

THE MICA TOOLKIT

Beautycounter's Guide to Responsibly Sourcing Mica



At Beautycounter, we believe transparency is key to creating positive change in the industry. In that spirit, we have decided to share an overview of our approach to assessing mica sources for human rights and labor issues. As we learned more about mica and its complex and often secretive supply chains, we committed to auditing all of our mica suppliers' mines by the end of 2020. We are proud to announce that we have now audited 100% of our trusted suppliers in person. (If a supplier doesn't meet our new and stringent standards, we won't use them.) It's been a long journey (and we're just at the beginning), but we wanted to share our learnings in the hopes that they may help accelerate your brand's work towards responsibly sourced mica.

If there is one thing we have learned on this journey, it's that one brand alone cannot create a transparent and safe mica supply chain. When we all collectively push our suppliers for more information and substantiation around human rights and labor claims, we will create the critical mass required for full transparency.

We need you on this journey with us.

All of this work is made possible by approaching the complex supply chain with a curiosity and a commitment to get safer products into the hands of everyone.

OUR APPROACH

Built on best practices

We've built our process and responsible sourcing methodology based on leading practices across multiple industries. Our due diligence standards are in part inspired by the Organisation for Economic Co-operation and Development (OECD)'s Due Diligence for Conflict Minerals [5 Step Framework](#) and the International Labour Organization (ILO)'s labor standards. In addition, we are building our traceable supply chain with guidance from industry leaders who have tackled labor issues in other relevant supply chains including coffee and cocoa.

Community-driven solutions

We partner with local non-governmental organizations in order to listen to the needs of the communities on the front line of the mica industry. Often foreign companies come in with the best of intentions to "fix" issues, but this approach can make it challenging to really understand the impacted communities' wants and needs. For example, some purport that halting natural mica mining altogether—and switching entirely to synthetic mica—is the solution. However, when listening to workers and communities, it becomes clear that there is a role for companies to shape responsible sourcing practices and improve worker conditions and pay, given the criticality of this industry to the local community.

Our approach to understanding the nuances of the dynamic mica markets is community-centric—and specifically child-centric—as we believe that children hold the hope for community transformation. To learn more about our perspective on community engagement and our support of child-centric models, check out our partnership with the [Kailash Satyarthi Children's Foundation](#).

Below you will find an overview of our mica due diligence process that we hope will be helpful to your brand as you dig in to better understand where and how you're sourcing mica.

WHERE TO START

Beautycounter's step-by-step process

Beautycounter started with a goal to expand our understanding of our mica supply chain while establishing greater transparency and assessing labor practices at the mining level.

We're committed to evaluating three critical pieces in this work:

1. Suppliers' standards and daily practices that impact workers' rights and wellbeing
2. An unbroken chain of custody (the goal is to ensure no other mica sources enter the supplier's stream)
3. Safer products that protect people up and down the supply chain

Our eight step road map to responsibly sourced mica:

1. Establish strong company management systems
2. Identify mica use in your product portfolio
3. Review certificates
4. Conduct phone audits
5. Conduct in-person audits (if feasible)
6. Establish Corrective Action Plans (if needed)
7. Formulate with Responsibly Sourced Mica
8. Collaborate across industries



The key to bringing suppliers along with you on this responsible sourcing journey is trust. You will notice that Beautycounter only shares a small portion of our preferred mica suppliers. We recommend working with partners to build trust and protect both parties' sensitive information while agreeing to share critical information publicly as may be needed in the pursuit of transparency. We hope that over time, as trust grows, we can and will share more of our vetted supply chain.

1. Establish strong company management systems

Do you have a Code of Conduct, responsible sourcing strategy, or compliance standards that are in alignment with local and international law? A great place to start is with the Responsible Business Alliance's draft Code of Conduct. You will also want to ensure your brand has established standards of accountability for manufacturing partners. As a California-based brand, we proudly disclose our Responsible Sourcing standards based on the California Transparency in Supply Chain Act 2010, which you can find it on our website [here](#). We also encourage brands to integrate best practices from the UK Modern Slavery Act.

2. Identify mica use in your product portfolio

First and foremost, take inventory of where mica is used in your formulas and products. As mica is used in different formats across industries, make sure to understand where and how it can be used. For example, in beauty products, mica is sometimes used not only in the formula but also in packaging.

Look through all product material data (formulas, packaging, ingredients, etc.) to see where mica is used. Organize your mica use by:

- Volume
- Supplier (name, country of origin)
- How it's used (function)

Once you identify how much mica you are purchasing and from which suppliers, then prioritize supplier engagement based on the volume you're purchasing, supplier risks, country of origin risks. It is also important to determine whether each supplier has certificates detailing the origin of their mica.

3. Review certificates

Certificates that include language such as “child labor-free” are where many brands start and stop. We use the certificates provided by suppliers as a first step in our auditing process. We then request to organize a phone interview with the supplier and, if possible, with the intermediary group(s) who purchase mica along the supply chain to get more visibility around its origin.

From there, we ask a series of questions. If we identify potential red flags, we continue to dig—a few of our recommended questions are listed below as starting points. These are really just starting points that inform follow-up questions in real time—for example, failure to answer a question or inability to substantiate an answer will determine what we ask next.

We then work diligently to ensure that we can back up the phone interview statements during an in-person, third-party audit as applicable (for example, for trusted suppliers with whom we choose to move forward). While we know in-person audits are not feasible for every brand, asking probing questions to determine the location of mines from which your company sources is critical to understanding how well the supplier knows and understands their supply chain. Asking these questions will help move the supply chain toward transparency, even if you can’t visit the mines in person.

Considerations when reviewing certificates:

- When was the certificate created?
- Who is the signatory, and do they have direct visibility to the mica sourced in their ingredients?
- Does the certificate disclose the country of origin of the mica? The exact mine locations?
- Does the certificate cover an up-to-date audit report from an independent auditing group? Example: was an audit conducted within the last year or two years?
- Does the certificate distinguish which mica product is specifically being referenced?
- Does the certificate document if specific audits have been completed? If so, does it share the findings? Does it share any corrective action plans (things that the supplier commits to fixing, with a time period established for accountability)?

4. Conduct Phone Audits

Once you’ve received any available documentation (including certificates), schedule time to speak with your suppliers on the phone.

Thank your suppliers for taking the time to partner with you. Explain why you’re doing this work and start to establish a relationship with your suppliers. This work requires long-term partnership and trust, so ensure you’re creating the best working relationship possible. The phone interview makes it clear whether your supplier is being open and honest with you or isn’t as forthcoming as you will need. For the team conducting the phone interview, be on the lookout for areas about which the supplier is willing to share. Also be on the lookout for red flags—for example, some suppliers might reassure you that their on-the-ground practices are protective of workers but don’t allow you to visit in person. That’s a big red flag! Be on the lookout for conflicting pieces of information. If you encounter this roadblock, it is time to get creative to see how you can coordinate a visit with the supplier’s support, or look for alternative mica suppliers, who are willing to work with you.

Ask your suppliers the following questions as a starting point:

- Where/from whom do you purchase your mica?
- Do you know the country of origin?
- Where are the mines located? (Exact locations show that they have visibility to more than just a region, which is helpful, however it doesn’t mean that the mine is practicing responsible sourcing.)
- Where is the mica cleaned and sorted?
- Where is the mica processed?
- Ask more about the certificates that may have already been shared (questions above in Certificates section). What type of documentation do you have to substantiate? Oftentimes suppliers provide certificates that claim their mica is child labor-free. Many times, these certificates are not accurate and don’t include critical information or disclosures. Does the certificate show recent audit dates and findings from a third-party auditor or certification? If it’s a larger statement without substantiation, odds are it isn’t comprehensive enough to warrant stopping the audit process there. The certificates often raise additional red flags or questions around the lack of information.

5. Conduct in-person audits (if feasible)

We custom-developed each of our audits for the unique site(s) we visited and worked with a leading third-party auditing group that specializes in traceability audits. Traceability is critical in this work as it creates a chain of custody. When there isn't clarity on how materials end up in your finished goods, there is a high chance that there are human rights violations in the supply chain.



Auditing groups we feel can help the industry move forward:

- [Verite](#)
- [ARCHE Advisors](#)

Overview of potential on-the-ground audit questions to be used as a starting point:

- Does the mine/processor have a legal right to operate?
- Does the mine keep accurate records of their inventory of mica? Do they keep records on where and when their mica is transported to different facilities, warehouses, or processors?
- Does the paperwork for the incoming mica material align with the volume of mica produced per day/per worker(s) present?
- What documentation does the mine/processor have to verify their claims?

- We know that if the forecasted production volumes don't match the actual production volumes, there are most likely additional mica sources being introduced into the mica stream. In these instances, there is a very high chance that this mica was sourced with some form of forced or child labor.

Our auditors conduct anonymous interviews of workers at each facility to investigate around the following sample questions. It's important to highlight that this information is never shared back with the supplier to ensure the safety of the workers:

- Are the employees able to produce the amount of mica per day that management claims is being produced by the mine?
- What are the health and safety standards for the workers?
- Always protect the answers of the workers—and their anonymity to management—to protect their safety and livelihood.
- What are the workers' pay, hours, and working conditions?
- Review of time cards (Does this correlate to the amount paid to workers?)
- How often are workers paid?
- Is pay withheld?
- Are there signs of forced labor? With mica, we specifically look for the potential presence of child labor.

6. Establish Corrective Action Plans if needed

A Corrective Action Plan (CAP) is a tool to hold your suppliers accountable to ensure they're improving any areas of noncompliance found during an audit. We recommend reviewing The Responsible Business Alliance's [Corrective Action Plan](#) overview to help give guidance on how to think about and structure the follow-up CAP.



7. Formulating with Responsibly Sourced Mica

Our purchasing practices directly impact communities up and down the supply chain. Support suppliers who are committed to investing in their workforce and communities, which sometimes means continuing to support a supplier who isn't perfect, but wants to create a more transparent and responsible supply chain. At the end of the day, it matters most where you spend your money.

If a supplier can't meet our standards and we believe they aren't in compliance with local and international human rights law, we will no longer formulate with this supplier's mica. In some cases, this means reformulating beloved formulas.

We've created a Preferred Mica Supplier List for our product development team to work with, all of which have been vetted using the criteria outlined above. We recommend keeping the list of approved suppliers short, to ensure that you're able to follow up with your respective supply chains and monitor ongoing compliance with your brand values. For us, Colors and Effects domestically sourced mica from the US is our priority mica because we were able to more easily and visibly trace it back to their Hartwell, Georgia mines.

In the upcoming years, Beautycounter will be integrating blockchain technology to trace every product that uses mica all the way back to the mine it was sourced from.

8. Collaboration

This work is built on relationships, clear expectations, and partnerships. We hope that this was useful for your team. Please feel free to reach out to Beautycounter's team at mica@beautycounter.com to provide feedback or recommendations, ask any specific questions about your process, or join our collaboration of brands working to push the mica industry forward.

Appendix: Glossary

Audit Report

Documentation that includes audit summary, scope, findings, and recommendations of concerns and issues uncovered during the audit, as well as proposed corrective action plans as applicable. <https://www.wilsoncenter.org/article/social-and-labor-audits>

Chain of Custody

Refers to the unbroken path a product takes from raw material through production to the end customer. <http://www.annarbor.com/business-review/6-steps-for-managing-the-supply-chain-of-custody/>

Child Labor

"Work that is mentally, physically, socially or morally dangerous and harmful to children; and that interferes with the children's schooling by depriving them of the opportunity to attend school, either by obliging them to leave school prematurely, or by requiring them to attempt to combine school attendance with excessively long and heavy work (a general definition along these lines can be found in the ILO's Child Labour website)." <http://www.ilo.ch/global/topics/forced-labour/definition/lang--en/index.htm>

Corrective Action Plan (CAP)

"Designed to correct a substandard condition or non-compliance with requirements. Upon completion of a factory assessment and the discovery of an infraction against stated social responsibility requirements, the factory should receive a violations summary detailing findings, corrective actions and time frame for their implementation." <https://www.ppai.org/media/1900/sr-bp-cap.pdf>

Documented Information

The information needed to verify compliance with standards and regulations.

Forced Labor

"Work performed by an individual or group of individuals that have not chosen to perform the tasks of their own free will. Often performed under the threat of

punishment and also referred to as compulsory labor." <http://www.ilo.ch/global/topics/forced-labour/definition/lang--en/index.htm>

Hours and Wages Regulations

Applicable wage, work hours, hiring, benefits, and overtime laws and regulations. For US Regulations: <https://www.dol.gov/general/aboutdol/majorlaws>

Human Rights

"Human rights are rights we have simply because we exist as human beings - they are not granted by any state. These universal rights are inherent to us all, regardless of nationality, sex, national or ethnic origin, color, religion, language, or any other status. They range from the most fundamental - the right to life - to those that make life worth living, such as the rights to food, education, work, health, and liberty." <https://www.ohchr.org/en/issues/pages/whatarehumanrights.aspx>

Human Trafficking

"The recruitment, transportation, transfer, harboring or receipt of persons, by means of a threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation." https://www.unodc.org/documents/human-trafficking/Toolkit-files/08-58296_tool_1-1.pdf

Risk Assessment

Identification of variables and analysis of benchmarks for an action, process or procedure. https://www.ccohs.ca/oshanswers/hsprograms/risk_assessment.html

International Labour Organization (ILO)

A "tripartite" United Nations agency that brings together representatives of governments, employers, and workers to jointly shape policies and programs. <https://www.ilo.org/global/about-the-ilo/lang--en/index.htm>

International Organization for Standardization (ISO)

A non-governmental organization that promotes the development of standardization and related activities to facilitate the international exchange of goods and services, and to develop cooperation in intellectual, scientific, technological, and economic activity. <https://www.iso.org/about-us.html>

Organisation for Economic Co-operation and Development (OECD)

The Organisation for Economic Co-operation and Development (OECD) is an international organization that works to build better policies for better lives. Their goal is to shape policies that foster prosperity, equality, opportunity and well-being for all. <https://www.oecd.org/about/>