

Fair Stone Terms of References

Guidelines and description of operational processes

Starting: How does a Fair Stone partnership start?

Fair Stone visits each interested European natural stone importer to create a personal basis of trust. The importer is being informed comprehensively about the cooperation within the framework of Fair Stone. A standardized Cooperation Contract will be concluded in case of mutual consent. The contract includes the following appendices: General Terms and Conditions (AGB), the Fair Stone Standard and the *Supplier Agreement*.

The *Supplier Agreement* is a written statement which has to be submitted for each Asian Supplier (quarry and stone processing factory). It has to be stated that the Supplier complies with the preconditions of Fair Stone. They commit themselves to:

- No child labour
- No bonded labour
- Continuously improvement of working conditions according to the Fair Stone Standard

The partnership starts only after this agreement is signed. It is sealed with a certificate which includes the registered stone material and stone products manufactured by the Supplier. The certificate confirms that the Supplier meets the preconditions of Fair Stone and is prepared to implement the Fair Stone Standard progressively.

Fair Stone Partners receive all written documents, are listed as traders on the Fair Stone Homepage (www.fairstone.org) and are invited to actively participate in Fair Stone stakeholder dialogues. They are responsible to implement the Fair Stone Standard together with their Suppliers. Fair Stone supervises the process.

The anonymity of the Suppliers who participate in Fair Stone is assured.

Implementation: What are the guidelines?



Fair Stone Implementation

Starting with the registration the Partner has 36 month to implement the Fair Stone Standard in the companies of his registered supply chains.

➔ Maximum of 36 month for implementation

The Partner guarantees that his Suppliers take adequate measures to implement the Fair Stone Standard in registered factories and quarries.

➔ Partner bears responsibility

Fair Stone supports the implementation of the Fair Stone Standard. The regular service for registered Suppliers includes the first control visit as well as support with the first Fair Stone Workshop.

➔ Fair Stone: control visit, Workshop

Fair Stone monitors the Partner's and Supplier's compliance with the guidelines. It is inspected announced and unannounced.

➔ unannounced inspections

Step by Step - Reporting

Partners and Suppliers report on their activities and problems that occur during the implementation of the Standard in the *Tracing Fair Stone* software. Progress reports have to be submitted at least once per year. The deadline for entering the information on the progress is the 30th of September each year for the previous (12) months.

➔ Deadline for reports: 30th of September

The *Step by Step - Reporting* serves as a (self-) control tool for the implementation process. User manuals can be downloaded from *Tracing Fair Stone* (cf. page 4).

➔ tracingfairstone.com

- The deadline of 30th of September also applies in the first year of implementation. The reporting is subdivided into three parts to keep the implementation simple. The conditions to start using the label are met with the completion of *Step 1* (see below).
➔ 1. year: reporting in three parts
- In the second year activities have to be implemented in three areas (*Management System, Occupational Safety and Health and Labour Issues*). The order of implementation is not determined but all steps have to be completed by the 30th of September.
➔ 2. year: implementation of measures in 3 areas
- The third year is designed as a *Self-Audit*. It serves as an internal check-up on the factory's progress in the implementation process. Each question has to be answered and the corresponding steps have to be implemented till the 30th of September. Thereafter, the Supplier can be audited and certified by independent auditors.
➔ 3. year: Self-Audit

In case of noncompliance with the deadlines the following rule applies:

The Supplier will be informed by Fair Stone of the deficits regarding the compliance. Amendments will be requested to take place within two weeks. In case the Supplier does not implement and/or report the improvements within two weeks a reminder will be sent against a charge. After an additional two weeks without required reports or implementation the registration of the Supplier will be terminated without notice. The manufactured products of this Supplier may not be labelled with Fair Stone anymore.

- ➔ Noncompliance:
Reminder
2 weeks time to amend
where required: termination

Tracing Fair Stone

Each order that should be labelled has to be entered in the web-based Software *Tracing Fair Stone*. The Partner starts the process by entering the order of the goods. Subsequently, each production status is updated by the exporter. The order can be put into the archive as soon as the status is on *delivered*.

➔ tracingfairstone.com

The Partner guarantees that each consignment that shall be labelled is entered into the management system *Tracing Fair Stone*, starting from placing the order.

Partner and Supplier receive confidential access data for the use of *Tracing Fair Stone*.

➔ User-ID, password

Monitoring:

➔ Barcodes

The Fair Stone Representative can randomly crosscheck the consignment during the production when the order is entered. After approval of the order by Fair Stone a barcode is generated by the software. The barcode has to be fixed on each palette. The code covers a complete consignment.

Tracing Fair Stone serves as a checkup for municipalities and private customers as well. They can check if the stones originate from a Fair Stone Supplier with the order number they receive from their supplier.

➔ Check-up for municipalities and private customers

Use of the Fair Stone Label

Only the Partner is allowed to use the label. The use of the label must be in accordance with the General Terms and Conditions (AGB).

Only products which originate from a Fair Stone Supplier and are registered in the *Supplier Agreement* may be labelled. Products have to be marked with label *and*

➔ Use of label only in combination with barcode

respective barcode. The label must not be used for natural stones from other origins.

Each Fair Stone Partner is allowed to use the logo for the first time as soon as his Suppliers fulfil the following conditions:

⇒ Use of label as soon as Step 1 is fulfilled

- 1.) The Supplier Agreements have to be complete, correct and signed. Fair Stone has confirmed the agreement with their signature.
- 2.) Each worker has an adequate PPE (Personal Protective Equipment) and regularly wears it.
- 3.) Proper warning signs are installed at the right places in the factory.
- 4.) The first workshop about PPE and Occupational Safety and Health has taken place (with the support of the Fair Stone Representative).
- 5.) The order is correctly entered in *Tracing Fair Stone*.

Auditing

The Partner independently commissions an accredited third party auditor not later than 36 months after registration. He bears the auditing costs. Fair Stone has no influence on the results of the audit.

⇒ <http://en.fairstone.org/fair-stone/audits/>

The audit will be conducted on the basis of the *Fair Stone Auditor's Manual*. The audit should take place as soon as possible.

⇒ Auditor's Manual

The Partner is allowed to name successfully audited Suppliers *Certified Fair Stone Supplier*.

⇒ Certified Fair Stone Supplier

The audit has to be repeated after three years. In case of failure the audit can be repeated within one year but just once.

⇒ Repeat after 3 years

Specific Regulations

Additional support of Standard implementation:

Services, which exceed the regular service of Fair Stone, especially additional trainings, visits, consulting services or the accompanying of Partners during factory visits, are offered against reimbursement of costs. A list of fees can be found on the homepage and attached to the General Terms and Conditions (AGB).

➔ Fees for additional service

Uncooperative behaviour of Suppliers:

Suppliers act uncooperative when a workshop is scheduled with the Representative but the factory manager is not prepared so that the workshop cannot take place or if the suppliers do not act cooperative by checking the consignments or just visit the factory. The Partner has to pay the travel costs and time in that case. A new visit of the factory can take place only after payment.

➔ Reimbursement of travel costs

Insulting behaviour of Suppliers:

Suppliers insult in case they affront the Representative during a factory visit. The visit will be cancelled; travel costs and time will be charged to the Partner in that case. The registration of the factory will be cancelled.

➔ Reimbursement of travel costs and termination of registration of Supplier