

Report about FS Inspection Trip to Turkey from 26.04.2024 to 29.04.2024

The Fair Stone inspection trip took place from 26.04.2024 to 29.04.2024 to Izmir province in western Turkey. This was the second first trip to Turkey since 2012, when Fair Stone partners de-registered their businesses there. In 2023, two supply chains were registered again for FS Partners from Switzerland.

It was comprised of a comprehensive visit to two factories and one quarry in the Bergama/Kozak area of Turkey. This trip was planned in collaboration with a local auditing company responsible for carrying out third-party audits under the WiN=WiN Fair Stone scheme. These audits focus on ensuring ethical practices in the natural stone sector and addressing specific challenges unique to this industry.



#Quarry Operations: Owned by nearby processor. Lease of around 100ha of Land

Before the field audits, a preparatory meeting was held at the auditing company's offices to discuss the nuances of the scheme and the audit process. We were accompanied by a local liaison and well-connected expert in the Granite sector.

The audits were conducted following the FS BASIC scheme, focusing on verifying actual on-site production processes and products destined for clients.



#Quarry: Mostly extraction of boulders, different from large granite quarries in China or India

Turkish granite, primarily utilized in paving and landscape architecture, is valued for its quality and the logistical advantage of Turkey's proximity to European markets. The Aliaga port serves as a critical hub for exporting these stone products from the Izmir region, highlighting the increasing importance of Turkey in the global stone export market. The cost of container shipments has become a significant factor due to global logistical

disruptions, often influencing the pricing and supply chain dynamics of such exports.

In terms of operational standards, the audited factories exhibited a good level of infrastructure with well-maintained wet cutting saws, lifting devices, and other heavy machinery—noticeably superior to facilities in countries like China or India. The sector in Turkey benefits from being less labor-intensive, partly due to a reduced focus on handcrafted products.



#Finished Products for Clients

Safety standards were mostly upheld, with all workers equipped with full sets of Personal Protective Equipment (PPE) during the audits. Furthermore, the companies demonstrated robust internal governance with comprehensive documentation including contracts, insurance, licenses and attendance records.



#Sandblasting was available at all processors



#Factories were clean and organized, infrastructure was newer in comparison to China



#Worker Interviews were conducted. A worker representative is mandated by law.

The regional government policies also reflect strong governance, aiming to align more closely with Western labor organization practices. This includes mandatory worker representations and comprehensive occupational, health, and pension schemes, which are increasingly important in a country facing economic challenges like a weak national currency and high inflation rates.

In recent years, in response to escalating living costs due to high inflation, Turkey has significantly increased the minimum wage. Starting in 2023, these adjustments were aimed at enhancing the financial stability of workers, with the latest increase in 2024 elevating the monthly minimum wage to 17,002 Turkish Liras (approximately \$578).

Recommendations Environmental and Social Risks:

- The natural stone sector in Turkey faces several social and environmental risks, including issues related to labor rights, worker safety, and environmental impacts of quarrying activities.
- Ensuring adherence to ethical labor practices and mitigating environmental damage are crucial for the sustainability of the sector and to keep aligned with due-diligence requirements of European importers and EU Green-Deal Directives.
- Availability of skilled workers and their retainment have been affected negatively by inflation but have also strengthened their bargaining position.
- Efforts to improve working conditions and implement sustainable practices are ongoing, reflecting a broader trend towards ethical sourcing and production in the natural stone industry.