

TruStone Initiative

Stakeholders working towards
responsible business conduct in the
natural stone sector



Trustone Initiative

Stakeholders working towards responsible business conduct in the natural stone sector



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

Contents

Management summary: TruStone	3
Initiative TruStone.....	6
Part I – Recitals	7
Part II – Definitions.....	8
Part III – Agreements.....	12
Article 1 – Aims.....	12
Article 2 – Scope	12
Article 3 – Participation of companies and public authorities.....	13
Article 4 – Review.....	14
Article 5 – Role of the adhering companies	15
Article 6 – Role of the Parties.....	17
Article 7 – Role of public authorities	21
Article 8 – Role of industry associations and sector federations.....	23
Article 9 – Role of civil society organisations and trade unions.....	23
Article 10 – Governance.....	24
Article 11 – Complaints and disputes mechanism.....	25
Article 12 – Funding	29
Article 13 – Duration of Initiative.....	30
Article 14 – Accession to the Initiative	30
Article 15 – Withdrawal from the Initiative.....	30
Part IV – Statement by companies concerning the IRBC TruStone initiative	31
Part V – Statement by national and local authorities concerning the IRBC TruStone initiative	34
Part VI – Expression of support for the IRBC TruStone initiative	35
Part VII – Appendices.....	36
Appendix 1 – Due diligence and procurement practice guidance	36
Appendix 2 – Example of due diligence: countries and risks.....	42
Appendix 3 – Modes of action for specific themes	44
Appendix 4 – Examples of procurement situations	53
Appendix 5 – Criteria for assessing action plans for individual due diligence.....	57
Appendix 6 – Examples of gap analyses under the OECD Guidelines – sustainability initiatives	59
Appendix 7 – Example set of specifications including ISC as a contractual condition ...	60
Appendix 8 – Financial contribution by company type.....	65
Appendix 9 – Members of the Working Group.....	66

Management summary: TruStone

The Natural Stone Sector in the Netherlands and Belgium consists of several hundred companies specialising in the import and processing of natural stone or products based on natural stone, such as countertops, tombstones, monuments, tiles, building facades and kerbs.

Natural stone is quarried and processed in many parts of the world, in many cases under conditions that violate human rights/labour rights and are harmful to the environment.

Why this initiative?

Many companies are emphasising International Responsible Business Conduct (IRBC) and sustainable production and supply chain management. Society and the Dutch and Flemish governments expect this of them, and they are furthermore obliged to do so under international guidelines and agreements such as the United Nations' Guiding Principles on Business and Human Rights, the OECD's Guidelines for Multinational Enterprises, and the ILO's fundamental labour standards.

If a company discovers, for example, that it is implicated in child labour or that it causes or contributes to environmental pollution, it can usually do something about it on its own. Often, however, the problems are complex in nature and involve practices downstream in the value chain, in emerging markets and developing countries in which the company has entered into business relationships. In such situations, local authorities often fail to protect rights and a company acting alone can generally only address part of the issue. It stands a better chance of solving the problem when it works with other parties. This is where the TruStone Initiative can offer added value.

Why is this Initiative more effective than existing sustainability initiatives?

This Dutch-Flemish Initiative addresses more issues than most other initiatives and covers companies' entire production and supply chain. Companies that participate in existing initiatives often have a head start, however, because they may already comply with some of the Initiative's objectives and obligations. There are also other parties involved; in addition to trade unions and civil society organisations, the Dutch and Flemish national authorities and industry associations are also participating.

The parties to this Initiative will make clear to what extent companies already meet expectations through their participation in existing initiatives (e.g. Earthworm's Responsible Stone Programme). The aim is to consolidate and unite as many forces as possible.

What are companies expected to do?

Import companies will be obliged to carry out a 'due diligence' procedure within a year of joining the Initiative. Due diligence is a procedure whereby companies identify and address risks in order to prevent adverse impacts on society and the environment as a result of their activities. In practical terms, this means that companies in the natural stone sector will systematically investigate whether they are implicated, either directly or through their suppliers or customers, in any harm or injury caused to people, animals, nature and the environment anywhere in the value chain. They will look not only at actual damage, but also at the risk of such damage occurring. Companies that find themselves implicated in damage or the risk of damage must take measures against it. Due diligence is not a one-off event; it is an ongoing activity and an integral part of business operations.

There will be significant differences between the companies that commit to this Initiative and what is expected of them in terms of their due diligence. The diagram on page 5 shows how expectations can vary depending on the company's procurement situation or situations (one company may be involved in several different procurement situations).

Based on the results of the due diligence procedure, companies will draw up their own annual action plans. In these plans, they explain how they tackle risks and in any event address the themes that are covered by the Initiative. They submit this plan to an independent Secretariat for assessment.

The participating companies will not be going it alone. The aim of the Initiative is for companies, their industry associations, public authorities, trade unions and civil society organisations to join forces to tackle the problems together. An independent Secretariat will provide support and assistance.

When companies carry out a due diligence procedure, they help make improvements in the value chain. While the Initiative cannot guarantee that nothing will ever go wrong again in the supply chain, it will contribute to solving problems more quickly and effectively. It is important that companies can demonstrate that they have gone through a due diligence procedure with the necessary care, have prioritised their risks in dialogue with their stakeholders, and have addressed prioritised risks to the best of their ability.

What is the advantage for companies?

Companies that participate are aligning their activities with existing guidelines (see above) and therefore anticipate the future and inevitable progress towards sustainability. Because the companies participating in the Initiative are taking practical steps towards responsible business conduct, their reputation in civil society and in political circles will be enhanced.

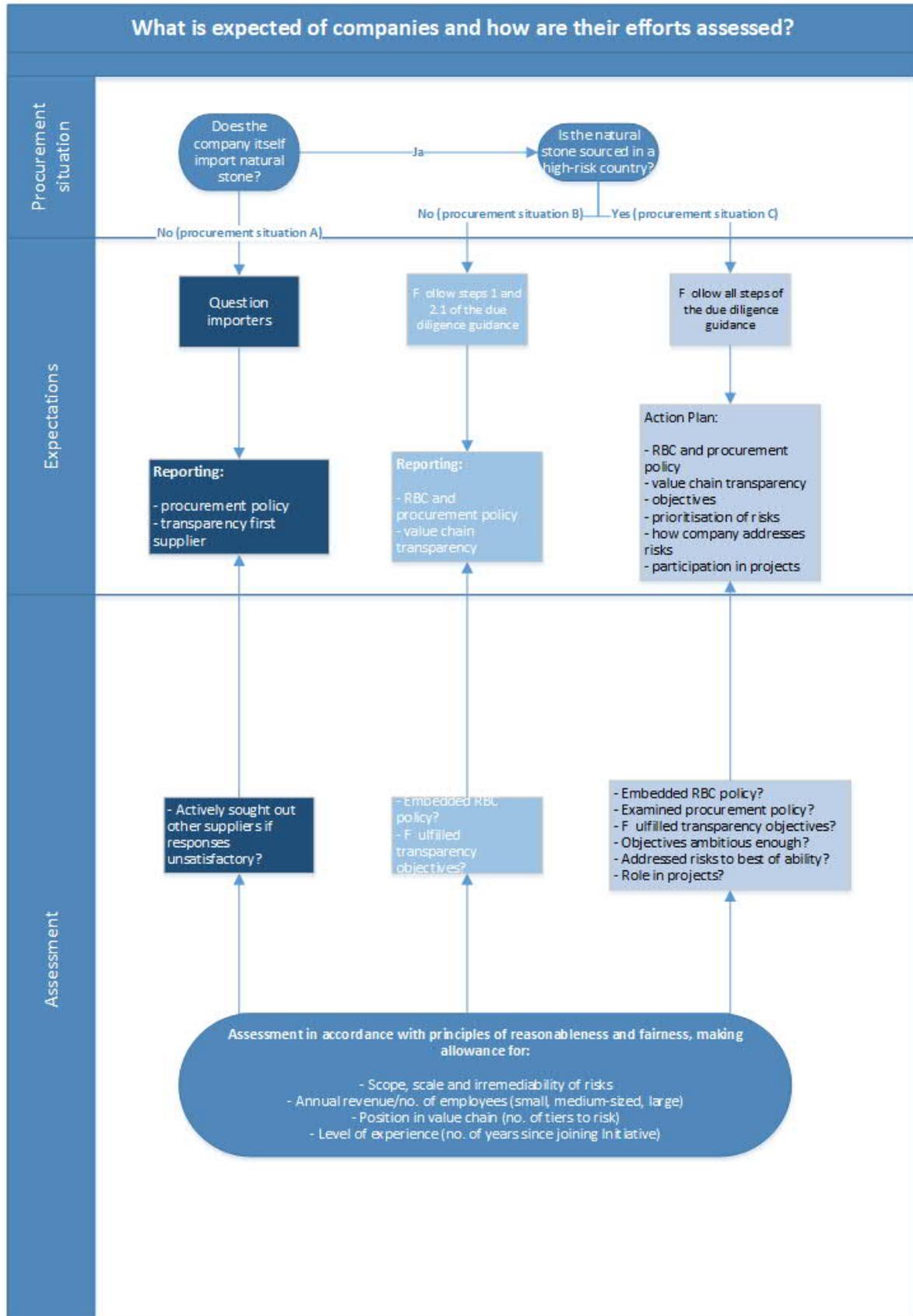
Public authorities are prominent buyers of natural stone, and it is therefore important that they practise Sustainable Procurement (SP). The Initiative can help companies to meet the SP requirements. A pilot project on child labour is meant to ensure that authorities apply these and any new agreements properly.

The Initiative is also intended for other organisations that purchase natural stone, for example in the kitchen sector, the funeral sector, garden centres and DIY shops. Architects will also be involved.

How will the Initiative affect people in production countries?

The aim of the Initiative is to deliver tangible results for disadvantaged groups in the next five years. In particular, the Initiative will address the following themes: discrimination and gender, child labour, forced labour, living wage, right to organise and right to collective bargaining, health and safety, land rights and the living environment.

Within a year an independent complaints and disputes committee will be established. If direct dialogue does not produce hoped-for results, the committee may rule on a dispute between the parties to the agreement. Workers or parties adversely affected by a business that has signed the agreement may also lodge a complaint with the committee. The Complaints and Disputes Committee will issue a binding ruling.



Initiative TruStone

Parties:

1. **The Dutch National Government**, legally represented by the Minister for Foreign Trade and Development Cooperation, **Sigrid Kaag**,
2. **The Government of Flanders**, legally represented by the Minister-president of the Government of Flanders, **Geert Bourgeois**,

Parties 1 and 2, to be referred to hereinafter as “the Government” or “the Central Government”,

3. **Benelux Federatie van Natuursteengroothandelaars**, hereinafter referred to as Febenat, established in Brussels, legally represented by **Bram Callewier**,
4. **Vereniging DI-Stone**, hereinafter referred to as DI-Stone, established in Goes, legally represented by **Kees Eckhardt**,
5. **Marshalls N.V.**, established in Rumst, legally represented by **Jochen Clockaerts**,
6. **NOA | Hoofdsector ABN Natuursteen**, hereinafter referred to as ABN Natuursteen, established in Veenendaal, legally represented by **William Slotboom**
7. **Bond voor Aannemers in Tegelwerken**, hereinafter referred to as Bovatin, established in Veenendaal, legally represented by **Gerard Reus**,
8. **Arte di Granito B.V.**, hereinafter referred to as Arte, established in Helmond, legally represented by **Niels van den Beucken**,
9. **Michel Oprey & Beisterveld B.V.**, hereinafter referred to as MO-B, established in Echt, legally represented by **Toon Huijps**,

Parties 3 up to and including 9, to be referred to hereinafter as “Industry associations and companies”,

10. **Federatie Nederlandse Vakbeweging**, hereinafter referred to as FNV, established in Woerden, legally represented by **Han Busker**,
11. **ACV Bouw – Industrie & Energie**, hereinafter referred to as ACV-BIE, established in Brussels, legally represented by **Patrick Vandenberghe**,
12. **Christelijk Nationaal Vakverbond**, hereinafter referred to as CNV, established in Utrecht, legally represented by **Arend van Wijngaarden**,

Parties 10 up to and including 12, to be referred to hereinafter as “Trade union”,

13. **Wereldsolidariteit**, established in Brussels, legally represented by **Andre Kiekens**,
14. **Arisa**, established in Utrecht, legally represented by **Sandra Claassen**,

Parties 13 and 14, to be referred to hereinafter as “Civil society organisation”,

To be jointly referred to hereinafter as “the Parties”.

Part I – Recitals

Whereas:

General considerations

1. Companies create jobs, drive wellbeing and innovation, and generate economic growth. As manufacturers, exporters, investors, buyers and joint venture partners, companies can make a major contribution to sustainable growth and decent employment in production or supply chains outside the Netherlands;
2. The globalisation of the natural stone production and supply chain also means that companies operating in the natural stone sector can be implicated, directly or indirectly, in the adverse impacts of their activities on people and the environment elsewhere in the world.
3. Sustainable growth is achieved through dialogue between stakeholders in which they seek to strike a dynamic balance between ecological, economic and social objectives. By exercising responsible business conduct, the business community contributes to sustainable growth and development.¹
4. The OECD Guidelines for Multinational Enterprises (hereinafter: OECD Guidelines) serve as the starting point for International Responsible Business Conduct (hereinafter: 'international RBC' or 'IRBC'). These guidelines incorporate relevant elements of the United Nations' Guiding Principles on Business and Human Rights (hereinafter: 'UNGPs'), and the ILO's fundamental labour standards.
5. For government, the UNGPs prescribe a 'duty to protect human rights' that aims to remove obstacles preventing companies from discharging their 'responsibility to respect human rights'. Public authorities are also prominent buyers of natural stone and it is therefore important that they practise sustainable procurement.
6. In 2015, the United Nations (UN) approved the development agenda for 2015-2030, consisting of 17 Sustainable Development Goals (hereinafter: 'SDGs').² Companies that wish to work towards meeting the SDGs must adhere to the basic due diligence requirement set out in the OECD Guidelines and UNGPs.
7. The present Initiative is part of a broader policy by the Dutch and Flemish national authorities in the field of RBC, sustainable development and trade and development cooperation.³ National authorities can play an important role and support RBC by promoting the sector's transition to sustainability and the implementation of this Initiative.
8. Trade unions, civil society organisations and local partners representing workers and communities directly impacted in the production or supply chain are essential partners in the process of identifying and prioritising risks and planning and implementing solutions.

Specific considerations

1. Companies are expected to transact business in a manner that respects human rights and the environment, a premise that has been established at international level in the OECD Guidelines and UNGPs.
2. Under these guidelines, companies are expected to identify, prevent and reduce the actual and potential adverse impact of their activities and to account for how they deal

¹ SER (2012) *Eindevaluatie SER-initiatief Internationaal Maatschappelijk Verantwoord Ondernemen*, June 2012.

² The United Nations adopted the Sustainable Development Goals (SDGs) on 25 September 2015. The SDGs are a follow-up to the Millennium Goals. They address the world's biggest and most critical issues, the aim being to resolve them by 2030. The Sustainable Development Goals consist of 17 goals with 169 underlying targets.

³ SER (2014) *Advies IMVO-convenanten*, publ.no. 14/04.

with the risks they have identified (due diligence, also known as 'RBC risk management').

3. Performing due diligence is the first and necessary step towards achieving results. In terms of RBC, due diligence is a continuous process in which companies identify, prevent and reduce the actual and potential adverse impact of their own activities or business relationships in the production or supply chain and account for how they deal with that adverse impact (and risks thereof). Under the UNGPs and OECD Guidelines, due diligence is not a one-off event but an ongoing activity.
4. When companies carry out a due diligence procedure, they help make improvements in the value chain. While the Initiative cannot guarantee that nothing will ever go wrong again in the supply chain, it will contribute to solving problems more quickly and effectively. It is important that companies can demonstrate that they have gone through a due diligence procedure with the necessary care, have prioritised their risks in dialogue with their stakeholders, and have addressed prioritised risks to the best of their ability.
5. The implementation of due diligence involves a learning process.
6. The bigger companies are, the more influence they have on the value chain, the more experience they have and/or the more IRBC risks they are exposed to, the more they can be expected to do.
7. There may be significant differences between the companies that commit to this Initiative and what is expected of them (see Appendix 4).
8. Companies that join this Initiative benefit from it because they:
 - a) will be in a position to anticipate inevitable trends in society's expectations of international RBC and international value chain responsibility in the natural stone sector, so that they will be better prepared for the future;
 - b) can count on a broad coalition of partners that will support them to the best of their ability in addressing the relevant issues in the production or supply chain;
 - c) will be permitted to publicise their participation in the Initiative;
 - d) can depend on their good practices being publicised in reports, in consultation with the Parties;
 - e) may, in the event of information emerging about their alleged or actual involvement in adverse societal impacts in their production or supply chain, expect the parties involved in the Initiative to refrain from immediately publicising this information (see Article 9);
 - f) can participate in collective projects that have been or are being developed jointly by the parties as part of this Initiative; only companies that have committed to this Initiative will be eligible for co-financing;
 - g) will be able to demonstrate that they satisfy the relevant IRBC requirements when requesting financial support from national government in the area of international trade;
 - h) will find it easier to demonstrate that they satisfy the relevant IRBC requirements when responding to an invitation to tender issued by national or local authorities.

Part II – Definitions

Party or Parties

Parties are the signatories to the Initiative and responsible for the activities and objectives agreed on therein.

Adhering Company

Adhering Companies have signed the Statement by Companies concerning the Initiative and commit to adhering to the agreements set out therein. These may be companies that are signatories to the Initiative ('Parties'), or companies that sign the Statement by Companies after the signing of the Initiative.

Stakeholder

Any individual, organisation, or group of individuals who can influence the results of the Initiative or who can be affected by the results of the Initiative.

Adhering Authority

Adhering Authorities have signed the Statement by National and Local Authorities concerning the Initiative and commit to adhering to the agreements set out therein.

Contracting Authority

The state, a region or province, a city or municipality, a water board, an institution operating under public law or an alliance of such authorities or public-law institutions that has contracted out a project.

Production and supply chain

A production, supply or value chain is the process from raw material to consumer or user.

IRBC risks

IRBC risks refer to real or potential impacts of activities undertaken by companies in a production or supply chain. This is not about risks posed to the company itself, but rather about the rights of other stakeholders and actual and potential adverse impacts on them. Examples include child labour, exploitation of workers, or environmental damage in which buyers in the Netherlands or Flanders are implicated due to their participation in international supply flows.

Due diligence

Within the context of International RBC, due diligence refers to an ongoing process in which companies identify, prevent and reduce the actual and potential adverse impact of their own activities or business relationships in the production and supply chain and account for how they deal with that adverse impact (and risks thereof).

Due diligence consists of the following steps:

1. Formulate an IRBC policy for the company
2. Analyse and define precautionary measures
3. Embed the IRBC policy in the company
4. Monitor progress and results
5. Remediation
6. Communication.

References:

- OECD Guidelines for Multinational Enterprises (2011)
- UN Guiding Principles on Business and Human Rights

International Social Criteria

The International Social Criteria (ISC) are intended to promote international labour standards, including the fight against forced labour, slavery, child labour and discrimination. When public authorities apply the international social criteria in contracts for the delivery of products, services and projects, they help to ban abuses of this kind in the procurement chain. Specifically, companies should comply with the ISC by performing due diligence in accordance with the OECD Guidelines.

It is mandatory for the Dutch National Government to include the ISC in public procurement procedures within the risk categories that involve a value greater than the EU public procurement thresholds. Local authorities may apply the ISC in the same way as the national government, but they may also apply them more broadly. Both the national and

local authorities may include the ISC in procurement procedures involving a value lower than the EU thresholds, provided they do so proportionally.

Reference:

<https://www.pianoo.nl/en/sustainable-public-procurement/spp-themes/social-conditions/social-conditions-global-supply-chains>

Confidentiality

If the Initiative is to be implemented successfully, the Parties must be able to talk to one another in confidence and the information they share in the light of the Initiative must remain confidential. Information obtained in the context of implementing the Initiative is therefore not shared externally – outside the group of parties involved in implementing the Initiative – unless the Parties have agreed otherwise.

Commercially sensitive information

This refers to strategic information that, if it were shared, could influence the conduct of competitors in the future, for example concerning past, present or future: (i) prices and pricing aspects (e.g. current prices, discounts, refunds, calculation methods), pricing strategy, scheduled price changes (increases/decreases), etc.; (ii) other commercial conditions; (iii) cost structuring, profit margins, capacity or production; (iv) plans concerning future operational, investment, product or marketing strategies; (v) procurement or tendering plans or other commercial strategies; (vi) sales volumes and figures, sales quotas or market shares; (vii) internal technical developments; (viii) individual contacts with customers and suppliers, such as the status and substance of annual negotiations.

Commercially sensitive information obtained from individual companies may not be passed on to other, competing, companies. Companies share the information needed for monitoring and reporting purposes with the Parties through an independent entity, i.e. the Secretariat. The Secretariat functions as a 'filter'; it removes commercially sensitive information or, where possible, replaces such information by anonymised data and/or presents aggregates of this information.

Discrimination

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

Discrimination occurs mainly in:

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

References:

- C100 Equal Remuneration Convention, 1951
- C111 Discrimination (Employment and Occupation) Convention, 1958
- C183 Maternity Protection Convention, 2000

Forced labour

Forced labour is any labour or services that are exacted from a person under threat of some sort of punishment. In the context of forced or compulsory labour, the involuntary nature of the work is not necessarily the result of violent coercion, such as violence or the threat of

violence, but can also take more subtle forms, e.g. withholding identity documents or psychological coercion.

It manifests itself in many different ways, including:

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

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

References:

- C29 Forced Labour Convention, 1930
- C105 Abolition of Forced Labour Convention, 1957
- ILO Protocol of 2014 to the Forced Labour Convention

Child labour

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

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

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

References:

- C138 Minimum Age Convention, 1973
- C182 Worst Forms of Child Labour Convention, 1999

Right to organise

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

At the very least, the right to organise involves:

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

References:

- C87 Freedom of Association and Protection of the Right to Organise Convention, 1948
- C98 Right to Organize and Collective Bargaining Convention, 1949

Living wage

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

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

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

Part III – Agreements**Article 1 – Aims**

1. The agreements are intended to:
 - significantly improve specific IRBC risks in the production or supply chain of the natural stone industry within a 3- to 5-year period for groups experiencing adverse impacts;
 - offer a collective solution to problems that companies are unable to solve entirely on their own;
 - provide individual companies with guidelines that will prevent their own activities or business relationships from having an actual or potential adverse impact in the production or supply chain and that will combat any such impacts if they do arise.

Article 2 – Scope

1. Any disputes arising from this Initiative or related agreements will be settled by the competent court. However, other than by means of summary proceedings, a party may bring an action before the courts only if the dispute cannot be resolved in accordance with the procedure laid down in Article 11.
2. The Initiative primarily concerns the actions of Dutch and Belgian companies or companies active in the Dutch and Belgian markets. At a later stage, the Initiative will be scaled up and cooperation will be sought with other European initiatives (see Article 7(1)).
3. This Initiative is based on the OECD Guidelines and none of its provisions are intended to limit or contradict the scope or the effect of the OECD Guidelines.⁴

⁴ This means, *inter alia*, that any subjects in the OECD Guidelines not covered by the Initiative will apply in full, that the scope of the responsibility of companies as defined in the OECD Guidelines will remain unchanged, that the application of the selected dispute resolution method will not exclude possible NCP procedures, and that companies will continue to fulfil the expectation that they make an independent public disclosure (in accordance with Section III of the OECD Guidelines) despite the confidentiality required in respect of the due diligence procedure, action plan and results.

4. The provisions of this Initiative will be implemented by all Parties in accordance with applicable international, European and national law.
5. It is not the intention of the Parties for this Initiative to give rise to agreements that restrict competition. It is furthermore not their intention to restrict competition in the natural stone market to the disadvantage of consumers.

Article 3 – Participation of companies and public authorities

1. The Parties believe that for the Initiative to be representative and effective, it will be necessary:
 - a. for individual companies to sign a statement indicating their support for the Initiative, their endorsement of the Initiative's objectives and their intention to act in accordance with the agreements set out in Article 5 of the Initiative (hereinafter referred to as 'Statement by Adhering Companies', Part IV of this Initiative);
 - b. for national and local authorities to sign a statement at the start of the Initiative indicating their support for the Initiative, their endorsement of the Initiative's objectives and their intention to act in accordance with the agreements set out in Article 7 of the Initiative (hereinafter referred to as 'Statement by Adhering Authorities', Part V of this Initiative), and indicating that, after the start of the Initiative, Contracting Authorities will apply the International Social Criteria (ISC), including due diligence, in as many procurement procedures as possible and will monitor compliance with them;
2. The Parties agree to approach as many companies and national and local authorities as possible about signing the Statement:
 - a. The industry associations will actively canvass their members. Other parties will also use their networks and contacts to ask companies to sign the Statement;
 - b. The Parties will also contact companies that are not members of one of the relevant industry associations but that do trade in and/or produce natural stone products in or via the Netherlands/Belgium.
 - c. The national authorities will actively recruit government agencies and local authorities. Other parties will also use their networks and contacts to ask local authorities to sign the Statement;
 - d. The Parties will also focus on companies and organisations that purchase natural stone, such as the kitchen sector, the funeral sector, garden centres and DIY shops. Architects and firms of architects will also be involved.
3. The targets in terms of companies, National Authorities and local authorities are as follows (in numbers and market shares):

Netherlands:

	At the time of signing	After 1 year	After 2½ years	After 4 years
Importers of natural stone+ (procurement situation C)	16 companies	29 companies	39 companies	42 companies
Natural stone businesses (procurement situations A and B)	10 companies	30 companies	45 companies	75 companies
Market shares	35% of imports* 25% market share**	40% of imports 30% of market share	45% of imports 35% of market share	50% of imports 50% of market share

Flanders:

	At the time of signing	After 1 years	After 2½ years	After 4 years
Importers of natural stone ⁺ (procurement situation C [§])	25 companies	33 companies	40 companies	40 companies
Natural stone suppliers (procurement situations A and B [§])	15 companies	50 companies	125 companies	200 companies
Market shares	70% of market share [#]	80% of market share	90% of market share	90% of market share

Contracting Authorities in the Netherlands and Flanders:

	At the time of signing	After 1 year	After 2½ years	After 4 years
Contracting Authorities	Signed by 30 authorities	ISC applied in 30% of natural stone procurement volume	ISC applied in 50% of natural stone procurement volume	ISC applied in 70% of natural stone procurement volume

§ for procurement situations, see p. 5 and Appendix 4

+ natural stone suppliers, infrastructure companies, garden centre chains, DIY shops and contractors that import natural stone quarried and/or processed in high-risk countries (see Article 5.1)

* share imported directly into the Netherlands from high-risk countries

** share of total natural stone sales in the Netherlands

share of total natural stone sales in Flanders

Article 4 – Review

1. No later than 3 years after the signing of the Initiative, an independent mid-term review will be carried out on behalf of the Steering Committee to assess both the progress and the performance of the Initiative. The mid-term review will also consider whether it would be reasonable to broaden the scope of the Initiative to include composites and/or ceramics.
2. Based on the mid-term evaluation, in accordance with Article 4, paragraph 1, an action plan is drawn up whereby the Netherlands also strives to achieve a market share of 90 percent of companies that join the Initiative, including a time schedule.⁵
3. A review will be carried out after five years to determine whether the Initiative should be continued. The review will consider:
 - a. whether the objectives relating to the participation of companies and public authorities have been met;
 - b. whether the agreed contributions made by the various parties are in line with expectations;
 - c. whether the objectives of the Initiative have been met.
4. The reviews will be published without the inclusion of commercially sensitive information.
5. If progress falls short of expectations, additional measures will be undertaken. These may also be more compulsory in nature, with consideration being given to the

⁵ The difference can be explained by the fact that nearly all major importers in Flanders are affiliated with the Febenat trade association. The Netherlands has a low degree of organization with much fragmentation of many more and smaller importers.

possibility of legislation and regulatory measures. The Steering Committee will agree on a method for gauging the Initiative's impact.

Article 5 – Role of the adhering companies

Companies that import natural stone

1. The Parties expect companies that support the Initiative to sign a Statement indicating their commitment to the following agreements: they will
 - a) perform a due diligence procedure within one year of joining the Initiative using the guidance in Appendix 1 and join a collective due diligence procedure prepared by the Parties within six months of the effective date of the Initiative (an example can be found in Appendix 2). In the case of natural stone quarried and processed in countries where the collective due diligence procedure has not uncovered any risks, companies can suffice with steps 1 and 2.1 of Appendix 1. In the case of natural stone quarried and/or processed in countries where risks have been detected, companies must complete all the steps in Appendix 1. High-risk countries will be identified by means of the collective due diligence procedure (see Article 6). Until then, the focus will be on countries outside the European Economic Area. In accordance with the guidelines, prioritisation will be based on risk;
 - b) present an annual action plan as part of their due diligence procedure and submit it to the Secretariat for assessment (see Article 6). The action plan will be subject to a reasonable and fair assessment that makes allowance for the size of the company, its influence on the value chain, its level of experience and the scale of its IRBC risks. See Appendix 4 for examples pertaining to several different types of companies. The Secretariat will develop a format for the action plans and an assessment framework that will be approved by the Steering Committee and then made public;
 - c) focus explicitly in their annual action plan on:
 - the information that they have obtained about their production or supply chain through their due diligence procedure and possible impacts in that chain;
 - how their own procurement process (delivery times, pricing, contract duration and so on) contributes to potential adverse impacts (and the risks of such impacts) and what measures they will take to reduce them;
 - the policy and the measures they are pursuing with regard to the themes prioritised by the Parties (see below) and how they will participate in the collective projects developed by the Parties under these themes so as to address the substantial risks uncovered therein;
 - setting quantitative and qualitative improvement objectives for the duration of the Initiative, broken down into targets to be achieved after 3 and 5 years;
 - d) provide the Secretariat with the following information for each type of stone, which the Secretariat will treat in the strictest confidence:
 - Within 6 months of joining the Initiative
 - Provide information on 100% of the first tier in the value chain (wholesalers/agents and, in some instances, factories)
 - Within 1 year of joining the Initiative
 - Provide information on 50% of the factories
 - Provide information on 50% of the quarry subdistricts
 - Provide information on 25% of the quarries
 - Within 2 years of joining the Initiative
 - Provide information on 100% of the first tier in the value chain
 - Provide information on 75% of the factories
 - Provide information on 75% of the quarry subdistricts
 - Provide information on 50% of the quarries
 - Within 3 years of joining the Initiative

- Provide information on 100% of the first tier in the value chain
 - Provide information on 100% of the factories
 - Provide information on 100% of the quarry subdistricts
 - Provide information on 75% of the quarries.
2. Adhering Companies that fail to achieve the objectives referred to under 5.1 will report this to the Secretariat and explain their reasons. After considering the reasons for the company's non-compliance with the objective or objectives and the Action Plan, the Secretariat will determine whether it is meeting the expectations of the Initiative.
 3. Information about the quarry subdistricts allows the Secretariat to determine where the Parties have combined leverage and which subdistricts would potentially benefit from collective projects. When providing the Secretariat with information on the location of the quarries, it is important to be as precise as possible;
 4. Adhering Companies will consider looking for another source if their supplier cannot be persuaded to cooperate and a joint approach by companies and parties adhering to the Initiative does not lead to a satisfactory result;
 5. Adhering Companies will pay special attention to the specific themes in their due diligence (see Article 6(14) to (27)) and, where possible, involve (local) civil society organisations in every step of the due diligence process. This means that, with regard to these themes, they will identify any possible adverse impact, set specific objectives and take measures deemed appropriate in the light of the results of their due diligence procedure. Appendix 3 provides companies with modes of action that may be helpful in this respect. As more experience is gained, it will be possible to develop different modes of action for different types of companies. Companies that opt for other measures must explain their reasons in their reports to the Steering Committee. In addition to the modes of action, Appendix 3 also lists the collective projects. Companies are expected to participate in projects that their due diligence procedure has indicated are of relevance to them. Companies that decide not to participate in a relevant project will explain the reasons for their decision. The Secretariat will take participation in collective projects into account when assessing the action plan. Financing will be sought for each project;
 6. One year after joining the Initiative, Adhering Companies will begin to communicate publicly in accordance with the OECD Guidelines and the agreements made under the Initiative. After one year, the Parties will make further agreements in the Steering Committee concerning the information that companies may disclose.

Companies that purchase exclusively from Dutch or Belgian importers

7. In the case of natural stone purchased from importers in the Netherlands or Belgium, a company will
 - ask about their importer's policy with regard to IRBC and examine the extent to which the themes covered in this Initiative are reflected in this policy;
 - consider looking for an alternative importer if there is no satisfactory response within the first year or if an importer has no or virtually no IRBC policy or is unwilling to develop one;
 - encourage Dutch and Flemish importers from which they source their material to participate in the Initiative;
 - report to the Secretariat about their procurement.

The final procurement decision is the responsibility of the individual companies. The Parties will endeavour to ensure that all procurement by Adhering Companies from Dutch or Belgian importers takes the following path:

	Category 1	Category 2	Category 3
Procured from...	Importers that can demonstrate performance of due diligence in accordance with OECD Guidelines, e.g. their adherence to the Initiative	Importers not covered under 1 but involved in initiatives that comply with the OECD Guidelines based on gap analyses (Appendix 6).	Importers that cannot demonstrate compliance with IRBC standards
From Year 1:	Min. of 20%	50%	Max. of 30%
After 2 years	Min. of 40%	40%	Max. of 20%
After 3 years	Min. of 60%	30%	Max. of 10%
After 4 years	Min. of 80%	20%	0%

Companies that purchase from Dutch or Flemish producers

8. In the case of natural stone extracted and processed in the Netherlands or Belgium a company will ask for a certificate of origin. The purchase invoice can serve as such.

Article 6 – Role of the Parties

Secretariat's tasks

- An independent Secretariat will be established, responsible for the following (and other) tasks:
 - assisting the Parties in developing tools and activities that will help participating companies to perform their due diligence;
 - acting as a source of information on due diligence matters and providing feedback to Adhering Companies that are preparing an action plan;
 - assessing the quality of the annual action plans that companies in procurement situation C will be preparing as part of their due diligence procedure and their year-by-year progress. In its assessment, the Secretariat will adhere to the principles of reasonableness and fairness when considering the specific circumstances of the individual company concerned (see Appendix 5);
 - conducting random assessments of the efforts of companies in procurement situations A and B;
 - conducting random verification of information supplied and improvements reported by companies. The Secretariat will be furnished with sufficient resources to perform this task and will be able to make use of local employees in production countries drawn from the networks of the Parties;
 - within its available capacity, providing information on the due diligence of the Adhering Companies when requested to do so by public authorities in the context of a tender involving natural stone;
 - aggregating and anonymising commercially sensitive information, including the compilation and publication of a list of natural stone suppliers.

Support for companies

- The Parties will jointly offer the following assistance (and tools) in support of the due diligence procedure:
 - within six months of the Initiative taking effect, an analysis of the extent to which participation by companies in existing initiatives (e.g. Earthworm) complies with the agreements under the Initiative and in which areas companies will be required to

make an extra effort (an example can be found in Appendix 6). This analysis will be published;

- within six months of the Initiative taking effect, the way in which quarry subdistricts will be defined for each production country;
- within six months of the Initiative taking effect, an overview of common risks in widely used production regions and for each material, classified by severity, scale and irremediability (Appendix 2 provides an example). This collective due diligence procedure will be reviewed annually. The aim is to simplify the due diligence process for companies. This analysis will be published;
- The collective due diligence procedure will take the form of a database of raw materials, suppliers and production locations drawn from information gathered by the Parties and the results of the due diligence procedure performed by the Adhering Companies. The data in this database will be treated confidentially by the Secretariat and will be in compliance with the arrangements set out in the contract for services concluded between the Parties and the Social and Economic Council (the Contract for Services). The Parties will decide where to launch collective projects based on data in the database that the Secretariat has aggregated and anonymised;
- in 2019, a website with a helpdesk feature;
- within six months of the Initiative being signed, a tool (including a questionnaire) that companies can use to investigate their suppliers;
- training and support for companies in the area of due diligence. This can be provided by the Parties involved in the Initiative or other experts.

Transparency and notification options

3. The Secretariat will draw up an aggregated list of suppliers, without it being possible to link a supplier to any of the companies. Parties will use the aggregated list to decide where to launch collective projects. This list will only be available to the Steering Committee, excluding those Committee members who represent companies. The other Committee members will sign a statement undertaking to treat the information confidentially.
4. The Secretariat will draw up a complete list of quarry subdistricts where the Adhering Companies source their natural stone, without it being possible to link a supplier to any of the companies. The list will be published.
5. If risks and/or violations are identified, (local) partners/affiliated trade unions can submit a request to the civil society organisation and trade union federations represented in the Steering Committee to obtain data of relevance to them from the aggregated list of suppliers. The following procedure will apply:
 - a) The civil society organisation and trade union federation will share relevant data from the aggregated list of suppliers with the (local) partners/affiliated trade unions after the latter have signed a standard confidentiality clause.
 - b) If the identified risks and/or violations occur among suppliers of Adhering Companies, the civil society organisation and trade union federation will report this to the Secretariat.
 - c) The Secretariat will point out the report to Adhering Companies that purchase from the supplier in question and will subsequently facilitate contact and/or dialogue between the Adhering Companies and the civil society organisation and/or trade union concerned.
 - d) The Parties will endeavour, through dialogue, to find a solution/approach to resolving the identified risks and/or violations that is consistent with the Adhering Companies' capacities (what can be expected after applying the principles of reasonableness and fairness). In the case of systemic risks and/or violations, the Parties may examine the potential for launching a joint project to address the identified risks and/or violations.

6. The Parties will bring the list of quarry subdistricts and the option of filing a report to the attention of their local contacts.
7. The Secretariat will publish the action plans of Adhering Companies after year 1, without it being possible to link a supplier to any of the companies.
8. The independent mid-term review will also consider the visibility of the impact in the production countries and progress in transparency in the natural stone value chain. The Parties will use their assessment as a basis for discussing further ways to increase transparency in the period following the mid-term review.
9. In the five-year review, the Parties will once again discuss ways to continue increasing transparency.

Monitoring and reporting

10. The Parties will prepare an annual report for publication covering the results achieved and specific improvements in the production or supply chain. The report will present the data submitted by companies to the Secretariat in aggregated form so that they cannot be traced back to individual companies. The Steering Committee will establish the framework for this report within six months of the Initiative being signed.
11. Acting in cooperation with local partners and civil society organisations, the Parties will monitor progress made on the priority themes by means of random sampling with the aim of reviewing the Initiative after 3 and 5 years respectively. The reviews will be published without the inclusion of commercially sensitive information.

Promotion and information

12. The Parties will explore how to improve their combined leverage. Options include promoting and disseminating the Initiative, sharing knowledge and experience and influencing standards and initiatives.
13. The Parties will design an effective and consistent marketing/information policy addressing the Initiative's introduction and continuance, aimed at all buyers, including consumers.

Joint approach to specific themes

14. By mutual agreement and in discussion with stakeholders, the Parties have identified seven specific IRBC-related themes that should be prioritised by companies in the Netherlands and Flanders active in the natural stone sector. These themes are, in no particular order:
 - discrimination and gender
 - child labour
 - forced labour
 - living wage
 - right to organise and right to collective bargaining
 - health and safety
 - land rights and the living environment (including air, soil and water pollution).
15. The Parties have selected the themes jointly based on observations of the adverse impact on society of the natural stone sector. When individual companies perform their due diligence procedure, it cannot be ruled out that they will also encounter other problems in their production or supply chain, such as corruption and the degradation of biodiversity.
16. The Parties describe modes of action that companies can adopt towards each theme in Appendix 3:
 - A. A description of the theme and the reason why it is a priority for the Parties in the natural stone sector.

- B. What measures the Parties recommend that individual companies should take. Companies can adopt these measures or decide to take action in other ways better suited to the specific context. Companies that opt for other measures will explain their reasons in their reports to the Secretariat.
- C. To the extent known: which collective projects the Parties advise individual companies to join.
17. Item C is a work in progress for the Parties. The Parties agree to conduct a proper review of these projects within six months of signing the Initiative and to specify how companies can participate in each project. The Steering Committee will be in charge of overseeing relevant collective projects under each theme for the duration of the Initiative. All the Parties may submit existing or pending projects (including projects being undertaken elsewhere) to the General Meeting of Parties for inclusion in Item C. In addition, the Secretariat will make proposals for initiating projects based on information provided in the action plans it receives.
 18. The Parties consider collaboration with international initiatives addressing these themes vital to the success of these collective projects. National initiatives that focus on one or more of these themes are under way in several EU countries. International organisations such as the ILO (Better Work Programme), Unicef, IndustriAll, BWI, OECD, and UN Environment also have programmes and activities in production countries aimed at tackling the aforementioned themes. Collaboration with the above is necessary to ensure the effectiveness and impact of this Initiative.
 19. Within the framework of the collective due diligence procedure (Appendix 2), the Parties will primarily address the themes of child labour, forced labour and occupational health and safety. The other four themes will be addressed at a later stage.
 20. Regarding the theme of child labour, the Parties will launch projects in regions with a high risk of child labour and where production is destined for export (see Article 7(13)), with funding being provided through the Netherlands Enterprise Agency. The pilot project is also open to participation by Flemish authorities and companies.
 21. The Parties will establish working groups on the issues of forced labour and occupational health and safety within one year of the Initiative being signed. The working group will consist of industry representatives and sector federations, trade unions, civil society organisations and the National Authorities. Their task is:
 - to analyse the risks under these themes in the natural stone sector in general and, more specifically, in the production or supply chains of companies involved in the Initiative. This analysis will be based on existing studies and reports, additional research, collective due diligence procedures undertaken within the framework of funding provided by the Netherlands Enterprise Agency, and individual due diligence procedures undertaken within the framework of this Initiative. The analysis will be performed within six months of the Initiative entering into effective. The input of stakeholders, for example local NGOs, community-based organisations (CBOs) and trade unions, will be included (both in the problem analysis and in identifying potential solutions);
 - Based on these analyses, to draw up an initial action plan under these two themes for regions/countries from which companies involved in this Initiative procure large volumes of products and that present a high level of risk under these themes. This plan will include an analysis of policy and practices in important countries of origin, the position and commitment of the local business community and any possible (partial) lack thereof, the role that relevant civil society organisations (can) play, potential partners in other import countries, overall phasing of joint activities between partners and with other parties, etc.;
 - to formulate a joint prevention and remediation policy in cases where such risks have been found or appear to be common in the production or supply chain;
 - to set quantifiable targets per country for jointly addressing these themes in high-risk segments of the production or supply chain and to also seek alliances with

(other) public authorities, industry associations, trade unions, local organisations and civil society organisations.

22. The Parties agree to provide access to remediation in areas that present significant IRBC risks, for example by setting up a low-threshold grievance mechanism in the form of a telephone hotline at a trade union and/or an NGO available to workers who wish to submit complaints. The aim of this is twofold: to improve working conditions in natural stone quarries and gain a better understanding of IRBC risks in natural stone supply chains, and particularly at natural stone quarries. First point of contact: civil society organisations.
23. The Parties will endeavour to ensure that measures contribute to structural improvements in working conditions in the natural stone production and supply chain and do not only address the symptoms of violations. The right to organise and the right to collective bargaining are essential in this regard because they help workers to secure other rights, such as safe and healthy working conditions and a living wage. Facilitating measures include support for worker empowerment training and training for current and prospective trade union members. First point of contact: trade unions.
24. The Parties agree to organise a 'social dialogue' seminar in 2019 for six countries that are the main suppliers of Dutch and Belgian companies. First point of contact: Dutch Ministry of Foreign Affairs in consultation with the trade unions.
25. Within one year of signing the Initiative, the Parties will investigate possible cooperation with external parties, aimed at increasing the statutory minimum wage to a living wage and/or addressing any other themes and sector agreements, per production country. First point of contact: trade unions.
26. The Parties agree to share their knowledge of the themes and to use their local contacts and networks to implement the measures discussed in Appendix 3.
27. The Parties will communicate their knowledge of specific themes to all the various segments of the production or supply chain; they will further do so in the local language and ensure that this knowledge is also communicated to flexible or casual workers.

Article 7 – Role of public authorities

Policy coherence between national authorities

The national authorities commit to the following efforts on behalf of this Initiative:

1. To place the subject of multistakeholder collaboration in the natural stone sector firmly on the agenda within the EU and to promote it. Within this context, the national authorities will join forces with countries that have commenced comparable initiatives or are interested in doing so (for example Germany) to ascertain where similarities exist between these initiatives and to draw up a road map scaling up national initiatives to EU level. Both public authorities and companies, trade unions and civil society organisations will be involved in this effort.
2. To have embassies and other diplomatic representations commit to assisting the signatories of this Initiative in implementing their IRBC policy, mainly by providing information on IRBC in the natural stone sector in the local context and focusing on RBC diplomacy as part of their economic relations. An example of such diplomacy would be to give embassies the role of intermediary in putting companies in contact with local authorities and stakeholders about any adverse impact (and how to avoid such impact). If required, an embassy can actively approach the local authority and other stakeholders.
3. To promote the Initiative in bilateral and multilateral relations as part of Dutch and Flemish policy.
4. To endeavour, for the duration of the Initiative, to align trade missions furnishing international business services (knowledge, networking, troubleshooting and, in some cases, financing) with the results that the Initiative aims to achieve in the

aforementioned production countries. In principle, representatives of all the Parties to this Initiative will be able to join these delegations.

Sustainable Procurement

5. The Parties agree that:
 - respecting human and labour rights is not a choice for purchasers, but a requirement;
 - the adhering national and local authorities will procure natural stone from companies that can demonstrate due diligence in accordance with OECD Guidelines and that are making progress towards addressing problems, for example by participating in the IRBC TruStone Initiative.
6. Within one year of the Initiative being signed, the Parties will draw up a guidance for sustainable procurement of natural stone. The guidance will be based on the general guidance issued by PIANOo.⁶ In 2019, lessons learned in the pilot projects will be incorporated into the guidance (see Article 7(14)).
7. The adhering national and local authorities will ask their contractors:
 - to perform due diligence with respect to natural stone, or
 - to submit a report showing that their natural stone suppliers perform due diligence.

In the Netherlands, that is commensurate with applying the International Social Criteria (ISC). The adhering national and local authorities will include this as a contractual condition during a contract execution phase and ensure compliance with these contractual conditions. The 'comply or explain' principle will apply to all contracts. Compliance with the ISC will be evaluated in 2019, including lessons learned from the pilot projects (see Article 7(14)).

A model set of specifications that includes compliance with the ISC as a contractual condition is provided in Appendix 7. Compared to the model text produced by the national government, these model specifications have been tightened up on a number of points. They will be fleshed out in the first 3 months after the Initiative is signed based on existing procurement practices.

The adhering authorities and companies can obtain information from the TruStone Secretariat regarding due diligence by the adhering companies.
8. The national authorities will encourage other public authorities to also comply with the due diligence criterion (ISC) in the contract execution phase.
9. If tenders are identified that do not include the due diligence criterion (ISC), a report can be filed with the Secretariat. The national authorities will take steps to enter into discussions with the relevant public authorities about future compliance with the ISC.
10. In the context of the pilot projects (Article 7(13)), the Parties are investigating how to define a selection and/or award criterion geared to due diligence that complies with the procurement principles; they will report on this as soon as possible. The basic requirements are:
 - Companies that can demonstrate due diligence in accordance with OECD Guidelines and that make progress in addressing problems, for example by participating in the IRBC TruStone Initiative, should be rewarded for their efforts.
 - In their tenders, the adhering authorities will seek to align themselves as much as possible with the approach taken in the Initiative and the action plans to be drawn up by companies in that context.
 - The more progress companies make with their due diligence procedure, the more their achievements will play a role in the award phase. One of the key factors is where companies are positioned on the time schedule described in Article 5(4).
11. The national authorities will encourage other EU Member States to incorporate a proportional and sufficiently effective due diligence system into their procurement

⁶ <https://www.pianoo.nl/en/sustainable-public-procurement/spp-themes/social-conditions/getting-started-social-conditions>

procedures in accordance with OECD Guidelines, and will report on this by no later than the end of 2019.

12. As part of the mid-term review, a report will be published on all tenders undertaken by the adhering authorities in which natural stone is the subject of procurement.

Pilot programme on Sustainable Procurement and child labour

13. In 2017, the Dutch Parties commenced a pilot programme examining how Sustainable Procurement practices can help companies to contribute actively to reducing RBC risks in the value chain, in particular the risk of child labour. These lessons will also be instructive for sectors other than the natural stone sector. The Netherlands Enterprise Agency made funds available for the pilot programme. The programme is also open to Flemish authorities and companies.
14. The national and local authorities that sign the TruStone Initiative 'Statement by Adhering Authorities' thus commit themselves to the outcome of the pilot programme tenders and will incorporate the outcomes into future tenders for natural stone, with due regard for both fairness and efficiency.

Article 8 – Role of industry associations and sector federations

1. The industry associations will ask all their affiliates, whether their affiliation is direct or indirect, to sign the Statement concerning the Initiative.
2. The importance of complying with the Initiative will be a regular item on the agenda of the Annual General Meetings and board meetings of the industry associations.
3. The industry associations will make every effort to ensure that enough of their members participate in the collective thematic projects undertaken by all the Parties during the term of the Initiative for these projects to succeed.
4. The industry associations will also ensure that their members are well represented at the stakeholder meetings for the Initiative.

Article 9 – Role of civil society organisations and trade unions

1. The adhering civil society organisations and trade unions:
 - a) will, where possible, place their knowledge and expertise at the disposal of the Initiative;
 - b) will actively bring the agreements and principles of this Initiative to the attention of their members and within any coalitions and domestic or international networks in which they participate;
 - c) acting through the Steering Committee, will bring new information of relevance to IRBC risk management in companies in the natural stone sector to the attention of the Parties and place it on the agenda when (joint) action by the Parties is appropriate, for example by initiating a thematic project;
 - d) will make an active contribution to developing a mode of action for companies, in particular for thematic projects;
 - e) will, where possible, use its own local networks for the benefit of the projects;
 - f) will be prepared to share knowledge with other Parties and adhering companies on current issues and examples;
 - g) will be prepared to make timely reports of signs of abuse in the sector to the Steering Committee (early warning);
 - h) will, where possible, make information available to companies about projects undertaken with local partners at the beginning of the production chain. When these projects are specifically relevant for the natural stone sector, they will indicate whether and how companies can join in;
 - i) will actively support the other Parties in approaching companies in the natural stone sector that are not members of the industry associations.

2. Other civil society organisations active in relevant regions and/or with knowledge and experience pertinent to specific themes – in particular Women, ActionAid and IUCN – will also be involved implementing the Initiative, in particular under the specified themes.

Article 10 – Governance

Meetings of Parties

1. All signatories of the Initiative will be represented at the meeting of parties (hereinafter: 'Meeting of Parties').

Steering Committee

2. The Meeting of Parties will establish a steering committee (hereinafter: Steering Committee). Four delegations will be represented in the Steering Committee: industry associations and individual companies (4 persons), trade unions (2 persons), civil society organisations (2 persons) and the national authorities (2 persons). Each delegation will appoint one deputy.
3. The Steering Committee will draw up its own rules of procedure. The rules of procedure will also specify terms in office to ensure the continuity of the Steering Committee.
4. The Steering Committee may appoint an independent chairperson, not associated with any of the Parties, who will be chosen by the Parties by consensus. The chairperson will not have a vote.
5. Any new party that endorses the objectives of the Initiative and can contribute to achieving them may apply to the Steering Committee to become a Party. The Steering Committee will establish criteria for the accession of new parties.
6. The Steering Committee will decide on the basis of consensus.⁷
7. The Steering Committee will oversee compliance with the Initiative and supervise its implementation. If changes to implementation call for measures not described in the Initiative, the Steering Committee has a mandate from the Parties to take a decision.
8. The Steering Committee will take decisions about new projects, initiatives and alliances with other parties that support the implementation of the Initiative, or about commencing or terminating projects undertaken within the context of the Initiative. Proposals to this end will be explained during the six-monthly Meeting of Parties. The Meeting of Parties will play an advisory role.
9. The Steering Committee will publish an annual report on progress made implementing the Initiative and the results achieved. In this report, the Steering Committee will discuss:
 - the efforts made by the Parties and the results achieved;
 - the activities that have taken place within the context of the thematic projects and the results achieved;
 - progress in due diligence by individual companies in the sector.

Other gatherings

10. The Steering Committee will organise Meetings of Parties at least once every six months; the purpose of these meetings is to discuss the progress of the Initiative and to allow the Steering Committee to account for the policy it has pursued. The Meeting of Parties will approve the Steering Committee's annual working plan and budget. Each year, it will sign off on the policy pursued by the Steering Committee.

⁷ This means that a decision can be taken by consensus, provided no insurmountable objection is raised by one or more of the Parties to the Initiative.

11. In conjunction with the Meeting of Parties, a meeting of participants will also be organised to discuss practical aspects of implementing the Initiative and to make recommendations to the Steering Committee about improving the implementation of the Initiative.
12. Once a year, the Steering Committee will organise a wide-ranging stakeholder meeting about the Initiative.

Secretariat

13. To assist it in performing its work, the Steering Committee will have the support of a secretariat (hereinafter: 'Secretariat'), which may be part of a larger secretariat charged with overseeing similar initiatives, such as the Dutch IRBC Agreements.
14. The Steering Committee will appoint the Secretariat's coordinator upon the recommendation of the host organisation. A job profile drawn up jointly by the Steering Committee and the host organisation will provide the basis for this nomination. The coordinator will subsequently be involved in appointing the staff of the Secretariat.
15. The coordinator of the Secretariat will report to the Steering Committee.
16. The Secretariat will be responsible for the tasks described in Parts I, II and III of this Initiative. In addition, the Secretariat will help the Steering Committee organise the aforementioned meetings, maintain contact and promote collaboration with relevant national and international initiatives, communicate externally about the Initiative and supply the Steering Committee with information needed to assess the progress of the Initiative.
17. The Secretariat must ensure that companies' commercially sensitive information is handled with due care and that if this information is disseminated, it will be aggregated or anonymised so that it cannot be traced back to individual companies.

Article 11 – Complaints and disputes mechanism

Establishment of Complaints and Disputes Committee

1. No later than one year after the Initiative has taken effect, the Parties to the Initiative will establish an independent complaints and disputes committee (hereinafter: 'Complaints and Disputes Committee') to deal with any disputes arising from the Initiative and any complaints.
2. The Parties will endeavour to make the Complaints and Disputes Committee as efficient as possible, possibly in combination with grievance mechanisms drawn from other multistakeholder initiatives, such as other Dutch IRBC agreements.
3. The Complaints and Disputes Committee will have three members:
 - one member who is an independent chairperson with expertise in disputes resolution. This member will be appointed unanimously by the Parties to the Initiative.
 - two expert members representing the natural stone sector. One member will be appointed by a majority of the votes cast by the industry associations that are Parties to the Initiative, while the other member will be appointed by a majority of the votes cast by the trade unions and civil society organisations that are Parties to the Initiative.
4. The Complaints and Disputes Committee will have a secretariat to assist it in performing its tasks.
5. The Complaints and Disputes Committee will establish its own working method. The method will be based on Principles 30 and 31 of the UN Guiding Principles on Business and Human Rights ('Effectiveness criteria for non-judicial grievance mechanism'). The text of this working method is authoritative.

6. Two years after the Parties have established the Complaints and Disputes Committee, the Steering Committee will assess the effectiveness of the complaints and disputes mechanism. After completing its assessment, the Steering Committee will be at liberty to amend the substance of the complaints and disputes mechanism.

Authorisation

7. The Complaints and Disputes Committee is authorised to rule on all disputes arising from the Initiative and on all complaints.
8. A complaint concerns a matter between a Stakeholder (or Stakeholders) not directly involved in the Initiative (for example, an employee or neighbour of a factory or quarry in the supply chain) and an Adhering Company about damage for which the Stakeholder considers the company (partly) responsible.
9. A Stakeholder is any person, or any group to which the Stakeholder belongs, who has suffered damage caused or aggravated by an Adhering Company or by a legal entity to which the Adhering Company is directly linked. Legal entities may be considered Stakeholders when the interests that they, specifically, represent by virtue of their actual conduct and the text of their Articles of Association have been impaired by a violation of the Initiative. A Stakeholder may also be a party authorised to represent a stakeholder as defined in the previous two sentences.
10. A dispute concerns a matter between a Party or Adhering Company and another Party or Adhering Company relating to the performance of agreements under this Initiative, or between the Secretariat and an Adhering Company relating to (the quality of) the latter's action plan and/or progress report or the Secretariat's decision concerning (the quality of) the action plan and/or progress report.
11. The disputes resolution mechanism described in Article 11 is without prejudice to the task of the National Contact Points for OECD Guidelines to assist in resolving issues pertaining to the application of the OECD Guidelines that arise in specific cases.

Rulings

12. In the event of a complaint or dispute, the Complaints and Disputes Committee will, after hearing the parties, determine whether a Party or Adhering Company is acting in accordance with the Initiative.
13. The Complaints and Disputes Committee will issue a ruling as speedily as possible, but in principle within six (6) months at most, on any complaints or disputes submitted to it. If a ruling is not issued within this period, the Committee must notify the parties to the complaint or dispute in writing, stating the reasons for the delay.
14. The Complaints and Disputes Committee will decide by unanimity, but where necessary by majority vote.
15. The Complaints and Disputes Committee's written decision regarding a complaint or dispute is binding on the parties to the proceedings.
16. In its ruling, the Complaints and Disputes Committee will set a time limit – in principle not more than six (6) months – for compliance with its ruling.
17. While the Complaints and Disputes Committee is considering the complaint or dispute, all parties to the proceedings, as well as the Parties and the Adhering Companies, will refrain from disclosing information about the complaint or dispute and the complaint or dispute proceedings.
18. The Complaints and Disputes Committee will publish its ruling and arguments in the most transparent manner possible, observing confidentiality with regard to private matters and commercially sensitive information.
19. Each year, the Complaints and Disputes Committee will publish the number of complaints and disputes that it has considered, the themes to which these complaints and disputes relate, and the number of complaints and disputes that have been satisfactorily resolved.

Complaints

Complaint resolution procedure

20. Where possible, a Stakeholder will first contact the Adhering Company that caused the damage so as to reach an amicable settlement.
21. If the aforementioned parties are unable to reach an amicable settlement within three (3) months after their initial contact, and after any mediation by the Steering Committee, the Stakeholder will be entitled to submit the matter to the Complaints and Disputes Committee.
22. Where required in the interests of a collective approach to the causes of a complaint about a specific factory or quarry, the Secretariat – acting on a request by the Complaints and Disputes Committee – will pass on confidential information to said Committee about the relationship between Adhering Companies and the factory or quarry in question. The relevant Adhering Companies will be informed of the nature of the complaint and the information that the Secretariat has passed on to the Complaints and Disputes Committee.

Compliance with a ruling on a complaint

23. The Secretariat oversees compliance with the Complaints and Disputes Committee's ruling on a complaint.
24. Where an Adhering Company has failed to comply with a ruling by the Complaints and Disputes Committee within the specified time limit, the Secretariat will notify the Steering Committee accordingly and provide its members – excluding any members that are individual companies – with all the relevant information on the Adhering Company concerned, including the ruling of the Complaints and Disputes Committee and the text of its arguments. Where necessary to protect privacy and/or commercially sensitive information, it will do so with due regard to confidentiality.
25. If the relevant Adhering Company fails to comply with the ruling within the time limit set by the Complaints and Disputes Committee, the Secretariat will issue a written reminder to the Adhering Company urging it to comply within three (3) months.
26. If compliance with the Complaints and Disputes Committee's ruling involves influencing a factory or quarry and the factory or quarry refuses to cooperate, making it impossible for the relevant Adhering Company to comply, the Steering Committee may urge the Adhering Companies involved in the Initiative not to purchase from this factory or quarry until the problems have been properly resolved.
27. If, contrary to the situation described in the previous section, the relevant Adhering Company has failed culpably to comply with the Complaints and Disputes Committee's binding ruling, the party or parties to the complaint will be free to disclose information about the complaint, the Complaints and Disputes Committee's ruling, and the lack of compliance with this ruling.
28. If the relevant Adhering Company has culpably failed to comply with the Complaints and Disputes Committee's ruling within the time limit that it has set, even after the reminder referred to in subsection 25 above, the Steering Committee may, within six months of the expiry of the time limit set by the Complaints and Disputes Committee, ask the Parties to terminate the Adhering Company's affiliation to the Initiative.
29. The Parties will decide to terminate the Adhering Company's affiliation to the Initiative by a majority of votes. To this end, the Steering Committee will provide the Parties with relevant information about the nature of the complaint and the failure of the Adhering Company to comply with the Complaints and Disputes Committee's ruling, including the text of that ruling. Where necessary to protect privacy and/or commercially sensitive information, it will do so with due regard to confidentiality.

30. If the Parties agree, the Steering Committee will notify the relevant Adhering Company that its affiliation to the Initiative will be terminated by the other Parties and that it may no longer derive any rights from this Initiative or publicise its participation therein.

Disputes

Dispute resolution procedure

31. In the event of a dispute between a Party or Adhering Company and another Party or Adhering Company, or between the Secretariat and an Adhering Company, the parties to the dispute will first attempt to resolve the dispute amicably.
32. If the aforementioned parties do not succeed in settling the dispute amicably within three (3) months at the latest, they will submit the dispute to the Steering Committee in writing. The Steering Committee will mediate in the dispute and attempt to arrive at a mutually satisfactory solution. If the dispute concerns a Party or Adhering Company that is a member of the Steering Committee, that Party or Adhering Company will be excluded from the Steering Committee's deliberations regarding the dispute.
33. As soon as the Steering Committee receives written notification of the dispute, all the parties to the dispute as well as the Parties and Adhering Companies will refrain from disclosing information about the dispute and the Steering Committee's mediation proceedings.
34. The Parties involved in the dispute will furnish the Steering Committee with the necessary information as soon as possible, but in any event within three (3) weeks after the Steering Committee has received written notification of the dispute, so that it can prepare itself properly. If one of the parties to the dispute is unable to provide the necessary information within this time limit, that party may request a postponement from the Steering Committee and will be granted an extension of no more than three (3) weeks to provide the necessary information, unless the Steering Committee decides otherwise.
35. Within three (3) weeks of receiving all required information, the Steering Committee will consult with the parties and endeavour to resolve the dispute. The Steering Committee may choose to invite any third party or parties to join these consultations.
36. The Steering Committee will do its utmost to reach a mutually satisfactory solution within two (2) months after it has received written notification of the dispute. If the Steering Committee is unable to resolve the matter within this time limit, the period may be extended by up to two (2) months, unless the Steering Committee decides otherwise.
37. Should the Steering Committee be unable to resolve the dispute, it may, with the consent of both parties, engage an independent intermediary, for example a mediator. This intermediary will make recommendations to the Steering Committee regarding the resolution of the dispute.
38. The Steering Committee will consult with the parties to the dispute about its proposed resolution, and will also confirm its proposal with the parties in writing.
39. If the Steering Committee is unable to get the parties to agree or the proposal is not deemed satisfactory by one or both parties, the dispute may be submitted by one or both parties to the Complaints and Disputes Committee.

Compliance with Complaints and Disputes Committee's ruling

40. The Secretariat will monitor compliance with the Complaints and Disputes Committee's ruling on a dispute between one Party or Adhering Company and another Party or Adhering Company.
41. If the ruling concerns a dispute between an Adhering Company or Party and the Secretariat, the Steering Committee will monitor compliance with the Complaints and Disputes Committee's ruling; any Party or Adhering Company on the Steering

Committee that is a party to the dispute will be excluded from this monitoring task. To this end, the Secretariat will provide the members of the Steering Committee – excluding any members that are individual companies – with all relevant information about the Party or Adhering Company concerned, including the text of the Complaints and Disputes Committee’s ruling and its arguments. Where necessary to protect privacy and/or commercially sensitive information, it will do so with due regard to confidentiality.

42. If the ruling concerns a dispute between a Party or Adhering Company and another Party or Adhering Company and a Party or Adhering Company fails to comply with the Complaints and Disputes Committee’s ruling within the time limit that it has set, the Secretariat will issue a written reminder urging the relevant Party or Adhering Company to comply with the ruling within three (3) months.
43. If the ruling concerns a dispute between the Secretariat and an Adhering Company and the latter fails to comply with the Complaints and Disputes Committee’s ruling within the time limit that it has set, the Steering Committee will issue a written reminder urging the relevant Adhering Company to comply within three (3) months.
44. If a Party or Adhering Company has failed culpably to comply with the Complaints and Disputes Committee’s binding ruling, the party or parties to the complaint will be free to disclose information about the dispute, the Complaints and Disputes Committee’s ruling, and the lack of compliance with this ruling.
45. If the relevant Party or Adhering Company has culpably failed to comply with the Complaints and Disputes Committee’s ruling within the time limit that it has set, even after receiving the reminder referred to in subsections 42 and 43, the Steering Committee may, within six months of the expiry of the time limit set by the Complaints and Disputes Committee, ask the Parties to terminate the relevant Party’s or Adhering Company’s affiliation to the Initiative.
46. The Parties will decide to terminate the relevant Party’s or Adhering Company’s affiliation to the Initiative by a majority of votes. To this end, the Steering Committee will provide the Parties with relevant information about the nature of the complaint and the failure of the relevant Party or Adhering Company to comply with the Complaints and Disputes Committee’s ruling, including the text of that ruling and the Committee’s arguments. Where necessary to protect privacy and/or commercially sensitive information, it will do so with due regard to confidentiality.
47. If a majority of the Parties agree, the Steering Committee will notify the relevant Party or Adhering Company that its affiliation to the Initiative will be terminated by the other Parties and that it may no longer derive any rights from this Initiative or publicise its participation therein.

Article 12 – Funding

1. Funding for the implementation of this agreement is based on a balanced budget agreed between the Parties.
2. Appendix 8 provides a breakdown of the financial contribution that each company is making to the budget for this agreement, as decided by the Parties and as described in subsection 1.
3. In addition to an annual financial contribution, companies that have signed the Statement by Adhering Companies will also use their own resources for the implementation of due diligence and projects.
4. In the case of collective projects that have been or are being developed as part of this Initiative, only companies that have signed the Statement will be eligible for co-financing.

Article 13 – Duration of Initiative

1. This Initiative will become effective on 1 October 2019, if and after the targets set out in Article 3 of the Initiative have been reached or if the parties decide that a sufficient number of companies and contracting authorities in the Netherlands and Flanders will sign respectively the Statement for companies and the Statement for national and local authorities.
2. A review will be carried out after five years to determine whether the Initiative should be continued.

Article 14 – Accession to the Initiative

1. Any new party that endorses the objectives of the Initiative and that wishes and is able to contribute may apply to the Steering Committee to become a Party.
2. The Steering Committee will assess the application for accession against objective and non-discriminatory accession criteria that it has established and made known in advance.

Article 15 – Withdrawal from the Initiative

1. One year after signing the Initiative or the Statement by Adhering Companies, any Party or Adhering Company may withdraw from the Initiative by notifying the Steering Committee of its intention and stating its reasons. Withdrawal will take place by submitting a written notification to that effect to the Steering Committee.
2. The relevant Party or Adhering Company will continue to be bound by the provisions of the Initiative for one year after withdrawing. If civil society organisations are obliged to withdraw as Parties because they lack funding or have been terminated as an organisation, they may do so with effect from the following year.
3. If a Party or Adhering Company withdraws from the Initiative, the Initiative shall remain in effect for the other Parties unless this would be contrary to the substance and intent of the Initiative.
4. If a Party or an Adhering Company has failed culpably to comply with any ruling by the Complaints and Disputes Committee, even after having been reminded to do so, the Parties may terminate the affiliation of that Party or Adhering Company to the Initiative. In such situations, there will be no notice period.

Part IV – Statement by companies concerning the IRBC *TruStone* initiative

The undersigned companies hereby state that they have taken note of the agreements made under the Multistakeholder TruStone Initiative, signed in on ... 2019, meant to support them in international responsible business conduct, and that they endorse the objectives and working method of the Initiative.

Under this Initiative, the undersigned companies agree to the provisions set out in Article 5 and hereby assume the following obligations:

Companies that import natural stone

1. Companies will:

- a) perform a due diligence procedure within one year of joining the Initiative using the guidance in Appendix 1 and join a collective due diligence procedure prepared by the Parties within six months of the effective date of the Initiative (an example can be found in Appendix 2). In the case of natural stone quarried and processed in countries where the collective due diligence procedure has not uncovered any risks, companies can suffice with steps 1 and 2.1 of Appendix 1. In the case of natural stone quarried and/or processed in countries where risks have been detected, companies must complete all the steps in Appendix 1. High-risk countries will be identified by means of the collective due diligence procedure (see Article 6). Until then, the focus will be on countries outside the European Economic Area. In accordance with the guidelines, prioritisation will be on the basis of risk;
- b) present an annual action plan as part of their due diligence procedure and submit it to the Secretariat for assessment (see Article 6). The action plan will be subject to a reasonable and fair assessment that makes allowance for the size of the company, its influence on the value chain, its level of experience and the scale of its IRBC risks. See Appendix 4 for examples pertaining to several different types of companies. The Secretariat will develop a format for the action plans and an assessment framework that will be approved by the Steering Committee and then made public;
- c) explicitly focus in their annual action plan on:
 - the information that they have obtained about their production or supply chain through the due diligence procedure and possible impacts in that chain;
 - how their own procurement process (delivery times, pricing, contract duration and so on) aggravates potential adverse impacts (and risks of such impacts) and what measures they will take to reduce them;
 - the policy and the measures they are pursuing with regard to the themes prioritised by the Parties (see below) and how they will participate in the collective projects developed by the Parties under these themes so as to address the substantial risks uncovered therein;
 - setting quantitative and qualitative improvement targets for the duration of the Initiative, broken down into targets to be achieved after 3 and 5 years;
- d) provide the Secretariat with the following information for each type of stone, which the Secretariat will treat in the strictest confidence:
 - Within 6 months of joining the Initiative
 - Provide information on 100% of the first tier in the value chain (wholesalers/agents and some factories).
 - Within 1 year of joining the Initiative
 - Provide information on 50% of the factories
 - Provide information on 50% of the quarry subdistricts
 - Provide information on 25% of the quarries
 - Within 2 years of joining the Initiative

- Provide information on 100% of the first tier in the value chain
 - Provide information on 75% of the factories
 - Provide information on 75% of the quarry subdistricts
 - Provide information on 50% of the quarries
 - Within 3 years of joining the Initiative
 - Provide information on 100% of the first tier in the value chain
 - Provide information on 100% of the factories
 - Provide information on 100% of the quarry subdistricts
 - Provide information on 75% of the quarries
2. Adhering Companies that fail to achieve the objectives referred to under 1 will report this to the Secretariat and explain their reasons. After considering the reasons for the company's non-compliance with the objectives or objectives and the Action Plan, the Secretariat will determine whether it is meeting the expectations of the Initiative.
 3. Information about the quarry subdistricts allows the Secretariat to determine where the Parties have combined leverage and which subdistricts would potentially benefit from collective projects. When providing the Secretariat with information on the location of the quarries, it is important to be as precise as possible;
 4. Adhering Companies will consider looking for another source if their supplier cannot be persuaded to cooperate and a joint approach by companies and parties adhering to the Initiative does not lead to a satisfactory result;
 5. Adhering Companies will pay special attention to the specific themes in their due diligence (see Article 6(14) to (27)) and, where possible, involve (local) civil society organisations in every step of the due diligence process. This means that, with regard to these themes, they will identify any possible adverse impact, set specific objectives and take measures deemed appropriate in the light of the results of their due diligence process. Appendix 3 provides companies with modes of action that may be helpful in this respect. As more experience is gained, it will be possible to develop different modes of action for different types of companies. Companies that opt for other measures can explain their reasons in their reports to the Steering Committee. In addition to the modes of action, Appendix 3 also lists the collective projects. Companies are expected to participate in projects that their due diligence procedure has indicated are of relevance to them. Companies that decide not to participate in a relevant project will explain the reasons for their decision. The Secretariat will take participation in collective projects into account when assessing the action plan. Financing will be sought for each project;
 6. One year after joining the Initiative, Adhering Companies will begin to communicate publicly in accordance with the OECD Guidelines and the agreements made under the Initiative. After one year, the Parties will make further agreements in the Steering Committee concerning the information that companies will disclose.

Companies that purchase exclusively from Dutch or Belgian importers

1. Companies will:
 - ask about their importer's policy with regard to IRBC and examine the extent to which the themes covered in this Initiative are reflected in this policy;
 - consider looking for an alternative importer if there is no satisfactory response within the first year or if an importer has no or virtually no IRBC policy or is unwilling to develop one;
 - encourage Dutch and Belgian importers from which they source their material to participate in the Initiative;
 - report to the Secretariat about their procurement.

The undersigned companies likewise state that they agree with the relevant provisions in the other articles and with the complaints and disputes mechanism established by the Parties under this Initiative.

This Statement will remain valid for the duration of the Initiative. One year after signing it, a company may withdraw its Statement by notifying the Steering Committee and stating its reasons. After withdrawal, the company will remain bound by the Statement for another year. The Steering Committee will notify the public of the company's withdrawal. The company may not withdraw its Statement while it is involved in a dispute.

The Statement will be regarded as withdrawn in the event of bankruptcy, cessation of business activities or the death of the company's owner. This may also apply if a change is made to the Initiative that has demonstrable and serious adverse consequences for the company, or if the company is acquired by another company and withdrawal from this Initiative constitutes a resolute condition of sale.

If a company that has signed the Statement ceases its activities in the natural stone sector during the term of the Initiative, it may withdraw its Statement as of that date, thereby cancelling all of its obligations under the Initiative as from the date of withdrawal.

Companies that purchase from Dutch or Belgian producers

In the case of natural stone extracted and processed in the Netherlands or Belgium a company will ask for a certificate of origin. The purchase invoice can serve as such.

Signature:

Organisation:

Name:

Date:

Part V – Statement by national and local authorities concerning the IRBC *TruStone* initiative

The undersigned authorities hereby state that they have taken note of the agreements made by the Parties under the Natural Stone Initiative, signed in on ... 2019, meant to support them in sustainable procurement, and that they endorse the objectives and working method of the Initiative.

When purchasing natural stone, the participating authorities will avail themselves as much as possible of existing opportunities for sustainable procurement in public procurement legislation, hereby undertaking:

- to ask their contractors:
 - to perform due diligence with respect to natural stone, or
 - to submit a report showing that their natural stone suppliers perform due diligence.

In the Netherlands, that is commensurate with applying the International Social Criteria (ISC). Adhering national and local authorities will include this as a contractual condition during a contract execution phase and ensure compliance with these contractual conditions. The 'comply or explain' principle will apply to all contracts;

- in their tenders, seek to align themselves as much as possible with the approach taken in the Initiative and the action plans to be drawn up by companies in that context;
- to apply the outcomes of the *sustainable procurement and child labour* pilot programme in future tenders for natural stone, with due regard for both fairness and efficiency.

This Statement will remain valid for the duration of the Initiative. One year after signing it, an authority may withdraw its Statement by notifying the Steering Group and stating its reasons. After withdrawal, the authority will remain bound by the Statement for another year. The Steering Committee will notify the public of the authority's withdrawal. The authority may not withdraw its Statement while it is involved in a dispute.

Signature:

Organisation:

Name:

Date:

Part VI – Expression of support for the IRBC *TruStone* initiative

The undersigned

- states that it has taken note of the text of the TruStone Initiative signed in ... on ... ;
- expresses its support for the aims that the parties are pursuing with this Initiative;
- is prepared to cooperate with the parties and to seek synergies between its own activities and the implementation of the Initiative;
- is prepared to assist in achieving the goals and carrying out the activities of the Initiative;
- is prepared to communicate its support for the Initiative externally;
- (if the party has member companies active in the natural stone sector:) will advise its members to join the Initiative;
- and is prepared to participate in the stakeholder group with which the parties can liaise about the progress of the Initiative and its implementation.

Signature:

Organisation:

Name:

Date:

Part VII – Appendices

Appendix 1 – Due diligence and procurement practice guidance

Expectations of government and society

Government, consumers, employers' associations, trade unions and civil society organisations expect companies to transact their business with respect for people and the planet. These expectations are laid down internationally in the OECD Guidelines for Multinational Enterprises (OECD Guidelines),⁸ the UN Guiding Principles on Business and Human Rights⁹ (UNGPs), and the labour standards of the International Labour Organisation (ILO)¹⁰ that form part of the UNGPs. Companies must comply with these frameworks.¹¹ The OECD has published a practical guide to help them.¹² Public authorities are also expected to pursue a coherent policy in this respect, for example in their procurement practices.

International business operations pose risks that can cause companies to violate the above-mentioned international frameworks and standards. That is why companies are expected to know their production or supply chains and to take the steps required to prevent harm or injury.

International Responsible Business Conduct requires 'Due Diligence'

The UN Guiding Principles on Business and Human Rights and the OECD Guidelines stipulate that companies that transact business internationally themselves or through their production or supply chain must perform 'due diligence'.

Within the context of RBC, however, due diligence is a continuous process in which companies identify, prevent and reduce the actual and potential adverse impact of their own activities or business relationships in the production or supply chain and account for how they deal with the adverse impact so identified (and relevant risks).¹³

In this guidance, adverse impacts in the production or supply chain refer to such issues as child labour, exploitation of employees or environmental damage in which buyers in the Netherlands are implicated through their international supply chain.

In RBC-related due diligence, the emphasis is not on the risks posed to the company itself but on the rights of stakeholders and the actual and potential adverse impact on them. Examples of stakeholders are company employees, workers employed at production sites, the environment, and local communities. It is crucial to involve these stakeholders in the due diligence procedure in a meaningful way. Civil society organisations and trade unions can bring companies into contact with local stakeholders.

It is, first of all, important for companies to identify **where, in their own operations or in their production or supply chain**, adverse impacts are likely to arise for stakeholders.

⁸ <http://www.oecd.org/investment/mne>

⁹ <http://business-humanrights.org/en/un-guiding-principles-on-business-and-human-rights-1>

¹⁰ <http://www.ilo.org/global/lang--en/index.htm>

¹¹ For more information (in Dutch), see www.oesorichtlijnen.nl and www.ser.nl/nl/themas/imvo

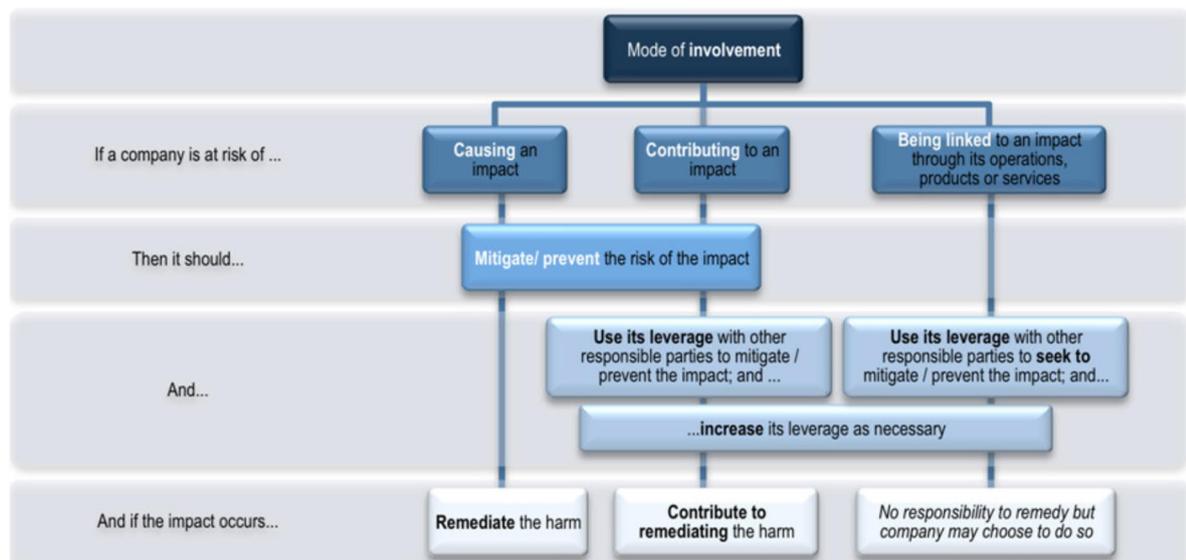
¹² <https://www.oesorichtlijnen.nl/documenten/publicatie/2018/05/31/oecd-due-diligence-guidance-for-responsible-business-conduct>

They must then verify the adverse impacts (or the risk of such impacts) with internal and external stakeholders.

Second, it is important for companies to decide **what** they are going to address. If they cannot address all the issues all at once, they will have to prioritise. Companies should initially focus on preventing and reducing the worst impacts or any impacts that would be irreversible if intervention was left until later. The severity of the risks and the likelihood of their arising are the main criteria in this regard.

The company can then ascertain **how to prevent and reduce adverse impacts (and the risks of such impacts) in order of priority**. If the company is powerful enough to leverage the prevention and mitigation of an adverse impact, it will have more ways to minimise risks directly, in consultation with stakeholders.

If a company itself causes or contributes to harm or injury in its production or supply chain, it must offer remediation. If, despite not having caused or contributed to the damage, the company is 'directly implicated' in activities that have resulted in damage, it must try to induce other responsible parties to offer remediation and/or to contribute to any remediation.



Companies are often inclined to address only those adverse impacts and risks that fall within their sphere of influence. But even if they only have limited leverage and there are complex problems upstream in the production or supply chain, they can increase this leverage by collaborating with others (e.g. by participating in collective projects with other companies or in a multistakeholder initiative). Creative brainstorming with other participating companies and stakeholders can generate new insights and ideas. It is important for companies to monitor the effectiveness of their actions. One of the positive side-effects of due diligence is that companies that have a better understanding of their own business processes and production or supply chains can also better identify and take advantage of new opportunities, e.g. to produce better products, streamline production processes and improve their reputation.

The due diligence process allows companies to take a structured approach to addressing the risks of adverse impacts on human rights, working conditions, the environment and

other areas. It is generally in the interests of employees and other stakeholders for a commercial relationship to continue while improvements are being made. If the relevant risks are serious and would have irreversible consequences, the business relationship can be suspended temporarily while mitigation efforts are under way. The final resort would be to end the business relationship if attempts to curtail the risks fail and the company deems risk reduction unfeasible. When deciding to end a business relationship, a company must bear in mind the possible adverse socio-economic impacts (e.g. job losses) of doing so.

The Initiative makes it possible for companies to collaborate so as to share knowledge and capacity and cut down on costs.

Purpose of the guidance

The guidance offers companies in the natural stone sector a simple step-by-step plan that can be used to carry out an RBC risk-opportunity analysis and to examine their production or supply chain. Based on the results of this analysis, they will be able to make appropriate efforts to prevent and reduce risks and, where possible, take advantage of available opportunities.

Step-by-step plan

<p>1. How do I embed due diligence into my business processes and monitoring systems?</p>	<p>This first step is necessary to ensure that analysis of the production or supply chain does not have to be repeated from scratch each time. For example, including RBC due diligence right from the start when training buyers and adopting a procurement policy will save a lot of extra work later. Consider the following steps:</p> <ul style="list-style-type: none"> • Draw up an RBC policy (covers the subjects described above and stipulates the principles to which the company has committed itself) and integrate it into business processes (including the risk management system, e.g. with a code of conduct, and procurement systems) • Decide which job titles will be involved in the policy and decision-making process, including buyers • Communicate the policy in the production or supply chain • Amend the monitoring and auditing protocol and add RBC subjects • Set up a grievance mechanism, available to individuals, groups and organisations adversely impacted by the company's activities
<p>2.1. What do I produce and where do I produce it? Know your production or supply chain</p>	<p>The next step is to examine the products that you make/have made.¹⁴ Take the following steps:</p> <ul style="list-style-type: none"> • Draw up a list of finished products • Identify the tiers (e.g. agent/factory/contractor/quarry etc.) and the segment of the production process (factory, quarry, stone-breaking operation) for the value chain concerned • Identify the country and region where the product is manufactured • Identify the location or locations of factories and quarries in the value chain concerned
<p>2.2. What general risks are associated with my product or products?</p>	<p>Identify the potential risks in terms of human rights, working conditions, the environment (note: environmental risks can lead to the violation of human rights) and corruption for the various products, production locations and production processes. Be sure to consult stakeholders (including</p>

¹⁴ Prioritisation is intrinsic to step 2.1., getting to know the production or supply chain. Prioritisation should always be based on risks, see 2.3. That is why due diligence is necessary for each and every product.

	<p>employees, local NGOs and local trade unions) who have a good understanding of the actual situation on the ground and let them know what is being done with the information they provide.</p> <p>The overall analysis should be based on available tools, such as the CSR Risk Checker (www.mvorisicochecker.nl/en), and with the help of those who have expertise on specific countries and/or sectors. This will give you an idea of the risks associated with the product, the production process and the product location.</p> <p>The analysis will not cover all the issues that could arise, but the Parties expect adhering companies to focus explicitly on the following eight themes in their risk analysis:</p> <ol style="list-style-type: none"> 1. discrimination and gender 2. child labour 3. forced labour 4. living wage 5. right to organise and right to collective bargaining 6. health and safety 7. air, soil and water pollution 8. land rights. <p>If other risks are identified, they should also be included in the risk analysis.</p>
<p>2.3. What is my relationship to the adverse impacts identified and the risk of such impacts? (causal, contributory, directly or indirectly linked?)</p>	<p>In this step, you determine the relationship between your company and any actual and potential 'adverse impacts' in your production or supply chain and among your company's business relationships. A company can cause the adverse impact directly, contribute to the adverse impact, or be linked to the adverse impact.</p> <p>It may not be possible to address all adverse impacts (and associated risks) simultaneously. Prioritisation is therefore an essential element of this step. Prioritising some matters does not mean that other matters are less important or that one right is more important than another. The main aim is to address activities successively and to allocate resources according to the severity of the potential adverse impacts. Prioritisation should take place in consultation with stakeholders and experts.</p> <p>When prioritising risks, you should perform an overall assessment by considering the following questions:</p> <ul style="list-style-type: none"> • How severe is the identified adverse impact in terms of its scale, the number of people affected, and the likelihood of consequences being irreversible? • How likely is the adverse impact to occur? How likely is the chance of an adverse impact? <p>Companies are often inclined to start examining the risks that fall within their direct sphere of influence. But even if they only have limited leverage and there are complex problems upstream in the value chain, they can increase this leverage by collaborating with others (e.g. with other companies and parties).</p>
<p>3. How do I address risks? (prevention,</p>	<p>If a company identifies a risk that it will cause an adverse impact in its production or supply chain, it must take the necessary steps to avert or</p>

<p>reduction, restitution, compensation)</p>	<p>prevent the adverse impact.</p> <p>The following is essential to developing an action plan:</p> <p><u>1. Actual adverse impacts:</u> how can I prevent them or what can I do to mitigate/compensate for damage already done?</p> <p><u>2. Risks of adverse impacts:</u> what is a realistic effort/what is within my power to do to prevent/reduce risks?</p> <p>In both cases, you should collaborate as much as possible with vulnerable/affected parties and other stakeholders to determine what actions are necessary and who will be responsible for what part of these actions.</p> <p>First and foremost, consider the relationship between your procurement policy and practices and the risks you have identified. For example, risks may be associated with pricing policy, delivery dates, availability of stone from other suppliers and the length of your relationship with the supplier, or with trade practices such as last-minute changes in orders, quality issues or unexpected follow-up orders, etc.</p> <p>If the company is unable to address a risk on its own, for example because it has little influence or because the problem is too complex, it can increase its leverage by joining forces with other companies and stakeholders.</p> <p>The action plan may include:</p> <ul style="list-style-type: none"> • Involving partners in the value chain • Entering into discussions with partners in the value chain about the identified risks, the target situation and expected improvements • Involving and collaborating with civil society organisations (NGOs, trade unions, etc.) • Working with the relevant partner in the value chain on a project/obtaining advice in order to identify the problem's causes and come up with solutions and make improvements • Transparency policy • Using audit/certification processes • Promoting access to remediation at production locations • and so on. <p>The Parties have recommended measures that can be undertaken to address the designated themes and have developed collective projects for certain themes aimed at identifying cross-company solutions (Appendix 3).</p> <p>Useful additional tool: Sustainable Procurement Step-by-Step Plan by NEVI and MVO Nederland/CSR Netherlands</p>
<p>4. How do I ascertain that my actions have led to an improvement?</p>	<p>Actual adverse impacts should be reduced and remedied within a reasonable period of time and the potential risk of severe adverse impacts must also be avoided or reduced. Note: because your company and its environment, your market, and the countries where your products are manufactured are constantly changing, you must make due diligence a continuous process. That is why you must focus on resolving actual and potential risks.</p>

	<p>You can find out whether your actions have been effective by:</p> <ul style="list-style-type: none"> • Visiting or inspecting the suppliers concerned • Consulting victims (workers, local communities) • Consulting other local and international stakeholders (such as trade unions and NGOs) • Conducting audits and surveys to ascertain whether actions have resulted in improvements • Studying the reports of collective (multistakeholder) initiatives, including the IRBC TruStone initiative • Keeping track of the complaints submitted to the grievance mechanism and the nature of these complaints • and so on. <p>If improvement falls short of your targets, then repeat step 3 (or, if new risks are identified, step 2).</p>
<p>5. How do I communicate about my activities? (transparency and communication)</p>	<p>The OECD Guidelines and the UNGPs set requirements for communicating about RBC risks. Companies are expected to report on serious risks in a form that allows others to assess their approach to risks and violations. Companies are also expected to submit information on their approach to risks and actual violations at the request of victims.</p> <p>Companies can furthermore actively call on parties to develop a collective approach or project addressing the problems they have identified. They can do so by making use of the consultation mechanisms under the IRBC TruStone Initiative.</p> <p>Your company may find it interesting to attune communications about your IRBC activities directly with the products that you are selling, for example.</p> <p>Another idea would be to provide information on your website about how you go about improving working conditions in your production or supply chain, for example by referring to the standards that you adhere to and your initiatives in this regard.</p>

Appendix 2 – Example of due diligence: countries and risks

This appendix provides an example of a survey of common risks in widely used production countries based on scope, scale and irremediability. This collective due diligence will be extended to other countries within six months of the Initiative being signed. The survey will be updated annually. The aim is to simplify the due diligence process for companies.

India*				
Risks in quarries and stone processing	Risk factors	Scope	Scale	Irremediability
Child labour	<ul style="list-style-type: none"> - National legislation not in line with ILO standards - Little or no enforcement of legislation by government - Low quality of education and access to education limited in quarry subdistricts - Casual labour - Migrant labour - No living wage - Many single-parent families - Wage advances and loans 	+++	++	+++
Forced labour	<ul style="list-style-type: none"> - Wage advances and loans - Migrant labour - Children and adolescents working in quarries - Labourers have homes in quarries - Casual labour - Caste system 	+++	+++	++
Occupational health and safety	<ul style="list-style-type: none"> - Occupational illnesses and risks - Lack of personal protection equipment - Lack of government oversight 	+++	+++	+++
Discrimination and gender	<ul style="list-style-type: none"> - Employees are members of Dalit and tribal groups or of low caste - Unequal pay for women 	++	++	+
Living wage	<ul style="list-style-type: none"> - Statutory minimum wage lower than living wage - Piece work - Casual labour - Wages paid in cash - No payroll records 	++	+++	+
Land rights	<ul style="list-style-type: none"> - Illegal mining 	++	+++	+
Environment	<ul style="list-style-type: none"> - Water shortages in quarry subdistricts - Use of chemical explosives? - Carbon emissions during transport 	++	++	+

China*				
Risks in quarries	Risk factors	Scope	Scale	Irremediability
Child labour	- Casual labour - Migrant labour - No living wage	+++	+	+++
Forced labour	- Migrant labour - Forced overtime	+++	+	++
Occupational health and safety	- Occupational illnesses and risks - Lack of personal protection equipment - Lack of government oversight	+++	+++	+++
Discrimination and gender	- migrant labour, minorities and women		++	
Living Wage	- Working hours / compulsory overtime - Overtime not paid in line with Chinese legislation - Statutory minimum wage lower than living wage - Piece work	++	+++	+
Land rights				
Environment	- Land use - Water pollution			

* The right to organise and the right to collective bargaining are enabling rights: they make it possible for workers to stand up for their rights and must therefore be part of any intervention.

Key	
Scope	+++ very severe ++ moderately severe + severe
Scale	+++ frequent occurrence ++ regular occurrence + occasional occurrence
Irremediability	+++ irreversible ++ difficult to reverse + moderately reversible

Appendix 3 – Modes of action for specific themes

This appendix offers companies a mode of action for the eight risks that the Parties have identified. For each theme, we a) outline why companies should take b) the measures that we recommend, meant to help identify structural solutions to violations and to provide workers with 'enabling rights'.

Like all rights, enabling rights have intrinsic value, but they also 'enable' people to gain other rights and benefits. To make structural improvements in the natural stone sector, it is important not only to combat the symptoms of violations but also to create an environment in which workers themselves can stand up for their rights. For example: workers are paid a living wage and there is latitude for fair negotiations between employees and employers (or their representative organisations).

Companies can adopt these measures or decide to take action in other ways better suited to the specific context. Companies that opt for other measures can explain their reasons in their reports to the Secretariat. Finally, we c) propose collective projects for each theme in which companies can participate and/or we make suggestions for setting up collective projects. Each theme is described separately below, in random order; in the real world, however, the themes are interrelated. For example, unsafe and unhealthy working conditions can result in adult workers becoming sick or disabled, forcing their children to go to work to contribute to the family income. Structural forced labour often deprives workers of the right to organise and the right to collective bargaining.

This appendix will be updated annually for the duration of the Initiative.

Discrimination and gender

A. Reasons:

- Discrimination is an important cause of unequal treatment of people in the same situation.
- Gender discrimination is not the only form of inequality; people may also suffer discrimination on the basis of other (personal and physical) characteristics that have no bearing on job performance, for example because they are members of an ethnic or other minority group or religious group or because others have assigned them a particular status at birth, such as a specific caste.
- Discrimination occurs mainly in:
 - policy and practice relating to safe and healthy working conditions;
 - policy and practice relating to equal pay for equal work, promotion (and opportunities for promotion) and salary levels;
 - incidents of harassment in the workplace and the measures taken against them;
 - the gender distribution across the various positions in the production chain.

B. Recommended measures:

- Ensure that female employees and other discriminated or disadvantaged groups have the same rights and opportunities as other employees, including equal pay for equal work and opportunities for promotion to senior and management positions.
- Make agreements about the above in supply contracts.
- Communicate company policy on discrimination and on efforts to ensure equal rights in every segment of the production or supply chain, including in local languages and to flexible or casual workers.
- Support suppliers in providing information and training on how to prevent and combat discrimination.

- Work with other buyers on initiatives to improve recruitment practices in support of equal rights and equal pay for all employees.
- Work with other buyers on initiatives to protect pregnant female employees and promote parental leave and childcare facilities, paid maternity leave, leeway for care matters (e.g. breastfeeding and expressing milk) and a guaranteed right to return to work.
- Investigate, by conducting random local checks or by consulting local civil society organisations and/or trade unions, whether discrimination has been eradicated and equal rights are being promoted in the company's production or supply chain. If that is not the case in a particular company in the value chain, have that company draw up a time-limited improvement plan. If the plan fails to produce results, impose sanctions and, in the worst case, terminate the contract with the supplier.
- Collaborate with local trade unions and NGOs that have a good track record of fighting discrimination.

C. Collective projects:

- Multistakeholder initiatives and other alliances that actively combat discrimination.

Child labour and children's rights

A. Reasons:

- Child labour is said to exist when a child (under the age of 18) performs work that violates his/her right to education, is harmful to the child's physical and/or mental health and his/her spiritual, moral or social development. It also exists if work is carried out by children who are under the legal minimum age for employment. ILO Convention 138 sets a minimum age of 14 or 15 or higher if laid down in statutory regulations.
- Hazardous work, including work in quarries and stone processing factories, is subject to an age limit of 18 years in some countries of origin.
- Working children generally miss out on education or learn less because they have to combine learning with working. This deprives them of prospects going forward and any possibility of breaking out of the cycle of poverty.
- In the natural stone sector, children under the age of 14 mainly work in rubble processing, including: chipping cobblestones and gravel, unloading lorries, etc.
- Children under the age of 18 work in quarries. Other children's rights are violated because children live and play on the edge of quarries and therefore run health and safety risks in some subdistricts. In addition, quarries are often located in rural areas where access to and the quality of education are very poor, which often means that the child's right to education is infringed.
- Parents' working conditions have a major impact on children's rights and the right to education; examples include forced labour, seasonal migration, low wages, and early death due to silicosis.
- Children from minorities and other marginalised groups – such as girls, indigenous peoples, Dalits ('outcastes') and disabled children – are often the most vulnerable to child labour. Existing programmes often do not include these children or do not do so in a meaningful manner.

B. Recommended measures:

- Include children's rights, anti-discrimination and diversity in codes of conduct.
- Identify obstacles to children's rights, gender and other forms of discrimination in due diligence procedures.
- Do not recruit or employ children or allow suppliers to recruit or employ children to perform tasks considered to constitute child labour, and develop an approach to preventing this throughout the production or supply chain.

- Take advantage of the expertise of relevant organisations and individuals as well as of relevant guidelines and documents, such as the ILO – IOE Child Labour Guidance Tool for Business.
- Develop and apply reliable methods in collaboration with suppliers and stakeholders to verify the age of children during recruitment procedures. Ascertain whether these methods are also actually being used in the production or supply chain.
- Gather specific information about actual and potential risks of child labour throughout the production or supply chain. Work with suppliers to identify and remove risks of child labour in every tier in the production chain.
- Collaborate, either on your own initiative or by joining existing initiatives, with other companies, associations within (and outside) the sector, employers' associations, the communities involved, civil society organisations (including children's rights organisations), trade unions and public authorities to improve access to education and to find permanent solutions to the underlying causes of child labour (not only poverty, but also such aspects as social norms, substandard education, insufficient access to basic facilities, and lack of legal enforcement).
- Support local, national and international efforts to eliminate child labour, including awareness-raising and social mobilisation campaigns and programmes to combat child labour and promote education. In particular, support projects undertaken in cooperation with local communities and, where possible, with input from children.
- Participate in and provide support for programmes that encourage employment for young people, that help them develop skills, and that offer young employees occupational training courses.
- Promote education for the children of seasonal migrant workers.
- Undertake efforts that result in safe and healthy living conditions for quarry workers and their families (where possible in cooperation with the Parties to the Initiative).
- Do not use procurement or other practices to pressure suppliers, contractors or subcontractors in a manner that could lead to children's rights being violated (including the right to protection from child labour, the right to education and the right to health and development).

C. Collective projects:

- A subdistrict-specific approach to combatting child labour, including Child Labour Free Zones, in regions where these projects exist (Budhpura and Jodhpur, Rajasthan, India) or are being developed.

Forced labour

A. Reasons:

- Forced labour is any labour or services that are exacted from a person under threat of some sort of punishment and that said person has not offered to do voluntarily. In the context of forced or compulsory labour, the involuntary nature of the work is not necessarily the result of violent coercion but can also take more subtle forms, e.g. psychological coercion or the withholding of identity documents.
- Forced labour manifests itself in many different ways, including:
 - Debt bondage: bonded labour resulting from previous debt, which may have been incurred before the worker's birth, or a contractual obligation;
 - Forced labour for production purposes in prisons, labour camps or prisoner-of-war camps;
 - Work under coercion and in inhuman conditions for irregular or non-existent pay;
 - Coercive labour, in which people are coerced to work overtime indirectly because they cannot make ends meet on their customary pay.
- It may also be linked to human trafficking. The purpose of human trafficking is usually exploitation; forced or compulsory labour is a form of exploitation.

- Forced labour, including forced child labour and human trafficking, occurs on a massive scale, with at least 20.9 million victims according to the ILO. Several studies carried out by both civil society organisations and researchers have documented forced labour, in the form of bonded labour and restrictions on freedom of movement, in Indian quarries. According to the CSR Risk Check tool, forced labour is also a risk in China, Brazil and Portugal.

B. Recommended measures:

- Develop and implement a prevention and remediation policy for cases of forced labour detected in your production or supply chain.
- Communicate company policy to all the segments of the production or supply chain, including in local languages and to flexible or casual workers. As a buyer, insist that workers are given employment contracts and enquire whether that is the case at regular intervals.
- In contracts with suppliers, agree that forced labour will be prevented and eradicated pursuant to the Protocol of 2014 to the ILO's Forced Labour Convention of 1930.
- Identify where there is a high risk of forced labour by examining the production or supply chain and performing due diligence. The presence of (intra-state) migrant workers and/or of labourers working through a contractor instead of being employed directly by the quarry owner is, by definition, an important 'red flag' that requires further inspection.
- Conduct random local checks to verify that forced labour has been eradicated in all segments of the production or supply chain, in particular quarries, by consulting active civil society organisations and/or trade unions and by interviewing workers in a manner that permits them to speak freely. This involves workers in monitoring the supply chain. If that is not the case in a particular company in the value chain, have that company draw up a time-limited improvement plan. If the plan fails to produce results, impose sanctions and, in the worst case, terminate the contract with the supplier.
- Facilitate the testing and introduction of worker empowerment training.

C. Collective projects:

- Multistakeholder initiatives and other alliances that actively combat forced labour.

Living wage

A. Reasons:

- The Universal Declaration of Human Rights (1948) states that everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity. The OECD Guidelines recommend paying a wage that 'should be at least adequate to satisfy the basic needs of the workers and their families'.
- In its labour standards, the ILO describes living wage as 'a wage that is sufficient to provide for the basic needs of a family of average size in a particular economy'. This means that a worker can in any event afford meals, rent, healthcare, education, clothes and transport and, at the same time, is able to save.
- A living wage may therefore differ from one country, region or even city to the next. The amount can be calculated using the Anchor method. SA8000-certified companies adhere to this method. Another method is the Asia Floor Wage (AFW), which uses purchasing power parity to estimate what a living wage is for in various countries across Asia. The Fair Wage Method defines a fair wage on the basis of twelve dimensions, including not only a living and minimum wage but also overtime, contracts, communication and social dialogue.

- In production countries, the minimum wage set by the authorities is often much lower than a living wage. In some cases, the minimum wage would be adequate in theory but no one pays it or it is not enforced in practice. To earn enough to survive, employees then have to work very long hours, putting their physical and mental health at risk.
- Low wages can be a poverty trap for workers, increasing the risk of child labour and vulnerability to forced labour.
- In addition to the size of the wage, there are other frequent problems, for example failure to pay wages on time, wage discrimination, unfair deductions or failure to pay the full rate for hours worked and overtime.

B. Recommended measures:

- Make a living wage an explicit part of company policy throughout the entire chain.
- Communicate the company policy on living wage to all segments of the natural stone supply and production chain, including in local languages. Outline your role as a company/brand in your code of conduct and specify what suppliers can expect of buyers in this regard.
- Contact other companies that buy from the same suppliers and/or work with relevant trade unions and civil society organisations to increase leverage for the living wage.
- Ensure that a living wage is being paid for your own share of procurement. Consult with the production company and employee representatives and agree on how the excess amount can be used to close the gap between the going wage and a living wage. Be very careful not to exacerbate discrimination in this manner.
- Conduct random local checks or consult local civil society organisations and/or trade unions to find out what wages are being paid and whether every segment of the production or supply chain is familiar with the concept of a living wage, and to monitor the progress of the pilot projects. If that is not the case in a particular company in the value chain, have that company draw up a time-limited improvement plan. If the plan fails to produce results, impose sanctions and, in the worst case, terminate the contract with the supplier.
- Analyse how procurement practices help make a living wage possible. Examine such aspects as buyers' bonus systems and negotiating methods, their relationship with suppliers, how they communicate, and how they place and change orders.
- Agree with public authorities that companies will not relocate their production facilities if the minimum wage is raised or other forms of compensation are introduced.

C. Collective projects:

- Multistakeholder initiatives and other alliances addressing fair wages.

Right to organise

A. Reasons:

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

- The right to organise is crucial because it marks the start of meaningful stakeholder dialogue throughout the value chain (from quarry to finished product).
- It is important to enter into dialogue with local trade unions in production countries. Negotiations between suppliers and local trade unions and the conclusion of collective agreements make it possible to weigh up differing socio-economic risks. It is also important to work with them on structural solutions to violations throughout the entire value chain.
- The right to negotiate and the right to collective bargaining also lead to agreements on working conditions, for example occupational health and safety (OHS), outsourcing of work, working hours, wages, non-discrimination and minimum age limits.

B. Recommended measures:

- Make the right to organise an explicit part of company policy throughout the entire value chain. The policy can include the following:
 - encouraging permanent and flexible workers to establish an employee representative body;
 - promoting local, independent representation of workers (with special concern for underrepresented groups such as women and young employees);
 - promoting the safety of these representatives as much as possible;
 - entering into consultations that workers perceive to be timely, constructive and meaningful.
- Communicate company policy throughout all segments of the value chain, including in local languages and to flexible workers.
- Include a clause in contracts with suppliers stating that they must encourage participation in activities related to the right to organise, e.g. by giving the relevant worker a day off with pay or by making it possible to organise on-site training;
- Conduct random local checks or consult locally active civil society organisations and/or trade unions to find out whether the right to organise applies in all the segments of the value chain. If that is not the case in a particular company, have that company draw up a time-limited improvement plan. If the plan fails to produce results, impose sanctions and, in the worst case, terminate the contract with the supplier.

C. Collective projects: (to be filled in later)

Occupational health and safety

A. Reasons:

- Wherever they are in the world, workers have a right to a safe and healthy workplace. Unfortunately, that right is too often denied them.
- Occupational health and safety risks are significant in the natural stone sector, including a high probability of accidents (e.g. unsafe use of machinery, lack of personal protection equipment) and serious occupational health problems (e.g. tuberculosis and lung cancer associated with quartz exposure and silicosis).
- Some of the problems that occur in the natural stone sector are not related specifically to the sector itself but reflect the stage of development of and/or weak democratic and governance systems in a number of countries. For example, some occupational health and safety problems can be attributed to local governments not having enough knowledge and/or capacity or the political will to provide effective oversight of quarry or factory safety. There is often a lack of adequate legislation, for example setting legal exposure limits for crystalline silica, not to mention compliance, oversight and enforcement. This implies that solving structural health

and safety problems requires cooperation between multiple parties, both 'here' and 'there'.

- Familiarity with health and safety matters is limited among workers, management and recruitment officers.
- Moreover, the problem of occupational health and safety is closely related to other (fundamental) issues, such as the right to organise.
- Public authorities and RBC initiatives such as Earthworm, trade unions and NGOs have already acquired some experience in promoting health and safety in natural stone quarrying.

B. Recommended measures:

- Develop and implement a prevention and remediation policy aimed at employee health and safety (such as accident prevention).
- Communicate company policy to all the segments of the production or supply chain, including in local languages and to flexible or casual workers.
- Make agreements in supply contracts about:
 - preventing accidents and health risks
 - improving occupational health and safety
 - providing accident and other insurance for workers.
- Examine possible health hazards and implications for health as well as the use of chemicals in advance by checking them against existing international and/or national standards. In addition, help protect workers, local communities and the environment against exposure to hazardous chemicals.
- Write up a risk assessment for the company as well as an action plan addressing the risks identified.
- Provide effective personal protection equipment free of charge to prevent exposure to quartz.
- Conduct random checks or consult locally active civil society organisations and/or trade unions to determine whether occupational health and safety has been achieved in all the segments of the production or supply chain. If that is not the case in a particular company in the value chain, have that company draw up a time-limited improvement plan. If the plan fails to produce results, impose sanctions and, in the worst case, terminate the contract with the supplier.
- Pursue an active, zero-tolerance policy on sexual and physical violence, exploitation or abuse within and outside industrial premises, including inspections and steps to be taken when violence, exploitation or abuse are suspected.
- Contribute to health and safety training for employees, management, labour supply agencies etc. pertinent to health and safety risks in quarries and natural stone processing factories.
- Help increase the use of personal protection equipment and other safety measures (including fencing around and safe access to quarries; procedures for explosions; first aid; safety signs; fire-fighting equipment; evacuation & emergency plans; machinery maintenance; safe use of chemicals) that are both suitable and relevant to specific activities in quarries and processing plants and the climate in which labourers work.
- Help workers access medical facilities and healthcare within and/or outside the workplace, with special emphasis on occupational health risks, including tuberculosis, silicosis, etc.
- Help workers access sanitary facilities and safe drinking water in the workplace.
- Guarantee access to an independent grievance mechanism for all workers that could be victimised by activities in the natural stone chain.

C. Collective projects:

- Multistakeholder initiatives and other alliances that promote occupational health and safety in the natural stone sector.

Land rights and the living environment (including air, soil and water pollution)

A. Reasons:

- Quarrying of natural stone often has adverse impacts on the living environment (land degradation, loss of biodiversity, deforestation, water shortages, salinization and soil, water and air pollution).
- Natural stone projects often lead to violations of land rights, such as land expropriation, forced relocations and the destruction of burial sites and other places of heritage value.
- Land and land use rights are a human rights issue because of their direct relationship with the right to food, water and a clean living environment.
- Air, soil and water pollution poses a health risk to communities in the vicinity of natural stone quarries.
- Land and land use rights are of little use when the living environment and the environment are so polluted.
- Transport and extraction processes (such as the use of explosives) can be disruptive and damage homes and the environment.
- The growing pressure on land and water is a mounting problem for millions of poor people, and especially for marginalised groups, including women. The loss of land often means the loss of security (including food security and an income) and cultural and social roots.
- Women are often hit harder by restricted access to land and water because they are responsible for feeding their family and fetching water. Gender-specific risks are rarely taken into account when planning mining activities because women have only limited input into consultation processes.
- Tensions can arise within communities between miners and people who have lost their income owing to natural stone quarrying.
- When natural stone quarries are shut down, very little is done to restore the soil and the living environment. Unfilled trenches and holes and unstable subsoil are a danger to local residents and their livestock.
- Opposition to the violation of land rights has prevented many projects from proceeding even after lengthy preparations, or led to costly delays, the loss of financing and/or serious damage to reputations.
- Increasingly, individuals and civil society organisations that stand up for human rights and environmental protection in connection with such projects face repression.
- The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT) were adopted in 2012 in response to the growing problem of land grabs. The VGGTs provide guidance on respecting land (and land use) rights and governance of tenure in line with international human rights conventions and guidelines. Although primarily intended for government, the VGGTs also call on business enterprises to respect tenure rights – in line with the UN Guiding Principles and OECD Guidelines – by taking the necessary steps to prevent and address land grabbing in their activities/operations, investments and value chains.
- The Netherlands has signed several international treaties that protect the land rights of local communities. Former Dutch Minister for Foreign Trade and Development Cooperation Lilianne Ploumen has expressed her support for the VGGTs and called on Dutch industry to combat land grabbing.
- It is now widely acknowledged that land-related investments (land acquisition) are associated with major risks of land grabbing and the violation of land and land use rights.

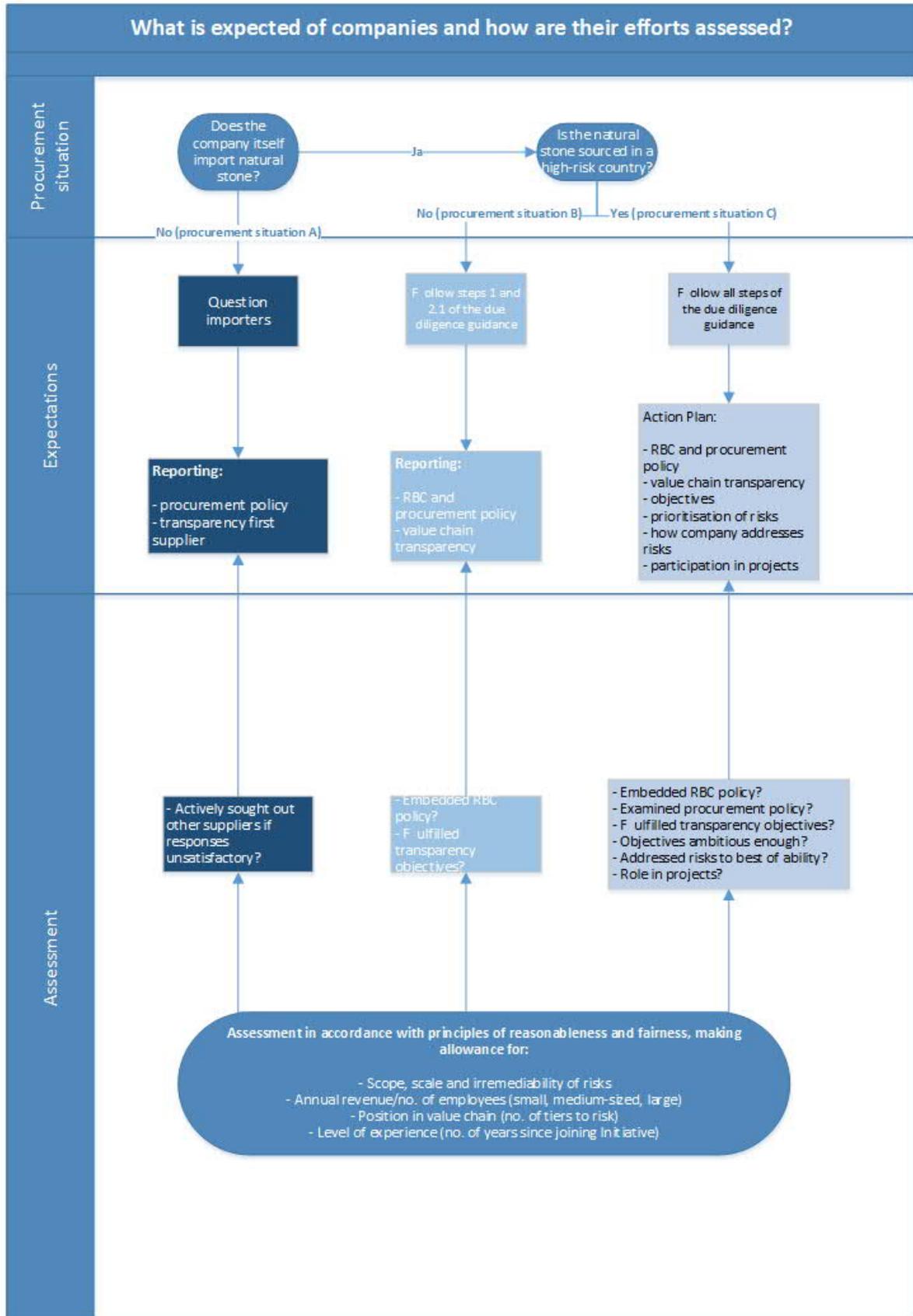
B. Recommended measures:

- Ensure the application of the UN Guiding Principles, the VGGTs and the OECD Guidelines and their prescribed human rights due diligence procedures. These guidelines offer an important basis for preventing and addressing human rights violations related to land rights and the right to a clean living environment.
- Ensure the use of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.
- Particularly in the case of land acquisition and land use change, undertake a careful appraisal of land-related risks by assessing both the direct and indirect impacts on human rights (e.g. of suppliers, surrounding communities, etc.) in addition to social and environmental impact assessments.
- Make agreements in supply contracts about reducing the social and ecological impact of business operations.
- Use the findings of the impact assessments to inform business choices, take adequate management measures, draw up action plans and monitor. It is important to look explicitly at alternative investment models that minimise the transfer of land (and land use) rights and in any event avoid forced relocation.
- Pay specific attention to marginalised groups (e.g. based on ethnicity, gender, age) and their legitimate (often non-formal) land (and land use) rights, in particular small-scale farmers in view of their crucial role in local food production and security. In particular, ensure that consultations, impact assessments, mitigation plans and management plans, monitoring and reporting also take gender issues into account.
- Where current and potential adverse human rights impacts must be prioritised, focus first on preventing and addressing the most serious abuses and/or situations in which inaction will lead to irreversible adverse impacts.
- Guarantee that the Free, Prior and Informed Consent (FPIC) principle is applied in all communities affected by land acquisition and make the application of this principle compulsory for suppliers, clients and other partners.
- Ensure transparency in the area of land use and impact on people and the planet.
- Guarantee access to an independent grievance mechanism for all communities that could be victimised by activities in the natural stone value chain.
- Publicly subscribe to the OECD Guidelines and the VGGTs. Voluntary agreements should play an important role when it comes to reporting on activities, risks and measures and improving land rights policy and practice.

C. Collective projects:

- Multistakeholder initiatives within sectors and subsectors to address collective problems in business operations, and thus avoid (or at least reduce) the above risks for companies and for the land users/residents and their living environment.
- The Dutch Land Governance Multistakeholder Dialogue (MSD), set up to promote the implementation of the VGGTs by the Dutch government. The government cooperates with the private sector, NGOs and research institutes in this initiative. Among other things, the MSD organises workshops for companies about implementing FPIC.

Appendix 4 – Examples of procurement situations



Expectations

Under the OECD Guidelines, all importing companies have a responsibility to make substantial improvements in their supply chains for those groups that are experiencing potential adverse impacts. How the Parties expect such companies to discharge their responsibility may differ and depend on:

- the source of the natural stone;
- whether the natural stone is itself imported by a company

Reasonableness and fairness

The Secretariat will assess all cases in accordance with the principles of reasonableness and fairness. This means that companies must be given the opportunity to explain why they were or were not able to carry out a certain step or part of the due diligence guidance, and also that companies have made every effort 'to the best of their ability'. The Secretariat will further consider:

- the severity, scale and irremediability of the IRBC risks that the natural stone company is facing;
- the size of the natural stone company in terms of:
 - procurement volume
 - annual revenue and number of employees (small [to €500,000], medium-sized [€500,000 – 2,000,000], or large [from €2,000,000])
- the position of the natural stone company in the value chain (number of tiers to IRBC risk);
- the natural stone company's level of experience (number of years since joining the Initiative).

This means, however, that different companies will have different responsibilities. In principle, all companies are subject to the OECD Guidelines and must therefore also live up to the due diligence expectations. In this sense, all natural stone companies do have the same responsibilities. They can, however, discharge these responsibilities in different ways (depending on the foregoing factors). A small company is not expected to do as much as a large one.

Procurement situations

We explain below what the Parties expect in a number of different procurement situations. These procurement situations should give companies more certainty about what may be expected of them in terms of due diligence. The underlying idea is that telling companies what is expected of them helps them to perform due diligence.

Note: One company may be involved in several different procurement situations.

Situation A: Natural stone procured from importers in the Benelux

A company falls under situation A if it purchases natural stone from importers in the Benelux. In that case, the relevant company is expected to:

1. submit a questionnaire to its supplier (in a letter or with an e-tool, for example) asking about their IRBC policy and requesting that they examine the extent to which the themes referred to in this Initiative are covered by this policy;

2. consider looking for an alternative supplier if there is no satisfactory response within the first year or if the supplier has no or virtually no IRBC policy or is unwilling to develop one;
3. encourage Dutch and Belgian importers that supply companies to participate in the Initiative;
4. every year, report confidentially on its procurement to an independent secretariat.

Situation B: Natural stone imported from a non-risk country

A company falls under situation B if it imports natural stone from a non-risk country. In that case, the relevant company is expected to:

1. **undertake steps 1 to 2.1** in the due diligence guidance and, consequently, within a year of joining the Initiative, perform a due diligence procedure in accordance with the guidance in Appendix 1 (of the IRBC TruStone Initiative);
 - a. **Step 1:** Embed due diligence into its business processes and monitoring systems;
 - b. **Step 2.1:** Chain transparency: for each type of stone, produce a list of finished products, production processes and production locations (at tier level: quarry, factory). This information will be kept **strictly** confidential by the Secretariat;
 - i. Companies submit the value chain transparency information to the Secretariat (see transparency objectives in section 5.1 of the Initiative).
2. every year, report confidentially on this matter to an independent secretariat.

Situation C: Natural stone imported from a high-risk country

A company falls under situation C if it imports natural stone from outside the Netherlands and/or Belgium and from a high-risk country. In that case, the relevant company is expected to:

1. **undertake all steps** in the due diligence guidance and, consequently, within a year of joining the Initiative, perform a due diligence procedure in accordance with the guidance in Appendix 1 (of the IRBC TruStone Initiative);
2. present an annual action plan as part of its due diligence procedure and submit it to the Secretariat for review;
3. each year, set quantitative and qualitative objectives for improvement during the course of the Initiative, to be achieved after 3 and 5 years;
4. participate in projects that are relevant based on the results of the due diligence procedure. Companies that decide not to participate in a relevant project must explain the reasons for their decision;
5. one year after joining the Initiative, report confidentially to an independent secretariat and begin to communicate publicly in accordance with the OECD Guidelines and the agreements made under the Initiative.

After one year, the Parties will make further agreements in the Steering Committee concerning the information that companies will disclose.

Example procurement situations

Example 1

A small tombstone manufacturer with three employees that only buys from importers in the Benelux.

This company is likely to fall under **procurement situation A**.

Example 2

A medium-sized company with 11 employees that buys some of its supplies from a Belgian importer and the rest from an Italian importer.

The company is likely to fall under **procurement situation A** for the supplies that it procures from the Belgian importer. It is likely to fall under **procurement situation B** for the supplies that it procures from the Italian importer.

Example 3

A large company with 25 employees that imports natural stone directly from China.

This company is likely to fall under **procurement situation C**.

Example 4

A large company with 60 employees that manufactures countertops. It imports natural stone from Norway and also procures a small quantity from India, where there are serious risks.

This company is likely to fall under **procurement situation B** for the supplies that it imports from Norway. It is likely to fall under **procurement situation C** for the supplies that it procures from India.

Appendix 5 – Criteria for assessing action plans for individual due diligence

The Secretariat will assess the quality of the annual action plans that the companies will prepare as part of their due diligence procedure.

In general, the Secretariat will consider the following questions (note: the text of the Initiative is authoritative):

Policy and organisation:

- Has the company established what its own principles are with respect to 'international responsible business conduct' and communicated this to its own organisation (its employees), its suppliers and other stakeholders in its production or supply chain, or does it plan to do so within six months?
- How have these principles and the need to perform due diligence properly been embedded in the company's organisation and the way in which it deals with suppliers and stakeholders in its production or supply chain?

Risk analysis:

- Has the company investigated the potential or actual adverse impacts in which it is implicated through its production or supply chain (ICSR risk analysis)? This includes whether it has up-to-date information on the value chain, how it obtained information on any adverse impacts, whether it consulted local stakeholders and how it followed up, whether it has looked beyond its first supplier, and what adverse impacts it has prioritised and why?
- Does the company have information about its production or supply chain and has it passed on the following information to the Secretariat?
 - from Year 1:
 - *to be added:*
 - from Year 2:
 - *to be added:*
 - from Year 3 at the latest:
 - *to be added:*
- If it does not have complete information about its production or supply chain, the company will indicate where gaps in information exist (geographically and/or tiers in the value chain) and state in its action plan how it intends to secure that information, step by step. What are the findings of the IRBC risk analysis, specifically with regard to the themes indicated by the Parties?
- Has the company prioritised its activities based on the following questions:
 - What is the likelihood of an adverse impact?
 - How severe is that impact in terms of its scale, the number of people affected and the possibility of its consequences being irreversible?
- Does the company understand the causes that contribute to these risks, to what extent has it analysed how its own procurement process (delivery times, pricing, duration of contracts, etc.) contributes to potential risks and adverse impacts, and what are the main improvements that it might make?

Action plan:

- Does the action plan adequately address the risks that have been identified and prioritised?
- Does the company understand how much leverage it has in addressing priority risks?
- What actions will the company be taking to reduce/eliminate the identified risks, specifically in one or more of the themes designated by the Parties and prioritised by means of the above procedure? For example:

- Has the company followed the recommendations that the Parties to this Initiative have made for each theme? If not, does the company have good reasons for not doing so?
- Does the company participate in any of the collective projects that the Parties have undertaken for this theme? If not, does the company have good reasons for not participating?
- Has the company set itself quantitative and qualitative objectives for improvement with regard to the themes to be achieved during the course of the Initiative, broken down into 3- and 5-year objectives? How are they being monitored?
- Has the company taken steps to gain a better understanding of the tiers in its production or supply chain that are currently unknown to it? How is the company ensuring a process of continuous improvement? For example: does it verify the results of its measures; will it amend its approach if necessary based on the results of the verification; does it review its risk analysis at regular intervals?
- How does the company communicate with the public about its due diligence procedure? Has the company begun communicating with the public in the third year after joining the Initiative, in accordance with the agreements made in the Steering Committee about information that may be disclosed?

The Secretariat will assess the responses to the above questions by considering what expectations are reasonable and fair given the company's specific circumstances and bearing in mind that the implementation of due diligence is a learning process and that the larger companies are, the more influence they have on their production or supply chain and/or the more experience they have, the more can be expected of them. Along with the analysis and action plan, companies will be encouraged to submit additional information showing that they have met the expectations. To avoid duplication, companies that have joined another value chain initiative may, where relevant, refer wherever possible to the principles and working methods of that initiative or use the information to be submitted to that initiative to answer the above questions.

Appendix 6 – Examples of gap analyses under the OECD Guidelines – sustainability initiatives

International guidelines	Earthworm
Identify risks throughout the production chain	Part of the supply chain falls under the Earthworm programme, depending on the company's choice. However, Earthworm is now putting pressure on members to make their entire chain transparent and to share it through its Transparency Hub.
Prioritise risks according to severity of adverse impact	Prioritisation according to feasibility and leverage. Some labour rights are voluntary level 3, such as living wage and ILO standards for number of working hours.
Meaningful stakeholder involvement in the due diligence procedure	Regular contact with international NGOs, sporadic contact with local NGOs and trade unions. Little or no communication with stakeholders about whether and how the information they provide is used.
When there is actual adverse impact in the supply chain: compensation for damages	No information available.
Monitor improvement within a reasonable time and review actions if existing steps are ineffective	No timeframes. Progress monitored by means of audits. Action/transformation plans drawn up based on the results of audits and support is available to help suppliers achieve the objectives set out in these plans. No alternative steps to date.
Report on companies' due diligence	Transparency Hub: % of suppliers under Earthworm programme, % of products purchased from Earthworm-monitored suppliers and number of sites at level 1. Action plans not published (as yet).
Access to remedy, including for Multinational Stakeholder Initiatives	Access to remedy from supplier, Earthworm does not have its own grievance mechanism.

Appendix 7 – Example set of specifications including ISC as a contractual condition

Text of descriptive document / specifications

Applying the Internationale Social Criteria (ISC) helps to eradicate social injustices in the supply chain, such as child labour, starvation wages and inhuman working conditions. When included in a due diligence procedure, the ISC promote compliance with international labour and human rights standards in the production chains of government suppliers.

For more information, see Enclosure X.

By submitting a tender in the present procurement round, the tenderer undertakes to comply with the ISC. Compliance is therefore a contractual requirement.

Questions about compliance with the ISC may be submitted during the tendering procedure. If necessary, the Contracting Authority will provide an explanation in an explanatory memorandum.

Text in Enclosure X

Due diligence

A company complies with the ISC by carrying out a 'due diligence' procedure. This is an ongoing process that helps companies to identify risks of labour and human rights violations in their own organisation and in their production chain and to prevent, reduce, remedy and/or compensate for them. The procedure is as follows: first, perform a risk analysis; second, draw up an action plan; third, comply with the annual reporting obligation. The national government requires this procedure to reduce any potential or actual labour and human rights violations in international production and/or supply chains.

Unlike the usual meaning of the term in accountancy, due diligence in this context is not a financial audit but a way of exercising due care when collecting information on possible risks of labour and human rights violations in the international production and/or supply chain.

[Please indicate your choice in the passages between brackets below]

In performing the due diligence procedure for the present contract, the contractor must concentrate on the [*first tier / # tier or tiers / whole*] of the production chain.

What does the due diligence procedure involve?

1. Production chain risk analysis – no later than **1 month** after the final contract award and before completion/delivery, the contractor must provide a risk analysis of the [*first tier / # tier or tiers / whole*] of the production chain, including the following:
 - a description of the [*first tier / # tier or tiers / whole*] of the production chain;
 - an analysis of the risks of labour and human rights violations in the [*first tier / # tier or tiers / whole*] of the production chain.

➔ A handy risk analysis checklist is the [CSR Risk Check](#) tool for international business activities.
2. Action plan to mitigate risks – no later than **2 months** after the final contract award, the contractor will provide an action plan explaining how it intends to mitigate the risks mentioned in the risk analysis.

The action plan must include:

- a summary and description of the efforts that the contractor will make to mitigate the risks;
 - a schedule showing when the contractor will make these efforts;
 - (optional) an explanation of how the action plan was developed, for example information on stakeholder involvement.
- If the contractor is a member of the IRBC TruStone Multistakeholder Initiative, its participation can be seen as an effort to reduce the risks in its value chain. The contractor can report this in its action plan. If that is the case, the contractor may ask the Secretariat of the Initiative for information. The action plan should also report whether the contractor has joined any other value chain initiative. This does not, however, mean that the contractor has therefore fulfilled its due diligence obligation. The contractor must check whether the relevant value chain initiative truly covers all risks. If that is not the case, the contractor will have to indicate in its action plan what efforts it will make to mitigate the (remaining) risks.

3. Annual reporting – during the contract period, the contractor will report **each year** on the anniversary of the contract effective date (or, in the case of a short-term contract, upon final performance of the contract) on its efforts to comply with the ISC.

The report must also be made public at the same time, whether or not as part of a report covering a broader range of its activities, such as an annual or annual sustainability report. The contractor may publish the report by placing it on its website.

This report must, at the very least, contain:

- a risk analysis as described under item 1;
- the actions taken in the reporting year to reduce risks and remedy any violations of the ISC in the value chain;
- the company's approach to monitoring compliance with the ISC and the results it has achieved;
- information about how it has dealt with any red flags (either internal or external) regarding violations of the ISC.

There is no prescribed format for this report, but for practical reasons it should be drafted either in Dutch or in English.

For more information about the ISC, see the website of the Dutch Public Procurement Expertise Centre, *PIANOO*, including (in Dutch) <https://www.pianoo.nl/document/14142/handreiking-due-diligence-voor-bedrijven>. You will receive a due diligence guide but if you have further questions about due diligence, please get in touch with the *National Contact Point OECD Guidelines*.

Text for Specifications

Requirements for International Social Criteria	
No	Text
1	<p>Risk analysis of the production chain – no later than 1 month after the final contract award and before completion/delivery, the contractor must provide a risk analysis of the [first tier / # tier or tiers / whole] of the production chain, including the following:</p> <ul style="list-style-type: none"> - a description of the [first tier / # tier or tiers / whole] of the production chain; - an analysis of the risks of labour and human rights violations in the [first tier / # tier or tiers / whole] of the production chain.
2	<p>Action plan to mitigate risks – no later than 2 months after the final contract award, the contractor will provide an action plan explaining how it intends to mitigate the risks mentioned in the risk analysis.</p> <p>The action plan must include:</p> <ul style="list-style-type: none"> - a summary and description of the efforts that the contractor will make to mitigate the risks; - a schedule showing when the contractor will make these efforts; - (optional) an explanation of how the action plan was developed, for example information on stakeholder involvement.
3	<p>Annual reporting – during the contract period, the contractor will report each year on anniversary of the contract effective date (or, in the case of a short-term contract, upon final performance of the contract) on its efforts to comply with the ISC. This should show that the contractor has made 'a reasonable effort' to comply with the ISC.</p> <p>The report must also be made public at the same time, whether or not as part of a report covering a broader range of its activities, such as an annual or annual sustainability report. The contractor may publish the report by placing it on its website.</p> <p>This report must, at the very least, contain:</p> <ul style="list-style-type: none"> - a risk analysis as described under item 1; - the actions taken in the reporting year to reduce risks and remedy any violations of the ISC in the value chain; - the company's approach to monitoring compliance with the ISC and the results it has achieved; - information about how it has dealt with any red flags (either internal or external) regarding violations of the ISC. <p>There is no prescribed format for this report, but for practical reasons it should be drafted either in Dutch or in English.</p>

Text for Contract:

- 1.1 The Contractor shall make every effort to comply with the International Social Criteria in accordance with the provisions of the specifications.

Manual for procurement adviser

Due diligence:

Due diligence is an ongoing process; the more experience a company and/or a sector has in performing due diligence, the better it will understand its value chain and the associated

risks. The contract manager assesses the contractor's due diligence and discusses it with the contractor. The PIANOo website has a guide to applying ISC in the various phases of the procurement process; see <https://www.pianoo.nl/en/sustainable-public-procurement/spp-themes/social-conditions/getting-started-social-conditions>

Determining the scope of due diligence:

The purpose of the contractual requirement is to ensure that the contractor complies with the ISC while performing the contract, regardless of its position at the start.

Before issuing a tender, the Contracting Authority must determine the minimum scope of due diligence and specify which segment or segments of the production chain must be included.

The scope is based in part on the following factors:

- whether the sector has a voluntary multistakeholder IRBC agreement¹⁵;
- the degree of complexity of the international value chain;
- the risks of labour and human rights violations that the national government has identified in the international chain within the specific sector.

In a sector in which there is only limited information about the risks and control measures in the value chain, the Contracting Authority may choose to limit the scope of due diligence to the first tier or tiers of the production chain. If there is more information and expertise available in the sector, the Contracting Authority can require the due diligence procedure to cover further tiers in the value chain.

Risk categories:

The risk categories are based on the results of the KPMG report *CSR Sector Risk Assessment*. This report provides a comprehensive analysis of the CSR (i.e. RBC) risks within various product groups. Product groups in which there is a risk of labour and human rights violations have been extracted, producing a list that is similar to the list of categories used within the state-wide category management system, a generalised procurement method. In these categories, compliance with the ISC is mandatory in any procurement procedure with a value greater than the EU threshold for a product or service involving an international production and/or supply chain.

The decision to adhere to the ISC within the category management system is only the first step. If this method turns out to be successful, the ISC will be applied in risk sectors that fall outside the category management system. Note, however, that all parties are free to apply the ISC in risk sectors other than the categories listed below, provided that they do so proportionally.

The categories are:

Category	IUC
Uniforms and work apparel	DEF
Catering	RWS
Paper, disposal of confidential information carriers, printed matter	V&J
Energy	RVB
Raw material and waste management	EZ

¹⁵ International Responsible Business Conduct (IRBC) agreements are voluntary agreements between one or more sectors of industry and one or more other parties, such as the government and stakeholders, to tackle specific problems that individual companies cannot solve entirely on their own. IRBC agreements offer sectors and companies an opportunity to accept their 'responsibility to respect' and to take steps towards discharging this responsibility and taking it even further, together with their sector peers and stakeholders, thereby increasing their leverage.

Office and computer supplies	RWS
Laboratory	RIVM
Digital working environment in the national government	HIS
Data centre	Noord
Data connections	RWS

Approved value chain initiatives:

After a change in how the ISC are applied (as from 1 April 2017), the Dutch government discontinued its programme of approving value chain initiatives. This means that value chain initiatives such as Rainforest Alliance are no longer being approved by the Dutch government. Previously, when the system of regime choices still applied, contractors affiliated to an approved value chain initiative could opt for regime 2 and were not required to make any additional efforts to identify or mitigate risks in the value chain. Under the current rules, joining a value chain initiative does not release the contractor from its due diligence obligation, but such initiatives can still be very helpful. They are, for example, familiar with risks in the value chain and the contractor can use this knowledge in its risk analysis.

Appendix 8 – Financial contribution by company type

Available upon request.

Appendix 9 – Members of the Working Group

The negotiations were conducted by Belgian and Dutch industry associations, trade unions and civil society organisations, the Dutch National Government and the Government of Flanders. The Social and Economic Council of the Netherlands (SER) facilitated the negotiations for this Initiative.

Various stakeholders were consulted during the preparations: VGT and Inretail, ActionAid, Wo=Men, Earthworm, Central Government Real Estate Agency, VNG, VU Amsterdam, Van Leeuwe Natuursteen and Beltrami.

Members

Deputies

Chair

Alexandra van Selm (SER)

Members representing employers

Niels van den Beucken (Arte)

Isabel Gruwez (Febenat)

Jochen Clockaerts (Marshalls)

Kees Eckhart (DI-Stone)

Toon Huijps (Michel Oprey & Beisterveld)

Gerard Reus (Bovatin)

William Slotboom (NOA/ABN)

Bram Callewier

John van den Heuvel

Members representing trade unions

Tom Deleu (ACV-BIE)

Henny Plat (FNV)

Vivian Vaessen

Members representing civil society organisations

Koen Detavenier (Wereldsolidariteit)

Diewertje Heyl (Stop Kinderarbeid Coalitie / Arisa)

Lizette Vosman (Stop Kinderarbeid Coalitie / Arisa)

Gerard Oonk

Marijn Peepcamp

Members representing the Dutch national government

Kirsten Kossen (Ministry of Foreign Affairs)

Ton Boon von Ochssée

Member representing the Government of Flanders

Frederik Claerbout (Public Governance and the Chancellery)

Gert van Eeckhout (Work and Social Economy)

Advisory members

Michiel Soeters (Bouwend Nederland)

Corina Kerkmans (Netherlands Enterprise Agency)

Liesbeth Unger

Secretariat

Bilal Badri (SER)

Nikolai Bloem (SER)

Marlous Broekhuizen (SER)

SOCIAAL-ECONOMISCHE RAAD
(Social and Economic Council)
Bezuidenhoutseweg 60
P.O. Box 90405
NL-2509 LK Den Haag
The Netherlands

T + 31 (0)70 3499 525
E communicatie@ser.nl

www.ser.nl

© 2019, Sociaal-Economische Raad