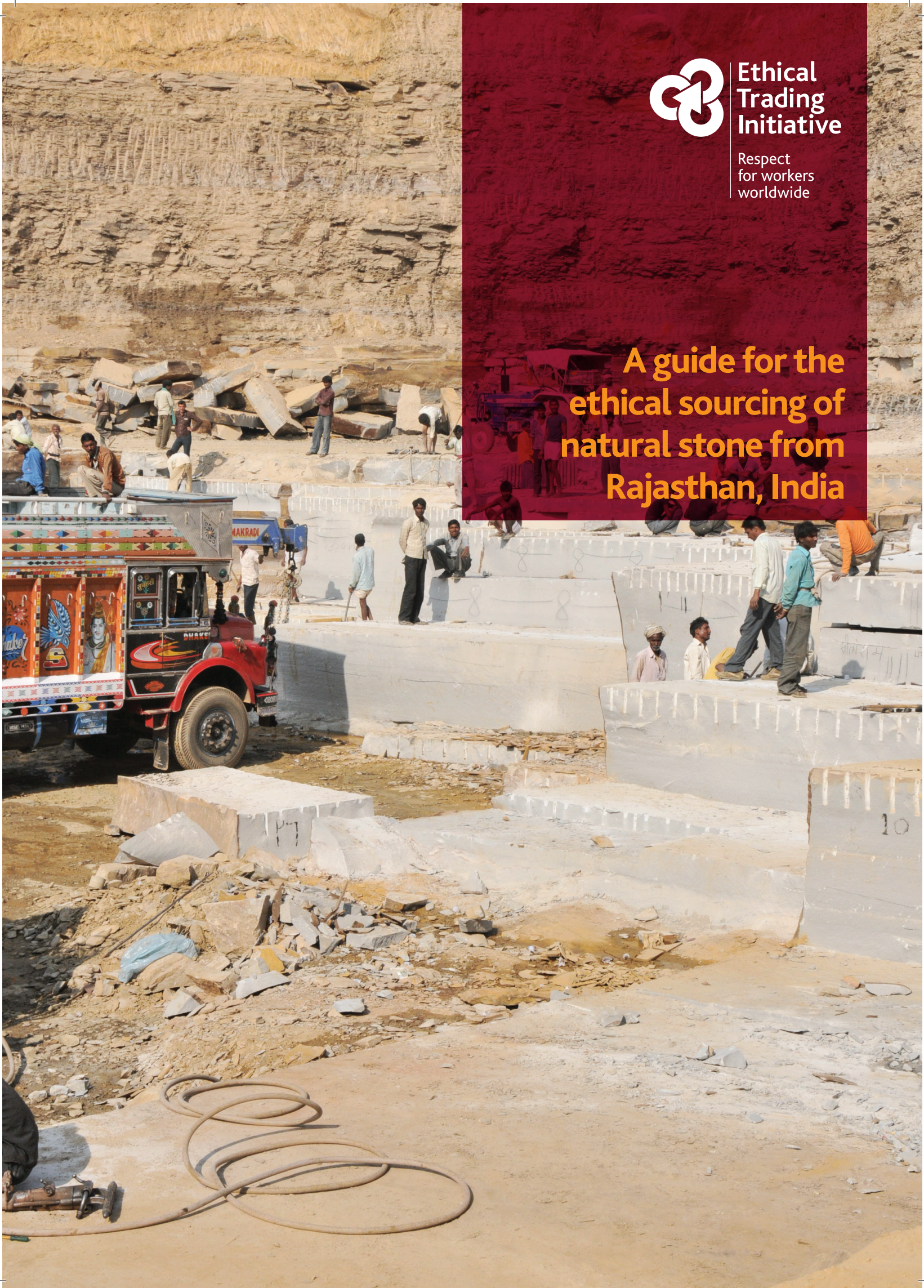




**Ethical  
Trading  
Initiative**

Respect  
for workers  
worldwide

## A guide for the ethical sourcing of natural stone from Rajasthan, India



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# Introduction

Today, virtually every major global brand has a programme in place to manage human rights, labour and environmental risks in its supply chain. Ethical sourcing is increasingly part of the way companies do business. It helps them to manage risk effectively and presents a significant opportunity to deliver value and improve business performance.

While much work has been done on ethical sourcing in the context of fast-moving consumer goods and the garment retail supply chain, other industries, such as the stone industry, have received less attention. This guide is intended to fill that gap. It provides practical guidance to natural stone companies operating in the United Kingdom, EU and India on the ethical sourcing of sandstone from Rajasthan. In particular, it includes recommendations on how to design and implement an ethical sourcing programme, and work with suppliers to improve labour standards in their supply chain.

The guide was developed in close consultation with members of the Ethical Trading Initiative Rajasthan Sandstone Working Group (RSWG), Indian stone suppliers, local civil society representatives and industry experts.

## About ETI

The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity.

Global supply chains are highly complex and challenging for companies committed to trading ethically. Workers' rights issues are often deep-rooted and widespread, and are best tackled through collaborative action. We harness the expertise, skills and resources of our alliance members to identify these issues and develop innovative, long-lasting solutions. Our measure of success is that workers can negotiate effectively for a better working life where their rights are respected.

## What is the context for this guide?

On 16 June 2011, the UN Human Rights Council endorsed the "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework" proposed by UN Special Representative John Ruggie. The framework recognises the primary role of the state in protecting its citizens and establishing relevant laws. It also outlines business' responsibility to understand, mitigate and remedy any adverse human rights impacts resulting from their activities.

Though not legally binding, this framework has reinforced the need for businesses to integrate human rights considerations into their global operations, including their value chains.

In response to growing concerns about working conditions in the Rajasthan sandstone supply chain, the Ethical Trading Initiative established a working group in 2011 to address challenges faced by the industry. The working group unites stone importing companies, Indian suppliers, civil society organisations, trade unions and government officials to encourage dialogue about common issues and possible solutions. At the time of writing, members of the working group include the following stone companies:

- Beltrami
- Brett
- CED
- DNS Stones
- Hardscape
- London Stone
- Marshalls
- Natural Paving
- Pavestone

*In September 2013, the UK government launched its action plan on business and human rights, becoming the first country to set out guidance to companies on integrating human rights into their operations.*

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### **What is ethical sourcing?**

Ethical sourcing refers to the integration and promotion of labour rights in procurement practices. The purpose of ethical sourcing is to ensure that workers employed in global value chains are treated fairly, have good working conditions and can exercise their rights and voice their concerns without fear of reprisal. This involves companies working with their suppliers to implement international labour standards in their value chains. By taking joint responsibility and working in collaboration, stone importers and suppliers can help improve the labour conditions and lives of workers in the quarries, stockyards and processing plants that make up their supply chain.

### **Why is this important?**

With a growing volume of stone being imported from developing economies, such as China and India, the natural stone supply chain is becoming ever more complex. Some 68% of stone imported into the United Kingdom comes from Asia, with Indian stone representing the largest share (Stone Statistics, 2011). Reports of poor working conditions in Rajasthan's quarries, which supply sandstone to the international market, highlight the need for a collective effort by stakeholders to drive improvements in labour standards across the value chain.

While this guide focuses on natural stone from Rajasthan, its key principles and recommendations can be applied to other sourcing contexts. Developing and implementing an ethical sourcing strategy will enable stone companies to identify and manage labour risks as they arise and support suppliers to create better workplaces. In addition to ensuring compliance with the laws and international standards, ethical sourcing can help companies protect their reputation, increase their market share and enhance their brand value.

### **How to use this guide**

This guide offers practical recommendations and tools for stone companies to improve working conditions across the supply chain. Chapter 1 provides guidance to stone importers in the UK to improve their ethical sourcing practices. Chapter 2 is aimed at stone processors in India and can be used by UK brands to support their suppliers in managing important labour and health and safety issues in the workplace.

The discussion and recommendations are structured in a way that demonstrates how to establish systems to manage labour standards performance and achieve continuous improvement, as illustrated in Figure 1.

# Figure 1.

A continuous management system aimed at improving working conditions and labour standards.



**01. Business case:** determine the key business drivers for improving labour standards performance;

**02. Policy and responsibility:** develop a strategy, formal policies to define your company goals and expectations, allocate resources and staff, define responsibilities;

**03. Scoping and planning:** assess risk, prioritise actions and set targets;

**04. Implementing:** train employees, set up systems and processes to put policies into practice;

**05. Monitoring and reporting:** track performance targets, monitor performance, share key learnings and improve your management system.

01 02 03 04 05

# 01. Managing labour standards in the supply chain



This section covers what stone importers in developed markets can do to improve working conditions and labour standards in their supply chains.

## Developing the business case for ethical stone sourcing

Complying with employment regulations is part of the legal obligations of all companies. Equally, treating workers well is an ethical responsibility for any company that wishes to be seen as a good corporate citizen. However, there are also sound commercial reasons for improving working conditions. For this reason, the first step in developing a programme to manage labour standards is to develop a clear business case. This can be used to:

- create internal buy-in, especially at senior level;
- demonstrate clear justification for any costs;
- convince suppliers of the need to respond.

## Reputational and legal risk management

There are numerous instances in many industries where reputational damage has led to erosion of brand value and, in turn, to a decrease in sales and profits. This damage can be triggered by media and civil society exposés of negative environmental and social impacts caused by a company's operations. A reputation lost is not easily regained. Controversial issues, such as child and bonded labour, are particularly likely to become the target of civil society campaigns, leading to long-term reputational damage.

With increasing information available in the online media concerning poor working conditions in Rajasthan's sandstone quarries, stone companies are under greater public scrutiny than ever before. It is important that stone companies identify and address labour risks in their supply chain in partnership with their suppliers. This is central to managing their reputational risk, preventing supply chain disruptions and legal or financial liabilities as a result of potential fallouts.

By adopting ethical sourcing practices, companies can also ensure that their suppliers are able to comply with relevant national and international legislation. This also has commercial benefits. For instance, public contracts in the EU are governed by European and national law, which include minimum standards on environmental and social performance. Stone companies that understand their supply chain risks and can demonstrate how they manage them will be better placed to meet these requirements.

### Box 1. New EU public procurement rules

In February 2014, an EU directive was passed requiring the operators of public contracts to comply with applicable environmental, social and labour laws established at the EU, national or international level, including the eight International Labour Organisation (ILO) core conventions. In order to meet these requirements, it will be important for stone companies wanting to win public bids to demonstrate that they are sourcing responsibly.

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### Competitive advantage

By responding to environmental and social expectations of stakeholders, companies can increase the demand for their products and access key markets. The British landscaping company Marshalls, which has been working with its Indian suppliers for a number of years to address social and labour issues in its supply chain, believes there is a demand for ethically sourced stone products in the UK. Marshalls has taken a number of steps to distinguish itself as a sustainable business, launching its own range of responsibly sourced stone products from India. These are verified against the ETI Base Code to attract ethically-minded consumers.

Creating sustainable product offerings can help distinguish companies from their competitors and provide access to new markets. For landscaping companies and stone retailers, this means marketing sustainable products that can attract a price premium in key market segments. For stone suppliers, being able to demonstrate good working conditions and compliance with buyers' expectations also creates opportunities for greater access to the competitive international export market.

### Cost savings and business efficiencies

Managing labour challenges more effectively often delivers business efficiencies and cost savings. For example, reducing workplace accidents can decrease costs associated with interruptions in the production process, medical expenses, employee absenteeism and turnover. This is particularly relevant to the sandstone industry, where working conditions can be hazardous. Serious workplace injuries and incapacitation due to occupational diseases such as silicosis, lead to higher workforce attrition rates. This adds to the burden of on-going medical and insurance costs for the employer.

Inadequate occupational health and safety practices and factors such as long working hours, are linked to low labour productivity, poorer performance and high worker turnover rates. Conversely, a healthy workforce with greater job satisfaction can improve business performance, reduce recruitment and training costs, and minimise supply chain disruptions caused by serious accidents or labour unrest.

### Human resources management

Better employment practices can have positive impacts on employee satisfaction and retention, and can set companies apart as preferred employers in the labour market. Building a solid reputation as a good corporate citizen can help a company attract and retain talent. In the Rajasthan sandstone industry, where elements of the labour market are seasonal, this can help stone suppliers to manage labour shortages and secure the best candidates.

*"Marshalls is a true example of a company which has innovated to ensure sustainability runs through its whole business, providing products that really address the sustainability needs of customers."*

**Todd Stitzer,**  
former CEO of Cadbury and chair of the judges at the Business in the Community Awards 2010 (as quoted by Marshalls, Fairstone Journey).

# Defining expectations, roles and responsibilities

## Making a formal commitment

An ethical sourcing programme requires commitment from senior company leadership, a clear vision and the development of specific objectives, supported by a robust strategy.

The strategy will determine a company's direction of travel and demonstrate its commitment and accountability to key stakeholders, including customers, suppliers and the broader public. Integrating this new way of working into your company culture requires buy-in from your company's executive leadership, training for employees and clear communication with external stakeholders.

## Box 2. Examples of company strategy statements on ethical sourcing

### Aggregate Industries (non ETI member)

*"At Aggregate Industries we are aware of our social responsibilities in trading with organisations around the world. In this light we support the ETI Base Code. We have drawn up a policy and code of practice to ensure that we fulfil our obligations and responsibilities. As a minimum, this shall include suppliers' compliance with local laws and internationally recognised minimum standards."*

### BELTRAMI

*"Since the nineties, more and more natural stone finds its origin in countries such as China, Vietnam and India. Unfortunately, these countries do not enforce the same stringent norms on health and safety and environment issues as we do in Europe. Given the fact that BELTRAMI sources more than 70% of its sold stone outside of Europe, we see it as our duty to ensure that abuses and excesses are not involved in the quarrying, producing and trading of the stone which we procure. (...) Suppliers are requested to work together with BELTRAMI towards more decent and safer working and living conditions. We admit that this is not an easy process and one which will require time and patience. However, it is our strongest belief that this is essential to continue trading in an equitable and sustainable way."*

### Marshalls

*"At Marshalls, we aim to achieve success in business by selling our products with integrity and treating our customers and suppliers fairly. It is our goal to continually develop new products and services which meet the social and environmental requirements of Britain's landscapes. Marshalls believes in demonstrating a high degree of social responsibility, while conducting business in a manner which achieves sustainable growth."*

*Marshalls recognises the complex social, ethical and environmental issues surrounding the quarrying of natural stone in India and other countries worldwide, and is actively addressing and raising awareness of these issues. By embedding responsible ethical business policies and practices into everything we do, Marshalls is demonstrating a continued commitment to sustainable development."*



### Developing a supplier code of conduct

The company's overall strategy for ethical sourcing should be supported by detailed policies. The central element is usually a code of conduct for suppliers that explains the detailed standards of operation that are required. While many companies develop their own codes of conduct, others adopt codes that have been drafted by collective corporate social responsibility initiatives, such as the ETI Base Code.

### The Ethical Trading Initiative (ETI) Base Code

ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. ETI brings together multinational companies, their suppliers, civil society and trade union representatives to improve working conditions in global value chains. ETI has developed a set of global standards for ethical sourcing, known as the ETI Base Code. The Base Code is founded on international labour standards, set out in the International Labour Organisation's (ILO) Conventions. It has been adopted by over 80 member companies, who commit to integrating ethical trade into their core business practices and to reporting annually on their progress.

For further information, please see: [www.ethicaltrade.org](http://www.ethicaltrade.org)

### Communicating expectations

It is vital that the standards set out in the code of conduct are shared with relevant stakeholders, including employees and suppliers. This can be achieved by:

- attaching it to supplier contracts or purchasing orders;
- translating it into relevant languages and distributing it to existing suppliers;
- explaining the requirements to suppliers during commercial negotiations and reiterating these during subsequent visits and meetings;
- adding it as an item on internal written or oral communication channels (e.g. email, general meeting, newsletter);
- including coverage of the Code during staff inductions;
- requesting that suppliers post it in their workplace for the benefits of employees; and
- working with suppliers to explain what the expectations mean in practice; collaborating to resolve issues and drive continuous improvement.

### Defining roles and responsibilities

For ethical trading to be truly embedded in business operations across different functions within the company, overall responsibility for overseeing implementation of the policy should lie with a senior manager. The role of the manager may differ from company to company. While large stone companies have appointed a head of sustainability for the group, many smaller stone companies do not have a dedicated ethical sourcing team and assign the responsibility to a senior manager with procurement responsibilities. Depending on the size of the company, both practices can be effective, so long as the company can demonstrate that it is committed to ethical sourcing at the highest level.

The key responsibilities related to ethical sourcing should be included in job descriptions and integrated into the targets and goals of all relevant employees.

#### Box 3. An overview of the ETI Base Code

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. Living wages are paid
6. Working hours are not excessive
7. No discrimination is practised
8. Regular employment is provided
9. No harsh or inhumane treatment is allowed

# Assessing risk, determining scope and priorities

## Mapping the supply chain

There are different labour challenges and problems in different industries, in geographical regions and at various tiers of the supply chain. Preventative or remedial actions can only be taken when these risks are identified and understood. In order to determine where risks lie, it is essential to understand the scope and structure of the supply chain as well as the nature of activities conducted at each tier. This means identifying all suppliers, sub-suppliers and contractors. Figure 2 provides a generic model of the Indian sandstone supply chain. However, this supply chain structure will differ – and may look more complex – depending on the type of product and the place it is sourced from.

Some products, such as dimension stone, are easier to trace than others, such as cobble stones, due to differences in production processes in the upstream supply chain. A good starting point is to map all direct suppliers of natural stone products (tier one suppliers) and then start to work down the supply chain, identifying all known suppliers, sub-suppliers and contractors.

ETI recommends making it a key requirement for suppliers to disclose who they source from. It is important to build trust through the course of a commercial relationship in order to overcome any initial reluctance. There may be gaps or unknowns, particularly if products are bought from agents or irregular sources. However, once these are known, you can factor them into the risk picture.

## Building a risk picture

Once you have built an accurate picture of the supply chain, the next stage is to identify the likely labour risks at each stage. While some risks will be specific to certain tiers, types of suppliers or activities, there are a number of risks typical to the sector [see Box 4]. You can identify risks by:

- existing knowledge of the industry as a whole from buyers or other staff who have experience of the sector;
- knowledge and information from collective and multi-stakeholder initiatives such as ETI;
- press, reports, NGO reports or academic studies focussed on the sector;
- local stakeholders within the community;
- experts and consultants with experience of the sector;
- supplier self-assessment questionnaires [see Tool C, Annex 1];
- previous social audits available from the supplier or from shared platforms such as the Supplier Ethical Data Exchange (Sedex), a data-sharing platform which enables companies sourcing from the same suppliers to share their social audit reports;
- worker interviews.

## Supplier self-assessment

Tool C of the Ethical sourcing toolkit [see Annex 1] provides an example of a supplier self-assessment questionnaire that can be used either to gather information from existing suppliers or as an initial risk-assessment tool when selecting new suppliers.

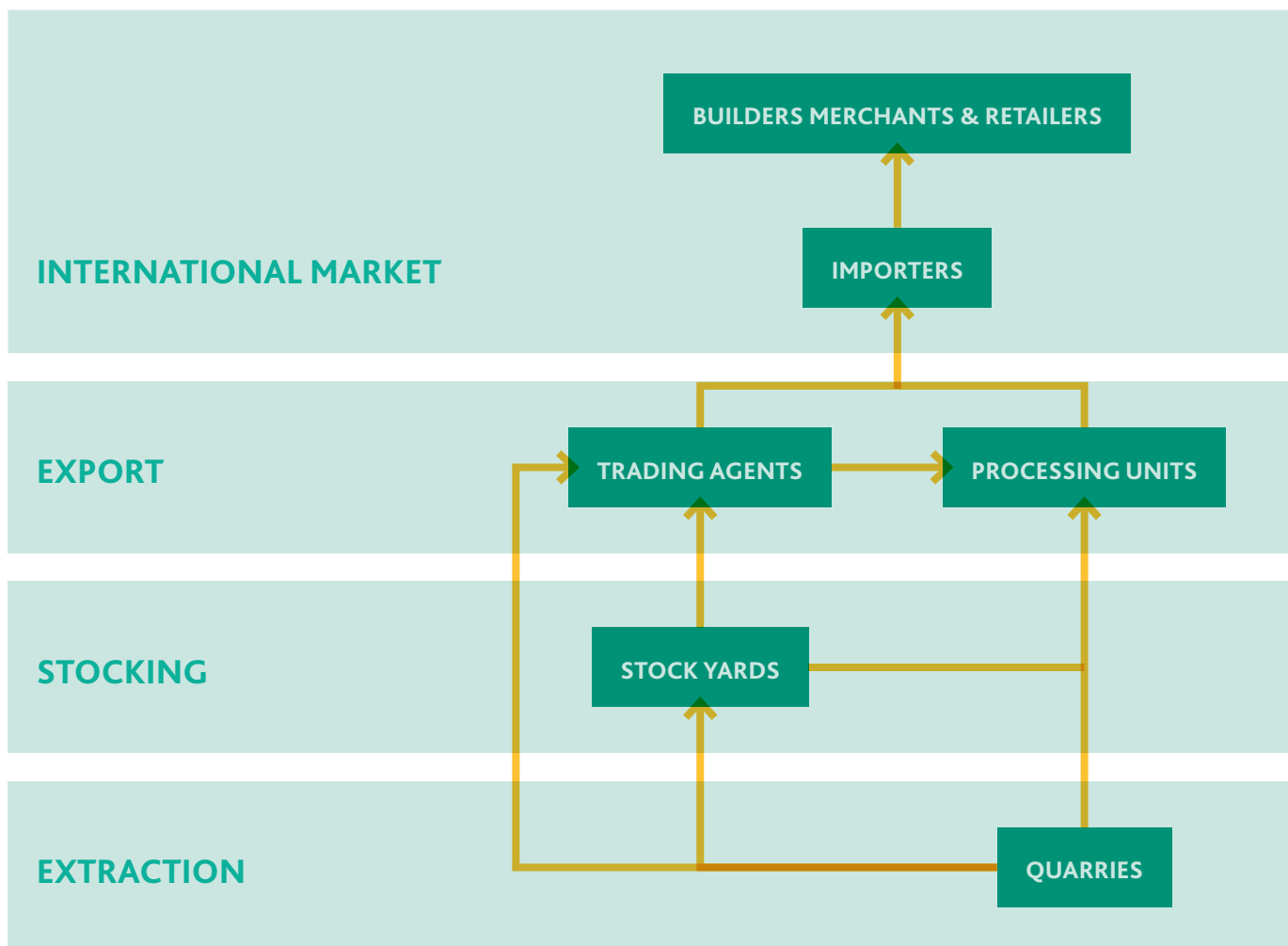
## Visits to suppliers

These should be used to gather information on high risk activities, even if these visits do not constitute a full scale audit. You can draw up a simple list of labour questions that any staff could ask on supplier visits, as well as a checklist of things to look out for on site. Any concerns you identify will help with conducting risk assessments and form the basis for a more in-depth enquiry [see Tool A, Annex 1].

In addition, it is important to understand which supply chain activities are subcontracted or performed by contract labour, such as packing, loading and other lower-skilled tasks, as they can be indicators of risk. Contract workers tend to be employed informally and paid on a piece-rate basis; they seldom receive the same benefits as direct employees and can be more vulnerable to serious labour rights violations, such as bonded labour.

## Figure 2.

Sandstone supply chain model



## Assessing risk, determining scope and priorities, continued

### Box 4. Labour risks in the Rajasthan sandstone supply chain

The Rajasthan natural stone industry employs over three million people (ILO, 2005). There are around 300,000 quarries in the state, many of which are small-scale, informal operations. Labour risks are largely concentrated at the quarry level due to the labour-intensive and unregulated nature of the work. Labour and human rights issues known to be widespread in the industry include child labour, bonded labour and hazardous working conditions.

#### Child labour

There are reportedly up to a million children, some as young as six, working in India's stone quarries (Griffiths, 2010). In Rajasthan alone, it is thought that there are around 375,000 children working in the mines and quarries (ICN, 2010). Children working in quarries are exposed to hazardous working conditions, including carrying heavy loads, using dangerous tools, exposure to unstable structures, dust and extreme temperatures.

#### Forced and bonded labour

Forced labour is thought to be widespread in Indian quarries, where it commonly arises in the form of debt bondage (Basu, 2010). 11 out of Rajasthan's 32 districts are reportedly affected by bonded labour, including Kota and Bhilwara, two major sandstone quarrying districts (NHRC, 2005). It is reportedly common for quarry workers to request advances from their employers which they subsequently struggle to pay back on their low salary. As a result, the sum accrues interest and the workers stand little chance of settling their debt. In order for an indentured worker to change employers, the new employer must agree to settle the existing debt; it is thereby transferred from one employer to another.

In some instances, other controversial practices such as excessive disciplinary fines imposed by employers may exacerbate the workers' condition (ILO, 2005).

#### Other vulnerable categories of workers

It is estimated that 80% of the workforce in the natural stone industry in Rajasthan are from Scheduled Castes and Scheduled tribes (Prakruthi, 2014). Workers from lower castes, such as dalits, are more vulnerable to discrimination and other exploitative practices, such as forced and bonded labour. Various studies analysing the phenomenon of bonded labour find that around 90% of bonded labourers come from scheduled castes and minority groups (Anti-Slavery International, 2008).

Women represent about one third of the natural stone industry workforce. Women tend to perform unskilled manual work, such as cutting and sizing stones, loading material and cleaning sites (Prakruthi, 2014). They are often employed on a casual basis, either as informal contract workers or unpaid family members in small-scale mines, as opposed to permanent salaried workers (Lahiri-Dutt).

Women working in the sandstone industry face gender-specific issues, particularly in relation to wages, discrimination and sexual harassment, as well as negative impacts on their reproductive and maternal health. Women with childcare responsibilities may bring their children to work, which can expose them to harmful conditions and may result in them becoming child labourers.

#### Hazardous working conditions

Hazardous working conditions and poor occupational health and safety practices lead to high rates of occupational injuries. There is insufficient data on accident rates due to a lack of reporting. However, civil society research indicates that a significant number of accidents in the sandstone quarries are fatal (Basu, 2010). Occupational diseases such as tuberculosis and silicosis, caused by inhaling large amounts of silica dust found in natural stone quarries, are widespread. Some 56% of mineworkers are reportedly affected (Basu, 2010).

#### Trade unions

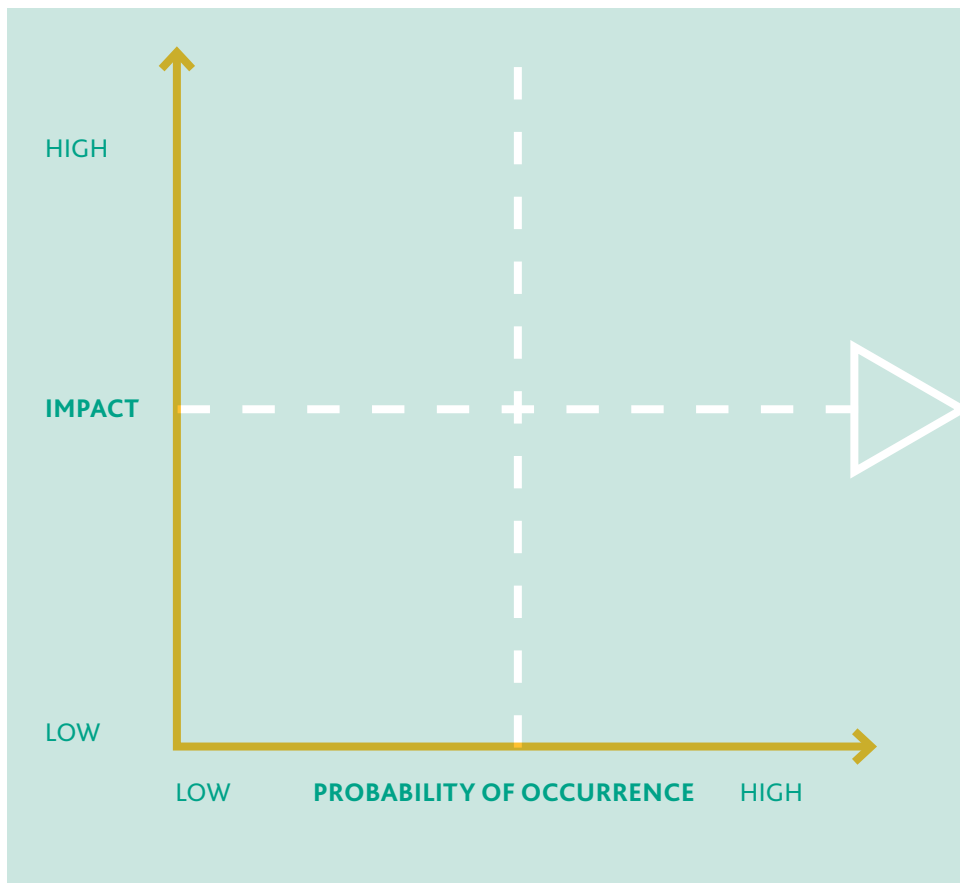
There are hardly any formal trade unions in the sector and many employers are actively hostile to worker representation.

#### Informality

The growth of the sandstone industry has resulted in an increase in the number of illegal quarries in Rajasthan. This occurs where a number of small-scale undertakings operate illegally under the same licence or where quarry owners extend their operations without permission. The prevalence of illegal subleasing is a major issue, as it leaves much of the supply chain unregulated and invisible, increasing the risk of human rights violations.

# Figure 3.

Model risk matrix



### Supplier risk assessment and prioritisation

With a clear map of the supply chain and information on key labour issues, companies can begin to assess individual suppliers and prioritise high risk ones for further action.

When assessing risk, both the nature of the risk itself and its potential impact on business operations should be taken into account. Risks can be influenced by a number of factors, including spend, materiality to your business, product type, tier, etc.

ETI recommends prioritising tier 1 suppliers, but lower, less visible tiers of the supply chain, such as stockyards and quarries, must also be taken into account, as this is where you are likely to encounter a higher level of risk.

## Assessing risk, determining scope and priorities, continued

### Auditing

Social audits can be effective tools to measure supplier performance in implementing labour standards, as part of a broader supplier engagement strategy. They can help to identify certain issues in the workplace and measure improvements over time. Audit programmes are typically focussed on 'high risk' suppliers but can also be customised by risk e.g. worker engagement, accommodation conditions.

For best results and to avoid audits becoming compliance-based tick-box exercises, audits should:

- provide space for a meaningful dialogue with the facility management team;
- focus on reviewing management systems and processes to identify root causes of problems;
- allow for broad worker participation;
- be sensitive to local norms and language as well as industry standards;
- allow for collaborative development of solutions;
- make recommendations for longer-term activities designed to address root causes.

There are a number of social compliance initiatives that allow buyers to use a common audit methodology, share audit results and track their suppliers' performance on a digital platform. Joining such initiatives may help reduce audit duplication for stone companies using the same suppliers and prevent supplier audit fatigue. Some stone retailers in the UK have joined Sedex, a labour standards information sharing platform initiative that follows the ETI Base Code and assesses suppliers according to the SMETA<sup>1</sup> methodology.

Increasingly, companies are recognising that auditing alone cannot drive fundamental improvements in working conditions, particularly in complex, highly informal value chains. Creating long-term, systemic change can only be achieved by helping suppliers to take ownership of their social performance. In addition, complex labour violations and country-specific issues, such as caste discrimination and bonded labour cannot be easily resolved with a compliance-based approach. You may therefore need to engage further with lower tiers of the supply chain, workers, government representatives and civil society.

## Figure 4.

### Social audit methodology



1. [www.sedexglobal.com/ethical-audits/smeta](http://www.sedexglobal.com/ethical-audits/smeta)

# Engaging with suppliers

## Communication

Raising awareness among suppliers of the buying company's expectations on labour standards is a key step towards improving supplier performance.

It is vital to define and communicate expectations early in relationships with suppliers and other business partners, to ensure they understand what is required. Where possible, communication with suppliers concerning labour issues should be integrated into existing commercial channels, to reinforce their importance to the business relationship. This should be an ongoing dialogue rather than a one-way process, allowing suppliers to share their concerns and report on their progress. Supplier forums are particularly effective discussion platforms, allowing different industry stakeholders to share challenges and good practices transparently, unconstrained by the pressures of compliance-centred buyer-supplier relationships.

Examples of supplier communication include:

- initial questions and discussion about labour challenges when contacting potential new suppliers;
- emphasising the importance of ethical issues during commercial negotiations, while ensuring that collaborative support and advice is offered;
- ensuring the potential new supplier has the company code of conduct or equivalent policy during commercial negotiations;

- raising more detailed labour issues and identifying areas of potential collaboration during supplier visits;
- offering suggestions for collaboration and best practice.

## Continuous improvement and capacity building

Suppliers need regular support, guidance and training to achieve better labour standards. Driving continuous improvement in labour practices will require:

- tracking non-conformances identified during audits and ensuring that they are adequately addressed, through the development of a detailed action plan with key milestones;
- providing on-going support to suppliers on implementation challenges;
- identifying systemic or intractable issues and providing focused training;
- encouraging suppliers to participate in supplier or industry forums and exchange good practices;
- sharing tools and resources to help enhance their knowledge of labour standards and improve management systems.

The second part of this guide provides practical recommendations which can be shared with stone suppliers. It also includes a set of tools to help them implement basic human resources and occupational health and safety management systems.

## Building long-term partnerships

Long-term, mutually beneficial relationships with suppliers are central to achieving continuous improvement in labour standards. In India, where there is a limited number of stone processors with the capacity to export to the international market, long-term relationships with suppliers are a business imperative.

Contrary to other industries, the stone supply base is not very diverse, which limits buyer flexibility. In addition, levels of awareness on labour and safety issues are low, which further narrows the choice of suppliers. It is therefore vital to collaborate with suppliers on building their capacity to manage labour and health and safety issues. This is integral to ensuring long-term security of supply. The ultimate aim is that suppliers take responsibility for their performance and start managing risks in their own supply chains.

### Box 5. The ETI Rajasthan Sandstone Working Group (RSWC) Forum in India

In Rajasthan, the ETI programme brings together stone processors, quarry owners, trade unions and civil society and government representatives through a multi-stakeholder forum to discuss challenges facing the industry and find common solutions.

The forum, which is facilitated by the ETI and ARAVALI, a local NGO network organisation supporting marginalised communities in Rajasthan, meets regularly with the aim of building an information resources centre of industry issues and examples of good practices.

## Engaging with suppliers, continued

### Engaging with lower tier suppliers

With declining leverage, visibility and control beyond tier 1 of the supply chain, engaging with lower tier suppliers, particularly quarries, is a major issue for stone companies. Widespread informality, a lack of law enforcement and low expectations from local buyers on ethical practices offer few incentives for suppliers to make changes. It can therefore be difficult to drive improvements upstream in the value chain. Many UK stone companies and suppliers have expressed frustration at their inability to exercise influence over quarry practices. In such a context, how can buyers ensure that their product has been made ethically?

Below are some examples of what some UK stone companies are doing to engage with sub-tier suppliers:

- **Including lower tier suppliers in social compliance auditing programmes.** Some stone companies have started to audit stone quarries that supply their first tier suppliers, thereby helping to raise awareness of their standards across the supply chain.
- **Using suppliers that own their own quarries.** Some stone suppliers are vertically integrated and source most or some of their stone from their own quarries, where it follows they have greater control over working conditions.
- **Engaging with upstream suppliers in regular industry forums.** Encouraging the participation of lower tier supply chain stakeholders in regular meetings and industry forums, such as the ETI multi-stakeholder forum in Jaipur, can help promote greater transparency and collaboration across the value chain. It can also help raise awareness of labour issues among lower tier suppliers.
- **Partnering with civil society and government authorities to address endemic value chain issues.** Sector-wide labour issues, such as child and bonded labour, are rooted in complex socio-economic problems that require a collective effort by the private sector, civil society and government to address. While one stone company alone may struggle to find a sustainable solution to intractable issues, a joined-up approach that includes key local stakeholders will have a greater chance of creating lasting change.

### Box 6. Child Labour Free Zones

Beltrami has partnered with its main Indian supplier to address the endemic issue of child labour in the cobble-making industry in Budphura. The Child Labour Free Zones project was funded by Beltrami and designed by the Dutch NGO, India Committee of the Netherlands. The aim is to target vulnerable mining communities with awareness-raising campaigns against child labour. There will also be a push to encourage children to go back to school by improving educational infrastructure and social services. The project is currently under pilot and is expected to expand to other villages in the area.



# Monitoring and reporting on performance

**To assess the effectiveness of ethical sourcing efforts, it is important to keep track of performance and report back to internal and external stakeholders. Measuring performance allows companies to analyse the extent to which ethical sourcing goals and policies are being achieved. It also helps to identify what measures have been effective and what key lessons can be drawn from on-going implementation challenges.**

### Setting measurable targets

Overarching ethical sourcing goals set in your policy statement should be broken down into measurable targets, or key performance indicators to allow more accurate data gathering and performance measurement. ETI recommends tailoring key performance indicators to your specific goals, operations, business structure and supply base. Below are some performance indicators for ethical sourcing relevant to stone companies and their first tier suppliers (stone processors).

## Figure 5.

Sample key performance indicators for measuring social performance in the supply chain

CATEGORY	SAMPLE KPIs	
Child labour	Leveraging partnerships	Existence of partnership with credible local civil society organisation to address root causes of child labour in quarrying communities
	Supplier management systems and performance	Number of suppliers with formal age verification mechanisms; % of suppliers found to be non-compliant with child labour laws/policies
Bonded labour	Training and awareness raising	Number of procurement staff and suppliers trained on bonded labour
	Supplier management systems and performance	Number of suppliers with formal company loan policies and procedures; number of suppliers with formal labour contracting agreements
Occupational health and safety	Training and awareness raising	Number of suppliers trained on basic OHS management systems; % of supplier workforce reporting awareness of safety instructions
	Supplier management systems and performance	Number of suppliers having conducted an occupational health and safety risk assessment; % of suppliers providing medical and injury insurance; number of accidents recorded and year on year trends

## Monitoring and reporting on performance, continued

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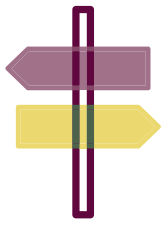
### Gathering and interpreting performance data

- **Audit data sharing.** Online supplier data-sharing platforms, such as Sedex, can provide greater access to ethical trading metrics. They allow companies to analyse trends and supplier progress on labour issues. However, this type of platform relies on data gathered by conducting multiple factory audits, a task which may not be achievable in smaller industries, such as stone processing.
- **Supplier self-assessments.** Regular self-reporting from suppliers can be more cost-effective than auditing and more practical in an industry with a narrow tier one supply base such as stone. In addition, it may be seen in a better light by suppliers and help foster good, transparent business relationships. To be effective, suppliers should develop their own monitoring and reporting mechanisms that respect the buying company's wider reporting structure (e.g. quarterly, yearly).
- **Employee surveys.** Anonymous workforce surveys are an effective way of engaging with production workers and can provide good insights on labour and employment issues facing specific workplaces or, in some cases, the whole sector. These can be designed and administered in collaboration with suppliers through workers' mobile phones or paper-based questionnaires.

### Reporting on performance

Reporting on ethical trading performance allows companies to demonstrate progress on corporate responsibility goals both internally and externally. Some stone companies may choose to disclose their ethical trading efforts on their corporate website, including their ethical sourcing policies and the results of any supply chain engagement activities. Others may wish to develop stand-alone corporate responsibility reports or integrated financial, environmental and social reports.

Public reporting can help build trust in your company and improve stakeholder relations as well as overall brand reputation. Reporting can include an overview of challenges faced and overarching strategy, an outline of policies, key activities undertaken, some quantitative results, short case studies and an indication of future actions.



# 02. Managing labour standards in the workplace: guidance for stone suppliers

This chapter is designed to help stone suppliers in India manage their social and labour responsibilities, and meet the expectations of their international buyers.

It is organised by labour issue and highlights the key steps involved in developing and implementing robust management systems at the workplace level. You can find relevant tools for tackling specific labour and employment issues in "Annex 2: labour standards toolkit".

Many stone-buying companies have codes of conduct and expect their suppliers to comply with the standards defined by these codes. The best way to comply with these codes is to introduce structured management processes. This will help to improve your business and stands to deliver commercial benefits.

## Managing key labour issues in stone processing



OCCUPATIONAL HEALTH AND SAFETY - WHY IS THIS IMPORTANT?
<ul style="list-style-type: none"> <li>• <b>Safeguarding workers.</b> Sandstone processing is a hazardous industry. Without appropriate safety measures, workers' exposure to high levels of silica dust contained in sandstone can lead to life-threatening diseases, including silicosis and lung cancer. Dangerous tools and machinery can also lead to occupational injuries and, in extreme cases, to fatal accidents.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Complying with the law.</b> There are potentially serious consequences for not complying with Indian occupational health and safety regulation, including factory closures, fines and imprisonment. Employers may incur fines of up to 25,000 Rupees if workers die or are seriously injured as a result of non-compliance with occupational health and safety regulations (Factories Act (FA), s.92).</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Reducing worker turnover and absenteeism.</b> Occupational diseases and injuries can lead to higher rates of absenteeism and turnover among workers, due to temporary or long-term incapacitation, low morale and poor overall health.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Avoiding interruptions in production processes.</b> Accidents and emergencies can interrupt production and reduce business efficiency and performance. In the most serious cases, this can lead to temporary plant closure and significant loss of business.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Reducing costs.</b> Poor health and safety standards can increase costs related to medical compensation for harmed workers, insurance premiums, legal fines and fees, work interruption, reputational damage and loss of business, etc.</li> </ul>

## Managing labour standards in the workplace: guidance for stone suppliers, continued

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### OCCUPATIONAL HEALTH AND SAFETY - WHAT CAN MY COMPANY DO?

- **Develop an occupational health and safety policy.** Developing an occupational health and safety policy will allow you to demonstrate commitment to complying with occupational health and safety regulations (FA, s.7A (3)).
- **Assign responsibility for occupational health and safety.** A manager responsible for occupational health and safety should be appointed to implement the policy, provide training and expertise, and monitor safety performance on an ongoing basis. If this person is not a specialist, they should receive the appropriate training to undertake this role.
- **Set up an occupational health and safety committee.** Creating a joint committee to oversee occupational health and safety issues is a good practice. Regular communication between workers and management will allow you to identify and report safety issues more rapidly.

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### OCCUPATIONAL HEALTH AND SAFETY - WHAT CAN MY COMPANY DO?

- **Conduct an operational risk assessment.** A risk assessment is an analysis of the factors that could cause harm to people in the workplace. It helps to determine what measures should be put in place to protect them. You start by looking at all business processes and identifying job-specific hazards. Then, assess the level of risk and determine what actions you could take to mitigate or eliminate it, as described in Box 7. For this to be effective, you need to assess risks on an ongoing basis, conduct regular reviews and make updates to reflect any changes.



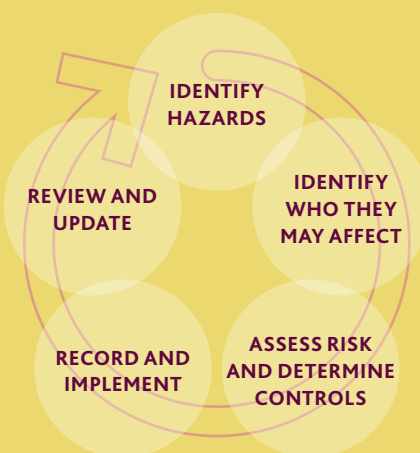
## Figure 6.

### Occupational health and risks in sandstone processing

HAZARD TYPE	HAZARD FACTORS	DESCRIPTION	RISKS
Physical hazards	Silica dust	Repeated exposure to silica dust generated by production processes	Respiratory diseases, including silicosis
	Noise	Noise and vibration caused by machines used for calibrating, sawing, cutting, shaping, blasting and tumbling stone	Hearing damage or loss, hand-arm vibration syndrome
Accident hazards	Dangerous tools	Risk of injury due to manual or mechanical cutting, sawing and shaping	Cuts or other injuries
	Chemicals and solvents	Exposure to chemicals during polishing process	Skin inflammation, eye injury, chemical poisoning from inhalation or ingestion
	Heavy loads	Carrying heavy loads when handling, packing, loading and transporting blocks of stone	Long-term health issues related to over-exertion and muscle strain, skeletal disorders
	Falling objects	Risk of stone slabs or blocks falling on workers during handling and transportation	Physical injury
	Stone debris	Exposure to stone debris and ricochets propelled by mechanical processes such as calibrating, cutting, sawing, shaping, blasting, polishing and tumbling	Eye injury
	Wet or uneven surfaces	Exposure to stone debris and ricochets propelled by mechanical processes such as calibrating, cutting, sawing, shaping, blasting, polishing and tumbling	Fall-related injury

# Managing labour standards in the workplace: guidance for stone suppliers, continued

## Box 7. Key steps of a risk assessment



### 1. Identify hazards

There are various ways to identify hazards in the workplace, including:

- walking through the plant and noting what factors (machines, tools, materials or operations) may cause harm to people;
- reviewing past records of injuries and identifying common causes of workplace accidents;
- asking workers what processes they consider to be hazardous;
- reviewing occupational health and safety meeting minutes;
- checking worker sick leave reports;
- reviewing information provided by manufacturers of machinery (e.g. instructions booklet) and chemical products (e.g. medical safety data sheet).

### 2. Identify who they may affect

Once the potential hazards have been identified, it is important to identify *who* they can harm so the people concerned can be given adequate instructions and protection. This is likely to include employees doing the work as well as others who may visit production areas, such as maintenance workers or plant visitors.

### 3. Assess risks and determine controls

Firstly, an evaluation of risks in the workplace means estimating the level of workers' (and others) exposure to the hazards identified under step 1. This helps to prioritise risks according to their severity and determine appropriate precautionary measures. Risks can be assessed by considering:

- the **severity of the potential impact** caused by the hazard (e.g. minor injury, fatal accident or health issue);
- the **likelihood of the occurrence** of the risk.

For example, repeated exposure to silica dust **without adequate protection measures causes fatal** respiratory diseases, making it a high risk issue for the sandstone processing industry. Where it is not possible to remove the hazard entirely, as is the case with silica dust, you must take measures to control the risk and reduce the likelihood of workers being injured. You can do this by:

- using alternative options that are less hazardous (e.g. use of machine to lift heavy equipment instead of manual lifting);
- restricting access to hazardous equipment or processes (e.g. guarding systems for machinery);
- providing personal protective equipment to workers (e.g. respirators, safety shoes, etc.);
- providing medical and welfare facilities (e.g. first-aid equipment, infirmary, sanitary and washing facilities).

### 4. Record and implement

Results of the risk assessment should be recorded and shared with employees. ETI recommends developing an action plan with specific measures to control hazards, allocate resources, define staff responsibilities and set timelines for completion and review.

### 5. Review and update

A risk assessment must be reviewed and updated regularly to ensure it reflects any changes in processes, equipment or materials. New data gathered through accident records and worker feedback should also be taken into account and used to amend the risk assessment, as necessary.

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#### OCCUPATIONAL HEALTH AND SAFETY - WHAT CAN MY COMPANY DO?

- **Train employees.** It is important for suppliers to raise awareness of occupational health and safety risks among workers and enforce important instructions, such as the wearing of appropriate personal protective equipment. This is also a legal requirement (FA, s.7A (2)). You can do this by: including relevant information in induction plans, talking to employees about health and safety at team meetings, and ensuring that supervisors understand and respect their duty to protect their teams. A sample training agenda can be found in Box 9.

- **Enforce hazard controls and risk prevention measures.** Measures to mitigate and prevent operational risks identified during the operational risk assessment should be implemented, particularly in relation to:
  - permit-to-work and other protective measures for hazardous work, such as operating dangerous machinery or vehicles;
  - maintenance, storage, handling and labelling of hazardous chemicals (e.g. solvents);
  - provision and inspection of occupational health and safety equipment, including first aid boxes, fire equipment and personal protective equipment.

- **Provide worker welfare.** This includes:
  - Health checks: provide a basic medical check-up when a new worker joins and at regular intervals. Delivering health awareness education improves workers' health and wellbeing in the workplace and can also help to improve the health of their families.
  - Provision of safe drinking water: provide good quality drinking water for all workers.
  - Sanitary facilities: provide on-site toilet and washing facilities for all workers along with information about the importance of hygiene.
  - Shade and rest areas: ensure that workers have an area where they can take rest breaks. This must be in the shade and sheltered from dust and noise.
  - Meals: provide a nutritious meal for workers in the middle of their shift. Ensure that they have at least one good meal a day. Listen to worker feedback on the quality of food provided and make any changes, as necessary.

- **Ensure emergency preparedness and response.** This includes emergency evacuation procedures such as safety alarms, evacuation plot plans and signs as well as resources and procedures for responding to accidents (FA, s.41B (4)).

## Managing labour standards in the workplace: guidance for stone suppliers, continued

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### OCCUPATIONAL HEALTH AND SAFETY - WHAT CAN MY COMPANY DO?

- **Measure, report and improve safety performance.** Monitoring safety performance involves keeping a detailed record of accidents, near misses and days lost in the workplace. Investigate every accident thoroughly to identify what caused it and prevent similar accidents from happening again. For a sample accident investigation form, see Tool G in Annex 2.

### Box 7. Florence Sandstone: enforcing the wearing of personal protective equipment

Florence Sandstone provides personal protective equipment (PPE) for all workers, appropriate to their tasks. Initially, workers can be reluctant to wear PPE. The company tackles this by providing regular training and education for workers and supervisors to explain the importance of wearing it. Site visitors, including senior managers, are expected to set an example by also wearing PPE. Many more workers are now wearing the equipment as a result of the training.





**Box 8. Shree Agencies Pvt. Ltd.: example contents of an occupational health and safety training plan.**

TOPIC	LEVEL OF PARTICIPANTS	IN HOUSE/ EXTERNAL	SCHEDULE IN MONTH	EXPECTED DATE FOR TRAINING
USES AND ADVANTAGES OF PPE	Machine operators & supervisors	In house	Jan 2014	23 Jan 2014
OCCUPATIONAL HEALTH & SAFETY	All	In house	Feb 2014	18 Feb 2014
QEHS POLICY, FIRST AID, FIRE FIGHTING & EMERGENCY EVACUATION DRILL	All	In house	Mar 2014	20 Mar 2014
USE OF CALIBRATION TOOLS	Machine operators & supervisors	In house	May 2014	22 May 2014
WORK INSTRUCTIONS AND MACHINE OPERATION	Machine operators and supervisors	In house	Jun 2014	19 Jun 2014
HOUSE-KEEPING, ENVIRONMENTAL HEALTH & SAFETY	All	In house	Jun 2014	30 Jun 2014
OCCUPATIONAL HEALTH & SAFETY	All	In house	Jul 2014	22 Jul 2014
ADVANTAGE OF PPES	Supervisors & workers	In house	Aug 2014	23 Aug 2014
FIRE FIGHTING, FIRST AID & MOCK DRILL	All	In house	Sep 2014	24 Sep 2014
CRANE/FORK LIFT OPERATION	Crane/fork lift operators	In house	Oct 2014	14 Oct 2014

# Worker documentation

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## WORKER DOCUMENTATION - WHY IS THIS IMPORTANT?

- **Improving personnel management and planning.** Accurate record-keeping helps you to build the right combination of people and skills to meet your commercial goals. Records on absenteeism, turnover, discipline and performance help to determine recruitment, training and development needs.
- **Minimising the risk of labour disputes.** It's important to be clear about the terms and conditions of workers' employment. Providing formal employment contracts and human resources contracts and human resources policies reduces the risk of complaints and disputes.

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## WORKER DOCUMENTATION - WHAT CAN MY COMPANY DO?

- **Develop human resources (HR) policies.** HR policies guide a company's decisions on recruitment, training, development, discipline, compensation, benefits, performance, etc. Communicating these policies to employees demonstrates your intention to be open about employment matters and prevents misunderstandings. Tool D in Annex 2 lists the main topics that should be addressed in HR policies.
- **Appoint an HR manager.** The HR manager's responsibilities include developing HR policies, recruiting, training and developing staff and coordinating with other staff to implement policies (e.g. payroll).

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## WORKER DOCUMENTATION - WHAT CAN MY COMPANY DO?

- **Conduct thorough research when selecting labour providers** to ensure contract workers have employment contracts or written terms of employment and are receiving statutory benefits and social insurance. Ask how labour providers recruit their workers and what record-keeping and payment systems they have in place. For further information on managing contract labour, see the "Contract workers" section of this Guide.

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**WORKER DOCUMENTATION -  
WHAT CAN MY COMPANY DO?**

- **Communicate internal policies and terms of employment to workers.** Employees must understand their terms of employment and internal company rules. Explain your policies when new workers join (during their induction) and clarify them in an employee handbook for further reference.
- **Ensure all workers receive notice of their terms and conditions of employment in writing.** (Industrial Employment (Standing Orders) Central Rules, 1946). Write these statements in clear, simple language, and explain them face-to-face. The following information should be covered:
  - name, date of birth and contact details of the worker;
  - company name and address;
  - nature of the employment relationship (permanent, part-time, etc.);
  - dates of beginning and end of the employment relationship;
  - regular working hours and overtime;
  - compensation, benefits and legal deductions;
  - important internal policies and procedures (non-discrimination, grievances, discipline, occupational health and safety, etc.);
  - key job tasks;
  - resignation and termination terms;
  - employee’s and employer’s signatures.

- **Maintain personnel records for all employees, including copies of records of contract workers.**

These should include the following information:

- personal details, such as name, date of birth address, next of kin, etc;
- copy of official ID (or alternative proof of age document, such as birth certificate);
- copy of employment contract;
- records of absences and leave;
- details of workplace accidents;
- records of disciplinary actions;
- training records;
- records of company loans (if applicable);
- employment history.

Personnel records must be kept confidential, in order to protect employees’ personal data. Employees have the right to access their records and be informed of how they are used.

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**WORKER DOCUMENTATION -  
WHAT CAN MY COMPANY DO?**

- **Review personnel records on a regular basis** to ensure they are up to date and reflect any changes in workers’ personal data or employment history.
- **Gather feedback from workers** to determine how well they understand your employment and HR policies, and make changes to your communications and training activities, as necessary.

# Wages and benefits

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## WAGES AND BENEFITS - WHY IS THIS IMPORTANT?

- **Complying with the law.** Indian law has strict requirements on wages, including respecting the minimum wage, the time at which wages should be paid and acceptable methods of payment. Failure to comply with the law or maintain records may lead to fines (Payment of Wages Act (PWA), s.20).
- **Complying with the ETI Base Code on paying a living wage.** As described in the ETI Base Code (clause 5) a living wage should be “enough to meet basic needs and to provide some discretionary income”. This is important because often minimum wage rates fail workers at the lowest end of the pay scale and can lead workers and their family into vulnerable situations.
- **Enhancing employee motivation and productivity.** Employees who are paid adequately, on time and in full are likely to feel valued by the company and more motivated to deliver their best efforts at work. They are also less likely to be overworked, work excessive overtime hours, be undernourished, be in debt or send their children in to work instead of school; without these stresses workers are likely to be more contented and productive.
- **Attracting and retaining talent.** Companies offering better pay and benefits are more likely to attract talented individuals. Wage levels may also influence employees’ feelings of loyalty to the employer and tenure with the company.

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## WAGES AND BENEFITS - WHAT CAN MY COMPANY DO?

- **Establish clear policies on remuneration and benefits.** Human resources policies should include standards on employee pay and benefits, covering:
  - legal requirements;
  - responsibilities and arrangements for wage payments, including the person responsible for managing the payroll, the time at which wages and benefits should be paid and payment methods (e.g. cash or bank transfer);
  - procedure for piece rate payments;
  - legal wage deductions;
  - premium payments for overtime and work on rest days and public holidays;
  - benefits, including legally required maternity benefits, medical and social insurance;
  - leave, including annual leave, maternity leave, sick leave, public holidays and other leave as required by law;
  - non-discrimination and equal pay for equal work;
  - terms and conditions for advance payments or employee loans if applicable.
- **Appoint a payroll manager.** A management representative should be appointed to manage the payroll. Responsibilities of the payroll manager include responding to employee queries and staying up to date with legislative changes relating to wages, benefits and social security.

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**WAGES AND BENEFITS -  
WHAT CAN MY COMPANY DO?**

- **Gather information about legal requirements and industry standards.** This will allow you to comply with legal requirements on wages, social security payments and other benefits, and respect industry best practice. You should create a procedure for monitoring changes in law at the national and regional level in relation to minimum wage levels and other requirements, so that you are ready to act, if necessary.
- Support and enable worker representative groups, ideally legitimate trade unions, to collectively negotiate terms for better wages.

01 02 03 **04** 05

**WAGES AND BENEFITS -  
WHAT CAN MY COMPANY DO?**

- **Communicate standards and procedures to employees.** Inform workers about their salary and benefits entitlements on an individual basis. This information can be communicated when they join, as part of the worker's induction plan. Communicate salary reviews and increases to workers and, where possible, record them in writing and add them to staff records.
- **Train administrative staff.** Train staff responsible for time-keeping and payroll management on pay practices and systems.
- **Integrate time management and wage payment systems.** In order to avoid mistakes in wage calculation, it is good practice to integrate time management and wage payment systems. Many stone processing companies transcribe hours and calculate wages manually. While this is acceptable, it can easily lead to inaccuracies or omissions, so it is important to check calculations regularly and encourage workers to report any perceived discrepancies. Investing in automated time-recording and wage payment systems is the best way to minimise the risk of human error.

## Wages and benefits, continued

01 02 03 04 05

### WAGES AND BENEFITS - WHAT CAN MY COMPANY DO? CONTINUED

- **Maintain transparent payroll procedures and records.** It is important that procedures clearly define the method for calculating workers' wages and benefits, including as it relates to:
  - payments for overtime and work on rest days or legal holidays;
  - calculation of bonuses and allowances;
  - legal deductions related to social security and income taxes;
  - in-kind benefits (e.g. transportation, meals, accommodation, etc.);
  - piece rates.

A general payroll register should be maintained for all employees with information on the total number of hours worked, gross and net pay, legal deductions, loan repayments (if applicable) and benefits for each employee.

- **Provide written employment contracts with clear information about wages and benefits.** Providing employment agreements at the time of hire ensures workers are made aware of their terms and conditions of employment, including their level of pay and benefits.

- **Ensure the timely payment of wages.** Workers must receive their wages on a regular basis and within a pre-defined timeframe. Pay periods can vary between companies and depending on whether workers are paid on a piece-rate basis. Workers should receive their wages at intervals not exceeding one month at a time.

- **Provide Employee State Insurance** where applicable (applies to premises where ten or more people are employed or were employed in the preceding 12 months; Sec. 2 (12), Employees' State Insurance Act (ESI), 1948) or an alternative form of group insurance to all workers.

- **Provide payslips to workers.** Payslips should include the following information:
  - number of hours worked;
  - overtime hours and rates of pay;
  - allowances and bonuses; and
  - legal deductions (e.g. State Insurance contributions);
  - deductions for the reimbursement of advance payments or loans, if applicable.



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**WAGES AND BENEFITS -  
WHAT CAN MY COMPANY DO?**

- **Audit and improve the payroll system.** Review your payroll management system regularly, take action on issues or mistakes, and ensure you reflect any changes in the law.
- **Join efforts to improve wages across the industry.** In addition to making the above improvements in your own workplace, consider joining efforts to improve wages across the whole sandstone sector. This will ensure a stronger, more stable, skilled workforce for the whole sector and will reduce wage level imbalances between different workplaces.

**Box 9. Calculating piece rate wages**

Suppliers can follow the five steps below to ensure piece workers are receiving the minimum wage, as required by law (MWA, s.17):

**1.** Monitor working hours and overtime for piece rate workers.

**2.** Determine the hourly minimum wage rate.  

$$\frac{\text{(Monthly minimum wage)}}{\text{(Number of working days per month)}} = \text{Number of normal working hours per day} \times \text{Minimum hourly rate}$$

**3.** Determine piece rate workers' hourly rate based on the total number of regular hours worked and compare it with the minimum hourly rate. If the hourly rate of a piece rate worker is below the hourly minimum wage, add the difference.  

$$\frac{\text{Piece rate earnings}}{\text{Number of regular hours worked}} = \text{Hourly rate} - \text{Minimum hourly wage rate}$$

**4.** Calculate overtime pay based on the number of overtime hours worked, multiplying the hourly rate by the overtime premium.  

$$\text{Hourly rate} \times \text{overtime rate} \times \text{overtime hours} = \text{overtime pay}$$

# Working hours

01 02 03 04 05

## WORKING HOURS - WHY IS THIS IMPORTANT?

- **Increasing productivity.** Workers who are well rested and in good health are likely to be more alert and productive.
- **Reducing workplace accidents.** Long working hours can increase the likelihood of workplace accidents due to worker fatigue. Conversely, employees who enjoy sufficient down-time are likely to be more alert to potential hazards.
- **Saving costs.** Managing working hours can reduce recruitment and training costs due to worker turnover or absenteeism and reduce the frequency of quality issues or damage to products and equipment.

01 02 03 04 05

## WORKING HOURS - WHAT CAN MY COMPANY DO?

- **Define working hour and overtime limits in your human resources policies and procedures.** These should also include provisions on daily breaks and weekly rest and overtime payments, in line with Indian law (FA, s.51, 54, 55).
- **Define working hours in employment contracts.** The employment contract should contain clear information on normal working hours, breaks, weekly rest and overtime arrangements at the facility where the worker is employed.

01 02 03 04 05

## WORKING HOURS - WHAT CAN MY COMPANY DO?

- **Set reasonable production targets and plan ahead to minimise reliance on overtime.** Regular communication and coordination between the human resources department and production teams is necessary to ensure working hours are within the legal limits. Production forecasting should take legal requirements into account and targets should be realistically achievable within normal working hours. To avoid frequent reliance on overtime hours, stone processors may consider planning an additional shift or upgrading the skills of their workforce so they are able to meet targets within their normal daily hours.



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**WORKING HOURS -  
WHAT CAN MY COMPANY DO?**

- **Train supervisory staff on time-management and recording.** This helps to ensure that employees have the knowledge and tools necessary to plan production and shift patterns, and monitor working hours to ensure compliance with company policies and Indian law.
- **Provide timely, transparent and accurate overtime payments.** Overtime premium payments should be paid at the same time as workers' wages and should appear separately on their payslips. Workers in scheduled employment performing overtime must be paid at a rate of twice their ordinary rate of wages (MWCR, s.25; FA, s.59).

**Box 10. Shree Agencies: implementing biometric attendance systems**

Shree, an integrated Indian stone company which supplies major UK brands, has invested in a biometric attendance system. Employees record their time of entrance into and departure from the workplace through a biometric machine installed at the main plant gate. The software then automatically records their working hours, calculates their wages and issues pay slips accordingly. This reduces the risk of error associated with manual processes and saves management time. After a successful trial period, the company has decided to adopt this system indefinitely.

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**WORKING HOURS -  
WHAT CAN MY COMPANY DO?**

- **Monitor working hours.** Develop a system to monitor employees' working hours. For the sake of transparency, it is important that workers are able to record their own working hours by way of a punch or time card. Time records should also be maintained for all employees and contract workers, including piece rate workers (in addition to their production records). Electronic time-recording systems help to ensure the accurate calculation of hours and corresponding wages. Time-records should indicate:
  - workers' time-in and time-out of the facility;
  - break times;
  - overtime worked divided into hours worked during working days, rest days or public holidays;
  - sick leave, maternity leave, paid and other leave;
  - unjustified periods of absence.

This information should also be reflected on workers' payslips. For further information on managing working hours and overtime, see ETI, Working Hours Clause Revision Guidance: What do I need to do?

## Figure 7.

### Common issues around working hours in the stone processing industry

ISSUE	DESCRIPTION	POTENTIAL SOLUTIONS
<b>Excessive working hours</b>	<ul style="list-style-type: none"> <li>Working hours exceed the daily or weekly limit (over 10 hours per day or 60 hours per week; FA, s.64).</li> <li>Overtime hours exceed the legal limit (over 50 hours over a calendar quarter; FA, s. 64).</li> </ul>	<ul style="list-style-type: none"> <li>Ensure HR policies define daily and weekly working hour limits and respect national law.</li> <li>Establish a system for reviewing and approving overtime requests by the production team.</li> <li>Ensure supervisors and production managers are aware of legal limits on working hours and overtime.</li> <li>Investigate causes of excessive working hours and consider improvements (e.g. additional shift, training, process improvement).</li> </ul>
<b>Lack of seventh day of rest</b>	<ul style="list-style-type: none"> <li>Workers do not receive one day off per week (MWCR, s.23; FA, s.52).</li> <li>Workers are employed for more than 10 consecutive days without rest (FA, s.52).</li> </ul>	<ul style="list-style-type: none"> <li>Check that company policies specify worker rest day requirements.</li> <li>Communicate policy to supervisory and production functions.</li> <li>Ensure shift patterns take legally required rest days into account.</li> </ul>
<b>Involuntary overtime</b>	<ul style="list-style-type: none"> <li>Workers feel they cannot refuse overtime work.</li> <li>Workers cannot leave until they have achieved their production quota, even if this means working overtime.</li> </ul>	<ul style="list-style-type: none"> <li>Stipulate that all overtime is voluntary in company policies.</li> <li>Communicate to workers and supervisory staff that workers are free to refuse overtime.</li> <li>Ensure production targets are achievable within normal working hours and workers are free to leave at the end of their normal work day.</li> <li>If transportation is provided, ensure it is available both at the end of the normal work day and after overtime hours to avoid worker coercion.</li> </ul>
<b>Inaccurate time records or lack thereof</b>	<ul style="list-style-type: none"> <li>Company does not maintain time records.</li> <li>Frequent mistakes or omissions in time records.</li> <li>Time records do not show start and end of work day or overtime hours.</li> <li>Miscalculation of wages or incorrect overtime payments.</li> </ul>	<ul style="list-style-type: none"> <li>Begin monitoring and recording employees' working hours with individual punch / time cards. Instruct workers on the system.</li> <li>Introduce additional checks (e.g. peer review) to verify that working hours are accurately calculated. Ask workers to keep track of their working hours and raise any discrepancies.</li> <li>Consider investing in an automated system to avoid mistakes in wage and hour calculations.</li> </ul>

# Prevention of child labour

01 02 03 04 05

## PREVENTION OF CHILD LABOUR - WHY IS THIS IMPORTANT?

- **Managing risk.** The use of child labour is a serious human rights violation which can lead to significant loss of business and legal liabilities. The majority of international stone importers have strict standards on child labour and may terminate suppliers found to be non-compliant with their codes and the Indian labour law. Additionally, this is a high profile issue for NGOs operating in India and will attract negative attention, which could seriously damage your reputation and business in the long-term.
- **Enhancing company reputation.** By taking a strong stance against child labour, suppliers can demonstrate leadership in this area and improve their reputation. This can have positive repercussions on commercial relationships and relationships with local communities, NGOs and trade unions.
- **Developing future talent.** Investing in educational programmes and vocational training for young people helps to create a good selection of candidates. It also makes local labour markets more competitive. This is likely to improve suppliers' chances of attracting qualified candidates and avoid skills shortages.

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## PREVENTION OF CHILD LABOUR - WHAT CAN MY COMPANY DO?

- **Develop policies on child labour.** The policies should cover:
  - national legal requirements, including the Child Labour Act (CLA), the FA and the Constitution;
  - minimum age for employment at the facility - 18 for hazardous industries and processes involving exposure to free silica (CLA Schedule);
  - age verification requirements (e.g. copy of official ID requested upon hire);
  - remediation guidelines in case child labour is found at the facility;
  - responsibilities for implementing the policy;
  - standards for communicating and enforcing the policy in the supply chain and with labour providers.

## Prevention of child labour, continued

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### PREVENTION OF CHILD LABOUR - WHAT CAN MY COMPANY DO?

- **Assess risk of child labour at the workplace and in the supply chain.** Gaining a better understanding of risks in the supply chain and within labour contracting structures is an important first step in the prevention of child labour. As indicated in Box 4, child labour is a high risk in sandstone quarries and the production of cobbles. The lack of control and visibility over labour providers' recruitment practices and the way they check ages can also increase the risk of child labour.

- **Develop key performance indicators to measure progress on preventing child labour,** such as:
  - number of job applicants found to be under the age of 18;
  - number of underage workers found at the facility (and in the supply chain);
  - number of complaints received concerning child labour issues;
  - number of suppliers or contractors identified as non-conformant with company policies on child labour and young workers.

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### PREVENTION OF CHILD LABOUR - WHAT CAN MY COMPANY DO?

- **Strengthen recruitment processes** to prevent the inadvertent hiring of underage workers. In particular, the following steps can be taken:
  - ensure all requests for new hires for contract workers are made in writing to the human resources department or equivalent responsible person;
  - ensure that job adverts and person specifications issued by the human resources department specify the minimum age and the proof of age documentation required to apply for the job;
  - seek to establish the applicant's age through visual inspection, interview and a review of proof of age documentation [see Box 8];
  - in order to prevent fraud, at least one additional original identification document should be requested to confirm the applicant's age, such as a birth certificate or a doctor's certificate;
  - maintain copies of age documentation for all workers;

- **Raise awareness of child labour in the lower tiers of the supply chain.** Review quarries and meetings regularly with business partners to communicate expectations on child labour and hiring requirements.

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**PREVENTION OF CHILD LABOUR -  
WHAT CAN MY COMPANY DO?**

- **Verify implementation in the workplace.**  
Conduct regular site inspections to ensure contractors are compliant with child labour policies. These inspections should include a visual review of all workers. Check on worker documentation held by contractors and hold random interviews with workers to ensure they understand minimum age requirements.
- **Give workers a clear way to voice complaints** to allow direct and contract employees to report issues concerning the employment of children and young workers as they arise [see “Grievances and complaints”].
- **Monitoring suppliers’ compliance with child labour policies** by conducting regular quarry inspections.

**Box 11. Guidance for verifying job applicants’ ages during the recruitment process**

Guidance for verifying job applicants’ ages during the recruitment process

**1. Interview**

During the interview, the interviewer can establish applicants’ age by gathering background information on:

- their educational background, including the place they went to school, level of education and the year they completed school;
- their personal background, including their parents’ age, the number and age of their siblings (to verify age ranges);
- their level of professional experience and previous place of employment.

Interviewers should seek to verify applicants’ statements by making enquiries at their school, previous employer and/or local municipality.

**2. Documentation review**

Interviewers should ensure that there are no discrepancies in job applicants’ documentation. Common inconsistencies and signs of fraudulent documentation include marks, alterations or erasures of the year of birth and using someone else’s identification. Particular attention should be paid to the applicant’s name and picture to ensure he or she is not using someone else’s identification (e.g. an older sibling).

# Prevention of forced and bonded labour

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## PREVENTION OF FORCED AND BONDED LABOUR - WHY IS THIS IMPORTANT?

- **Mitigating reputational risks.** Forced and bonded labour exposés frequently receive negative media attention and have long been at the centre of civil society campaigning strategies. These issues (in addition to child labour) are among the most critical human rights violations that can occur in supply chains.
- **Improving worker retention.** Workers who have been accurately informed about their terms and conditions of employment are likely to stay longer with the company. A lack of clarity or openness on this issue may lead workers to abscond or terminate their contract prematurely.
- **Reducing recruitment and training costs.** Employing workers directly and being fair and transparent about employment processes reduces worker turnover. You therefore save costs by spending less on recruitment and training.

## Box 12. Bonded labour

Bonded labour or debt bondage is considered a form of forced labour in which the element of compulsion is derived from debt (ILO, 2005). It is the most common form of forced labour in India (Knight, 2010). Bonded labour occurs when workers pledge their services to repay a loan and are subsequently unable to terminate the employment relationship because their earnings are insufficient to meet their debt obligations.

### What are the main causes of bonded labour in India?

- **Caste-based discrimination:** debt bondage in India is linked to caste divisions and inequality whereby lower castes are exploited by land and business owners from higher castes (Knight, 2010). It is thought that 87% of victims of debt bondage are members of the dalit community (NCEUS, 2009).
- **Poverty and precarious work:** poverty and precarious work may force workers to take out loans from their employers to supplement their low income or provide for their needs during seasonal shortages (e.g. unemployment during the monsoon season). Interest may accrue on the loan until workers find employment, making it difficult for them to pay it off, particularly if their earnings are low.
- **Labour intermediaries:** informal and migrant workers often rely on unlicensed labour intermediaries, such as brokers or contractors, to secure employment. These third parties may impose heavy fees and mislead them about their terms and conditions of employment. Workers may take out loans to pay their broker, only to find they cannot afford to repay it because their wages are lower than anticipated.

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**PREVENTION OF FORCED AND BONDED LABOUR - WHAT CAN MY COMPANY DO?**

- **Develop effective policies against forced and bonded labour**, covering the following aspects:
  - Reference to applicable laws on forced labour (Constitution (s. 23) and 1976 Bonded Labour System (Abolition) Act (s.4));
  - prohibition of recruitment fees and deposits;
  - clear processes for wage advances and employee loans;
  - prohibition of wage withholding;
  - freedom of movement;
  - ban of official document (ID, passport) retention;
  - conditions of employment and termination of contract.

**Box 13. Lending to employees responsibly**

Following requests for financial assistance from its employees, one Indian stone processor developed a formal process for providing short-term loans to employees at market interest rates. The company developed a policy defining loan eligibility criteria and terms and conditions of repayment, which is communicated to employees during their induction. Employees are required to apply for loans in writing, stipulating the reason for their request and a management committee is responsible for assessing their eligibility, based on their earnings and ability to repay. Once the loan is approved, employees receive a written loan agreement detailing the credit terms. Repayments are automatically deducted from employees' salaries and appear on their payslips. These measures have resulted in greater transparency and accountability in the provision of credit to workers, lowering the risk of excessive, long-term debt among employees.

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**PREVENTION OF FORCED AND BONDED LABOUR - WHAT CAN MY COMPANY DO?**

- **Assess the risk of forced or bonded labour in the workplace by:**
  - interviewing new hires and contract workers to enquire whether they have paid recruitment fees and whether they are in debt due to a loan (peshki) from a previous employer or recruiter;
  - exercising due diligence when selecting labour providers and recruitment agencies to ensure they are not charging workers excessive fees or retaining their original documentation.

- **Formalising human resources procedures.** Formal recruitment procedures, job descriptions and contracts of employment for all workers allow greater transparency in employment relationships. This can help protect categories of workers who are vulnerable to forced and bonded labour, such as contract workers, casual workers and migrants. Suppliers should favour direct employment in order to reduce complexity and allow greater oversight in hiring and employment.

- **Map forced and bonded labour risks in the supply chain.** These issues are likely to be occur in quarries, where precarious work and informality prevail [see Box 4].

## Prevention of forced and bonded labour, continued

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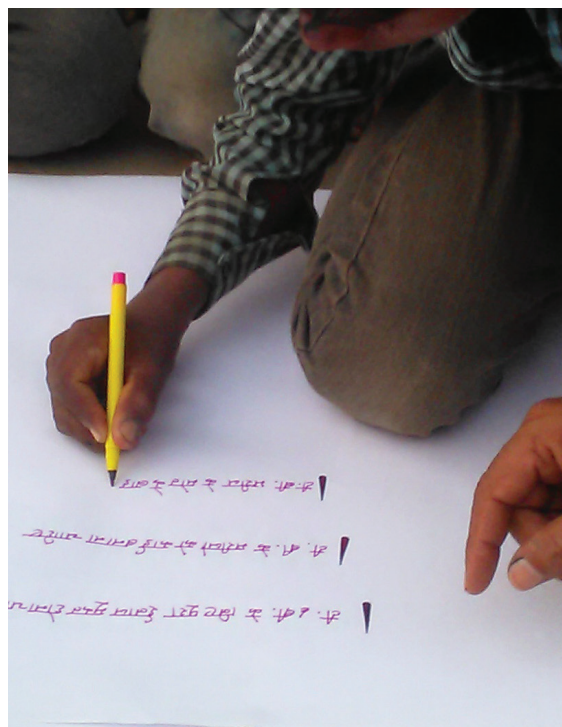
### PREVENTION OF FORCED AND BONDED LABOUR - WHAT CAN MY COMPANY DO?

- **Train workers on their rights, terms of employment and use of the company complaint system.** This helps to improve their understanding of their rights and increases the likelihood that they will report any issues related to debt bondage or forced labour, so that you can address them.
- **Work only with reputable, government registered labour providers and / or agencies.** This will help prevent labour violations, such as wage withholding and illegal deductions, which may lead to debt bondage.
- **Ensure workers are not required to pay recruitment fees or deposits.** The employer should cover all costs related to hiring migrant, agency or contract workers
- **Ensure all overtime is voluntary [see Figure 7].**

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### PREVENTION OF FORCED AND BONDED LABOUR - WHAT CAN MY COMPANY DO?

- **Provide all workers at the site with access to the grievance mechanism,** including contract workers and casual workers (see ETI Grievance Mechanism Guidance for the Rajasthan sandstone sector).
- **Monitor labour providers and suppliers** to ensure their recruitment processes and employment procedures are consistent with company policies on forced and bonded labour. Regular visits to quarries to interview workers about their working conditions and discuss ongoing issues with quarry managers can help to improve labour practices in the supply chain.





# Worker engagement



## WORKER ENGAGEMENT - WHY IS THIS IMPORTANT?

- **Communicating business developments.** Providing information to workers about broad developments affecting the business – particularly those that may impact on their work – is likely to motivate them and increase their commitment. Information need not be detailed but regular updates and discussion of issues affecting the business is usually welcomed by workers. It gives them a greater understanding of their role and why you have made certain decisions.
- **Understanding worker concerns.** Small complaints can escalate into major issues unless you identify and address them. By providing a formal forum for consultation and discussion, companies can learn how to anticipate problems and ensure that workers feel that their voices are being heard.
- **Improving working practices.** Workers often have good ideas on how to improve workplace practices in ways that can improve productivity and reduce time-wasting and accidents.
- **Respecting freedom of association.** Although workplace trade unions are rare in the stone sector, companies should ensure that they are respecting the right to freedom of association. Encouraging workplace committees is one way of helping to create a mature system of industrial relations.



## WORKER ENGAGEMENT - WHAT CAN MY COMPANY DO?

- **Stipulate respect of freedom of association and collective bargaining rights in company policies.** There are low levels of union representation in the Indian stone sector and unionisation is not an absolute necessity or a legal requirement. However, it is important to demonstrate both to employees and to business partners that the company respects workers' right to freely associate. The best way to do this is by making a formal policy commitment (see Constitution (s. 19(1c))).



## WORKER ENGAGEMENT - WHAT CAN MY COMPANY DO?

- **Set key targets for worker engagement.** Measuring data on employee grievances and job satisfaction can help to determine how motivated your employees are. It also highlights areas where workers and managers could work better together.

## Worker engagement, continued

01 02 03 04 05

### WORKING HOURS - WHAT CAN MY COMPANY DO?

- **Allow trade union representatives access to the facility to discuss union membership with workers.** Enabling official trade unions to access the facility and inform workers about their role and membership conditions will allow workers to make an informed decision about whether or not to join a union, without company interference.
- **Foster better worker-management dialogue.** Consider options for improving worker-management communication, such as regular team meetings or establishing an independent worker representation body to discuss workplace issues with the management team. Worker representatives should be freely elected by workers and must respect their responsibility to respond to workers' concerns.

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### WORKING HOURS - WHAT CAN MY COMPANY DO?

- **Gather workers' feedback on working conditions and production processes.** Encourage workers to provide their input on production, human resources and occupational health and safety issues. There are a number of ways to gather employee feedback, such as regular worker surveys, occupational health and safety committee meetings, formal or informal worker-management meetings on specific issues, reviewing worker complaints and grievances, etc.
- **Establish a grievance procedure.** This will allow the company to identify common concerns as they arise and continuously improve practices. For more information on establishing a grievance mechanism, see the "Grievances and complaints" part of this Guide.

# Grievances and complaints

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## GRIEVANCES AND COMPLAINTS - WHY IS THIS IMPORTANT?

- **Increasing productivity and improving employee satisfaction.** Workers' ability to voice issues in the workplace and share their thoughts on management processes is integral to improving employee motivation and productivity.
- **Improving human resources processes.** Robust complaint procedures can provide insight into how human resources processes are working and where they could be improved.
- **Identifying and mitigating risk.** Effective grievance mechanisms allow you to identify employee or production-related issues ahead of time, which gives you the opportunity to address them before worker concerns escalate. Unresolved worker concerns can lead to high turnover rates, absenteeism or industrial action.

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## GRIEVANCES AND COMPLAINTS - WHAT CAN MY COMPANY DO?

- **Worker complaints can be addressed by developing a formal operational grievance mechanism.** Grievance procedures provide a clear and transparent framework to handle issues that may arise during an employment relationship, from an employee's perspective. Procedures are necessary to ensure that the mechanism is fair, impartial and that complaints are dealt with in a timely manner. For further information on developing grievance procedures, suppliers can refer to ETI's Grievance Mechanism Guidance for the Rajasthan natural stone sector.

### Box 14. Shree Agencies: handling employee grievances

Shree Agencies has a step-by-step grievance process involving:

- initial discussion with supervisor, with the aim of resolving the issue within 48 hours;
- escalation to head of department if the issue is not settled;
- if still not settled, reference to the Grievance Committee, comprising managers, supervisors and workers.

# Contract workers

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## CONTRACT WORKERS - WHY IS THIS IMPORTANT?

- **Managing legal liabilities.** Contract workers represent a significant proportion of the workforce at stone processing plants, yet they often have less favourable working conditions than permanent workers. As principal employers, processors have a statutory obligation to ensure that contract workers working at their premises have decent working conditions and receive adequate pay and benefits (CLRAA, s.20 and 21). Effective due diligence and enforcement of labour standards in relationships with contractors can help to lower the risk of legal and financial liabilities.
- **Ensuring workforce stability.** Effective management of contract workers is likely to give you access to a well-prepared contingent workforce to provide additional support during peak periods or replace absent workers. Providing adequate training and working conditions for contract workers can help to distinguish the company as an attractive place to work and ensure that you have an ongoing, uninterrupted supply of workers.
- **Reducing accidents.** Several studies have shown that contract workers are more susceptible to injury as they may be unfamiliar with the workplace, production processes and safety instructions. It is therefore important to train contract workers on company occupational health and safety policies to avoid accidents.

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## CONTRACT WORKERS - WHAT CAN MY COMPANY DO?

- **Enforce minimum social performance standard in contracts with labour providers.** Stone processors should seek to establish formal contracting relationships (ideally in writing) with their labour contractors. You should stipulate minimum requirements on social performance and compliance with the labour law in the terms of agreement.

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## CONTRACT WORKERS - WHAT CAN MY COMPANY DO?

- **Exercise due diligence when selecting labour providers.** A significant number of contract workers in the stone sector are employed by informal labour providers and do not have a formal employment relationship. This means they are not protected under the Indian labour law and they may not receive social protection. While it may be difficult to completely avoid the use of contract labour, stone processors should gather basic information about contractors' practices at the selection stage. In particular, it is important to verify that they are officially registered and licensed to operate by the Labour Department.

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**CONTRACT WORKERS -  
WHAT CAN MY COMPANY DO?**

- **Include contract workers in the induction process.** Contract workers should be included in induction processes and trained on occupational health and safety instructions and other company policies.
- **Develop a process for contract workers to become permanent workers.** Permanent vacancies should be notified to contract workers.

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**CONTRACT WORKERS -  
WHAT CAN MY COMPANY DO?**

- **Monitor contractor performance against labour law and company policies.** In order to ensure that contract workers' terms and conditions of employment comply with legal requirements, you should monitor your labour providers' performance. This can be achieved by conducting regular verifications of contractors' payroll and employment records. Companies that use contract workers should maintain attendance records for those workers to ensure they are being paid correctly.
- **Provide contract workers with access to the company grievance mechanism.** It is good practice to extend the company's operational grievance mechanism to contract workers. This allows you to identify potential issues ahead of time, including issues at the plant or in relation to their terms of employment with the contractor.

**Box 15. Shree Agencies: improving working conditions for contract workers**

The stone processing company Shree Agencies employs contract workers for packing and loading crates of stone and to replace absent workers. The company introduced a two-day induction training on occupational health and safety and company policies for all new recruits, including contract workers. In addition, the company has extended its regular medical checks to contract workers, recognising that they may also be at risk of developing occupational diseases.

# Annex 1:

## Ethical sourcing toolkit



### Tool A:

#### Risk checklist for non-specialist site visit to supplier

RISK ISSUE	QUESTIONS AND OBSERVATIONS	NOTES
GENERAL OBSERVATIONS	State of housekeeping and orderliness on-site:	
	Worker attitude in presence of managers and visitors:	
LABOUR ISSUES	What are the key labour challenges at the facility?	
	What is the level of employee turnover?	
	What is the most frequent complaint you receive from workers?	
RECRUITMENT	How do you recruit workers (word of mouth, agencies)?	
MIGRANT WORKERS	Where do workers generally come from (local, migrant)?	
	Where do workers live and where are their families (local houses or separate accommodation)?	
WORKER HEALTH	Availability of safe drinking water, condition of latrines:	
	Level of PPE wear among workers and managers:	
	Existence of health and safety signs:	
	Availability of shaded rest area:	
HOURS	Level of fatigue and worker body language:	
	How do you manage variations in demand from customers or seasonally?	
WAGES	How do you ensure that workers are paid the correct wage for hours worked?	
CHILD LABOUR	Age of workers, evidence of children on site:	
BONDED LABOUR	How many workers borrow money from the company?	
	How many workers are in debt to a contractor?	
DISCRIMINATION	Prevalence of women workers and nature of tasks they are undertaking:	

## Annex 1: Ethical sourcing toolkit, continued

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### Tool B: Resources on labour issues

#### Resources on ethical sourcing

##### The United Nations Global Compact

The UN Global Compact is a private voluntary initiative for businesses aiming to foster collective action on sustainability through a common set of principles, private sector engagement and public reporting. The UN Global Compact principles on labour are based on the International Labour Organisation's core labour standards, as defined in the Declaration on Fundamental Principles and Rights at Work, namely:

- the protection of the right to freely associate and bargain collectively;
- the elimination of all forms of forced and compulsory labour;
- the abolition of child labour;
- the elimination of discrimination in employment and occupation.

For further information, please see:

[www.unglobalcompact.org](http://www.unglobalcompact.org)

#### TFT

TFT is a non-profit initiative focussed on improving environmental and social standards and transparency in global product supply chains. The organisation has established a "Responsible Stone Program", bringing together retailers, construction firms, stone importers and other stakeholders to address ethical issues in the stone supply chain. The aim is to enforce a common code of conduct through auditing and capacity building activities within quarries and stone processing yards. Final products receive certification if all supply chain entities have attained Level 2 of compliance against the code of conduct and implemented core labour standards, basic management systems and occupational health and safety practices. Members of the Responsible Stone Program include Aggregate Industries, B&Q and Beltrami.

For further information, please see:

[www.tft-forests.org/pages/?p=7582](http://www.tft-forests.org/pages/?p=7582)

#### Social Accountability International (SAI)

SAI is another multi-stakeholder initiative promoting better enforcement of workers' rights around the world. The organisation focusses on helping suppliers to develop knowledge and skills, and training social auditors, labour inspectors and trade union representatives in social compliance. SAI has developed the SA8000 standard, a certification for labour and employment standards which defines how to develop management systems to manage social compliance at supplier level.

For further information, see:

[www.sa-intl.org](http://www.sa-intl.org)

# Resources

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## Resources on labour issues in India

### India Ministry of Labour and Employment

[www.labour.nic.in/content](http://www.labour.nic.in/content)

### India National Human Rights Commission

[www.nhrc.nic.in](http://www.nhrc.nic.in)

### International Labour Organisation – India

[www.tinyurl.com/os9m7yn](http://www.tinyurl.com/os9m7yn)

### US Department of State, 2014, *Country Reports on Human Rights Practices for 2013 – India*

[www.state.gov/documents/organization/220604.pdf](http://www.state.gov/documents/organization/220604.pdf)

### US Department of Labor, 2013, *Findings on the Worst Forms of Child Labor for 2012*

[www.dol.gov/ilab/reports/child-labor/findings/2012TDA/India.pdf](http://www.dol.gov/ilab/reports/child-labor/findings/2012TDA/India.pdf)

### US Department of Labor, 2014, *List of Goods Produced by Child Labor or Forced Labor*

[www.dol.gov/ilab/reports/child-labor/list-of-goods/](http://www.dol.gov/ilab/reports/child-labor/list-of-goods/)

## Resources on stone

### IDH Natural Stone Programme

[www.idhsustainabletrade.com/natural-stone](http://www.idhsustainabletrade.com/natural-stone)

### Natural Stone Council

[www.naturalstonecouncil.org](http://www.naturalstonecouncil.org)

## Civil society organisations

### Mine Labour Protection Campaign

[www.mlpc.in](http://www.mlpc.in)

### Dalit Solidarity Network

[www.dsnuuk.org](http://www.dsnuuk.org)

### Aravali

[www.aravali.org.in](http://www.aravali.org.in)

### India Committee of the Netherlands

[www.indianet.nl/english.html](http://www.indianet.nl/english.html)

## Trade unions

### International Trade Union Confederation – India

[www.ituc-csi.org/india](http://www.ituc-csi.org/india)

### Bhartiya Majdoor Sangh

[www.bms.org.in](http://www.bms.org.in)

### Indian National Trade Union Congress

[www.intuc.ind.in](http://www.intuc.ind.in)

### Centre of Indian Trade Unions

[www.citucentre.org](http://www.citucentre.org)

### Hind Majdoor Sabha

[www.hmsindia.org.in](http://www.hmsindia.org.in)

### All Indian Trade Union Congress

[www.aituc.in](http://www.aituc.in)

## ETI resources

### ETI, Freedom of association in company supply chains, a practical guide

[www.ethicaltrade.org/resources/key-eti-resources/freedom-of-association-in-company-supply-chains](http://www.ethicaltrade.org/resources/key-eti-resources/freedom-of-association-in-company-supply-chains)

### Working hours – ETI Base Code guidance

[www.ethicaltrade.org/resources/key-eti-resources/working-hours-guidance](http://www.ethicaltrade.org/resources/key-eti-resources/working-hours-guidance)



## Annex 1: Ethical sourcing toolkit, continued

### Tool C: Supplier self-assessment questionnaire

This is a draft self-assessment questionnaire for suppliers. The purpose is to gather basic information that can be used to make an initial risk assessment in preparation for a more detailed engagement or site visit.

SUPPLIER INFORMATION	
Company name	
Headquarters address	
Main contact person	
Position	
Telephone	
Email	
Year started trading	
Business License no.	
Annual turnover	
No. of sites	
Location of primary production site	
SITE INFORMATION (PLEASE COMPLETE FOR EACH SITE)	
Type of site (e.g. quarry, processing plant)	
Site name	
Address	
Main site activities/products	
Production volume	
Name of production site manager	
Language(s) spoken	
Language(s) of official facility documentation	
CONTRACTORS	
No. of contract workers	
No. of contractors providing labour	
Names of labour contractors	
Type of operations performed by contractors	

## Annex 1: Ethical sourcing toolkit, continued

GENERAL	
Are you required to comply with any ethical standards or codes by customers?	
If so, which codes are these (e.g. ETI Base Code, TFT code)	
Has the site been audited by a customer. If so, when was the last audit? (Please attach).	
Has the site been inspected by a government labour inspector? If so, when and what issues were found?	
Do you have a process for checking working conditions at suppliers' premises?	
Is there a manager responsible for personnel/human resource management?	
What is your process for ensuring compliance with the law?	
Please list any policies you have (e.g. health and safety, equal opportunities)	
Workforce profile	
Total number of permanent workers	
No. of employees during peak production	
No. of employees during normal production	
Temporary/seasonal workers	
Contract workers (% of total)	
Workers supplied by a labour agency	
Migrant workers from outside the local area	
% and type of local minority groups represented in the workforce	
% of women workers	
Employee nationalities	
Language(s) spoken	
% of workers having left the company in the last year	

**Tool C:**  
Supplier self-assessment questionnaire,  
continued

WORKING HOURS	
Number of shifts	
Shift hours	
Number of workdays in a week (please specify which ones)	
Estimated average working hours per week	
Estimated maximum working hours per week during busiest period	
Average number of weekly days off	
Minimum number of weekly days off	
What system do you use for monitoring working hours? (Please indicate if it is manual or automated).	
<b>Recruitment and training</b>	
How do you recruit workers?	
Do workers have written contracts or terms of employment?	
Do you hold workers' ID documents? If so, are these originals or copies?	
Do you offer loans to workers? If so, please describe the loan application procedure and credit terms (e.g. timeline for repayment, interest rates, etc.).	
What is your process for verifying the age of workers upon hire?	
What documents do you request of workers upon hire?	
What is the age of the youngest worker?	
Do you use labour providers or recruitment agencies to hire workers?	
If you use labour providers, how do you check their recruitment and payment processes?	
Do workers receive an induction? If so what does it cover?	
Do workers receive regular ongoing training? If so, what does it cover?	

## Annex 1: Ethical sourcing toolkit, continued

### Tool C: Supplier self-assessment questionnaire, continued

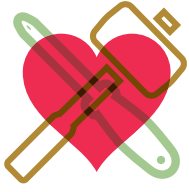
WAGES AND BENEFITS	
How do you record wage payments?	
Is there a premium rate for overtime hours? If so, how much?	
How many workers are paid on a piece rate basis?	
How do you ensure that wage payments comply with the law?	
How do you ensure workers understand their wage payments?	
Do workers receive payslips?	
What information do they contain? (e.g. legal deductions, overtime)	
Do you contribute to any social security scheme for workers? If so, which scheme and how many workers are covered?	
What type of benefits do you offer workers?	
Do you provide accommodation for workers?	
If so, do workers have to pay? If so, how much do they pay?	
Do you provide any facilities for childcare on site?	
Do you provide any meals for workers?	
Do you provide safe drinking water for workers?	
Do you provide washing and toilet facilities for workers?	
Do you provide a rest area for workers?	
Are these benefits available to all workers, including contract workers?	
What types of leave do employees receive (annual, maternity, illness, etc)?	

OHS	
Are senior staff member responsible for occupational health and safety (OHS)?	
Have you conducted an OHS risk assessment for the tasks undertaken on site?	
Is there a list of hazardous tasks? If yes, what is included?	
How do you communicate OHS instructions to workers?	
Have you provided any OHS training to workers? If so, please indicate what type of training was provided, when it took place and how many workers participated.	
Are forklift drivers trained on safe use of the vehicle?	
Do you provide protective clothing and equipment (PPE) to workers?	
How do you ensure that workers wear PPE?	
Estimated percentage of workers that wear PPE:	
Do you have an emergency response procedure? If so, please describe it and indicate how it is communicated to workers.	
Do you have emergency exits? If so, please describe how many there are and how you ensure that they are kept unlocked and unblocked.	
Do you have fire-fighting equipment? If so, please describe what type of equipment you have and how it is inspected and maintained.	
Do you have a system for investigating and recording workplace accidents?	
How many workplace accidents occurred in the last year? Were any of those fatal?	
What type of medical and first aid equipment is available on-site?	
How many first aid points are there on site?	
How many workers are trained in first aid?	

## Annex 1: Ethical sourcing toolkit, continued

### Tool C: Supplier self-assessment questionnaire, continued

<b>OHS, CONTINUED</b>	
Do workers receive medical check-ups?	
Do you use any chemical products? If so, how do you ensure that they are stocked and handled in a safe manner?	
What measures do you have in place to protect workers from dangerous machinery or moving vehicles?	
Is there a process for employees to report OHS issues to managers?	
Is there a Health & Safety Committee? If so, who is a member of the committee?	
<b>DISCIPLINE AND GRIEVANCE</b>	
Do you have a complaint process that enables workers to raise grievances? If so, how is it communicated to workers?	
What are the main complaints from workers?	
Do you have a disciplinary procedure? If so, how is it communicated to workers?	
What are the main disciplinary issues?	
<b>WORKER ENGAGEMENT</b>	
Are there any worker representatives on site? If so, how are they selected?	
Is there a worker committee or forum where workers can raise issues of concern?	
How often does it meet?	
Is there a trade union? If not, have employees ever tried to affiliate with one?	



## Annex 2:

# Labour standards toolkit for stone suppliers

### Tool D: Human resources policies checklist

Do your company human resources policies include the following?

CATEGORY	ITEM	
KEY STANDARDS	REFERENCE TO NATIONAL LAW	<input type="checkbox"/>
	NON-DISCRIMINATION AND EQUAL OPPORTUNITY STATEMENT	<input type="checkbox"/>
	STATEMENT ON CHILD LABOUR	<input type="checkbox"/>
	STATEMENT ON FORCED AND BONDED LABOUR	<input type="checkbox"/>
	EMPLOYEE GRIEVANCES	<input type="checkbox"/>
	WORKER ORGANISATIONS	<input type="checkbox"/>
TERMS AND CONDITIONS OF EMPLOYMENT	RECRUITMENT AND INDUCTION	<input type="checkbox"/>
	EMPLOYMENT RELATIONSHIP	<input type="checkbox"/>
	TEMPORARY AND SEASONAL EMPLOYMENT	<input type="checkbox"/>
	TERMINATION OF CONTRACT	<input type="checkbox"/>
WORKING HOURS	WORKING HOURS, WEEKLY REST AND LEAVE	<input type="checkbox"/>
	WAGES AND BENEFITS (INCLUDING SICK LEAVE, MATERNITY LEAVE AND MEDICAL BENEFITS)	<input type="checkbox"/>
WAGES AND BENEFITS	COMPENSATION	<input type="checkbox"/>
	BENEFITS (INCLUDING MEDICAL AND OTHER BENEFITS)	<input type="checkbox"/>
	MATERNITY LEAVE	<input type="checkbox"/>
	SICK LEAVE	<input type="checkbox"/>
	ANNUAL LEAVE	<input type="checkbox"/>
	OVERTIME	<input type="checkbox"/>

## Annex 2: Labour standards toolkit for stone suppliers, continued

### Tool D: Human resources policies checklist, continued

CATEGORY	ITEM	
CONTRACT WORKERS	SELECTION AND MONITORING OF CONTRACTORS	<input type="checkbox"/>
	RECRUITMENT AND INDUCTION OF CONTRACT WORKERS	<input type="checkbox"/>
	GENERAL TERMS AND CONDITIONS OF EMPLOYMENT	<input type="checkbox"/>
	OCCUPATIONAL HEALTH AND SAFETY	<input type="checkbox"/>
OCCUPATIONAL HEALTH AND SAFETY	OHS POLICY	<input type="checkbox"/>
DISCIPLINE	DISCIPLINARY POLICY	<input type="checkbox"/>
GRIEVANCES	GRIEVANCE POLICY	<input type="checkbox"/>

### Tool E: Personal protective equipment checklist

HAZARDS	PERSONAL PROTECTIVE EQUIPMENT	
FALLING OBJECTS	SAFETY HELMET	<input type="checkbox"/>
FALLING OBJECT, WET WORK FLOORS	WATERPROOF SAFETY BOOTS WITH NON-SLIP SOLES	<input type="checkbox"/>
STONE DEBRIS	EYE PROTECTION	<input type="checkbox"/>
NOISE	EAR PROTECTION	<input type="checkbox"/>
SILICA DUST AND DANGEROUS CHEMICALS	RESPIRATORY MASK	<input type="checkbox"/>
DANGEROUS TOOLS, CHEMICALS AND SOLVENTS	SAFETY GLOVES	<input type="checkbox"/>
MOVING VEHICLES AND MACHINERY	HIGH VISIBILITY VEST	<input type="checkbox"/>



**Tool F:**  
Sample OHS risk assessment template

HAZARDS	
POTENTIAL EFFECT	
EXPOSED INDIVIDUALS AND GROUPS	
PROCESSES AND TASKS CONCERNED	
LOCATION	
EXISTING CONTROL MEASURES	
ACTIONS TO BE TAKEN	
DEADLINE FOR COMPLETION	
RESPONSIBILITY	

## Annex 2: Labour standards toolkit for stone suppliers, continued

### Tool G: Sample accident and incident investigation report

ACCIDENT AND INCIDENT INVESTIGATION REPORT			
DATE / TIME			
REPORTED BY			
TYPE OF EVENT	INCIDENT	NEAR MISS	<input type="checkbox"/>
		OTHER HAZARDOUS CIRCUMSTANCES	<input type="checkbox"/>
	ACCIDENT	FATAL	<input type="checkbox"/>
		SERIOUS	<input type="checkbox"/>
		MAJOR	<input type="checkbox"/>
		MINOR	<input type="checkbox"/>
LOCATION			
PERSONS INJURED OR OTHERWISE INVOLVED			
DESCRIPTION OF ACCIDENT OR INCIDENT			
PROCESSES OR TASKS CARRIED OUT AT THE TIME			
CAUSE OF ACCIDENT OR INCIDENT			
ILL EFFECTS OR INJURIES CAUSED			
ACTIONS TAKEN TO PREVENT REOCCURRENCE			
SIGNATURE			

#### Definitions

- **Accidents** can be classified by degree of seriousness to help with monitoring and reporting to relevant government authorities. Accidents causing death or a serious injury which prevents a worker from working for 48 hours or more must be reported to the competent authorities (FA, s.88 (1)).
- **Incidents** can include near misses, defined as incidents with the potential to cause injury (e.g. stone slab falling in production area without injuring anyone), or reports of potentially hazardous circumstances (e.g. badly placed stone slab at risk of falling on the production floor and causing injury).

## Tool H: Key principles underlining an effective grievance mechanism

PRINCIPLE	DESCRIPTION
<b>AWARENESS</b>	Workers should be informed about the grievance mechanism at their time of hire and procedures for raising complaints should be easily accessible in the workplace in a language workers understand (e.g. posted in a prominent place within the facility, included in the employee handbook).
<b>SIMPLICITY</b>	The grievance procedure should be simple, avoiding unnecessary administrative stages. The nature and outcome of each stage should be clearly defined.
<b>IMPARTIALITY AND CONFIDENTIALITY</b>	Every complaint should be treated seriously and consistently dealt with in an impartial, confidential and transparent manner. This makes the mechanism more credible to workers. While procedures may specify that complaints should first be made to the employee's supervisor, there should also be the option of raising a grievance first with an alternative manager (e.g. HR manager).
<b>REASONABLE TIMEFRAMES</b>	Complaints should be resolved in a timely manner and time limits should be set for each stage of the process. Workers should be kept informed about the time it will take to address their complaints.
<b>NON-RETRIBUTION</b>	Policies should protect workers against dismissal, reprisals or penalties of any kind for raising complaints.
<b>RIGHT TO APPEAL</b>	Procedures should allow employees to appeal to a higher level of management should they be unsatisfied by the outcome of the initial investigation.
<b>RIGHT TO BE ACCOMPANIED</b>	Employees should have the right to be accompanied by a colleague or a worker representative during meetings arising out of the grievance process.
<b>ACCESSIBILITY AND ANONYMITY</b>	The procedure should be accessible to everyone and sensitive to the needs of vulnerable employees, such as migrant workers, ethnic minorities and women. It should provide different points of contact and allow employees to raise grievances anonymously if necessary so as not to deter anyone. If there are language barriers or workers are illiterate, additional support should be provided to assist them in making complaints.

**Tool H:**  
Key principles underlining an effective grievance mechanism,  
continued

PRINCIPLE	DESCRIPTION
<b>RECORD-KEEPING</b>	Written records of complaints and steps taken to address them should be maintained by the company to ensure greater transparency. Written records also facilitate tracking of worker complaints for monitoring purposes.
<b>MONITORING</b>	Complaints should be tracked and the grievance mechanism reviewed to ensure continued effectiveness. For example, employers can monitor the type of grievances that are being lodged (e.g. are the same issues recurring?) to enhance HR management. Monitoring can also reveal whether complaints are being resolved in accordance with the stated timelines.
<b>NON-INTERFERENCE WITH OTHER MECHANISMS</b>	Operational grievance mechanisms should not preclude employees' rights to raise complaints through other judicial and administrative mechanisms.
<b>RELATIONSHIP TO COLLECTIVE AGREEMENTS AND REGULATION</b>	Grievance mechanisms should refer to applicable national laws and collective bargaining agreements.



# Annex 3: Bibliography



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The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.

Our vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity.

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