

# Mica Sourcing in India

Sudarshan's stance against child labour



Spiritually fulfilled • Socially just • Environmentally sustainable

**SUDARSHAN**

## SUMMARY

India is the world's largest producer of sheet mica, accounting for about 60% of global production. Sudarshan sources mica from Bihar & Jharkand, states that are both extremely rich in mineral resources but very poor in living standards. As a result, families turn to illegal mining.

Sudarshan has a zero tolerance towards child labour and we require that all our vendors and partners adhere to this policy as well.

To minimize risks in our supply chain and to fight child labour in general, we developed a 6-step action plan, including clear vendor requirements, sourcing directly from certified mines, implementing a transparent mica tracking system and independent audits by a third party.

At Sudarshan we believe that a sustainable solution calls for a collective social investment from all stakeholders. Therefore we actively participate with local and international parties to fight child labour.

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## MICA: ORIGIN AND USE

Mica is a mineral used as a key ingredient to make effect pigments which exhibit a brilliance due to their refractive nature. This effect finds a wide use in the cosmetic and personal care industry. These pigments are also used in various industrial applications such as plastics and coatings.

India is the world's largest producer of sheet mica, accounting for about 60% of global production. The majority of the mica mines are concentrated in the north-eastern states of Jharkhand and Bihar.

Sudarshan sources mica from both Bihar and Jharkhand, where a significant ratio of the population still lives under the poverty line. It is very difficult to find a regular, stable job, health care and education are largely absent and as a result, families desperately turn to other sources of income: illegal mining.



## DEMOGRAPHICS JHARKAND & BIHAR

	Jharkand <sup>1</sup>	Bihar <sup>1</sup>
Capital	Rachi	Patna
Population	32,9 Mn	103.8 Mn
Number of villages	32,620	45,103
Total geographical area	79,700 Sq. Km	94,163 Sq. Km.
Density of population	413 person / sq. km	1,102 persons / sq km
Literacy <sup>1</sup>	66.40%	63.82%

Sources: <sup>1</sup> Census, 2011

## MICA MINING: FORMAL AND INFORMAL SOURCES

Experts estimate that approximately 70% of the mica production in India is the result of illegal mining in forests and abandoned mines. The majority of these activities take place in rural districts in the states of Jharkhand and Bihar and are driven by poverty among families. Every family member is needed in order to survive.

Not surprisingly, child labour is often observed at illegal mines or mica dumps in the neighbouring forests. Children have been found engaged in mica, sorting, processing and carrying mica from mines to villages.

Through a dense network of local and regional traders the illegal mica ends up at exporters and gets mixed up in the formal supply chain. From that point onwards, the required traceability and transparency gets really difficult.

All parties in the mica supply chain who commit themselves to do business legally wrestle with these illegal activities. They regularly implement new measures to safeguard their products and processes.

From a broader perspective, the issue of illegal mining and child labour is neither limited to mica mining nor to India. In extremely poor but resources rich regions all around the world – whether it is in Asia, Africa or South-America – it has proven to be very difficult for authorities and sustainable companies to fully ban child labour. Without proper education, healthcare and sufficient jobs, families still do whatever it takes to make a living.

In India, law prohibits illegal mining. In addition, the country's strong child labour laws prohibit anyone under 14 working in mining. However, enforcement of all regulations proves to be very difficult in these poor, volatile districts with a history of brutal violence from rebels.

## SUDARSHAN'S STANCE AGAINST CHILD LABOUR

Sudarshan has a zero tolerance towards child labour. We do not employ workers below the age of 18 at any of our sites, whether it is in India or anywhere else in the world. We require that all our vendors and partners adhere to this policy as well. We audit their compliance strictly. If a vendor is unable to demonstrate that proper actions have been implemented we then shall cease to purchase from this supplier.



**At Sudarshan we believe that a sustainable solution calls for a collective social investment from all stakeholders. Therefore we actively participate with local and international parties to fight child labour.**

## SUDARSHAN'S ACTION PLAN AGAINST CHILD LABOUR

To minimize risks in our supply chain and to fight child labour in general, Sudarshan has developed a 5-step action plan against child labour.

### 1. Clear vendor requirements

Sudarshan's mica vendors contractually must meet the following requirements.

- They must have a recruitment policy to enforce a minimum employee age of 18 year at mines and processing units.
- Their employees should be informed and trained to ensure full understanding of the child labour policy and adherence to all preventive measures.
- Mines and processing units must be gated and adequately cordoned off. During working hours a security guard must be present at the main entrance of the worksite.
- They must provide a crèche facility for young children who accompany their parents at the worksite.
- They must assign a compliance officer to ensure that the agreed child labour policies are implemented.
- An independent third party will audit the vendor's operations regularly on adherence to all guidelines.

In case a vendor is unable to comply with our requirements, Sudarshan identifies the gaps and executes a change program to ensure this vendor implements the necessary improvements. However, if we then encounter non-compliance or inadequate control, we immediately terminate the vendor contract.

#### Remediation

If despite all extended measures child labour occurs at a working site, the compliance officer of the vendor is required to follow the following remediation procedure:

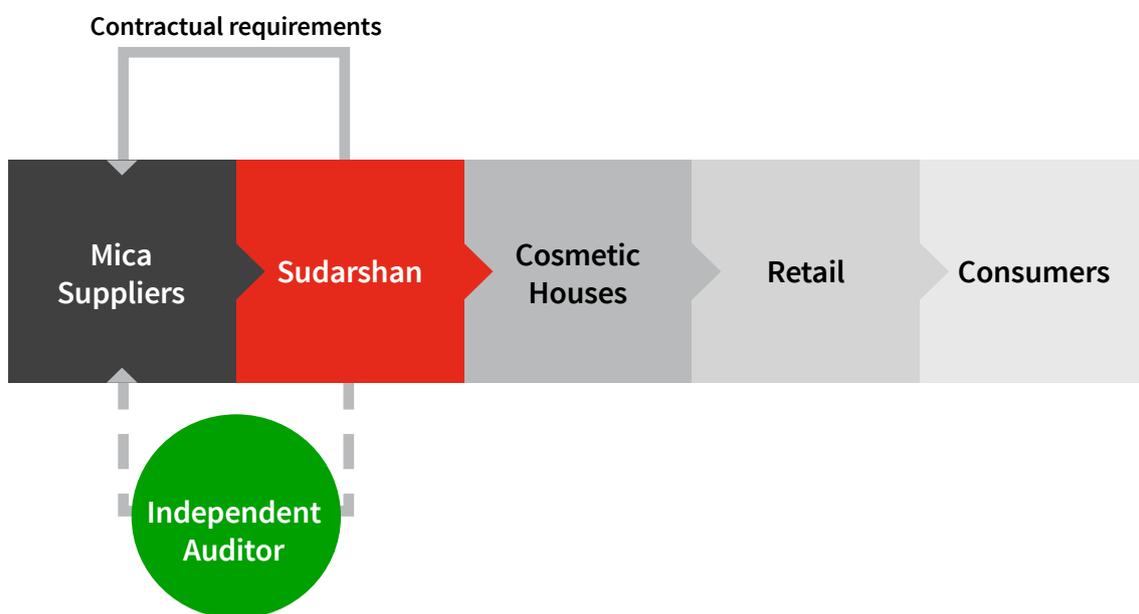
- remove the child from the working site;
- contact the family of the child;
- provide additional financial support if needed.

## 2. Tracking mica

Sudarshan is implementing a fully transparent tracking system to ensure that all lots of mica that arrive at our production facilities are from the designated controlled suppliers. This system ensures full control over the mica supply chain.

In compliance with government regulations, Sudarshan's mica vendors must adhere to the following procedures:

1. Vendor should daily record all mined mica that is shipped to processing units.
2. Identically, formal records should be kept from all mica entering and leaving a processing unit.
3. Sudarshan monitors and crosschecks these records on a monthly basis.



### Licensing fees

The Indian government raises licensing fees from mine owners. The precise amount depends on the volume of mica that is mined and traded. Mine owners who deliberately mix legal with illegal mica do not benefit as additional fees are imposed and any financial purchasing advantage of illegal mica would vaporize.

### 3. Independent audits

Sudarshan has engaged an internationally accredited auditing firm to verify and document that no child is employed in our entire mica supply chain. In addition, we work closely together with NGO Association for Stimulating Know-how (ASK) to further strengthen our efforts to keep our mica supply chain free from child labour.

More precisely, the following aspects and procedures are monitored and audited multiple times a year, un-announced and at irregular intervals:

- daily logs of mined and shipped mica;
- employment records;
- age verification records;
- working conditions.

### 4. Local and international co-operation

Sudarshan is fully committed to combat child labour. We welcome an international joint approach over fragmented activities of individual companies. Therefore we participate actively in discussions with organizations across the globe.

Acknowledging the complex Indian mica supply chain and the need for more collaborative action across it, a Responsible Sourcing of Mica summit was organized in New Delhi on February 2016 by the National Resources Stewardship Circle (NRSC), its partners and NGO Bachpan Bachao Andolan (BBA). Stakeholders from mica mining communities, NGOs, suppliers, government representatives and final buyers came together to reiterate their commitment to India by developing a mica sourcing strategy relevant to local needs.

The group reached an agreement to focus on three key aspects: traceability & transparency, community empowerment and governance. Existing and innovative options were explored to support economic and social development and improve community livelihoods in alignment with the government activities. Moreover, the group has agreed to create a common platform, which would drive and monitor the progress of the three action areas.

### 5. Social investment

A quick solution is rather difficult if not impossible as widespread poverty in the state of Jharkand and Bihar is driving child labour. Given the complexity of the socio-economic context of these regions, an effective approach would need to involve government and industry as well as civil society.

We believe that a long term, sustainable solution calls for a collective social investment from all these stakeholders, focusing on community-based interventions, economic development and (collective) interventions in the supply chain. Again, Sudarshan is committed to play an active role in discussions about the way to go forward.

After 15 months of cooperation with ASK, we are pleased to confirm that they have endorsed our approach. As a result of our commitment to ethical mica, we have also received support from L'Oréal who have welcomed our program.

## COMMUNITY RELATIONS

Following our higher purpose of 'Growing Together' by being spiritually fulfilling, socially just and environmentally sustainable, Sudarshan has always taken its responsibility towards society very seriously. Therefore we created SUDHA, our community relations program to create a better living standard and environment for our employees and for the people that live in the proximity of our manufacturing facilities.

We focus our efforts on four main areas:



**empowerment  
of women**



**health**



**education**



**environment**

Our plants at Roha and Mahad have been instrumental in developing these local communities. Today Sudarshan is helping over 700 employees and their families to live a better life. More than 600 housing units have been constructed for our employees. Additionally recreational facilities like badminton courts, tennis courts, gymnasium and video clubs have been set up.

### The Sudarshan Education Program

Since 1971 the J. M. Rathi High School, supported by Sudarshan, annually provides education to over 1,700 students. The school not only admits children of employees but also those from the local community. The Maharashtra State Government has recognized the school as the most successful in the area.



More information: <http://www.sudarshan.com/csr-program-sudha.php>

## ABOUT SUDARSHAN

Sudarshan is the leading colour and effect pigment manufacturer of India with over sixty years of experience. The company started manufacturing pigments in 1952 with a handful of inorganic pigments. Since then Sudarshan has flourished with a breadth of products that cover classical azo pigments, high performance pigments, effect pigments and pigment dispersions. We primarily serve the coatings, plastics, inks and cosmetics markets.

We have an immense drive to be a leading player in our field. Our growth is fuelled by our commitment to maintain high ethical standard. Integrity and transparency play a critical role in the success of our business. It creates value for our stakeholders and promises a vibrant, performance-driven work environment.

### Publication Information

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