



HUMAN RIGHTS RISK ASSESSMENT IN BLUESTONE SUPPLY CHAIN IN VIETNAM

REPORT FOR TRUSTONE
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Assignment commissioned by the civil society organizations involved in the TruStone Initiative

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LIST OF ABBREVIATIONS

CSOs	Civil society organisations
FGDs	Focus group discussions
GSO	General Statistics Office of Vietnam
ILO	International Labour Organization
IPI	Industrial Production Index
MoLISA	Ministry of Labour - Invalids and Social Affairs
MoNRE	Ministry of Natural Resources and Environment
NGOs	Non-governmental organisations
OECD	The Organisation for Economic Cooperation Development
UN	United Nations
UNGP	United Nations Guiding Principles for Business and Human Rights

EXECUTIVE SUMMARY

Natural stone excavation and trade have the potential to create high revenues for firms and generate employment for workers, however, the activities of mining, quarrying and processing natural stones might impact significantly on human rights (including labour rights) of workers and the local communities.¹ In order to identify the human rights risks in the natural stones supply chain in Vietnam, the TruStone Initiative has commissioned The Centre for Child Rights and Business (The Centre) to conduct a human rights risk assessment, in which desk research was conducted including interviews with TruStone Initiative members and sectoral experts and an onsite assessment was carried out in July 2022 at six bluestone production sites in Thanh Hoa province in Northern Vietnam. The onsite assessment was done through the introduction of three TruStone Initiative members. In total, we have reached out to 133 individuals through interviews, surveys and focus group discussions in this assessment to draw the findings on the actual and potential human rights risks. This report presents these risks, contextualises the findings within the broader bluestone supply chain and offers recommendations and ways forward in addressing the gaps.

Mapping and analysing human rights risks in the business partnership in the supply chains have been considered as challenging and “relatively new even for advanced companies”.² The TruStone Initiative members involved in this assessment demonstrated considerable openness and commitment which allowed us to assess the potential human rights risks on buyer and supplier level. The research also unpacks the risks related to stone excavation and processing activities on the communities impacted by these operations.

Key Findings

The assessment identified both the potential of the bluestone supply chain (e.g. the sector is concise and has limited risks in terms of child labour and forced labour), but also identified some substantial risks both on the supplier and buyer level. The lingering risk of prison labour, lack of freedom of association, and insufficient formalisation of labour relationships (more than 1/3 of employees work without formal contracts) coupled with limited proactive supply chain management processes and little visibility into the supplier’s operation show a picture of a rather volatile supply chain that requires enhanced human rights due diligence practices.

Below we list the key findings in three groups, supply chain management, the workplace and the community and we also provide our key recommendations for next steps.

Supply chain management-related risks:

Local suppliers’ policy commitment and management capacities revealed significant gaps, notably:

- **None of the three suppliers** we visited had signed and returned the **Code of Conduct**.
- **No regular reporting channels regarding labour standards and human rights** (according to Human Rights Due Diligence, HRDD) are in place.

¹ *10 Human Rights Priorities for the Extractives Sector*. BSR. <https://www.bsr.org/en/our-insights/primers/10-human-rights-priorities-for-the-extractives-sector>

² *Human Rights and The Extractive Industry: Why Engage, Who to Engage and How to Engage*. UNEP Finance Initiative and UN Global Compact. <https://www.unpri.org/download?ac=1655>

- The **labour/human rights-related policies and associated management systems** used by these bluestone suppliers are **rudimentary**, compared with those in other labour-intensive sectors that are exporting goods to Europe and the US such as garments and footwear.
- Basic supply chain management practices do exist and include planning, sourcing, logistics, transportation and distribution. However, **more advanced management practices** which are key for a sustainable and responsible supply chain, such as environmental and social impact management, performance measurement or innovation, **have not yet been integrated** into suppliers' policy and practice.

Workplace-related risks:

- **High occupational health and safety risks.** Although these risks varied between processing sites and quarries, 39% of workers in the processing sites had experienced minor or major injuries, while 50% had been injured at stone quarries.
- **High risks related to employment contracts.** Only 60-70% of the workforce have an employment contract, and coverage of social security is limited in the workforce.
- **High risks related to freedom of association (FoA).** There is a lack of genuine representation for workers, as well as an absence of effective social dialogue or collective bargaining at the visited sites.
- **Medium risk of prison labour** was identified. Currently, the risk is limited by a public authority's ban on utilising inmates for labour outside of the prisons. The expected regulatory changes may increase the likelihood of prison labour risk while potentially providing clarity and protection for this type of labour. However, low supply chain visibility and lack of supplier compliance management, including lack of contracts **could compound the risk.**
- **Medium risk related to child labour.** While no systematic child labour problem was found, the current management system should be strengthened to ensure that appropriate and effective child labour prevention and remediation measures are in place.
- **Medium risk related to wages.** 61% of surveyed workers did not receive a living wage. All workers in our surveys and focus group discussions (FGDs) earned wages that were higher than the regional minimum wages. No wage deduction or non-payment was identified.
- **Medium risk due to limited access to grievance mechanisms** for workers at all levels. Lack of grievance mechanisms can reduce workers' chances to raise their voices and concerns related to workplace issues and/or human rights violations.
- **No indicator of forced labour risk** was identified in the assessment areas. However, the lack of formal employment relationships and grievance mechanisms **might constitute a major risk factor** for forced labour if not monitored closely.
- **Low risk related to working hours and overtime.** Workers at the supplier sites did not work excessive overtime at the time of visits. However, we found that the suppliers did not provide a weekly rest day for workers and the labour management system did not closely supervise informal workers who amount to 30-40% of the workforce.
- **Low risk of discrimination in the workplace.** The on-site assessment did not detect any signs of discrimination based on gender or ethnicity.

Community-related risks:

- **Environmental and detrimental impact on the local community, infrastructure damages and road safety are highly salient issues** to the local community. Further, in-depth and technical examinations should be conducted to understand the scale and scope of impacts caused by these issues and to understand whether the associated risks jeopardise human rights.

- Vietnam is often perceived as a country with a high risk of corruption. In our assessment, we identified that **corruption constitutes a high risk, notably during the process of opening new stone quarries.**
- **The assessment did not identify any indicator of land conflicts** relating to the three bluestone suppliers. However, for other suppliers in the same location, certain risks of land rights conflicts have been reported by the media.

While the assessment intended to provide an industry-wide review of natural stone production in Vietnam, the onsite assessment team were only able to evaluate the supply chain of three buyers for bluestone excavation. It should be noted that several risk profiles (such as child labour and prison labour) may be different in supply chains for other kinds of natural stone production.

Key Recommendations for TruStone Initiative and its Member Companies

Based on the findings, The Centre recommends the following immediate actions for TruStone Initiative and its member companies. Please refer to chapter 8 for the full set of recommendations and suggested mitigation strategies, including timeline and resources needed.

- Ensure that all business partners are committed to implementing the Code of Conduct (CoC), by requiring business partners to sign the code and operationalise the provisions in their policies, procedures and day-to-day management.
- Ensure that business partners make the CoC available in local languages for all workers.
- Establish systems for monitoring, reporting and follow-up on human rights and sustainability performances, e.g. regular on-site audits, monitoring of the implementation of and adherence to the CoC and national legislations and engagement with local stakeholders.
- Increase transparency and visibility of the supply chain by ensuring that all suppliers share a list of their subcontractors and estimations on how much they buy at the open market.
- Ensure that all suppliers have a robust HR management system in place including responsible recruitment processes, consistent use of labour contracts, access to social security, regular wage and working hour arrangements including rest days.
- Follow the possible new regime around prison labour and establish clear policies and guidelines for companies and suppliers on how to handle prison labour in various forms.
- Ensure that an easy-to-access and confidential grievance mechanism is in place.
- Ensure that occupational health and safety (OHS) standards are at the highest possible level including access to well-functioning personal protective equipment (PPE) for all workers.
- Assess the environmental impact on the local community and address the key negative impacts.

1. INTRODUCTION

1.1. Background and Purpose of the Assessment

Natural stone materials such as granite and sandstone are frequently used for domestic, commercial and public constructions. It is well known that natural stone quarrying, processing and production can have an adverse human rights impact, such as child labour, negative environmental impact, and health & safety risks.³ To address such risks and fulfil international obligations, Dutch and Flemish companies that source natural stones from international markets, including from Vietnam, have gathered with governments, NGOs and trade unions in a multi-stakeholder initiative – the TruStone Initiative.⁴

Among TruStone Initiative's 42 members, 11 companies import natural stones from Vietnam⁵, including three Dutch companies and eight Flemish companies. Nine of the 11 companies import bluestone and eight of those have a first-tier supplier in Thanh Hoa province, where the onsite assessment was conducted.

As part of TruStone Initiative's efforts to ensure that human and labour rights are respected during the extraction and processing of natural stones, the Initiative commissioned this study aiming to assess the level of actual and potential risks related to **human rights** in the natural stones sector in Vietnam. Based on the desk research, and interviews with TruStone Initiative members including level of access to suppliers in Vietnam, it was agreed that the onsite assessment should focus on the bluestone supply chain in Thanh Hoa province, Vietnam. The assessment focuses on key issues, including, but not limited to:

- *Forced labour*
- *Prison labour*
- *Child labour*
- *Working conditions*
- *Labour relationships*
- *Grievance mechanisms*
- *Social, environmental and health risks for the local community*
- *Corruption*
- *Land rights*

After examining the human rights risks in the supply chain, this assessment identified specific areas of intervention and proposes strategies to address the risks (i.e., development of a mitigation plan on human rights in the bluestone supply chain in Vietnam).

This report focuses on the findings from the on-site assessment of bluestone producers carried out in Thanh Hoa in July 2022. We will, where appropriate, also include findings from the desk research to provide context.

³ *10 Human Rights Priorities for the Extractives Sector*. BSR. <https://www.bsr.org/en/our-insights/primers/10-human-rights-priorities-for-the-extractives-sector>

⁴ *About the TruStone Initiative*. Imvoconvenanten. [About the TruStone Initiative | IRBC Agreements \(imvoconvenanten.nl\)](https://www.imvoconvenanten.nl/en/about-the-trustone-initiative)

⁵ Import of natural stone from Vietnam decreased or even halted during the COVID-19 pandemic due to high freight costs and supply chain disruptions. Overall Vietnam's natural stone production experienced a contraction of 33.5% in 2020 compared to the previous year. The TruStone Initiative member companies that were interviewed did not give any clear indication on when and if they would return to pre-pandemic purchasing practices.

1.2. Key Terms and Definitions

Table 1: Key terms and definitions

Key terms	Definition
Child	The United Nations Convention on the Right of the Child (UNCRC) defines a child as every human being below the age of 18. However, Vietnam’s Children Law 2016 ⁶ adopts a lower age (16) for children. As a general practice for supply chain management and to be in line with all International Labour Organization (ILO) guidelines, in this report, the stricter standard, i.e., age of 18, to define children is used.
Child labour	Work performed by a child that interferes with a child’s health, development and well-being and denies them the right to quality education. Child labour covers situations in which a child is either too young to work (i.e., below 15 years old in Vietnam) ⁷ or is engaged in work that is hazardous or otherwise unacceptable or prohibited for all persons below the age of 18 as described in the Ministry of Labour – Invalids and Social Affairs (MoLISA) Circular No. 09/2020/TT-BLDTBXH ⁸ detailing regulations for minor employees.
Discrimination	Article 3 of the Vietnam Labour Code defines discrimination as any distinction on the grounds of race, skin colour, nationality, ethnicity, gender, age, pregnancy, marital status, religion, opinion, disability, family responsibility, HIV infection, the establishment of or participation in a trade union or internal employee organisation in a manner that affects the equality of opportunity of employment. This definition reflects the standards for non-discrimination provided by ILO Convention No. 111.
Forced labour	The ILO Convention No. 29, ratified by Vietnam and regulated into Labour Code, defines forced labour as the use of force or threat to use force or a similar practice to force a person to work against his/her will.
Freedom of association	The ILO Convention No. 87 grants the right of workers and employers to establish and join organisations of their own choosing without previous authorisation and the government should undertake all necessary and appropriate measures to ensure that workers and employers may exercise freely the right to organise.
Gender equality	Vietnam Law on Gender Equality ⁹ , defines gender equality as being that men and women have equal positions and roles; are given equal conditions and opportunities to develop their capacities for the development of the community, and family and equally enjoy the achievement of that development.

⁶ Vietnam’s Children Law 2016. NATLEX of International Labour Organization.

<http://ilo.org/dyn/natlex/docs/ELECTRONIC/103522/125796/F-1725767197/VNM103522%20Eng.pdf>

⁷ Articles 143-147, Section 1, Chapter XI of the Labour Code 2019 provides specific regulations about minor employees aged 15 to under 18. See Vietnam’s Labour Code 2019. NATLEX of International Labour Organization.

<https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/110469/137416/F-1864718830/VNM110469%20Eng.pdf>

⁸ Circular No. 09/2020/TT-BLDTBXH details a number of articles in the Labour Code 2019 regarding minor workers.

<https://thuvienphapluat.vn/van-ban/Lao-dong-Tien-luong/Thong-tu-09-2020-TT-BLDTBXH-huong-dan-Bo-luat-Lao-dong-ve-lao-dong-chua-thanh-nien-466418.aspx>

⁹ Vietnam’s Gender Equality Law 2006. NATLEX of International Labour Organization.

http://ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=76089&p_count=96243&p_classification=05&p_classcount=3262

Occupational health and safety	According to the ILO guides ¹⁰ , occupational health and safety is identified as the discipline dealing with the prevention of work-related injuries and diseases as well as the protection and promotion of the health of workers. It aims at the improvement of working conditions and environment. The Circular No. 11/2020/TT-BLDTBXH regulates 180 jobs/tasks in mining and quarrying as hazardous and highly hazardous. ¹¹
Parent workers	Parent workers in this assessment refers to workers who have children under the age of 18.
Prison labour	According to the ILO Handbook for Employers and Business in Combatting Forced Labour ¹² , “prison labour can only be imposed on criminal convicted in a court of law. Detainees awaiting trial cannot be forced to work, nor can people who have been imprisoned as a result of a non-judicial decision. The work performed by prisoners must be done under the supervision of a public authority, and prisoners cannot be forced to work for private enterprises inside or outside the prison.”
Supply chain	A supply chain is a network between a company and its suppliers to produce and distribute a specific product/service to the final buyer.
Violence and harassment	The ILO Convention No. 190, which has not been ratified by Vietnam, defines violence and harassment as a range of unacceptable behaviours and practices, or threats, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual, or economic harm, and includes gender-based violence and harassment. While the term “gender-based violence and harassment” refers to violence and harassment directed at persons due to their sex and/or gender and it includes sexual harassment.
Young workers	Young workers refer to person under 18 years of age but above the legal minimum working age (15), who are engaged in non-hazardous work. ¹³

*Please refer to Appendix 2 about international treaties and conventions ratification status of Vietnam.

¹⁰ *Occupational health and safety Series No. 72*. International Labour Organization. <https://libguides.ilo.org/occupational-safety-and-health-en/home#:~:text=Occupational%20safety%20and%20health%20is,of%20working%20conditions%20and%20environment.>

¹¹ *Vietnam’s Circular No. 11/2020/TT-BLDTBXH issuing list of hazardous and highly hazardous jobs/tasks* <https://baohiemxahoi.gov.vn/vanban/Pages/default.aspx?ItemID=4153>

¹² *Handbook for Employers and Business in Combatting Forced Labour*. International Labour Organization. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/instructionalmaterial/wcms_099624.pdf

¹³ In Vietnam (Labour Code 2019), a term “minor employee” is used for a person who is under 18 years old, with regulations for different age groups from 15 to under 18, from 13 to under 15, and children under 13. However, in order to avoid confusion and to be aligned to international standards, in this report we will only define young workers as persons above the age of 15 and under 18 years old.

2. METHODOLOGY

This chapter presents the scope of work, identification of area and sites for the onsite assessments and a description of research activities.

2.1. Scope of Assessment

The Centre conducted the “Assessment of Human Rights Risks in the Extraction and Production of Natural Stone in Vietnam” through three main work streams:



The phase-1 desk research report relied on key secondary data and interviews with international buyers about Vietnam's natural stone sector as a whole (See Appendix 1, Table A). Six out of eleven TruStone Initiative member companies who import natural stones from Vietnam were interviewed.

The second phase focused on collecting primary data in the stone quarries and processing factories. Three out of six interviewed TruStone Initiative member companies introduced us to local suppliers, all of whom agreed to participate in the study and are active in bluestone exploitation in Thanh Hoa province. These suppliers also operate several stone quarries and processing factories. A total of six stone quarries and processing factories were visited during the on-site assessment (See Table 2).

Table 2: Buyers, suppliers and stone quarries description

Buyer	Supplier	Stone quarries	Note
Buyer A	★ Supplier 1 – Processing site (Thanh Hoa City) *Exporting to Buyer A	■ Quarry 1.1 – Yen Lam *Exporting to Buyer A	Supplier 1 owns other stone quarries in the Cam Thuy district, Thanh Hoa. However, the stone extracted in Cam Thuy is not exported to Buyer A.
Buyer B	★ Supplier 2 – Processing site (Thanh Hoa City) *Exporting to Buyer B and X	■ Quarry 2.1 – Yen Lam Quarry 2.2 – Ngoc Lac *Exporting to Buyer B	Supplier 2 has one more quarrying site in Nui Vuc district, Thanh Hoa. However, the stone extracted in Nui Vuc is not exported to Buyer B.
Buyer C	★ Supplier 3 – Processing site (Dong Son) *Exporting to Buyer C	■ Quarry 3.1 – Yen Lam *Exporting to Buyer C	Supplier 3 claimed to own only one stone quarry and has partnership with only Buyer C.

Buyer X

The supplier refused to join

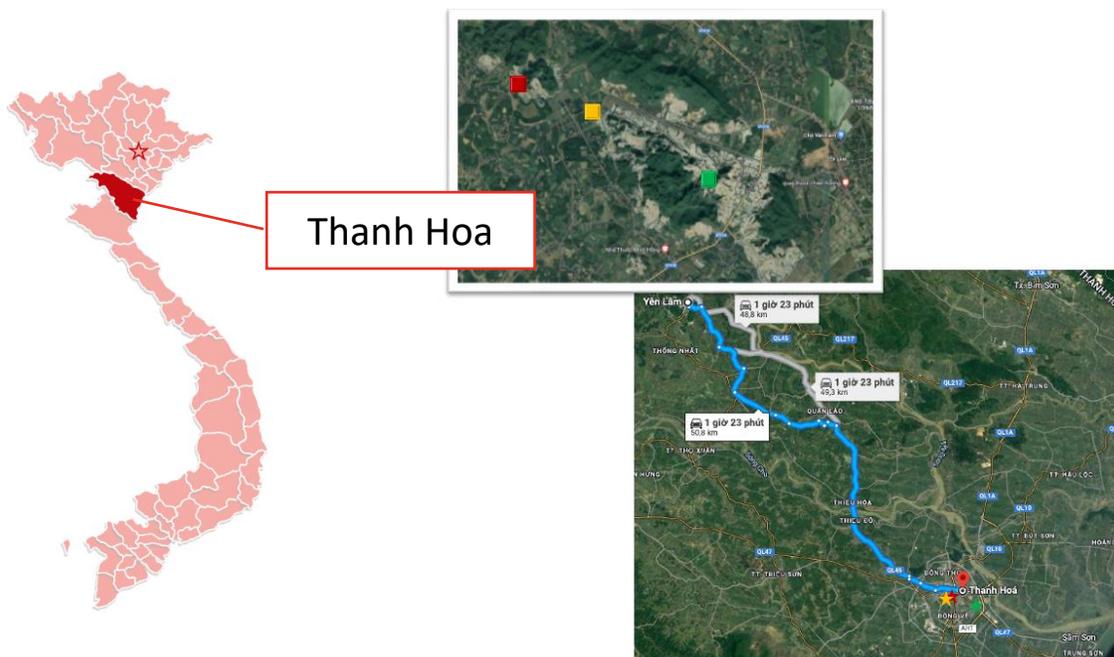
Supplier 2 also exports his bluestone products to Buyer X.

While the original assignment intended to provide an industry-wide assessment for natural stone production in Vietnam, the onsite assessment only covered the supply chain for bluestone excavation in Thanh Hoa. It is noteworthy that several risks (such as child labour and prison labour) may be different in supply chains for other kinds of natural stone production.

2.2. Methodology

Four districts in Thanh Hoa province were selected for the assessment, including Thanh Hoa city, Dong Son (adjacent and to-be-merged to Thanh Hoa city), Yen Lam and Ngoc Lac (See Map 1). All three suppliers in the study extract bluestones from the Hang Ca mountain, spreading over two different administrative districts (Yen Lam and Ngoc Lac). This region is a bluestone production hub where approximately 20 enterprises exploit and process this natural stone for exporting purposes.

Map 1: Onsite assessment of bluestone supply chain in Vietnam, 2022



Research design

A strong gender lens was applied when designing the qualitative research tools to explore the potential differences in the challenges and situations between the following groups: women and men; girls and boys; hired workers and their children at different levels of bluestone processing in the supply chain.

Our assessment data relies on both secondary and primary sources, collected through qualitative tools such as key informant interviews, surveys and FGDs. Best practice and research principles were observed during primary data collection, such as ensuring confidentiality, obtaining the consent of informants and

conducting interviews/surveys/FGDs in a safe space without management presence. The secondary data was derived from publicly available online and offline sources in English and Vietnamese.

Fieldwork in Thanh Hoa

Field access

The natural stone industry is in general not as open for foreign or external investigations or assessments as other industries, such as apparel or electronics. For this reason, The Centre relied on TruStone Initiative member companies to provide access and introduction to local suppliers for the onsite assessment. The Centre did not request any approval from government entities prior to the assessment, as this was not deemed necessary, and it might also have risked delaying the visit.

Prior to the fieldwork

Before the start of the onsite assessment, The Centre held three kick-off meetings with the supplier management teams, a TruStone Initiative representative and a company/buyer representative to outline the objectives of the assessment, confirm the visit plan and identify a list of potential interviewees/workers. The questionnaires and interview guidelines were not shared with participating stakeholders beforehand.

Three days prior to the field trips, The Centre requested supplier management teams to provide a set of documents/policies/reports for review. A complete list of documents requested can be found in Annex 8 and includes documents related to worker management, sub-contractors, internal policies, training plans etc. The suppliers were able to provide four out of the 14 requested documents.

During the fieldwork

The onsite assessment engaged with workers and management in 1st tier supplier processing factories, semi-finishing sites and stone quarries as well as community-level actors such as local public servants, workers' spouses and children living in the neighbourhood. All activities with workers were carried out without the presence of management. In one case where management was reluctant to connect its workers with The Centre, The Centre staff went to the shopfloor and conducted worker surveys directly with workers.

The visits to the communities included interviews with public servants and villagers, workers' spouses and children. All were arranged with the support of the suppliers. Since local workers lived scattered in adjacent villages, the selection of villages to visit was done by The Centre's team through contacts made with workers during the visits to the quarrying sites.

All interviews and focus group discussions were announced, arranged, and conducted within the day of the assessment. No questions were shared with the informants beforehand. We appreciated that even on short notice, all informants were willing to participate. Furthermore, the supplier management respected the informant's privacy and was not present when research activities were carried out.

2.3. Research Activities

Table 3: Summary of research actions

Phases	Interview dates	Key actions
Phase 1	May 2022	<ul style="list-style-type: none">• To structure the interviews, The Centre developed key informant interview guidelines for TruStone Initiative member companies, its secretariat and the local experts.• Nine interviews were conducted. Each interview lasted for about 50 to 70 mins and was carried out through virtual platforms, except for the in-person interview with the local experts.• The interviews were carried out upon the agreed interview guidelines. Notes were transcribed and saved in a specific “interview response sheet”.• With an emphasis on the confidentiality of our conversation with interviewees, all transcribed data were analysed anonymously.
Phase 2	11-15 July 2022	<ul style="list-style-type: none">• With support from the TruStone Initiative members, The Centre was able to connect with three suppliers located in Vietnam. All three suppliers are active in the bluestone industry.• Two experts from The Centre visited three processing factories, three stone quarries and the communities living in three nearby villages.• Six supplier management interviews were carried out at processing factories and stone quarries• 56 worker surveys (with one invalid response¹⁴) and four focus group discussions with workers (different from those who were surveyed) were carried out.• A total of four interviews were carried out with chairpersons and vice chairpersons of ward-level People’s Committees in three villages as well as two health-care staff.• Eight worker spouses participated in the interviews and 19 children in three villages participated in three FGDs.

The detailed list of informants is provided in Appendix 1, table B.

¹⁴ It is counted as an invalid response because the involved worker had only recently (2 days ago) started working in the stone quarry.

3. THE NATURAL STONE SUPPLY CHAIN IN VIETNAM

This chapter presents a snapshot of the natural stone sector in Vietnam and thereafter we zoom in on the bluestone supply chain, including its characteristics, supply chain components and labour force.

3.1. Natural Stone Sector in Vietnam

The global natural stone industry has an annual growth rate (CAGR) of up to 4%.¹⁵ The expansion has mainly been driven by the expansion of the construction and building industries. Asian producers contribute considerably to this growth, accounting for 56% of global stone production¹⁶.

Vietnam is among the top exporters of natural stones¹⁷, contributing to about 1.23% of the global market.¹⁸ The country comprises mainly mountainous fold belts with a wide variety of stones, such as granite, marble, bluestone and sandstone, and basalt, constituting a large portfolio of stone products.

The distribution of the natural stone quarries is concentrated in the Northern Midlands and mountains, North Central and Central Coast, Central Highlands and a smaller cluster in the Southern region. Quarries are found in Ha Giang, Yen Bai, Bac Kan, Thai Nguyen, Hoa Binh, Thanh Hoa, Nghe An, Thua Thien Hue, Da Nang, Quang Nam, Quang Ngai, Gia Lai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan, Ba Ria - Vung Tau, An Giang. According to the Ministry of Natural Resources and Environment, there were 115 active stone quarries in 2020.¹⁹

3.2. Bluestone Supply Chain

Overview of Thanh Hoa's bluestone excavation

Bluestone is mainly located in the Northwest area of Thanh Hoa province and partly in Ninh Binh province. Four key areas of bluestone excavation sites are located in Thanh Hoa, including Yen Lam, Ha Trung, Vinh Loc and Nui Nhoi²⁰ with about 100 companies extracting and processing bluestone. An interview with the Chairperson of Thanh Hoa Natural Stone Association revealed that these companies are domestic, private and small-sized companies and that, none of them are owned by government entities. Only 20 companies export their products to international buyers while the rest solely supply the domestic market. Around 10-20% of extracted bluestone is destined for export purposes, while 80-90% serve domestic demands.

¹⁵ *Natural Stone Market: Global Opportunity Analysis and Industry Forecast, 2021-2030*. Allied Market Research. <https://www.alliedmarketresearch.com/natural-stone-market>

¹⁶ Carlo Montani: *56% of global stone production comes from quarries in Asia (including Turkey)*. Stone-ideas.com. <https://www.stone-ideas.com/82698/dr-carlo-montani-natural-stone-statistics-2019/>

¹⁷ *Stone; setts, curbstones and flagstones, of natural stone (except slate) exports by country in 2019*. The World Integrated Trade Solution (WITS), World Bank. <https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2019/tradeflow/Exports/partner/WLD/product/680100>

¹⁸ *Where does Vietnam export Building Stone to? (2020)*. The Observatory of Economic Complexity (OEC). https://oec.world/en/visualize/tree_map/hs92/export/vnm/all/136802/2020/

¹⁹ *(Vietnamese) Potential of Vietnam's Paving Stone*. Thien Son Stone. <https://thienstone.vn/nd/tin-tuc/tiem-nang-da-op-lat-tai-viet-nam.html>

²⁰ *(Vietnamese) Stone quarries in Thanh Hoa*. Binh Tung Stone. <https://binhtungstone.com/blog/cac-mo-da-o-thanh-hoa.html>

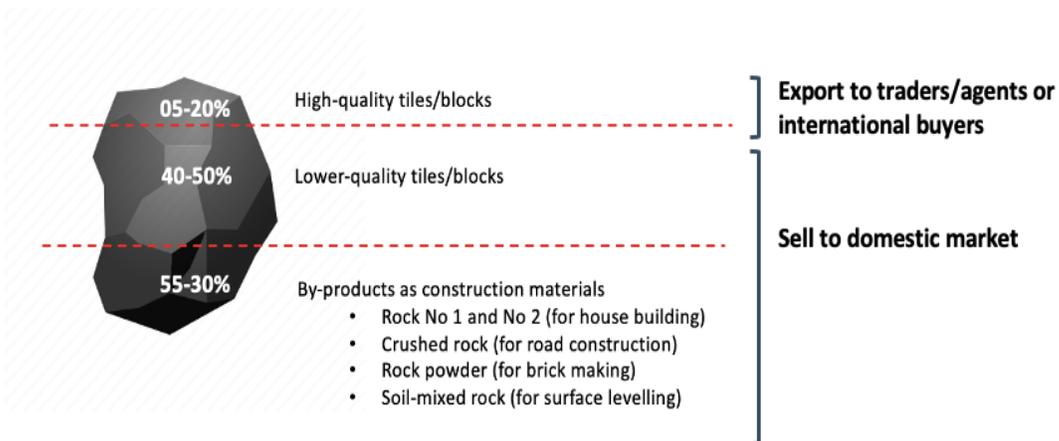
Picture 1: Stone Quarry Site, Hang Ca Mountain, Thanh Hoa



Source: The Centre, July 2022

The exported bluestone is processed in line with purchase orders of international buyers and often have much higher quality than those sold to the domestic market.²¹ In 2020-2021, according to an interview with the Chairperson of the Thanh Hoa Natural Stones Association, the export value of natural stone from Thanh Hoa amounted to approx. 40 million USD, of which bluestone export occupied 90%. The top export markets of bluestone are the Netherlands and Belgium (both accounting for approximately one-third of exported volume), Germany, France, Australia, as well as some Asian countries, such as Korea and Taiwan.

Figure A: Bluestone and by-products



²¹ For further details, please refer to Appendix 3

Thanh Hoa’s bluestone supply chains are illustrated in the following Table 4. All three suppliers visited during this assessment possess their own bluestone quarries that excavate in the Hang Ca mountain. The bluestone quarries are all open pits.

The bluestone production process involves extraction and processing. Extraction methods have changed over the last few years from mainly using explosives to utilising diamond-beaded wire sawing machines. The processing phase involves many highly skilled and hazardous tasks such as stone sawing.

Picture 2: Bluestone extraction and processing



Appendix 4 provides details about bluestone producing phases, including extraction, processing and transportation.

Key supply chain actors

Table 4: Key actors in the Thanh Hoa bluestone supply chain

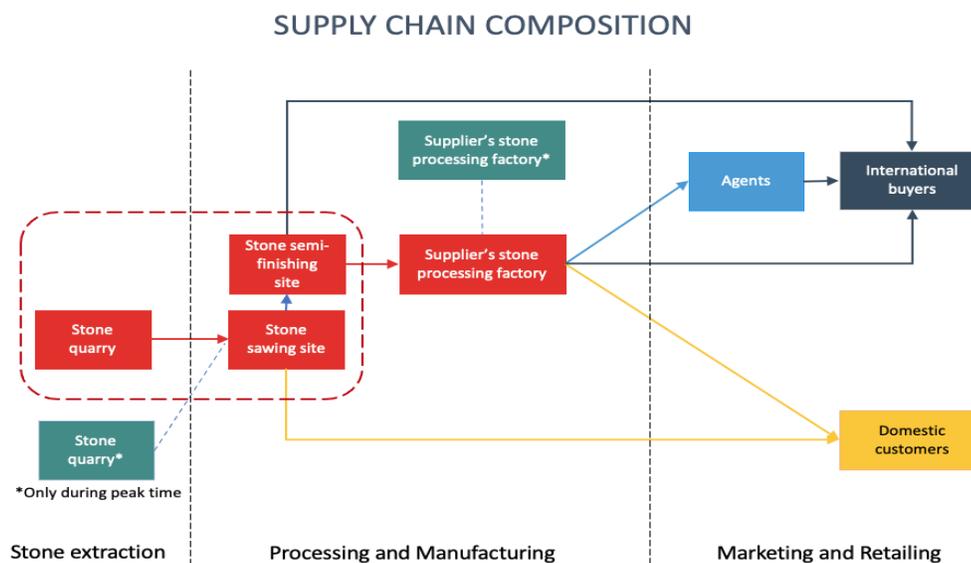
Actor	Characteristics/Description
Stone quarry license-holders	<p>According to Vietnam’s Law on Mineral Resources Mining and Quarry, the quarry licence holders can be an individual or an organisation that is licensed to explore and extract natural stones. The license is valid for 48 months and can then be renewed multiple times.²²</p> <p>In the bluestone industry, the suppliers have multiple stone quarries. During peak season, and if the supplier’s stone quarries do not extract sufficient stone slabs, suppliers might buy from/work with other stone quarries.</p>
Processing & exporting companies (1st tier suppliers)	<p>The processing and exporting companies are identified as the 1st tier supplier in bluestone supply chains, with direct contracts with either international buyers or traders/agents. Processing and exporting companies often own the quarries and processing factories and purchase additional stone slabs from other local quarries.</p>

²² (Vietnamese) Law on Natural Resources 2018. <https://thuvienphapluat.vn/van-ban/Tai-nguyen-Moi-truong/Van-ban-hop-nhat-20-VBHN-VPQH-2018-Luat-Khoang-san-410276.aspx>

Traders/Agents	The traders and agents have direct contracts with international buyers but do not own the processing factories. They play the role of vendors, who purchase finished bluestone from the suppliers.
International buyers	None of the interviewed TruStone Initiative members have a direct presence in Vietnam and work through traders/agents or via direct sourcing from 1 st tier suppliers.
Retailers	Retailers are located in the market and sell the stone products to end-consumers. International buyers can either have their own retail channels or sell the finished stones to commercial retailers.
Consumers	The consumers are those who purchase and use the final products.

As identified in the desk research, natural stone producers often self-organise through province-based business associations. The majority of local companies excavating bluestones in Thanh Hoa are members of the Thanh Hoa Natural Stone Association. The chairperson of the association informed our researcher that they have no linkages with any national-level business associations.

Chart 1: Bluestone supply chain composition, based on suppliers in Thanh Hoa, Vietnam



Relevant stakeholders

In addition to the business actors mentioned above, we would like to highlight a few non-business stakeholders that are relevant to this assessment:

- **Local communities** close to the stone quarries: Local communities around or near the quarries are strongly impacted by the excavation of natural stones. Local community members are often disturbed by the noise and dust emitted from explosions²³ or are even at risk of rockslides due

²³ (Vietnamese) Hundreds of households "live out" by the stone quarries. Labour Press - Press Agency of Vietnam General Confederation of Labour. <https://laodong.vn/ban-doc/tram-ho-dan-song-mon-ben-mo-khai-thac-da-954696.lido>

to the extraction of stones. Local community representatives are interviewed as part of this assessment.

- **Labour unions:** The Vietnam National Union of Coal and Mining Workers is a sectoral union affiliated to the Vietnam General Confederation of Labour (VGCL) – the only union system in Vietnam that represents all workers in the country according to the National Constitution. The union is usually more active in large labour-intensive industry settings and not in small and medium-sized settings. With the support and introduction by the TruStone Initiative civil society organisation in Vietnam, seven labour union representatives were approached for interviews, but we have not been able to interview any representatives.
- **Multistakeholder initiative:** Fair Stone is a Germany-based multi-stakeholder initiative²⁴ promoting decent work for workers in global natural stone production networks, especially in emerging markets such as China, Vietnam and India. Fair Stone also plays the role of an industrial standards-setting organisation. In 2007 the Fair Stone Social and Environmental Standard was developed, and partners can draw upon a network of 3rd party auditors to monitor their compliance with the standards. None of the interviewed TruStone Initiative companies or bluestone suppliers mentioned that they are a partner of Fair Stone. Fair Stone was not interviewed as part of this research.
- **NGOs:** The organisation XertifiX is advocating for better working conditions and environmental protection in the natural stone sector in Asia²⁵. XertifiX provides a standard, a certification process and a “seal” and carries out audits of companies in the stone sector. One of the interviewed companies mentioned that they collaborate with XertifiX to carry out audits in India, but not in Vietnam. No local NGOs relating to the stone sector have been identified and therefore no local NGOs were interviewed as part of this research.

3.3. Labour Force Profile in the Bluestone Industry

The workforce in bluestone production in Thanh Hoa was estimated to include approximately 10,000 workers by the provincial Natural Stones Business Association. This workforce is characterised by the following features:

- **The average age of workers was 40 years.** According to interviewed workers, younger workers either migrate to other provinces to look for jobs or work in light manufacturing industries (such as garments or footwear) till up to 35-40 years old. This largely corresponds with the worker profile in the Vietnam garment industry, where the factories are reluctant to hire workers above the age of 35.²⁶ In Thanh Hoa, workers over 35 years often find their jobs in the bluestone/stone excavation industry.
- **Contrasting to the notion of a male-dominated industry, female participation in this workforce amounted to 50%.** However, female workers are commonly found in the processing steps rather than stone extraction.
- **The workforce in bluestone excavation consisted of both highly skilled and unskilled workers.** The skilled workers, occupying about 30% of the total workforce, undertake technical and/or hazardous tasks which included machine manipulations, and explosive calculations, among others. There were still a significant number of tasks in the stone quarries and processing sites that

²⁴ *About Fair Stone.* Fair Stone. <https://www.en.firstone.org/about-us/multi-stakeholder-initiative/>

²⁵ *About XertifiX.* XertifiX. <https://www.xertifix.de/?lang=en>

²⁶ *Vietnam Country Study 2015.* Fair Wear Foundation. https://api.fairwear.org/wp-content/uploads/2011/12/Country-Study-Vietnam-FINAL_web.pdf

required unskilled and low-skilled workers, such as classifying small stones, chipping off finished products, etc. The unskilled workers tended to carry out simple tasks, such as picking up small and manageable stones or shaping the stones in the processing and finishing steps.

- **The majority of the workforce are local residents.** Migrant workers only make up around 10% of the workforce and often included highly skilled workers from Yen Bai and Nghe An **who are** recruited directly by the suppliers as experts in diamond-beaded sawing technology.
- Workers commute by themselves to the workplace. No bus is offered by the companies to the workplace. Migrant workers from further away usually stay in the dorm provided by the employer and return home once or twice per month. The research team visited one dorm and while the standard is basic in includes clean running water and toilets.
- **30-40% of the workforce are informal workers** who work without employment contracts.
- Since the stone quarries are situated in rural mountainous areas, **ethnic minorities, notably Muong people, also participate in the workforce.** However, in the stone processing factories (located near Thanh Hoa city), the Kinh (or Viet people) dominated the workforce.
- While the wages from engaging in bluestone production constituted a major part of workers' family income (on average about 60-70%), workers often maintained their **agricultural livelihoods**, generating an additional income for the household.

“We have two migrant workers whom we call ‘experts in diamond beaded wire sawing’. They are both from Nghe An where this technology has been used much earlier than in Thanh Hoa. These workers have more experience.” — Supplier A’s Quarry Manager

4. KEY FINDINGS: HUMAN RIGHTS RISKS

This chapter presents the actual and potential human rights risks identified in the bluestone supply chain in Thanh Hoa, Vietnam. Our analysis relied on both primary data and secondary information sources with a focus on the targeted areas in the assessment. The relevant contributing factors that might affect the severity and likelihood of the adverse impacts have been taken into account. We categorise the findings into three major groups: supply chain management, workplace and community-related risks.

4.1. Supply Chain Management-Related Risks

The initial desk research and the onsite assessment thereafter enabled the research team to identify the current gaps in the supply chain management practice of TruStone Initiative members to their suppliers and agents. The business practices in Vietnam's bluestone supply chain are characterised by the below features²⁷:

- **Reliance on personalised business relationships.** All interviewed companies are relying on long-term relations with their Vietnam suppliers (typically more than five years) to assess and manage supply chain risks, while the business relationship is largely built on trust and long-standing, often personal, relationships.
- **Weak policy implementation and follow-ups.** While all six companies have a code of conduct (CoC) in place (five companies are using the TruStone Initiative's CoC), only one company mentioned they are monitoring the implementation of the CoC, the remaining five companies do not have a monitoring mechanism in place.
- **Recognition of common supply chain challenges and risks.** To all six interviewed TruStone Initiative members, prison labour is a salient concern. Other issues that were recognised as human rights risks in the interviews are occupational health and safety, child labour, transportation safety, and inadequate wages for migrant workers. Corruption was also mentioned by TruStone Initiative member companies as a potential risk factor. These perceptions largely correspond with the assessment findings. Interviewed companies have limited concrete understanding of the conditions in their supply chains, as well as the causes of and solutions to these challenges.
- **Supply chain visibility and transparency.** No audits were being conducted at the time of the interviews (May 2022). Most TruStone Initiative member companies are relying on either personal visits to Vietnam or their local business partners to assess human rights risks in natural stone excavation and processing. Due to such low visibility and transparency, understanding and awareness of key human rights risks among international buyers are limited, largely anecdotal, and based on personal observations from sporadic visits. Since the COVID-19 pandemic began in March 2020, no visits or on-site audits have taken place. A few companies also mentioned that they were waiting for the result of this report to determine the next steps.

Key recommendations

The limited proactive supply chain management processes and low visibility into the supplier's operation show a picture of a rather volatile supply chain that requires enhanced human rights due diligence practices. It is recommended that TruStone Initiative members take the following actions:

²⁷ These key findings derive from interviews with six TruStone Initiative member companies importing natural stones from Vietnam. Four out of them import bluestone from Vietnam, which is the type of natural stone covered by the onsite assessment.

- Ensure that all business partners are committed to implementing the Code of Conduct (CoC), by requiring business partners to sign the code and operationalise the provisions in their policies, procedures and day-to-day management.
- Ensure that business partners make the CoC available in local languages for all workers.
- Establish systems for monitoring, reporting and follow-up on human rights and sustainability performances, e.g. regular on-site audits, monitoring of the implementation of and adherence to the CoC and national legislations and engagement with local stakeholders.
- Increase transparency and visibility of the supply chain by ensuring that all suppliers share a list of their subcontractors and estimations on how much they buy at the open market.

4.2. Workplace-Related Risks

Occupational health and safety (OHS)

Risk summary:

- There are significant gaps in the three suppliers' OHS management capacities and practices. Workers in hazardous positions lack appropriate PPE and OHS training, exposing them to significant OHS risks and potentially irreversible harm.
- Workers in bluestone production are exposed to high OHS risk both at stone quarrying and processing sites, but the nature, likelihood and severity of the risks vary across different production stages.

Recommendations:

For TruStone Initiative Member Companies

- Support business partners to establish and implement health and safety policies with detailed operational guidelines, and to cascade them to lower tiers of the supply chain.

For Suppliers

- Provide sufficient and adequate PPEs, as well as regular OHS training for workers (during onboarding and on a continuous basis).
- Implement HR measures to increase social security coverage among workers.
- Collaborate with local government to increase universal health coverage among workers.

Analysis

Mining and quarrying sectors are classified as extremely hazardous and dangerous occupations.²⁸ However, the nature of risks (both severity and likelihood) varied between jobs in stone quarries and processing factories.

The Ministry of Labour —Invalids and Social Affairs (MoLISA) reported that occupational accidents in the mining and quarrying sectors made up 18-20% of the total number of occupational accidents nationwide and in some cases, miners did not go through any training in occupational health and safety.²⁹ According to the provincial Natural Stones Business Association, the number of accidents had significantly decreased to only 10% of the earlier no of occupational accidents due to the application of diamond wire cutting

²⁸ (Vietnamese) Occupational health and safety in mining industry. Health Environment Management Agency, Ministry of Health. <https://vihema.gov.vn/cong-tac-qua%CC%89n-ly-ve%CC%A3-sinh-lao-do%CC%A3ng-suc-kho%CC%89e-nguoi-lao-do%CC%A3ng-trong-nganh-khai-thac-mo%CC%89.html>

²⁹ (Vietnamese) Occupational health and safety risks in stone excavation. Real-Estates Times. <https://reatimes.vn/ky-3-bao-dong-mat-an-toan-lao-dong-20201224000010833.html>

techniques replacing traditional blasting methods in stone quarries, prompted by a industry-level shock of rock failure event in 2016.³⁰ (See Box 1)

Box 1: The industry-level shock in bluestone excavation

In January 2016, a rock failure caused a serious accident in the quarries and killed 8 people working at the site. It was reported that a group of workers were quarrying stone when suddenly a very large volume of rock collapsed from the top of the mountain, burying 8 people working in the quarry below. Experienced workers for the sector believed that the rock probably collapsed due to aftershocks of the blasts. The explosions made the rock loosen from the mountain bed. In addition, the rainy weather at the time of the accident was thought to be one of the contributing factors. The Business Association informed our researchers that this event led to the technological transformation in the bluestone excavation, with a shift from explosive to non-explosive excavation methods.

The suppliers participating in this assessment offered several free-of-charge PPEs for workers. Boots, gloves and masks were commonly provided. However, several indications of occupational health and safety risks were identified:

- The provided PPEs sometimes were not suitable for the tasks. For example, gloves for workers were meant for domestic usage but not proper for industrial working activities.
- Workers were not always fully and properly clothed with the provided PPEs.
- Some workers had to modify or create their own PPE to make it more practical for their work.

None of the suppliers provided evidence for noise monitoring, which is required by law. Circular No. 24/2017/TT-BTNMT issued by the Ministry of Natural Resources and Environment (MoNRE) stipulates that the frequency of noise monitoring to be carried out at the workplace is 4 times per year.³¹

Since the nature of work in processing factories and quarries were different, we separately evaluated the occupational health and safety risks for these two types of workplaces:

- At the quarries, the machines were used more frequently in stone extraction, sawing and cutting. These machines were often extremely heavy equipment or vehicles. The mechanisation helps to reduce the likelihood of accidents compared to stone blasting. However, the severity of any workplace accidents will be extremely high due to their irremediability. This indicates that the risks at quarries need to be closely monitored and sufficiently mitigated to prevent potentially severe consequences.
- The processing factories were filled with various kinds of machines. Manipulating these machines without proper PPEs could potentially seriously injure workers in their hands, arms or legs. These risks are remediable or partly remediable if proper PPEs were equipped and strict labour safety rules were applied and consistently monitored.

Recommendations

To reduce OHS hazards and minimise the risk for workplace injuries, we recommend TruStone Initiative members to establish strict health and safety policies with detailed instructions and also to cascade them

³⁰ (Vietnamese) Thanh Hoa authority ceased the operation of 11 stone quarries after the rock failure causing death of 8 workers. <https://zingnews.vn/thanh-hoa-tam-dung-11-mo-da-sau-vu-8-nguoi-thiet-mang-post623077.html>

³¹ (Vietnamese) Ministry of Natural Resources and Environment's Circular No. 24/2017/TT-BTNMT regarding environmental monitoring requirements at workplace. <https://hethongphapluat.com/thong-tu-24-2017-tt-btnmt-quy-dinh-ky-thuat-quan-trac-moi-truong-do-bo-truong-bo-tai-nguyen-va-moi-truong-ban-hanh.html>

to the lower tiers of the supply chain, to ensure the standards meet the international and national requirements. Suppliers should be responsible for monitoring the implementation of these requirements.

There is a need to establish strong management policies and systems regarding OHS. Furthermore, offering regular training for workers, and providing sufficient and adequate PPEs are crucial to mitigate these risks.

Frequently carrying out environment monitoring is crucial to comply with the national laws on mitigating risks for workers caused by exposure in a polluted environment. Additionally, increasing social security coverage is essential for workers, especially in the bluestone processing work.

It is recommended to collaborate with the local government to boost universal health coverage amongst workers (e.g. with district leaders or the designated bodies such as the Department of Labour-Invalids and Social Affairs, or the village and sub-district leaders).

Employment Contract and Social Security

Risk summary:

- Lack of employment contracts is persistent among the surveyed supplier companies. This constitutes a major risk for the exploitation of workers and creates precarious working conditions.
- Low coverage of social security schemes for workers was common among the suppliers. This is a significant issue as workers in the industry that are performing hazardous work are deprived of their entitled protection and benefits.
- Precarious wage arrangement for informal workers constitutes another major risk and is compounded by other risks such as lack of contracts and social security benefits.

Recommendations:

For TruStone Initiative Member Companies

- Mandate their suppliers to improve HR management systems and streamline the contractual status of all workers.
- Continuously assess the income levels of workers at stone quarries and processing factories to understand how wages and working conditions are shaped by their business and purchasing practices.

For suppliers

- Improve the HR System with clear recruitment procedures and a robust age verification process.
- Provide all workers with monthly payslips, including informal workers who are paid at piece rate.
- Increase social security coverage including for informal workers.
- Orientation and refresh training about wage calculations and lawful entitlements for workers.

Analysis

The suppliers have basic HR systems which include attendance checking and salary payments and cover certain parts of workers in quarries and processing factories. While the risks of paying under minimum wages were low, other risks associated with the lack of employment contracts and limited access to social security schemes were found to be high for workers in the bluestone industry.

Employment contracts

The workforce is comprised of core personnel and various groups of informal workers. The former group, who were given their employment contracts, amounted to 60-70% of the workforce, consisting of managerial & office staff and workers at certain positions, such as in-mountain workers, and team leaders of informal workers. The latter group of informal workers, making up 30-40% of the workforce, include those who informally teamed up together under the supervision and management of the team leaders without any contractual relations.³² This self-reported ratio was consistent across three suppliers. (See Table 5).

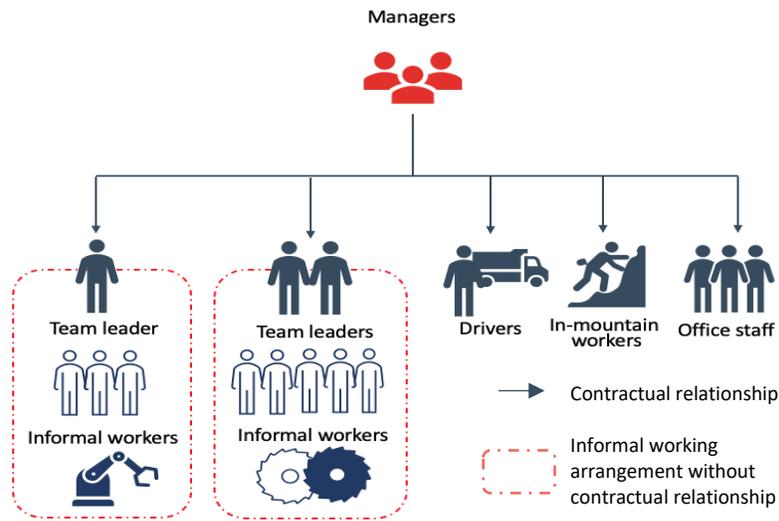
Table 5: Types of workers and their contractual arrangements

Types of workers/staff	Workplace	Employment contracts	Types of payment	Note
Managerial and office staff	Processing factory Stone quarry	Long-term contract	Fixed monthly wages	
Drivers	Transportation	Fixed-term contract (Annually renewed)	Daily fixed wage	
In-mountain workers	Stone quarry	Fixed-term contract (Annually renewed)	Daily fixed wage	Drilling workers, workers setting up diamond wire cutting machines, workers splitting stone slabs from rock
Team leaders in processing team	Processing factory Stone quarry	Fixed-term contract (Annually renewed)	<u>Piece rate</u>	Stone sawing or certain processing steps
Informal workers	Processing factory Stone quarry	<u>No contract</u>	<u>Piece rate</u>	Stone sawing or certain processing steps

Figure 5: Illustration of contractual arrangements between supplier managers and teams of informal workers

While the formally hired core personnel was relatively stable, informal workers were much more fluid as the team members were grouped together temporarily. The informal workers tended to discretionarily move around the stone quarries in the local area.

³² Each team has around 4-7 informal workers specialised in stone sawing or certain processing steps, such as stone cutting, grinding, chipping etc.



All informal workers who joined our FGDs were local people. Most of the informal workers lived in the neighbourhood of the team leaders or were related to them. 14 of them claimed to have above 5 years of experience in the bluestone industry and have not settled in any quarries or processing sites.

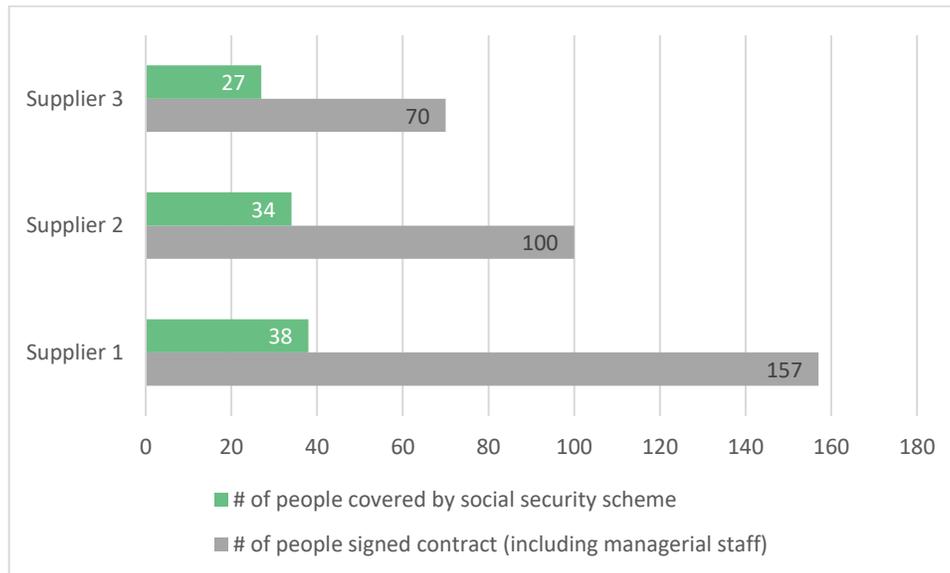
10 out of 20 workers in our FGDs were informal workers without contracts. The 10 contracted workers in the FGDs indicated that their contracts were annually renewed. Reviewing the documents provided by the suppliers, we also identified several fixed-term contracts that were signed without duration. These practices appeared in all three suppliers and are not in line with Article 19 and Article 21 of the Labour Code 2019.³³

Social security coverage

Upon reviewing documents provided by suppliers and triangulating different sources of data (i.e., evidence of signed contracts and public social security records), we found considerable discrepancies between the total number of employment contracts and the number of people covered by social insurance schemes

³³ *Vietnam Labour Code 2019*. Ministry of Labour-Invalids and Social Affairs.
http://boluatlaodong2019.molisa.gov.vn/lang_en/topic/viet_nam_labour_code/index

Chart 2: Employment contract and social scheme coverage



This finding implied that a large part of the workforce was not covered by the social security scheme, regardless of if they have employment contracts or not, leaving these workers vulnerable in a highly hazardous industry. This informalisation of the workforce is an important issue because workers active in the bluestone industry (and in natural stone excavation) are performing the work under the categories of hazardous and extremely hazardous work.³⁴ Workers in these categories are entitled to special statutory treatments (such as longer paid leaves, special policies for occupational accidents and diseases, etc.)³⁵. Without the social security scheme, the workers are deprived of all these entitlements.

“To be honest, I am already at this age (over 35 years old) and still doing this hazardous work. I really want to have a contract with the factory. So that the company will be responsible for a part of my social security contribution. It is very important to have a secure future.” — Informal worker during FGD at Stone Quarry 1.1.

The majority of informal non-contract workers (9 out of 10) in our FGDs expressed their willingness to sign employment contracts with the companies and thereby join the social security scheme which would provide them with social protection.

Wage arrangement

During the assessment, we identified precarious wage arrangements for informal workers whose wages were paid in lump sums to team leaders. Such arrangements are a risk factor for forced and bonded labour

³⁴ (Vietnamese) Ministry of Labour-Invalids and Social Affairs’ Circular No. 11/2020/BLDTBXH regarding list of hazardous and extremely hazardous work. <https://luatvietnam.vn/lao-dong/thong-tu-11-2020-nghe-cong-viec-nang-nhoc-doc-hai-nguy-hiem-198062-d1.html>

³⁵ (Vietnamese) Ministry of Labour-Invalids and Social Affairs’ Circular No. 11/2020/BLDTBXH regarding list of hazardous and extremely hazardous work per sector. <https://luatvietnam.vn/lao-dong-tien-luong/danh-muc-nghe-nang-nhoc-doc-hai-2021-562-28555-article.html>

and need to be addressed. This also occasionally resulted in disputes within the worker groups. Although the largely homogeneous and local workforce might produce certain informal social network effect that mitigated the risks of unpaid work or forced labour, the precarious wage arrangement for informal workers nonetheless constituted a major risk if not monitored closely.

The day labourers’ income was either calculated per day or by workload/piece rate. 26 out of 55 surveyed workers received a daily fixed wage ranging from VND 300.000-500.000 depending on the position. For instance, in-mountain workers and drivers received their payments based on the number of working days. The other workers, working at different processing stations, were paid on a piece-rate.

According to the supplier management, they did not closely supervise informal workers because they would often change their jobs around the quarries. The managers only managed the team leaders and the pieces reported by these leaders. The wages of the whole team were paid to the team leaders monthly. The leaders were responsible to distribute the payment to their members. This did lead to conflicts from time to time but was often solved internally among team members.



“Sometimes the team leader is greedy and takes a larger pay than what he/she deserves.” —Interview with Manager of Quarry 3.1

The regional minimum wages applied in Thanh Hoa were 3,640,000 VND for Thanh Hoa city and Dong Son (where suppliers’ processing sites were located) and 3,250,000 VND for the other districts (covering the quarries).³⁶ None of the workers who participated in our survey and FDGs received wages lower than the minimum wages.

Table 6: Wages of surveyed workers, in comparison with statutory regional minimum wages (Unit: VND/USD)

Suppliers	Factory/ Quarry	No of surveyed workers	Average salary	Min	Max	Regional minimum wage	Average wage compared to the 2020 living wage benchmark by ALIGN Living Wage & Living Income Data Set ³⁷ (VND8,635,972 – USD 367 ³⁸) Unit: Percentage
Supplier 1	Processing factory	8	VND 8.375.000 (USD 355)	VND 7.000.000 (USD 297)	VND 10.000.000 (USD 425)	(Region 3) VND 3.640.000 (USD 154.70)	3% lower
	Quarry	10	VND 8.850.000 (USD 376)	VND 4.500.000 (USD 191)	VND 13.000.000 (USD 552)	(Region 4) VND 3.250.000 (USD 138.12)	2% higher

³⁶ (Vietnamese) Vietnam regional minimum wages 2022. <https://ebh.vn/nghiep-vu-tong-hop/danh-muc-ma-vung-luong-toi-thieu-moi-nhat-va-ma-vung-sinh-song>

³⁷ This benchmark contains living wage and living income data for over 40 countries. These are the countries for which living wage and living income studies were carried out by the Global Living Wage Coalition and the Living Income Community of Practice, based on the Anker methodology. See <https://align-tool.com/#flashes>

³⁸ The exchange rate used in this report is the rate on September 6, 2022 when 1 USD is equivalent to 23,530 VND.

Supplier 2	Processing factory	10	VND 9.030.000 (USD 383)	VND 7.000.000 (USD 297)	VND 12.000.000 (USD 510)	(Region 3) VND 3.640.000 (USD 154.70)	5% higher
	Quarry	7	VND 7.714.000 (USD 327)	VND 5.000.000 (USD 212)	VND 10.000.000 (USD 425)	(Region 4) VND 3.250.000 (USD 138.12)	11% lower
Supplier 3	Processing factory	10	VND 7.500.000 (USD 318)	VND 7.000.000 (USD 297)	VND 9.000.000 (USD 382)	(Region 3) VND 3.640.000 (USD 154.70)	13% lower
	Quarry	10	VND 7.760.000 (USD 329)	VND 6.000.000 (USD 255)	VND 10.000.000 (USD 425)	(Region 4) VND 3.250.000 (USD 138.12)	10% lower

In 2020, the Living Income Community of Practice estimated that at least VND8,635,972 (equivalent to USD 372) income per month is required to constitute a living wage in a Vietnamese standard family in rural areas.³⁹ 61% surveyed workers (34 out of 55) received wages from the bluestone production that were lower than the living wage benchmark.

The focus group discussions showed that workers (and their families) often have two sources of income: wages from bluestone-related jobs (60-80% of the income) and agricultural activities/others (20-40%).

Recommendations

We recommend that TruStone Initiative members require their suppliers to improve human rights management systems, streamline the contractual status of all workers to ensure that provisions in the Labour Code are met and that all workers are given access to social security.

Furthermore, it is important that all workers understand how their wages are calculated and that suppliers provide all workers with monthly payslips, including informal workers who are paid at piece rate. A payment record system for all workers at suppliers is highly important to guarantee not only that there will be no payment under minimum wage, but also to ensure fair payment for all workers.

While the risks regarding minimum wage and living wage were considered as medium level in the bluestone excavation, it is suggested to continuously assess the income levels of workers at stone quarries and processing factories. It is important for TruStone Initiative members to understand how wages and working conditions are shaped by their business and purchasing practices, and if any measures need to be taken to enable a living wage and dignified living conditions for workers and the families living in the nearby communities. This can be done by developing survey tools to continuously measure household income (might be done in collaboration with the local government and services).

³⁹ *Living Income Benchmarks*. Living Income. <https://www.living-income.com/living-income-benchmarks>

Freedom of Association

Risk Summary:

- Due to the specific political and legal contexts, workers in Vietnam have limited opportunity to exercise genuine FoA in the workplace.
- Only one out of three suppliers are unionized without operationalizing collective bargaining
- The precarious working conditions facing informal workers in micro and small-sized companies make conventional unionisation challenging.
- There is considerable misperception among surveyed workers regarding the union's functions.

Recommendations:

For TruStone Initiative Member Companies

- Sensitise their suppliers on freedom of association, collective bargaining and social dialogue.
- Support suppliers to establish an anonymous and effective grievance mechanism, as well as regular management-worker consultations to hear workers' concerns and needs.

For Suppliers:

- Ensure that all workers are informed about their entitlements for setting up a union or worker-representative organisation of their own choosing and support the creation of unions in case this is expressed.
- Inform workers about the functions of the union.
- Take part in collective bargaining with good faith and regularly carry out social dialogue in line with local labour laws.

Analysis

Vietnam has, in terms of labour rights, ratified nine out of ten international conventions on fundamental principles and rights at work—the Convention on Freedom of Association and Protection of the Right to Organise⁴⁰ the remaining one that has not yet been ratified. According to ITUC Rights Index 2022,⁴¹ Vietnam is rated 4 (in a score ranging from 1 to 5—sporadic violations to no guarantee of rights) with systematic violations.

Since 2019, the Labour Code has introduced the right to organise, for workers to form unions of their own choosing (worker representative organisations).⁴² However, there are concerns that this legislative framework improvement isn't sufficient to ensure that in reality workers can organize their own unions, even in factory settings where labour relations are formalised.⁴³

In Thanh Hoa, all bluestone producers, including three visited suppliers, are micro and small-sized family companies whose workforce is characterized by informal employment relations. As mentioned above,

⁴⁰Up-to-date Conventions and Protocols not ratified by Viet Nam. NORMLEX of International Labour Organization.

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11210:0::NO::P11210_COUNTRY_ID:103004

⁴¹ 2022 ITUC Global Rights Index: The world's worst countries for workers. Executive Summary. International Trade Union Confederation. <https://files.mutualcdn.com/ituc/files/2022-ITUC-Rights-Index-Exec-Summ-EN.pdf>

⁴² (Vietnamese) Worker representative organization at workplace. International Labour Organization.

https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_768792.pdf

⁴³ Nguyen, H. H. (2022). *Realizing freedom of association under Vietnam's legislation*. Vietnam Law and Legal Forum Magazine. <https://vietnamlawmagazine.vn/realizing-freedom-of-association-under-vietnams-legislation-48787.html>

informal workers within a team are loosely organised and would require different types of associational principles and organisational strategies rather than a conventional unionisation process.⁴⁴

In the assessment, *two out of the three suppliers do not have trade unions*, only one company is unionized. There is no evidence of collective bargaining and wage negotiation only takes place at the individual level. Social dialogue initiated by the union, therefore, is not practised at these suppliers. The internal communication between employers/management and workers is not regulated with procedures and is therefore less formal.

Notably, we found that there is a major misperception among workers both in terms of the existence and the roles of their unions, 37 out of 55 workers believed that they have a union at the workplace, including those in non-unionised suppliers.

Chart 3: “Do you have a union at the workplace?”



The percentage of workers perceiving that they have a union at Supplier 1 was 83% of surveyed workers. The manager of Supplier 1 shared that they used to have a union until 2018, but it did not remain due to company restructuring. For Supplier 2, the surveyed workers assumed that they had unions, and the union leader was the sales manager. The manager of Supplier 2, however, confirmed that there was no union at the workplace. Supplier 3 has been unionised since 2010. However, only 67% of surveyed workers knew that they have a union.

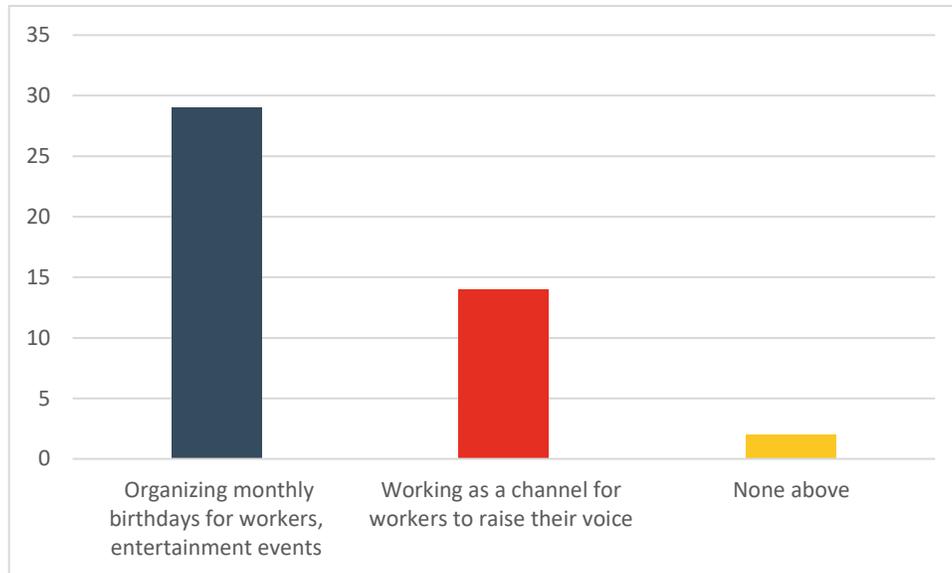
We also assessed workers’ perceptions of union activities at their workplace. 21 of the surveyed workers thought that their trade unions organised monthly birthdays and entertainment events for workers. 14 workers, who considered the union as a channel to raise their concerns, were all from the non-unionised suppliers.

The mismatch between workers’ perception of unions and the actual union status indicated weak awareness among workers of the purpose of the unions, including their freedom of association and collective bargaining rights, as well as the lack of communication from the employers about the union status of the workplace. It is understood that the district-level union has made limited efforts to organise and build capacity for stone workers in micro and small-sized companies such as those in the bluestone

⁴⁴ *Organizing workers in the informal sector A strategy for trade union-cooperative action*. International Labour Organization: Cooperative Branch.
https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_110508.pdf

sector in Thanh Hoa but focused more of their attention on other industrial settings such as in garments, footwear or electronics companies.

Chart 4: “What are the main activities of your union?”



Among 18 workers who thought that there was no union at the workplace, half of them did not express a need for organising a union at the workplace. However, the right to organise should be encouraged at all levels.

Recommendations

We recommend that the TruStone Initiative members sensitise their suppliers on key issues related to freedom of association, collective bargaining and social dialogue, and support suppliers to establish an anonymous and effective grievance mechanism, as well as regular management-worker consultations to hear workers’ concerns and needs.

TruStone Initiative member companies should also work with suppliers to ensure that all workers are informed about their entitlements for setting up a union or worker representative organisation and support the creation of unions in case this is expressed by the workers. Suppliers should also duly inform workers about the functions of the union and take part in collective bargaining with good faith and regularly carry out social dialogue in line with local labour laws.

Only when the right to organise for workers is guaranteed, and when an effective, accessible and anonymous grievance mechanism is put in place, can the collective bargaining process be genuinely carried out.

Prison labour

Risk summary:

- No indication of prison labour risk was identified during the pre-announced onsite visit.
- This observation was triangulated with supplier’s managers, workers and public servants (Chairpersons of Ward-Level People Committees), all of whom confirmed that prison labour has not been used in the last two years.
- However, upcoming changes in the regulatory regime are likely to increase the prison labour risk to medium level in the short to medium term.

Recommendations:

For TruStone Initiative Member Companies

- Develop a clear policy on the use of prison labour.
- Cascade the policies in the supply chain and train all suppliers about monitoring systems with identification of “red flag” practices.
- Stakeholder engagement as whistleblower reporting case(s) of violation with a rigorous procedure of reporting and intervention (if needed).

For suppliers

- Commitment to not use prison labour.
- Establish robust HR management systems including formal contracts for all workers.
- Provide list of sub-contractors/service providers.

Analysis

Vietnam, in its journey to integrate deeper into international economics, notably through the Vietnam-EU Free Trade Agreement, has ratified two ILO Core Conventions to eliminate forced and compulsory labour.⁴⁵ However, Human Rights Watch said that “Forced labour still happens in Vietnam’s prisons, hidden behind the entirely opaque and unaccountable operation of those facilities. Forced labour also occurs in drug detention centres where those held are not taken to court but still face detention”⁴⁶.

Given the available evidence and interviews with industry insiders, we consider it a real possibility that natural stones are in part produced through prison labour. The challenge with prison labour in Vietnam is that, despite the government’s insistence that prison labour does not constitute forced labour⁴⁷, local and national media reports have long associated prison labour in Vietnam with forced labour and raised concerns that prisoners and drug users are forced to work against their will.

“In Yen Lam, Camp No.5 is infamous. Before the ban, many companies use this type of labour (i.e. prison labour). I think that they were paid. However, I don’t really know how.” —Interview with Supplier C

TruStone Initiative member companies did recognise prison labour as a human rights risk in their supply chain. Two buyers indicated that a person witnessed prison labour when visiting a quarry site about 5 to

⁴⁵ Press Release: ILO welcomes milestone to end forced labour in Viet Nam. International Labour Organization. https://ilo.org/hanoi/Informationresources/Publicinformation/Pressreleases/WCMS_747233/lang--en/index.htm

⁴⁶ Forced labour: How Vietnam hopes to open to trade – by opening up its prisons to scrutiny. The Guardian. <https://www.theguardian.com/global-development/2020/jul/15/vietnam-is-cleaning-up-its-human-rights-image-will-this-change-its-prisons>

⁴⁷ (Vietnamese) Vietnam has no forced labour. Human Rights - Specialized website of Bureau of Foreign Information Service. [Việt Nam không có lao động cưỡng bức - nhanquyen.vietnam.vn](http://vietnam.không.có.lao.động.cưỡng.bức-nhanquyen.vietnam.vn)

10 years ago. One of them also mentioned that it is known that certain quarries in the same region (where their agent works) are using prison labour.

Taking these concerns into account, questions about prison labour were raised directly and indirectly with **all** informants during the on-site assessment (except children). During the assessment, we found no signs of prison labour neither with our walkthroughs of the quarries nor through interviews and surveys. However, triangulating information with workers in FGDs, all workers confirmed that they have previously observed prison labour on the stone quarries they worked on, although they said that this is no longer the case at the time of the assessment. In our interviews with suppliers, we were also told that using prison labour could reduce the cost of labour by 20-30%.

During the assessment and through interviews, we were told that Vietnam's Ministry of Public Security put a freeze on the practice of using prison labour in 2020. We have not been able to confirm this through any written statement, but the Thanh Hoa natural stone business association and the supplier management confirmed this ban and voiced strong concerns themselves about the use of prison labour, both citing business reasons (such as low-skill level of prison workers, reputational risks) as well as ethical concerns about forcing people to work.

However, public information suggests that the Vietnamese government is planning a pilot with 1/3 of all prisons in the country to allow prisoners to engage in work outside of prisons,⁴⁸ alongside regulatory and legislative reforms aimed at institutionalising the practice (See Box 2).

Box 2: Expected changes in regulations about prison labour

Regulatory and legislative changes at macro-level institutions might result in changes of the nature and level of risks in this matter. Specifically, in June 2022, a pilot plan of the Ministry of Public Security to manage the inmates' work outside of prison camps as vocational adaptation/guidance has been presented to the National Assembly and received approval. The corresponding bylaws took effect on 1 September 2022 and will expire in 5 years. The pilot will be carried out in 1/3 of the prisons under the management of the ministry. The list of piloted prison camps has not yet been revealed.

The plan provides the eligibility for inmates to work outside prisons and offers several entitlements for involved inmates such as working on a voluntary basis, equal treatment, etc. Differing from the previous period, when inmates were not given any pay, the plan proposes that inmates shall get a payment worth 12% of their labour value.

With this institutionalisation of prison labour, the likelihood of the risk factor will increase. However, the severity might decrease due to clearer legal guidance and protections for inmates engaged in prison labour.

While the likelihood of prison labour in the workforce is low at present due to the current ban, the overall prison labour risk level is considered to be medium because of the complexities and difficulties in remediating prison labour should it be found in the quarries. Therefore, we rate **the risk for prison labour to be medium** as we foresee both mitigating and aggravating factors regarding the risk of prison labour in the near future.

⁴⁸ (Vietnamese) *Pilot on bringing prisoners to work outside of prison for 5 years*. Thanh Nien - Youth Press. <https://thanhnien.vn/thi-diem-dua-pham-nhan-ra-lao-dong-ngoai-trai-giam-trong-5-nam-post1469080.html>

The newly planned pilot seems to provide clearer legal guidance on when working outside of prison is acceptable and under what kind of conditions. While the institutionalisation of working conditions for prison labour might provide certain protections for the prisoners and therefore probably lower the severity, this factor might increase the probability of occurrence.

Therefore, more efforts need to be done by TruStone Initiative member companies and their suppliers to mitigate this risk. We observed that suppliers have considerable awareness of the sensitivity of prison labour. Firstly, operationally speaking, the suppliers acknowledged that prisoners do not have sufficient skills and provide low working performance. Secondly, one supplier manager stated humanitarian reasons for not using this type of labour in their production. And thirdly, the suppliers understood the buyers' concerns and salient risks regarding prison labour. Informants revealed that an exporting company in the Business Association previously had its contracts terminated by an international buyer due to the prison labour issue.

Recommendations

ILO Forced Labour Conventions No. 29 and 105 do not prohibit the use of prison labour and international laws normally do not consider prison labour as forced labour. However, prison labour poses a high risk relating to forced labour if the restriction of its use is not thoroughly and strictly respected.⁴⁹

Given that the practice of prison labour has been identified as a risk in the bluestone supply chain and that the upcoming regulatory changes might increase the probability of its use, we recommend that the TruStone Initiative develop a clear policy on the use of prison labour. This TruStone Initiative's policy should also take into account that suppliers might encounter pressure from authorities to employ prisoners (if the new national policy comes into effect).

This policy should be based on the TruStone Initiative's Assessment Framework and Code of Conduct and clearly explain how any use of prison labour will be handled by TruStone Initiative members.

Furthermore, we also suggest that a strong reporting and monitoring system is developed (see above under general recommendations) that includes forced prison labour and a list of "red flag" practices that will trigger remediation and possible sanctions. The reporting could include self-reporting by suppliers on changes in government practice and how they are responding, including any use of prison labour.

Awareness raising and sensitisation of all partners in the industry around prison labour should be conducted with urgency and this should also be discussed in the context of increased supply chain transparency and traceability. Stakeholder engagement should also be considered including, establishing collaboration with NGOs and local community organisations that can act as a whistleblower to report case(s) of violation.

⁴⁹ *Handbook for Employers and Business in Combatting Forced Labour*. International Labour Organization. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/instructionalmaterial/wcms_099624.pdf

Child labour

Risk summary:

- The overall child labour risk in Thanh Hoa province is medium.
- The assessment identified two past cases of children being present at the workplace, suggesting that there are gaps in suppliers' management systems.
- There was no coherent policy on age verification and checking the IDs of new employees.

Recommendations:

For TruStone members

- Support suppliers in understanding, adopting and implementing the Code of Conduct, as well as a child labour prevention and remediation protocol.
- Supplier evaluation and contracting process should take into consideration the suppliers' performance in implementing child labour prevention and remediation measures.
- Ensure that the TruStone Initiative Child Labour and Child Rights reference document is shared with all agents and 1st tier suppliers.

For suppliers

- Establish robust age verification systems and recruitment practices.
- Train relevant managers, HR staff and supervisors on child labour prevention and remediation.

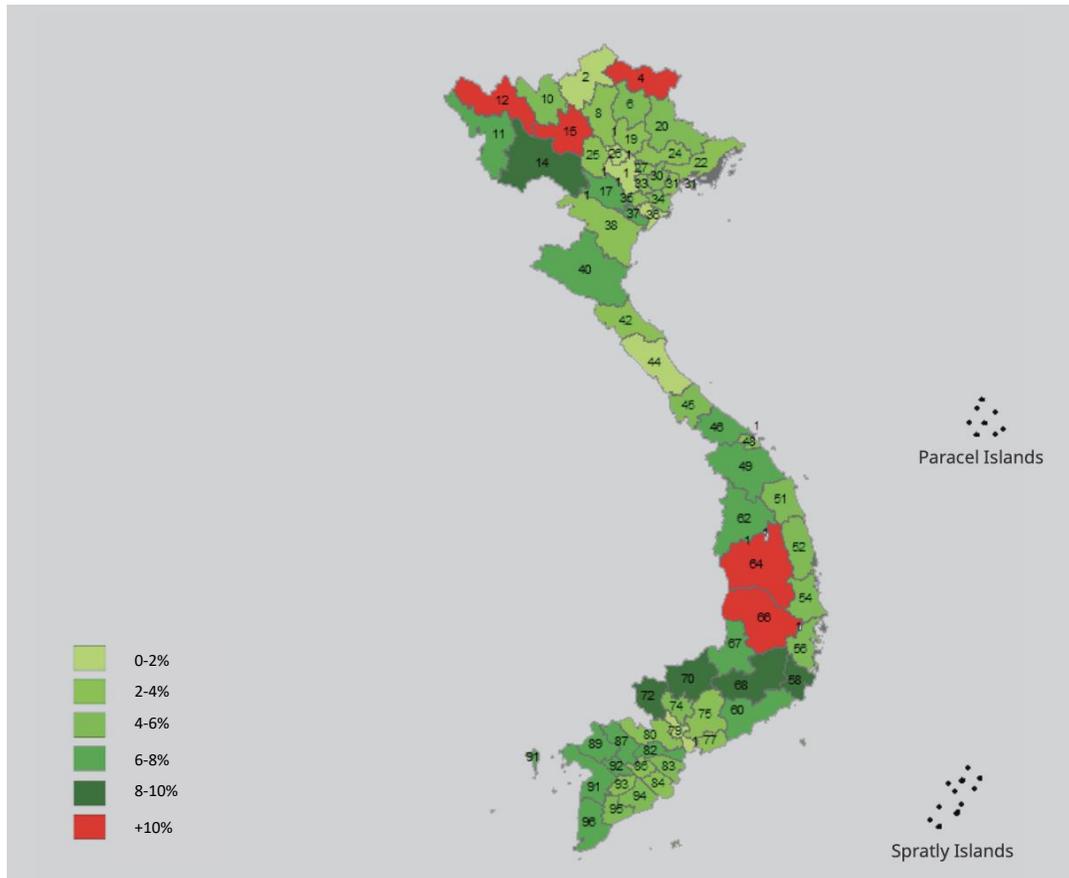
Analysis

The risk of the systemic use of child labour in the bluestone supply chains is deemed low, based on onsite visits, worker surveys, management interviews, FGDs with workers' families and children, as well as a review of secondary data sources. However, the assessment did discover two past cases of children being present at the processing facility of one supplier, and another when a worker brought his 14-year-old child to work at another semi-processing facility for two weeks. Both cases revealed weaknesses and gaps in the suppliers' management systems which **might increase the child labour risk to medium level**.

In 2018, Vietnam's child population aged 5-17 years was 19.2 million. Among those, 9.1% (equivalent to 1.7 million) were children participating in economic activities (working children), and more than 1 million were in child labour. The child labour rate is highest (more than 10% of the local child population) in Cao Bang, Lai Chau, Yen Bai (in the North of Vietnam) and Gia Lai, Dak Lak (in Central Vietnam).⁵⁰ Our assessment focused on one geographical province – Thanh Hoa, where the ILO's National Survey on Child Labour 2018 indicated that the child labour rate of this province was 2-4% of the provincial child population (See Figure 1: Area 38).

⁵⁰ *Vietnam National Child Labour Survey*. International Labour Organization. https://ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_764357.pdf

Map 2: Child labour rate by province/city



Source: Vietnam National Child Labour Survey 2018

With reference to the ILO Child Labour Report 2020, the following commodities were listed as the areas with a high risk of child labour, including bricks, cashews, coffee, fish, footwear, furniture, leather, pepper, rice, rubber, sugarcane, tea, textiles, timbers, and tobacco. The report did not include stone production as a sector with a high risk of child labour.⁵¹

No children below 18 years were identified to be working onsite during our visits. All managers who were interviewed perceived that the utilisation of child labour (and even any child presence at the workplace) was unacceptable. All three suppliers had in place **internal rules of not hiring any under 18-year-old workers**. According to national laws, under 18-year-old workers are prohibited to perform tasks in the stone excavation.⁵² Triangulating with the workers' survey, no one participating in the survey acknowledged that they were or had been working with any underage workers at their workplace. Furthermore, during the FGDs, interviews with workers and their spouses/children in the communities voiced that **children were not allowed to visit the sites**. However, it should be noted that there was no systematic check of ID cards when hiring employees, this was done randomly by the suppliers we visited.

⁵¹ 2020 List of Goods Produced by Child Labour or Forced Labour. The Department of Labor of The United States of America. https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2019/2020_TVPR_List_Online_Final.pdf

⁵² (Vietnamese) Ministry of Labour-Invalids and Social Affairs' Circular No. 09/2020/BLDTBXH guiding implementation of a number of articles of the Labour Code regarding juvenile workers.

Interviewed workers revealed that they would not want their children to end up working in stone production because of the difficult and hazardous work. All eight workers' spouses aspired for their under-18-year-old children to finish at least high-school education. None of the workers' children who participated in our FGDs had visited the stone quarrying and processing sites before.

During our onsite assessment, however, we identified **two cases where children had been present at the workplace** (see Box 3).

Box 3: During the summer holiday, a **9-year-old child** who is a supervisor's grandchild, was present during one occasion. The child was on summer vacation and normally went to summer school. However, on the day of the assessment, the supervisor (grandmother) had brought the child to be vaccinated at the health clinic and could not bring him back to school. It appeared that the supervisor's temporal solution for childcare was to bring the child to the supervisor's resting room located away from production areas. **We confirmed that the 9-year-old child stayed inside the supervisor's resting room, which was away from actual working areas and was not involved in any work.**



While this case happened due to a lack of childcare, the supervisor handled the situation with caution by ensuring that the child was not close to the production work and thus not exposed to any danger. In another case, however, it turned out that a 14-year-old had accompanied his father and for learning purposes, engaged himself in the work (See Box 4).

Box 4: A private, in-depth interview with one worker revealed that he allowed his 14-year-old child to work onsite during the summer of 2021. The worker informed us that out of curiosity, the concerned child came to experience his work by trying out some stone-cutting tasks (not stone sawing), a finishing step in stone production for two weeks. Each day, the child worked 2-3 hours up to 12 hours per week. Most of the time, the father confirmed that the child merely observed him working. The concerned child then continued his secondary-school education during the school year and did not engage in any work this year (2022).

When assessing the current workplace policies and processes, we observed that there were no preventative policies or procedures in place regarding children at the workplace and that not all suppliers had signed the TruStone Initiative's Code of Conduct by the time of the assessment. During the Phase 1 interviews, we also noted that several TruStone Initiative members faced challenges in getting their suppliers to sign and agree to the TruStone Initiative's Code of Conduct, which includes references to child labour.

While the child labour risk in Thanh Hoa bluestone supply chains might be at medium level, this risk can vary in other provinces that produce other types of natural stone. The phase 1 desk research identified

high child labour risks in several provinces in the northern mountainous and central regions. These are the provinces with a high proportion of working children involved in hazardous work, as well as a high school drop-out rate.⁵³ These are also provinces where white marble (northern mountainous areas) and basalt and granite (central regions) are excavated and companies sourcing these stones should consider the potentially higher risks for child labour in those provinces.

Recommendations

Work in the mining industry, which also included the bluestone and other natural stones excavation, is considered hazardous. Therefore, children from 15-17 years of age are prohibited to perform any work in this industry.

It is recommended that TruStone Initiative members ensure that Code of Conducts, including provisions for child labour, are understood and agreed upon with all suppliers. We also suggest TruStone Initiative develop a child labour prevention and remediation protocol that offers practical guidelines for suppliers, agents and other possible supply chain actors, with a clear description of the role and responsibility of each stakeholder in the prevention and remediation of child labour.

A robust age verification system for suppliers and commercial agents should be introduced (i.e., thoroughly checking identity cards, conducting interviews, proper management of personnel documents, etc.).

Suppliers' effective implementation of child labour prevention and remediation measures should be part of the supplier evaluation and contracting process. TruStone Initiative's regulations, guidelines and expectations on business partners and sub-contractors with regard to child labour should be well communicated to these stakeholders.

Collaboration among TruStone Initiative members to organise trainings on child labour prevention and remediation for key personnel at suppliers' processing factories and stone quarries, and commercial agents are highly recommended.

⁵³ *Vietnam National Child Labour Survey*. International Labour Organization. https://ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_764357.pdf

Grievance mechanism

Risk summary:

- Workers at all three suppliers only have access to one channel of grievance reporting, which is directly reporting to the supplier management. Workers' anonymity cannot be guaranteed in this process and can hinder their readiness for lodging a grievance or complaint.
- Workers were not aware of the grievance channels provided by TruStone Initiative members.

Recommendations:

For TruStone Initiative Member Companies:

- Ensure that suppliers establish anonymous grievance channels in native-language platforms, and implement effective mechanisms or procedures to receive, resolve and monitor workers' claims.
- Monitor whether grievance reporting is established and properly managed at all supplier facilities, and whether anonymity and confidentiality are ensured in such processes.

For Suppliers:

- Ensure that anonymous grievance mechanisms are established and information about the mechanism is shared among all workers.
- Ensure that grievances are followed up and addressed with support from suitable third-party organisations.

Analysis

The Labour Code (2019) provides that employers are obliged to establish a (grievance) mechanism to “engage in dialogue and discussion with workers and workers’ representative organisations, and to implement regulations on grassroots democracy at the workplace” (Article 6 (2b)). Furthermore, if the grievance of workers could not be solved internally, the workers might lodge their claims for labour dispute resolutions. After going through compulsory Labour Mediation, the national labour laws provide various approaches for involved parties to request the settlement by either Labour Arbitration Council or Court (Article 181).⁵⁴

All three suppliers provided their direct contact as a channel of grievance mechanism for the workers to reach out to discuss their problems. 53% of surveyed workers (29) reported that they knew about the formal channels or mechanisms to report their grievances and get help. The channels stated by workers included directly talking to their supervisors, directors or unions as a form of grievance mechanism. 18 of them considered that these grievance mechanisms were “very effective” and “somewhat effective”. However, 26 of surveyed workers did not know or think that the grievance mechanism was available at their workplace.

Recommendations

Diversification of grievance channels is important to ensure anonymity and confidentiality. Grievance mechanisms such as a suggestion box, email address, or connection to hotlines etc. can be implemented for workers to report any workplace issues. Robust grievance management systems are important to help managers internally investigate, analyse and resolve grievances.

⁵⁴ *Vietnam Labour Code 2019*. Ministry of Labour-Invalids and Social Affairs.
http://boluatlaodong2019.molisa.gov.vn/lang_en/topic/viet_nam_labour_code/index

Awareness training for workers about grievance procedures and available mechanisms should be provided. In the supply chains, it is recommended to provide a native-language platform, and effective mechanisms or procedures to receive, resolve and monitor workers' claims.

Forced labour

Risk summary:

- No indication of forced labour risk was identified during the onsite visits
- However, informalisation of the workforce, especially the lack of employment contracts and supervision over informal workers may jeopardise workers' rights and increase the risk of forced labour.

Recommendations:

For TruStone Initiative Member Companies

- Establish a close monitoring system for their suppliers' HR management, focusing on labour contracts and social security coverage for workers.
- Support suppliers in establishing an anonymous and effective grievance mechanism.

For suppliers

- Improve HR management systems and establish labour contracts with all workers.

Analysis

The US Bureau of International Labour Affairs (ILAB) provides annual findings on the worst forms of child labour accompanied by a biennial list of goods produced by child or forced labour. In the ILAB Report 2020, only garments sourced from Vietnam have been reported to have evidence of forced labour. Vietnam's natural stone production, particularly bluestone production, was not listed by ILAB as a risk sector of forced labour.⁵⁵

While no signs of forced labour were detected during our visit to the quarries nor during interviews, surveys or FGDs, the lack of contracts is concerning as this shows a lack of oversight on key labour policies and procedures including key workers' rights.

Recommendations

The formalisation of the workforce is crucial to prevent any potential risks of forced labour. We recommend that TruStone Initiative member companies mandate their suppliers to improve their HR management systems, streamline the contractual status of all workers and ensure that provisions in the Labour Code are met accordingly and that all workers are given access to social security.

A close monitoring system for their suppliers' HR management system should be put in place with a clear timeline for improvement and impact measurements. The monitoring system should specifically focus on the increase in labour contracts and social security coverage for workers. Such a monitoring system will mitigate not only forced labour risk but also other risks that deprive entitlements of workers due to the lack of contracts and inaccessibility to health and social protection schemes.

Anonymous grievance mechanisms at the workplace should also be established. All interviewed TruStone Initiative members have published their hotlines or emergency contacts for reporting any human rights

⁵⁵ 2020 List of Goods Produced by Child Labour or Forced Labour. The Department of Labor of The United States of America. https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2019/2020_TVPRR_List_Online_Final.pdf

violations. However, none of the workers we surveyed were aware of the TruStone Initiative grievance mechanism.

Working hours

Risk summary:

- Suppliers' current management system does not have a regular working schedule; therefore suppliers have no management tool to effectively regulate workers' working hours and overtime.
- At the time of assessment, which is supposedly low season, the average working hour is already close to the overtime limit, suggesting there are potential risks which require further monitoring.

Recommendations:

For TruStone Initiative Member Companies:

- Ensure that suppliers have an HR management system in place for regulating working hours and ensuring that overtime is not exceeding the limit.

For Suppliers

- Implement a regular weekly working schedule, with a weekly 24-hour-consecutive break, applicable for both formal and informal workers.
- Closely monitor the overtime threshold to ensure that workers do not work overtime for more than 60 hours per month.
- Establish practical guidance and training for workers on the topic of working hours and overtime.

Analysis

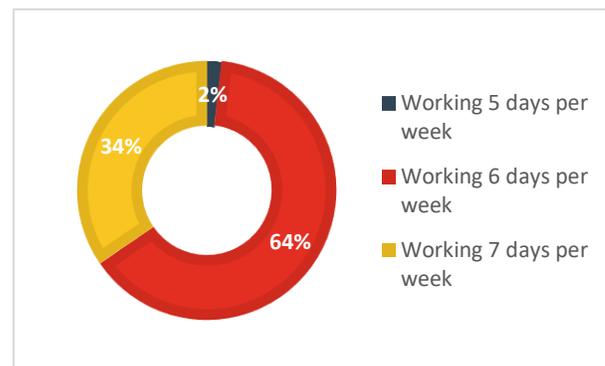
The suppliers did not have a fixed working schedule for workers, both due to order volumes and workers' agricultural duties. Among 55 surveyed workers, the average working hour per day was 8 to 8.5 hours at the time of the assessment.

The working hours in processing factories and quarries were different with the latter commonly affected by weather (especially by cold and rain). Workers normally work about six to seven days per week. Data showed that on average, workers might work 56 hours of overtime per month. This is close to the limits of labour regulations providing a maximum of 60 hours.

Workers in the FGDs revealed that they have flexible working arrangements. This means that they can choose to work seven days per week or none, depending on their availability. It is noteworthy that most of the workers are engaged in agricultural activities. Therefore, this flexibility offered time and opportunity for them to perform their agricultural work.

All workers in the survey mentioned that they were able to take a short break when they want to. Lunch breaks and food were provided by the employers in both

Chart 5: Working days of surveyed workers



processing factories and quarries. For workers in the mountain, the suppliers either arranged a kitchen or delivered lunchboxes for the workers.

Recommendations

While there is currently a low risk of excessive overtime, we recommend TruStone Initiative members' suppliers to set up and manage a weekly working schedule with a weekly 24-hour-consecutive break, in line with the regulations provided in Article 111 of the Labour Code 2019.⁵⁶ It is recommended that the weekly rest day(s) for workers is mandated explicitly in the company's policy. All workers (including informal workers) should be informed about this rest day. The overtime threshold should be monitored closely to ensure that the overtime of workers shall not exceed 60 hours per month.⁵⁷

Discrimination at work

Risk summary:

- No signs of discrimination at the workplace were detected among the suppliers participating in the onsite assessment.

Recommendations:

For TruStone Initiative Member Companies

- Support suppliers in adopting and implementing a non-discrimination policy to ensure there is no discrimination at the workplace based on ethnicity, gender, etc. TruStone Initiative's guidance document Discrimination and gender can serve as the basis for the policy.
- Organise awareness raising campaigns to positively influence community knowledge, attitudes and behaviours on sensitive topics.

For suppliers

- Mainstream gender-sensitive policies and protection into internal rules and procedures, and train relevant managers, HR staff and supervisors on how to recognise and prevent discrimination, sexual harassment, and other forms of degrading treatment of workers.

Analysis

Signs of discrimination at work were not detected in this onsite assessment, neither through the worker survey nor in our focus group discussions. The risk is deemed low due to the homogeneous, local, skilled and middle-aged workforce. Data collected from female and ethnic minority workers were triangulated and did not reveal any signs of discrimination based on gender or ethnicity.

⁵⁶ Vietnam Labour Code 2019. Ministry of Labour-Invalids and Social Affairs.

http://boluatlaodong2019.molisa.gov.vn/lang_en/topic/viet_nam_labour_code/index

⁵⁷ (Vietnamese) National Assembly Standing Committee's Resolution No.17/2022/UBTVQH15 regarding maximum threshold for overtime per year and per month during pandemics and post-Covid context.

<https://luatvietnam.vn/lao-dong/ngghi-quyet-17-2022-ubtvqh15-so-gio-lam-them-trong-01-nam-01-thang-cua-nld-218794-d1.html>

The active workforce in bluestone production is relatively old in comparison with the workforce in other exporting industries.⁵⁸ The ages of 55 surveyed workers ranged from 23 to 66 years old with the average age at 40 (See Chart 6). 94% of our surveyed workers were over 25 years old. Qualitative data from interviews with workers confirmed that young workers did not prefer to work in the stone industry due to the hazardous nature of work.

Contrasting to the initial impression of a male-dominated industry, our onsite assessment revealed that female workers participated extensively in stone production. The provincial Natural Stones Business Association indicated that 50% of the workforce who were active in this industry are female workers. In our survey, 55% of the respondents were male and 45% were female workers. Female workers were mostly involved in the processing and finishing steps of stone production, while male workers mainly conducted stone quarry tasks (such as stone quarrying, stone splitting, slab sawing).

Chart 6: Worker age range and the average age (Unit: Age)

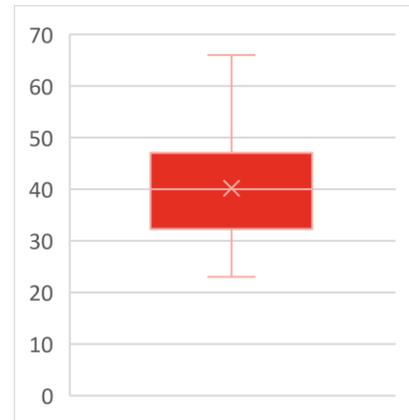
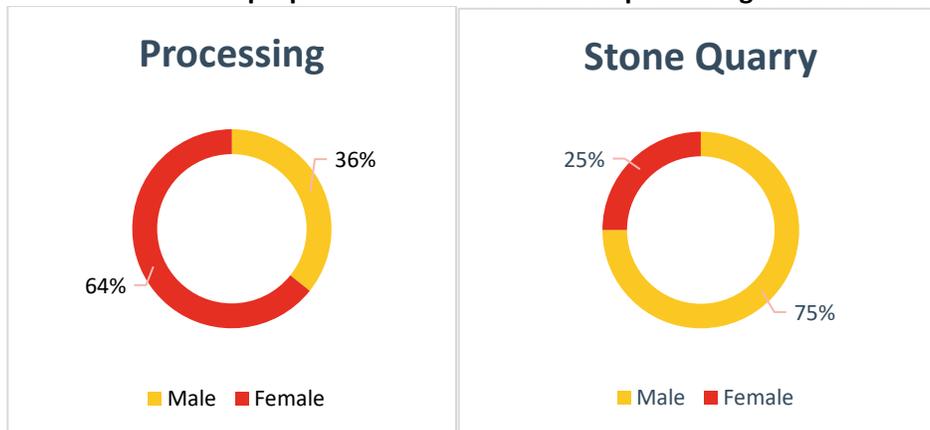


Chart 7: Male and female proportion in the workforce at processing site and stone quarry



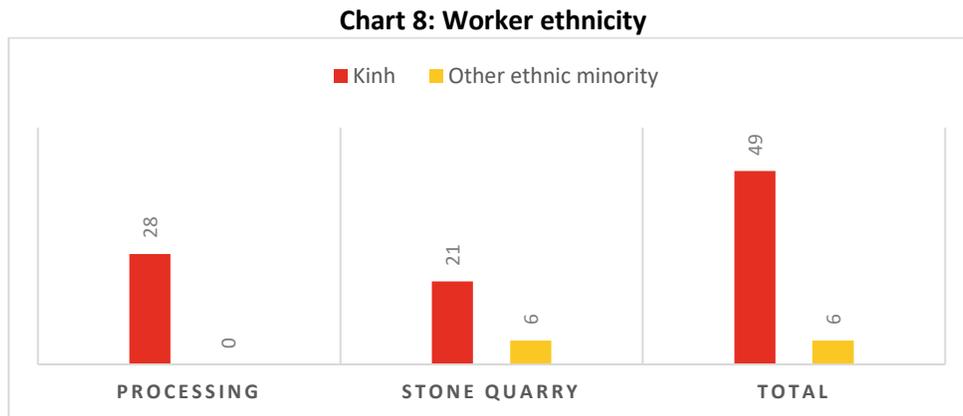
Workers active in bluestone production were mainly local workers. The provincial Natural Stones Business Association informed that migrant workers only made up 10% of the sectoral workforce and were mainly highly skilled workers who were experts in using the diamond wire saw cutting machines. These migrant workers mainly originated from Nghe An and Yen Bai provinces and possessed previous experience of this cutting technique.

Only one out of 55 workers participating in the workers survey classified him/herself as a migrant from Nghe An province. The 45 surveyed workers stayed in the adjacent villages (such as Village 61, Co Che, Co Dua, etc.), while 10 were living in dorms located at the stone quarry sites provided by the suppliers. Eleven workers included one migrant worker and 10 workers stayed in Thanh Hoa province (far away from the

⁵⁸ In Vietnam, the average age in garment industry is 30.4 while the age average in manufacturing sector is 33.2. See (Vietnamese) *18 million wage earners in Vietnam – Who are they?* International Labour Organization. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-hanoi/documents/publication/wcms_384764.pdf

stone quarry site). The dorms are of acceptable standard with beds, fans and access to clean and running water. All workers staying in the dorms were male.

The bluestone quarries were situated in rural mountainous areas with people from ethnic minority groups participating in the workforce. In the Ngoc Lac and Yen Dinh areas, where the quarries were located, 22% of workers were from the Muong ethnic group (6 out of 27) while the rest were Kinh.



Regarding ethnicity-based discrimination, the triangulations between with managers’ and workers’ interviews did not inform of any discriminatory acts. In fact, managers at the quarries strived to treat the ethnic workers well in order to build a good rapport with them and ultimately retain the workforce.

Recommendations

We recommend that non-discrimination policies for workers should be put in place and strengthened to ensure there is no discrimination based on ethnicity, gender, etc. The TruStone Initiative’s guidance document on “Discrimination and Gender”⁵⁹ can serve as the basis for such a policy.

Since female workers amounted up to more than 50% of the workforce, gender-sensitive policies and protection should be thoroughly updated into the internal rules of the suppliers and effectively implemented at all workplaces. It is important to provide accessible and suitable facilities (such as separate toilets, restrooms, etc.) for female workers.

⁵⁹ TruStone Initiative: *Stakeholders working towards responsible business conduct in the natural stone sector Discrimination and gender*. Imvoconvenanten. [handreiking-gender-en-discriminatie_engels.pdf \(imvoconvenanten.nl\)](https://www.imvoconvenanten.nl/handreiking-gender-en-discriminatie_engels.pdf)

4.3. Community-related Risks

Environmental impact

Risk summary:

- Environmental impacts are salient to the local community, notably concerns about pollution (dust).
- Dust emitted from stone extraction, processing and transportation is ubiquitous, pervasive, and causing considerable impact on the local community's quality of life. Further examination and evaluation are required to confirm and measure the adverse impact on the local population. Furthermore, other potential pollutions need to be examined, notably underground water.
- Even though the suppliers are required by relevant laws to conduct environmental monitoring at least six times per year, only one supplier was able to provide a monitoring report (one report from 2020).
- Infrastructure damage and road safety is a concern, as heavy vehicles transporting stone slabs frequently travel through village roads.

Recommendations:

For TruStone Initiative Member Companies:

- Ensure that suppliers are carrying out regular environmental monitoring as required by relevant laws, and publish the monitoring reports to ensure transparency and accountability.
- Support suppliers to implement adequate dust & water pollution control measures, and carry out further assessments to understand the impact of stone extraction, processing and transportation on the environment, public health and local communities.

For Suppliers:

- Ensure that environmental monitoring according to the law is carried out and reported on.

Analysis

The local community expressed their concerns regarding the dust pollution emitted from the transportation of the bluestones. The pollution caused by dust emitted from transportation between the stone quarrying and processing facilities appeared to be a salient concern of local people and public servants.

In a health clinic we visited, the local doctor stated that respiratory diseases were often spotted in the communities. Children in an FGD located in village 61 also expressed their concerns regarding the dust pollution in their living area. It is important to note that village 61 was located right next to the commuting path of trucks transferring stones from quarries to the processing hubs.

Picture 3: Stone truck commuting in Thanh Hoa



Source: The Journal of Natural Resources and Environment, 2021

The MoNRE reported that “dust levels exceed permitted standards, especially in the coal mines, stone quarries”.⁶⁰ A recent report of Yen Lam Stone Craft Village Council (provided unofficially) mentioned their concerns regarding dust and wastewater. However, this report does not provide any specific indicators. The interviewed public servants indicated that they could only control the visible and tangible issues, but the impact of pollution on the underground water caused by stone excavation activities was seen as unmeasurable.

The same concerns have been expressed through the media. The report in the Journal of Natural Resources and Environment⁶¹ called on the environmental issues caused by stone dust and wastewater caused by stone excavation in Yen Dinh to be an alarming problem. Even though the suppliers are required by laws to have environmental monitoring at least six times per year⁶², none of them were able to provide a recent report of this monitoring.



“Well, environmental externalities are inevitable in bluestone excavation. If there is a claim about for example, my production releasing too much dust, then the authority will come and cease our operations. We do pay for the environmental protection fee.” — Interview with Manager of Supplier 1.

Recommendations

Regular environmental monitoring is required by national legislation. The reports of environmental monitoring should be shared broadly with various supply chain actors as well as other stakeholders. The suppliers can apply several measures to reduce dust emissions, e.g., cleaning the hauling trucks and applying a top cover over the cargo before leaving the stone quarries.

Infrastructure and transportation

Risk summary:

- Overloaded trucks transporting bluestones pose a major safety risk to local villagers and road users.

Recommendations:

For TruStone Members:

- Engage in discussions with suppliers on how the transport of bluestone can be done in a safe manner.

For Suppliers:

- Monitor the load of the trucks to be within weight limits.
- Regular checks on the drivers' qualifications and vehicle conditions.

⁶⁰ (Vietnamese) *Mineral exploitation and environmental pollution*. Ministry of Natural Resources and Environment. <https://monre.gov.vn/English/Pages/Mineral-exploitation-and-environmental-pollution.aspx>

⁶¹ (Vietnamese) *Yen Dinh (Thanh Hoa): "Forgetting" the environmental externalities in Yen Lam Stone Village?* Ministry of Natural Resources and Environment's Journal of Natural Resources and Environment. <https://baotainguyenmoitruong.vn/yen-dinh-thanh-hoa-bo-quen-moi-truong-o-lang-nghe-da-yen-lam-334152.html>

⁶² (Vietnamese) Ministry of Natural Resources and Environment's Circular No. 24/2017/TT-BTNMT regulating technical about environmental monitoring. <https://thuvienphapluat.vn/van-ban/Tai-nguyen-Moi-truong/Thong-tu-24-2017-TT-BTNMT-quy-dinh-ky-thuat-quan-trac-moi-truong-315834.aspx>

Analysis

Our assessment found that overloaded trucks transporting bluestones posed a huge safety risk to local villagers and road users. Along with the social impact of environmental problems, local communities were also highly concerned about the trucks driving through the villages. We were not able to verify from which stone quarries these stones belonged, e.g., if it was from suppliers to TruStone Initiative members.

According to the interviewed Chairpersons of the Ward-Level People’s Committee and local community members, the trucks carrying stones are often overloaded which contributes to road damage and safety risks for commuters. These concerns have gained the attention of local media. In a case reported on Vietnam.net, a truck carrying stones was fined as it surpassed 600% of weight limits.⁶³ Referring to the unofficial report of Yen Lam Stone Craft Village, overloaded stone trucks commuting in areas was a common issue and threatens road safety for local residents and other road users.

Picture 4: A truck carrying stones through the village



In April 2022, Thanh Hoa’s Department of Natural Resource and Environment required stone quarries to equip truck scales at the site to monitor the truckloads and ensure they are within weight limits.⁶⁴ There was certain resistance from the business associations who sent out their request to the People’s Committee to reverse this requirement. However, the local administration remained firm on their decision and required all stone quarries to set up truck scales at quarries by the end of Quarter 2/2022.⁶⁵ This requirement is in line with Article 42 of Decree No. 158/2016/ND-CP on the obligation of stone quarry owners to weigh truck loads before leaving the sites.⁶⁶ Any violation might be fined a maximum of VND 100.000.000, according to Decree No. 36/2020/ND-CP.⁶⁷

Recommendations

In the short term, suppliers need to monitor the loads of trucks to be within weight limits to minimise the impacts on infrastructure. Suppliers should also apply regular checks on the drivers’ qualifications and vehicle conditions to reduce risks relating to road safety.

⁶³ (Vietnamese) Thanh Hoa traffic police escorted a truck carrying stones that exceeded the load by 600%. VietnamNet. <https://vietnamnet.vn/csgt-thanh-hoa-ap-tai-xe-cho-da-vuot-qua-tai-600-646835.html>

⁶⁴ (Vietnamese) Thanh Hoa: Requesting stone quarries to urgently install truck scales. Ministry of Natural Resources and Environment’s Journal of Natural Resources and Environment. <https://baotainguyenmoitruong.vn/thanh-hoa-yeu-cau-cac-mo-khai-thac-khoang-san-khan-truong-lap-tram-can-339177.html>

⁶⁵ (Vietnamese) Thanh Hoa: Requesting stone quarries to urgently install truck scales. Ministry of Natural Resources and Environment’s Journal of Natural Resources and Environment. <https://tainguyenvamoi.ruong.vn/thanh-hoa-yeu-cau-lap-tram-can-tai-cac-mo-khai-thac-khoang-san-cid12831.html>

⁶⁶ (Vietnamese) Government’s Decree No. 158/2016/ND-CP guiding the implementation of Law on Natural Resources. <https://thuvienphapluat.vn/van-ban/Tai-nguyen-Moi-truong/Nghi-dinh-158-2016-ND-CP-huong-dan-Luat-khoang-san-332220.aspx>

⁶⁷ (Vietnamese) Government’s Decree No. 30/2020/ND-CP regulation the administrative sanctions for violations in water and natural resources sector. <https://thuvienphapluat.vn/van-ban/Vi-pham-hanh-chinh/Nghi-dinh-36-2020-ND-CP-xu-phat-vi-pham-hanh-chinh-trong-linh-vuc-tai-nguyen-nuoc-va-khoang-san-438135.aspx>

Corruption

Risk Summary:

- No indication of corruption risks was revealed during the assessment.
- Corruption-related risks are most likely to occur during the initial opening phase of stone quarries when relevant paperwork and permits must be obtained.

Recommendations:

For TruStone Initiative Members:

- Establish an anti-corruption policy and ensure that it's communicated, well-understood and monitored.
- Increase supply chain visibility and transparency.

For Suppliers:

- Adhere to policies on corruption and ensure that safeguarding measures are in place.
- Ensure that whistleblower functions are in place.

Analysis

Corruption is considered a high-risk area in Vietnam's business environment. This was also confirmed by the Country Report of the Risk & Compliance Portal from GAN Integrity.⁶⁸ The country report graded the risk of corruption in the natural resources industries as high. This conclusion was made mainly based on the “lack of accountability and transparency, weak governance, and close ties between the government and business”.⁶⁹ While the national laws provide criminal penalties for public officers committing corruption, law enforcement is not effective, and the officers frequently engage in corrupt practices.⁷⁰

The interviewed TruStone Initiative companies acknowledged that they were aware of the risks of corruption but had not experienced it first-hand or had been subject to corrupt practices. According to a supplier, opening a stone quarry is extremely costly, where the under-table cost could amount to almost 20-30% of their initial investment. Corruption-related activities mostly occur during the period of paperwork submission to open stone quarries.

This finding is aligned with the results of the research by UNDP and the National Economic University in 2017 which also identified serious corruption risk in a case of quarrying in the northern mountainous province of Vietnam.⁷¹ The authors demonstrated that corruption is prevalent in the preparation of a quarry opening, which involves a lot of paperwork to obtain the stone extraction license. The collusion between applicants for quarrying and local authorities involves either simplifying the paperwork or lowering the standards of the social and environmental impact assessment. While the corruption indication in other periods (such as in operation) is not identified, the existence of such risk is very likely due to the rampant corruption practices in Vietnam. The corruptive practices are likely to be sophisticated and well-concealed. Even though no indication of corruption risks was revealed during our onsite

⁶⁸ GAN Integrity is a global consultancy specializing in cooperation integrity providing the Corruption Perception Index (CPI) as an indicator of business risk. *Vietnam Corruption Report*. GAN Integrity: Risk&Compliance Portal. (No longer available online as of 14 Nov 2022)

⁶⁹ *Vietnam Corruption Report*. GAN Integrity: Risk&Compliance Portal (No longer available online as of 14 Nov 2022)

⁷⁰ *Vietnam 2021 Human Rights Report*. The U.S. Department of State. https://www.state.gov/wp-content/uploads/2022/03/313615_VIETNAM-2021-HUMAN-RIGHTS-REPORT.pdf

⁷¹ *A Sectorial Study of Transparency and Corruption in Land Acquisition in Viet Nam*. United Nations Development Programme. <https://www.undp.org/vietnam/publications/sectorial-study-transparency-and-corruption-land-acquisition-viet-nam>

assessment, it should be noted that given the pervasiveness of corruption in Vietnam's public and private sectors, corruption risks might also exist for the operations of TruStone Initiative suppliers.

It is noteworthy that the natural stone business is highly profitable and that illegal extraction and production activities are rampant in Vietnam. In May 2022, several Vietnamese newspapers, including Báo Pháp luật and Thanh Niên, the leading paper in Vietnam, launched an inquiry into corruption and wrongdoings⁷² in illegal stone extraction and production via a series of investigations.⁷³ The series identifies various quarries in different provinces such as Binh Dinh, Binh Phuoc, Dak Nong, Lam Dong etc. extracting natural stone illegally.

Recommendations

TruStone Initiative members should ensure that an anti-corruption policy is in place and that it is well understood and communicated to the suppliers. Increased supply chain visibility and transparency is also crucial to mitigate corruption-related risks.

Land ownership

Risk Summary:

- No indication of land conflict risks was identified during our assessment of three suppliers.
- However, local media reports revealed unauthorised stone exploitation by other suppliers in the same region.

Recommendations:

For TruStone Initiative Member Companies:

- Conduct regular checks and monitor the duration, scope and validity of suppliers' exploitation licenses.

Members and Suppliers:

- TruStone Initiative members and suppliers should collaborate with other supply chain actors, as well as CSOs, NGOs and local communities/authorities, to monitor and report violations (if any) and to ensure transparency and accountability.

Analysis

A series of reports revealing unauthorised stone exploitation in Yen Dinh, Thanh Hoa has been published in the Journal of Natural Resources and Environment (provided by the MoNRE).⁷⁴ These reports raised

⁷² Le Mai, H. (2013). The evolving role of the press in contemporary Vietnam. *Mediterranean Journal of Social Sciences*, 4(1), 91-96.

⁷³ (Vietnamese) Gigantesque sites to cut off mountains and fill rivers to exploit illegal stones. <https://thanhvien.vn/nhung-dai-cong-truong-xe-voi-lap-song-khai-thac-da-lau-post1457205.html>;

Government 'give up' with illegal stone mining? <https://thanhvien.vn/chinh-quyen-bo-tay-voi-nan-khai-thac-da-trai-phep-post992063.html>

Don Duong, Lam Dong: Who "protects" for the illegal quarry to excavate a rural area? <https://baophapluat.vn/don-duong-lam-dong-ai-bao-ke-cho-mo-da-lau-dao-khoet-ca-mot-vung-voi-post422188.html>

⁷⁴ (Vietnamese) Status of quarries in Yen Lam (Thanh Hoa) - Part I: Licensing to extract a piece, exploiting way more? Ministry of Natural Resources and Environment's Journal of Natural Resources and Environment. <https://baotainguyenmoitruong.vn/hien-trang-cac-mo-da-o-yen-lam-thanh-hoa-bai-i-cap-phep-mot-dang-khai-thac-mot-neo-339365.html>

(Vietnamese) Status of quarries in Yen Lam (Thanh Hoa) - Part II: Exploitation Licenses should be well-checked. Ministry of Natural Resources and Environment's Journal of Natural Resources and Environment.

<https://baotainguyenmoitruong.vn/hien-trang-cac-mo-da-o-yen-lam-thanh-hoa-bai-2-can-kiem-tra-lai-giay-phep-khai-thac-de-tranh-that-thu-ngan-sach-339487.html>

suspicious that stone excavation companies are extracting a higher volume of stones than permitted, exploiting outside the authorised territories, and processing the stone for producing tiles while they were authorised to fabricate only construction materials. Among 33 enterprises extracting bluestone in the assessment area, 10 have been named in these reports as violators. None of the three suppliers were mentioned.

From the interviews with managers and triangulation with the local community-based interlocutors, we did not identify any indications of land ownership conflicts in the areas where the three suppliers ran their business operations. Firstly, all processing sites and quarries were located far away from the community. The nearest village was 1km away from the stone extraction area. Secondly, the excavation licensing process required the companies to pay for land clearance before the extraction. Therefore, according to interviewed public servants, no land conflict was found between the companies and the local community. And thirdly, the land for exploitation of each owner was clearly marked, which according to a manager of Supplier 2 meant that anyone unauthorised “should never step on”.

Recommendations

It is recommended for TruStone Initiative members to check and track the duration, scope and validity of suppliers’ exploitation licenses to ensure that the suppliers are legally extracting stone within the confines of their appropriate license.

While maintaining a valid license and operating within the limits of the license is mainly the responsibility of the suppliers, other stakeholders such as buyers, other supply chain actors as well as CSOs, NGOs and local communities/authorities may also play a role in monitoring and reporting violations if any, to provide transparency and accountability.

(Vietnamese) Status of quarries in Yen Lam (Thanh Hoa) - Part III: Whether or not the stone exploitation exceeds the allowable depth? Ministry of Natural Resources and Environment’s Journal of Natural Resources and Environment.
<https://baotainguyenmoitruong.vn/hien-trang-cac-mo-da-o-yen-lam-thanh-hoa-bai-3-co-hay-khong-viec-khai-thac-vuot-qua-do-sau-cho-phep-342153.html>

5. SUMMARY OF RIGHTS AT RISK

This chapter summarises the human rights risks that we have identified through our desk research and onsite assessments. It will include the key risks as referred to earlier and the risks outside the boundary of the supplier’s production sites, such as land ownership conflicts, environmental detrimental impact on the local community, infrastructure damages and corruption.

In the below tables, we present the key risks and the evaluation we have carried out based on their severity⁷⁵ (scale, scope and irremediability) and likelihood according to the OECD Due Diligence Guidance on Responsible Business⁷⁶, the UN Guiding Principle on Business and Human Rights (UNGPs), and The Centre’s tested ISO-based risk assessment (See Appendix 5 for more detailed overview and description of the ranking labelling).

5.1. Identified Risks in The Workplace

Table 8: Human Rights Risks in Vietnam Bluestone Supply Chain

Legend: **Severity** is ranked 1-5 (1=Slight, 5=Extreme)
Likelihood is ranked 1-5 (1=Rare, 5= Almost Certain) Likelihood
Overall is ranked High(H), Medium (M) or Low (L)

ADVERSE IMPACTS	DETAILS OF SEVERITY			RISK RANKING		
	SCALE	SCOPE	IRREMIEDIABILITY	SEVERITY	LIKELIHOOD	OVERALL
OCCUPATIONAL HEALTH AND SAFETY (at stone quarries)	Major	Medium	Irremediable	5	2	H
	Several tasks in the stone quarries are highly hazardous and dangerous. While new technologies had been applied in bluestone excavation, however, various jobs still involved laborious human interventions, such as splitting the stone slabs into smaller pieces to load to the trucks.	50% of surveyed workers in stone quarries experienced injuries. This rate was higher than in processing factories.	The safety risks in stone quarries are often difficult to mitigate. While they are unlikely to happen, they cannot be remedied. The regular environmental monitoring should be in place to ensure that these risks can be monitored. The safety measures for workers in the stone quarries need to be strengthened.			

⁷⁵ The severity is judged and ranked by the scale, scope and irremediable character. Scale is rated as minor, moderate, and major. Scope is rated as small, medium, and large. Irremediable character is rated as remediable, partly remediable and irremediable.

⁷⁶ OECD Due Diligence Guidance for Responsible Business Conduct. [OECD. OECD Due Diligence Guidance for Responsible Business Conduct - OECD](#)

	Rock failures are always a risk.					
OCCUPATIONAL HEALTH AND SAFETY (at processing factories)	Major	Medium	Remediable–Partly remediable	4	3	H
	The occupational health and safety risks were vivid in the bluestone processing site, due to workers' frequent engagement with machines and carrying heavy loads. The government's health coverage was not universal, and many workers were not covered. Lack of proper PPEs constituted a major risk for workers operating machines at the processing sites.	39% of surveyed workers in the processing factory experienced minor and major injuries. It took them from 3 to 30 days to recover depending on the severity of the injuries. Interviewed workers having experienced injuries indicated that they were not covered by healthcare insurance so they had to pay for the medical care themselves.	These risks at the processing sites are remediable or partly remediable. Offering regular training for workers, frequent working environment monitoring and providing sufficient and adequate PPEs are crucial to mitigate these risks. Increasing social security coverage is crucial for workers in the bluestone processing.			
EMPLOYMENT CONTRACT & ACCESS TO SOCIAL SECURITY SCHEMES	Major	Large	Remediable–Partly Remediable	4	4	H
	Lack of employment contracts deprived various entitlements of workers in the bluestone industry, especially informal workers. However, among them, some had renewed their one-year contracts multiple times, or the contracts were renewed without specifying the contract duration (definite or indefinite term). Furthermore, not all the contracted workers were covered by the social security schemes. Without social security, the workers were not able to access various protections provided by laws for workers performing	Only 60-70% of workers had contracts with their employers. The number of workers/employees (including office staff) covered by social insurance ranged from 24% to 35% of the contracted workers.	Management system, especially in entering and tracking contracts with every individual is highly important to ensure that workers can access all of their lawful entitlements. The improvement in the management system regarding contracts and social security contributory payments (shared between employer and workers) is desirable from the workers' point of view.			

	hazardous and dangerous work as such in mining.					
WAGE ARRANGEMENT	Major The precariousness caused by the informalisation of workers might constitute wage-conflict risks between the team leaders and informal workers. Without monitoring properly payment system applied inclusively to all workers, informal workers risk the unfair payment.	Large This wage arrangement was very common among groups of informal workers in the bluestone production in Thanh Hoa.	Remediable The suppliers should provide monthly pay slips for all workers, especially for the informal workers whose work is piece-rate.	4	4	H
	Moderate There is no indication of collective bargaining or social dialogue at the unionised workplace. There was a major misunderstanding among workers on whether their workplace was unionised or not. Workers had little-to-no understanding of the union's activities. The qualitative data also showed that workers had low interests regarding the right to organise a union.	Medium 21 out of surveyed workers thought that their trade unions organised monthly birthdays and entertainment events for the workers. The 14 workers who considered the union as a channel to raise workplace issues were all from the non-unionised suppliers. Only one workplace under this assessment had been unionised.	Remediable The suppliers need to ensure that workers will be able to exercise their right to organise a union in line with local labour laws. Furthermore, collective bargaining with good faith and social dialogue must be ensured in the unionised workplace. Given that informal workers amount to a large part of the workforce, the unionisation and other union-led activities (such as collective bargaining and social dialogue) need to be adapted to the features of this workforce.	3	4	H
PRISON LABOUR	Minor–Moderate While prison labour has been perceived as a human rights risk in their supply chain in Vietnam, in this onsite assessment, there were no signs of inmates working at the stone quarrying and processing sites. The Business	Small–Medium At least 10 workers who participated in the FGDs confirmed that prior to 2020, they used to work with prisoners in the bluestone excavation. Among these workers, there were 5 of them who experienced	Partly Remediable This matter can be partly remediated by providing strong requirements in the supplier code of conduct and developing a specific policy on prison labour to respond to a possible pilot programme instigated by the government.	3	2	M

	<p>Association as well as the managers of three suppliers informed that utilising prisoners to work outside of prison had been banned by the Ministry of Public Security since 2020.</p> <p>The interview with an agent informed that sourcing through commercial traders, where the traceability of products is low, might increase the prison labour risks.</p>	<p>working at various stone quarries and processing factories in Thanh Hoa. These workers mentioned a list of workplaces that used to utilise prison workers.</p> <p>The supplier managers understood the pros and cons of using prison labour very well.</p>	<p>Respecting international buyers' requirements regarding this issue can be a good impetus to prevent the usage of prison labour in the future. Clear sanctions might be included to ensure that the prison labour, if being used in the future, will not constitute forced prison labour.</p>			
CHILD LABOUR & PROTECTION FOR YOUNG WORKERS	<p>Moderate</p> <p>While nothing pointed to a systematic violation against the regulations (and international standards) regarding elimination of child labour, the assessment identified a minor indication and a historical reference about child presence at the workplace.</p> <p>Furthermore, the informalisation of workers provokes certain risks. Youths (15-17 years old) probably sneak in the workplace and performing tasks as per there is no close supervision of informal workers at stone quarries and processing sites.</p>	<p>Small</p> <p>Under-18-year-old children are generally perceived as unsuitable for working in this industry. All the surveyed workers (55/55) confirmed that they had never worked with any under-18-year-old workers.</p>	<p>Remediable</p> <p>These risks are remediable by strengthening the regulations on child labour prevention and remediations at the workplace. Furthermore, these policies must by inform to all workers and implement thoroughly.</p> <p>Workforce formalisation is highly recommended to ensure that the managers shall guaranteed that no under-18 child should be present or work at the sites.</p>	2	2	M
	<p>Minor–Moderate</p> <p>All surveyed workers gained a higher wage than the regional minimum wages regulated by the Government. None of</p>	<p>Small–Medium</p> <p>The wage earned from bluestone excavation contributed roughly 60-70% of total household incomes of workers. The majority of local</p>	<p>Remediable</p> <p>Boosting the wage tracking system to individual workers is highly important to guarantee not only about no payment under minimum wage, but also to</p>	2	3	M
MINIMUM AND LIVING WAGE						

	<p>surveyed workers had experienced wage delays or deductions.</p> <p>However, in referring to the living wage estimation provided by the Living Income Community of Practice, 61% of surveyed worker didn't get paid a living wage. Therefore, if their families rely only on the income from stone production, it might be a moderate risk.</p>	<p>workers were also engaged in other agricultural activities for extra incomes.</p>	<p>ensure fair payment for all workers.</p>			
GRIEVANCE MECHANISM	<p>Moderate</p> <p>There was only one available grievance mechanism for workers in the stone quarries and processing factories, which was directly contacting managers. This mechanism was not anonymous and certain workers did not have their courage to raise their voice. According to the interviewed managers, the commonly found grievance of workers is about wages issues.</p> <p>A multi-level grievance mechanism or multi-stakeholder platform, connecting the voice ground-level workers with other actors, was missing in the bluestone supply chain.</p>	<p>Small-Medium</p> <p>53% of survey workers (29) reported that they knew of the channels or mechanisms to redress their grievances, including directly talking to their supervisors, directors or unions. 18 of them considered that these grievance mechanisms were "very effective" and "somewhat effective". However, 26 of surveyed workers did not know or think that the grievance mechanism is available at their workplace.</p> <p>In the interviews and FGDs, none of the workers were aware of the hotlines or email addresses provided by the international buyers which are designed for lodging claims.</p>	<p>Remediable</p> <p>Diversification of grievance channels is desirable for the workers in bluestone supply chains. At the local level, workers might be provided with the mechanisms to ensure their anonymity. Several means can be considered, for example, suggestion box, email address, etc. for workers reporting workplace issues. A grievance management system is very important to help managers to internally investigate, analyse and resolve as well track the grievances.</p> <p>In the supply chains, it is recommended to provide language-friendly platform/mechanism/procedures to receive, resolve and monitor workers' claims.</p>	2	3	M

FORCED LABOUR/FREELY CHOSEN EMPLOYMENT	Minor	Small	Remediable	1	1	L
	<p>The assessment did not find any indication of forced labour such as confiscation of personal documents, restriction of movement, withheld wages, threats, etc.</p> <p>However, informalisation of workers and the precarious wage arrangement for informal workers probably constitute a major risk of forced labour if not monitored closely.</p>	No indications of forced labour were identified in primary or secondary data.	While no signs were associated with forced labour, it is important to diminish any likelihood of forced labour. Therefore, the labour informality in the stone processing factories and stone quarries should be addressed thoroughly and immediately. It is recommended to provide employment contracts and update internal regulations in line with the latest labour laws.			
WORKING HOURS & OVERTIME	Minor	Small	Remediable	2	2	L
	<p>No indication that our surveyed workers worked excessive hours per day. However, the current management system only allowed the tracking of the working hours for the core personnel (e.g. in-mountain workers) and team leaders of informal workers.</p>	Tracking the timesheets provided by three suppliers revealed that 13% of workers work more than 27 days per month (taking only 1-2 days off) while 32% are working less than 15 days per month.	<p>The management system at the suppliers should be improved to ensure that the working conditions (including working hours and overtime) are comprehensively tracked for both formal and informal workers.</p> <p>Furthermore, the internal regulations of the three suppliers need to be updated in line with the most recent related laws (e.g. Labour Code 2019).</p> <p>It is recommended that the weekly rest day(s) for workers should be provided explicitly in the company's policy. All workers (including informal work) should be informed about this rest day.</p>			
DISCRIMINATION AT WORK	Minor	Small	Remediable	1	2	L
	An increasing number of female workers were	50% of the current workforce in the bluestone industry	The participation of various ethnicities in a workplace			

	<p>engaging in the stone excavation process.</p> <p>In the quarries where ethnic minority participates in the workforce, we observed no indication of ethnicity-based discrimination at work.</p>	<p>were female workers, who were likely to perform processing tasks. In the FDGs, the female workers indicated that they did not experience gender inequality in the workplace.</p> <p>The Muong ethnicity amounted to 98% of the population in some areas in Thanh Hoa. Based on our interviews with the local communities, ethnicity was treated indifferently.</p>	<p>requires managers to adopt inclusive policies to maintain a strong and stable workforce.</p> <p>It is also important to note that female workers extensively participated in the workforce. Therefore, it is important to provide accessible and suitable facilities (such as separate toilets, rest rooms, changing rooms etc.) for female workers.</p>			
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5.2. Salient Risks in the Local Community

Table 9: Human Rights and Child Rights Risks in Vietnam Bluestone Supply Chain

ADVERSE IMPACTS	DETAILS OF SEVERITY			RISK RANKING		
	SCALE	SCOPE	IRREMIEDIABILITY	SEVERITY	LIKELIHOOD	OVERALL
ENVIRONMENTAL IMPACT TO LOCAL COMMUNITY	-	-	-	NA	NA	NA
	<p>According to an interviewed supplier manager, environmental externalities are inevitable in mining and stone extraction. While there was no specific measurement of the pollution (air, noise, dust and water) caused by the bluestone excavation, the environmental risks due to stone quarrying to human health had been confirmed</p>	<p>In Thanh Hoa, the majority of claims from local communities were regarding dust pollution emitted from transporting of hauling trucks. The impact of bluestone production activity on water and soil pollution were unknown.</p>	<p>This risk can be mitigated by close management from the local authority. The further examination should be conducted to understand the scale and scope of impacts caused by these pollutions.</p> <p>The suppliers need to carry out environmental monitoring with the frequency required by laws. The reports of environmental monitoring should be shared broadly to various supply chain</p>			

	with various academic evidence. ⁷⁷		actors as well as other stakeholders. The suppliers possibly apply several measures to reduce dust emissions. For example, cleaning hauling trucks before leaving the stone quarry shall be a part of the solution.			
	-	-	-	NA	NA	NA
INFRASTRUCTURE DAMAGE AND TRANSPORTATION SAFETY	Local communities were also highly concerned about trucks driving through villages. According to the interviewed public servants and local people, the trucks carrying stones might probably be overloaded which contributed to the main cause of road damage and safety hazards for commuters.	The transportation safety and infrastructure damage had extensively impacted the local community. However, no official record of transportation accidents related to stone hauling was available.	These risks are salient to the local community. However, to determine the scale and scope of the issue impacting to human rights, an in-depth investigation is needed. In the short-term, it necessitates for suppliers to monitor the load of the trucks within weight limits to minimise the impact to infrastructure and reduce risks relating to road safety.			
CORRUPTION	Moderate The interviews and informal conversations with supplier managers indicated that corruption possibly occurs in the initial phase of opening a new quarry. Taking into account the rampant corruption in the stone sector in Vietnam, the	Large According to an interlocutor, opening a stone quarry is extremely costly, where the under-table cost could amount to 20-30% of their initial investment.	Partly remediable A policy for anti-corruption should be well communicated to the suppliers. Plus, improving supply chain visibility and transparency is crucial to mitigate corruption-related risks.	4	4	H

⁷⁷ Endalew, A., Tasew, E., & Tolahun, S. (2019). Environment and social impacts of stone quarrying: South Western Ethiopia, in case of Bahir Dar Zuria Wereda Zenzelma Kebele. *International Journal of Research in Environmental Science*, 5(2), 29-38.

Langer, H. W. (2002). Potential Environmental Impacts of Quarrying Stone in Karst – A Literature Review. U.S Department of the Interior, U.S. Geological Survey. Accessed at <https://pubs.usgs.gov/of/2001/ofr-01-0484/ofr-01-0484so.pdf>

	corruption risk might be present not only in the opening quarries but also in its operations.					
LAND OWNERSHIP	Minor	Small	Partly remediable	2	1	L
	There was no indication of land rights conflicts between the stone quarry owners, as well as between the owners and local communities. The interviewed public servants also confirmed that there was no land conflict between the three suppliers.	There were some suspicions regarding land ownership that has been mentioned through the media. However, in this assessment, none were identified specifically on land conflict.	Assumably, if these risks exist, they can probably mitigate with regular monitoring. This can be done mainly by the suppliers. Other stakeholders such as buyers, other supply chain actors as well as CSOs, NGOs and local communities/authorities play a surveillance role.			

6. SUMMARY OF RECOMMENDATIONS AND NEXT STEPS

This section of the report provides a range of concrete and actionable recommendations in order to address the risks identified in the assessment. In addition to the recommendation below, we would also like to stress that it is of utmost importance that all TruStone Initiative member companies ensure that Codes of Conduct are understood, signed and adhered to by its suppliers. We also recommend ensuring that on-site audits and regular monitoring mechanisms are introduced by all member companies.

For each recommendation below, we have indicated the following: the risk area that the recommended action would address; the scope; the size of required investment; complexity and expected effectiveness; and sustainability in tackling each risk. This framework will allow bluestone companies in Vietnam as well as TruStone Initiative members to develop a concrete action plan using the recommendations.⁷⁸ The suggested measures are intended to inform the development of a mitigation plan and due diligence protocol.

Table 10. Recommended mitigation activities

Risk no	Addressed risk area	Recommended mitigation activities (What interventions should be done, where and for whom)	Scope	Timeframe	Investment	Complexity	Effectiveness	Sustainability	Scale
1	Occupational health and safety	1.1. Support business partners to establish and implement health and safety policies with detailed operational guidelines, and cascade these to the lower tiers of the supply chain to ensure the standards meet international and national requirements.	TruStone Initiative members	Short term	Medium to High	Low to Medium	Medium to High	High	High
		1.2 Set up strong management policies and systems regarding OHS, including offering regular training for workers on OHS. 1.3 Provide sufficient and adequate PPEs, as well as regular OHS training for workers (during and on a continuous basis). 1.4 Frequently carrying out environmental monitoring is crucial to comply with the national laws on mitigating risks for workers caused by exposure in a polluted environment. 1.5 Collaborate with the local government to boost universal health coverage amongst workers (e.g. district leader or the designated	Suppliers	Short term	Medium	Low	High	High	High

⁷⁸ **Colour Legend:** i) **Light blue:** low investment/complexity and great expected effectiveness, sustainability, and scope; ii) **Blue grey:** medium investment/complexity/expected effectiveness/sustainability and scope; iii) **Clear blue:** high investment/complexity and low expected effectiveness, sustainability, and scope.

Risk no	Addressed risk area	Recommended mitigation activities (What interventions should be done, where and for whom)	Scope	Timeframe	Investment	Complexity	Effectiveness	Sustainability	Scale
		bodies such as the Department of Labour-Invalids and Social Affairs, or the village and sub-district leader).							
2	Employment contracts, access to social security schemes and current wage arrangement	2.1 Mandate their suppliers to improve HR management systems and streamline the contractual status of all workers.	TruStone Initiative	Short term	Medium to High	Low to Medium	Medium to High	High	High
		2.2 Continuously assess the income levels of workers at stone quarries and processing factories. It is important to understand how wages and conditions are shaped by purchasing practices and if any measures need to be taken to enable a living wage and decent living conditions of workers and the families living in the nearby communities.							
		2.3 Provide all workers with monthly payslips, including informal workers who are paid at piece rate.	Suppliers	Short term	Medium to High	Low to Medium	High	High	High
		2.4 Increase social security coverage including for informal workers.							
		2.5 Orientation and refresh training about wage calculations and lawful entitlements for workers.							
3	Freedom of association	3.1 Sensitise suppliers on freedom of association, collective bargaining and social dialogue.	TruStone Initiative members	Medium term	Low	High	Medium	Medium	Medium
		3.2 Support suppliers to establish an anonymous and effective grievance mechanism, as well as regular management-worker consultations to hear workers' concerns and needs.							
		3.3 Ensure that all workers are informed about their entitlements for setting up a union or worker representative organisation of their own choosing and support the creation of unions in case this is expressed.	Suppliers	Medium term	Low	High	Medium	Medium	Medium
		3.4 Inform about the functions of the union.							
		3.5 Take part in collective bargaining with good faith and regularly carry out social dialogue in line with local labour laws.							
4	Prison labour	4.1 Develop a clear policy on the use of prison labour.	TruStone Initiative members	Short to medium term	Low to medium	High	Medium to High ⁷⁹	Medium to High	Medium
		4.2 Cascade in the supply chain about the policies and train all suppliers about monitoring systems with identification of "red flag" practices.							
		4.3 Stakeholder engagement as whistle-blower reporting case(s) of violation with rigorous procedure of reporting and intervention (if needed).							
		4.4 Establish robust HR management systems including formal contracts for all workers.	Suppliers	Short term	Medium	High	Medium to High	Medium to High	Medium
		4.5 Provide list of sub-contractors/service provider.							
		4.6 Commitment to not use prison labour.							

Risk no	Addressed risk area	Recommended mitigation activities (What interventions should be done, where and for whom)	Scope	Timeframe	Investment	Complexity	Effectiveness	Sustainability	Scale
5	Child labour and protection of young workers	5.1 Introduce the Code of Conduct and a child labour prevention and remediation protocol with practical guidelines covering suppliers, agents and other possible supply chain actors, with a clear description of the role and responsibilities of the different stakeholders in the prevention and remediation of child labour.	TruStone Initiative members	Short term	Medium	Medium	High	High	High
		5.2 Evaluate suppliers' implementation of child labour prevention and remediation measures as part of the supplier evaluation and contracting process.							
		5.3 Ensure that the TruStone Initiative's Child Labour and Child Rights reference document is shared with all agents and 1st tier suppliers.							
		5.4 Implement a robust age verification system for suppliers, and commercial agents covering all workers (i.e., thoroughly checking identity cards, conducting interviews, proper management of personnel documents, etc.).	Suppliers	Short term	Low	Medium	High	Medium to High	High
		5.5 Organise training on child labour prevention and remediation for key personnel at suppliers' processing factories and stone quarries, and commercial agents and maintain the training records.							
6	Grievance mechanisms	6.1 Ensure that suppliers establish anonymous grievance channels in native-language platforms, and implement effective mechanisms or procedures to receive, resolve and monitor workers' claims.	TruStone Initiative members	Short term	High	Medium	High	Medium	High
		6.2 Monitor whether grievance reporting is established and properly managed at all supplier facilities, and whether anonymity and confidentiality are ensured in such processes.							
		6.3 Ensure that anonymous grievance mechanisms are established and information about the mechanism is shared among all workers.	Suppliers	Short term	High	Medium	High	Medium	High
		6.4 Ensure that grievances are followed up upon with support from suitable third-party organisations.							
7	Forced labour/ Freely chosen employment	7.1 Establish/strengthen a close monitoring system for their suppliers' HR management systems with a clear timeline for improvement and impact measurements. Priority should be focused on the increase in labour contracts and social security coverage.	TruStone Initiative members	Short term	Medium -High	High	Medium -High	High	High
		7.2 Diversify and operationalise the grievance mechanisms at the workplace (refer to risk no. 6).							
		7.3 Improve HR management system to streamline the contractual status for all workers to ensure that the provisions in the Labour Code are met accordingly and to ensure that all workers have access to social security.	Suppliers	Short term	Medium -High	Medium	High	High	High

Risk no	Addressed risk area	Recommended mitigation activities (What interventions should be done, where and for whom)	Scope	Timeframe	Investment	Complexity	Effectiveness	Sustainability	Scale
8	Working hours and overtime	8.1. Ensure that suppliers have an HR management system in place for regulating working hours and ensuring that overtime is not exceeding the limit.	TruStone Initiative members	Short term	Medium	Medium	High	High	High
		8.2. Suppliers should implement a regular weekly working schedule, with a weekly 24-hour-consecutive break, applicable for both formal and informal workers.	Suppliers	Short term	Medium	Medium	High	High	High
		8.3. Suppliers should closely monitor the overtime threshold to ensure that workers do not work overtime for more than 60hrs per month.							
		8.4. Establish practical guidance and training for workers on the topic of working hours and overtime.							
9	Discrimination at workplace	9.1 Organise an awareness-raising campaign to positively influence community knowledge, attitudes and behaviours on sensitive topics such as sexual harassment or child marriage. The campaign can also include sessions to further empower women in stone production communities.	TruStone Initiative members	Medium to long term	Low to medium	Low	Medium to High	High	High
		9.2 Non-discrimination policies for workers should be in place and strengthened to ensure no discrimination based on ethnicity, sex, etc.	Suppliers	Medium to long term	Low to medium	Low	Medium to High	High	High
		9.3 Mainstream gender-sensitive policies and protection into internal rules and procedures, and train relevant managers, HR staff and supervisors on how to recognise and prevent discrimination, sexual harassment, and other forms of degrading treatment of workers.							
10	Environmental impact to local community	10.1 Ensure that suppliers are carrying out regular environmental monitoring as required by relevant laws and publish the monitoring reports to ensure transparency and accountability.	TruStone Initiative members	Short to medium term	Medium to High	Medium to High	High	Medium to High	NA
		10.2 Support suppliers to implement adequate dust and water pollution control measures, and to carry out further assessments to understand the impact of stone extraction, processing and transportation on the environment, public health and local communities.							
		10.3 Ensure that environmental monitoring according to the law is carried out and reported on.	Suppliers	Short term	Medium to High	Medium to High	High	Medium to High	NA

Risk no	Addressed risk area	Recommended mitigation activities (What interventions should be done, where and for whom)	Scope	Timeframe	Investment	Complexity	Effectiveness	Sustainability	Scale
11	Infrastructure damage and transportation safety	11.1 Engage in discussions with suppliers how the transport of bluestone can be done in a safe manner.	TruStone Initiative members	Short to medium term	High	Low to Medium	High	High	NA
		11.2 Monitor the load of the trucks within weight limits to minimise the impacts on infrastructure and reduce risks relating to road safety.	Suppliers	Short term	High	Low to Medium	High	High	NA
		11.3 Apply regular checks on the drivers' qualifications and vehicle conditions to reduce risks relating to road safety.							
12	Corruption	12.1 Establish an anti-corruption policy and ensure that it is communicated, well-understood and monitored.	TruStone Initiative members	Medium to long term	Medium to High	Medium	Low to Medium	Medium	NA
		12.2 Increase supply chain visibility and transparency to mitigate corruption-related risks.							
		12.3 Adhere to policies on corruption and ensure that safeguarding measures are in place.	Suppliers	Medium to long term	Medium to High	Medium	Low to Medium	Medium	NA
13	Land ownership	12.4 Ensure that whistle-blower functions are in place.							
		13.1 Conduct regular checks and monitor the duration, scope and validity of suppliers' exploitation license.	TruStone Initiative members	Medium to long term	Low	Medium	Medium	Medium to High	NA
		13.2 Other stakeholders such as buyers, other supply chain actors as well as CSOs, NGOs and local communities/authorities may also play a role in monitoring to provide transparency and accountability.	Suppliers	Medium to long term	Low	Medium	Medium	Medium to High	NA

APPENDICES

Appendix 1. Primary Data Collection Status

Table A. List of interviewees, Phase I - Desk Research

Who	Position	Interview date
TruStone Initiative - Member Company	Manager	05-May-22
TruStone Initiative - Member Company	Manager	06-May-22
TruStone Initiative - Member Company	Purchasing Director/Manager	11-May-22
TruStone Initiative - Member Company	Sales Manager	17-May-22
TruStone Initiative - Member Company	Sustainability Consultant	20-May-22
TruStone Initiative - Member Company	ESG and Human Rights Director	19-May-22
TruStone Initiative - Secretariat	Senior Policy Officer International Corporate Social Responsibility	16-May-22
TruStone Initiative – Member Civil Society Organization	Expert	20-May-22

Table B. Collected primary data in Phase 2

	Assessment methods and target informants	Supplier 1 Cao Thinh	Supplier 2 Loc Thinh	Supplier 3 Yen Lam	Overarching	Informants		
		No. of informants	No. of informants	No. of informants	No. of informants	Total	Male	Female
Stone processing site	Survey with workers	8	10	10	0	28	10	18
	FGD with workers	0	5	5	0	10	3	7
	Interviews with managers	2	2	2	0	6	3	3
Stone quarries and semi-finishing sites	Survey with workers	10	10	8	0	28	20	8
	FGD with workers	5	0	5	0	10	6	4
	Interviews with managers	3	2	2	0	7	5	2
Community level	FDG with workers' children	8	6	5	0	19	4	15
	Interviews with workers' spouse	3	3	2	0	8	2	6
Others	Interviews with public sector	1	2	1	1	5	4	1
	Interviews with healthcare staff	1	0	1	0	2	0	2
	Interview with experts in stone industry	0	0	0	2	2	0	2
					Total	125	46%	54%

Appendix 2. International Treaties and Conventions on Human Rights and Labour Rights, Ratified and Not Ratified by Vietnam

International Treaty and Convention	Treaty Name	Ratification Date	Status
Convention on the Elimination of All Forms of Discrimination against Women	CEDAW	17 Feb 1982	In Force
International Convention on the Elimination of All Forms of Racial Discrimination	CERD	09 Jun 1982	In Force
International Covenant on Civil and Political Rights	CCPR	24 Sep 1982	In Force
International Covenant on Economic, Social and Cultural Rights	CESCR	24 Sep 1982	In Force
Convention on the Rights of the Child	CRC	28 Feb 1990	In Force
Occupational health and safety Convention (No. 155)	C155	03 Oct 1994	In Force
Equal Remuneration Convention, 1951 (No. 100)	C100	07 Oct 1997	In Force
Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	C111	07 Oct 1997	In Force
Worst Forms of Child Labour Convention, 1999 (No. 182)	C128	19 Dec 2000	In Force
Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict	CRC-OP-AC	20 Dec 2001	In Force
Optional Protocol to the Convention on the Rights of the Child on the sale of children child prostitution and child pornography	CRC-OP-SC	20 Dec 2001	In Force
Minimum Age Convention, 1973 (No. 138)	C138	24 Jun 2003	In Force
Forced Labour Convention, 1930 (No. 29)	C029	05 Mar 2007	In Force
Promotional Framework for Occupational health and safety Convention (No. 187)	C187	16 May 2014	In Force
Convention on the Rights of Persons with Disabilities	CRPD	05 Feb 2015	In Force
Convention against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment	CAT	05 Feb 2015	In Force
Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	C098	05 Jul 2019	In Force
Abolition of Forced Labour Convention, 1957 (No. 105)	C105	14 Jul 2020	In Force
Convention on Freedom of Association and Protection of the Right to Organize, 1984 (No. 87)	Not yet ratified		
Convention for the Protection of all Persons from Enforced Disappearance – CED	Not yet ratified		
International Convention on the Protection of the Rights of all Migrant Workers - CMW	Not yet ratified		

Source: Adapted from databased of the OHCHR and the ILO

Appendix 3. Economic Features of Vietnam Bluestone Industry

Vietnam, according to statistics from the World Bank in 2019, is among the top exporters of natural stones⁸⁰. The Observatory of Economic Complexity (OEC) reports that Vietnamese natural stone exports contribute to about 1.23% of the global market.⁸¹ Vietnam's natural stone products are exported worldwide, including to important clients in the European countries. The bluestone industry is a part of Vietnam's mining sector⁸², with a contribution of 0.09% to the GDP⁸³. Prior to Covid-19, natural stone production in general, and bluestone in particular, witnessed a gradual growth in the period from 2000 to 2019.⁸⁴

The bluestone supply chain in Vietnam is regionally concentrated and dominated by small-sized producers. A type of fine-grained sedimentary rock, bluestone is commonly used as a building material for outdoor decoration purposes, such as garden pavers, terrace tiles, and indoor tiling and wall cladding.⁸⁵ Bluestones are mainly located in the Northwest area of Thanh Hoa province and partly in Ninh Binh province. Four key areas of bluestone excavation sites are located in Thanh Hoa, including Yen Lam, Ha Trung, Vinh Loc and Nui Nhoi.⁸⁶

As informed by the Chairman of Thanh Hoa Natural Stones Business Association, there are about 100 companies extracting and processing bluestones in Thanh Hoa. All are domestic, private and small-sized companies. Only 20 companies exported their products to international buyers while the rest supplied the domestic market solely.

While the international supply chain only absorbs a small portion of the bluestone supplies, international buyers still have influence and leverage over the entire supply chain due to the higher quality and prices of the exported stones. Through an interview with the Chairperson of the Thanh Hoa Natural Stone Association we learned that only 10-20% of the extracted bluestones are destined for export purposes, while 80-90% serve domestic demands. The export bluestones are processed in line with purchase orders of international buyers and often have much higher quality than those sold to the domestic market. In 2020-2021, the export value of natural stone from Thanh Hoa amounted to approximately 40 million USD, of which bluestone export occupied 90%. The **top export markets of bluestone** are the Netherlands and Belgium (both occupying approximately a third of exported volume), Germany, France, Australia, as well as some Asian countries, such as Korea and Taiwan.

Despite a slight increase in demand at the beginning of the pandemic, driven by the lockdown-induced home renovation boom, growth in the natural stone sector has largely stalled or even slipped into a downturn since 2021. While in the first quarter of 2022, Vietnam Mining industry enjoyed a positive increase of 1.23%, contributing 0.04% to the national GDP,⁸⁷ the bluestone industry faces a downturn according to our informants. The interviewed international buyers indicate that in 2022 the number of orders has drastically declined, even lower than those during the Covid-19 pandemic spread out. In mid 2020, the natural stone importation from Vietnam increased slightly due to an instant demand for 'Do-It-Yourself' or DIY projects to renovate homes and gardens driven by

⁸⁰<https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2019/tradeflow/Exports/partner/WLD/product/680100>

⁸¹ https://oec.world/en/visualize/tree_map/hs92/export/vnm/all/136802/2020/

⁸² <https://www.luatdoanhnghiepv.com/13/nhom-nganh-khai-khoang>

⁸³ The 2019 Annual Growth Report of the National General Statistics Office (GSO), link: <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2019/12/bao-cao-tinh-hinh-kinh-te-xa-hoi-quy-iv-vam2019/#:~:text=Ng%C3%A0nh%20c%C3%B4ng%20nghe%20E1%BB%87p%20khai%20kho%C3%A1ng,tr%C4%83m%20v%C3%A0o%20m%E1%BB%A9c%20t%C4%83ng%20chung>.

⁸⁴ <https://thiensonstone.vn/nd/tin-tuc/tiem-nang-da-op-lat-tai-viet-nam.html>

⁸⁵ <https://www.naturalstonetiles.com.au/2020/06/22/bluestone-elegance-around-the-world-with-rms-traders/>

⁸⁶ <https://binhtungstone.com/blog/cac-mo-da-o-thanh-hoa.html>

⁸⁷ <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2022/03/bao-cao-tinh-hinh-kinh-te-xa-hoi-quy-i-nam-2022/>

pandemic-induced confinement in Europe. However, this fad gradually faded out. The contraction in bluestone importation from Vietnam is partly explained by the dropping demands from the markets and partly due to the rising costs of container shipment.

The Vietnamese suppliers indeed suffered from this downturn. Bluestone exportation in 2022 has decreased 70% in comparison to the same period in 2021. This decline as identified by suppliers was caused by: (1) a nearly 10-time increase in shipment fare; (2) negative impacts from the Ukraine war; and (3) the Euro's loss of value.

From the stone slabs, only a small amount of bluestone is qualified to be processed and exported. The other parts of the stone, which are considered lower quality, go through other processes to be transformed into a variety of building materials and by-products selling in the domestic market, please also refer to figure A in section 3.2 on page 14 for an overview.

Appendix 4. Bluestone Process Mapping

Stone Extraction

After removing the overburden from the surface of stones (including topsoil and plants), two major methods of stone excavation are used: blast methods (using explosives) and non-blast methods (without explosives) to extract the stone slabs from the main rocks. The blast methods require the workers to have certain skills to calculate the correct amount of explosives to produce the desired macro-cracks in the stone slabs with the least damage to the rocks. This low-cost method (Bhandari & Rathore, 2002) was largely used in extracting bluestone before 2017. For the time being, the explosives are only utilised at the beginning of the stone excavation process, to open a road for trucks to commute between the quarries and the semi-finishing sites.

A technological transition has been undergoing in the bluestone industry in Vietnam. Since 2017, non-blast methods are now widely used in bluestone extraction. In recent times, machines are increasingly being used in stone quarrying. In particular, diamond beaded wire sawing machines are used in three quarries we visited. Workers drill holes into the stone blocks and set up the wire to saw the stone slab from the rock. This process is often carried out by skilled workers.

Before carrying the stone slabs to the sawing site, at some quarries, the stone slabs are split manually where workers drill holes into the stone blocks and put in steel feathers and wedges to split the stone slabs. This process is highly laborious and carried out by skilled workers.

Picture A. Diamond beaded saw machine to extract stone slabs from the mountain rock



Picture B. Workers manually split the stone slabs



Hand drilling



Hammering steel feathers and wedges

Stone Processing

After being extracted in the stone quarry, the raw bluestone slabs are transported to the stone sawing sites (often located at the foot of the exploited mountain, or a nearby place). The stone slabs are sawn into smaller sizes by the round-blaze machines (including a parent 3m-diameter machine, and 3-5 smaller-sized sawing machines). Then these sawn stones are cut by stone cutting machines. After cutting the stones to the dimensions required by clients. Only workers who are trained to perform particular steps and manipulate certain types of machines are allowed to operate these cutting machines as they pose great risks. Stone sawing can be considered as one of the most hazardous parts of the stone process, where the workers were required to wear protective helmets and gear.

Picture C. Stone sawing machines with cranes and lifts; and stone cutting machines



Stone sawing



Stone cutting

The surface of the stones can be either semi-finished, at the semi-finishing sites, located next to the sawing sites, or can be transported to the processing factories, where the finishing techniques and machines are more diverse than those in the semi-finishing sites (For example, polishing or other treatment such as antique-like glazed tiles). The stones are exported from the semi-finishing sites and processing factories, depending on the technical requirements of each order.

Transportation

Once extracted in the form of stone slabs, the bluestones are transported to the nearby semi-finishing and processing factories. Stone slabs are considered as overweight cargo. The stone slabs, therefore, are transported by heavy-duty trucks and/or tippers, from the quarries to the semi-finishing and processing factories. There were occupational health and safety (OHS) risks associated with the transportation of the stones, mainly in stone quarries and semi-processing sites.

Appendix 5. Analytical Approaches

This assessment is informed by the OECD Due Diligence Guidance on Responsible Business⁸⁸ and the UN Guiding Principle on Business and Human Rights (UNGPs). The matrix (Tables C-E) is informed by the OECD Due Diligence Guidance and the UNGPs. This matrix is also in line with The Centre’s tested ISO-based risk assessment which is guided by a Risk Assessment Criteria Matrix based on ISO 31000 – an international standard that provides principles and guidelines for effective risk management.

According to OECD Due Diligence Guidance, **severity** is judged and ranked by its scale, scope and irremediability. See the summary table below to summarise this element.

Table C. Description of severity ranking

Criteria	Severity ⁸⁹		
	Scale	Scope	Irremediability
Definition	<p>The extent of infringement of access to basic life necessities or freedoms (see key areas described in section 1).</p> <p>The scale is rated as:</p> <ul style="list-style-type: none"> ● Minor ● Moderate ● Major 	<p>The reach of the impact e.g. # of people impacted, % of identifiable groups of people impacted.</p> <p>The scope is rated as:</p> <ul style="list-style-type: none"> ● Small ● Medium ● Large 	<p>The extent to which the impact can be rectified e.g. through compensation/ restitution AND whether the people affected can be restored to their exercise of the right in question.</p> <p>The irremediability is rated as:</p> <ul style="list-style-type: none"> ● Remediable ● Partly remediable ● Irremediable
Ranking⁹⁰	The ranking considers the scale, scope and irremediable character, the severity will be ranked between 1 to 5, see below:		
	1	Slight	Slight impact on human and child rights or misunderstanding with farmers and workers or community members. (Minor scale, small scope, remediable).
	2	Low	Low but ongoing impact on human and child rights within the target community. (Minor-moderate scale, small-medium scope, remediable).
	3	Medium	Medium but ongoing impact on human and child rights beyond the target community’s well-being, that can be recovered quickly and without significant lasting reputational or relationship impacts. (Minor-moderate scale, medium scope, remediable/partly remediable).

⁸⁸ The OECD Due Diligence Guidance for Responsible Business Conduct provides practical support to enterprises on the implementation of the OECD Guidelines for Multinational Enterprises by providing explanations of its due diligence recommendations and associated provisions. The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.

⁸⁹ It is not necessary for an impact to have more than one of these characteristics (scale, scope and irremediable character) to be considered ‘severe’, although it is often the case that the greater the scale or the scope of an impact, the less it is ‘remediable’.

⁹⁰ The OECD Guidelines for MNEs themselves do not attempt to rank the severity of adverse impacts. However, for the purpose of this assessment, we include the scoring that will enable us to rank the severity.

	4	High	Significant non-compliance and impact on human and child rights. National and international concerns. Sustained NGO/stakeholder activism resulting in reputational damage. (Moderate-major scale, medium-large scope, remediable/partly remediable).
	5	Extreme	Breach of national and international law. Severe non-compliance and severe negative impact on human and child rights. Complete breakdown of relationship with key stakeholders. Sustained negative media coverage on a national and/or international level. Cessation or severe restriction of operations. Public outrage. (Irremediable, despite the scale and scope).

In risk management terminology, the word **likelihood** is used to refer to the chance of something happening. This may be defined, measured, or determined objectively or subjectively, qualitatively, or quantitatively, and described using general terms or mathematically such as a probability or a frequency over a given time period. See the summary table below to summarise this element.

Table D. Description of likelihood ranking

Criteria	Likelihood ⁹¹		
Definition	Whether the adverse impact to children’s rights is actual. If they are not observed to be actual impacts, the likelihood of such adverse impacts occurring is considered.		
Ranking⁹²	Considers the actual and potential adverse impacts, the likelihood will be ranked between 1 to 5, see below:		
	1	Rare	Very unlikely in the current or in a changing environment. Conceivable but highly improbable. The aspect/event may occur in very exceptional circumstances.
	2	Unlikely	Less likely to happen in the current or a changing environment. The impact could occur at some time. The aspect/event has happened elsewhere under slightly similar circumstances.
	3	Possible	It could happen in the current or a changing environment. The aspect /event has occurred before here or in similar circumstances elsewhere.
	4	Likely	It probably will happen in the current or in a changing environment. The aspect/event is expected to occur. The aspect/event occurs in most circumstances.
	5	Almost certain	Frequent occurrence in current or in a changing environment. The aspect/event has occurred. The aspect/event occurs in almost all circumstances.

Based on the ranking for both *severity* and *likelihood*, the overall risk will be assessed as high, moderate or low as illustrated in Table E below.

⁹¹ The likelihood’s detailed definition and ranking is based on the UN Guiding Principles on Business and Human Rights.

⁹² The OECD Guidelines for MNEs themselves do not attempt to rank the severity of adverse impacts. However, for the purpose of this assessment, we include the scoring that will enable us to rank the risks.

Table E. Risk Matrix based on Likelihood and Severity Rankings

Likelihood		Severity				
		1	2	3	4	5
Ranking		Slight	Low	Medium	High	Extreme
5	Almost Certain	Moderate	High	High	Very High	Very High
4	Likely	Moderate	Moderate	High	High	Very High
3	Possible	Low	Moderate	Moderate	High	High
2	Unlikely	Low	Low	Moderate	Moderate	High
1	Rare	Low	Low	Low	Moderate	High

Appendix 6: Working Days of Bluestone Workers

May-22	Quarry 1.1	Jun-22	Quarry 3.1	Jul-22	Quarry 2.1
a	23	Thuan	26	Cuong	13,5
b	25,5	Truong	24,5	Son	11,5
c	25,5	Duong	26	Dung	10,5
d	19	Thanh	27,5	Huong	8
Duan	24	Diep	7	Thu	14
Tuan	15,5	Duy	27	Truong	6
Ly	14,5	Huong	8	Toi	4
Nhung	10	Hoa	24,5	Thanh	9,5
Dat	11	Viet	18	Hieu H	5,5
Hue	30	Nang	26	Hoang	12
Hue	26,5	Duong	26	Hao	9
Thao	23	Bay	29	Thie	8
Khoa	21	Thanh	24	Chi	0
Cong	22,5	Nam	7	Co Tinh	10
Thu	15,5	Bien	16,5	Tinh	8
Nhung	29,5	Hung	0	Kien	0
Hang	29,5	Vu	14	Linh	1,5
Tien	27,5	Chien	23,5		
Linh	26,5	Du	17		
tan	23	Thanh	27,5		
Phong	24	Huan	28		
n	24,5	Dung	24,5		
Hieu	26,5	Bien	20,5		
Doan	24,5	Han	16		
Dat	0	Hai B	21		

Luan	0	Uoc	24,5	
Thanh	0	Hung	27	
ab	26	Tuan	0	
bc	24,5	Hao	3	
cd	22	Tuan	26,5	
Dung	15,5	Nghia	24	
Hue	15,5	Hai B	27	
Manh		Hoat	22,5	
Phuc	24	Y	24	
thinh	21,5	tin	29	
Lan	21,5	Luan B	2	
tam	25,5			
Oanh	11,5			
Loan	12			
Que	10			
Phu	10			
Lan	13,5			
Hoa	16			
Mui	22			
Son	11,5			
Thu	12,5			
Hue	13,5			
Huong	11,5 ^Q			
Dinh	12,5			
Huong	25,5			
Xuan	10			
Thanh	26,6			
Luan	21,5			

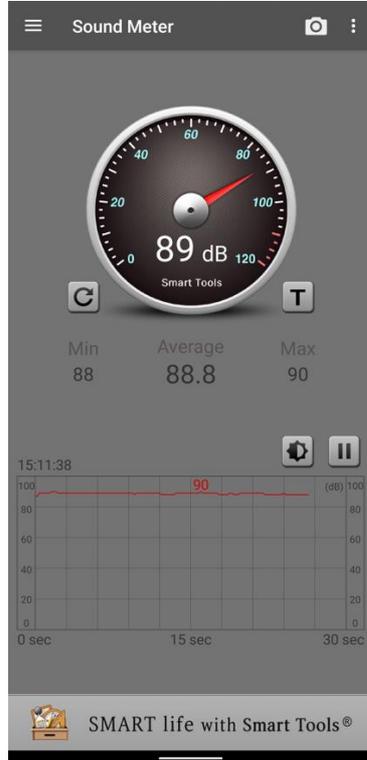
Dat	15,5			
Min	0		0	0*
Max	30		29	14*
Average	18,7		20,5	8,7*

* We visited the quarry 2.1 on July 15, 2022. Therefore, the records were documented until that date.

Appendix 7. Recorded Noise Levels at The Workplace

Recorded by Android-based *Sound Meter* Application. Comparing to national laws, the maximum noise threshold for 8-hour exposure is 85dB.⁹³

Recorded in the quarry 1.1



Recorded in the processing factory 2



⁹³ https://moh.gov.vn/web/phong-chong-benh-nghe-nghiep/thong-tin-hoat-dong/-/asset_publisher/xjpQsFUZRw4q/content/tieng-on-muc-tiep-xuc-cho-phep-tieng-on-tai-noi-lam-viec?inheritRedirect=false

Appendix 8. List of Documents for Reviewing

After the onsite assessment plan was agreed with the suppliers, The Centre sent them a request a few days prior to the field trip for a range of documents for review. The list is based on a standardised checklist that is used in compliance monitoring processes for factories and their supply chain. The documents we requested were:

- (1) Business registration
- (2) HR/Recruitment/Training policies and procedures
- (3) Policies and procedures relating to child labour, young workers (under 18y years old), female workers, maternity protection and childcare...
- (4) Wage scale and attendance checks (for reference and comparing to the relevant policy)
- (5) Roster (all workers, including DoB, positions and number of their number under 18)
- (6) List of workers who are above 7-month pregnant/ and nursing under 12-month-old child.
- (7) Workers' dossiers and employment contracts
- (8) Internal labour regulations
- (9) Training plans and records
- (10) HSE Risk Assessment and Environmental risks assessment
- (11) List of hazardous tasks (and non-hazardous tasks)
- (12) Union establishment document/List of members of union executive committee
- (13) List of sub-contractors and service providers.
- (14) Supply chain risk assessment: Risk Assessment and Mitigation Plan, cascading to suppliers, subcontractors and intermediates.

All three suppliers could only share some key documents including business registration (#1), wage and attendance records (#4), employee roster (#5) and workers' dossiers (#6) but they do not have the other documents/records yet as they did not prepare these documents before. In addition, all of them also shared their Exploitation Licenses for each quarry and lists of employees covered by social security.

One of the suppliers mentioned that “the companies here (in Thanh Hoa province) haven’t reached that level of professionalism” as these documents have not been requested before either by the local authority or their international clients yet.

Document	Availability of document		
	Supplier 1	Supplier 2	Supplier 3
(1) Business registration	√	√	√
(2) HR/Recruitment/Training policies and procedures			
(3) Policies and procedures relating to child labour, young workers (under 18y years old), female workers, maternity protection and childcare			

(4) Wage scale and attendance checks (for reference and comparing to the relevant policy)	√	√	√
(5) Roster (all workers, including DoB, positions and number of their number under 18)	√	√	√
(6) List of workers who are above 7-month pregnant/ and nursing under 12-month-old child			
(7) Workers' dossier and employment contracts	√ Contract for core staff only	√ Contract for core staff only	√ Contract for core staff only
(8) Internal labour regulations		√* (outdated, not yet updated to Labour Code 2019)	
(9) Training plans and records			
(10) HSE Risk Assessment and Environmental risks assessment			
(11) List of hazardous tasks (and Non-hazardous tasks)			
(12) Union establishment report/List of members of union executive committee			
(13) List of sub-contractors and service providers			
(14) Supply chain risk assessment: Risk Assessment and Mitigation Plan, cascading to suppliers, subcontractors and intermediates			