

## **FAIR STONE Monitoring & Evaluation:** **Annual Report 2020**

As described in the WiN=WiN Fair Stone Standard V8, the impact of the WiN=WiN Fair Stone Scheme will be evaluated on an annual basis.

### **1) Purpose of the evaluation and the guiding questions**

The most significant intended effects of the WiN=WiN Fair Stone Scheme is to increase occupational health and safety in the participating supply chains, raise awareness about workers' rights, exclude child and bonded labor and increase the usage of certified materials in construction projects.

The purpose of the evaluation is to monitor and track the impact of the WiN=WiN Fair Stone Scheme. Therefore, guiding questions are:

- a) What has changed in the Fair Stone Supply Chain Network in the last year?
- b) What could be the reason for these changes/non-changes?
- c) What could be improved to enhance the impact and thus the most significant intended effects?
- d) What is the funding situation of Fair Stone Association?

### **2) Methodology**

The data used in this evaluation has been gathered through interviews with employees, external consultants, stakeholders and the traceability platform [www.tracingfairstone.com](http://www.tracingfairstone.com), which tracks all certified imports. Furthermore, feedback from announced and unannounced visits, submitted documents and Fair Stone Step by Step Reporting have been also been considered.

### **3) Information about authors and other stakeholder involvement**

The data has been collected by the Fair Stone Representatives of Vietnam (Mr. Ha Chi Dong). Information from China and India was collected by Headquarters in alignment with local consultants/third party auditors.

**4) Evaluation of Fair Stone implementation in China, Vietnam and India**

**a) China**

Topic	Description
New Registrations	<p>In 2020 we have welcomed to Fair Stone three (3) new Exporters:            FS073, FS017, FS075</p> <p>There have been thirteen (13) new factories, which have been registered in Fair stone in 2020: FS0731, FS0732, FS0171, FS0172, FS0751, FS0712, FS0383, FS0373, FS0182, FS0464, FS0465, FS0392, FS0613</p> <p>From these factories only twelve (12) are new to Fair Stone Standard.</p>
Cancelled Registrations	<p>In 2020 eight (8) supply chains were dropped from the Fair Stone Network:            FS0215, FS0716, FS0611, FS0711, FS0242, FS0432, FS0433, FS0702</p> <p>There were no special reasons for cancellation.</p>
Proscription of FS Logo usage and frequency of usage	<p>According to TracingFairStone, the exporting companies which used the FS-logo most frequently in 2020 were: FS045 (with factories FS0452 and FS0453), FS057 (with factory FS0571), FS046 (with factories FS0462, FS0464) and FS024 (with factories FS0243, FS0244).</p> <p>In 2020, most popular materials among FS Partners and Exporters were from Fujian G623 and G654 and from ShanDong G341 and G375. From Liaoning Province, G603DN was very popular.</p>
Third-Party-Auditing	<p>A total of 35 Third Party Audits were commissioned by FS Partners or FS Management.</p> <p>Despite travel challenges resulting from COVID19, all supply chains without valid third party certificate could be visited between May – December 2020.</p>

**b) Vietnam**

Topic	Description
New Registrations	FS0841, FS0604
Cancelled Registrations	FS0603
Proscription of FS Logo usage and frequency of usage	All registered supply chains were visited by Representative Mr. Ha Chi Dong in turn of scheduled annual inspections. FS0604, FS081, FS0471, FS0841
Third-Party-Auditing	As a result of COVID19 Travel restrictions, it was not possible to conduct third party audits in Vietnam. Travel to Vietnam was not possible for accredited auditors from China or India. All supply chains in Vietnam have been covered through second party audits conducted by the FS Representative.  In 2020, the most popular material was without a doubt Vietnamese Basalt.

**c) India**

Topic	Description
New Registrations	-
Cancelled Registrations	FSI026
Proscription of FS Logo usage and frequency of usage	Apart from one trip of Fair Stone Management in January 2020 (South India), no other travel to India was possible as a result of C19-Pandemic. Trips in December 2019 and January 2020 were used to train and accredit a third-party auditing company in India (Paradigm Shift=PS). All audits were handled by a pool of 4 regular auditors of PS.
Third-Party-Auditing	A total of 18 Audits were commissioned by FS Partners or FS Management. <ul style="list-style-type: none"> <li>▪ Rajasthan/Madhya Pradesh: 11 Audits conducted</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Tamil Nadu: 2 Audits conducted</li> <li>▪ Karnataka: 5 Audits conducted</li> </ul>
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**5) Conclusion and recommendation**

**a) China**

The year 2020 was overall a good year for Chinese exports until the last quarter. As lockdown restrictions were lifted a lot faster than in neighboring countries such as India or Vietnam, production was able to fill the demand from western countries.

Due to global stops in production, freight rates exploded at the end of 2020. Containers were scarce (less return of containers from western countries as their economies declined, resulting in less exports) and bulk shipments not a viable alternative. The increase in freight rates by 2x/3x is currently making natural stone imports from Asia unattractive.

Apart from this issue, ongoing quarry closures in FuJian and ShanDong province have increased the importance of LiaoNing province. The table below lists the amount of registered supply chains in China:

FuJian	9x
ShanDong	21x
LiaoNing	6x
HeBei	2x

In order to adapt to the changing market demands which require more flexibility to identify suppliers, our new certification scheme called FS BASIC was rolled out with great success in the remaining provinces (all except Fujian). Fair Stone is now able to provide a quicker third-party auditing scheme. The main requirements are ILO Core Conventions as well as ILO 155 Occupational Safety & Health.

A cooperation with a new auditing partner company from India, Paradigm Shift, led to the accreditation of an additional Auditor Mr. David Chen located in Guangdong. Two on-the job trainings were provided through our local consultant PGC to ensure quality of audits and workshop components.

In addition, FS BASIC Audit scheme was expanded to Year 2 and Year 3 Requirements in line with our previous step-by-step process.

#### **b) Vietnam**

As a result of COVID19 Travel restrictions, it was not possible to conduct third party audits in Vietnam. Travel to Vietnam was not possible for accredited auditors from China or India. All supply chains in Vietnam have been covered through second party audits conducted by the FS Representative.

Through the network of Paradigm Shift, a third-party auditor in HCM/SaiGon was identified. She will be accredited through a joint trip with our representative in Q1 of 2021.

#### **c) India**

Apart from China, the importance of India for Fair Stone has risen tremendously. This is mainly due to the newly launched FS MONUMENT Certification, which is based on regular control visits/audits in monument processing factories and granite quarries. Certification has become mandatory for imported monuments from Asia in two provinces of Germany (NRW, Niedersachsen). This evaluation however focuses on the far more comprehensive standard of WiN=WiN Fair Stone.

In a trip conducted by FS Management in January 2020, new Indian partners were identified and vetted. A second interim report was submitted for the publicly funded project with focus on Sandstone from Rajasthan and confirmed by DEG.

Overall, coordination and management of Indian supply chains under the WiN=WiN Fair Stone umbrella was a lot more challenging. This was mostly due to travel restrictions and lockdowns which persisted in India between March to September 2020.

#### **d) Overall 2020**

The year 2020 was, despite all turbulences, a good year for the development of Fair Stone association.

FS Management has managed to identify a new chairman for the association (=legal requirement). He was voted into office by majority during the annual meeting of the association members in December 2019. Moreover, the staff of Fair Stone could be expanded by offering Mr. Philipp Baisch employment. This was only possible through income generated from the additional FS MONUMENT certification. After around 10 years (since the WiN = WiN Fair Stone standard was opened for natural stone traders), the association has managed to develop its brand, resulting in a stronger basis of financing and reliability.

In a renewed round of evaluation for "Siegelklarheit" (based on ITC Standards map), a new standard was drafted and submitted for review. For the newest release of the standard V8, external experts were consulted for OSH-Topics. The minimum time for

revision was extended from 2 years to 3 years. The reason behind this is that the process is too complex, as all documents need to be reviewed also by external parties such as "Siegelklarheit". The evaluation process by an independent appraiser was on-going between May and November 2020.

The main challenge in the future will be a decrease of Asian imports, which is driven by sustainability concerns (CO<sub>2</sub> footprint of imported stones), increasing freight rates and a smaller value difference in comparison to grey granite from Poland/Portugal or other EU-Countries.

The main issues which lead to a failed audit are lack of accident insurance for seasonal workers as well as lack of PPE Usage. Most notably, the use of the wrong quality of masks (clinical masks instead of FFP2/KN95/N95) and lack of ear plug usage are often observed. Specially the last issue illustrates the importance of awareness raising measures (either through workshops conducted by the auditor, personal interviews with the workers or better indication of noise hazards).

Please find below the status of major goals outlined in the 2019 evaluation:

#### **e) Goals for 2020**

1) Roll out certification scheme for gravestones/monuments and win new importers for this segment → FS MONUMENT was launched successfully and 9 different importers could be won for cooperation. Around 7 processors and more than 20 quarries could be audited despite the challenging travel restrictions.

2) Improve third party audit coverage of FS registered supply chains → There is a full third-party coverage of registered supply chains in China and India. This was achieved through a cooperation with Paradigm Shift and their large network of capable auditors in Asia.

3) Launch a new traceability platform → The development of a new traceability platform has proven more costly than planned. As a result, the focus of a minimum viable product was reduced to the new demands of FS MONUMENT Certification. The further development to migrate all WiN=WiN Fair Stone supply chains has been postponed to 2021.

4) Implement the publicly funded project in India & China → Implementation had to be reduced. Due to travel restrictions between March – September 2020, a lot of time was lost. Nonetheless, 1x Supply chain in China and 2x Supply Chains in India were audited successfully at the end of 2020. Two supply chains in India are remaining to be audited.

5) Qualify the new chairman of the board and win new association members →  
Regular alignment with members of the board helped to increase awareness about challenges. Sadly, a joint trip to see the actual processing and extracting in China or India was not possible. Due to lack of any fairs or professional events, it was also not possible to win new association members. Two notable events which could be visited were a Public Procurement Meeting in Bremen (March 2020) and a Conference for Sustainable Natural Stone Imports in Stuttgart (September 2020).

**f) Goals for 2021**

1) Improve Standard based on latest external evaluation of V8 Version

2) Identify solutions to highlight sustainability of imported natural stones

3) Expand Fair Stone operations to a new country (i.e. Turkey, Brazil, Cambodia)

4) Attract new association members and find a suitable candidate for the role of 2<sup>nd</sup> chairman

5) FS MONUMENT: Consolidate new monument partnerships via ensuring that auditor resources in India are sufficient and broad quarry coverage is possible. Also solve challenges of Chinese processors and their link to Indian quarries

**6) Annex 1: Annual Budget: Income sources and expenses in relative values**

