

Feasibility of a Code of Conduct for the natural stone sector



Growing insights through a pilot project with RMP Grafmonumenten and engagement of Indian stakeholders

*This report has been compiled at the request of
the India Committee of the Netherlands and
the Centre for International Co-operation Limburg*

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Colophon

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Feasibility of a Code of Conduct for the natural stone sector – Growing insights through a pilot project with RMP Grafmonumenten and engagement of Indian stakeholders

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and engagement of Indian stakeholders**

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Foreword

Over the past years, supply chains have increasingly been under pressure to move towards more corporate social responsible behaviour. Sustainability is pushed by buyers, labour and environmental legislation, financiers, NGOs, media, shortages of raw materials, etc. Compared to some other supply chains involving products such as palm oil, wood and coffee, the natural stone sector is rather new to this phenomenon. But challenges are equal. In the Netherlands, we took off the beginning of a process to sustain natural stone supply chains a few years ago. We started sharing information available, undertook research and, in addition, initiated a multi-stakeholder process. Together with representatives from the natural stone industry, NGOs and governmental organisations, we have set up the Dutch Working Group on Sustainable Natural Stone. Our multi-stakeholder approach inspires the participants to the Working Group through discussions entered into, the joint preparation of a Code of Conduct and participation in events. This approach may serve as an example to other countries with whom we increasingly wish to co-operate in the future.

This research and report are part of an important process to move the Dutch natural stone sector – and other stakeholders of international natural stone supply chains – forward towards more responsible behaviour. After several years of research the time has come to utilise knowledge and experience gained and to bring ‘sustainability’ into practice. For this purpose, the Dutch Working Group on Sustainable Natural Stone has developed a Code of Conduct covering societal, labour, environmental and operational norms and criteria. This report will assist the Working Group in finalising the Code and preparing a strategy for fruitful implementation. It reflects experiences obtained in India during one week of field work in April/May 2007 carried out by the Dutch consultancy CREM, testing the Code of Conduct together with the Dutch company RMP Grafmonumenten and its main supplier Heritage Granites – two companies in the natural stone sector that are pro-actively involved with sustainability issues and open to learn with regard to this. Pilot projects are essential on our way to sustain current days’ practice in the natural stone sector.

This report is one of the marking stones along the way towards supply chains in which all participants take their chain responsibility, from importers, traders and private buyers up to and including quarries in producing countries. We endeavour to assist them with information and support to the best of our ability. However, in the end it is also a matter of taking responsibility. We trust that this report will be of help in the process of stimulating such behaviour.

India Committee of the Netherlands (ICN)
Centre for International Co-operation Limburg (COS Limburg)

Summary

Introduction

The India Committee of the Netherlands (ICN) and the Society for Nature and Environment (SNM) are drivers to move *sustainability* forward in the natural stone industry. They set up a Dutch Working Group on Sustainable Natural Stone, in which NGOs, business and the government are represented. Starting point is the fact that, despite existing laws and legislation, labour conditions and environmental issues can be most problematic in the natural stone sector. One of the achievements of the Working Group is the development of a Code of Conduct. This Code of Conduct consists of societal, labour, environmental and operational standards.

Pilot project

To refine the Code of Conduct and assess its feasibility in practice, a pilot project has been carried out with one of the companies supporting the implementation of the Code of Conduct, RMP Grafmonumenten (RMP). RMP's supplier is the Tamil Nadu based company Heritage Granites (HG). The relevance and feasibility of the norms listed in the Code of Conduct have been discussed as far as the processing plant of HG and the quarries supplying stone to HG are concerned. These discussions and further involvement of Indian stakeholders took place during (joint) field visits by the importing company RMP and the consultancy CREM.

Limitations of research

The field work could only deliver a short glance of the industry, given the restrictions in funds and time. This cannot lead to general statements nor provide a representative picture on the nature of the sector, especially since no general consensus exists on the quality of social and environmental performance amongst the stakeholders. The main limitations further were:

- the fact that research was carried out by a Dutch agency; it would have been desirable to educate Indian researchers on the background and contents of the Code of Conduct and have them execute a thorough research;
- the lack of an Indian counterpart with whom to carry out the field work.

Analysis of field results

The interviews conducted with the Indian stakeholders brought forward a variety of opinions on sustainability issues in the Indian natural stone industry: discussions as to whether or not a certain issue existed and, if so, to which extent. The report reflects a collection of statements, expressing such variety and showing the emotions involved. Analysing the results of the interviews delivered the following:

- *Different stakeholders, different opinions*
The opinions with respect to the different sustainability issues vary significantly. Generally, the business society tends to have a much more positive view concerning the level of sustainability currently achieved than the NGOs. Moving towards increased sustainability requires stakeholder consultation and joint efforts to seek improvement.

- *The true picture of the Indian natural stone industry*
It has been frequently expressed during interviews that “the majority of quarries” has certain issues or that “all workers are given protective clothes but refuse to wear them”. The bottleneck is that a baseline assessment of the Indian natural stone industry is lacking, following which it is difficult to value the basis of these opinions. Moreover, those expressing the statements were often hardly able to give arguments to underpin their statements.
- *Local versus export quarries*
Discussing natural stone related sustainability issues with Indian stakeholders, it became apparent that huge differences exist between quarries. Although it was sometimes difficult to identify which issues related to which kind of quarries, a general observation voiced in the interviews was the fact that export quarries seem to comply better to labour and environmental laws and regulations than local quarries.
- *Heritage Granites*
Several times, views were exchanged between HG, RMP and CREM. HG and RMP acknowledge that it takes time to increase the sustainability level in the supply chain. They are both engaged in improving practices in India. In the pilot project, HG presented itself as being cooperative, supportive and eager to learn how better practices can be implemented.

Conclusions

The conclusions relate to information and experiences obtained from interviews with RMP, HG and stakeholders met during the fieldwork. They are not representative for any and all supply chains/actors in the international natural stone industry.

An informative week in India during which input was gathered from a large variety of stakeholders delivered the following conclusions as far as the goals of the pilot project are being concerned:

- *Engaging HG in the project*
HG indicated that it may take 1 or 2 years before full compliance with the Code of Conduct could be realised. Stakeholder engagement, formal employment relationships, an environmental management plan and protecting biodiversity are norms that currently receive the least attention. Moreover, supply chain responsibility would require HG to put more pressure on its suppliers to pay attention to social and environmental issues.
- *Engaging supplier quarries in the project*
Four quarries supplying stone to HG have been visited during the pilot project. Their answers did not give reason to believe that major sustainability concerns existed in these particular quarries, though it is difficult to assess whether answers given are the ‘desirable’ ones or truly reflect the reality. Given also the input from other stakeholders and HG, however, it can be concluded that sustainability can definitely be lifted to a higher level than the current standards.
- *Engaging local stakeholders in the project*
Trade unions, the business association and environmentally and socially oriented NGOs have been involved in the pilot project. It can be concluded that the willingness of stakeholders involved to contribute to a higher sustainability level in the sector is high, although opinions differ as to the extent of this still being necessary.

- *Setting up forms of collaboration between the Dutch Working Group on Sustainable Natural Stone, RMP, HG, supplier quarries and relevant stakeholders*
The pilot project has not yet succeeded in actually setting up forms of collaboration in the supply chain. Such form of collaboration was unknown to RMP, HG and the stakeholders involved and it would require more time and attention to realise the same.
- *Assessing the validity of the Code of Conduct*
Given the fact that the Code of Conduct is extensive, it was not possible to go through the Code in detail during the interviews (apart from HG and RMP) to discuss whether or not norms were superfluous, not applicable or missing. Collecting the results from the field work, a first impression is that the draft Code of Conduct covers the relevant sustainability issues. It may be worth while to reconsider the presentation of the Code or to draw up a guidance document to ensure that the information presented is accessible to and can be dealt with by companies. The sector may not be familiar with the idea of a code of conduct and/or the jargon used.
- *Designing potential strategies for improvement to achieve the standards described in the Code of Conduct*
It can be concluded that the implementation of the Code of Conduct cannot take place overnight. The growing economy in India combined with increased pressure to comply with social and environmental norms and new techniques seem to have lifted working and living standards for many workers to a higher level. However, environmental and social circumstances can definitely still benefit from increased attention.

Recommendations

*Although the field work was restricted to India, the majority of the recommendations is relevant for **all** supply chain partners and countries producing natural stone for the Netherlands.*

The following recommendations have been formulated to bridge the disparity between the current situation in the Indian natural stone supply chain and a situation of compliance with the Code of Conduct.

What is needed?

- *Baseline assessment*
It is essential that thorough insights are obtained in sustainability issues in the Indian part of the natural stone supply chain through in-depth research. It should be recognised that it will not be feasible at the short term to deliver a baseline assessment for the entire natural stone sector in India. Prioritising topics and areas will be necessary.
- *Identification of best practices and worst cases (including public reporting)*
Mapping and publicising best practices and worst cases can motivate and inspire willing companies in the natural stone sector and give input to buyers' selection processes.

- *Implementation of the Code of Conduct*

It cannot be expected from processing plants and quarries supplying stone to the Netherlands to fully implement the Code of Conduct in a matter of weeks or months. A good starting point for supply chain partners would be to design environmental and social policies covering the topics listed in the (abbreviated) Code of Conduct to ensure that sustainability issues will be dealt with systematically. The baseline situation as well as the desired situation should be incorporated, together with a plan to move to the desired situation and a feasible time schedule. Simultaneously, rather than turning to an official verification system at this stage, it may be a better idea to involve local stakeholders (such as NGOs and trade unions) for monitoring purposes. This would push their involvement, knowledge and capacity and improve their cooperation with the business.

- *The right price*

What is the right price? How can it be ensured that extra Euros will be passed on to those who need it? This topic should urgently be discussed, both in the Netherlands as well as in India.

- *Pilot projects*

The field work carried out served as a first short survey to assess the validity of the Code of Conduct in the South Indian supply chain of RMP. Following this work, it is recommendable to identify natural stone supply chains willing to actually work towards *implementation* of the Code and to assess verification options to guarantee compliance.

Who will take the lead?

- *Dutch Government*

Since the Dutch national and local authorities are largely buying imported natural stone, they are co-responsible for any violation of social and environmental laws and legislation.

- *Dutch industry*

The Dutch industry is having the most direct and frequent contacts with the business partners in India and within the sector in the Netherlands. Consequently, they are in the right position to give justice to the concept of supply chain responsibility.

- *Dutch NGOs*

The Dutch NGOs are having the most direct and frequent contacts with NGOs and trade unions in India and could benefit from this position. In addition, the Dutch NGOs have a role to play in the Netherlands, especially ICN and SNM who have taken the lead of the Working Group on Sustainable Natural Stone. Their continued drive, engagement and push have proven to be essential at this stage.

Who should be involved?

- *Stakeholder involvement in India*

Different stakeholders in the supply chain often have different opinions and views on what *is* happening and what *should be* happening. Rather than fighting each other, a better cooperation between NGOs, businesses and the Government in India would be most beneficial and useful to improve sustainability performance. On this basis, goals in terms of contents (linked to the Code of Conduct) can be jointly formulated, including the processes and procedures needed to move forward.

- *European cooperation*
Given their struggle for improved performance and the increased pressure from China and buyers, it would be highly unsustainable to confront the Indian producers with different sets of sustainability standards, codes and audit costs. Cooperation at the European level to synchronise policies and initiatives is essential.
- *Consumers*
The consumer is a key player in the supply chain. It will influence the market significantly, should he decide that unsustainable natural stone is not acceptable. The consumers need to be made more aware of the sustainability issues in the supply chain and of the initiatives undertaken to address these issues.

Specific recommendations for the supply chain of RMP/HG

- *Working towards implementation*
It is recommended to RMP and HG to progressively address (future) sustainability issues. They could jointly go through the Code of Conduct, map the baseline situation in detail, assess potential improvements and design a (time) schedule to move forward. Involvement of stakeholders like NGOs and unions in this phase is essential.
- *Supply chain pressure HG*
HG is a large buyer of natural stone and, thus, an important player in the market. It is recommended that this power is skillfully applied to work towards compliance with certain sustainability standards. The Code of Conduct can be shared and used as a basis for the supplier quarries, pursuant to which social and environmental policies can be designed.
- *Stakeholder involvement*
Apart from the Government, HG is not actively involved with other stakeholders to discuss activities and sustainability issues or to exchange information and views. It is recommended to consider such valuable interaction, which might especially be of use – at this stage – to assess supplier quarries.

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Chapter

1

Introduction



Source: Marjolein Stoop

1.1 ___ Dutch Working Group on Sustainable Natural Stone

The India Committee of the Netherlands (ICN) and the Society for Nature and Environment (SNM) are actively engaged with sustainability in the natural stone supply chain. In 2005, they involved the Centre for Research on Multinational Corporations (SOMO) and CREM in a supply chain assessment, which resulted in the report 'From Quarry to Graveyard'¹. This report stimulated further engagement and created a drive to move forward. The natural stone industry in the Netherlands was approached to join a so-called Working Group on Sustainable Natural Stone. Apart from ICN, SNM, SOMO and CREM, the participants of this Working Group are the Centre for International Co-operation Limburg (COS Limburg), CSR Netherlands, a number of natural stone companies and the business associations ABN (the general Dutch union of natural stone companies) and VNNI (the foundation of Dutch natural stone importing companies). Starting point is the fact that, despite existing (international) laws and legislation, labour conditions and environmental issues can be most problematic in the natural stone sector. In this situation, it was argued that companies have a role to play, a responsibility to take.

Currently, an increasing number of Dutch natural stone importers and traders acknowledges the social and environmental problems associated with unsustainable quarrying and processing of natural stone. Also, they are accepting that they have a responsibility in solving problems and also in preventing such problems to occur.

In a joint effort to bring the industry to a higher sustainability level, the Working Group has developed a Code of Conduct (Annex I). This Code of Conduct consists of social and environmental standards, as well as of a number of key operational principles concerning supply chain responsibility, stakeholder involvement, monitoring & verification and reporting & transparency. The Working Group is itself aware that the Code of Conduct cannot be introduced from one day to another. It costs time to realise the desired improvements. Above all it is not possible to deal with all of the issues at the same time. Within this context the Working Group has chosen to set priorities. With regard to the producing countries, the focus rests on the emerging markets of China and India.

¹ The report can be downloaded from <http://www.indianet.nl/fromquarrytograveyard.html>.

Without losing sight of the other criteria in the code of conduct, special attention from suppliers in these countries is required for:

- Taking action against child labour
- Assurance of safe and healthy working conditions
- Payment of sufficient wages so that employees can afford to pay for their basic requirements
- Environmental care: respect for the living environment of local people as well as biodiversity

Before further steps will be taken to implement the Code of Conduct, it was considered essential to involve stakeholders from producing countries. What is their view on the feasibility of implementing a Code of Conduct in practice? Have all issues been duly covered? Which are the most urgent concerns to address? In the longer term, which organisation can and would be interested to monitor due implementation?

1.2 Pilot project with RMP Grafmonumenten



Source: Marjolein Stoop

One of the companies supporting the implementation of the Code of Conduct, RMP Grafmonumenten (RMP)², expressed its willingness to test the same in its existing South Indian supply chain. RMP's supplier is the Tamil Nadu based company Heritage Granites (HG). The relevance and feasibility of the norms listed in the Code of Conduct have been discussed as far as the processing plant of HG and the quarries supplying stone to HG are concerned. These discussions and further involvement of Indian stakeholders took place during (joint) field visits by the importing company RMP and CREM.

The following goals were set for the pilot project:

- Engaging HG in the project
- Engaging supplier quarries in the project
- Engaging local stakeholders in the project
- Setting up forms of collaboration between the Dutch Working Group on Sustainable Natural Stone, RMP, HG, supplier quarries and relevant stakeholders
- Assessing the validity of the Code of Conduct
- Designing potential strategies for improvement in order to achieve the standards described in the Code of Conduct

The pilot project was carried out on the basis of a project outline, the contents of which was agreed upon by RMP and the Working Group on Sustainable Natural Stone. In preparation of the pilot project, RMP engaged HG in the project, while ICN identified other relevant stakeholders such as NGOs, trade unions and governmental offices. The latter stakeholders were approached by CREM to meet with during the field work.

² RMP Grafmonumenten ('RMP Memorials') is a company designing and providing unique and personal granite memorials (<http://www.rmpgrafmonumenten.nl/engels/index.html>).

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Interviews with Indian stakeholders

2.1___ One week in India

2.1.1___ Involvement of stakeholders

The pilot project was carried out in the period of 28 April 2007 up to and including 4 May 2007. The following stakeholders were consulted in India during that time:

28 April 2007	All India Granites and Stone Association [<i>business</i>] Civil Initiatives for Development and Peace-India (Cividep-India) [<i>NGO</i>] Environment Support Group [<i>NGO</i>]
29 April 2007	M/S. Sri Krishna Granites [<i>granite quarry</i>] M/S. Kokhila Granites [<i>granite quarry</i>]
30 April 2007	Human activist lawyer M/S. Hymalaya Black [<i>granite quarry</i>]
1 May 2007	Interviews with HG employees People's Watch [<i>NGO</i>] M/S. Imperial Granites PVT Limited [<i>granite quarry</i>]
2 May 2007	Heritage Granites [<i>business</i>]
3 May 2007	New Trade Union Initiative/Women Worker's Union [<i>trade union</i>] Local quarry
4 May 2007	Quarry Workers And Rural Integrated Development Society (QWARIDS) [<i>trade union</i>]

Information on stakeholders visited is given in Annex II.

2.1.2___ Limitations of research

"You need to know local language, local people, local circumstances to truly map the situation in quarries." [expressed by an NGO during an interview]

The field work could only deliver a short glance of the industry, given the restrictions in funds and time. For example, thousands and thousands quarries exist throughout India, of which 5 have been visited in a selected area in the south of India. This cannot lead to general statements nor provide a representative picture on the nature of the sector, especially since there is no general consenses on the quality of social and environmenal performance amongst the stakeholders.

When it comes to quarry workers, it will take significantly more efforts to gain their trust (e.g. by visiting them outside the quarry area) and give them a feeling of being freely allowed to speak about facilities granted by the company and their living conditions. Although interviews were also held separate from the management and it was explained that the anonymous research results would not be shared with the workers' manager, people may fear to lose their job if they would complain. It was also noticed that workers were not familiar with the kind of questions that were posed, e.g. on working conditions (this may have been the first time that interest is displayed into the workers' working conditions).

Another limitation has been the fact that research was carried out by a Dutch agency. It would have been desirable to educate Indian researchers on the background and contents of the Code of Conduct and have them execute a thorough research. This, however, did not fit in the scope of the pilot project.

Finally, the time available for organising the field work (4 weeks) proved to be too short to find an Indian counterpart with whom to carry out the field work. The assistance of an Indian counterpart with expertise in the export quarrying sector would have been highly recommendable.

2.2___ Impressions from interviews

The interviews conducted with the Indian stakeholders brought forward a variety of opinions on sustainability issues in the Indian natural stone industry: discussions as to whether or not a certain issue existed and, if so, to which extent. A collection of statements, expressing such variety and showing the emotions involved, has been categorised below based on the following topics:



Source: Marjolein Stoop

- Government
- Law and legislation
- License
- Education
- Child labour
- Bonded labour
- Wages
- Working conditions
- Employment relationship
- Trade unions
- Environmental management
- Code of Conduct

Government					
<p>“Government has good legislation in the labour, social and environmental field that is well enforced. Non-compliance and corruption are being punished. Moreover, the Government is working hard to improve the living conditions in the rural areas by providing electricity and free education.”</p> <p>[business]</p>	<p>“There are public consulting gatherings, but the biggest power is with the Government and private sector (and companies can bribe local political people). People are not politically savvy.”</p> <p>[NGO]</p>	<p>“It is important to detect the officials that are sensitive to certain issues. You should try to make them concerned about and involved with quarry workers and address their conscience.”</p> <p>[NGO]</p>	<p>“India has very stringent laws, but regulation, implementation and enforcement are poor. Outside on the road, in front of the Labour Inspection Office, children are working.”</p> <p>[trade union]</p>	<p>“There is a better control of corruption in India, but mostly people are not punished.”</p> <p>[NGO]</p>	<p>“The quarry owner has the license, but the land rights remain with the Government. What is governmental accountability? They own the land and should be accountable for those working on it. Government receives a lot of money from licenses, but returns nothing to the workers.”</p> <p>[trade union]</p>

Conclusion: All stakeholders visited confirmed that the Government has good labour and environmental laws in place. There are differences of opinion with respect to the levels of compliance and enforcement. While business pointed out that legislation is well enforced and non-compliance is being punished, NGOs and trade unions expressed their dissatisfaction regarding the poor enforcement.

Law and legislation		
<p>“People are well educated on their labour rights and can defend themselves.”</p> <p>[business]</p>	<p>“Indian people generally have no awareness of environmental and labour laws. Only in urban areas, they have a little sense.”</p> <p>[NGO]</p>	<p>“The mining lobby is very powerful and corruption may take place. Breaking the laws, violence and suppression are also associated with the mining industry.”</p> <p>[NGO]</p>

Conclusion: While business indicated that violating the laws would be impossible due to the environmental and social awareness of people, NGOs claimed that people (especially rural people) are insufficiently informed about their rights or the way their rights could be used.

License			
<p>"It is very difficult to start a mining facility, even if you would find natural stone in your own backyard. Different departments in federal and state governments have rules that you need to adhere to: the location must be surveyed, you must get an environmental permission, etc." [business]</p>	<p>"There are a lot of illegal mines around Bangalore, where cheap labour is the norm. Authorities have lists of licensed quarries, but it has not been regulated who has the legal power to withdraw a license. There is no correlation between those issuing the licenses and those taxing activities." [NGO]</p>	<p>"Conditions are generally better in licensed quarries, mostly owned by politicians or bureaucrats. These quarries are afraid to lose their license." [NGO]</p>	<p>"People involved in this business have close contacts with high officials and ministers, so they can get permission from the Government easily. This system is not correct. The Government should find appropriate places for quarrying and involve people under the poverty line. Now only rich people can earn, whereas poor people remain poor." [NGO]</p>

Conclusion: There are perceived differences as to how difficult it is in India to obtain a quarry license. Business made clear that much regulation is in place and enforced, while NGOs referred to corruption and close contacts in the political field. An impression from the interviews is that illegal quarries are more likely to serve the local market rather than the export market.

Education			
<p>"Indians know that education is essential." [business]</p>	<p>"Parents of children wish them to go to school, because this can improve their lives. If they help their parents in the quarry, this is because the wages are so poor." [trade union]</p>	<p>"There are some training institutes for quarry workers, but skills are mostly passed on from generation to generation." [business]</p>	<p>"Most of the quarry workers are illiterate and, just like children, are an easy game for the industry." [NGO]</p>

Conclusion: All stakeholders confirmed that the State Government is actively stimulating parents to have their children attending classes. An important incentive is the national programme which makes it mandatory for schools to serve a free lunch every day. When addressing their constituency, trade unions and NGOs emphasise the importance of school attendance, as this increases children's opportunities to become vocal citizens and improves job opportunities. It is not clear if children are actually dropping out of school or turn up irregularly, because of being involved in quarry work (see also 'child labour').

With respect to skills' development in the quarry business, it was learned that most skills are being obtained by 'training on the job'.

Child labour						
<p>“There are strict government rules: you need to be over 18 years old before you can work in mines. People generally start working in a quarry when they are 20 to 25 years old. Europeans are often mistaken when it comes to the age of Indians.” [business]</p>	<p>“Child labour is not happening in the mining industry; it would not even be possible, since the stones are far too heavy. Maybe some exceptions can be found of quarry owners who exploit children. Exceptions can be found anywhere in the world.” [business]</p>	<p>“NGOs can create evidence by asking a child to take a hammer and picture it. Also, some western parties – from a competitive point of view – like to pretend as if there is a problem in the Indian natural stone industry. This is better for their own industry.” [business]</p>	<p>“Conditions have been improved compared to the 1980s when child labour was the norm. It decreased but has not disappeared. Many children go to school these days, but they assist their mothers who work in the quarry after school hours.” [NGO]</p>	<p>“The agricultural sector is commercially hit at this moment. Once farming is no longer an option, the construction sector is a popular place to go and earn some money (for children as well). For children, the conditions are even poorer (no facilities for health, no insurance, no contract).” [NGO]</p>	<p>“3 to 4 years ago, much more children were active in quarries. Day by day their number is decreasing. This could be because of the questions posed by importing companies or negative marketing (movies on child labour), a fear for a bad reputation or the fact that quarries know that we are checking them.” [trade union]</p>	<p>“Children do work in the mining industry, e.g. carrying water, oiling machinery, cutting stones and assisting with transport. Those parties and people working on mining issues will confirm this.” [NGO]</p>

Conclusion: A disputed topic in the sector is the existence of child labour. While business strongly denied any form of child labour taking place (except for the exceptions to the rule), NGOs and trade unions pointed to the frequent occurrence of child labour. The most relevant conclusions are:

- child labour seems to be decreasing;
- most children at least go to primary school – their working in the quarry seems to be ‘limited’ to working after school hours and during holidays and weekends;
- it is not clear if and to which extent child labour after school is affecting school performance and how ‘irregular’ the child attends classes due to assisting parents with quarry work;
- it is not clear to which extent and at which age child labour leads to drop-outs from school;
- the occurrence of child labour is more frequent when the family’s housing is in the quarry (area) itself;
- the type of quarry activities matters: the higher the level of mechanisation, the less occurrence of child labour;
- quarries serving the local market seem to make use of child labour to a larger extent than quarries serving the export market.

Bonded Labour		
<p>“There are no cases of bonded labour in this quarry. The company can give a loan to the worker if he needs money to help him out, depending on the level of his salary.” [business]</p>	<p>“The provision of housing forms part of the new forms of bonded labour. Houses are being controlled by the quarry owner. No way quarry workers can negotiate their housing conditions.” [trade union]</p>	<p>“Three types of bonded labour exist: people who inherited a loan, contract labourers and workers receiving advances. These days, most quarry workers are not bonded anymore. In 1970s/ 80s, there was a lot of bonded labour in the area and we liberated many quarry workers.” [trade union]</p>

Conclusion: It is difficult to assess whether or not bonded labour is an ‘issue’. While business refers to helping people not having access to bank loans (when they need money for a wedding, a house or health expenses), trade unions and NGOs refer to the fact that workers cannot leave a company due to loans. In interviews it was confirmed that loans between a company and workers generally are not put down in writing, which can result in unexpected or false loan conditions.

Wages					
<p>“The average salary for a quarry worker in both quarries was said to be 200 Rupees per day. One supervisor said that he earned 7,000 Rupees per month.” [translation from separate interviews with quarry workers and a supervisor]</p>	<p>“I am married, having 1 child. My wife is not working. My salary of 4,500 Rupees per month is sufficient, I have land as well.” [factory operator]</p>	<p>“My salary is 100 Rupees per day. I have asked many times for more salary, but the quarry owner simply refuses. My father earns 60 Rupees a day on a coffee plantation. Although also having some agricultural land, 160 Rupees per day is not sufficient to support the 8 members of our family. We have a loan with a neighbouring landowner.” [quarry worker]</p>	<p>“I am married, having 2 children. My wife is educated, but she is not working. We are struggling with my salary of 3,000 Rupees per month to meet costs. We have agricultural land to support our living.” [factory supervisor]</p>	<p>“The workers consider their wages satisfactory. The minimum wage is 120 Rupees per day for workers, the maximum for skilled labourers is 150-200 Rupees per day.” [quarry supervisor]</p>	<p>“My wife lives with her parents and our child in West Bengal. My salary of 4,000 Rupees per month is not enough to support a family here, the costs of living are less in West Bengal. I am sending money to my family.” [migrant factory operator]</p>

Conclusion: The answers given by stakeholders produced different statements about wages for workers. The minimum wage in India was said to be 3,000 Rupees per month (based on the Minimum Wage Law), but it has not become clear if and how the Government secures compliance with this Law. It has also not become clear what is the net income from the wages stated (contributions to provident fund, health/life insurances, tax?) and whether or not 3,000 Rupees would be an appropriate living wage. The latter is difficult to assess since the costs of living differ substantially per state, per village/city, etc. The level of organisation in quarries seems to be low (see ‘trade unions’ below), which means that collective bargaining for wages is little. From information gathered, it was learned that wage mechanisms are primarily based on the workers’ level of skills and their working experience.

It was expressed by workers and supervisors in the export quarries visited that working in the mining sector is generally paid better than working on a plantation. A supervisor also confirmed that quarry work is hard and that there is a shortage of skilled labour. Lower wages would result in an even larger shortage.

Working conditions					
“Quarries are modernising to improve their output, most quarries are (semi) mechanised.” [business]	“Labourers do not speak about the issues they are confronted with. They are afraid to loose their jobs.” [trade union]	“All workers are given free drinking water, while more and more childcare is being provided and minimum wages are at least being paid.” [business]	“Many times protective clothes and equipment are available, but workers do not consider them comfortable in a tropical environment.” [quarry workers/ supervisor]	“Working hours are 8 hours a day in the quarry. Much more hours are difficult to realise as a result of the available daylight hours. The working week is 6 days a week.” [quarry workers]	“Industries can give excellent opportunities for people to escape from poverty, but in reality the <i>new world</i> is not so great.” [NGO]

Conclusion: Working conditions, including occupational health and safety issues, do not seem to be regulated in any way or put down in writing in a company policy or occupational work plan. The basic discussions in this field concern the adequate working clothes and equipment. Both management and workers have frequently confirmed that protective material was available but too uncomfortable to be used (mainly due to the heat). No substitute measures seem to have been developed so far, e.g. using breathing materials for working clothes.

Most work in the quarries/factory involving dust emissions (drilling/sewing) was carried out using water or with the aid of protective material. Standard working weeks seem to cover 6 days (8 hours per day), which is acceptable under Indian law. Quarry workers interviewed indicated that it would not be feasible to largely extend working days in view of the availability of day light. One worker said that he heard from quarries in Andhra Pradesh that used artificial light to keep workers going.

None of the quarries and factories visited arranged for any kind of first aid training. People turned to the emergency box or the hospital in case of injuries.

The local quarry visited during the field work showed significantly worse working conditions with respect to dust emissions (no protective measures), housing (vested in the middle of the quarry), child labour (children assisting their parents) and working standards (a wage of 50 Rupees per day) than the larger export quarries visited.

Employment relationship	
“There is a lack of skilled people. Those working at the quarry do not have a written contract, but they know that they can stay as long as they wish.” [quarry supervisor]	“People indicate that they can stay as long as they wish. A written contract is not needed for them. Still they also say that if the management is not satisfied, you will be fired.” [translation; concluding statement based on results of various interviews with factory and quarry workers]

Conclusion: From the field work it was learned that hardly any employment relationship is documented in a labour contract or collective agreements. This makes the workers vulnerable with respect to labour issues as they are dependent on the goodwill of the employer and his interpretation of the labour relationship. When raising this issue, a business representative indicated that the Government is “always on the employees’ side”. Pursuant to legislation, employees should receive a permanent working status after three years with the same employer.

Trade unions				
“The level of organisation is very low in India. 92% of the Indian workers is employed by the informal sector and is hardly organised.” [NGO]	“With respect to working conditions, trade unions are there in all villages.” [business]	“Quarry workers wishing to join trade unions are not objected by the management, though – since there was no problem at work – they do not see a point in joining a trade union.” [translation; concluding statement based on results of various interviews with factory and quarry workers]	“The quarry workers have not become a member of the Indian Trade Union Congress (INTUC) because there are problems in the quarry now, but any future issues can be dealt with by the Union. The Union will talk to the management, should a problem arise.” [quarry supervisor]	“There are hardly independent trade unions. Generally, political parties establish trade unions. I do not deny this company’s statement that most unions are corrupt.” [trade union]

Conclusion: Both workers and business confirmed that membership of a trade union was not objected. The setting of the interviews may have limited the workers in freely expressing their opinion in this respect. Anyhow, the potential advantages of being a trade union member seem to be unknown to the workers. All workers interviewed confirmed that a membership was not necessary since ‘there is no problem at work’.

Environmental management					
“Quarries are only permitted to dispose of their waste materials in designated areas, but in practice it is also disposed of in other areas. Poor people are affected because they were previously using these lands, e.g. for cattle grazing.” [NGO]	“The soil must be brought back and vegetation be planted upon closure of the quarry. Quarry owners can liaise with the forestry department to assess which trees can best be grown on their land.” [business]	“The industry does not cause water or noise pollution and only minimised air pollution.” [business]	“Ground water is not polluted during quarrying. Quarries only deliver rocks, there is no interaction with ground water.” [business]	“From an environmental point of view, mining is a complete disaster.” [NGO]	“Rehabilitation of the mine will take place upon exploitation. Stone waste – unsuitable (parts of) rocks – will be used to fill the quarry. It is not possible to plant trees on stone so, therefore, the trees will be planted elsewhere.” [quarry supervisor]

Conclusion: Big differences in opinion exist as to the level of environmental management in the sector. Although stakeholders interviewed tended to provide general judgements, it can be concluded that it is actually impossible to do so. The specific stone being quarried, the location of the quarry, the way quarrying is being done as well as the specifics of rehabilitation activities being carried out differ too much to give credibility to such general statements.

Code of Conduct					
“The appropriate authority to monitor the Code could be a governmental agency, like the Department of Mines and Safety or the Department of Inspectorate of Factories.” [business]	“If the existing co-operation between the supplier and the buyer is good, it makes good business sense of the buyer to acknowledge his chain responsibility. Educating the supplier can make a difference.” [NGO]	“A long-term relationship is important in buyer/supplier relations. You can ask more cooperation as a buyer, when you indicate that you will remain with the supplier for some more years if he complies with certain standards.” [NGO]	“It may be good for Dutch companies to work together with NGOs in India. They are better informed about Indian society and can build better contacts with workers. It is advised to work with a platform of NGOs, as it is difficult for foreign companies to assess which NGO is most appropriate.” [NGO]	“For certain norms in the Code of Conduct, legal advice is necessary and also consent from the Government of India is required. Therefore, you should deal directly with the Indian Ministry of Mines and the Ministry of Commerce, if you wish to implement the Code.” [business]	“Government, NGOs and communities are very alert on social and environmental issues. Therefore, companies take good care.” [business]

Conclusion: Apart from the interviews with HG, the interviews with stakeholders were not suitable for lengthy discussions on the contents of the Code of Conduct. Generally, the stakeholders encouraged the introduction of a Code of Conduct. Both the NGOs as well as the trade unions considered themselves appropriate parties to monitor the implementation and enforcement of such Code; the business sector referred to governmental agencies in this respect.

2.3 Meetings with Heritage Granites

HG is one of the largest exporters of granite in India (trading 4000 tons of granite per year) and the supplier of RMP’s imported memorials since 2001. The (non-exclusive) quarries/enterprises supplying stone to HG are located in the Indian states of:

Karnataka: 34 suppliers, distance from HG plant between 175 and 950 km
 Andhra Pradesh: 25 suppliers, distance from HG plant between 150 and 1350 km
 Tamil Nadu: 31 suppliers, distance from HG plant between 30 and 525 km
 Kerala: 4 suppliers, distance from HG plant between 600 and 700 km
 Orissa: 5 suppliers, distance from HG plant between 1425 and 1500 km

Apart from granite quarrying, processing and trade, HG has a bronze division in the processing plant and occasionally works with sandstone (two supplier quarries in Rajasthan, 2,750 km from the processing plant).

HG is the owner of two quarries (Vizag Blue); one quarry located in Lingalavalasa Village, Thekkali Mandal, Srikakulam District (Andhra Pradesh) and one quarry located in Attukonga Village, Thekkali Mandal, Srikakulam District (Andhra Pradesh). Information as to where HG's own and external supplier quarries are located, was not shared with the Working Group prior to the field work taking place. During the time spent in India, four external supplier quarries of HG were visited and interviews were held with quarry supervisors and workers (the planning did not allow a change in route to visit HG's own quarries). The quarries were selected by HG, but – according to HG – were not informed of our visit in advance.

The workers were partly interviewed in the absence of the management, though the supervisors were present in the quarries during the entire visit. The workers did not seem hesitant in giving honest answers; for some the language formed a barrier (during visits without a translator).

Apart from the interviews in the quarries, one morning was spent interviewing employees of the HG processing plant. Interviews were held separate from the management and with the aid of a translator.

Several times, views were exchanged between HG, RMP and CREM. An explicit meeting was held on 2 May 2007, during which the anonymous results of interviews held with the HG employees as well as the draft Code of Conduct were discussed. The meeting was inspiring, useful and informative. Input to the Code of Conduct obtained from HG has not been processed in the tables listed in paragraph 2.2, though has been attached to this report as Annex III.

2.4 Analysis

2.4.1 Different stakeholders, different opinions

“AIGSA members are honourable members. Their name would be at stake, if they would violate the laws.” [business] versus “Many European buyers are unaware that the stone they are buying is actually quarried in South India based on extensive human rights violations, exploitation of labour and destruction of forests.” [NGO]

The opinions with respect to the different sustainability issues vary significantly. Generally, the opinions can be grouped according to those expressed by the business society and those expressed by NGOs and trade unions. The business society tends to have a much more positive view concerning the level of sustainability currently achieved than the NGOs. Moving towards increased sustainability requires stakeholder consultation and joint efforts to seek improvement. Indian society does not seem to be characterised yet with a large-scale cooperation between business and NGOs. Although the different parties confirmed during interviews that they are open for working together, trust seems to have been missing so far to really undertake steps in this direction. The business association, for example, confirmed that NGOs and trade unions are welcome to see how well organised the industry is. Occasionally, points of view were exchanged in the past, but an NGO indicated to feel huge resistance from the site of the association. HG recently shared its list of suppliers with a trade union (upon request), encouraging the trade union to pay unexpected visits and share concerns with HG.

2.4.2 The true picture of the Indian natural stone industry

“The scale of issues occurring is unclear. The true story must come out first as to what is actually happening in this industry: the work force involved, the age of the workers, working conditions, housing facilities, locations of quarries, water supply, etc.” [NGO]

It has been frequently expressed during interviews that “the majority of quarries” has certain issues or that “all workers are given protective clothes but refuse to wear them”. The bottleneck is that a baseline assessment of the Indian natural stone industry is lacking, following which it is difficult to value the basis of these opinions. It was even difficult to assess which quarries were being referred to when discussing sustainability issues (e.g. which type of stone, which purpose of activities, which quarry size, quarries serving the local or export market?). Moreover, those expressing the statements were often hardly able to give arguments to underpin their statements.

Some NGOs stated that it is rather difficult for them to do independent research and assess the value of information given by employees/employers. They indicated not to have the power to enter the quarries nor to stop people who are violating human rights (sometimes even when evidence is available). When they enter the quarry site, it is up to the owner to allow them a visit or not. Even so, a request for quarry information can be filed with the Government following the Right of Information Act. According to some NGOs, the Government is likely to send an officer to the quarry if they claim that there is a problem.

2.4.3 Local versus export quarries

“Different segments (e.g. serving the export market or meeting local infrastructure demands), different activities → different working conditions. The situation is also different per state. Some states (Tamil Nadu) are better than others (Rajasthan). The working circumstances usually are worst in quarries producing for the local market.” [trade union]

Discussing natural stone related sustainability issues with Indian stakeholders, it became apparent that huge differences exist between quarries. Although it was sometimes difficult to identify which issues related to which quarries (see section 2.4.2 above), a general observation voiced in the interviews was the fact that export quarries seem to comply better to labour and environmental laws and regulations than local quarries. This observation is supported by:

- the relatively little attention paid to export quarries by local NGOs (apart from the recently started activities of Xertifix India) → their main concern seems to be with the local quarries;
- impressions from the local quarry visited (compared to impressions from export quarries visited) as well as quarry activities for infrastructure projects underway;
- the activities taking place in the granite export quarries (extraction of huge blocks) compared to those taking place in the local quarries (often making jellies meant to be used in the construction sector, which is extremely booming in many places in India these days) → the activities in the export quarries are supported by a higher level of mechanisation that require skills not easily applied by young children.

A reason could be that export quarries are more frequently visited by foreign buyers who attach a higher value to sustainability issues than buyers for the local market.

3

Conclusions and recommendations

3.1 Conclusions

It should be noted that these conclusions relate to information and experiences obtained from interviews with RMP, HG and stakeholders met during the fieldwork. They are not representative for any and all supply chains/actors in the international natural stone industry.

An informative week in India during which input was gathered from a large variety of stakeholders delivered the following conclusions as far as the goals of the pilot project are being concerned:

- **Engaging HG in the project**

HG is one of the supply chain partners of RMP that would be confronted with the Code of Conduct, should RMP wish to implement the same. Considering the position of HG as main supplier, the willingness within HG to strive towards compliance is essential to improve the sustainability performance of RMP's supply chain. In the pilot project, HG presented itself as being cooperative, supportive and eager to learn how better practices can be implemented. Nevertheless, it was indicated that it may take 1 or 2 years before full compliance with all norms can be realised. Stakeholder engagement, formal employment relationships, an environmental management plan and protecting biodiversity are norms that currently receive the least attention (see Annex III). Moreover, supply chain responsibility would require HG to put more pressure on its suppliers to pay attention to social and environmental issues. RMP and HG will be approached when a follow-up project working towards implementation will be set up.

HG's intention to have the Code translated and distributed amongst the Indian natural stone sector is greatly appreciated by the Dutch Working Group on Sustainable Natural Stone.

- **Engaging supplier quarries in the project**

Four quarries supplying stone to HG have been visited during the pilot project. Since the visits were not announced in advance, the quarry owners were not at the sites for an interview. Interviews have been held with supervisors and quarry workers. Their answers did not give reason to believe that major sustainability concerns existed in these particular quarries, though it is difficult to assess whether answers given are the 'desirable' ones or truly reflect the reality.

Given also the input from other stakeholders and HG, however, it can be concluded that sustainability can definitely be lifted to a higher level than the current standards. The environment does not seem to receive specific attention during activities, labour issues are generally not dealt with in a formalised manner and involvement with trade unions, local communities and NGOs seems rare. HG indicated that it is beyond its control to actually change practices in quarries not owned.

- **Engaging local stakeholders in the project**

Trade unions, the business association and environmentally and socially oriented NGOs have been involved in the pilot project. Unfortunately, the governmental officers approached were either not present (due to certain elections → mining department, Chennai) or not willing to meet (Labour Inspection Office, Chennai). The stakeholders were interviewed and asked for their input on the sustainability issues in the Indian natural stone sector. It can be concluded that the willingness of stakeholders involved to contribute to a higher sustainability level in the sector is high, although opinions differ as to the extent of this still being necessary.

No interviewee objected the implementation of the Code. The trade unions and NGOs embrace instruments to improve environmental and social performance, while the business association was confident that norms could be met. The Code of Conduct is currently under review by the stakeholders involved.

- **Setting up forms of collaboration between the Dutch Working Group on Sustainable Natural Stone, RMP, HG, supplier quarries and relevant stakeholders**

The pilot project has not yet succeeded in actually setting up forms of collaboration in the supply chain. Such form of collaboration was unknown to RMP, HG and the stakeholders involved and it would require more time and attention to realise the same. The project did manage to assess the willingness of people involved to consider a form of collaboration. At least in the interviews, it was frequently expressed that parties would be open for further communication on collaboration. A clear problem is the lack of trust between stakeholders, whereby different parties considered the other ones *corrupt, not truly concerned* or an *opportunist*.

- **Assessing the validity of the Code of Conduct**

Given the fact that the Code of Conduct is extensive, it was not possible to go through the Code in detail during the interviews (apart from HG and RMP) to discuss whether or not norms were superfluous, not applicable or missing. Collecting the results from the field work, a first impression is that the draft Code of Conduct covers the relevant sustainability issues. In view of the fact that the research was limited, it is difficult to state at this stage which norms require most urgent attention. It may be worth while to reconsider the presentation of the Code or to draw up a guidance document to ensure that the information presented is accessible to and can be dealt with by companies. The sector may not be familiar with the idea of a code of conduct and/or the jargon used.

Verification possibilities to ensure that companies comply with the Code of Conduct have not specifically been discussed. It can be questioned whether certification should be a goal at the short term given the complex processes and costs this entails.

At first, it is essential that capacity is being built within companies, NGOs and trade unions to deal with sustainability issues and that cooperation between actors is improved. For example, plants could communicate to their supplying quarries that certain NGOs and trade unions must be given unrestricted access to their quarries and quarry workers to assess and discuss sustainability issues with the positive intention to jointly work towards improvement.

- **Designing potential strategies for improvement to achieve the standards described in the Code of Conduct**

It can be concluded that the implementation of the Code of Conduct cannot take place overnight. The growing economy in India combined with increased pressure to comply with social and environmental norms and new techniques seem to have lifted working and living standards for many workers to a higher level. However, environmental and social circumstances can definitely still benefit from increased attention. The recommendations listed in section 3.2 will further elaborate on opportunities to achieve higher sustainability standards in natural stone supply chains.

3.2 Recommendations

Based on the analysis in section 2.4 and the conclusions in section 3.1, the following recommendations can be formulated to bridge the disparity between the current situation in the Indian natural stone supply chain and a situation of compliance with the Code of Conduct.

Although the field work was restricted to India, the majority of the recommendations is relevant for all supply chain partners and countries producing natural stone for the Netherlands.

General

What is needed?

- **Baseline assessment**

It is essential that thorough insights are obtained in sustainability issues in the Indian part of the natural stone supply chain. Research would have to include extensive stakeholder involvement and a systematic mapping of the existing quarries and processing plants against a sustainability benchmark. Such research is even more needed in view of the increased Chinese pressure on the industry³, that may deteriorate social and environmental performance and create excesses.

It should be recognised that it will not be feasible at the short term to deliver such baseline assessment for the entire natural stone sector in India. Prioritising topics and areas will be necessary.

³ China is a large competitor of India in the natural stone export market. Its position is gaining importance, partly due to the fact that they can often deliver at a better price.

- **Identification of best practices and worst cases (including public reporting)**

How are the frontrunners on sustainability performing? Which are the most serious violations to address? What is driving either the frontrunners or the worst performers? Mapping and publicising best practices and worst cases can motivate and inspire willing companies in the natural stone sector and give input to buyers' selection processes.

- **Implementation of the Code of Conduct**

It cannot be expected from processing plants and quarries supplying stone to the Netherlands to fully implement the Code of Conduct in a matter of weeks or months. The Working Group has already acknowledged that it would be too ambitious to work on *all* sustainability issues right from the start and has therefore drawn up an abbreviated Code of Conduct listing the issues deserving priority in its opinion. It is recommended to liaise with the parties consulted during the last and forthcoming field work whether they agree to the issues selected.

A good starting point for supply chain partners would be to design environmental and social policies covering the priority topics listed in the abbreviated Code of Conduct to ensure that these sustainability issues will be dealt with systematically. The baseline situation as well as the desired situation should be incorporated, together with a plan to move to the desired situation and a feasible time schedule. The policies can gradually be extended to cover all sustainability issues listed in the full Code of Conduct. Simultaneously, rather than turning to an official verification system at this stage, it may be a better idea to involve local stakeholders (such as NGOs and trade unions) for monitoring purposes. This would push their involvement, knowledge and capacity and improve their cooperation with the business.

- **The right price**

50 Euros extra for a funeral monument in the Netherlands would pass by unnoticed by the Dutch consumers, while this amount would make an essential difference when added to the monthly wage of a quarry worker. What is the right price? How can it be ensured that such 50 Euros will be passed on to the workers? This topic should urgently be discussed, both in the Netherlands as well as in India.

In this respect, a note by HG is also relevant to incorporate. It was indicated that any burden of certification costs – if inspecting agencies are involved – should not be entirely borne by the companies in the producing countries.

- **Pilot projects**

The field work carried out served as a first short survey to assess the validity of the Code of Conduct in the South Indian supply chain of RMP. Following this work, it is recommendable to identify natural stone supply chains willing to actually work towards *implementation* of the Code and to assess verification options to guarantee compliance. Although the ultimate goal is to have the Code accepted by and implemented with all supply chain partners in any of the producing countries, pilot projects will be necessary to assess the feasibility of implementation in practice and to gather expertise. HG and RMP would be very good partners to further work with. They have given the impression to be willing to act as one of the co-operative supply chains in such pilots. It would give them the opportunity to become an international frontrunner in the field of sustainable natural stone.

Who will take the lead?

- **Dutch Government**

Since the Dutch national and local authorities are largely buying imported natural stone, they share the responsibility for any violation of social and environmental laws and legislation in the supply chain.

The Dutch Government could translate 'responsibility' into practice, e.g. by:

- financially supporting research;
- financially supporting capacity building in India;
- financially supporting pilot projects to implement the Code of Conduct;
- supporting the business/NGOs dialogue in the Working Group on Sustainable Natural Stone;
- putting the topics on the agenda, both in the Netherlands as well as in India.

The Dutch Ministry of Foreign Affairs/DGIS, the Ministry of Housing, Spatial Planning and the Environment (VROM) and the Ministry of Economic Affairs would be the most appropriate departments in the Netherlands to take a lead in this dossier e.g. through:

- setting the right social and environmental criteria for natural stone and developing adequate procedures as part of its Green Procurement Policy (sustainable purchasing of all products), effective as per 2010;
- existing forms of engagement with the Dutch business sector (for example via trade missions, seminars, workshops, covenants);
- its funding possibilities (for example, subsidy programmes);
- its embassies (having access to Dutch businesses);
- its bilateral contacts on governmental level.

- **Dutch industry**

The Dutch industry is having the most direct and frequent contacts with the business partners in India and within the sector in the Netherlands. Consequently, they are in the right position to give justice to the concept of *supply chain responsibility*. This challenge can be met by:

- using supply chain pressure to stimulate and activate Indian business partners;
- entering into long-term business relationships that provide opportunities and show willingness to improve performance;
- educating Indian supply chain partners on sustainability issues and challenges and convincing them of the benefits attached thereto (e.g. increased output by trained and motivated workers, a higher return on the use of natural resources, creating support for activities with local communities and Government);
- providing support to the implementation of existing social and environmental regulations in India;
- sharing costs related to improved performance, e.g. audit costs, better wages and a healthier working environment (including e.g. protective clothing);
- stimulating supply chain partners to involve local stakeholders;
- entering into stakeholder consultation in the Netherlands, e.g. working together with NGOs and the Government, creating awareness with Dutch consumers;
- continuing co-operation within the Dutch sector to create a level playing field and carrying capacity for sustainability with businesses in the Netherlands.

- **Dutch NGOs**

The Dutch NGOs are having the most direct and frequent contacts with NGOs and trade unions in India and could benefit from this position by:

- engaging in and supporting further research on sustainability issues in the natural stone supply chains;
- empowering and building capacity with local NGOs and trade unions to strengthen their positions → they must be provided with skills and tools to speak out for themselves and enabled to put sustainability issues on the business and political agendas;
- stimulating co-operation between businesses, NGOs/trade unions and the Government and providing guidance in this respect;
- financially supporting Indian partners and their initiatives.

In addition, the Dutch NGOs have a role to play in the Netherlands, especially ICN and SNM who have taken the lead of the Working Group on Sustainable Natural Stone. Their continued drive, engagement and push have proven to be essential at this stage and are significant for further steps to be taken, such as the finalisation of the Code of Conduct⁴, the implementation of the same and European cooperation in the sustainability field.

Who should be involved?

- **Stakeholder involvement in India**

Different stakeholders in the supply chain often have different opinions and views on what *is* happening and what *should be* happening. Rather than fighting each other, a better cooperation between NGOs, businesses and the Government in India would be most beneficial and useful to improve sustainability performance. This does not mean conflict-free engagements, but the recognition of each other's position and interest. On this basis, goals in terms of contents (linked to the Code of Conduct) can be jointly formulated, including the processes and procedures needed to move forward.

The Dutch end of the supply chain should involve the different stakeholders in India in any and all sustainability initiatives and stimulate local cooperation.

- **European cooperation**

Given their struggle for improved performance and the increased pressure from China and buyers, it would be highly *unsustainable* to confront the Indian producers with different sets of sustainability standards, codes and audit costs. Cooperation at the European level to synchronise policies and initiatives is essential. HG indicated that a sustainability code should be uniformly implemented across Europe as one. Any follow-up project will therefore strive towards European collaboration.

⁴ The Code of Conduct will be further reviewed by stakeholders in producing countries and fine-tuned by stakeholders in the Netherlands. Moreover, a verification system needs to be developed.

- **Consumers**

The consumer is a key player in the supply chain. It will influence the market significantly, should he decide that *unsustainable* natural stone is *not* acceptable. The consumers need to be made more aware of the sustainability issues in the supply chain⁵, of the initiatives undertaken to address these issues and, in the future, of natural stone produced in compliance with sustainability criteria (giving the consumers an operating perspective to respond to issues raised). The latter will motivate the business sector to turn to sustainability.

Supply chain of RMP/HG

- **Working towards implementation**

It is recommended to RMP and HG to progressively address (future) sustainability issues. They could jointly go through the Code of Conduct, map the baseline situation in detail, assess potential improvements and design a (time) schedule to move forward. Involvement of stakeholders like NGOs and unions in this phase is essential. So far, the long-term working relationship and interaction between RMP and HG have proven to be an excellent base for improvements.

Also, the active involvement of staff and employees is needed: to create carrying capacity for sustainability issues, to ask for their input and to discuss internal monitoring of compliance with standards desired.

- **Supply chain pressure HG**

HG is a large buyer of natural stone and, thus, an important player in the market. It is recommended that this power is skillfully applied to work towards compliance with certain sustainability standards. This needs active involvement of quarry owners and quarry workers as well. The Code of Conduct can be shared and used as a basis for the supplier quarries, pursuant to which social and environmental policies can be designed. It should be clear for the supplier quarries that HG does not wish to be associated with *unsustainable* stone.

- **Stakeholder involvement**

Apart from the Government, HG is not actively involved with other stakeholders to discuss activities and sustainability issues or to exchange information and views. It is recommended to consider such valuable interaction, which might especially be of use – at this stage – to assess supplier quarries. It could be agreed upon with such quarries that unexpected visits by a third party (such as trade unions and NGOs) must be allowed. HG seems open for external assessments, since one trade union was recently given the list of supplier quarries. They were asked to report any misunderstandings, if and when noticed. Such approach can be organised in a systematic manner, working out a list of norms to be checked and identifying measures to improve the situation when violations are being encountered.

During the pilot project, CREM has identified willing co-operative stakeholders; information with respect to these organisations will be shared with RMP and HG.

⁵ For example, RMP shows a short movie to each of its potential clients, creating awareness of the production processes in place to create memorials.

Annex I

Code of Conduct for the natural stone sector

A Code of Conduct for the natural stone sector

Sustainability criteria to support supply chain responsibility throughout the chain

'Corporate Social Responsibility (CSR) is a solution oriented process in which a company assumes responsibility for social, environmental and economic issues in its sphere of influence, including the entire supply (or value) chain. The company is accountable and maintains dialogue with relevant stakeholders.'

Introduction: The development of a Code of Conduct

In the Netherlands, individual companies and representatives of the natural stone industry have joint hands with civil society organisations and public agencies to develop a common approach on the basis of emerging notions of responsibility and accountability for occurring social and environmental issues throughout the natural stone supply chain. They established a 'Working Group on Sustainable Natural Stone'. Participants are some businesses, Dutch business associations, a human rights organisation with a focus on labour issues, an environmental organisation, development organisations and two research and consultancy agencies. This Working Group decided to develop a Code of Conduct for Dutch natural stone companies to go by and spread throughout the chain. In the longer time, the Working Group strives for an internationally accepted and used code.

This Code is built upon two pillars: on the one hand normative criteria concerning social, ecological and economic issues, derived from international standards, and on the other hand operational requirements, derived from experienced CSR-schemes in other sectors. This Code specifically addresses both social and ecological issues, since it is recognized that there often is a correlation between the two categories of issues. Simultaneously, the subscribers to this Code recognise that a voluntarily adopted Code of conduct cannot replace national or international legislation. To the contrary, CSR intends to strengthen and support compliance with and implementation of international and national laws and regulations.

In the last decade there has been a growing attention for, interest in and improvement of sustainability performance throughout supply chains, from producers up to and including consumers. With respect to the quarrying and processing of natural stone and natural stone products in developing countries, however, sustainability standards may definitely be lifted to a higher level. Violations of basic labour rights still occur and good care for natural resources is not always considered. Although locally labour and environmental legislation may well be in place, compliance to and enforcement of such legislation may be lacking. Adopting a CSR perspective, the subscribers to this Code choose to play a pro-active role in addressing potential sustainability issues and increasing the performance level throughout the supply chain. Obviously, the perception on sustainability issues and the perceived level of current practices differ from country to country, region to region, as well as depend on the type of stone, the size of the quarry or the processing plant, and many other variable factors. Still, the principle remains the same: the subscribers to this Code acknowledge supply chain responsibility and are determined to make an effort to contribute to increased sustainability performance with due respect for national and international laws and regulations throughout their respective supply/value chains.

The following standards have been used as inspiration for the drafting of the Code of Conduct for the natural stone industry:

International standards	National legislation	Voluntary standards
<ul style="list-style-type: none"> - International Labour Organisation (<u>ILO</u>) - Universal Declaration on Human Rights - International conventions and agreements concerning environmental issues - Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (<u>OECD</u>)⁶ 	<ul style="list-style-type: none"> - Department of Mines & Geology (Rajasthan) - Eco-Friendly Mining (<u>DMG</u>). 	<ul style="list-style-type: none"> - Ethical Trade Initiative (<u>ETI</u>) - European Ecolabel for hard floor coverings (<u>Ecolabel</u>) - Fair Wear Foundation (<u>FWF</u>) - Forest Stewardship Council (<u>FSC</u>) - Generic Fairtrade Standards for Hired Labour/Small Farmers' Organisations (<u>FT</u>) - Milieukeur Certification scheme for furniture (<u>MK</u>) - Rainforest Alliance (<u>RA</u>) - Utz Kapeh (<u>UK</u>) - Xertifix (<u>X</u>)

The Code of Conduct in practice

Given the complexity of the global natural stone industry as well as the harsh competition among natural stone companies, the Working Group firmly believes in and wishes to promote a process approach. The starting point of this Code is the good intention to assume responsibility and to contribute to improving sustainability performance throughout the supply chain. Not all changes can be attained overnight. In defining CSR policies and practices, the subscribers to this Code will try to strike a balance between ambition and pragmatism, of course with due respect to minimum requirements. The norms described in this Code will need to be embedded in a transparent time frame.

As a matter of principle, the Code of Conduct needs to be complied with at all levels of the supply chain. The subscribers to this Code, however, recognise that sourcing companies by virtue of their buying power have a crucial position and a bigger responsibility to ensure compliance down the supply chain. Providing guidance and support to supply chain partners in producing countries is essential in this respect.

Subscribers to this Code believe that CSR should be part of a company's core business, and be integrated throughout the management system. It is understood that the inclusion of CSR principles might affect purchasing practices, such as agreements on price and delivery times. The definition of the *quality* of a product will change accordingly, i.e. a high quality product will, eventually, by definition be produced in compliance with CSR-norms. Moreover, subscribers to this Code are aware that compliance with CSR standards may involve costs, such as the payment of overtime or minimum wages or the provision of drinking water. However, motivated and trained workers generally have a higher output and care for the environment, such as reduced water use, can save some costs.

⁶ Some Dutch subsidy regulations require applying companies to adhere to the OECD Guidelines. So far, this has not been the case in tenders with respect to natural stone. It is targeted that the Dutch government will adhere to 'sustainable procurement' as of 2010.

In any way, increased costs should not exclusively be borne by the producer/supplier. By principle, the sourcing company, the party imposing CSR standards upon the supplier, will have to bear (part of) these costs. To make this possible without disadvantaging some players, a *level playing field* needs to be created. Implementation of this Code can only become truly effective when a larger group of companies subscribes to its contents. Current subscribers will therefore make an effort to promote the Code.

The Working Group will stimulate the market performance of products produced according to the code of conduct and support companies in their process towards *sustaining* their supply chains. These products (and companies) have opportunities to distinguish themselves in the market.

Contents

- Societal issues
- Labour issues
- Environmental issues
- Operational requirements

Societal issues

Companies active in the natural stone sector are part of the overall society. This section addresses the key issues and expectations society may have towards these companies.

Laws and quarrying/processing licenses

Norm

The company respects all applicable local, national and international laws and legislation of the country(ies) in which it operates, and arranges for obtaining the required quarrying and/or processing licenses prior to activities being undertaken.

Requirements

- The company ensures that the conditions under which the products they provide are produced meet all agreed and legally required standards. (OECD) Special attention is being paid to compliance with labour and environmental laws and legislation as well as with sector standards.
- The company promotes employee awareness in respect of the importance of compliance with all applicable laws and policies. (OECD)
- The relevant authorities have granted licenses for all extraction and processing activities taking place. (RA)

Example of verification

- The company keeps records to show its compliance with applicable law and legislation.
- The company acknowledges in writing that permits have been obtained in a legally sound way.

Stakeholders

Norm

The company pays attention to building a good relationship with its stakeholders by setting up dialogues and regularly providing information. Specific attention is being paid to local communities. The company encourages local capacity building through close co-operation (OECD) and respects any legal or customary tenure or use rights over the area local communities/indigenous people may have. Delegation of control over the area can only take place with free, prior and informed consent. (FSC)

Requirements

- The company respects any and all rights of those affected by its activities. (OECD)
- The company respects areas and activities that are important to its stakeholders from a social, cultural, biological, environmental and/or religious point of view. (RA)
- The company implements and carries out policies to ensure that stakeholders be consulted and regarded in case the company undertakes new activities and/or amends current activities in a manner that interests of stakeholders could be negatively impacted. (RA)
- The company employs local personnel and provides training, to the greatest extent practicable. (OECD)

Example of verification

- The company has a procedure in place to ensure the involvement of local communities with respect to the undertaking of new activities.
- Local communities confirm that the company has engaged in a constructive manner.

Corruption and bribery

Norm

The company refrains from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues. In addition, the company abstains from any improper involvement in local political activities and does not offer – nor give in to demands – to pay public officials or (the employees of) business partners any portion of a contract payment. (OECD)

Requirements

- The company commits itself to good corporate governance principles and implements and carries out good corporate governance practices. (OECD)
- The company has adopted management control systems that discourage bribery and corrupt practices. (OECD)
- The company is transparent towards employees and third parties in its policies preventing corruption and bribery to occur.
- The company ensures that no (illegal) contributions will be made to political parties, public officials or to (employees of) business partners. (OECD)

Example of verification

- The company can provide concrete evidence of the implementation of a company policy in respect of corruption and bribery.

Taxation and royalties

Norm

The company pays all applicable and legally prescribed fees, royalties, taxes and other charges. (FSC)

Requirements

- The company is aware of the taxation and royalties obligations a quarrying and/or processing site has to meet and has established a policy to ensure compliance therewith.

Example of verification

- An overview of applicable taxation and royalties the company has to pay and evidence of compliance with all obligations in this respect.

Labour issues

The issues listed here relate to working conditions applicable to the personnel employed by companies active in the natural stone sector, including casual, seasonal and permanent employees. Most of the issues raised are based on the International Labour Organization Conventions (ILO). The ILO is internationally recognized as *the* authority on working conditions.

Free choice of labour

Norm

The company does not make use of forced, including bonded or prison, labour. Employment is freely chosen. (ILO Conventions 29 and 105) (FWF)

Requirements

- The company does not withhold any part or all of employees' salaries, benefits or any rights acquired or stipulated by law, or any of the employees' documents, in order to force them to work or stay with the company or as a disciplinary action. (RA)
- The company does not use extortion, debt, threats or sexual abuse or harassment, or any other physical or psychological measure to force employees to work or stay with the company or as a disciplinary action. (RA)
- Employees are free to leave the employer after reasonable notice. (UK)

Example of verification

- Evidence of employees expressing that they are not forced to work or to stay with the company to work. (RA).

Child labour

Norm

The company does not make use of child labour. The minimum age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years. (ILO Convention 138) Children in the age of 15-18 years shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. (ILO Convention 182) (FWF)

Requirements

- The company documents the date of birth of all employees. (UK)
- Children helping their family members must not be allowed to do so during school hours and the work must not jeopardize their health, safety or morals (UK) or prevent them from attending school or performing 'school related responsibilities'. (draft UN Norms)
- The company has a policy plan in place to eliminate child labour on its own premises and in its own supply chain. As part of this plan, the company ensures that children found working are provided with suitable full time schooling opportunities, vocational training and other social protection (also for their families), for example by employing the parents or older siblings .

Example of verification

- The company declares in writing that no child labour following the definition in this norm occurs.
- The company ensures and shows evidence of the fact that any incidents reported on are investigated and fully dealt with.
- The company ensures and shows evidence of that children found working are being provided with full time education and other necessary support.

Discrimination in employment

Norm

The company shall base the recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement and any other aspect of the employment relationship on the principle of equal opportunities, regardless of race, colour, sex, religion, political opinion, union membership, nationality, national or social origin, caste origin, deficiencies or (non-job related) handicaps, pregnancy, capacity to bear children, marital status or sexual orientation. (ILO Conventions 100 and 111) (FWF)

Requirements

- The company ensures that all employees receive equal treatment independent of their employment conditions, sex, religion, union membership, background, etc. (RA)
- The company ensures that the reasons for contracting and dismissing employees are not vested on discriminatory grounds. (RA)
- The company does not attempt to influence the political, religious, social or cultural convictions of its employees. (RA)
- The company complies with the Ambedkar Principles⁷ to address caste discrimination⁸ and avoid economic and social exclusion of Dalits⁹.
- Employees are given the opportunity to report on incidents of discrimination.

Example of verification

- The company has adopted a policy confirming adherence to ILO Conventions 100 and 111 or using words of similar import declaring that no discrimination of employees will take place.
- The company can demonstrate that any incidents reported on are investigated and fully dealt with.
- Employees can confirm that they are not being discriminated by their employer.

Freedom of association and the right to collective bargaining

Norm

The company recognizes the right of all employees to organize and bargain collectively. (ILO 87 and 98) When the rights to organize and bargain collectively are restricted under law, parallel means of independent and free association and bargaining for all employees shall be facilitated. (ILO Convention 135, Recommendation 143) (FWF)

Requirements

- The company allows trade union organisers to meet all employees and allows employees to hold meetings and organize themselves without the interference of the management. (FT)
- The company does not discriminate against employees on the basis of union membership or union activities. (FT)

Example of verification

- The company recognizes in writing the right of all employees to join an independent trade union, the right to establish and join federations and the right to collective bargaining. (FT)
- Employees that (want to) join or set up a trade union can confirm that they are not being pressured or otherwise treated or harassed differently than other employees.

⁷ Employment and additional principles on economic and social exclusion formulated to assist all foreign investors in South Asia to address caste discrimination.

⁸ 'Caste discrimination' is referred to by the United Nations as 'discrimination by work and descent', and was the subject in August 2002 of General Recommendation 29 by the UN Committee for the Elimination of Racial Discrimination.

⁹ In the Ambedkar Principles the term 'Dalits' is used, as that is the term chosen by many of the former 'untouchables', or 'Scheduled Castes' as the Indian Government refers to them. In this context 'Dalits' also includes indigenous people(s) (in India referred to as 'Scheduled Tribes').

Employment relationship

Norm

The company strives for all work to be performed on the basis of recognized employment relationship established through national law and practice. (ETI)

Requirements

- The company keeps a written employment register, listing – among other things – the name of the employee, the nature of work performed, the wages paid and the hours worked in overtime.
- All employees are aware of their rights and duties, responsibilities, salaries and work schedules. (FT) These points of attention are included in any labour contract or collective agreement.
- All permanent employees must have a legally binding written contract of employment with a job description, signed by employee and employer. (FT)

Example of verification

- The company provides a copy of the employment register.
- The company has listed and can explain all case of unrecognized employment relationships.

Wages

Norm

The company pays wages and benefits for a standard working week that meet at least legal or industry minimum standards and always be sufficient to meet the needs of employees and their families, taking into account the cost of living and social security benefits, and to provide some discretionary income (a *living wage*). (ILO Conventions 26 and 131) (FWF)

Requirements

- The company has implemented pay policies and procedures that have been communicated with and explained to the employees. (RA)
- The company ensures that payments are made regularly and in a timely manner, in legal tender and are properly documented. (FT)
- Local and migrant, seasonal and permanent employees receive equivalent benefits and employment conditions for equal work performed. (FT)
- Deductions that are not legally required, such as housing, food or other services, must be explained to and agreed upon by employees before the employment relationship becomes effective. (RA)
- The company ensures that employees indebted to the company receive salaries which are at least sufficient to meet the basic needs of the employees and their families.

Example of verification

- The company has calculations showing that salaries are sufficient to meet basic needs of employees and their families.

Workplace health and safety

Norm

The company provides a safe and hygienic working environment and promotes best occupational health and safety practice, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of industry. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible. (following ILO Convention 155) (FWF)

Requirements

- The company does not use extortion, threats, sexual abuse or harassment or any other physical or psychological measure towards its employees during or after work time.
- The company must have an occupational health and safety program with the principal objective being to identify and minimize or eliminate employees' occupational risks. The program must have the policies, procedures, personnel and the resources necessary for reaching its objectives. (RA) Following the program, working conditions must be created that minimize the risks of employees to become injured or ill as a result of carrying out their work (e.g. using modern machinery to minimize dust generation or lifts to carry blocks and slabs, implementing safety measures for employees working with explosives, providing shadow opportunities to prevent employees from too much sun exposure).
- It is the responsibility of the company to ensure that its employees understand and follow the procedures for safe and healthy working conditions. (UK) All employees must have access to the occupational health and safety program, which should be available in the predominant language(s) of the employees. The company should explain the procedures to the employees who cannot read or cannot understand the language in which the program is drawn up.
- The company provides adequate working clothes and equipment (such as dust masks, earmuffs) of good quality and free of charge and imposes their use upon the employees. The working clothes are replaced regularly. (FT)
- Employees are trained in the basic requirements of occupational health and safety, relevant health protection and first aid. (FT) Such training includes information as to the relevance of wearing protective clothes and using equipment, since many employees are insufficiently aware of the hazards, lack the necessary training and/or are not used to wearing protective equipment.
- The company provides adequate emergency first aid facilities, equipment and appropriately trained first aid staff to meet all reasonably foreseeable first aid situations. (FT)
- All employees must have access to potable water and clean sanitary facilities. (FT)

Requirements especially targeting women

- The company provides for 14 weeks of maternity benefit to pregnant women working on the site. Women who are absent from work on maternity leave shall be entitled to a cash benefit which ensures that they can maintain themselves and their child in proper conditions of health and with a suitable standard of living. Such benefit shall be no less than two-thirds of her previous earnings or a comparable amount. The company will not oblige a pregnant or nursing mother to perform work which has been determined harmful to her health or that of her child. (ILO Convention 183)
- The company ensures that the employment of a woman during pregnancy or absence on maternity leave or during a period following her return to work will not be terminated, except on grounds unrelated to pregnancy, childbirth and its consequences or nursing. Women returning to work must be returned to the same position or an equivalent position paid at the same rate, and be given the right to one or more daily breaks or a daily reduction of hours of work to breastfeed her child. (ILO Convention 183)

Example of verification

- The company has documented and implemented an occupational health and safety program and demonstrably pays adequate attention to promoting such program.
- An inspection is carried out by a competent authority or independent inspection agency to ensure that work places and equipment are safe and without risk to health.

Working hours

Norm

The company only imposes hours of work on employees that comply with applicable laws and industry standards. In any event, employees shall not be required to work in excess of 48 hours per week on a regular basis and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary and shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1) (FWF)

Requirements

- The working hours per employee are being recorded.
- The company has put in place a working hours and overtime regulation. (FT)
- Working hours and overtime must comply with applicable law and industry standards. (FT)

Example of verification

- The company provides concrete evidence of the working hours and overtime regulation, showing its coherence with applicable law and industry standards.
- Employees can confirm that there is no pressure on them to work overtime on a structural basis.

Training

Norm

The company gives employees clear job instructions and training opportunities to allow them to adequately do their job and extend their skills.

Requirements

- The company stipulates training needs, topics and frequency for each job and type of work. (RA)
During the training, the employees are made familiar with the efforts of the company to comply with the requirements of this Code of Conduct.
- Training is designed for the culture, language and educational level of the participants. (RA)
- The employees are familiar with the training program and requirements for their work. Employees are informed well in advance about training activities. (RA)

Example of verification

- The company must keep up to date training records for each employee, indicating the type and subject of training with a copy of his/her official diploma or attendance certificate. (UK)

Living on the production site

Norm

The company takes appropriate measures to ensure a decent living of employees and their families who are living on the production or processing site.

Requirements

- The company provides living quarters with a sound roof, with windows and doors and with access to basic services like drinking water, sanitary facilities, for all employees that live on the production or processing site. (UK)
- Families living in houses provided by the company have access to medical services and the children have access to education. (RA)
- The company stimulates educational programs of hygiene, nutrition and other issues that improve the general health of on site living employees and their families. (UK)
- Prior to the employee moving into the house, agreement has to be reached between the company and the employee on any possible deductions from his/her salary to cover housing costs.

Example of verification

- The company must have a procedure describing all conditions under which employees and their families are allowed to benefit from housing facilities provided by the company.

Environmental issues

The extraction of natural stone can take place in very different environmental and ecological surroundings. The same applies to companies involved in processing, handling, shipping or selling of natural stone. The environmental section of the Code of conduct is phrased in general terms, so as to be applicable in as many different contexts as possible.

Environmental management

Norm

The company needs to ensure that the environmental impact of its activities is limited as far as possible. In particular, the company will not undertake any activities that through their environmental impact will have a negative effect on the quality of life in local communities and the livelihoods of the local population.

Requirements

- The company draws up, implements and regularly updates an environmental management plan aimed at minimizing environmental impacts; this includes a plan for the rehabilitation of the site upon abandonment. This environmental management plan will take into consideration all those elements listed below that are relevant and applicable to the specific situation of the company, and its supply chain.
- The company allows representatives of international, national or regional environmental authorities to inspect its sites and all aspects of its operation.

Example of verification

- Up-to-date environmental management plans and regular reports on actions undertaken to ensure a minimum impact of operations on environmental systems.
- Inspection reports by international, national or regional environmental authorities.

List of topics and criteria to be addressed by the environmental management plan where relevant and applicable to the specific situation of the company:

Impact on ground and surface water

Norm

The company implements and carries out production policies that prevent and/or mitigate negative impacts on ground and surface water when using water for quarrying and processing operations,

Requirements

- The company uses quarrying and processing methods and systems that minimize water consumption as much as is feasible for the operation in question. (FT) The potential creation of additional dust problems resulting from a minimized water use should be carefully taken into account.
- The company ensures that, in principle, water will flow in its natural path without obstruction created by way of unplanned operational activities. (DMG) If some diversion of water channels becomes necessary due to the availability of natural stone in the licensed area at a particular location only, new drains following the contours be constructed by the company to ensure that water flows un-obstructed to main water bodies, ponds, lakes, natural reservoirs, etc. (DMG) Prior to diverting the water channels, all options will be reviewed to prevent such diversion having to take place. Any diversion will be carried out in co-operation with an expert third party.

- The company avoids the lowering of the ground and surface water level or any other negative impact on the availability and quality of fresh water for the surrounding communities as a result of its activities. (FT) Best practices in the sector will be applied, to the extent possible.
- Whenever mining reaches to the water table, the company digs a separate well in the mining area itself in which water from the mining pit is disposed with the objective of recharging the water table. By doing so, there will be no wastage of ground water due to mining operations close to the water table. (DMG)
- The company checks the water channels in its mining areas and clears/cleans them before the rain starts (DMG) to minimize potential impacts on waterbeds and surface water in and around the mining areas.

Example of verification

- Ground and surface water in and around the production site will be monitored on a regular basis by the company or a party authorised by the company to ensure that no negative impact will occur. An annual evaluation by an (inter)national conservation organization will be agreed upon by the company.

Water recycling

Norm

The company recycles waste water deriving from quarrying and processing activities to the largest extent possible with a minimum of 80% (quarrying activities) / 90% (processing activities) of the water used being recycled. This percentage is being calculated as the relation between the waste water being recycled and all waste water deriving from the production process. (Ecolabel)

Requirements

- The company makes use of water recycling facilities in or outside the production site to lower the amount of fresh water required.
- When applicable, the company invests in improved recycling facilities to increase the amount of water recycled.

Example of verification

- The company will keep records of the efficiency of its water recycling facilities.

Emissions to water

Norm

The company treats or arranges for treatment of contaminated water coming out of quarrying and/or processing units to minimize emissions to water and negative impacts on ground and surface water. (UK)

Requirements

- The company ensures that all waste water generated is being treated. (RA) The discharge of final waste water resulting from quarrying or processing activities will therefore not lead to or contribute to contamination of fresh water supplies on and around the site. (FT)
- The company identifies and registers the emissions to water as a result of the activities carried out.
- Companies discharging waste water into the environment must establish a water-quality monitoring and analysis program that takes into account potential contaminants and applicable laws. The program must indicate the waste water sampling points and frequency and the analyses to be carried out by an accredited or certified laboratory. (RA)

Example of verification

- The company has established a water-quality monitoring program, including the implementation of regular waste water samplings and analyses. Results of the waste water samples analyzed are being registered.

Emissions to air

Norm

The company arranges for emissions to air, especially dust and exhaust emissions from equipment, being minimized.

Requirements

- The company identifies which activities create emissions to air, the level of such emissions and the effects they may have on humans, flora and fauna.
- The company uses best quarrying and processing methods and equipment to minimize emissions to air, for example by installing particulate filters on the exhausts of equipment or replacing old engines with new. Especially dust can be a common problem throughout all mining activities. Solutions can include the sealing of heavily used access ways, the application of surface binding agents, bag houses and – where water resources are not limited – water sprays and wet processing.
- The company ensures that emissions to air in any way do not contain particles that are toxic to humans, flora and fauna.

Example of verification

- The emissions to air are documented and assessed on its toxicity.

Solid waste recovery

Norm

The company adopts measures to ensure that solid waste is being recovered where possible and effective.

Requirements

- The company reuses, recycles and composts waste in a manner that is appropriate to the materials in question. (FT)
- The company uses the by-products from its production process whenever and as much as possible. (UK)

Example of verification

- The company identifies all possible waste products from the quarrying and/or processing site and is able to demonstrate knowledge as to which waste can or cannot be recovered.

Solid waste disposal

Norm

The company takes care of the disposal of solid waste, especially toxic substances, in a safe and environmentally appropriate manner. (FT) The overburden shall in any way not be dumped in such a manner that it flows with water in the nearby tanks, reservoirs, pounds, etc. or gets washed away to the nearby water sources during the rainy season. (DMG)

Requirements

- The company identifies the sources and activities that generate solid waste.
- The company shall separately store top soil dug out in such a manner that it can be utilized for stabilizing dumps created by depositing overburden. (DMG)
- Final waste is being dealt with and discharged of according to applicable laws on designated areas.

Example of verification

- The company maintains records reflecting the amount of solid waste created and the disposal procedure.

Efficiency of material extraction

Norm

The company promotes efficient use of material extracted. Efficiency in this sense refers to the percentage of commercial blocks (m³) recovered from material extracted (m³) and the percentage of useable material (m³) compared to the total material extracted (m³). (Ecolabel)

Requirements

- The percentage of commercial blocks (m³) recovered from material extracted (m³) should at least be 'sufficient' in accordance with the table below.

Norm	Natural stone	Percentage score: 'excellent'	Percentage score: 'good'	Percentage score: 'sufficient'
percentage of commercial blocks (m ³) recovered from material extracted (m ³)	Marble	>40	40-30	29-20
	Granite	>50	50-40	39-30
	Miscellaneous	>20	20-15	14-10

- The percentage of useable material (m³) compared to the total material extracted (m³) should at least be 'sufficient' in accordance with the table below.

Norm	Natural stone	Percentage score: 'excellent'	Percentage score: 'good'	Percentage score: 'sufficient'
percentage of useable material (m ³) compared to the total material extracted (m ³)	Marble	>60	60-45	44-35
	Granite	>60	60-45	44-35
	Miscellaneous	>50	50-35	34-25

Example of verification

- The company provides an annual overview of its efficiency performance.

Noise and visual impact (in surroundings)

Norm

The company undertakes efforts to minimize noise pollution outside the operations as well as to diminish the visual impact (in surroundings) resulting from its activities. (Ecolabel)

Requirements

- The company addresses noise pollution, causing adverse health effects to humans and disruption of animals, for example by enclosing the quarrying and/or processing site, retaining suitable buffer zones around the site or planting greenbelts, the use of noise barriers or restricting the operating hours of equipment and vehicles. The number of decibels at the border of the production site should not exceed 60. (Ecolabel)
- The company addresses negative visual impacts, such as unsightly landscapes, for example by maintaining buffer zones, planting greenbelts or constructing barrier fences.

Example of verification

- The company provides an overview of measures adopted to counteract noise pollution and negative visual impacts.

Protecting biodiversity

Norm

The company conserves biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes and, by doing so, maintain the ecological functions and the integrity of the area in which activities are undertaken. (FSC)

Requirements

- The company does not undertake quarrying and/or processing activities in virgin forest areas or protected areas. (FT)
- The company uses best mining techniques and equipment to prevent and/or mitigate negative impacts on biodiversity.
- The company seeks expert advice to evaluate the potential biodiversity impacts of new activities, including the expansion of the production or processing site, the construction or installation of new infrastructure or major changes in production or processing systems. Such evaluation must be carried out before the initiation of any changes or new activities. All evaluations must include procedures for monitoring and evaluating the significant impacts identified and not foreseen during the development of the new activities. (RA) The company has laid down in policies how assessment results are being dealt with.
- The company needs to clearly identify, delineate and preserve areas of ecological significance on its site (UK) and undertakes relevant environmental protection measures. The company relies on expert knowledge to judge which company sites fall within this category and which the preferred protection measures are.
- In mining areas that are located adjacent to areas of ecological significance, a distance of minimum [...] meters should be left between the actual mining area and this area. The company can arrange for indigenous vegetation to create a green buffer zone in between.
- The company identifies buffer zones around natural water bodies and watershed recharge areas in which no mining or other activities (such as transport) will take place.

Example of verification

- The company has a map that provides an adequate overview of current and projected use of land, site infrastructure, protected areas (RA) and areas of high ecological significance.

Land rehabilitation

Norm

The company draws up rehabilitation plans and measures in respect of the mining area.

Requirements

- All new mining activities are being accompanied by integration of rehabilitation activities in the mining plan.
- The company involves stakeholders to decide on the objectives of rehabilitation and the actual implementation of the plan.
- The company is ultimately responsible for the phased restoration, reclamation and rehabilitation of lands affected by prospecting or mining operations and shall complete this work before the conclusion of such operations and the abandonment of the mine.
- Nature species are being used in rehabilitation so that these areas will eventually return to a state similar to that of the natural or original vegetation. (RA)

¹⁰ This will differ depending on the ecological sensitivity of the area in which activities are being undertaken.

Example of verification

- The company has a mine plan in which rehabilitation measures are incorporated, including a budget to ensure that financial reserves are set aside over the years to realize the measures upon closure of the production site. The final rehabilitation plan should be based on an environmental impact assessment conform the EU guideline 85/337 or an equivalent environmental investigation. (MK)

Operational requirements

Supply chain responsibility, ideally includes:

- purchasing practices
- transparent buying commitment, ideally long term buying commitment
- transparent payment and delay procedures
- accessibility of market information for all stakeholders
- accessibility of new markets for entrepreneurs at all levels of the value chain

Stakeholder involvement, ideally in all of the following stages:

- in code development and implementation
- in the internal (by the company) monitoring and auditing of code compliance
- in the verification (by a third party) of code compliance
- in the designing of corrective actions and follow-up
- in complaints mechanisms
- in the governance of a CSR scheme
- with equal representation compared to other stakeholder segments (employers, buyer..)

Transparency and reporting, ideally concerns:

- pricing mechanisms
- trade terms
- monitoring, audit and verification results, possible instances of non-compliance and corrective action and follow-up
- traceability of a product along the supply chain, for the information and benefit of the end-user

Monitoring and verification, ideally comprises of the following elements:

- participatory social auditing (involvement of stakeholders)
- use of local auditors (who speak the local language and are familiar with local customs and culture)
- announced as well as unannounced visits
- corrective action/remediation and follow-up
- complaints mechanisms and redress.

Annex II

Information on organisations visited

All India Granites and Stone Association

Established with a commitment to serve India's Ornamental Stone Industries that specialise in granites, marbles, sandstones, slates, limestone, quartzite etc., All India Granites and Stone Association (AIGSA) has been working since 1983 for their progress and scientific development as well as in removing obstacles to achieve rapid and constant growth. Over the years, it has successfully created maximum awareness in the international stone markets for exotic Indian stones and brought continuous interaction between Indian ornamental stone industries and world stone trade. All along, the Association has been very aggressive in taking the problems to concerned authorities, knocking the doors of the lowest to the highest and solving them by getting positive and favourable action to help and augment India's stone trade. For many years, AIGSA has been recognised as the only prime body for the natural stone industry and – having a total of 441 members – it is in the forefront in representing the industry at all levels. It is therefore nominated as a member in several panels and committees constituted for the benefit of granite, marble and other stones industries.

Information derived from: <http://www.stonaaigsa.com/>

Cividep-India

Cividep (Civil Initiatives for Development and Peace) is a civil society organisation based in Bangalore, India. Cividep-India has helped workers organise, studied the effects of corporate activities on communities and the environment and campaigned with many other organisations and individuals for workers' rights and corporate accountability. The main focus is on workers in the garment and electronics industry to form associations and trade unions to represent their issues.

Cividep is part of collaborative networks of individuals and organisations concerned with workers' lives and the effect of economic globalisation and corporate behaviour on our social, economic and physical environment.

Information derived from: <http://www.cividep.org/>

Environment Support Group

Environment Support Group (ESG) is an independent not-for-profit voluntary organisation, registered as a Public Charitable Trust. Our area of work involves research, documentation, advocacy, training and campaign support on a variety of environmental and social justice issues. We are amongst the foremost proponents in India for the reform of environmental decision making processes urging that the same be made more participatory and environmentally and socially just. ESG initiated or supported campaigns have been largely successful despite the nature of the issues being highly controversial and politically sensitive with national-level implications. In acknowledgement of its influencing role, ESG's services have been sought by a variety of regional, national and international agencies. ESG has worked with a wide range of organisations and coalitions at the local, regional, national and international levels in a variety of collaborations.

Information derived from: <http://www.esgindia.org/>

M/S. Sri Krishna Granites

A granite export quarry located at:

Chendarappalli Quarry
Krishnagiri
India

Material name: Paradiso.

M/S. Kokhila Granites

A granite export quarry located at:

Nagampatty
Mathur Quarry
Krishnagiri
India

Material name: Paradiso.

Human activist lawyer

The human activist lawyer, partly active for People Watch, is working in Tamil Nadu and at present handling around 200 cases. He is not especially focussed on quarry cases; his cases depend on the enquiries by people and the information given by People's Watch.

Bonded labour is still happening according to this lawyer, though the scale is difficult to assess. People are afraid to share this information with others as they fear to lose their jobs. It is important to gain the trust of the communities to get access to information. Most NGOs cannot make a good case due to a lack of (coordinated) research and follow-up capacity.

Last year, bonded labourers were released in Andhra Pradesh thanks to the assistance of the Government. If you inform the Government of a bonded labour case, they will help and make funds available for those set free. Another focus of People's Watch concerns the Dalits (or 'outcastes', officially called 'scheduled castes'). The lawyer did not yet have a case regarding Dalit discrimination in quarries.

Information derived from: interview in India.

M/S. Himalaya Black

A granite export quarry located at the Salem District.

People's Watch

People's Watch is a human rights organisation which has been actively engaging itself in the protection and promotion of human rights in Tamil Nadu since 1995; after 10 years of work, it has expanded its concerns throughout the country.

From 1995-98, People's Watch concentrated its activities on monitoring of human rights violations. This was the mandate of its governing body and the Program Advisory Board. It was soon realised that monitoring alone was insufficient. In 1998, People's Watch began legal intervention on behalf of victims. By 2000, this work had grown and more field monitoring associates were hired at both zonal and regional levels. By 2001, People's Watch was working in 11 areas of Tamil Nadu. Soon after, the need to launch a full-fledged awareness building Campaign for Human Rights became clear, and this was followed, soon afterward, by the realisation that victim rehabilitation was also essential. Monitoring, intervention and even winning compensation from the courts was not enough for those who had survived torture, abuse and imprisonment. They desperately needed medical, psychological and vocational help as well. Preceding the United Nations Decade for Human Rights Education, People's Watch began a vigorous training and education program.

Information derived from: <http://www.pwtn.org/>

M/S. Imperial Granites PVT Limited

A granite export quarry located at:

Edappadi, 74 - Quarry
Salem District

Material name: Imperial White.

Heritage Granites

Heritage Granites is an 100% Export oriented unit located in Tamil Nadu, India, manufacturing life style granite monuments, Sculptures and specialised ornamental (artistic) granite products. Since 1993 we have been exporting successfully to markets in Europe, UK, USA, Canada and Australia.

Heritage Granites has been promoted by energetic and hardworking entrepreneurs for the exclusive manufacture of life style monuments, sculptures, slabs, tiles, pavement stones and other products in granite and bronze.

The eleven year old company has already carved a niche in the international arena with its innovative and ornamental touch and thus has registered a unique place for its products. The company has the state of the art latest computerised machinery for the manufacture of intricate models with artistic flavour using sand blasting, flame finish, carving and other innovative and artistic techniques. The company has been upgrading the skills and knowledge of its dedicated workforce with regular training by European trainers.

Information derived from: <http://www.heritagegranites.com/>

NTUI/Women Worker's Union

NTUI (New Trade Union Initiative) is a national federation of non-partisan left-democratic trade unions in the formal and informal sectors of work that represent workers in agriculture, forest, construction, mining, manufacturing and services.

There were two fundamental reasons behind the formation of NTUI:

First, a majority of unionised workers in the country, while belonging to a broad left-democratic tradition, were not affiliated to any federation. One important reason for their remaining outside the fold of existing federations was their opposition to divisions in the working class because of sectarianism. Given the dominant mood of workers for unity in the face of the growing attack of capital, this effort at a new federation was seen as necessary.

Second, it was also felt that any call for a general unity of trade unions and trade union federations could be best articulated by a federation outside the separatist influence of party politics, while being committed to working class unity.

The efforts to bring together non-party affiliated unions under one federation started in the year 2001. The Founding Conference of the NTUI in March 2006 marked the first step towards formalising the federation.

Information derived from: <http://www.ntui.org.in/>

QWARIDS

QWARIDS stands for Quarry Workers And Rural Integrated Development Society. QWARIDS exists of 30 people, including teachers for local quarries. QWARIDS has mainly focussed on local quarries supplying material for the construction sector and roads in the districts of Karnataka and Tamil Nadu. Bangalore is the fastest growing city, attracting many migrants looking for a job in the construction sector: bridges, roads, cinemas, 5* hotels, IT software city, etc. Granite is thereby used; not only for buildings but also for roads due to the hardness of the material. Many agents (contractors) – also sent by quarry owners – bring migrants along to the city. A typical situation for migrant people arriving in the city, is that they get a small hut with thatched roof, a job and some money in advance. Migrant people are mostly poor, illiterate, landless and of low caste, a combination which often leads to bondage.

Information derived from: interview in India.

QWARIDS also forms the core of Xertifix India. Xertifix is an innovative German scheme dealing with CSR issues related to the production of granite tomb stones in India. Xertifix classifies as a multi-stakeholder initiative since stone importers, stone exporters and civil society organisations (both German and Indian) played a role in the scheme. Xertifix focuses on the elimination of child labour and bonded labour throughout the supply chain of tomb stones, from the granite quarries in South India upwards. Xertifix promotes primary education and vocational training in order to rehabilitate child workers and to prevent child labour and slave or bonded labour. Xertifix strives to bring child labour free granite on the German market and raises awareness among the German public for socially responsibly manufactured products of natural stone. Xertifix issues a qualified certificate for gravestones, guaranteeing the observance of social minimum standards. Standardisation (or possibly fusion) of existing seals and certificates is a point of attention. At the Indian end, a structure for effective control is being set up.

Information derived from: <http://www.xertifix.de>, interview in India.

Annex III

Meeting with Heritage Granites, 2 May 2007

Heritage Granites

Meeting : 2 May 2007, 10.00 – 13.30 hrs
Present : Mr T.N. Kalai Mani, Mr T. Shanmugasundaram (HG),
Bert Reupsaet (RMP), Marjolein Stoop (Wereldomroep),
Jolanda van Schaick (CREM/Working Group on Sustainable
Natural Stone)
Location : Office Heritage Granites, Sankari

Summary of meeting

The following documents were discussed:

- *Draft Code of Conduct drawn up by the Working Group on Sustainable Natural Stone*
- *Summary of interviews with employees HG, held on 1st of May 2007*

The findings of the meeting have been processed below, sticking to the sequence of the norms listed in the draft Code of Conduct. Due to a lack of time, the Code could not be discussed in detail and in terms of what would be required for effective verification. The statement of facts and opinions given below are those of HG and could be verified independently.

Societal issues

▣ Laws and quarrying/processing licenses

Heritage Granites (HG) says that it respects all local and national law. It is not aware of international legislation that needs to be adhered to, other than when it is implemented in national law. All quarries that HG owns or purchases from, have the required licenses from the Government. Normally, illegally quarried blocks cannot be transported since there are check-posts at state borders and alongside the road. You have to show papers at these posts. If HG would not obey labour law, employees would protest. The workers are well aware of their legal rights. 10 years ago people walked on bare foot, now on flip-flops. India may be 40 years behind Europe, but things are changing fast.

▣ Stakeholders

Land for activities is privately owned or owned by the Government. If a company wishes to undertake activities, it needs governmental permission – even if the land is privately owned. HG normally works with the local body (panchayat, in particular with the village head or sarpanck) to get permission or when there is a problem. This local body is elected by the people. Permission is difficult to get. Activities are not possible if the land has valuable nature, is a place of worship, etc. If you would try to influence politics to get permission, people would still not allow you to start activities. For example, they will block the road or make up that it has been a place of worship since a long time. Media is also strong. You need the support of people to make your activities happen.

Also if we are moving to a new area, we work with local bodies, but not yet with other stakeholders such as NGOs or trade unions. There never was a necessity to do so.

▣ Corruption and bribery

India is ranked high, e.g. by Transparency International, when it comes to bribery. For example, if you go and get your social security, you often have to pay something extra to receive the money you are entitled to. People do not call this corruption; it is part of manners that are considered to be *normal* in social transactions in India. In the natural stone business this may happen as well. It depends of course on the official that is involved, it is not the norm to pay extra.

This is different from corruption to deviate from applicable laws. Such form is never exercised by HG and generally will not occur frequently. South Indian officers are normally very strict. If you want to operate an illegal quarry, the police, political bodies, labour inspection and revenue tax officers must all together be corrupt and bribed. This rarely happens. Mining has a big impact; you cannot miss a stone quarry in the landscape. Officers can get caught and will lose their job.

▣ Taxation and royalties

Factories and quarries are liable for tax and royalty payments. It would be impossible to run a quarry or factory if parties are not paying. For example, if you want to transport a block, a government officer must come to assess the block, whereupon royalties must be paid for withdrawing resources from the land. These royalties must be paid by the quarry, but will be passed on to the buyer.

Labour issues

▣ Free choice of labour

Bonded labour first started in the agriculture. People were borrowed the extra money they needed; they had no insight in loan conditions and earned too little to repay. Therefore, they had to remain working and even asked their children to work as well. Then these practices were copied to working in a factory. To the knowledge of HG, bonded labour is reducing and is not happening in quarries. For export quarries it will certainly not be the case. They started exporting only around 3 years ago. At that time, it was no longer common practice, people are more educated now.

What exactly is bonded labour? HG regularly provides loans to workers. The lower-paid workers cannot lend money from a bank. The level of the loan depends on the monthly salary, the number of years working with HG, etc. Most of the times, HG loses money on lending money, because workers leave as they wish. They never give a 3 months' notice. There is no law to restrict people from going. It has to do with workers' mentality: if you are lucky, they inform you that they go. If not, they can go with the loan and never pay you back.

▣ Child labour

Compared to the past, 80% of child labour has been eradicated these days. Child labour was used to develop industries. The question of course is what exactly is to be considered child labour. HG does not believe that it is the purpose of the quarry owners to employ children. Their output would be too meagre. Maybe parents ask their children after school time to cut pieces of stone with a hammer, while they come to the quarry. Pieces of stone are necessary for road work. This might be happening, especially if housing is in the quarry area itself. Also in hill stations/remote areas, there may be abuse of children.

Children are 15 when they have finished the last phase of local schools. If there is a holiday, 200 young people are asking for a job at HG's gate. In the past, we hired some people, thought to do a good thing. Now we know that it is illegal, so we do not hire them anymore.

The Government has increased taxes to build more schools. They are even contemplating a law that parents will be prosecuted if they do not send their children to school. To encourage parents to send their children to school a 'daily free meal' programme has been implemented by the Government; also books for elementary school are free, there are free school buses and subsidies for higher education are granted to those children having good marks.

▣ Discrimination in employment

HG is not aware of discrimination taking place, also not with Dalit people. Children of workers and staff meet Dalit children at school (they were previously not allowed), HG has a Dalit in the position of treasurer. There has been a change of mentality, it is different now. At our application form, we are not asking for caste. Only the Government does, to ensure that they employ sufficient Dalit people. Also when it comes to other issues, HG does not discriminate. There is, for example, never a difference in salary between men and women, if they do the same work. Migrants are entitled to the same working conditions as well.

Maybe there is more discrimination in the northern part of the country, where there is less labour. 50 to 60 years ago, there were enough labourers and a company could afford to discriminate. These days, all good workers are needed. Workers perform better if they feel a responsibility towards their family.

▣ Freedom of association and the right to collective bargaining

The law stipulates that there is freedom of association, but workers do not always want to join a union. Nowadays, membership does not mean trouble for the worker, employees know that organisations must accept it. HG states that all employees are free to join a union, but it is not too enthusiastic about Indian trade unions itself. HG says that many unions are corrupted. They would encourage a trade union coming along that wishes to be really supportive to the labourers, rather than creating problems to get money from the management. Most trade unions are connected to political parties. They always want benefits from the management to support their political career.

Trade unions could in principle also be beneficial for the management, but this is not the experience of HG (they deal with trade unions in other sectors in which they are active). HG is interested in the principle of the workers' council ('ondernemingsraad' in Dutch) to involve them in policies and encourage them to bring forward any issue they may have.

▣ Employment relationship

There is not a specific written agreement on working conditions between HG and employees, other than an application form signed by both parties (of which employees never ask a copy; they have little legal knowledge when it comes to agreements). This is the case both for staff and workers. According to the law, if you are more than 3 years in service, you are a permanent worker. In the experience of HG, they hardly ever stop people from working with the company; if they go, they go themselves. Anyway, the majority of workers never wants to leave HG. If they go, it is mostly due to family circumstances such as the wife starting to work in another place or the study of the children.

▣ Wages

In India a Minimum Wage Law exists. The Government recently subscribed to increase the minimum wage to 120 Rupees a day / 3000 Rupees a month (26 days). The industry is fighting this increase (including HG), stating that it is not possible (“buyers come here and listen to our employees and hear their wages, but they shut their ears when we discuss the price”). You have the Cost of Living Index, varies per state, city, town, small town, village. What is being paid in Bangalore, cannot be paid in Sankari. Government rules cannot account for all states, new minimum wage costs are too high for our village. We are already paying well to keep good staff and workers, though there is quite some difference in wages. Many factors contribute: performance inside factory, output in factory, team motivation, mentality. Every unit has a manager. If the manager says that the worker is good (to be assessed on 10 points), he will get more salary or promotion. If workers would not be satisfied, they would approach the managing directors, who are walking around the factory every day and easy to approach.

Moreover, the industry is under pressure from China. In China, power is cheap (in India expensive), labour is cheap, quarrying is cheaper and the Chinese people have a different working mentality – all input is cheaper and the output is higher! The Government in China also grants subsidies, while in India these have been abolished. It is essential for the industry to educate the workers that an increased output is necessary to maintain the industry in India; mechanisation is important to increase the output as well.

Apart from the salary, HG also pays for injury and life assurances. In addition, employees are entitled to the provident fund after 3 years. 20% of the salary goes to the fund, dedicated to cover medical insurance/treatment (including family). During the first 3 years, people get state insurance. Finally, 13% is paid by the employer to serve as retirement fee.

▣ Workplace health and safety

HG is dedicated to providing a safe and hygienic working environment. All employees are given protective clothes and equipment, when relevant. The problem remains that people do not always use the materials provided. They have been taught to do so and they confirm that they know the significance of using them. Still, some workers find e.g. shoes with metal fronts and earmuffs uncomfortable (also considering the climate). The management always points out the obligatory use of protective clothes and equipment to workers in the factory. In quarries, the most common protective material used is a handkerchief: protecting nose, mouth and ears at the same time!

Dust is a specific problem related to the nature of the work. Where feasible, polishing and sewing is done with the use of water to avoid dust. In other situations, there are big pistons absorbing the majority of the dust created by the work. Still, for these workers it is particularly important that they carry the protective clothes and equipment provided. In the quarries, dust is prevented by drilling while watering the rocks simultaneously.

Injuries are not very common. There are first aid boxes at the office that supervisors collect in case of an accident. The supervisors are not specifically trained for first aid (although HG is open to introduce first aid courses for supervisors). The injured person will be brought to the hospital, if necessary. The hospital is just 4 kilometres from the factory. The company has adequate transport facility readily available.

Working hours

Workers are employed for 6 days a week (48 hours), which is possible under Indian law. Poor people can ask for extra work if they wish. They will do so if money is needed. Does HG consider the health of people if they continuously wish to work 7 days a week? This is not an issue, generally they work two weeks in a row to cover financial needs and thereupon stop working extra time.

Training

All employees are trained on the job to obtain the required skills. Also trained that the culture in the buying countries is different (the culture of making monuments for deceased persons, European quality standards and time consciousness of Europeans). Further development of employees depends on their mentality, their demand and the needs of HG. Shifting work within HG is possible (sewing, cutting, polishing).

Through RMP, HG has had Dutch and German trainers come over to train people (e.g. for the bronze division, for hand work and for the entire monument division) and a worker was sent to Germany for training. People are not trained to acquire skills for future promotions.

Employees do not regularly ask for improvement of their skills. They may not always have enough confidence to ask for a promotion. Some people knock on the door of the managing directors, whereupon it will be discussed with the manager if the worker is good enough to be promoted. HG has a staff vacancy now and placed an open offer to employees to apply for the job, but nobody has responded.

Living on the production site

Accommodation at most quarries will probably qualify as 'sufficient', not really as 'good'. Some quarry owners may not provide enough. HG expects that the majority will be free of rent.

HG provides accommodations to migrant people at the factory site. 4 persons live in 1 house (that is not very big), where they have a cooking facility. Water, toilets and bathing facilities are shared. HG can arrange for family houses in the village, but these are not free of rent.

Environmental issues

Environmental management

HG does not have an actual environmental management plan. Many environmental issues are attended to, but these are not incorporated in a plan. Measures taken are either prescribed by law (such as the rehabilitation of quarries) or are good for business and the environment at the same time (such as the recycling of water).

The granite industry is considered a low level pollution industry. The Indian Government identified 4 categories as far as pollution & industry is concerned: the red industry (discharging a lot of chemicals, more restrictions), the yellow, the blue and the green industry (minimum impact). The Government declared the granite industry to belong to the blue category. In mining, no chemicals are being used, only water. The quarry industry takes natural stone from the land and will give land back to nature after exploitation. You do need a pollution clearance before activities can take place.

▣ **Impact on ground and surface water**

The factory recycles the water used for its activities which minimises the use of fresh water. In quarrying areas, the water required is taken from local ground water. It is mainly used to water the blocks to assess the quality of the block and while drilling (see 'Emissions to air'). Consequently, the impact on ground and surface water is not big.

HG does not involve experts to assess the potential impact on ground and surface water in the area as a result of its activities.

▣ **Water recycling**

In the factory, HG is recycling waste water because water is scarce (and, thus, expensive) in India. The amount of water needed in the quarries is so little, that recycling would not be beneficial.

▣ **Emissions to water**

Since no chemicals are used in the granite business, HG is free to discharge the factory's waste water. However, HG is recycling the waste water. The sedimentation withdrawn from the water is collected and being used for the filling of land (road construction sector). This is a highly demanded material, so if you spread the news, people will come and collect it. This is a matter of mutual benefits. Otherwise HG would need to pay to have it collected by the authorities.

▣ **Emissions to air**

In the quarry, there can be some dust emission to air because of the drilling. This is minimised when the rocks are being watered during drilling. The amount of dust emissions is not that big, because the main granite processing takes place at the factory. The dust collection systems in the factory carry off the dust by water.

Emissions from bronze processing are being filtered by HG.

No filters are being used to minimise exhaust emissions from transport vehicles or machinery.

▣ **Solid waste recovery**

Materials are being recovered where possible and effective, and where required by law. Examples:

- plastic packs are being sold to recyclers
- paper is collected separately and sold to recyclers
- remains of packing wood are used for cooking or collected by a third party
- the plastic parts of polishing equipment should be taken out and recycled by a third party; the remaining must be disposed of. Separating the plastic takes so much time, that all factories just pile the finished equipment.

▣ **Solid waste disposal**

The disposal of solid waste is taken care of in a responsible way and as required by local regulations.

▣ Efficiency of material extraction

The granite industry is not very efficient. Only 2/3% of the total material quarried is being used in the final product. In quarries there is much disposal due to blocks quarried with cracks, with unusable format/seizes, etc. When the monument is cut out of the stones and is being polished, only at that time ugly spots or cracks can come to the surface. Customers do not like veins, patches, colour variation, while they should be aware that you do business with nature. HG thinks that 8% is the maximum recovery from the quarry, 92% waste. From blocks to final product (efficiency at HG factory), the efficiency is 60%.

▣ Noise and visual impact

No specific measures are taken in the quarry area or the factory to minimise noise and visual impacts.

▣ Protecting biodiversity

Normally quarries are in rocky areas with hardly any water in the soil (water needed is taken from the nearest village), which are not suitable for cultivation and do not harbour a large variety in biodiversity. When applying for a license, the natural value of the area is being considered.

More attention could be paid to the protection of biodiversity at the site, e.g. to make the quarry path around the trees or to maintain original plantation in the quarry area where possible. People should become more aware of this.

▣ Land rehabilitation

HG knows exhausted quarries whose owners just disappeared after exploitation. However, according to law, filling and rehabilitation are required once the quarry is exhausted. Most quarries started 20 years ago and are not exhausted yet, but in practice filling will probably be completed by putting waste rock back into the quarry. It will be very costly to cover the rocks with soil upon which trees can be planted, especially because the areas are mostly rocky and poor in soil as well. HG trusts that over time nature will come back in these areas.

Operational issues

These issues have not been discussed with HG, since the version available during the field work did not contain these elements.

Monitoring: how to implement and enforce a code of conduct?

HG is open for implementation of the Code of Conduct in the factory and quarries under their control. They trust that the majority of norms can be complied with in a relatively short time. Some issues will require more attention, but the intention would be to work towards full compliance. Changes can be implemented in the factory and the quarries HG owns; it will be more difficult to enforce compliance with quarries from which HG buys. HG can try to influence quarry owners and convince them of the relevance of the Code (e.g. they currently already insist that there will be no use of child labour), but full compliance is beyond their control.

At this stage, the HG management visits all quarries where HG is buying from twice a year, though there is no systematic monitoring or check list to adhere to during these visits. Geologists go more often to check the stones. They have never seen children in the quarries during visits. When referring to the movie from Xertifix that showed children working in a quarry, HG says that it did not concern granite quarries, that it also not only concerned monuments (although the title of the movie suggests that it concerns monuments for the German market) and that the movie is dated since it is five years old.

The Dutch natural stone sector can stimulate the process by discussing sustainability issues with the parties from whom they buy. If all purchasers do this, companies in the producing countries will definitely change, understanding that – apparently – these are issues that are important to purchasers. Over time, the Indian industry will learn more modern quarrying techniques causing fewer emissions and resulting in higher output. Economic arguments are useful to draw business attention to sustainability. The industry in India must be educated and convinced that they can benefit from sustainability, e.g. trained employees that remain working within the organisation, are happy, give a higher output and work without injuries. On the other hand, European buyers should be conscious that they pay the *right* price and not always the lowest.

To move to sustainability it would thus be to educate, implement and monitor. Monitoring is a difficult part, especially if blocks are being exported to China first before entering the European market.

HG offered to involve the industry in India by translating the final draft of the Code into Tamil and distributing it amongst associations for quarries and manufacturing. They will ask them to mark 1 by 1 which norms would be (easily) feasible, which norms would not be feasible, what an appropriate implementation period would be and how monitoring could take place.