can therefore be very helpful. Complaints that are not dealt with to the satisfaction of stakeholders can still be brought to the attention of the TruStone Initiative's Complaints and Disputes Committee.

### **Guidelines:**

- No:** The company does not encourage any grievance mechanisms at its suppliers.
- Partially:** The company does not cover all the aspects referred to under 'Yes'.
- Yes:**
- The company encourages grievance mechanisms at its suppliers.
  - The company uses audits or visits to the suppliers to check whether the system is used and trusted by the employees.

### **Appendix – Checklist audit companies**

The parties of the Initiative TruStone see affiliation with audit companies a valuable part of the overarching or 'larger' due diligence process. The assessment framework details, where relevant, for which step or for which question the statements provided by these companies can provide possible additional value. This appendix will describe in more detail the differences between the Initiative TruStone and the audit companies, and will also highlight the points of attention for each step in the due diligence process.

#### **1. Differences between the Initiative TruStone and audit companies.**

Affiliation with audit companies systems certainly merits recommendation, but it will only be a part of the requested due diligence effort of the participants of the Initiative TruStone. Reasons for this are:

- The 'basic philosophy' of TruStone and the audit companies is different: TruStone checks whether (downstream) companies are living up to their responsibility throughout the entire supply chain, whereas audit companies zoom in (upstream) on only a part of

the chain, and control and provide a statement for only certain production locations or products. For companies affiliated with audit companies this will, in most cases, in practice cases mean that a part of their production locations and/or volume will be audited, but the other part will not.

- Statements from audit companies pay a great deal of attention to the producer's standards and ways of working, but often no or limited attention to standards and ways of working of the buying party (brand, retail, or importer). Due diligence pays attention to both parties (buying party and producer). The buying party will also need to formulate policy, adjust its purchasing practice, and incorporate international RBC principles into its systems and procedures.
- For audit companies audits that control whether a producer or a product live up to certain standards play a prominent roll. Audits can also play a role in due diligence, but they will be supplemented with important process such as stakeholder dialogue, external communication, risk identification and prioritisation, collective projects etc. Participants of the TruStone Initiative sometimes are already affiliates of, or are working with, audit companies are common in the natural stone sector. These audit companies are for example IGEP, XertifiX and Fair Stone.

Besides the audit companies there are other programmes, like the Dutch initiative MVO-Prestatieladder (RBC Performance Ladder) which are based more on the framework of the OECD guidance, and also ask of companies to carry out due diligence. These programmes generally don't focus on specific sectors. Therefore the assessment framework will not go into further detail on these programmes. If you are a member of such a programme contact the secretariat to discuss to what extend you already fulfil TruStone's requirements.

## **2. The added value of audit companies due diligence**

### **Step 1: Policy and organisation**

#### **1.1. Formulating an international RBC policy**

If you are affiliated with an audit company that provides statements, e.g. XertifiX, Fair Stone or IGEP and you incorporate the demands of that system in your policy please keep in mind that:

- ILO standards are often mentioned, but that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are often not mentioned explicitly.
- In particular the themes of living wage, and land rights are not always explicitly mentioned.

You will have to incorporate those into your policy statement.

#### **1.2 The integration of international RBC policy into business operations**

It is important to share your international RBC policies with your suppliers and other business contacts. As part of this you can make agreements with suppliers regarding statements provided by audit companies.

### **Step 2: analysis of the chain**

#### **2.1 Making an overview of the production chain**

This is not a requirement of the audit companies. You will have to document your production chain.

## 2.2. Identifying risks and/or negative consequences in the production chain.

This is not a requirements of the audit companies. You will have to document risks and/or negative consequences in the production chain.

## 2.3 The prioritisation of risks and/or negative consequences

Prioritization according to severity and probability is often not a requirement of audit companies. Therefore you must prioritize in consultation with stakeholders and subsequently explore what audit companies can mean for you.

### **Step 3: Action plan**

#### 3.1. Formulating or adjusting objectives based on the prioritised risks and/or negative consequences

Audit companies often formulate objectives for their own programmes or project. In addition to this you will have to formulate your own objectives relating to the risks you prioritised. You can refer to the statements provided by audit companies in this. An example of a SMART objective is:

- In order to address the prioritised risks relating to safety and health in factory X and country Y, factory X will need to live up to the standards of audit company A by 2022.

#### 3.2: Formulating or adjusting actions based on the formulated objectives.

Projects or programmes of audit companies do not by reflect your responsibility. You will first have to determine which actions are appropriate, and subsequently explore what audit companies can mean for you.

### **Step 4: Monitoring and verification**

#### 4.1: Evaluation of the efficiency of the implemented RBC measures

Audit companies evaluate the progress of the measures taken by them. Apart from this you will have to evaluate your progress on the remaining measures yourself.

### **Step 5: Communication and reporting**

#### 5.1: External reporting on your due diligence

Audit companies report on their programs themselves. You will have to report on your due diligence and the progress of your plan of action yourselves.

### **Step 6. Access to remedy**

#### 6.1: The use of a complaints mechanism

Some audit companies have a complaint mechanism or are collaborating with one. Besides this you must make your stakeholders aware of the existence and the role of the disputes and complaints commission of the TruStone Initiative.



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