

## **FAIR STONE Monitoring & Evaluation:** **Annual Report 2024**

As described in the WiN=WiN Fair Stone Standard V9, 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 income/expense 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 TFS2, which tracks all certified imports and replaces the previous version. Furthermore, feedback from announced and unannounced visits, on-site trips and other submitted documents has also been considered.

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

Information from China, Vietnam and India was collected by Headquarters in alignment with local consultants/third party auditors. Due to a very small number (1 or 2) of supply chains in Cambodia, Turkey and Brazil, these countries are not evaluated yet.

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

**a) China**

Topic	Description
New Registrations	<p>In 2024 we welcomed Fair Stone three (3) new Exporters: FS013, FS031, FS069</p> <p>There have been nine (9) new factories, which have been registered in Fair stone in 2024: FS0131, FS0132, FS0133, FS0311, FS0312, FS0313, FS0691, FS0692, FS0316</p> <p>Of these factories only seven (7) are entirely new to the Fair Stone network.</p>
Cancelled Registrations	<p>In 2024 four (4) supply chains were dropped from the Fair Stone Network: FS0721, FS0771, FS0382, FS0731, FS0172</p> <p>Main reason for cancellation was a lack of orders, substitution of material from the respective factories with material from other provinces, reduction of natural stone imports from China and change of lease/cooperation agreements between exporter &amp; factory.</p>
Authorized FS Label usage and frequency of usage	<p>Logo Use and Material Trends:</p> <p>According to TFS2, the following exporters and their respective factories made the most frequent use of the FS label in 2024...in 2024 were: FS045 (with factories FS0456), FS024 (with factory FS0246), FS046 (with factories FS0462), FS057 (with factory FS0578) and FS03 (with factory FS0328).</p> <p>In 2024, the most popular materials among FS Partners and Exporters were from FuJian G603, G654 and from ShanDong G375, G350. From LiaoNing Province, G603DN was imported most.</p>

Third-Party-Auditing/Control-Visits	A total of 31x Third Party Audits were commissioned by FS Partners or FS Management in factories and another 30x Audits or control visits were conducted in quarries.
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**b) Vietnam**

Topic	Description
New Registrations	FSVN0461, FSVN0851
Cancelled Registrations	FSVN0471
Authorized FS Label usage and frequency of usage	Logo Use and Material Trends: Third-party audits were conducted at: FS0841, FS0461, FS0851 In 2024 all audits in Vietnam were conducted through an accredited 3 <sup>rd</sup> party auditor from HCM-City.  In 2024, the most popular material and only relevant material was Vietnamese Basalt
Third-Party-Auditing/Control-Visits	A total of 3 Audits were commissioned by FS Partners or FS Management. A total of 3x Audits or control visits were conducted in quarries.

**c) India**

Topic	Description
New Registrations	FSIN021, FSIN022, FSIN023
Cancelled Registrations	FSIN0191
Authorized FS Label usage and frequency of usage	All audits were handled by a pool of 2 regular auditors of Paradigm Shift Ltd. (PS) and as such conducted as 3 <sup>rd</sup> Party Audits. One was also a witness audit during the India Trip of FS Management in November 2024.  Dataset is too limited for further assessment.
Third-Party-Auditing/Control-Visits	A total of 9 Audits were commissioned by

Visits	<p>FS Partners or FS Management.</p> <ul style="list-style-type: none"> <li>▪ Rajasthan/Madhya Pradesh: 6 Audits conducted</li> <li>▪ Tamil Nadu/ Karnataka/ Andhra Pradesh: 3 Audits conducted</li> </ul> <p>A total of 10x Audits or control visits were conducted in quarries.</p> <p>These numbers exclude all FS Monument Audits/Control-Visits in Factories and Quarries.</p>
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## 5) Conclusion and recommendation

### a) China:

The Fair Stone inspection trip to China, carried out from December 7–18, 2024, marked the first return visit to the Shandong province since 2019 and included the first visit of Guangdong province. Conducted jointly with Auditor Mr. David Chen, the trip focused on witness audits, introducing the WiN=WiN Fair Stone scheme to new exporters, and reconnecting with long-term partners. An additional key goal was identifying a suitable local candidate for the role of Fair Stone Representative China. The trip revealed persistent challenges such as excessive working hours, a need to refine risk profiling questionnaires, and logistical complications due to surging sea freight costs. Nonetheless, demand from domestic markets remains strong, with China importing record volumes of natural stone. Overall, this trip strengthened supplier relationships, advanced the Fair Stone mission of promoting ethical practices, and gathered critical insights for improving due diligence in China’s natural stone industry.

### Key Findings & Organizational Learning

- 1) Excessive Working Hours: Factories frequently rely on overtime, driven by tight production deadlines. Fair Stone will further emphasize the importance of regular rest to reduce fatigue-related accidents.
- 2) Labor Shortage and Social Insurance: A labor shortage is evident across China’s natural stone industry, with the average worker age ranging from 50–55 in northern regions and 45–50 in southern areas. This aging workforce has understandably driven up labor costs over the past few years. Furthermore, fewer than 10% of workers participate in social insurance programs. Because most employees are from rural areas and place a high value on immediate cash wages, and because factory owners worry about tighter profit margins, both sides often forgo formal insurance schemes. China's population is aging faster than many other countries, and this eventually leads to an underfinanced social insurance system.

- 3) Sea Freight Volatility: Rising shipping costs and container shortages significantly impact cash flow and scheduling. Delays in shipment often mean delayed payments to factories, leading to a need for greater financial buffers and careful planning.
- 4) Strong Domestic Demand and Shifting Exports: China's growing internal market now consumes higher volumes of imported stones, especially from India. Meanwhile, export value faces downward pressure despite incremental volume increases.

In line with these efforts, a part-time Fair Stone Representative has been appointed in Xiamen to improve responsiveness, facilitate grievance handling, and support market insights.

The table below lists the amount of registered supply chains in China by end of 2024:

FuJian	9x
ShanDong	14x
LiaoNing	3x
Others (HuBei, GuangDong, Inner Mongolia)	5x

**b) Vietnam**

Re-Audits this year were conducted by the third-party auditor in HCM/SaiGon which was identified last year.

One FS Partner dropped their supply chain in Vietnam as they have reduced their direct imports and shifted some to another trader. Three (3) supply chains in Quy Nhon and Dak Nong stayed relevant. All supply chains in Vietnam have been covered through 3<sup>rd</sup> party audits.

**c) India**

Apart from China, the importance of India for Fair Stone has increased since 2020. This is mainly due to the FS MONUMENT Certification, which is based on regular control visits/audits in monument processing factories and granite quarries. The FS eV applied successfully for re-accreditation in the province of Germany (NRW). This evaluation however is limited to the far more comprehensive standard of WiN=WiN Fair Stone.

The Fair Stone inspection trip took place from 09.11-18.11.2024 to South and North India. This was the fourth trip to India since 2019.

Mr. James Herrmann, the Managing Director of Fair Stone, visited India in the second week of November, accompanied by the local representative, Ms. Girija Venkatesan. The trip proved productive, allowing them to gain insight into the working conditions at various stone processing units in North and South India and some quarries in Rajasthan.

The trip was extensive, as the goal was not only to visit the existing stone processing units but also to meet with the management of new potential suppliers/factories.

The trip lasted eight days, with four days spent visiting five factories in South India. The last four days were spent visiting quarries and factories in Rajasthan to conduct second-party control visits and ensure compliance with basic ILO conventions. For further information please refer to the more detailed Country Visit Report of November 2024.

The table below lists the amount of registered supply chains in India by end of 2024:

Karnataka/Tamil Nadu/ Andhra Pradesh	3x
Rajasthan/MP	6x

**d) Overall 2024**

The year 2024 allowed for a slight expansion of the Fair Stone network with a total net plus of 2x new FS Partners/Importers. On one hand, the core business of our FS Partners with natural stone imports from Asia was slightly better than in 2023, with more predictable freight rates. On the other hand, regulatory predictability decreased. The specific requirements, implementation timelines/transition phases of German Due-Diligence law/LKSG and the European counterpart EU-CSDDD are still opaque. The main issues which led to a failed audit in 2024 were: lack of accident insurance for workers, insufficient tracking of working hours (In/out times), poor enforcement and availability of PPE Items or lack of an occupational safety and health representative.

Please find below the status of major goals outlined in the 2023 evaluation:

**e) Goals for 2024: Review Status**

- ✓ 1) Revise and improve Standard to Version V9: → Standard was revised and changes presented to all stakeholders.
- ✓ 2) IT & Governance → Governance of the association was improved through local representatives and a more direct contact to suppliers. Further changes in the TFS2 Traceability Platform relaunch improve transparency of our scheme and form the basis for further improvements and usage of the data.
- 3) LK-Due Diligence Law & CS-DDD → Integration of requirements into audit templates & certificates (in order to facilitate information flow to third parties by FS partners) was finalized. With the recent postponement of the European CS-DDD, it is still unclear in which form and when this will be ratified.
- ✓ 4) Exchange with other actors → Exchange with stakeholders and organizations in the global South was improved thanks to local representatives and on-site trips.
- ✗ 5) DeveloPPP Projects & Public funding → Due to budget constraints of German Development Cooperation, still no project is feasible. Focus Countries and topics differ from what an FS project could offer in terms. No funding applications were drafted or submitted.
- ✓ 6) On-Site Trips → Cooperation with Auditing Company was strengthened and a Local Representative in India was appointed. Furthermore, a local representative in China was identified.

**f) Goals for 2025:**

**1) Strengthen our foundation and prepare for growth**

**a. Strengthen Evaluation and Risk Monitoring**

- Finalize and disseminate the *2024 Evaluation Report* and updated *Risk Monitoring* for Asian and Brazilian supply chains.
- Continue collecting data throughout 2025 to track developments in working conditions and supplier performance.

*Estimated timeline: Q1–Q4*

**b. Enhance utilisation of Representatives and Local Engagement in China**

- Define further responsibilities for the newly appointed FS Representative in China.
- Build structures to support market insights, facilitate grievance handling, and conduct regular local audits.
- Assess potential for offering new services to Asian suppliers (e.g., compliance advisory ESG Topics, training).

*Estimated timeline: Q2–Q4*

## 2) Improve collaboration and visibility

### a. Relaunch Website and Optimize TFS2 Platform

- Implement technical and content updates to improve usability, multilingual access, and transparency for all users.
- Evaluate feasibility of mobile app functionality and CMS integration for partners.
- Introduce structured data collection on SDG impact via TFS2.

*Estimated timeline: Q2–Q4 (Phase 1: Website relaunch / Phase 2: App feasibility study)*

### b. Enhance Support for Large Importers

- Continue structured discussions with large FS Partners (e.g., BAHAG) on data reporting and due diligence.
- Develop tailored support tools and reporting formats to meet upcoming EU transparency requirements.

*Estimated timeline: Q2–Q4*

## 3) Operational Continuity

### a. Maintain FS Monument Accreditation in Germany

- Following successful re-accreditation in NRW, further expand verified quarry and factory base for monument stone.
- Ensure compliance through regular on-site audits and control visits

*Estimated timeline: Q1–Q3*

### b. Keep monitoring Regulatory Developments (LKSG, EU-CSDDD, CSRD) – ongoing







- Align audit templates, certificates, and internal procedures with emerging EU and German due diligence laws.
- Stay in close contact with informed stakeholders to anticipate changes.

*Estimated timeline: Ongoing*

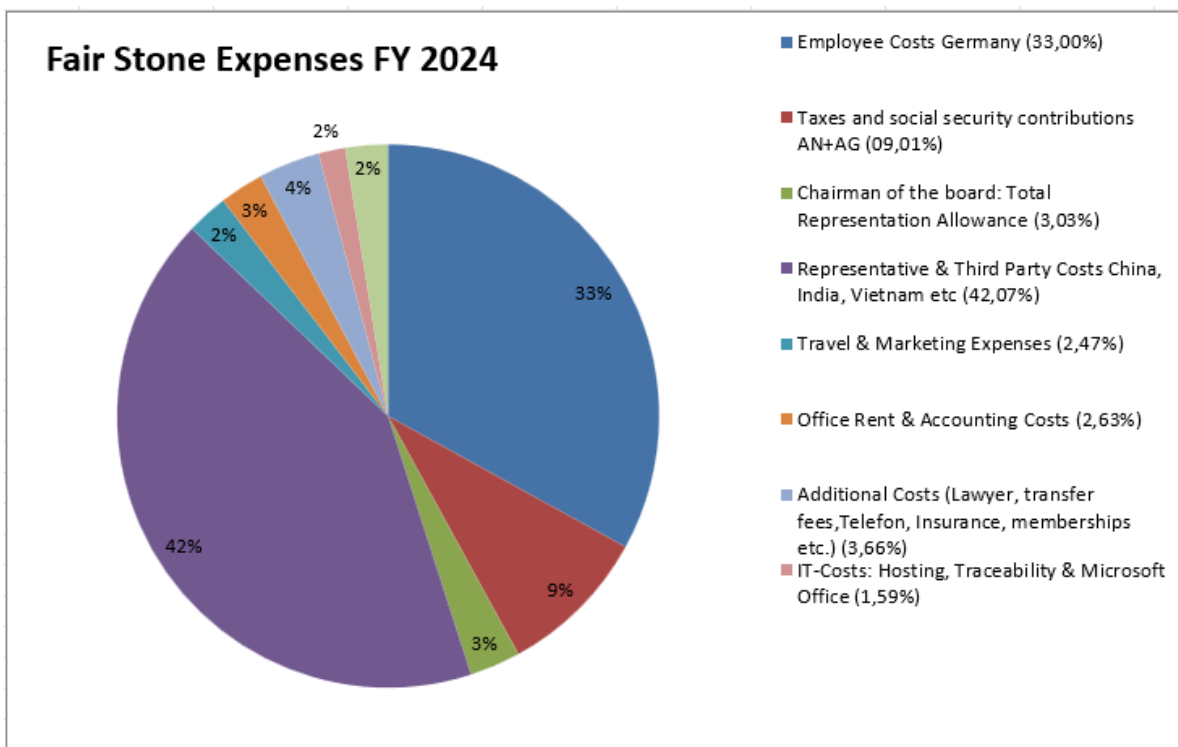
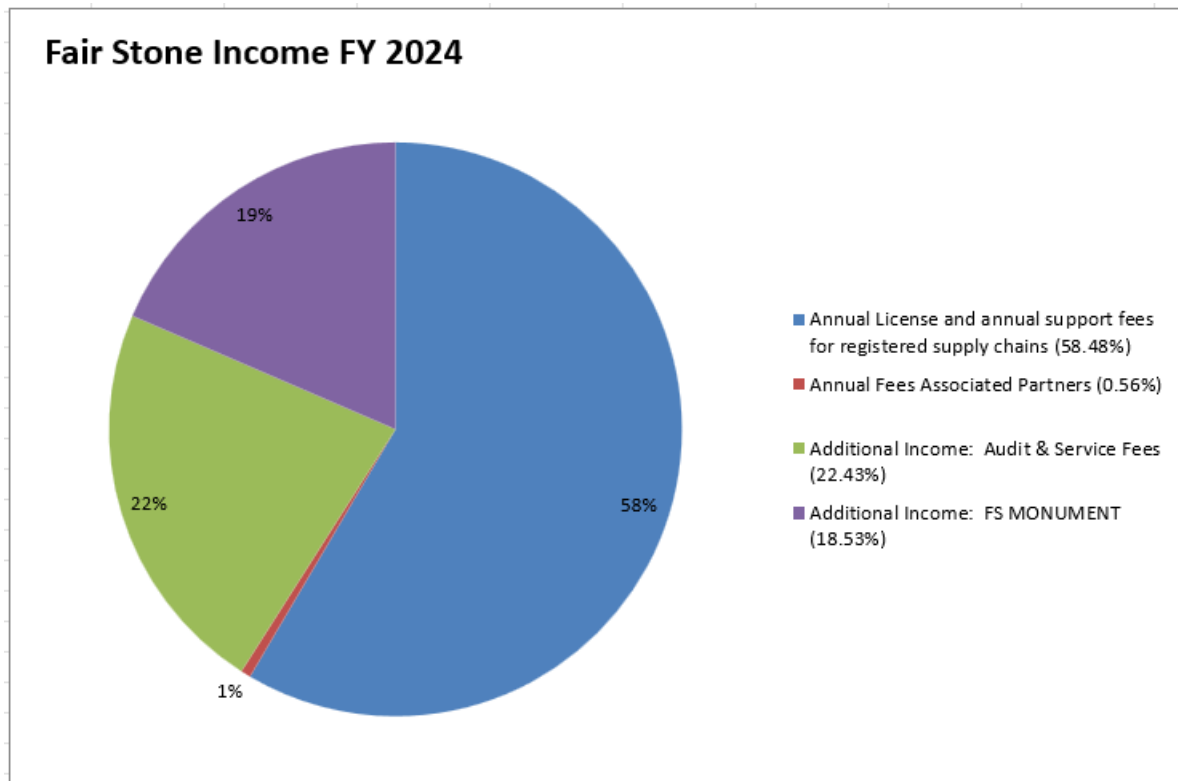
### c. Preparation for Office Relocation in 2026

- Identify suitable new office space as the current lease ends in mid-2026.
- Plan relocation timeline and assess digital work infrastructure needs to reduce physical footprint potentially.

*Estimated timeline: Planning in Q4 2025*

SDG Impact of Fair Stone Association Activities			
#	SDG	Overarching objective	Description and ACTUAL
3, 8	 	Creating and securing good <b>employment</b> for employees	<p>Number of employees whose employment situation has improved through improved quality of work (e.g. workplace conditions, formalised employment relationship, working hours (full-time, part-time, seasonal))</p> <p>At least ~600 workers reached directly in China (Net +5factories a 20 workers=100)</p> <p>At least ~150 workers reached directly in India (Net +2factories a 15 workers)</p> <p>At least ~40 workers reached directly in Vietnam (Net +1 factory a 20 workers)</p> <p>At least ~20 workers reached directly in Cambodia</p> <p>At least ~30 workers reached directly in Türkiye</p> <p>At least ~30 workers reached directly in Brazil (Net +1 factory a 15 workers)</p> <p><b>TOTAL: 870 Workers (vs 695 Workers in 2023)</b></p>
3, 8	 	Increase in employability and qualification <b>Basic and further training</b>	<p>Number of qualified people in training courses lasting less than three months:</p> <p>Around ~135 workers trained on PPE and OSH in China (plus 35)</p> <p>Around ~30 workers trained on PPE and OSH in India (plus 15)</p> <p>Around ~20 workers trained on PPE and OSH in Vietnam (plus 10)</p> <p><b>TOTAL: 185 workers (vs 125 Workers in 2023)</b></p>
10		Improved <b>access to resources, services and products relevant to development</b> (e.g. energy, water, medical services, waste removal, food etc)	<p>Number of beneficiaries/consumers reached whose access was improved:</p> <p>At least ~600+250 workers reached directly in China</p> <p>At least ~150+100 workers reached directly in India</p> <p>At least ~40+10 workers reached directly in Vietnam</p> <p>At least ~30+5 workers reached directly in Cambodia</p> <p>At least ~30+5 workers reached directly in Türkiye</p> <p>At least ~30+5 workers reached directly in Brazil</p> <p><b>TOTAL: 1255 Workers (vs 1070 Workers in 2023)</b></p>
12		Increase in <b>environmental and social standards</b> in production or the supply chain	<p>Number of companies where environmental or social standards were improved. In Countries China, India, Vietnam, Cambodia, Türkiye, Brazil:</p> <p><b>Exporters/Trading Companies: At least ~20</b></p> <p><b>Processors/Factories: 33+3+9+2+1= 48</b></p> <p><b>Quarries: 30+3+10+1+2=46</b></p> <p><b>TOTAL 114 (vs 89 in 2023)</b></p>
		See above	<p>Number of employees and management personnel qualified on the issue of standards:</p> <p>1x Manager per factory/processor =1*48=At least ~48</p> <p>Civil Society Actors in EU/Asia: At least 5</p> <p><b>TOTAL 53</b></p>
		See above	<p>Number of audits and control visits performed:</p> <p><b>47+48= 95x Total audit &amp; control visit reports</b></p>

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





\*\*Fair Stone is a non-profit organization. As an association, decisions affecting income or expenses need to be aligned during an annual association meeting. In case of the closure of the association, the remaining funds go to the community foundation of the city Kirchheim unter Teck. From 03.2024 onwards: Remuneration of General Manager according to TvÖD – Entgeltgruppe E10 Stufe/Rank 4 (6+ Years Seniority – Function/Role: Office, accounting, other office staff and field service)

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