



Annual Report 2022-2023

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Preface

At the start of the fifth and final year of the Flemish-Dutch agreement on international responsible business conduct (IRBC) for natural stone, the TruStone Initiative, it is time to review the participating parties' implementation of the agreements. This review shows that we are past the "low hanging fruit" phase of the covenant. Participating parties need to proceed at higher levels of detail to prevent violations of human and labour rights, as mentioned in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Where violations occur, companies have to provide opportunities for redress and remedy.

On paper, this is all clear and it should have been carried out. But in practice it is tougher, particularly in rapidly changing market conditions. And yet, many companies manage to meet the requirements standardized for Year 4. This is due to the intense and productive teamwork that has developed between the ranks. There is a good working atmosphere. Information circulates between unions, civil society organizations, governments and companies. Collective solutions are sought. Complicated issues are addressed in concert. In addition, the initiative starts to gain recognition in the market. Despite being substantially different from a "checklist label," the initiative is on international lists as an initiative that makes buyers confident that participating companies take their social responsibilities seriously and have taken steps to meet their responsibilities.

Now the final year is about to begin. Companies must now start meeting the strictest requirements. Usually that means some loss of support from companies. I am sure in this initiative it will be different. Most hearteningly, companies, civil society organizations, trade unions and governments are choosing to move forward even after this covenant ends. Throughout the chain, too, we see signs of increasing support for the initiative and its actions. They include intensive cooperation with suppliers, for example in India, to raise working conditions deep in the chain to the required level of the OECD and UN guidelines. It proves that sectoral cooperation can make huge strides in a relatively short period, also among medium-sized and small companies.

With confidence, I look forward to this final year as chairman. The focus will also be on the post-covenant period. I thank all sections and parties for the work done. Special thanks go to the secretariat of the Social and Economic Council for their work as the central part of the network.



Pieter van der Gaag, *chairman TruStone Initiative*

1. Summary of the annual report

1.1. Facts and figures

(as of Sept. 30, 2023)

Participation:

- 44 member companies in the Netherlands and Flanders.
- covering approx 30 percent of the market¹ in the Netherlands.
- covering approx 65 percent of the market in Flanders.

Progress on socially responsible purchasing:

- 52 contracting entities are members: 11 in the Netherlands and 41 in Flanders.
- At least 6 public tenders for delivery of natural stone to member municipalities in the reporting year requested the application of International Social Conditions or ethical clauses.
- At least 2 public tenders for delivery of natural stone to member municipalities during the reporting year considered participation in TruStone in the selection or award.

Progress due diligence:

- 58 percent of member importing companies are on track to implement due diligence. This figure is lower than previous years due to stricter requirements last year.
- On average 96 percent of factories and 82 percent of quarries are known to importing companies affiliated from the start.
- 61 percent of member importing companies publicly communicate both the principles of their policy and concrete approaches in the chain. This percentage is lower than last year because those companies not on track in performing due diligence have not updated their communications.

Support:

- Risk assessments are available for the 7 major non-European manufacturing countries (some for TruStone participants only).
- 8 guidelines are available to support importers in implementing due diligence.
- 3 projects have been launched in India and Zimbabwe in which member companies can participate.

Contributing to impact:

- 6 companies report results of own projects, some multi-stakeholders, to direct suppliers.
- 14 companies are working with businesses and parties to make an impact in a TruStone collective project in manufacturing countries. This includes the following concrete results in the year under review:
 - 7 exporting companies from Rajasthan (India) are implementing the priorities from the stakeholder dialogue at their factories, sometimes including quarries and in one case cobble yards (more information in section 3.3)
 - At 1 supplier in Tamil Nadu, India, a training session was organized for management and employees on the topic of social dialogue
- 4 companies use regular audits to examine risks and periodically gauge improvements. These audits are used as a basis for talking with suppliers to agree on an approach together. 1 company, meanwhile, is also working with a non-profit organisation to commission a risk assessment of a factory to come up with an approach with supplier and NGO.

¹ This is the industry association's estimate of the share of member companies in the natural stone sector

1.2 Appreciation by the steering committee

During the year under review, the TruStone parties initiated discussions about the continuation of TruStone. Participating parties and members (companies and contracting authorities), have a broad feeling that TruStone's approach is effective - with improvements certainly possible - and should be continued:

- The due diligence support offered helps small and medium-sized companies systematically implement supply chain responsibility in accordance with international guidelines;
- (Joint) dialogue with importers, suppliers and local organizations builds trust and commitment. It also ensures that approaches to risk by businesses and civil society organizations are better aligned and mutually reinforcing;
- Joint projects show initial results for stakeholders in the chain.

The initiative's steering committee must accept that this positive sentiment is not fully reflected in the facts and figures of this report. The progress of participation by companies and contracting authorities as well as the implementation of due diligence by importers falls short of the expectations that parties had at the start of the initiative.

The steering committee realizes that at the time targets were set without any results of a comparable approach being available. Although the OECD guidelines were revised back in 2011, the IRBC approach in the sector in 2019, to the extent that it existed, was still almost entirely based on certification and audits. It took time to flesh out the approach based on chain responsibility and, in particular, to convince suppliers in producing countries to cooperate. The Covid pandemic and various wars and crises have also caused delays. In some cases, they have deterred importing companies from (continued) participation.

In this context, there is now a feeling among participating parties that some objectives were not entirely realistic or too optimistic. Nevertheless, the Steering Committee is pleased to find that the initiative has led to significant steps of improvement in recent years, especially in the implementation of due diligence. These include companies that failed to meet the requirements of the assessment framework in the first years of participation in TruStone but have caught up in the past year. It shows awareness of the importance of due diligence has grown in the industry. The parties are convinced that without the initiative, those steps would not have been taken.

The Steering Committee also believes it is often difficult to express results in terms of key performance indicators. In certain production regions, for example, TruStone has become a recognizable player and a reliable partner. This has laid a foundation of trust and commitment, which cannot be expressed in percentages or threshold values. But it offers ample opportunities to further develop the approach in a second term and achieve substantial results that benefit all those involved in the chain.

2. Introduction

2.1. The TruStone Initiative in brief

The TruStone Initiative was launched on October 1, 2019. The Initiative involves Dutch and Flemish sector organizations, companies, trade unions, NGOs and governments working together to improve social and environmental conditions in the extraction and processing of natural stone. The Dutch Social and Economic Council (SER) acts as a facilitator of this multi-stakeholder cooperation.

As the starting point for the Initiative, international guidelines on Responsible Business Conduct (IRBC) include the United Nations Principles on Business and Human Rights, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the International Labor Organization (ILO) Core Labor Standards.

Companies that import, process and/or sell natural stone can join the Initiative. Procurers, who source natural stone, can also become members.

Importing companies are expected to carry out their due diligence. Due diligence is a process for companies to identify and address risks to prevent negative impacts on society and the environment as a result of their actions. Specifically, this means that companies in the natural stone sector examine in a systematic way whether they are directly, or through the chain of their suppliers or customers, connected to damage to humans, animals, nature or the environment somewhere along the chain. This includes not only actual harm, but also the risk that harm may occur. Companies that found themselves involved in harm, or at risk of it, must take action against it. Where wrongdoing has been identified, victims must be given access to redress. Victims of wrongdoing should receive redress from the company that caused or contributed to the wrongdoing. Due diligence is not a one-off action: as part of business operations, it is an ongoing process.

Processors and contracting authorities are expected to question importers and ultimately purchase only natural stone whose extraction and processing meet the standards of RBC set forth in international guidelines.

Participating companies and contracting authorities are not alone in this. The strength of the Initiative is that companies, their trade associations, government, labour unions and civil society organizations are joining forces to address the problems together.

2.2. Consultation forums

The approach and requirements of the TruStone Initiative are based on the covenant text adopted by the parties in 2019. Some agreements need to be fleshed out during the term; others need to be supplemented in light of new insights and experiences. Parties, companies and contracting authorities will do so jointly in various consultative forums. For an overview of these see Chapter 5.

2.3. Fourth-year reporting

This report covers the fourth covenant year, which runs from October 1, 2022, to September 30, 2023.

The main part of the report draws on data and observations provided confidentially by companies in a specially developed web tool. Companies are responsible for their own

reliability. In some cases evidence such as audit reports is included. The report is based in part on reports from civil society organizations.

Company reports are reviewed by the independent secretariat of the TruStone Initiative, which is hosted by the SER. The assessment uses an assessment framework established by the covenant parties. As a company has been connected for longer, the assessment framework requirements become higher. Chapter 3 will discuss this in more detail.

3. Views of the natural stone chains

This chapter outlines the origin of natural stone imported by Dutch and Flemish companies and the risks identified by the companies during its extraction and processing. Over time, this view will develop.

Participating companies will gradually implement their due diligence. In doing so, supply chain mapping is subject to a timeline established by parties: after three years, companies must have an insight into at least 75 percent of the quarries where their natural stone was extracted and 100 percent of the factories where the materials were processed. On average, companies that have been members for four years know 82 percent of their quarries and 96 percent of their factories. The more complete that picture is, the more effectively they can contribute to improvements. Chapter 3 will discuss this in more detail.

As for quarries, companies often submit exact location data. However, it happens that the companies' information is limited to the mountain chains from which materials are extracted, because it is impossible to know which part of that mountain range their material comes from. One example is Vietnamese bluestone from Yen Lam. Some companies also indicate that suppliers provide quarry data but are not sure that their material always comes from that quarry. This is caused by differences in supply and demand, with sub-suppliers likely to source similar material from other quarries. More and more, importers are reaching agreements with their suppliers to be transparent about this. However, that does not give a complete guarantee.

3.1. Companies

The natural stone sector in the Netherlands and Flanders consists of several hundred companies that import and/or process natural stone. Most of the member companies of the TruStone Initiative are active as wholesalers and/or importers in different sub-markets such as grave monuments, kitchen countertops or public projects, such as plazas, facades and quaysides. A few companies specialize in one of these products.

The vast majority of companies are classified as small and medium-sized enterprises (MKB in Dutch) or small and medium-sized enterprises (KMO in Flemish). The number of chains per company, in other words the whole process from quarry to user, ranges from a few to many dozens:

- Less than 5 chains: 4 companies
- Between 5 and 10 chains: 6 companies
- Between 10 and 50 chains: 16 companies
- More than 50 chains: 2 companies.

3.2. Origin

Production sites that supply Dutch and Flemish companies are located in about 20 countries. The table below shows the main production countries, looking at the number of Dutch or Flemish companies that have materials processed directly or through an agent or exporter at a factory and/or quarry and then imported.

Country	Number of companies report year 1	Number of companies report year 2	Number of companies report year 3	Number of companies report year 4
India	20	22	23	22
China	14	19	19	18
Vietnam	12	11	10	11
Portugal	5	10	9	11
Spain	6	9	7	13
Italy	4	9	7	8
Turkey	4	7	7	4
Brazil	5	7	7	6
Zimbabwe	3	4	6	5
Egypt	6	6	5	4

The numbers of companies last year are slightly lower than in the previous reporting year as some importing companies left the initiative.

Within producing countries, the extraction of the materials takes place in different quarry areas. Quarry areas where five or more participating companies buy material:

Number of companies	Report Year 2	Report Year 3	Report Year 4
10	Prakasam, Andhra Pradesh, India	Soignies, Hainaut, Belgium	Zhangzhou, Fujian, China Prakasam, Andhra Pradesh, India
9	Porto, Região Norte, Portugal Jiaxiang, Shandong, China Bundi, Rajasthan, India		Soignies, Hainaut, Belgium Bundi, Rajasthan, India
8	Chittoor, Andhra Pradesh, India Changtai, Fujian, China Yên Định, Thanh Hoa, Vietnam	Prakasam, Andhra Pradesh, India	Jining, Shandong, China
7	Bojanala, Northwest, South Africa		
6	Massa and Carrara, Tuscany, Italy Vikarabad, Telangana, India (formerly part of Rangareddy)	Jiaxiang, Shandong, China Changtai, Fujian, China	Vikarabad, Telangana, India

		Yen Dinh, Than Hoa, Vietnam	
		Mutoko, Mashonaland East, Zimbabwe	
		Porto, Região Norte, Portugal	
5	Hainaut, Soignies, Belgium	Bojanala, Northwest, South Africa	Baoding, Hebei, China
	Chamarajnagar, Karnataka, India	Bundi, Rajasthan, India	Chittoor, Andhra Pradesh, India
	Karimnagar, Telangana, India		Larvik, Vestfold og Telemark, Norway
			Porto, Região Norte, Portugal

As of reporting year 4, quarry areas in China are subdivided on the basis of provinces and city prefectures and no longer divided into districts or counties. For example, Changtai county is part of Zhangzhou city prefecture in Fujian province and Jiexiang county is part of Jining city prefecture in Shandong province. As for Hebei province, a number of counties and districts were merged into the city prefecture of Baoding, so this now appears in the table above in the column of reporting year 4.

The other changes in the table above can be explained by the fact that companies are increasingly understanding their chains and this provides new data year after year. There are also importers who had not had the opportunity to submit the origin location list in a timely manner in the past year (or years) and were able to do so in the past reporting year.

3.3. Materials

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

A remarkable trend over the past year has been the rise of quartzite from Brazil. This trend is not reflected in the number of companies importing from Brazil but rather in the volume of Brazilian quartzite imported.

Granite is still the most common imported material. China and India remain key suppliers. Granite, especially the black and dark grey shades, in addition to India, now comes more frequently from countries in Africa (South Africa, Zimbabwe, Zambia, Angola, Madagascar). It is widely used for kitchen countertops and tombstones.

Sandstone imported by affiliates in recent years came mostly from Rajasthan in India. Last year, some companies imported alternative materials from North Africa (Egypt and Morocco).

3.4. Risks

Member companies reported on risks to the independent secretariat. In the fourth year, companies' understanding of risk increased. Companies have again increased their own

visits. In the first two reporting years, because of the Covid pandemic, it was difficult to conduct visits on our own. In the third reporting year, this was still difficult for a number of countries, particularly China. Businesses had online conversations with their suppliers.

TruStone's risk assessments also help companies get started. Last year, risk assessments of Vietnam, Turkey and Brazil were published. The TruStone Secretariat together with CSOs also organised a webinar on risks in **Egypt** following an earlier risk assessment (see box).

Risks in Egypt

Sandra Claassen, director Arisa Foundation
Zamaney Menso, director FNV

"A desk study by Arisa in 2022 on the risks in natural stone production in Egypt, showed the negative climate in Egypt when it comes to human rights, making a proper risk analysis difficult. A visit by FNV in January 2023 confirmed this. It was difficult for FNV to have a fully honest conversation with Egyptian trade unions, as to do so could be dangerous for the union representatives. They do try to stand up for their members, but it is difficult to act completely independently. ILO Egypt acknowledges that it is almost impossible to get a good overview of risks.

A meeting held with TruStone companies included representatives from ILO Egypt and the Dutch embassy in Cairo. The discussion raised questions such as: is it responsible to buy natural stone from Egypt? Can Dutch and Flemish companies have a positive impact on labour rights and health issues for workers in the sector? Or is it better to pull out of the country in a responsible way? FNV is struggling too, but sees opportunities for cooperation with Egyptian unions on organizing training for safe and healthy working. Possible follow-up steps will be explored in Year 5. Steering group parties have indicated that, based on the follow-up steps in Egypt, they may publish a brochure with general advice on 'responsible disengagement'..."

The risk analysis of blue stone mining and processing in **Vietnam** shows high risks in the areas of safety & health, forced labour, union freedom and formal labour relations. The investigation found that importers have limited insight into how suppliers operate.

The study of quarries in **Turkey** includes the identification of worker safety risks. In addition, the analysis finds that quarry workers' rights are inadequately protected. The researcher noted that several quarries offered opposition to requests to visit the quarries and speak with workers. This raises questions about working conditions (pay, union rights, rest periods) in quarries and production sites. It was found that there is no union or other organization for workers to report their negative working conditions and grievances to which they are exposed.

In **Brazil**, in terms of the labour dimension, the risks associated with mining remain quite alarming: the probability of fatal occupational accidents is six times higher in the extractive industry than in any other sector. During a field survey in the state of Espírito Santo, the following difficulties emerged during an interview with a local union active in the local natural stone sector:

- A high number of fatal accidents, as well as cases of silicosis;
- Labour hours are often not respected;
- Safety standards are not respected, and facilities such as toilets and potable water are poor;
- Systematic bullying behaviour by management.

To complement the risk assessment of the natural stone sector in **China**, an online workshop was organized in March 2023 by The Centre for Child Rights and Business, CNV International and the TruStone Secretariat for companies sourcing from China. Some key risks that were discussed:

- The natural stone sector is slowly recovering after a fall in market share due to high transportation prices in previous years. China is trying to win back the market by keeping prices as low as possible. This puts pressure on working conditions such as wages and working hours.
- Due to labour shortages, the number of migrant workers is increasing. Their vulnerable positions mean that their rights are violated more often than with other workers.
- Ever-recurring changes in government regulations and corruption make it difficult for companies to purchase products responsibly.
- Human rights is a very sensitive issue and difficult to discuss during discussions with suppliers.
- Buying blocks from other countries in the Chinese market (such as black granite from Zimbabwe) still occurs and this leads to uncertainties about the origin of materials for importers. Incidentally, this applies to TruStone members only to a limited extent: some importers buy small volumes from Chinese block and record markets.

TruStone's risk assessments help companies prioritize. On the basis of severity and likelihood of risks, most companies prioritise India and Zimbabwe for addressing risks. A few prioritise China, Morocco or Turkey. CNV has explored options for a collective approach in Vietnam but this has not yet led to any concrete action plan in the reporting year (see further section 4.3). Because it is difficult to get concrete work done in Vietnam, companies have chosen to work in other manufacturing countries such as India. From the standpoint of severity and probability of risk, this is a responsible choice.

In many cases, the focus of the approach by companies is still on the first links. Then is often the risk of safety and health of workers in the factories and the lack of social dialogue. In India, a number of companies are shifting their focus to further links: quarries and cobble making. Serious hazards can occur in quarries and cobble yards (collection sites where cobblestones are cut and packed for export, see photo). Many importers do not have any direct contact with workers in quarries or cobble makers and do not know those conditions. Here, joint projects can help. A working visit to Rajasthan in October 2023 organized from TruStone will contribute to arrive at a shared picture of conditions (see box).



Country reports are now available for India (Rajasthan and Telangana), China and Zimbabwe, Vietnam, Turkey, Brazil and Egypt. These country reports provide a good picture of the risks specific to the natural stone sector. Consequently, they elaborate on the regions where natural stone factories and quarries are more common.

The public risk assessments conducted as part of TruStone are [here](#). TruStone members also have access to additional documents.

Insights from multi-stakeholder dialogue Rajasthan

Sandstone cobbles imported by TruStone companies come mainly from Rajasthan, India. The cutting and packing of cobblestones is mostly the work of women. This takes place in central workplaces (cobble yards) or, increasingly, at home.

Home workplaces and cobble yards are links in the chain that present risks. Women work mostly without shelter from the sun and often without access to sanitation and potable water. This is informal employment, where women cannot claim minimum wage or social security. There is a risk of child labour, especially the work is carried out at home.

Many importers are not aware of the exact circumstances as they do not yet know the cobble yards and homeworkers in their chain. Importers have direct contacts with the factory and sometimes with the quarry but not with homeworkers and most often not with the cobble yards. Cobble yards deliver the cobblestones to exporters. In some cases, the cobblestones are delivered directly by the cobble yards to importers in Europe.

The workers who cut the cobblestones cannot influence prices. In recent years, the piece price has barely risen while the cost of living has. Cutters of cobbles are left with little money to provide a good education for their children, for example. Also, the purchase price of raw material increased. As the sales price has hardly gone up, this increase offers little perspective.

4. Results year 4

4.1. Demand

Participation contracting authorities

At the end of the fourth reporting year the number of contracting entities participating in the TruStone Initiative was 52. These are eleven Dutch and 41 Flemish contracting authorities. Twelve municipalities joined in the year under review. Quite a few municipalities showed their interest in signing by the end of the reporting year. Nevertheless, participation remains below the target of 60 member contracting authorities.

Dutch affiliated municipalities generally have larger populations. Despite various efforts by CSOs, the number of Dutch member municipalities lags behind. This may be explained by the fact that many Dutch municipalities have signed the Manifesto "Socially Responsible Contracting and Purchasing" and do not immediately see the added value of signing an additional document.

The list of affiliated contracting authorities can be accessed [here](#).

Application of International Social Conditions

Based on a survey supplemented with information from Tendered, information was collected on six tenders for natural stone by affiliated contracting authorities. ISV/ethics clauses were applied in all six tenders. For one tender when selecting, for one tender when awarding and for the other in the contract.

These figures are not complete, so no predictions can be made about meeting the goals for year 4, which is application in 75 percent of procurement documents and 100 percent of contracts. Not all affiliated services reported. Nothing can be said with certainty about the actual number nor the growth rate. Negotiated tenders - and there were many - were not included. Tenders by contracting entities that are not affiliated, even if they are known to the Secretariat, were not included. So the actual numbers are higher. Contracting authorities are not required to report on the application of International Social Conditions. A large proportion of member services did not tender for natural stone last year.

Activities from the Initiative

Attracting new members

Research firm HIVA, affiliated with KU Leuven, has investigated the extent to which Flemish cities and towns purchase natural stone responsibly. An in-depth analysis of nearly 100 local government tenders was used to get a picture of the current procurement practices by Flemish cities and towns. Despite the efforts of TruStone and others, the study finds that there is little change in the purchasing behaviour of Flemish towns and municipalities. In response to these findings, TruStone partners commissioned HIVA to produce a [quick guide](#) (in Dutch) on responsible natural stone procurement.

Following the report, the Flemish government wrote to Flemish local governments in year 4 and the VVSG held information meetings in November and December 2023 to which the TruStone secretariat and parties also actively contributed. This is expected to lead to many new registrations in year 5, which may meet our goal of 60 affiliated contracting entities.

Support

Contracting authorities can contact the TruStone Secretariat about their suppliers' due diligence. Over the past year, contracting authorities asked questions about individual suppliers on four occasions; in addition, five other contracting authorities asked more general questions about ISV application or risks in production countries.

Conversely, the secretariat also receives reports from companies about tenders. Last year, two reports were received. The first was about a tender awarding points for faster delivery. Short delivery times can put pressure on the supply chain and increase risks to people and the environment. The second report was about a procurement requiring suppliers to do due diligence, even if they are members of TruStone. That means double work for companies. The Secretariat contacted the relevant contracting authorities. They indicated they will take the comments into consideration in subsequent tenders.

During the year under review, a working group examined the merits of creating a new membership for principals, particularly contractors and construction companies. The steering committee decided to focus primarily on generating impact from current parties during the final year. However, the steering committee does want to explore ways to involve clients in a follow-up to TruStone (TruStone 2.0).

4.2. Supply

Participating companies

	Year 1	Year 2	Year 3	Year 4	Goal Year 4
Netherlands					
Importers	15	19	21	21	39
Processors	4	4	6	13	45
Share of imports (estimate)	25%	28%	30%	28%	45%
Flanders					
Importers	14	14	13	13	40
Processors	2	2	2	0	125
Share of imports (estimate²)	65%	65%	65%	65%	90%

During the reporting year, nine new (Dutch manufacturing) companies joined. So, the growth in the number of participating Dutch and Flemish companies falls short of the Year 4 target.

Despite two Dutch processors cancelling participation in TruStone, the number of connected Dutch processors has more than doubled, thanks to cooperation with consulting firm Huijver Stone and the financial incentive from the R&D fund (the Dutch O&O-fonds). Also, companies are awaiting developments around (European) legislation and the expiration of (the first term of) the covenant in October 2024.

By October 1, 2023 (year 5), three Dutch companies will end their membership. They are importers Michel Oprey & Beisterveld and Nibostone and processor Nederlandse Natuursteen Industrie. No assessment interviews were held with those companies in the past reporting year, although they were still members in Year 4. The reason for Michel Oprey & Beisterveld

² These are industry associations' estimates of the market share of member importers

to cancel membership has to do with the new management who have set other priorities. Nibostone and Nederlandse Natuursteen Industrie (two companies working closely together) had a fire at the Nibostone premises and their focus is now on restarting the company and not on TruStone.

The two Flemish processors left because they no longer saw any benefits of participating in the covenant.

Several years ago, Brachot acquired Beltrami and Stoneasy. Beltrami is no longer an independent member of TruStone as of October 1, 2023 (Stoneasy left on October 1, 2022). One assessment was held for the three companies in the last round of assessment.

The TruStone website contains a [list](#) of participating companies.

Implementation due diligence

	Target		Realization	
	Year 3 companies	Year 4 companies	Year 3 companies	Year 4 companies
Implementation due diligence	Score of 60%	Score of 75%	5 out of 7 companies meet qualifications	12 out of 21 companies meet qualifications
Insight in the chain	Insight in: 100% direct suppliers 100% factories 100% quarry areas 75% quarries	Insight in: 100% direct suppliers 100% factories 100% quarry areas 75% quarries	5 out of 7 companies meet qualifications	12 out of 21 companies meet qualifications
Plan of action	All importers from high-risk countries will submit a plan of action		5 out of 6 companies meet qualifications	18 out of 20 companies meet qualifications

A total of 44 companies participated in the Initiative during the year under review:

- Due diligence efforts of 31³ companies were reviewed in the past year. For two companies it was the first assessment ("Year 1 companies"), for one company it was the second ("Year 2 companies"), for seven it was the third ("Year 3 companies") and for 21 it was the fourth ("Year 4 companies") assessment.
- Thirteen companies do not import themselves and did not have to submit an annual report.

Of the 31 companies reviewed, one Year 3 company and one Year 4 company import only materials mined and processed in countries within the European Economic Area. Those companies do not have to submit a plan of action.

Of the two Year 1 companies, one meets the Year 1 requirements. The Year 2 company does not meet the Year 2 requirements. Of the two Year 3 companies, one meets the Year 3 requirement. Of the 21 Year 4 companies, 12 meet the requirements. Four of the companies not meeting Year 4 requirements caught up with parts of the due diligence implementation for previous reporting years. Five companies need more time to meet Year 4 requirements. One Year 3 company did not participate in the assessment and left on October 1, 2024.

All participating companies complete questionnaires on their due diligence and receive scores for that.

³ Michel Oprey & Beisterveld, Nibostone and Beltrami were no longer rated for reasons given in Section 3.2.1.

Year 4 companies must have a score of at least 75 percent. The 12 Year 4 firms that met the requirements for the year in question scored as follows:

	Report Year 1	Report Year 2	Report Year 3	Report Year 4
20-40%	8			
40-60%	11	10		
60-75%	2	8	14	
75-90%		3	4	10
>90%			1	2

The remaining nine Year 4 companies did not meet Year 4 requirements (a score of 75%). They all met the 60 percent Year 3 threshold and are in the 60-75% category.

The scoring is based on the [assessment framework](#) established by the parties.

Due diligence according to the OECD guidelines consists of six steps. For progress of each step see below.

Step 1: Formulate and anchor policies

All companies have a policy statement; most also have a code of conduct. Most policy statements are on the websites. In it, companies indicate that they endorse the goals of the TruStone Initiative and implement due diligence in accordance with international guidelines. The code of conduct is discussed with suppliers. Importers specify the expectations they have of their suppliers regarding social and environmental conditions. They often use TruStone's model code of conduct for this purpose. In the year under review, importers discussed the code of conduct primarily with direct suppliers, often factories. Discussion of the code of conduct further down the chain, with the management or owners of the quarries, still does not happen much. Often the importers have very little contact with the quarry owners (there are often links and contacts between the importers and the quarries) and this contact is very important to start the conversation about risk.

Step 2: Mapping the chain

Year 4 companies have an average of 96 percent insight into factories and 82 percent insight into quarries. For factories 100 percent was required and 75 percent for quarries. Not all companies meet the required percentage of insight into the factories or quarries, as exporters or middlemen sometimes do not want to provide information on origin.

Companies can identify risks by conducting their own visits, audits and/or inquiries with local parties. As an alternative to visiting in person, some companies have engaged an agent. While they did not have the opportunity to visit production sites, several companies submitted to the secretariat information they obtained through third parties, such as audit reports and certificates (conducted themselves or through another client), e-mail traffic or photographic material.

Companies get a lot of information from the risk assessments produced from TruStone. These reports provide information on and address risks purely from the natural stone sector, nationally and regionally. Companies often use these risk assessments as a foothold to start talks with their suppliers.

The frontrunners mainly have a better understanding of the risks (especially further down the chains) because they are more likely to engage local organizations to investigate this with them. This is done through civil society organizations in Belgium and the Netherlands. They do this on their own accord or as part of a collective project. There are currently 11 companies that are frontrunners (they have four green boxes and meet the Year 4 due diligence requirements).

Lasting understanding of risks in the difficult cobblestone industry

Jochen Clockaerts, Managing Director, Stoneline

"One of the biggest challenges in the cobble sector is tracking where what products are made. With our local partner, we set up a system where we try to get the best understanding of the activities in the cobble yards.

For this purpose, a registration system was set up where the workers sign in per day (a kind of time registration system), so that we have an insight into the processing capacity of the yard. We then recorded an average number of cobbles per day per worker based on historical data. This did not serve to check on the workers but rather to establish the output that the yard can deliver in line with the working hours. In addition, we record the quantities of materials purchased. Specifically the yard cannot meet more orders than material has been purchased and processing capacity is available.

A direct consequence of this approach and control is that there is less flexibility in the supply chain and scaling up or down must be done in a controlled manner. Ongoing and very open communication regarding expected volumes and expectations in the market is crucial. We strive for as constant an order flow as possible, which gives rise to stock build-up in the winter and run-down during the selling season. Through this approach, we offer our Indian partner a stable work volume to employ a permanent workforce. For employees, this provides stability and income security. In addition, it also gives us the opportunity to work with the yard owners on continuous improvement of working conditions."

Step 3: Addressing risks

Year 4 companies must be able to demonstrate that they are in the process of addressing risks in their chains, based on the prioritization exercise they have undertaken. The quality of addressing risks is better according to whether they have involved local stakeholders in their approach and/or have engaged in meaningful dialogue with their suppliers.

Quite a few importing companies contributed directly to reducing risks in part of their chains during the year under review:

- in their own projects, sometimes multi-stakeholder, six companies contributed to improvements at regular suppliers, often factories, from which they purchase high volumes. Examples were given in previous annual reports;
- 12 companies worked with businesses, NGOs and local parties in a collective TruStone project on a regional approach to risk, see an [overview](#) of projects and participating companies;
- four companies participated in improvement programs at factories and quarries of audit companies issuing certificates

Step 4: Monitoring and evaluation

Companies track the progress of their international RBC policies. They often do so once a year when completing TruStone's web tool. Increasingly, through internal consultations with various employees, companies are starting to evaluate their MVO policy, which includes scrutinizing TruStone's plan of action. Some companies involve external stakeholders for monitoring risk management.

Regular monitoring and evaluation is necessary to track the progress of concrete actions and to adjust the organization's broader international RBC policy (see box).

Insights after four years of TruStone

Kristof T'sjoen, Product & Marketing Director, Stone NV:

"We have been on the road within the TruStone Covenant for a while now, and as an importer of natural stone from high-risk areas, we have already gained a lot of insights within this process. Perhaps most important:

1. You cannot do it on your own; you need a sounding board, partners, your peers and a network to make strides and generate a voice.

2. You have to open up, look for "the bigger picture," stepping outside your everyday comfort zone. That means sitting down with your suppliers, NGOs, interest groups, auditors, etc. and daring to ask questions. The clearer your questions are, the clearer the answers. We ourselves work closely with NGO Arisa and the Indian organization ASK. This results in a very solid and clear report on our chains with not only comments, but also to-the-point, clearly formulated action items. These points, translated into an action plan, help us take concrete improvement steps.

3. We have a historical connection with India and source a lot of sandstone from Rajasthan. But dealing with local laws, cultural customs or sensitivities is not easy. You have to build a relationship with the links in your chain. You have to think in the long term and remain convinced that you and your partners work on process improvement, each at their level, to achieve improved, more sustainable collaboration. You must convey this belief to your suppliers. Only then will you get them to take part in the improvement process. After all, you ask "tough" questions about local customs or sensitivities, and you want transparency about the deeper links in the chain. You ask for commitment and effort, and you only get them if you show commitment and effort yourself.

The insights and especially the modus operandi we developed through the process in India help us as importers to get started in other high-risk areas as well."

Step 5: Communications

International guidelines emphasize the importance of public communication about due diligence efforts and their results. Companies are increasingly tailoring their public communications according to the progress of their due diligence. But for many companies publicizing risks in their chains and how they address them on their websites is still relatively new. Companies are often not used to communicating about their chains and certainly not about due diligence. In some cases even their current website is not up to this kind of information. This will cause some companies to delay implementation of Step 5.

Step 6: Recovery and story

The TruStone Initiative's independent complaint and dispute mechanism was launched in March 2021. Aggrieved parties can call on this committee when their rights are violated. The committee has its own [information page](#) which includes the composition of the commission, as well as rulings and the status of any complaints pending.

No reports were received by the committee during the year under review. Companies should remind stakeholders in their chains that they can report to the committee. All companies mention the mechanism in their code of conduct and often on their websites. The management of factories in particular, and to a lesser extent quarries, are aware of the existence of the mechanism. However, workers and local residents are not reached that way.

Local mediation is a crucial first step in handling complaints. Parties are now looking at each region through projects (as well as in existing projects) to make it easier for aggrieved people to file a complaint by involving local parties. Companies are also asked to encourage their suppliers in organizing their own grievance mechanisms in their quarries and factories.

In addition, TruStone parties are pulling together with parties from other covenants to raise awareness of complaint and dispute mechanisms. During the reporting year, SER organized several webinars for companies (open to all sectors) sharing practical advice on the organization of complaint mechanisms in chains.

The learning process of an accessible and confidential grievance mechanism

Henny Plat, FNV
Martje Theuws, Arisa

"So far, TruStone has not received any complaints or disputes from the chain. This does not mean that there are no problems. It probably means that for workers in the chain, the procedure is too complicated or unfamiliar. Parties are now talking about a tool for all covenants for this scheme. This is to be more accessible, so that any employee in any chain can use it. Technical issues must also be taken into account: not everywhere are mobile phones as we know them. So it must be easily accessible, both technically and without fear of repercussions. It is also important that chain information is public and potential complainants know in which cases they can use the complaints mechanism.

As NGOs and trade unions, we hope we will be able to use that tool which is still under development in the follow-up to TruStone."

Activities from the Initiative

Attracting new members

In September 2022, the steering committee decided to appoint Toon Huijps of consulting firm Huijver Stone Support as TruStone Initiative ambassador. Huijver Stone has continued recruiting companies over the past year. The efforts led to new applications. In particular Dutch companies eligible for financial support from the Afbouw R&D Fund joined (these companies receive a discount of 400 euros per year when joining TruStone). It remains difficult to recruit new importing companies. They often say they will wait and see if and in what way TruStone will continue before deciding to join. This is especially true for companies from Flanders.

Support

To support companies in implementing due diligence, the parties, supported by the TruStone secretariat, have provided tools and training.

Procuring practices such as delivery and payment terms, order sizes, pricing strategies and order changes can impact risks throughout the supply chain. The secretariat organized a workshop on September 15, 2023, and an expert in procurement practices explained how company policies can be adapted to avoid certain risks in the chains. An expert in international guidelines came to talk about the role of corporate procurement practices in their due diligence process. The purpose of the meeting was to come up with advice and solutions together to minimize risks in the natural stone sector at various points in the chains. This insight has helped companies move forward in discussions with their suppliers.

The secretariat, in consultation with some importers, prepared a Declaration of Origin⁴ exclusively for members. This template has helped companies get more information about the chains and will contribute to greater recognition of the initiative in producing countries.

The secretariat visited four companies for consultations during the past reporting year.

4.3. Impact in producing countries

Stakeholder dialogue Rajasthan (India)

A broad stakeholder dialogue was initiated in 2021 between the TruStone Initiative, NGO Arisa and companies participating in the TruStone Initiative and sandstone suppliers and local organizations in Rajasthan, India. The aim is to share challenges and good examples and jointly formulate practical solutions to achieve a responsible and sustainable sandstone sector in Rajasthan.

What has the stakeholder dialogue achieved so far?

- In the first links of the chain - factories and some quarries - progress has been made on safety & health, transparency and remuneration. However, there are still large differences between production sites.
- Strengthen and align efforts made by local organizations for stakeholders in at-risk countries: for years by Indian civil society organizations Manjari and Aravali have made a lot of efforts, such as getting children out of work and into school, training workers about their rights, and helping them sign up with an e-registration system to claim social security programs from the Indian government. The organizations are also engaging with the government in Rajasthan to ensure the provision of drinking water in the region. The multi-stakeholder dialogue ensures that these efforts are reinforced and supported by raising awareness among importers and suppliers of sandstone. Dialogue also ensures alignment among actors about who does what.
- Increase awareness of risks and strengthen cooperation between importers and suppliers for the benefit of workers: by discussing risks during dialogue, practical solutions emerge. Example: some participating suppliers have started to pay a sub-supplier through bank accounts instead of cash. This increases transparency and formalizes relationships between companies in the sandstone chain.
- More trust and momentum was created between suppliers and importers to work together and address risks in the chains: more openness was created about where materials come from and how they are processed, and the intention to start a collective journey to increase the capacity of all players in the chains around IRBC.

⁴ The "Declaration of Origin" is a standard origin form that TruStone members can submit to suppliers in order to request more information on supply chains (origin of materials).



Social dialogue Tamil Nadu (India)

A project was launched in 2022 by the TruStone Initiative, trade union FNV, international trade union BWI, companies participating in the TruStone Initiative and suppliers of granite in Tamil Nadu, India. The goal is to promote social dialogue between management and employees of production sites.

In November 2022, FNV and BWI provided the first social dialogue training for employees and management of an Indian supplier of a TruStone member. Unfortunately, a second training in 2023 to go deeper into access to recovery at the provider could not take place.

On November 25, 2022, as part of this project and in collaboration with Triple R Alliance, an online training course on dialogue with suppliers was offered to all importers affiliated with the TruStone Initiative.

Dialogue with suppliers in China

Consultant The Center for Child Rights and Business has developed a brief guideline for importers on dialogue in China. A training for importers was organized on March 31, 2023, which went into greater detail about this guideline. The Centre also prepared a guideline on seven themes (the identified risks from the initial risk analysis). It is intended for both importers and suppliers and available to affiliated members of TruStone.

During the year under review, one of the importers also took up TruStone's offer to have a consultation with local experts from The Centre (see box). The goal of this consultation was to provide practical tips and tools to the importer as support in their dealings with suppliers and their own risk analysis of the supply chain. In Year 5, another importer will follow the same path.

Subtle communication to make risk negotiable

Hans Boer, Van den Ban bv - natural stone for infrastructure and hydraulic engineering

"In the spring of 2023, we shared the Chinese-language version of the TruStone Guidance for Suppliers with two of our regular suppliers immediately after its publication. We asked them to look into it so that we could discuss the themes and objectives in a so-called two-way conversation during our visit in July 2023. During that visit, it still proved difficult to have an open conversation about certain IRBC risks. Every so often, the conversation fell silent. Incidentally, it is easier to discuss safety risks than topics of a more social nature which go beyond local interests.

Through TruStone, we got in touch with local experts from consultant The Centre. They assisted in several sessions to come up with a prioritized approach. In particular they informed us about practical Asian communication in conversations on the spot. For example:

- 1. Ask them to accept your vision and then talk about how to work out the vision.*
- 2. Above all, emphasize that the improvement process requires small steps and is not a rigid process with deadlines.*
- 3. Also give them room to ask you for improvements, for example, regarding the assignment specification.*

Our experience in short: a subtle communication with more local knowledge. Next year we will continue to put those lessons into practice."

Risk analysis Vietnam

On Dec. 7, 2022, the risk assessment of natural stone mining in Vietnam was presented to TruStone members ("Human Rights Risk Assessment in Bluestone Supply Chain in Vietnam") conducted by The Centre for Child Rights and Business. The report is [available](#) on the TruStone website. CNV tried to start a collective project with companies purchasing materials from Vietnam, but the criteria for applying for funding from the Dutch government were not in line with the offer of Belgian and Dutch companies for such projects. Civil society organizations explore opportunities to establish a joint project in Year 5.

Risk analysis Turkey

An independent researcher completed the study of risks in Turkey during the year under review. She analysed 21 quarries in different Turkish regions from which TruStone companies source materials. The report is available to TruStone members. More information on risk analysis can be found in Section 2.4.

Risk analysis Brazil

During the year under review, researchers commissioned by CSOs completed a desk study and a field survey that looked at risks in the natural stone sector in Brazil. The field study specifically addressed working conditions in quarries in Espírito Santo State. The report is available to TruStone members. More information on risk analysis can be found in Section 2.4.

Stakeholder dialogue Zimbabwe

In 2023, the Black Granite Project was launched with participating organizations: Jetstone, Arte group, Kemie, Tuytelaers, Mondial Granit (an Italian supplier), ActionAid Zimbabwe, ActionAid Italy (in collaboration with the Good Lobby), ActionAid Netherlands (lead partner). A kick-off meeting was held in March 2023.

The first phase of the project in Zimbabwe focused on launching the main parts of the project, namely training the participating companies on due diligence, as well as analyzing

the companies' current due diligence mechanisms. An extensive benchmark was set up to hire the consulting firm. On October 4, 2023, the firm selected conducted a workshop for the companies to provide insight into their policies on due diligence.

4.4. International collaboration

TruStone civil society organizations have been working for several years with Italian parties (Human Rights International Corner, the Good Lobby, ActionAid Italy) to promote the TruStone Initiative and the importance of RBC within the international chains of the natural stone sector in Italy. In the past year, contacts with Italian sector organizations and trade unions for the natural stone sector were expanded. In addition talks were held with individual companies.

Companies operating in the German market are often asked to provide a recognized certificate along with the product. Recognized certificates are listed on websites such as Siegelklarheit and Nachhaltigkeitskompass. For their recognition these websites refer to research by the International Trade Center (ITC). ITC conducted comparative research on TruStone during the year under review and included us in its database. In Year 5, the SME Compass website will follow and possibly other websites as well.

On May 25, 2023 the Ministry of Foreign Affairs and the Flemish government together with the diplomatic representative of Flanders and the Dutch embassy in Berlin organized a stocktaking event on international RBC in the natural stone sector. German representatives from the Federal Ministry of Economic Cooperation and Development, Xertifix and TÜV Nord participated. The TruStone secretariat also took part.

The meeting aimed to exchange lessons learnt and experiences on promoting international RBC and to explore opportunities for cooperation between Germany, the Netherlands and Flanders on international RBC in the natural stone sector.

5. Ambitions for Year 5

5.1. Demand

In December 2023 KU Leuven's HIVA institute published a [Quick Guide](#) (in Dutch) on responsible procurement of natural stone by public clients. The practical guide provides contracting authorities with a responsible procurement process via 10 tips. This helps clients contribute to improvements in social and environmental conditions in the extraction and processing of natural stone.

The parties will explore the role of architects. Interviews with the Flemish Architecture Institute and others show that they recognize the importance of due diligence, but are not sure how to fill their role in it.

The parties will also talk to intermediaries in sub-sectors such as the funeral industry.

5.2. Supply

Training Dutch and Flemish importers

The SER offers two-day due diligence trainings for companies. The training explains the steps of the main aspects of IRBC and international guidelines, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The emphasis in the training is on its practical application. There is plenty of room for asking questions, sharing best practices and the challenges that companies face. The training is organized by the IRBC Agreements on Metals, Renewable Energy and TruStone. Companies from Flanders are also encouraged to apply. For example, in January 2024 there will be training in Antwerp.

Training Italian importers

Many TruStone members purchase materials from high-risk countries through Italian importers. In November 2023, partner organizations in Italy organized a training session on human rights and environmental due diligence in the natural stone sector for Italian companies and sector organizations. In 2024, Italian partner organizations will carry out several follow-up activities, with the support of TruStone CSOs.

5.3. Impact in producing countries

Rajasthan stakeholder dialogue

To further stimulate the dialogue, a working visit to the Rajasthan region (India) took place involving five importers and their suppliers, along with the TruStone secretariat, NGO Arisa and local NGOs Manjari and Aravali. A physical dialogue took place during the visit. This followed visits to production sites, talks with employees about occupational risks and conditions, as well as training sessions.

This visit was appreciated by all participants for the progress of the dialogue. The goal is to reach a concrete action plan in the first quarter of 2024 for companies to commit to for the next few years. Since most of the risks currently originate in the production of sandstone cobbles the focus will be on addressing risks in this part of the chain.

Read the [TruStone projects page](#) for more about the visit and progress of the project.

Social dialogue in Tamil Nadu

Early 2024, alternative tools will be explored to be offered to natural stone suppliers in Tamil Nadu, India, to make them aware of their role inRBC. Attention will be given to changes in local legislation on "work site committees" and awareness and training on them.

Turkey

The risk analysis, published in the past reporting year provided companies with a much better picture of the situation of workers in the Turkish natural stone sector. TruStone members sat down with the researcher and discussed the report on October 3, 2023. The analysis (available to TruStone members) provides a good basis for RBC dialogue with their suppliers. CSOs are now partnering with businesses and local organizations to see if a collective TruStone project can be created to enable a collaborative approach to risk.

Brazil

On Nov. 23, 2023, TruStone members met risk assessment researchers (desk study and field study) and the local union that was part of the study. In the coming year, together with CSOs and their local partners, we will explore ways to further support companies in analyzing and addressing risk in Brazil.

Egypt

In December 2023, findings from the desk study on risks in Egypt and FNV's visit to the country were discussed in a webinar with representatives of companies, civil society organizations, the ILO and the Dutch embassy in Cairo (see also chapter 2.4). TruStone parties will discuss options for a joint approach in these countries in 2024.

Vietnam

In 2024, together with civil society organizations, we will explore how financial resources can be used to still start a project with the companies that source materials from Vietnam and are interested in starting a collective project. This had not previously succeeded within the set criteria in the grant schemes.

Project Zimbabwe

The consulting firm chosen to support the participating companies of the Black Granite project (see chapter 3.3) in their due diligence will continue the project in 2024. In addition, another consultant was engaged to prepare a lifecycle assessment on the impact of mining, processing and transportation of black granite in Zimbabwe. Again, ActionAid selected this through an extensive benchmark and in close consultation with the four companies participating in the project. This will give participating companies a good understanding of the negative impact of black granite and how to reduce it. The project group is working hard to gain access to the mines to assess the negative impact on human rights in and around the mine.

5.4. Continued TruStone

The TruStone Initiative closed in October 2019 for a five-year term. During the midterm review in June 2022, members and parties expressed their desire to continue the initiative beyond October 2024. Participants also wished to explore the extent to which adjustments are needed in view of upcoming European due diligence legislation and whether scaling up the initiative to other European countries could be achieved. A TruStone 2.0 working group with representatives from all walks of life is currently preparing that follow-up.

Colophon

This is the fourth annual report of the International RBC Initiative TruStone. In the Agreement, companies, industry associations, trade unions, civil society organisations (NGOs), and public authorities from the Netherlands and Flanders are working together. The aims of the Agreement are to ensure better working and environmental conditions in the quarrying and processing of natural stone. This annual report was published in March 2024.

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