

# ANNUAL REPORT

# 2010



*Toward a Fair, Responsible  
and Sustainable Indian Mica  
Supply Chain*

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*The Responsible Mica Initiative is not a buyers' group because it does not take part in any trade agreement discussions.*

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*Photo credits: Terre des Hommes Netherlands / Mayank Soni*

## ANNUAL MESSAGE

Dear Members and Friends,

Welcome to the first Responsible Mica Initiative (RMI) annual report.

Our organization was conceived just two years ago with a single purpose in mind. Our goal is to enable a responsible mica supply chain in India that can be sustained without the use of child labor. Ours was not the first attempt to achieve this objective. Indeed, a number of our founding members had sponsored and continue to support projects with a similar goal in mind. However, their experiences revealed the complexity of the task and, moreover, an appreciation that significantly more and coordinated resources would be required in order to address and improve the underlying economic and social conditions that lead to the use of child labor. A holistic approach was needed to improve conditions in mica extraction in the collection regions in the states of Bihar and Jharkhand.

In 2016 concerned parties convened a Mica Summit and agreed to take up that challenge. In response to that commitment, in 2017 we established the Responsible Mica Initiative. We would join forces among the participants in the mica supply chain to develop strategies that would provide an integrated approach by simultaneously tackling the social, economic and regulatory forces that contribute to the presence of child labor and promoting responsible sourcing practices. We are results driven and hold ourselves to performance metrics, using our financial resources and industry knowledge to support programs designed to improve working conditions, sourcing processes, community livelihoods and legal frameworks in the mica sector.

To succeed, we realized that our plans would need to engage all elements of society that could contribute to our understanding of the challenges that lie ahead and participate in both finding and implementing solutions. Consequently, we have agreed on an approach that requires us to engage, collaborate and build partnerships not only with companies in the mica supply chain but also with governments, civil society organizations and the communities that provide the workforce for mica mining and processing.

The scale of the initiatives we have planned requires significant financial resources and building membership has been an important part of our first two years. Reflecting the growing visibility of our programs and the success of our plans to date, we are gratified that our membership has grown from 20 to 47 organizations in only two years. Each member shares a common commitment and joins RMI not merely as a dues-paying member but as an active partner by lending its expertise to support all aspects of our programs. Our success depends as well upon the expertise and commitment of our program partners who work with us to develop and implement our initiatives in the field.

The Responsible Mica Initiative is committed to meeting both social and business goals, balancing people and profit. Respect for human rights and the elimination of child labor are commitments to which our members adhere. By joining forces, we hope to rebuild communities and improve the livelihoods of those engaged in India's entire mica sector.

Our report reviews the progress we have made towards achieving our mission. We hope that you will find the report informative and inspire you to join us in our cause.



**MATTHIAS LERGENMÜLLER**  
PRESIDENT

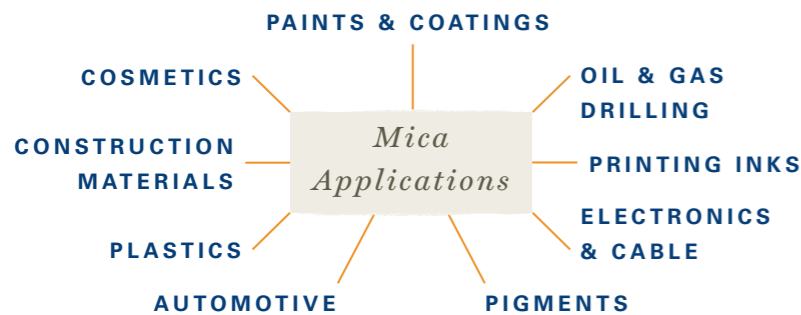


**FANNY FREMONT**  
EXECUTIVE DIRECTOR



# MISSION, GOALS AND PROGRAMS

*Our mission: To enable a responsible mica supply chain in the Indian states of Bihar and Jharkhand that can be sustained without the use of child labor through the implementation of integrated programs.*



**75%**  
of India's mica comes from Bihar and Jharkhand

## THE CONTEXT OF INDIA'S MICA INDUSTRY

Mica is used in a wide range of industries that benefit from the mineral's diverse attributes. The cosmetics, automotive coatings and printing ink industries utilize mica's visual properties. Mica is a natural insulator used throughout the electronics industry, serves as a filler in plastics and construction materials and is used as a lubricant in the oil and gas drilling sector, among other applications. India is one of the world's largest sources of mica of which 75 percent<sup>1</sup> is collected in the mica belt that straddles the eastern states of Bihar and Jharkhand, among the least developed regions in India. As a result of poverty and lack of available quality education, some families have had no recourse but to bring their children with them to collect mica to supplement their incomes. In India, any form of work is prohibited under the age of 14 and hazardous work, including mining, is prohibited under the age of 18.

## ESTABLISHING COLLABORATION

In 2009, companies eager to find ways to tackle the endemic problems in the region that lead to the use of child labor began to take action independently and collectively. Members of the cosmetics industry collaborated under the auspices of the Natural Resources Stewardship Circle supported by cosmetics companies. In February 2016, members of the global mica supply chain gathered in Delhi, India for the first Mica Summit, which galvanized companies and civil society organizations (CSOs)<sup>2</sup> to act and led to the formation of the Responsible Mica Initiative. In April 2016, Terre des Hommes Netherlands, a globally recognized child rights organization, published its landmark report on child labor in India's mica industry: *Beauty and a Beast: Child Labour in India for Sparkling Cars and Cosmetics*, which further motivated companies to engage. The Responsible Mica Initiative was formally established in January 2017.

*Companies should not rush to find alternatives to Jharkhand/Bihar for their mica as this will not solve the problems of child labour, rampant poverty and low health, safety and environmental (HSE) standards. It is better to stay involved and seriously conduct due diligence.*

— TERRE DES HOMMES NETHERLANDS, BEAUTY AND A BEAST

<sup>1</sup> Terre des Hommes Netherlands 2016 Report, "Beauty and a Beast: Child Labour in India for Sparkling Cars and Cosmetics." In 2018, Terre des Hommes Netherlands published a second report on child labor in the mica industry outside of India.

<sup>2</sup> In this report we use the term Civil Society Organization rather than Non-Governmental Organization to include a range of non-market and non-governmental organizations following guidance in *OECD: Partnering with Civil Society 12 Lessons from DAC Peer Reviews*, page 7.

## GOALS AND PROGRAMS

The strategy developed over the course of 2016 and 2017 and launched in 2018 identified the need for a holistic approach that improved underlying social and economic conditions in order to enable communities to send their children to school rather than collect mica. This approach recognized that the solution would need to improve working standards in mines and processors and provide a comprehensive legal framework governing the sector that, together, could enable a responsible, compliance-based industry across the entire region. At the same time, the social and economic welfare of the communities in the mica belt would need to be improved.

The strategy articulated three goals, each associated with a program pillar. The programs would operate simultaneously, providing a holistic approach designed to improve overall conditions in the region as well as enable the children to thrive within five years and provide a foundation for continued development.

### GOAL 1 – RESPONSIBLE WORKPLACE STANDARDS:

Enable 100% of mica supply chain participants in Bihar and Jharkhand to comply with globally recognized workplace employment, occupational health and safety, and environmental standards that include prohibitions on the use of child labor.

### GOAL 2 – COMMUNITY EMPOWERMENT:

Enable 100% of the communities in mica collection areas in Bihar and Jharkhand to be reached by inclusive empowerment programs that provide improved standards of living, including additional sources of income.

### GOAL 3 – LEGAL FRAMEWORKS:

Enable 100% of the mica pickers, owners and operators of companies participating in the mica sector in Bihar and Jharkhand to operate under a clear legal framework and associated control systems.

## ESTABLISHING A PARTNERSHIP STRUCTURE

The implementation of RMI's three program pillars and RMI's long-term success relies significantly on the contributions of key partners drawn from among civil society organizations around the world. They have contributed to strategy development, created the materials required to put plans into action and have begun to introduce components of each program pillar. RMI's partnership approach extends to other stakeholders as well, including community and government leaders, companies outside the immediate mica industry and industry organizations.

## FULFILLING GLOBAL MANDATES TO PROTECT HUMAN RIGHTS

In addition to enabling compliance with Indian law and addressing social conventions against child labor, RMI's programs fulfill a number of global mandates designed to implement responsible sourcing practices and protect human rights in the course of preventing child labor.

### The International Labor

**Organization's** *Minimum Age Convention* (1973) and the *Worst Forms of Child Labor Convention* (1999) each call for member states to enact and enforce laws to prevent child labor. The **United Nations** *Guiding Principles on Business and Human Rights* establishes principles that business should adopt to respect and protect human rights.

The **OECD's** *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* and its accompanying implementing guidelines, *Practical actions for companies to identify and address the worst forms of child labour in mineral supply chain*, combine to offer companies due diligence steps that they should introduce in their supply chains. RMI programs correspond to the implementation of Step 3 of *Practical actions* that call for businesses to "design and implement a strategy to respond to identified risk."

Various components of RMI's program pillars also meet a number of the **United Nations Sustainable Development Goals** that set a global standard for international development and social and economic growth.

### Meeting United Nations Sustainable Development Goals



# HIGHLIGHTS AND MILESTONES

## BEFORE 2016

*Growing awareness of poor working conditions and child labor in India's mica industry*

- Individual companies undertake initiatives in India
- Initial collective efforts to address child labor via Natural Resources Stewardship Circle



## 2016

*Joining forces*

- Multi-sector Delhi Mica Summit sets the stage for RMI's formation
- Terre des Hommes Netherlands publishes *Beauty and a Beast*



- Terre des Hommes Netherlands starts community empowerment programs in 20 villages
- Development of RMI charter and budget
- Identification of initial RMI members and collaboration with Terre des Hommes

## 2017

*Planning for action*

- January 31st Responsible Mica Initiative launched at Constituent General Assembly
- 20 founding members of RMI
- Install RMI Executive Director
- Form member-based Action Groups to develop and guide RMI programs



## 2017

*(continued)*

- Introduce RMI goals and strategies to governments, intergovernmental and industry organizations
- Prepare responsible workplace standards for mines and processing units with support of ASK-India



- 1st RMI General Assembly and approval of 5-Year Plan Roadmaps
- Establish RMI Board of Directors
- Conduct 5 media interviews
- 39 members at year end

## 2018

*Launching programs*

- Install India-based Program Manager
- 6 program partners launch Community Empowerment programs in 40 villages
- Begin roll-out of Responsible Workplace Standards program with ASK-India
- 36 Member companies participate in pilot mica supply chain traceability project
- Form Civil Society Task Force
- U.S. International Labor Affairs Bureau recognizes RMI as a case study in addressing child labor



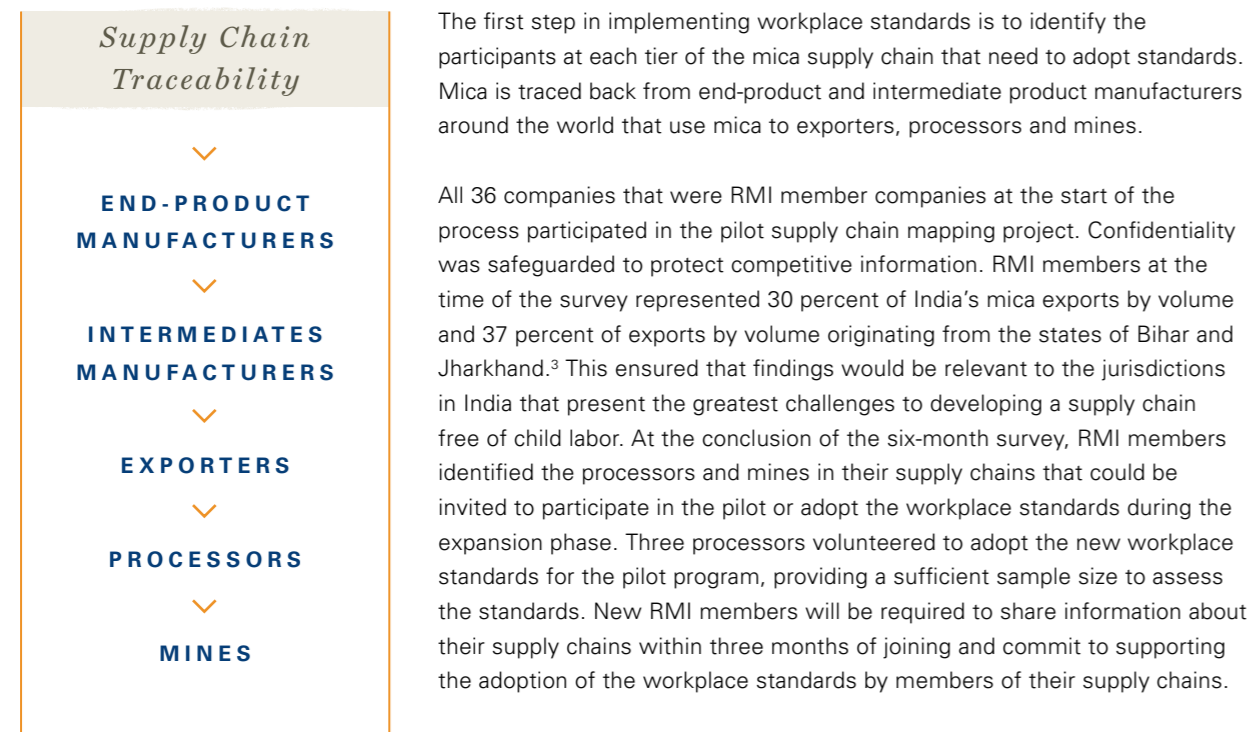
- Present RMI programs at 8 intergovernmental and industry organization events
- Terre des Hommes Netherlands initiates community empowerment programs in another 41 villages
- Begin information sharing with key ministries in Bihar and Jharkhand
- Form Business Committee
- 2<sup>nd</sup> & 3<sup>rd</sup> RMI General Assembly
- Conduct 10 media interviews
- UN Forum on Business and Human Rights recognizes RMI's multi-stakeholder approach as best practice
- 47 members at year end

# PROVIDING RESPONSIBLE WORKPLACE STANDARDS

**GOAL:** *Enable 100% of mica supply chain participants in Bihar and Jharkhand to comply with globally recognized workplace employment, occupational health and safety, and environmental standards that include prohibitions on the use of child labor.*

In 2018, RMI took the first steps in meeting its commitment to establish responsible workplace standards at mines and processors that will create a responsible and sustainable mica supply chain free of child labor. To achieve this goal, RMI began a five-step pilot program that will provide a model for implementation and expansion in 2019 and beyond.

## STEP 1 TRACING THE SUPPLY CHAIN



RMI members collectively represent **37%** of mica exports from Bihar and Jharkhand

## STEP 2 DEVELOPING RESPONSIBLE WORKPLACE STANDARDS

The RMI workplace standards provide the central resource for preventing child labor and improving overall working conditions at mica processors and mines. To develop the standards, RMI turned to the Association for Stimulating Know-how (ASK-India), a prominent CSO, to develop the standards and oversee their implementation during the pilot phase. ASK's experience and expertise working with local businesses and community organizations across India will ensure that the scope of the standards is relevant to RMI's stakeholders and, just as importantly, that the standards will be adopted and adhered to.

Workplace standards address five dimensions of operations at mines and processors.

### WORKPLACE STANDARDS PROVISIONS

#### LEGAL REQUIREMENTS

Ensure that businesses are duly registered, adhere to laws and regulations and pay taxes.

#### SOCIAL OBLIGATIONS

Cover a wide range of fair labor practices such as minimum age of employment, fair working hours, grievance mechanisms, freedom of association and diversity provisions, with special attention to women's rights.

#### OCCUPATIONAL HEALTH AND SAFETY PROVISIONS

Address facility hygiene, the safe operation of equipment, personal protection requirements and access to first aid, child daycare and canteens.

#### ECONOMIC REQUIREMENTS

Ensure that workers receive legal minimum wages and overtime, as a first step, as well as benefits such as employer contributions to state insurance programs and provident funds.

#### ENVIRONMENTAL STANDARDS

Cover both the impact from operations on the surrounding environments, which include forests where the mines in Bihar and Jharkhand are located, and communities adjacent to the processors.

The workplace standards incorporate current local, state and federal standards in India and take into consideration workplace and other social standards adopted by leading companies in the mining, cosmetics, automotive, electronics and apparel industries. The standards also consider core provisions of globally recognized workplace environment, health and safety (EHS) and labor standards including those of the ILO, OECD and Global Reporting Initiative (GRI) and criteria for ISO 14001 certification. Longer term, mines and processors that adopt the RMI standards will be encouraged to comply with global standards as well.

<sup>3</sup> Based on 2014 UN COMTRADE and RMI member data.

**STEP 3 IMPLEMENTING RESPONSIBLE WORKPLACE STANDARDS**

ASK prepared training materials appropriate for management teams and workers alike to explain the workplace standards and the obligations of both workers and management whose understanding and commitment would be essential for the success of the program. During its monthly visits to each of the three processing facilities that volunteered for the pilot, ASK explained the program and also established baselines using key performance indicators that are part of the broader monitoring and evaluation framework that RMI applies to each program pillar. ASK helped establish worker committees to ensure ongoing feedback would be collected and included in the subsequent evaluation and adaptation phase of the pilot before the standards and training modules were finalized for the program scale-up in 2019 and beyond.

**ALIGNED ORGANIZATION PROGRAMS**

In a related study, Terre des Hommes Netherlands undertook an economic and social analysis of nine villages in Jharkhand's Koderma district that would provide insights into the challenges and needs of the communities adjacent to the mines. The research revealed that 81 percent of families were dependent on mica for their livelihood, 70 percent owned less than one acre of land and 72 percent of families lived below the poverty level.

The findings highlight the important role of workplace standards in creating a sustainable industry that can support communities that depend on mica for their livelihood. The data will help ensure that the workplace standards adequately address conditions in mines and community households as well as provide a baseline to assess progress.

**BUILDING CONSENSUS**

In an effort to build wider understanding and support for the new workplace standards, RMI met with regulators in Bihar and Jharkhand with oversight of mines and processors. They provided valuable insights into the weaknesses of current legal frameworks, the way regulations could be strengthened and how voluntary adoption of RMI standards would complement provisions of both current and future regulatory frameworks. Finally, RMI facilitated the formation of a local business committee drawing interest from approximately 40 participants in 26 organizations. Industry leaders shared their perspectives on how others in the mica sector could contribute to the project and offered expertise based on their operations and experience.



*Household  
Baseline Data*

**MICA DEPENDENCY**

81%

of income is dependent solely on mica

70%

of families own less than one acre of land

72%

of families live below the poverty level

*Our members are excited to be part of the Responsible Mica Initiative programs that will provide a sustainable future for our industry and the communities we rely on. The collaborative process that has been established will be able to incorporate our experience and sector knowledge while broadening our understanding of our workers' needs and how we can enable them to achieve their goals.*

— **RAJENDRA BAGARIA, PRESIDENT, MICA EXPORTERS ASSOCIATION & DIRECTOR, RUBY MICA CO. LTD., INDIA**

**LOOKING AHEAD TO PROGRAM EXPANSION**

The pilot program will continue into early 2019.

**STEP 4 EVALUATING IMPLEMENTATION**

In 2019, the workplace standards will be fully implemented at the three processing facilities and implementation will be monitored against the baselines. Working with ASK-India, feedback will continue to be obtained from both worker groups and management that participated in the pilot program, and any necessary changes in the standards and training materials will be incorporated before the materials are finalized.

**STEP 5 EXPANSION**

By mid-year 2019, the RMI workplace standards will be available to additional processors with the accompanying training curriculum and will be extended to include mines once they begin to be formally regulated with the support of RMI's legal frameworks program pillar. At the same time, ASK will continue to evolve both the standards and training materials to ensure program components remain relevant.

The workplace standards training program will be available to both RMI members and non-members. RMI members will be required to have mica processors in their supply chains implement the standards. All processors that adopt the standards will also be required to perform a Compliance Self-Assessment to identify gaps between the requirements of the workplace standards and their current policies and procedures. The Compliance Self-Assessment will be reviewed and provide the basis for Suggestions for Improvement Areas that owners will need to implement to ensure compliance with the standards. To support adoption of the Suggestions for Improvement Areas, RMI's Program Manager will facilitate training on the workplace standards for both management and workers at participating processors.

In alignment with RMI's holistic approach, the standards and implementation program will also be available and encouraged at mines and processors that do not supply RMI members or that have not joined RMI independently. Non-members will be required to pay a nominal fee to participate. Interactions with regulators and the business community will continue to provide valuable perspectives on the program and facilitate RMI's efforts to strengthen the legal frameworks affecting the mica industry.

**COMPLIANCE  
SELF-ASSESSMENT  
+  
SUGGESTIONS ON  
IMPROVEMENT AREAS**

# EMPOWERING COMMUNITIES

**GOAL:** *Enable 100% of the communities in mica collection areas in Bihar and Jharkhand to be reached by inclusive empowerment programs that provide improved standards of living, including additional sources of income.*

The village communities that populate the mica belt and provide the human resources to collect mica lack the means to improve their living conditions. In 2018, RMI launched a five-year program to develop innovative and scalable solutions that will address the situation, improving the wellbeing of both the children and adults in the communities and enabling a sustainable mica industry. The program envisions enhanced access to quality education, improved economic conditions as well as improved access to health services.

## ESTABLISHING PROGRAM PARTNERSHIPS

To begin the process, RMI solicited proposals from leading India-based organizations that specialize in development and capacity building to implement the community empowerment programs. From a total of 15 bids, RMI selected a consortium of six CSO partners, each highly regarded for their development work and familiar with conditions in Bihar and Jharkhand. The Association for Stimulating Know-how (ASK) and CARE-India were selected as lead technical partner and education coordinating partner, respectively. Four additional organizations were chosen to join the consortium as implementing partners. Each will conduct the program projects in 10 villages located across three districts for a total of 40 villages and benefit more than 2,500 households.



## CONDUCTING RESEARCH AND DEVELOPING BASELINES

While the implementing partners were already aware of general economic and social conditions across the mica belt, they conducted detailed survey-based research and interviews to identify the unique needs of each village in order to develop programming that will address their specific circumstances. The process also provided an opportunity for RMI partners to establish the relationships and build a rapport within the communities that will be essential for the successful implementation of the programs. The findings will also establish baselines for subsequent program evaluation.

The results of the research confirmed the breadth of the challenges that the villages face. Mining is the primary source of income for 93 percent of households and the secondary source in the remaining 7 percent. Subsistence farming and other manual labor tasks provide limited alternative sources of income, primarily during the July to September monsoon season when mines are inaccessible. At the mines, health and safety risks, coupled with the lack of transparency surrounding mica prices and wages, produce poor health and unstable economic conditions.

The research revealed limited or no access to health care for women and children, with less than 30 percent of the population served by government health programs. Access to other government social programs such as food ration cards, toilet construction, disability pensions and health insurance was also poor. Combined, these inadequacies exacerbate the dependence of the communities on mica mining and perpetuate development hurdles.

Educational resources were also found to be inadequate. In the aggregate, only 50 percent of village children attend school. The lack of print-rich resources and classroom learning tools made for poor learning environments. Schools also lack the means to engage parents and only 54 percent of families are able to support their child's education at home. Teachers received inadequate training and other government services underserved village schools.

Mica is the primary source of income for **93%** of the population

Less than **1/3** of the population has access to adequate health care

Only **50%** of village children attend school

Only **54%** of families can supplement education at home



## STRENGTHENING THE CIVIL SOCIETY ORGANIZATIONS NETWORK

Consistent with RMI's holistic strategy and to garner a wider range of perspectives on potential community empowerment solutions, RMI established the CSO Committee comprised of a number of organizations knowledgeable about the mica belt and with expertise in community development and capacity building, health, education and alternative income generation. Working together, the Committee pledged not only to support RMI's program objectives but also to create efficiencies, share experiences, coordinate actions for the benefit of the local communities and serve as a vital ongoing link between village and government leaders.

## ALIGNED ORGANIZATION PROGRAMS

During this inaugural year in the development of community empowerment programs, RMI was grateful to have been able to learn from Terre des Hommes Netherlands, which began its community empowerment programs in the mica sector in 2016. Working through different CSO partners in India, Terre des Hommes Netherlands has established programs in 61 villages that benefit more than 5,800 households. The Natural Resources Stewardship Circle also sponsors community empowerment programs in 150 villages. The challenges that Terre des Hommes and NRSC met and overcame will continue to inform and facilitate the design and implementation of RMI's initiatives.

## LOOKING AHEAD TO PROGRAM IMPLEMENTATION

During the fourth quarter of 2018, RMI evaluated the data from its own multi-village baseline study, the findings and recommendations from the CSO Committee and the data provided by Terre des Hommes Netherlands and its consortium. The results defined the scope of four components of RMI's community empowerment strategy that will begin to be implemented in 2019.

RMI's community empowerment program components include:

### IMPROVED MEANS OF LIVELIHOOD

Enhancing wages from mica collection and developing additional sources of family income such as farming and animal husbandry.

### ACCESS TO QUALITY EDUCATION

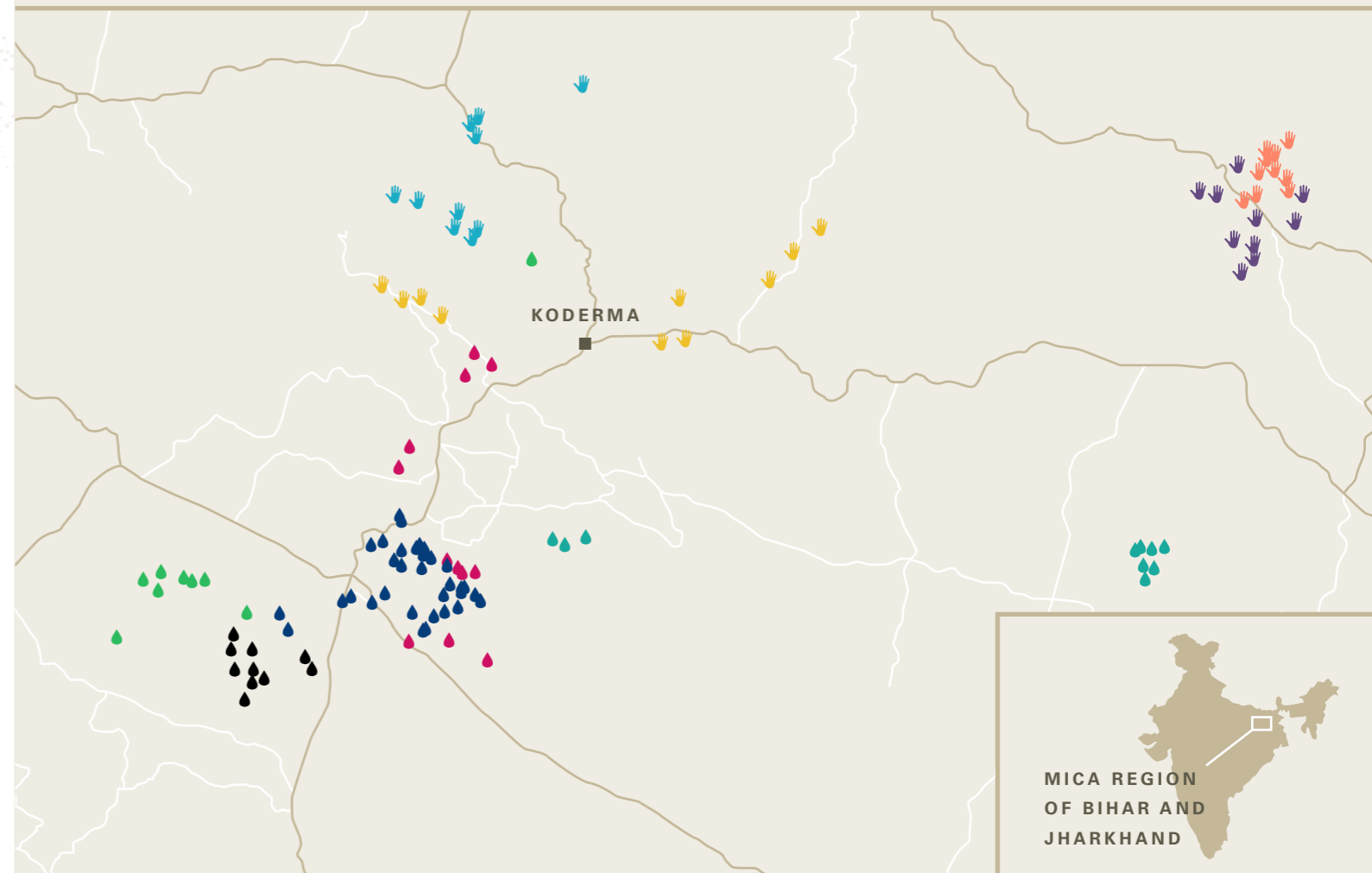
Improving education by strengthening school management and classroom environments, developing school leadership and teacher capabilities and creating democratic forums that will provide meaningful engagement opportunities for parents.

### NUTRITION AND HEALTH PROGRAMS

Providing access to health care and improved nutrition for the population as a whole and especially children and women.

### GOVERNMENT SUPPORT

Enabling mica collector families to have increased access to government programs and support through strengthened village institutions.



### RMI PARTNER VILLAGES *program started in 2018*

- CSO Partner: AT-Grassroots ————— 10 villages
- CSO Partner: Abhivukti Foundation ————— 10 villages
- CSO Partner: Bhartiya Jan Utthan Parishad ————— 10 villages
- CSO Partner: Samajik Parivartan Sansthan ————— 10 villages

### TERRE DES HOMMES NETHERLANDS PARTNER VILLAGES *program started in 2016*

- CSO Partner: Kailash Satyarthi Children's Foundation (KSCF) ————— 20 villages
- CSO Partner: Rashtriya Jharkhand Seva Sansthan ————— 12 villages
- CSO Partner: JAGO Foundation ————— 10 villages
- CSO Partner: Association for Stimulating Know-how (ASK) ————— 9 villages
- CSO Partner: Bhartiya Kisan Singh ————— 10 villages



# ESTABLISHING LEGAL FRAMEWORKS

**GOAL:** *Enable 100% of the mica pickers, owners and operators of companies participating in the mica sector in Bihar and Jharkhand to operate under a clear legal framework and associated control systems.*

There is an inconsistent and unclear array of laws and regulations governing participants in the mica supply chain in Bihar and Jharkhand. Historically, mica mining flourished in the mica belt. However, the number of legal mines started to decrease in 1980 when the Forest Conservation Act to reduce deforestation became effective and mining licenses were not renewed. In the absence of a licensing system local governments in the region have advised that no mines in Jharkhand or Bihar can be considered legal. In a favorable development, however, authorities in Jharkhand recently began to auction so-called mica dumps, piled waste or *dhibra* on the ground collected from old mica mines. The auctions now make legal volumes of mica available in the market.

Exacerbating the commercial conditions, mica is also inconsistently classified. This creates confusion among processors and traders. Raw mica acquired through auction at the mines is classified as a non-mineral whereas transferred or processed mica is classified as a mineral. In addition, environmental and forestry regulations create a further layer of compliance obligations for operators of mines and processors. These conditions lead to an operating environment that does not currently support a compliance-based mining system that can adopt and adhere to workplace standards, especially at the mine level, including provisions to prevent the use of child labor.



## IDENTIFYING OPPORTUNITIES FOR CHANGE

In 2018, RMI began an engagement program with key stakeholders in government, the private sector and civil society organizations that were knowledgeable about current conditions affecting the mica industry and were in position to recommend and implement the changes needed to create a sustainable mica industry in Jharkhand and Bihar.

At the government level, meetings with key ministries of Jharkhand and Bihar that began in 2016 were accelerated with the benefit of RMI's new Program Manager in India. RMI was able to gauge government awareness of current regulatory conditions and promote interest in adopting a coordinated approach to regulating the mica industry. In a favorable development, Jharkhand state authorities have already issued a Dealership License that will be required for any party trading mica and will enable the state to monitor and record volumes of mica moving from mines to processors.

The private sector was engaged through the recently established Business Committee, whose members brought valuable experience from the mica sector. Their input identified the gaps and inconsistencies in current regulations and suggested alternative frameworks that would provide a more transparent and consistent system under which mines and processors alike could remain viable while protecting the health, welfare and development of the communities that rely on their operations. The CSO Committee provided a complementary set of viewpoints that advocated for the best interest of the villages while also considering commercial and state interests.

## ALIGNED ORGANIZATION PROGRAM

As with other components of RMI's efforts, Terre des Hommes Netherlands contributed to strategies that will improve the legal and regulatory frameworks by commissioning an analysis of the mica situation by the Centre for Responsible Business, a leading CSO in India that promotes responsible multi-sectoral business strategies, policies and practices. The report outlines a roadmap for the development of a sustainable mica industry in Jharkhand and provides specific recommendations for phased-in improvements within the supply chain, which will serve as a strong basis to initiate common work among local CSOs, business groups and governments.



## LOOKING AHEAD TO PROGRAM IMPLEMENTATION

Building on the multi-sectoral foundation established with key organizations in 2018, RMI will continue to support the promulgation of laws and issuance of regulations that will support a compliance-based mica industry. The approach will include consideration of recommendations by the National Commission for Protection of Child Rights in its 2018 study entitled *Education and Well-being of Children in Mica Mining Areas of Jharkhand and Bihar*. Established in 2007, the Commission's mandate is to ensure that all laws, policies, programs and administrative mechanisms take into consideration a child rights perspective as enshrined in the Constitution of India and also the United Nations Convention on the Rights of the Child.

Key provisions of a sound legal framework include:

- **RECOGNITION AND ORGANIZATION OF MICA PICKER ACTIVITY** Bringing a legal and organizational framework for small-scale miners that will integrate them into responsible and controllable supply chains.
- **LICENSING** Ensuring that only licensed operators engage in mica mining and processing and enabling authorities to inspect and ensure compliance.
- **COMPLEMENTARY LEGISLATION AND REGULATION** Harmonizing and reconciling laws and regulations that today can create unclear or competing requirements affecting all aspects of the mica industry.
- **GOOD MINING AND PROCESSING PRACTICES** Requiring that the industry adhere to best practices for mining and processing that include incorporation of advancements in technology, labor protections and environmental practices.

# ENGAGING AND COMMUNICATING WITH GLOBAL STAKEHOLDERS

A critical component of RMI's strategy is the commitment to listen in order to understand and benefit from multiple perspectives regarding the implementation of responsible sourcing practices, responsible working conditions and means of additional livelihoods and demonstrate RMI's contributions toward finding solutions. The relationships that have been established will continue to inform RMI's work. In 2018, RMI interactions have elevated the importance of implementing the program pillars in India's mica sector in an integrated manner and enabled RMI to emerge as a case study in developing solutions designed to support a sustainable mica industry.

## INTERGOVERNMENTAL ORGANIZATIONS

**ILO CHILD LABOR PLATFORM** Twice in 2018, RMI's Executive Director spoke at meetings of the International Labor Organization's Child Labor Platform (CLP) whose goal is to identify the obstacles to the implementation of the ILO conventions to prevent child labor. CLP initiatives focus on supply chains and surrounding communities, identification of practical ways to overcome these obstacles and ways to promote collective action.

**ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT** At its forums, the OECD brings together subject matter experts to exchange ideas and promote policies and programs. In 2017, RMI succeeded in having mica registered as a topic at the 11<sup>th</sup> annual Forum on Responsible Minerals Supply Chain. Building on this achievement, in 2018 the OECD invited RMI not only to attend its 12<sup>th</sup> Forum but also to organize a session devoted to mica and RMI programs.

**UN FORUM ON BUSINESS AND HUMAN RIGHTS** The UN Forum is the world's largest annual gathering on business and human rights at which participants take part in more than 70 sessions on topics that relate to the [UN Guiding Principles on Business and Human Rights](#). RMI and Terre des Hommes Netherlands collaborated on a presentation of their multi-stakeholder approach to promoting human rights that received an award as best practice.



## INDUSTRY ORGANIZATIONS

**RESPONSIBLE MINERALS INITIATIVE OF THE RESPONSIBLE BUSINESS ALLIANCE<sup>4</sup>** The Responsible Minerals Initiative is a widely respected and utilized resource for more than 350 companies from a range of industries addressing responsible mineral sourcing in their supply chains. In 2017 and 2018 the Responsible Minerals Initiative regularly discussed the role of mica. At the Responsible Minerals Initiative's 2018 annual conference, RMI was invited to describe its efforts in India as part of a panel discussing supply chain sustainability initiatives in the automotive sector.

**SUSTAINABLE COSMETICS SUMMITS** Sustainable Cosmetics encourages sustainability in the beauty industry by bringing together senior executives to discuss major issues at high-level regional conferences. RMI was a featured speaker at the 2017 Sustainable Cosmetics summit in Paris. In 2018, RMI member Shiseido spoke on behalf of RMI at the Hong Kong summit and RMI Board of Directors member Merck KGaA highlighted the work of RMI at the Paris summit.

**SUSTAINABILITY & NATURALS IN COSMETICS** Consumers are increasingly aware of and changing purchasing decisions in favor of natural and sustainable beauty products. At the inaugural Sustainability & Naturals in Cosmetics conference in 2018, RMI Board of Directors member CQV represented RMI and spoke on RMI contributions to supply chain sustainability.

**PRODURABLE** RMI was invited for a second year in a row to speak at Produrable, a leading French industry and consumer corporate social responsibility conference. Participating on a panel discussing the French Duty of Vigilance Laws, RMI's initiatives were presented as a concrete example of the ways in which companies can address risk within their supply chains.

**AUTOMOTIVE INDUSTRY ACTION GROUP** The AIAG promotes collaboration within the automotive and related industries, providing access to information, education and the tools that enable its more than 3,500 members to continually improve the environment in which they operate. Represented by RMI Board of Directors member the International Paint and Printing Ink Council (IPPIC) and RMI member Axalta Coating Systems, RMI introduced its program pillars as a case study in providing supply chain solutions at AIAG's 2018 corporate responsibility conference.

**DRIVE SUSTAINABILITY** A consortium of leading European car manufacturers, Drive Sustainability examines the industry's opportunities to address social, ethical and environmental performance across its supply chain, including the use of mica. Drive Sustainability invited RMI to explain its plans and programs on several occasions.

**TERRES DES HOMMES NETHERLANDS** Leading child rights organization Terre des Hommes Netherlands hosted a forum in The Hague to announce the findings of its 2018 report: [Global Mica Mining and the Impact on Child's Rights](#). RMI provided an overview of its programs at the event.

<sup>4</sup> Formerly the Conflict-Free Sourcing Initiative of the Electronics Industry Citizenship Coalition

## MEDIA

Media have reported on the poor working conditions and use of child labor in Indian mica collection for a number of years. Attention increased after the publication of *Beauty and a Beast*. The theme of initial articles was critical of the perceived lack of industry response in addressing the issue in spite of initiatives undertaken by companies individually and, prior to the formation of RMI, to design projects to address the problem in their own supply chains.

From its inception, RMI has engaged with media to answer questions about its mission and, as programs have been launched, has been able to explain in increasing detail its holistic approach. Media coverage has begun to recognize RMI's role. In February 2017, *The Guardian* reported "Major Car Paint Suppliers Join Initiative Against Child Labour in Mica Mines" and *Marie Claire* noted "The RMI works with member companies to improve their supply chains so they have a better idea of what's happening on the ground; its goal is to eradicate all forms of child labor and establish a fully legal mica industry within five years."

## LOOKING AHEAD

RMI and its partners will continue to engage with all stakeholders in an ongoing effort to raise awareness about the social and economic conditions that contribute to child labor in the mica belt, broaden the visibility of its programs and encourage more participation in its work among all stakeholders. Toward the end of 2018, RMI launched a proactive media strategy that will more widely disseminate news about its programs and milestones and which will continue in 2019 and beyond.

# GOVERNANCE

The creation of the Responsible Mica Initiative was proposed in 2017 in response to the resolutions reached at the 2016 *Delhi Mica Summit* at which participants from industry and civil society organizations active in the mica supply chain in India, as well as representatives of the Indian government, agreed to promote responsible working conditions and eliminate child labor. Accordingly, RMI was established with a governance structure consisting of a General Assembly, a Board of Directors and an associated General Secretariat, and an Executive Team. The General Assembly meets twice annually and is comprised of active (dues paying) and honorary (non-dues paying) members who review and validate strategy, progress, budget and elect members to the Board of Directors.

## BOARD OF DIRECTORS

Rotating members of the Board of Directors serve two-year terms and are drawn from member companies engaged in the mica supply chain and from a civil society organization or industry association. The Board's permanent members represent the Natural Resources Stewardship Circle and Terre des Hommes Netherlands. Selected members of the Board of Directors serve on its General Secretariat which is responsible for daily oversight of RMI and is comprised of a president, a vice president, a secretary, a treasurer and other members in an administrator capacity. The Board of Directors met 12 times in 2018 and is comprised of:

- Matthias Lergenmüller, Merck KGaA, RMI President
- Anna Klein, The Estée Lauder Companies, RMI Vice President<sup>5</sup>
- Carel Kok, Terre des Hommes Nederland, RMI Secretary
- Laure Malherbe, L'Oréal S.A., RMI Treasurer
- Eduardo López-Dóriga, CQV, RMI Administrator
- Riaz Zaman, International Paint and Printing Ink Council, RMI Administrator
- Catherine Peyreaud, NRSC Representative, RMI Administrator

<sup>5</sup> Effective November 1, 2018, Dave Howson, Coty Inc., joined the Board of Directors as an Administrator, replacing Anna Klein. Carel Kok was elected Vice President and will continue as Secretary until a new Secretary is elected in February 2019.

## EXECUTIVE TEAM

Daily operations of the RMI are managed by an Executive Team that is responsible for implementing directives from the Board of Directors and developing and implementing strategy. The Executive team is comprised of an Executive Director, Fanny Frémont, based in France, and an India Program Manager, Vijay Jain, based in Ranchi, India where he oversees the implementation of RMI program pillars with local partners.

*Members of the Board of Directors at the 2018 General Assembly. Left to right: Matthias Lergenmüller, Carel Kok, Laure Malherbe, Riaz Zaman, Eduardo López-Dóriga.*



*Fanny Frémont, Executive Director, and Vijay Jain, Program Manager*



# MEMBERSHIP

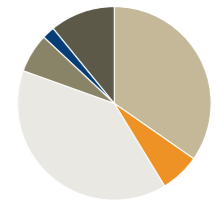
The long-term success of RMI's programs depends on a strong and diverse membership base. From an initial membership of 20 organizations that formed and funded RMI in 2017, membership more than doubled to 47 organizations at the end of 2018. A list of members can be found on the RMI [website](#).

*Membership growth from*

**20<sup>TO</sup> 47**

## MEMBERSHIP COMPOSITION

RMI's membership is drawn from a cross-section of the mica supply chain, from end-use multinational producers of cosmetics, paints, coatings, inks and electronics to manufacturers of pigments and ingredients that use mica, to India's mica processors and exporters. Members also include both civil society organizations and industry associations that represent the collective interests of their missions and members. RMI's operating budget relies entirely on member dues.



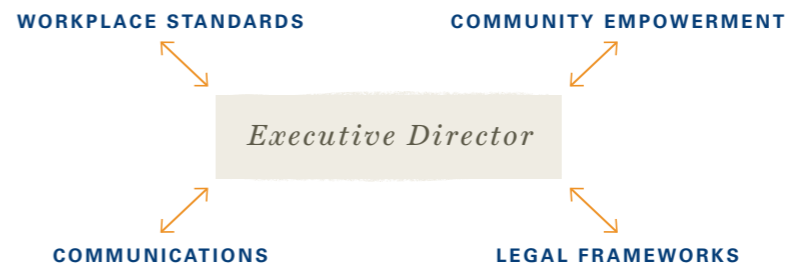
- Processors & Exporters
- Cosmetics
- CSOs & Federations
- Pigments & Ingredients
- Painting, Coating & Printing Inks
- Electronics

## MEMBERSHIP PARTICIPATION

Consistent with its commitment to partnerships and collaboration, RMI relies extensively on members who volunteer their time on four Action Groups that guide the development and implementation of the work of the three program pillars and communications activities. The Action Groups supplement RMI's lean staff and provide valuable subject matter expertise.

Each Action Group meets regularly with the Executive Director to develop and review progress against each of the three program pillars and communications plans. Companies are encouraged to join more than one Action Group and, to ensure continuity, also are able to assign more than one representative to an Action Group. The Action Groups met 17 times in 2018.

### RMI Action Groups



## LOOKING AHEAD

RMI will continue to solicit new members among companies associated with the global mica supply chain relying on the support of its current members, Executive Team and partners. In addition, efforts will be made to identify potential members among CSOs and other organizations committed to protecting human rights and advancing development goals, as well as secure support from governments.

*Our members join our program partners in a shared desire to achieve a common goal. Member participation on our Action Groups reflects that commitment and is truly a cornerstone of RMI's holistic approach to promoting responsible mica supply chains in India and ending child labor. Thanks to the combined expertise and experience of our members, we have been able to develop and implement our innovative programs on time and on budget.*

**— FANNY FRÉMONT,**  
EXECUTIVE DIRECTOR, RMI

# FINANCIALS

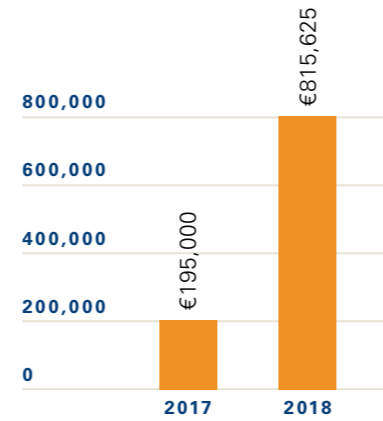
Membership dues provide 100 percent of RMI's funds. Revenues in 2018 were €815,625, a more than fourfold increase over 2017 revenues of €195,000. Dues are assessed based on member company annual revenues with a cap that is intended not to disproportionately charge larger companies. Special consideration is afforded to industry associations, whose own members may be dues paying RMI members, and small upstream suppliers in India who may also be assuming the costs associated with adopting RMI's workplace standards.

Expenses of €238,787 were allocated to management and administrative costs. Expenses of €246,209 were associated with the development and initial implementation of the program pillars in the field. Proportionately higher management and administrative costs reflect the start-up costs of establishing an organization that would administer the program pillars. The year-end surplus of €303,066 was largely due to paying partners in installments, postponing the selection of a communications agency in India to support aspects of all three program pillars and creating a planned reserve fund for contingencies. Had the resources been applied according to the original budget, the proportion of expenses allocated to program implementation compared to management and administrative expenses would have been greater.

## 100%

member funded

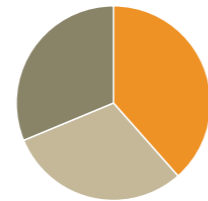
Annual Expenses



Member Dues Schedule

TURNOVER	K€/YEAR/ORGANIZATION
>10 Bn€	55
>3 Bn€	45
>1 Bn€	30
>500 M€	20
>50 M€	10
<50 M€	7.5
Associations	5
Upstream Indian supply chain actors	0.5

Allocation of Expenses



- Program Pillars  
€246,209
- Surplus  
€303,066
- Management & Administration  
€238,787

## LOOKING AHEAD

In 2019 and for the remainder of the five-year plan, the expansion of each program pillar will significantly increase the proportion of the budget dedicated to programs compared to management and administrative costs.

# RMI'S GUIDING PRINCIPLES

*RMI is a DO-TANK committed to operating according to five principles which reflect its mission, goal-oriented strategies and partnership-based approach to enabling a responsible and sustainable mica supply chain in India free of child labor.*

- THINK HOLISTICALLY
- BE ACTION ORIENTED
- STAY HUMBLE
- INNOVATE
- COLLABORATE ABOVE ALL





*The Responsible Mica Initiative is a DO-TANK committed to enabling a responsible and sustainable mica supply chain in India free of child labor.*

*RMI seeks to empower local communities, promote responsible workplace practices and support the development of legal frameworks affecting the Indian mica sector. RMI is supported by dues from member companies and organizations around the world committed to socially responsible and sustainable development in the mica supply chain.*