

FAIR STONE Monitoring & Evaluation: **Annual Report 2016**

As described in the WiN=WiN Fair Stone Standard V7, 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, 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 China (Ms. Maria Manikowska) and Vietnam (Mr. Ha Chi Dong). Data about India has been collected by a freelance consultant who was tasked with the annual inspections (Mr. Nilambar Bhuiya).

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

a) China

Topic	Description
New Registrations	In 2016 we have welcomed in Fair Stone one (1) new Exporter: FS77 There have been three (3) new factories, which have been registered in Fair stone in 2016: FS077, FS0693 and FS525.
Cancelled Registrations	In 2016 registration of only one Fair Stone Supplier has been cancelled from Fair Stone: FS0871 The reason of cancellation was a discontinued cooperation between the Fair Stone Partner and Fair Stone Association.
Proscription of FS Logo usage and frequency of usage	According to TracingFairStone, the exporting companies, who used the FS- logo most frequently in 2016 were: FS038 (with factory FS0381 and FS0382) and FS021 (with factories FS0211). The most popular material of 2016 among FS Partners and Exporters was G341.
Third-Party-Auditing	In 2016 altogether took place six (6) Fair Stone Audits. Two of them were repeated audits of Fair Stone Suppliers FS0212 and FS0501. Other Audits took place in the factories FS0381, FS0382, FS0576 and FS0325.

b) Vietnam

Topic	Description
New Registrations	FS0822, FS0832, FS0841, FS0603
Cancelled Registrations	FS0601
Proscription of FS Logo usage and frequency of usage	All registered supply chains were visited by Mr. Ha Chi Dong in turn of scheduled annual inspections. FS0603, FS081, FS821, FS0832, FS0841
Third-Party-Auditing	No registered supply chain was required to schedule an additional audit (36 Months timeframe for initial implementation)

c) India

Topic	Description
New Registrations	FSI007, FSI012, FSI013, FSI014
Cancelled Registrations	None
Proscription of FS Logo usage and frequency of usage	A registration visit in all supply chains was conducted by Mr. Nilambar Bhuinya with support of the exporter.
Third-Party-Auditing	None. Quarries and factories were registered in the end of 2016.

5) Conclusion and recommendation

a) China

Side effect of temporary closure of the G341 quarry in the second part of 2016 was noticeable increase of market price of G341 - the most popular material among FS Partners. This situation resulted in freeze of the Fair Stone business and we did notice less registration throughout 2016 than in the previous years. However the situation remained stable for Fair Stone and we haven't marked any big loss.

Due to the lack of move in business, Fair Stone engaged in the survey regarding pneumoconiosis in China, with emphasis on problem of silicosis in the natural stone industry, amongst other things.

b) Vietnam

Interest of importers regarding Vietnamese Basalt and Granite has increased in 2016 due to decreased production output and reliability of Chinese processors.

c) India

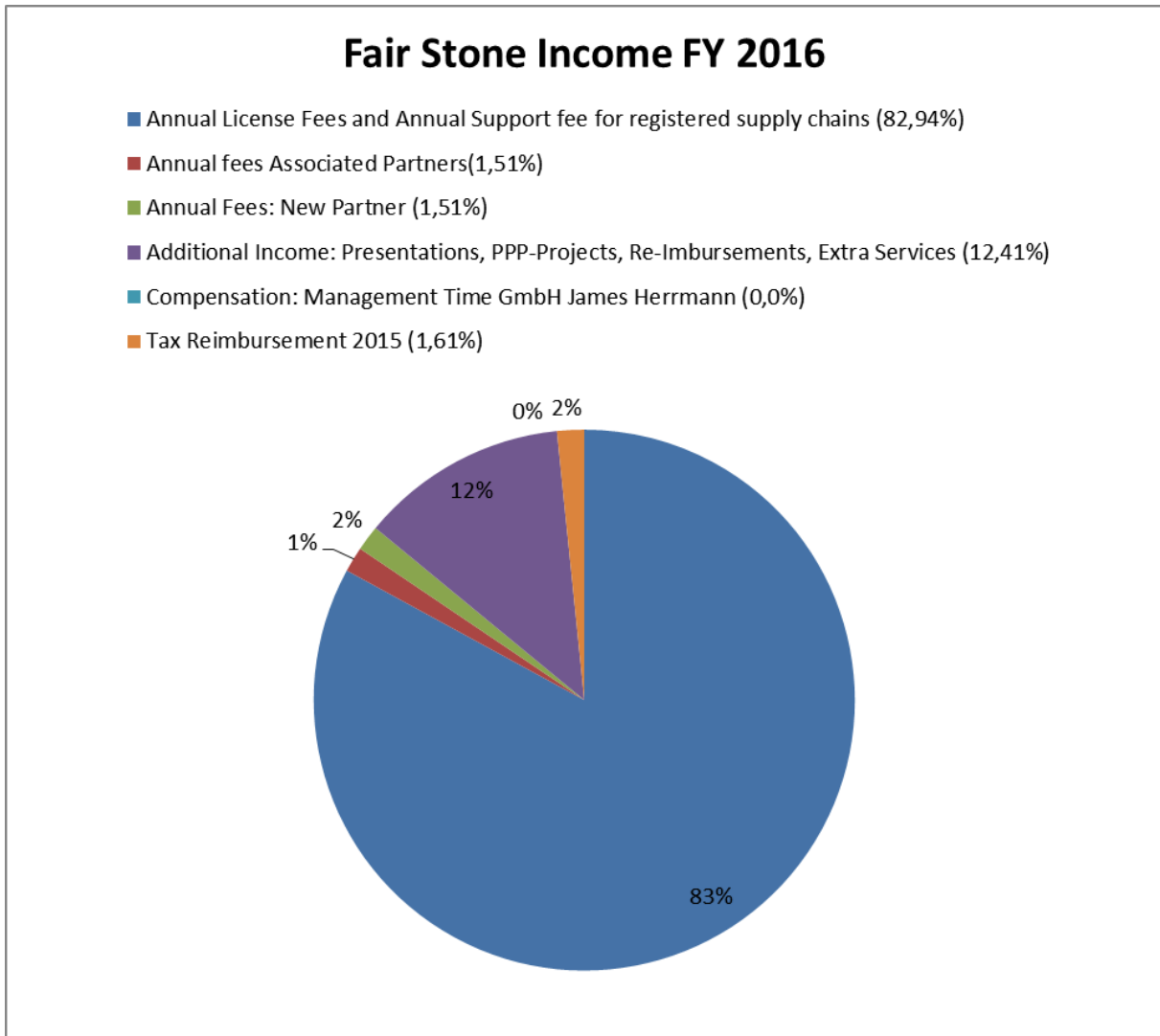
The general management of Fair Stone Association has changed in 2016 and as a first new engagement, the cooperation with a raw block importer was secured and first impressions could be gathered regarding supply chains for natural stone products from India with registration visits taking place in the end of 2016.

d) Overall

The year 2016 was a dynamic year for the Fair Stone Association with the leave of Ms. Saskia Klinger and the appointment of a new general manager, Mr. James Herrmann. Mr. Herrmann was recommended by Ms. Klinger to replace her.

Numerous changes were introduced and aligned with the members of the association as well as the importing partners. Recommendations for improvements were gathered through the ongoing evaluation of the standards' internal processes in the context of "Siegelklarheit", a platform which evaluates different scheme's regarding their credibility.

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



Fair Stone Expenses FY 2016

- Total Employee Costs Germany (52,27%)
- Salary Costs Representatives China, India, Vietnam (37,88%)
- Travel expenses (2,72%)
- Office costs (5,28%)
- Additional costs (Marketing, transfer fees, memberships etc.) (1,84%)
- Compensation deficit 2015 (0,0%)

