

Establishing Fair Mica Worker Incomes and Wages in India and the Negligible Impact on Costs to Consumers

Fair Wage Network and BASIC Reports
Executive Summary and Consolidated Overview





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Executive summary

The Responsible Mica Initiative (RMI) was established in 2017 to improve workplace practices and eliminate child labor in the mica processing and mining sector, starting in India's states of Jharkhand and Bihar. In its six years of work, RMI has introduced programs to improve workplace health and safety, return children to school, deliver vital health, education and government services to the villages providing labor for the mines, and implement state-of-art blockchain tools to monitor and secure the mica supply chain. In 2022, RMI sponsored research that can be used to identify, design and implement the next steps needed to improve the lives of mica-dependent communities and eliminate child labor.

The Need for a Living Income and Wage

Historically, a root cause of poverty throughout the region has been the low prices paid to villagers for the mica they collect or pick. Conditions have been exacerbated by the lack of a formalized market and supply chain transparency, leaving the supply chain susceptible to weak governance and ill-intentioned actors. These conditions have led to the payment of minimal prices for mica. To supplement meagre incomes and because village childcare and schooling has been virtually non-existent, parents had little choice but to bring their children with them to collect mica.

To date, RMI's three program pillars have created health and safety workplace standards for mica processors, implemented community empowerment programs bringing better schools, health and nutrition services, and access to government services to mica-dependent villages, and sought to create a legal framework for the mica sector. Those programs are the prerequisite for RMI's new initiative: to permanently change the eco-sphere of mica dependent communities and lift them out of poverty by paying workers fairly and raising the price of mica to do so. If parents earn enough on their own to support their families, they will not need to put their children to work. Paying adult-workers a living income or wage will play a key role in reducing child labor.

To accomplish this next phase of its work, RMI commissioned the Fair Wage Network (FWN) and BASIC to: (1) determine the amount of a living income or wage* in the two Indian states of Jharkhand and Bihar and (2) assess the economic impact of higher raw material prices on costs along the downstream supply chain and to end-market consumers.

Determining A Living Income or Wage - Key Findings

The combined findings of the FWN and BASIC reports conclude:

- A living income for a typical mica picker family of two adults and three children in rural Bihar and Jharkhand was estimated at 15,000 INR/month (~ 190 €/month). A living wage for a similar mica family member worker in a processing unit in an urban area of Jharkhand would need to be 17,000 INR/month (~ 210 €/month).



* The difference between "income" and "wage" are explained in the consolidated overview

- ▶ To achieve the target rural and urban living income and wage, the average price paid to mica pickers would need to be increased five-fold, raising the average price of mica to 41 INR per kilogram (~0.51 €/kg) from 9 INR per kilogram (~0.11 €/kg) using 2022 data.
- ▶ Paying a fair but higher price for mica – a price that would support families living in rural and urban areas - and include the costs of market formalization and implementation of responsible workplace practices, would almost always have an impact of less than a 0.1% increase in the cost of common end-products that use mica such as cosmetics, paints, and automotive coatings and parts, including batteries for traditional and electric vehicles, among others.
- ▶ The state of Jharkhand stands to benefit from increased tax revenues thanks to legalization of the sector and higher mica prices and worker wages and incomes. If mica pickers organize into cooperatives and the JSMDC (Jharkhand State Mineral Development Corporation) purchases and then auctions that mica at a living income or wage equivalent, total proceeds to the state from taxes on the scrap (dhibra) mica sector are estimated at more than US\$13 million (€ 12.2 million) per year.

Goal and Implementation Steps

RMI's goal is by 2030 to work with mica supply chain members to ensure that (1) 100% of the village workforce engaged in mica picking in Jharkhand and Bihar receives the higher price per kilogram of mica recommended by FWN and BASIC and (2) that 100% of workers working in mica processing units and mines earn a living wage. The ability to achieve these goals depends on enhanced and new initiatives under RMI program pillars which will contribute to removing remaining complex barriers for change. These start with the length and related complexity of the supply chain and include the lack of a robust legal framework in sourcing country, where the sector is typically dominated by artisanal and informal mica collection, and the lack of supply chain transparency which impedes the ability to implement formal and verifiable payment mechanisms. These and other hurdles can be overcome with a matrix of strategies.

- ▶ **Strengthened Supply Chain Traceability** - A blockchain-based platform created in 2022 with [Tilkal](#) is the cornerstone of this work and already an enhanced version of the platform is under development. It will include supply chain mapping starting at the mica picking or mine level as well as information related to the ESG performance of each RMI member's upstream supply chain.
- ▶ **Expand Workplace Standards** - Provisions for paying a living income to workers at mica processors have been added to the [Global Workplace ESG and Due Diligence Standard for Mica Processors](#). The standards will now be extended to mica mine sites to ensure that mica picker incomes will reflect the higher prices of mica as well as other provisions of the standards such as a prohibition on child labor and improved workplace health, safety and environmental requirements.
- ▶ **Establish a Minimum Mica Price** - The feasibility of setting an official minimum price for mica which would translate into a living income or wage will be discussed with government authorities.
- ▶ **Sector Formalization & Worker Cooperatives** – RMI will sustain its work with the Jharkhand and other government authorities to formalize the sector and include a provision that would create cooperatives for mica pickers.
- ▶ **International Support & Coalitions** – RMI will continue engagement with institutions committed to eradicating child labor as part of broader initiatives to improve working conditions for all workers and has recently joined the *Global Living Wage Coalition*.
- ▶ **Member Engagement** – In addition to their participation and financial support for RMI, members will continue to advocate with organizations to build support for and implement RMI programs.

RMI is confident that continued progress on these programs will provide the framework for success and enable us to work with members, program partners, and community and government leaders to lift mica pickers and workers out of poverty and create a fair, responsible and sustainable mica supply chain.

Consolidated overview of combined studies

Mica is a mineral used in a wide range of applications. Cosmetics, certain automotive and other specialty paints, electric vehicle batteries, electrical appliances and more rely on mica's exceptional optical and conductive properties. Mica is a family of 37 minerals mined around the world but India, and specifically the northeast states of Jharkhand and Bihar, remains one of the major sources of mica accounting for approximately 30% of global mica exports¹. In these states, mica is collected mostly by artisanal miners and often associated with exploitative working conditions.

In India's "mica belt" that straddles Jharkhand and Bihar, high poverty associated with poor access to quality education, health and nutrition, as well as a lack of additional sources of livelihood, force many disenfranchised families to bring their children, sometimes as young as five years of age, with them to supplement their income by collecting mica with their parents. In Jharkhand and Bihar alone, it is estimated that around 30,000 children² work as mica pickers, collecting mica off the ground adjacent to mines. They are among the some 300,000 members of mica-dependent community villages that depend on the collection of mica for their livelihood.

Tackling the Challenge

Members of the industry that rely on mica together with NGOs focused on human rights and child labor formed the Responsible Mica Initiative (RMI) in 2017. RMI's mission is to establish fair, responsible and sustainable mica supply chains globally. Since its formation, RMI membership has grown from 30 founding members to 80 who by 2022 represented more than 50% of the volume of India's mica exports.

To fulfill its mission, RMI created a holistic, three program pillar approach to transform the mica ecosystem in the region.

Pillar 1 – Responsible Workplaces

To create safe workplaces free of child labor RMI developed and introduced *Global Workplace ESG & Due Diligence Standard for Mica Processors*. To support implementation of the standard, RMI offers training for managers and workers as well as a third-party audit protocols to improve compliance.

At its inception, RMI members agreed to map their supply chains to promote the traceability and transparency of mica from mines to end-markets. In 2022, the initial mica mapping process was replaced with a more sophisticated and first of its kind blockchain-based traceability platform that would monitor not only member company mica transit but a wide range of ESG performance metrics along the mica supply chain.

Pillar 2 – Community Empowerment

To support the communities that supply the workforce for mica picking, RMI launched empowerment programs that, by the end of 2022, transformed the lives of 16,000 households in 180 mica-dependent villages. The programs provide additional sources of livelihood to reduce poverty, improved education, nutrition and health resources, and access to government sponsored social services.

¹ Source: UN Comtrade database, Nov. 2022 figures

² Source: TDH Germany June 2022 report, "[Exploitation of Children in Mica Mining in India](#)"

Pillar 3 – Legal Framework

In collaboration with members and partner organizations RMI has facilitated constructive discussions with the state governments of Jharkhand and Bihar, leading to the release of a new policy framework that would regulate mica collection activities as well as formalization of the sector in Jharkhand.

In addition to activities under each pillar, RMI also engages with a range of intergovernmental bodies such as the ILO and OECD, industry associations with programs committed to health, safety and protection of human rights in the workplace, and NGOs committed to eradicating poverty, promoting human rights and preventing child labor.

The Need for a Living Income and Wage

RMI's pillars and programs established the foundation for the next vital element of efforts to create a self-sustainable mica eco-system in the region: providing a living income or wage for workers in the sector.

Paying adults a living income or wage - sufficient remuneration to sustain an entire family – will have a direct impact on child labor reduction. Children would be more likely to remain in their villages to attend school and no longer be subjected to repetitive movements and carrying heavy loads under a burning sun. The region would better comply with ILO Conventions that define mining activities undertaken by those under 18 years of age, the worst form of child labor.

RMI commissioned two studies designed to chart a path forward, the first to define a living income and wage in the mica sector in India's states of Jharkhand and Bihar, a second to evaluate the economic impact on the mica supply chain of higher mica prices that would be needed to support increased income or wages.

Living Wage & Living Income Defined

▶ As per the Global Living Wage Coalition³, a *Living Wage* is “the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events”.

Similarly, a *Living Income* represents the income equivalent for a worker who would not receive a regular salary nor a formal pay slip, but mainly a non-formalized income, like for instance a piece-rate payment.

Income and Wage Study by Fair Wage Network

The Fair Wage Network (FWN) was commissioned to define a fair price for mica in Jharkhand and Bihar that would contribute to a living income for mica pickers and a fair wage to mica workers in processing units. The FWN initiative seeks to improve wages along global supply chains by integrating proposed fair wage approach into all wage initiatives at the international and national level. Relying on its 12 years of experience, FWN expanded on its extensive database with on-field market surveys and both mica picker and processor worker interviews. The full FWN report - “*Report on Wages, Working and Living Conditions of Mica Workers in India*” – highlighted in this overview can be found in full [here on RMI's website](#).

Economic Impact Study by BASIC

RMI commissioned BASIC to assess the economic impact on the supply chain – from collection to the cost of finishing goods - of paying a fair but higher price for mica. Basic conducts social and economic analysis on value chains, including their governance and sustainability, to contribute to the public debate and support the social and environmental transition of actors and territories. Relying in part on FWN findings,

BASIC created a model of the structure of the mica value chain actors and products and assigned prices, costs, taxes and margins for each of the items in the value chain up to and including mica-based finished products. The model is hosted on a platform on [BASIC's website](#). The full basic report – “The Mica Value Chain from India to the World” – highlighted in this overview can be found in full [here on RMI's website](#).

Report Findings

The reports conducted by the FWN and BASIC (1) identified the current income and wage structure in the mica sector, (2) proposed a minimum living income and wage, and (3) evaluated the economic impact on the mica supply chain of an increase in mica prices that would be needed to support higher incomes and wages.

Proposed Increase in Incomes and Wages

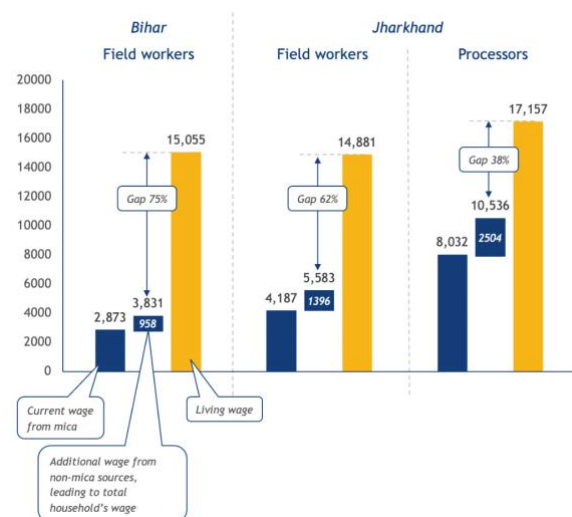
The first finding of the report determined an acceptable living income and wage. A suitable living income for a typical mica picker family of two adults and three children in rural Bihar and Jharkhand was estimated at 15,000 INR/month (~ 190 €/month). A living wage for a similar mica family member working in a processing unit in an urban area of Jharkhand would need to be 17,000 INR/month (~ 210 €/month). Such levels of remuneration would support lifestyles and meet basic family needs, identified in the infographic to the right, and address the income and wage gaps described below.



Current Income and Wage Gaps

■ In both Bihar and Jharkhand, mica pickers and their families commonly live in a precarious situation, with household incomes (~3,800-5,600 INR/month) that are significantly lower than the living income (~15,000 INR/month). Individual mica pickers also earn far less from their mica activity (~2,800-4,200 INR/month) than the legal minimum wage for unskilled workers (~8,500-8,800 INR/month). Accounting only for the household income from mica-related activities, the gap in living income reaches 81% for mica pickers in Bihar and 72% for mica pickers in Jharkhand. Furthermore, that income is not stable and does not provide access to government sponsored social security benefits as the income is based on the weight of mica collected on a given day and not on a scheduled salary scheme.

■ In Jharkhand, the conditions of workers in processing units were found to be slightly better compared to mica collectors. Indeed, mica workers in processing units receive a regular wage and social security benefits. Nevertheless, workers were also found to receive a wage (8,000 INR/month) that is lower than the legal minimum wage (INR 8,800 INR/month) and lower than the living wage required for a typical family of two adults and three children (17,000 INR/month) living in an urban area or 53% less than needed.



- Mica pickers in Bihar and Jharkhand currently earn 10 and 8 INR/kg on average, respectively. To reach the minimum legal wage while collecting the same daily amount of mica, they should earn 30 and 18 INR/kg, respectively. A high-level estimate for a fair price that would enable mica pickers to reach a living wage would be 52 INR/kg in Bihar and 30 INR/kg in Jharkhand, an average of 41 INR/kg based on the wages in each state.



- Mica related activities, either mica collection or employment in a mica processing unit, may not represent the only source of income for worker households. Total family revenue may be supplemented by farming and other activities such as running a small store or tailoring. However, even when additional sources of revenue exist, mica related activities still are expected to represent approximately 75% of total family income. Additional revenues from activities other than mica slightly close the gap in living income to 75% for mica pickers in Bihar, 62% for mica pickers in Jharkhand and in living wage to 38% for workers in mica processing units in Jharkhand.

The income and wage inequities explain the living difficulties reported by mica collectors and mica workers. They lack sufficient and stable remuneration for their labor to cover all their basic expenditures. They are not able to set aside money for savings or to have on reserve to help with unexpected expenditures in which case they must rely on loans on which the interest payments would only add to their financial burden.



End-Market Impact of Mica Price Increase

The third key finding of the report concludes that paying a fair but higher price for mica – a price that would support families living in rural or urban areas – would increase the price paid to mica pickers five-fold, raising the average price of mica to 41 INR (~0.51 €/kg) per kilo from 9 INR or (~0.11 €/kg) per kilo using 2022 data. In almost all instances, the mica market price increase would have an impact of less than a 0.1% increase in the cost of finished end-consumer goods as illustrated in the table below. While the majority of the higher price would directly benefit mica pickers, it also takes into account additional supply chain costs resulting from related RMI initiatives. The latter include costs associated with the implementation of responsible workplace practices as well as the costs associated with supply chain formalization under cooperatives, increased supply chain transparency and payment of all supply chain related taxes.

Finished product	Paint and coatings price (per KG)			Cosmetics price (per KG)			Vehicle price (per vehicle)	
	DIY anti-corrosion paint	DIY architectural paint (interior or exterior)	OEM refinish paint	Nail enamel	Eyeshadow	Lipstick	Thermal car	Electric car
Status quo (current) price	\$ 25.00	\$ 18.50	\$ 105.00	\$ 840.00	\$ 1,750.50	\$ 3,750.00	\$ 28,128.45	\$ 36,750.00
Estimated price, in case of legalisation + formalization under cooperatives + payment of a living income or wage	\$ 25.12	\$ 18.54	\$ 105.01	\$ 840.01	\$ 1,750.88	\$ 3,750.06	\$ 28,128.60	\$ 36,755.17
Evolution in %	+0,48%	+0,22%	+0,0095%	+0,0012%	+0,022%	+0,016%	+0,0005%	+0,014%

The prices of finished goods studied in the survey are based on current end-market prices as of 2022 and costs associated with the legalization and formalization of the supply chain and payment of living incomes and wages recommended by FWM and BASIC.³

Towards Securing Fair Incomes and Wages

Fair incomes and wages are recognized as a key component of human rights and due diligence measures. In particular, providing sufficient incomes and wages to adults and enabling parents to sustain their entire family are highly likely to have a direct impact on child labor reduction. If families could earn a living income or wage, current mica child laborers can be expected to recover their childhood, attend school, and realize their potential. The fact that the economic barriers to ensuring a living wage or income upstream are negligible for a low value mineral like mica makes it a good supply chain mineral with which to begin efforts to adjust market prices. A successful mica case study could then pave the way for adjusting price in other mineral supply chains.

³ Source: BASIC, January 2023 survey “The mica value chain from India to the world”

Goals

The FWN and BASIC findings provide the essential income, wage and mica price data, including an assessment of the economic impact of paying fair mica prices on finished products containing mica, to enable RMI to establish long term targets for change. The ability to achieve these targets will be enabled by programs already underway under RMI's three program pillars. Improved workplace standards along the supply chain in India will raise awareness among operators for the need to provide fair wages to workers. Adoption of sophisticated, blockchain mica supply chain mapping and transparency was a key tool that enabled for BASIC's analysis of the economic impact of higher mica prices. Formal government recognition and legalization of the sector will provide enforcement mechanisms to prohibit illegal trade in mica which has dominated the sector and taken advantage of disenfranchised mica pickers and their communities.

Incremental Goals Toward Establishing Fair Incomes and Wages in the Mica Sector

Given the complexities of the transformation needed, RMI plans to have 100% of mica pickers and workers in the Jharkhand and Bihar supply chains receiving a living income or wage based on a fair price for mica by 2030. The steps and timeline for achieving this goal include:

1. **By 2022, define a living wage for mica workers** in processing units and a fair price for mica contributing to a living income for mica pickers. Assess the economic impact of an increase in the price of mica per kilogram. (Project completed)
2. **By 2025, ensure 100% of mica workers benefit** from a clear and enforced legal framework in Jharkhand; by 2030 in Bihar.
3. **Create and leverage a legal framework** to formalize the upstream mica pickers under cooperatives, officially registering all of them and allow them to open individual bank accounts.
4. **By 2025, ensure that 50% of mica volumes from Bihar and Jharkhand are compliant with and audited against the *Global Workplace ESG and Due Diligence Standard for Mica Processors***; 100% by 2030. The standard includes the ban on child labor, the obligation to pay a legal minimum wage and the longer-term goal of providing a living wage.
5. **By 2025, ensure that an additional 30% of mica volumes from Bihar and Jharkhand are compliant with and audited against *Responsible Workplace Standards for Mica Collection***; 100% by 2030. The mica collection standard, which has yet to be developed, will include a ban on child labor, the obligation to pay a price for mica that will support the income equivalent of the legal minimum wage, and an objective to pay a price for mica supporting a living income.
6. **Strongly advocate for payment of a living wage to workers** employed in mica processing units.
7. **Accelerate transition towards payment of a living wage for mica pickers** by setting a minimum price per kilogram for mica at the State level. This minimum price would correspond to a price that would contribute to a living income as defined in the FWM and BASIC reports, adjusted for fluctuating economic variables as required.
8. **By 2030, ensure that 100% of the mica pickers and processor workers** within RMI member supply chains that originate in Jharkhand and Bihar receive a living income or wage based on a fair price for mica.

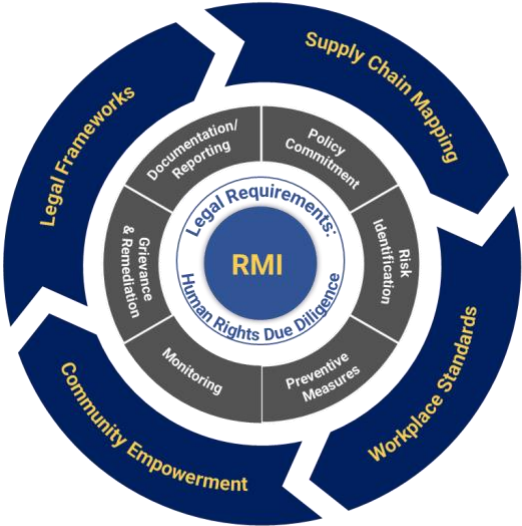
Implementation Steps

To reach the 2030 target, RMI will move forward with programs across all program pillars and, in particular, ensure that higher mica prices will directly benefit mica pickers. There remain several challenges that must be overcome to achieve this goal. Key among the challenges are the sheer length and complexity of the mica supply chain, the artisanal and informal aspect of upstream mica picking, and the lack of robust legal frameworks and formal payment mechanisms. As well, there is a lack of examples from other industries that could serve as models for a solution.

To address these critical barriers to change and achieve our 2030 goals, RMI will maintain and amplify programs under each of its three pillars.

- 1. Strengthen Supply Chain Traceability** – The many tiers of the mica supply chain from mines and processors in India to end market producers requires visibility into actors, prices, incomes and wages, taxes and other levies. Traceability will be vital before and even after sector formalization is established to ensure constant visibility into payments and to ensure that control systems are maintained. The blockchain-based platform created by [Tilkal](#) is the cornerstone of this work. Already, an enhanced version of the platform is under development which will include supply chain mapping starting at the mica picking or mine level as well as information related to the ESG performance of each RMI member's upstream supply chain.
- 2. Expand Workplace Standards** - Provisions for paying a living income to workers at mica processors will be encouraged, as stated in the [Global Workplace ESG and Due Diligence Standard for Mica Processors](#). RMI has already hired a dedicated person in India to facilitate in-person training to help mica processors adopt and comply with the standards. The workplace standards also will be extended to mica mine sites to ensure that mica picker incomes will reflect the higher prices of mica as well as other provisions of the standards such as a prohibition on child labor and improved workplace health, safety and environmental requirements.
- 3. Establish a Minimum Mica Price** - The feasibility of setting an official minimum price for mica which would translate into a living income or wage will be discussed with government authorities. If agreed and enforced at the sourcing level, a minimum price would de-facto apply and cascade downstream to all industries using mica while uniformly benefiting the entire mica picking community.
- 4. Sector Formalization & Worker Cooperatives** – RMI will sustain its work with the Jharkhand, Bihar and other government authorities to formalize the sector and include a provision that would create cooperatives for mica pickers. A cooperative would formally register its members, recognize a minimum fair price for mica and prohibit the use of child labor, among other features. Notably, in 2022 the Jharkhand government announced its willingness to roll out the cooperative model presented in 2021 by RMI and resulting from a multistakeholder consultation process. RMI will continue to participate in the taskforce created by Jharkhand government to advance this proposal and also discuss the introduction of a minimum price for mica.
- 5. International Support & Coalitions** – RMI will continue engagement with institutions committed to eradicating child labor as part of broader initiatives to improve working conditions for all workers. Reflecting RMI's newest initiative focused on incomes and wages, in 2022 RMI joined the discussions hosted by the *Global Living Wage Coalition* which is committed to enabling workers around the world to afford a decent life for themselves and their families.

6. Member Engagement – In addition to their participation and financial support for RMI, members can participate on an individual basis with organizations to build support for and implement RMI programs. Members also join RMI or speak on behalf of RMI work at forums designed to elevate awareness of child labor issues and the role that can be played through private-public sector partnerships to advance solutions. Wherever RMI’s voice is heard the *UN Guiding Principles on Business and Human Rights* (UNGPs) serve a vital baseline for goals, strategy and programs.



RMI and its members are confident that pursuit of these six broad initiatives, implemented within RMI’s program pillars, will enable workers in the mica sector to receive living incomes and wages by 2030. While working on these pillars, RMI has embraced the *UN Guiding Principles on Business and Human Rights* (UNGPs) and incorporated its due diligence processes, offering to RMI members a concrete answer to existing and upcoming Human Rights & Due Diligence regulations, on the specific mica case.



Mica processing, India

RMI Member Case Studies

RMI's work is supported by the efforts of its individual members. In this section, two member companies share stories of their work to utilize RMI resources and apply RMI strategies.



As a vibrant science and technology company, we believe in science as a force for good. Our passion for science and technology is what drives our 62,770 employees across 66 countries to find solutions to some of today's toughest challenges and create more sustainable ways to live.

For more than 350 years, responsibility has been an integral part of our corporate identity. It is one of our six company values, alongside courage, achievement, respect, integrity, and transparency. We seek to balance environmental, social and governance aspects – for patients, customers and business associates – and find solutions for the world of tomorrow. Respecting and supporting human rights is an integral part of our responsibility. We place the highest demands regarding compliance with social and environmental standards not only on our own processes but also on our suppliers.

Mica is an important raw material for our effect pigments, which are used in automotive, cosmetic and industrial coatings as well as plastics. We procure the majority of our mica from the Indian states of Jharkhand and Bihar. We have taken special measures to comply with high social and environmental standards in our mica supply chain.

We source our material only from suppliers acting in a formal working environment as this is the only way for us to monitor compliance with our strict standards, including our refusal of child labor. In the past years, we have set up a direct supply chain and established a comprehensive system of control mechanisms in our sourcing process. These include close monitoring and auditing of our suppliers, as well as continuous review and improvement of our processes, including third parties.

We see the implementation of the living wage concept developed by the Responsible Mica Initiative in our mica supply chain as an important step towards improving the livelihood of workers and their families and sending an important signal across the entire mica supply chain and dependent industries. Consequently, we are able to quickly implement living wage at our mica suppliers already in 2023.

Since we have entirely changed our supply chain setup more than 10 years ago and have established related oversight mechanisms, we have the ability to both agree with our suppliers on a defined and contractually fixed workers' salary and monitor the actual payment to them working in a formal working environment. Already, our suppliers have paid fixed salaries, independent of mica volumes, which are significantly above the average income presented in the Fair Wage Network (FWN) report and are even close to the values now agreed upon as a living wage.

Starting during 2023, Merck will request from suppliers that all workers employed in their Indian mica supply chain, whether employed at mines or in mica processing units, receive a monthly salary at or above the living wage (independent of volumes) as defined in the FWN report. Merck will hold supply chain actors accountable to meet these goals. We are convinced these measures are important steps in the right direction and will allow workers and their families to meet their basic needs at decent standards, based on calculated cost of living in Northeast India.

natura &co



Natura &Co is a global purpose-driven group made up of four iconic beauty companies – Avon, Natura, The Body Shop and Aesop. We operate in more than 100 countries, with over 3,700 stores, 35,000 employees and 7.7 million Representatives and Consultants. We believe in challenging the status quo to promote real positive economic, social, and environmental impact. We are proud to be the world’s largest B-Corp™.

At Natura &Co, our sustainability vision, [Commitment to Life](#), calls for an approach to business that gives back more than it takes, including in our procurement activities. As part of this vision, we recognize that some materials we use have significant social or environmental concerns. Therefore, we aim for full traceability and/or certification of our critical supply chains (palm, soya, ethanol, mica, cotton, and paper) by 2025.

Natura &Co uses mica scrap in small quantities (approximately 30 metric tons a year) primarily as an ingredient in our cosmetic products. Although the volumes that we source are very small compared with some other industries using mica, we understand that, together with our suppliers, we have a role to play in improving the sustainability of the supply chain we use. In 2022, we formally laid out our mica sourcing requirements in the form of a publicly available [Sustainable Mica Procurement Policy](#).

All natural mica supplied to Natura &Co as a cosmetic ingredient or part of finished cosmetic goods must meet the sustainability requirements set out in Natura’s *Sustainable Mica Procurement Policy for Suppliers* document. Our deadline for this is by the end of 2025 at the latest. The relevant suppliers are expected to accept the policy as a requirement of sustainability onboarding performance screening, provide traceability information (such as information on primary mica processing sites and collecting locations) and present an independent third-party audit against the [Global Workplace ESG & Due Diligence Standard for Mica Processors](#) from the [Responsible Mica Initiative](#), or equivalent by the end of 2025. With 35.2% traceability achieved in 2021, we’re on the path to achieving this target. We trust that we’ll be able to achieve 100% traceability and 100% third-party verification by 2025.

We are confident that traceability, setting workplace standards and verifying workplace practices against those standards are instrumental tools that will support effective adoption of living wages and incomes for mica workers and pickers, and improve their working conditions and livelihoods. However, the complexity of our mica supply chains also means that these goals can only be achieved in collaboration with other mica users and processors. Therefore, our membership in the [Responsible Mica Initiative](#) remains a pivotal resource on the path to success. We also encourage our suppliers and others to participate in collaborations such as the Responsible Mica Initiative to play their part in working to end labor exploitation, dangerous working conditions and environmental damage in the mica scrap sector.

About the Responsible Mica Initiative

RMI Mission

The Responsible Mica Initiative (RMI) is a global ‘Coalition for Action’– putting policy into practice – comprised of multiple organizations committed to establishing fair, responsible and sustainable mica supply chains globally that will eliminate unacceptable working conditions and eradicate child labor.

RMI uses a multi-stakeholder and holistic approach that engages companies, civil society organizations, industry associations and governments to develop and implement three integrated program pillars that will establish responsible workplace standards, empower local communities and establish a legal framework for the mica sector.

About mica and mica sourcing

Mica is a versatile mineral with a wide range of applications across electrical appliances, paints, heavy industries, cosmetics, electronics, automotive and plastic industries, among others. The global market for mica has grown by 20% in export volume between 2016 and 2021⁴ and is expected to expand further in the coming years due to the energy transition. Mica is used as an insulator in a typical electrical vehicle, as a component of solar panels and wind turbines, and more. According to the British Geological Survey, the Indian states of Jharkhand and Bihar, and in particular the Koderma District of Jharkhand, have some of the largest mica deposits. However, a large percentage of mica procurement does not occur legally.

Before 1980, India had 700 legal mica mines in operation, most of them in the state of Jharkhand. A global dip in demand in the 1960s distressed the economy in the region. In 1980, the mica sector was further adversely impacted by the enactment of the Forest Conservation Act which banned mica mining inside forested areas where mica collection now occurs without a legal framework. With renewed demand for mica, traders and operators have illegally accessed hundreds of abandoned mines where mica continues to be collected. In the absence of alternative means of livelihood villagers engage in both surface and deep mining to collect mica in an unregulated environment which presents unsafe working conditions including the worst forms of child labor. Field research by Terre Des Hommes Germany in 2022 revealed that at least 30,000 children were involved collecting mica in the region.

Appendix

- ▶ [Fair Wage Network Report - India](#)
- ▶ [BASIC Economic Report - India](#)

Contact

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