

Methodological Guide for Implementing Consultations of the CRAFT Code with Artisanal and Small-scale Mining (ASM) Producers

Consultation Process

CRAFT Code

Code of Risk-mitigation for ASM engaging in Formal Trade

CAPAZ project team

v. 1.0

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Comments or questions may be directed to standards@responsiblemines.org

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I. Introduction

a) *Purpose of the methodological guide*

The objective of this guide is to provide the necessary indications, including step-by-step instructions, to carry out the consultation process for the CRAFT Code with artisanal and small-scale miners.

b) *General tips*

- Have at least two people lead the workshop with the miners, designating one person to facilitate the activity and allowing the other person to take notes and record the miners' discussion and comments, whether in written or oral form
- Take note of comments to share them with the CRAFT Code developer team
- Direct any questions about using this guide to ARM at standards@responsiblemines.org
- Review the guide and prioritize the topics to be covered with the miners, depending on their context and ability to participate

For further details, consult the [public version of the CRAFT Code](#)

c) *Explanation of the guide layout*

- Key concepts and the structure of the CRAFT Code and its requirements are in black text
- Tables list the requirements in summary form (topics are covered in detail in each module of the CRAFT Code)
- **Blue text box:** specific guidance for the facilitator on how to address that chapter during the presentation or the activity
- **Orange text box:** discussion questions

Important: For purposes of consideration of the consultation and review process and inclusion of input provided in the final version of the CRAFT Code, the final package to be delivered to ARM (standards@responsiblemines.org) should include the following:

- Material used (presentations)
- Summary report of the activity: date, place, agenda, completed activities
- Attendance list
- Photographs of the activity
- List of comments from the miners

II. Conceptualization and key ideas

Orientation for the facilitator: We present below some key concepts that you can use during the introduction in a workshop or discussion with the miners.

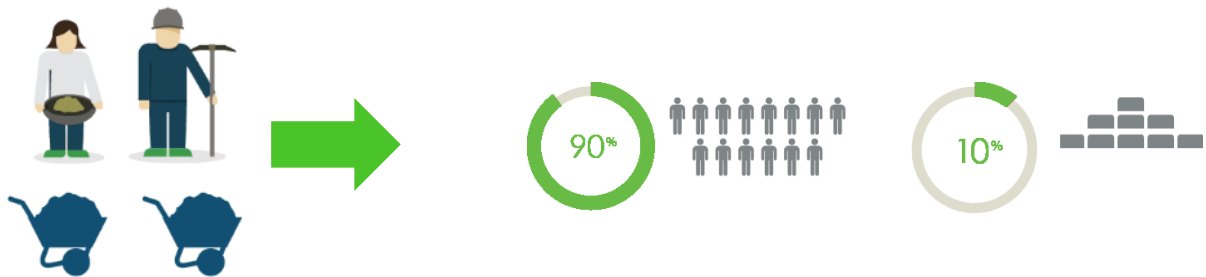
Suggested methodology: Give a short presentation, handing out the CRAFT Code fact sheet, to introduce the subject to the miners. Encourage the miners to comment and respond to the questions provided at the end of each section.

Expected result: Miners will be familiar with and understand the objective of the CRAFT Code. The miners will contribute their perceptions and comments on the idea of developing CRAFT.

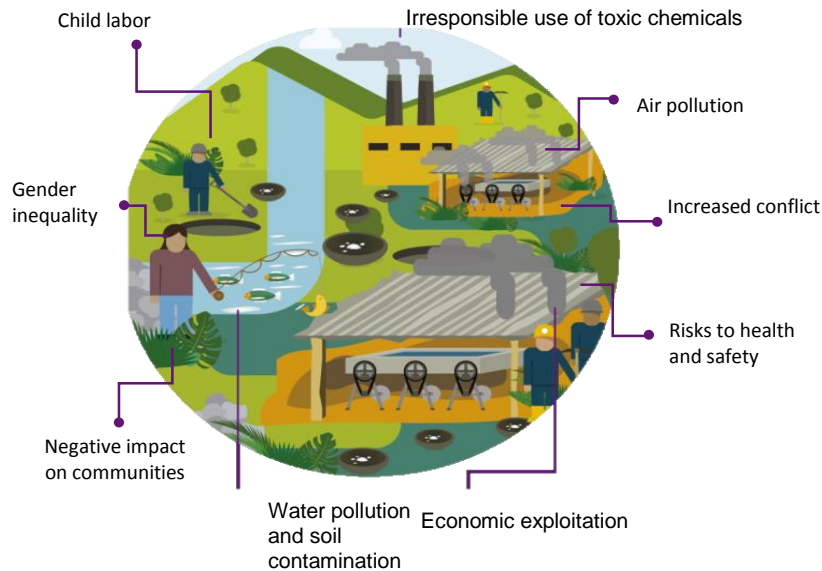
Final deliverable: Recorded responses to the discussion questions asked and other comments from the miners that arose during the workshop or discussion.

a) ASM Gold Market Environment

Artisanal and small-scale mining (ASM) annually provides approximately 10-20% of the world's gold production, while contributing 90% of the labor force needed for gold extraction.



It is usually performed in rural communities, using simple tools or basic technologies and relying on physically demanding manual labor. Artisanal and small-scale mining is the primary source of income for miners and their families. Unfortunately, the sector is sometimes perceived unfavorably, due to the industry's association with a series of risks.



Nevertheless, ASM presents an opportunity for development and sustainability that can be achieved through greater recognition by governments, companies in the supply chain, and international organizations. Creating legal frameworks and standards or codes that allow miners to become formalized and better their production conditions not only will improve their social and environmental impact, but it will also help them economically. When isolated from the national and international supply chain, miners are subject to unfavorable conditions and paid less fair prices, leading them to consider selling gold on the black market, which does not generate retributions to the country's economy.

Currently no tool addresses the following needs:

- **Increased requirements and regulations for refiners and buyers due to:**
 - ✓ The Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for a Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas (CAHRA)
 - ✓ European Union Conflict Minerals Regulations (will enter into force in 2021), requiring that all European companies by law apply the Due Diligence Guidance
 - ✓ Industry responsibility standards: Responsible Jewelry Council (RJC), London Bullion Market Association (LBMA), and the Responsible Minerals Initiative (RMI), among others

- **Broad demand for a global supply of transparent, reliable, and conflict-free gold that makes national and international buyers increasingly willing to invest in it.**

- **Need for international refiners and buyers to implement Due Diligence processes in order to legally purchase minerals, according to the criteria required by international norms and regulations.**

- **Lack of a tool that facilitates miners' understanding and adoption of the OECD Due Diligence Guidance and that complements the due diligence policies of international buyers and refiners.**

A proposed solution

The Alliance for Responsible Mining (ARM) and RESOLVE, with the support of the European Alliance of Responsible Minerals (EPRM), are developing the CRAFT Code with the participation of a coalition of gold supply chain actors and interested stakeholders and experts. CRAFT is a tool that will allow miners to obtain access to legal markets through the development of an approach based on risk mitigation in artisanal and small-scale mining (ASM) and a greater commitment and involvement on the part of buyers that will produce better conditions for miners and their communities.

CRAFT intends to serve as a tool mainly for miners, training them to comprehend and comply with market expectations and due diligence requirements. To achieve this, the language of the document must be clear and simple, in a format that is clearly communicated and user-friendly, providing a platform to achieve improvements.

b) What is CRAFT?

CRAFT: Code of Risk-mitigation for ASM engaging in Formal Trade

CRAFT | Code of Risk-mitigation for Artisanal and small-scale mining engaging in Formal Trade

It is a management model for legitimate ASM gold producers that aims to contribute to the improvement of mining practices, allowing them to sell their products to legitimate upstream customers within formal supply chains.

c) Purpose of CRAFT

Enable ASM gold producers to:

- **Access legal supply chains** and sell their gold under better trading conditions
- Understand their **buyers' expectations and needs** and the international requirements for gold suppliers
- Follow an **approach of progressive improvement** in their mining practices
- Rely on the Code as a **practical guide for risk identification and mitigation** related to decision-making processes for mining practices

d) How has CRAFT been developed thus far?

To build this tool, a coalition has been formed of different strategic players in the gold supply chain. They include miners, refiners, companies, industry associations, representatives of standards defining good practices for the industry, responsible sourcing initiatives, and subject-matter experts of international renown.

These stakeholders meet in an **advisory group** and a **technical committee** to guide the development of CRAFT and to contribute their input in drafting the document.

The participants in these groups are:

- Miners from Guyana, Peru, and Colombia, and two representatives of miners from Burkina Faso and Senegal
- Responsible Minerals Initiative (RMI), Responsible Jewellery Council (RJC), London Bullion Market Association (LBMA), Initiative for Responsible Mining Assurance (IRMA), Responsible Business Alliance (RBA, formerly known as the Electronic Industry Citizenship Coalition)
- Industry players: Valcambi, Argor-Heraeus, Intel
- Consultants: Levin Sources Limited
- NGOs and experts: PACT, Solidaridad, Alliance for Responsible Mining (ARM), Levin Sources, Dragonfly Initiative, Centre for Social Responsibility in Mining at the Sustainable Minerals Institute of the University of Queensland, and an expert on mining in Peru
- The OECD serves as an observer of the process

CRAFT has been developed thus far through a participatory, open, and inclusive process. Similarly, we seek to gather input from the widest possible number and type of stakeholders through various activities, whose feedback will contribute to the publication of a final version in June 2018.

e) Timeline for CRAFT development

| 2017 | | | | | | 2018 | | | | | |
|----------------------------------------------------------------------------------------------------------|---|---|---|---|---|--------------------------------------------------------------------------------------------------------------|-----|-----|--------------------|----------------------------------|-----|
| J | A | S | O | N | D | J | Feb | Mar | Apr | May | Jun |
| u | u | e | c | o | e | a | | | | | |
| l | g | p | t | v | c | n | | | | | |
| Presentation of proposal and several sessions of meetings by the technical committees and advisory group | | | | | | CRAFT version open for review by all interested parties: miners, buyers, experts, etc. | | | Review of feedback | Publication of CRAFT version 1.0 | |
| | | | | | | <u>Workshops, web conferences, meetings, presentations to gather feedback and input on the draft version</u> | | | | | |
| | | | | | | Pilots with miners in Colombia following the CRAFT approach | | | | | |

The contributions of artisanal and/or small-scale miners to the development of CRAFT is very important, since the **gold supply chain** begins with the miners or small producers, and from them extends to the marketers, refiners, and international buyers. Therefore, while everyone's input is important, the Code must adapt to the different realities and contexts of ASM. Only then will CRAFT be useful for the buyer to better understand the miner's situation, and for the miner to obtain **access to the legal market** under favorable conditions, reflected in increased competitiveness and higher income levels.

Suggested methodology: Ask each miner to indicate (orally or written on sticky notes) three aspects that s/he thinks buyers may be concerned about. The facilitator then writes them on a large poster or sticks them onto a board.

Expected result: Compiled list of topics or aspects that miners believe are sources of concern for gold buyers.

Ask the group of miners this question after the introduction or initial presentation:

Which issues/aspects of artisanal and small-scale mining activities do you think could cause concern for national and international buyers? Divide them into production, processing, commercialization and other stages.

III. CRAFT Code Fundamentals

The methodological development of the CRAFT Code has been carried out taking into account:

- OECD Due Diligence Guidance for a Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas (CAHRA)
- The Consolidated Framework of Sustainability Issues for Mining¹.

a) What is the OECD?

Organization for Economic Cooperation and Development: The OECD is an international cooperation agency whose objective is to coordinate the economic and social policies of its 35 member countries. Its mission includes helping governments achieve sustainable economic growth for their market economies and their workforce, and improving the living standards of their citizens, while maintaining financial stability and thus contributing to the development of the global economy.²

b) What is due diligence?

Due diligence is understood as a continuous process in supply chains, where companies take reasonable measures and make good faith efforts to identify and respond to the potential risks of contributing to conflict and serious abuses of human rights.

¹ Kickler & Franken (2017)

² <http://www.oecd.org/about/>

It is a process or exercise of **identifying, evaluating, reporting, mitigating, and monitoring the risks** present in the mining activity or area. Miners must demonstrate reasonable efforts, made in good faith and toward continuous improvement, to address the risks, with the support of local, national, and international actors.

Adoption and implementation of CRAFT facilitates, details, and clarifies the process of risk management for ASM miners.

Although the buyer is also responsible, the entire supply chain must be committed to the due diligence process. CRAFT provides clear steps to facilitate due diligence for miners, buyers, traders, refiners, and mineral processing companies.

c) What is the OECD Due Diligence Guidance?



It is a collaborative governmental and multilateral initiative on responsible management of supply chains of minerals from conflict-affected areas.

The Guidance also aims to establish transparent mineral supply chains and a sustainable business commitment within the mining sector, so that countries may benefit from their mineral resources without financing conflict, human rights violations, and insecurity through mineral extraction and trade activities.

Its objectives are to:

- Help gold-buying companies **respect human rights**, and **avoid contributing to conflict** through their mineral sourcing practices.
- Guide companies so that due diligence helps to **create a positive change in social and environmental practices and in the living conditions of miners and their families**, ultimately contributing to peace and the development of mining communities and their countries through responsible mineral trade.

d) What is Annex II of the OECD Due Diligence Guidance?

The Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas seeks to provide a common reference for companies and actors in the mineral supply chain so that they do not contribute to the violation of human rights and armed conflict through the supply of minerals.

e) What are the Annex II risks of the OECD Due Diligence Guidance?

- any form of torture or cruel, inhuman or degrading treatment
- any form of forced labor
- the worst forms of child labor
- other serious violations of human rights and abuses such as widespread sexual violence

- war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide
- direct or indirect support to non-state armed groups
- evasion of payments of taxes, fees, and royalties due to governments
- violation of human rights by public or private security forces
- money laundering
- misrepresentation of the origin of minerals

f) What is the OECD Five-Step Framework?

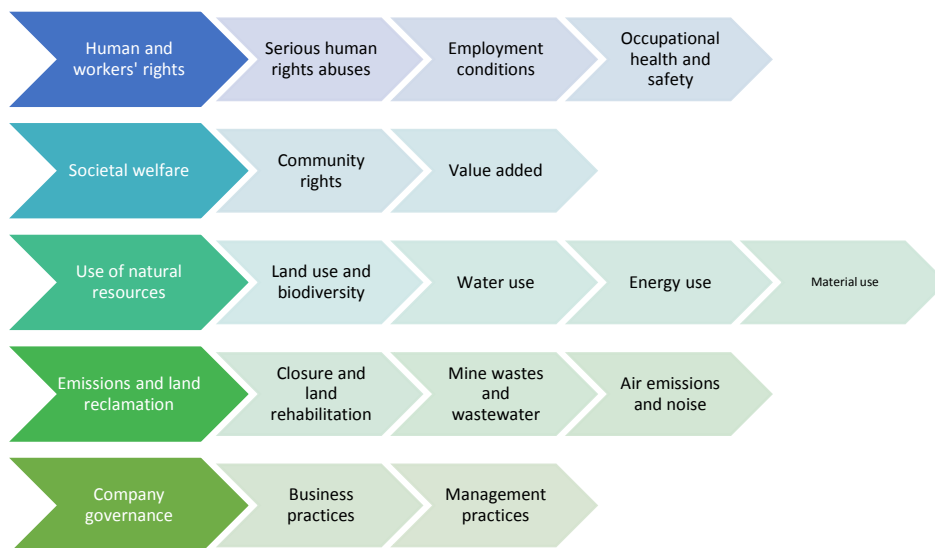
It is a basic model for carrying out due diligence, through which ASM gold producers can identify, evaluate, and mitigate the risks associated with their mining activities, as well as make decisions and implement practices related to supplying natural resources such as gold.

Five-Step Framework:

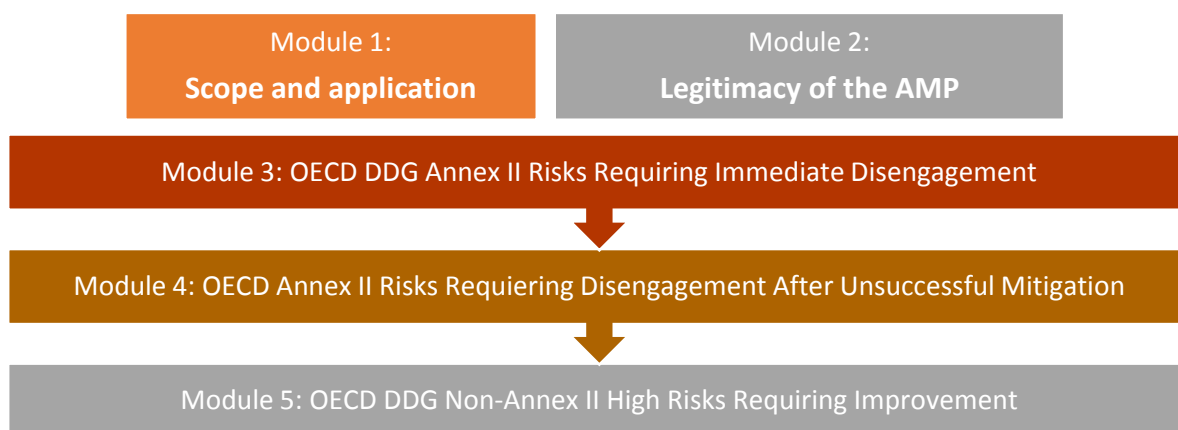
- Establish strong **company management** systems
- Identify and assess **risks in the supply chain**
- Design and implement a **strategy to respond to identified risks**
- Carry out an **independent third-party audit** of due diligence practices at specific points in the supply chain
- **Report on due diligence** in the supply chain

g) What is the Consolidated Framework of Sustainability Issues for Mining?

It is a classification of the main sustainability issues for mining, developed by Kickler and Franken (2017) after conducting a comparative, comprehensive evaluation of mining-relevant standards and schemes. The requirements for each module are structured according to this framework.



IV. Overview of the structure and initial content of CRAFT



- **Module 1 Scope and application:** It indicates the three affiliation levels, including organizational aspects, and distinguishes the performance indicators relative to Modules 3 through 5.
- **Module 2: Legitimacy of the AMP:** It classifies four possible country contexts for ASM and proposes three criteria for determining whether the requirement is fulfilled, in progress towards fulfillment, or failed.
- **Module 3: OECD DDG Annex II Risks Requiring Immediate Disengagement:** It presents a series of requirements and distinguishes between pass and fail criteria.
- **Module 4: OECD Annex II Risks Requiring Disengagement after Unsuccessful Mitigation:** It presents the requirement and compliance with them according to criteria of pass (mitigated), satisfactory mitigation progress, and fail.

- **Module 5: OECD DDG Non-Annex II High Risks Requiring Improvement:** It indicates other requirements and presents how they can be controlled, progressing, or unaddressed (with the risk and improvement plan).



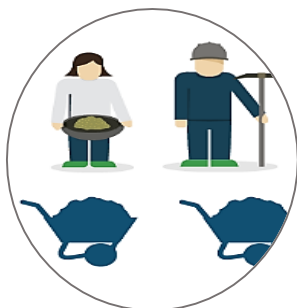
Geographic Scope: Global, without any excluded areas.

A globally applicable "core" version. Each country has its own regulatory framework for ASM.



Product Scope: Gold produced in ASM mines

Gold in any tradable form (such as metal, doré, concentrate, or mineral). In some cases, gold itself may be a by-product (e.g., copper mines, construction gravel, etc.)



Organizational Scope: ASM Mineral Producer (AMP), which may be comprised of any de facto organizational structure of producers and optionally aggregators of ASM gold operating in a single country.

Individual, family, associative, cooperative, or corporate miners, as well as heterogeneous groups thereof, and including all men and women directly or indirectly involved in mineral production.

a) *Clarification on terms and definitions*

- **How is ASM defined in CRAFT?**

Artisanal and Small-scale Mining (ASM): In general terms, it refers to mining performed by individuals, groups, or communities. Operations normally use little technology and machinery, rather being highly labor intensive. According to the 2013 OCDE definition, “ASM” can include men and women working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners. For example, it is common for work groups of 4-10 individuals, sometimes in family units, to share tasks at one single point of mineral extraction (e.g. excavating one tunnel). At the organisational level, groups of 30-300 miners are common, extracting jointly one mineral deposit (e.g. working in different tunnels), and sometimes sharing processing facilities.

- **What is a Conflict-Affected and High-Risk Area (CAHRA)?**

Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence, or other risks of harm to people. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law (OECD, 2013).

- **What is an internal supply chain, according to the CRAFT Code?**

It is a control system that describes the flow of gold in any form (such as metal, doré, concentrate, or mineral) from the individual miner who extracts it down to the member(s) of the AMP who sell it to downstream BUYERS. It is determined by the de facto organizational structure of members of the AMP.

- **What is a point of assurance, according to the CRAFT Code?**

The assurance **mechanism consists of the AMP making first-party claims** (by miners/main organizational scope) or second-party claims (by aggregators/extended organizational scope, based on first-party claims of miners), which are **at any moment verifiable through independent audits** (e.g. by downstream supply chain actors that buy or wish to buy from the AMP). The **member(s) of the AMP** that transacts the gold to BUYERS **must ensure that the claims are truthful and verifiable**.

Suggested methodology: Ask the group of miners for their opinions and comments after presenting the key features of CRAFT.

Expected result: Responses from the workshop attendees to the questions posed in this section.

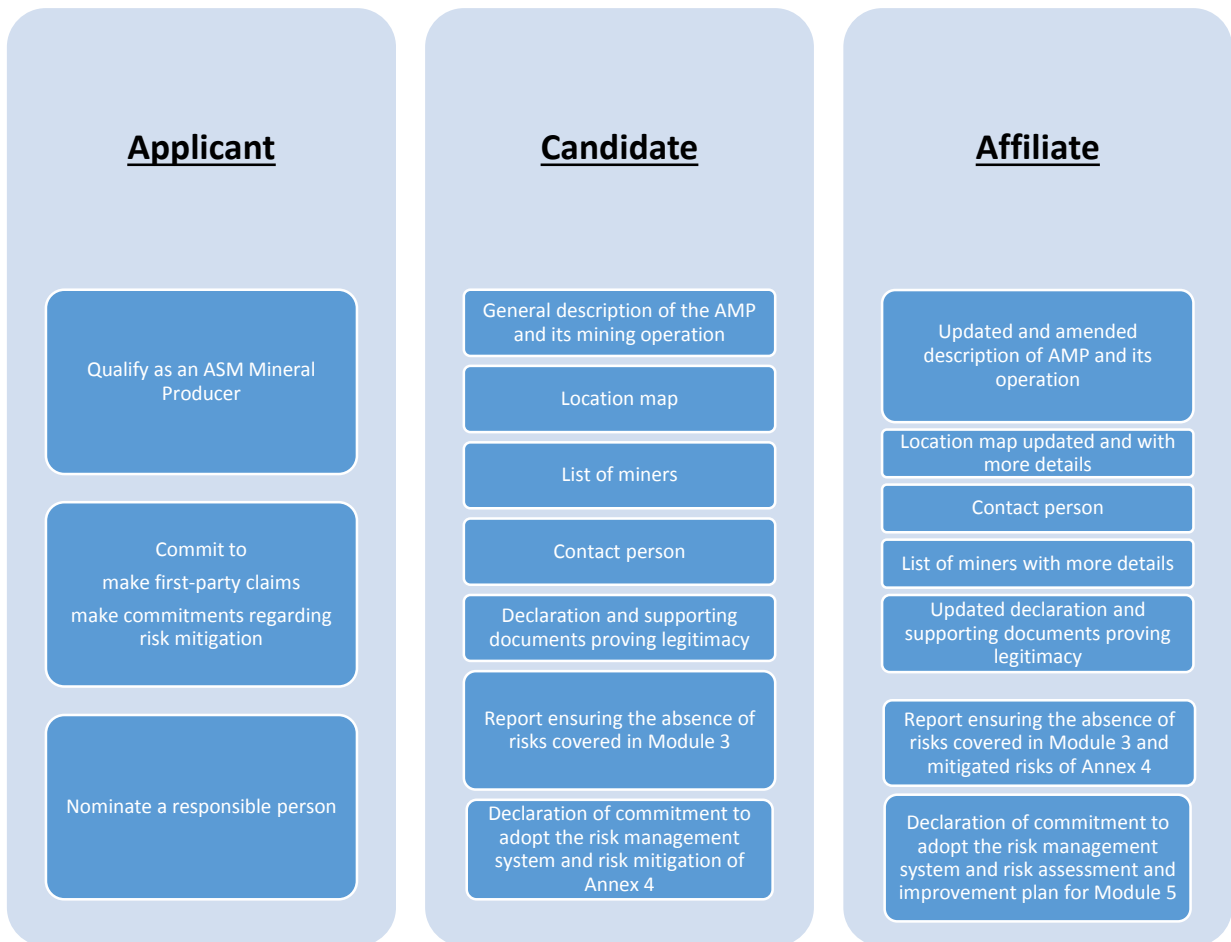
Questions to ask the group of miners after the introduction or presenting the overview of CRAFT:

1. Do you agree with the proposed product and organizational scope? Is there any other potential scenario besides those mentioned?
2. Do you agree with the proposed internal supply chain of the CRAFT Code?

b) Adhering and Applying to the CRAFT Code

The CRAFT Code is a general document based on OECD Due Diligence Guidance. Various CRAFT schemes (AMPs, buyers, NGOs, governments, industry associations, standards, programs, or projects) may adopt CRAFT as a framework to facilitate applying OECD Guidance and to committing to support and improve the conditions of the ASM sector.

The process of adhering and applying to a CRAFT scheme (if any of such scheme is accepting applications from the country where the AMP operates) is progressive. It is expected that AMPs progressively strengthen their organizational aspects and improve their ability to collect data. **There are three levels of adherence: Applicant, Candidate, and Affiliate.**



- **How should fulfillment of requirements and progress made in mitigating risks be reported?**

Through verifiable reports made by the AMP or its supporting organizations. This report includes statements called the first-party claim (by the AMP) or second-party claim (local or support actors or chain actors as buyers) on how each CRAFT requirement is addressed or mitigated, with evidence attached.

- **Will there be a certification scheme and audits with the CRAFT Code?**

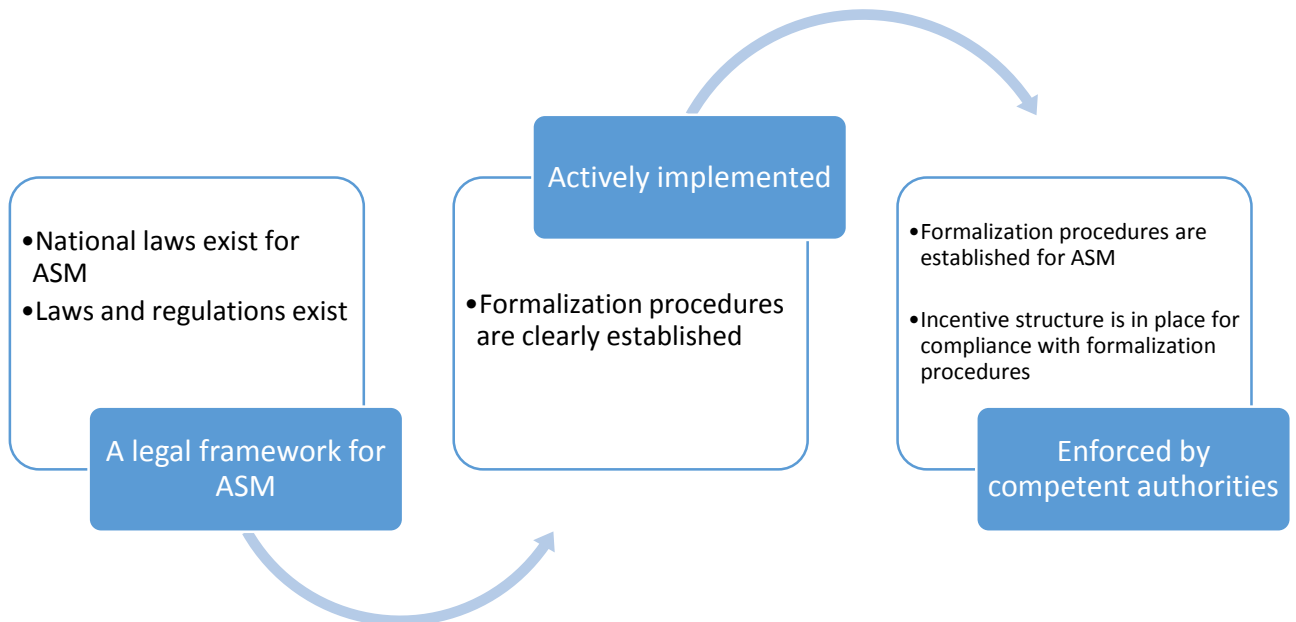
CRAFT is a framework, open-source document intended for use by different actors. There will not be a defined certification and auditing scheme. Buyers who already have audits in place as part of their sourcing scheme are responsible for carrying them out. The AMP must accept that a third-party audit may be done at any time to validate statements made in the MES reports.

Questions to ask the group of miners after presenting how to adhere to CRAFT:

1. Considering the mining reality and particular context, do you consider it possible to follow the proposed approach for progressive affiliation: Applicant, Candidate, and Affiliate?
2. Do the requirements for each seem realistic, according to the characteristics in which the ASM operates?
3. Is it feasible to report on demonstrated compliance with CRAFT requirements?

c) *Module 2: Legitimacy of the AMP*

It addresses each requirement and criteria used to assess the legitimacy in terms of legalization and formalization of the operation of Artisanal and Small-Scale Mining Producers (AMP).



It first takes into account:

“Legitimate artisanal and small-scale mining: ...legitimate refers, among others, to artisanal and small-scale mining that is consistent with applicable laws. When the applicable legal framework is not enforced, or in the absence of such a framework, the assessment of the legitimacy of artisanal and small-scale mining will take into account the good faith efforts of artisanal and small-scale miners and enterprises to operate within the applicable legal framework (where it exists) as well as their engagement in opportunities for formalisation as they become available (bearing in mind that in most cases, artisanal and small-scale miners have very limited or no capacity, technical ability or sufficient financial resources to do so)...” (OECD 2016b)

Suggested methodology: For this and following sections, the recommendation is to divide the miners into small groups and ask each one to respond to the questions as a group by writing their comments on a poster or large sheet of paper.

Expected result: Responses from the workshop attendees to the questions posed in this section.

| Contexts assessing the legitimacy of AMPs | | | | |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Criteria and requirements that must be fulfilled | Context 1 | Context 2 | Context 3 | Context 4 |
| A legal framework for ASM exists. | Yes | Yes | No | No |
| The legal framework for ASM is implemented. | Yes | No | No | No |
| The legal framework for ASM is enforced. | Yes | No | No | No |
| A legal framework exists, but it does not distinguish between ASM and industrial large- or medium-scale mining (LSM). | N/A | N/A | Yes | Yes |
| State-approved commercialization channels are in place. | N/A | N/A | N/A | Yes |
| Pass requirements for legitimacy | -Holds all valid documents that authorize its operation | -Holds all valid documents that authorize its operation -OR- -Proves with documents its willingness to legalize its operation under national law, and -There are no complaints by potentially affected public, private, or communitarian stakeholders. Conflicts | -Holds all valid documents that authorize its operation -OR- -Analyzes the applicable laws and can justify the impossibility of legalization under the existing legal framework for all extractive activities, and -There are no complaints by potentially affected public, private, or | -Holds all valid documents that authorize its operation -OR- -Sells its production to or through a state-approved commercialization channel, and - There are no complaints by potentially affected public, private, or |

| | | | | |
|--|--|-------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
| | | are resolved as soon as they arise. | communitarian stakeholders. Conflicts are resolved as soon as they arise. | communitarian stakeholders. Conflicts are resolved as soon as they arise. |
|--|--|-------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|

Suggested methodology: Indicate to the miners that CRAFT proposes four possible scenarios for determining legitimacy. Ask them which case matches their mining reality.

Expected result: Responses from the workshop attendees to the questions posed in this section.

Questions to ask the miners in small groups or as a large group:

1. **In which of the four possible scenarios or contexts could our country's reality of ASM be classified? If none of the contexts exactly match the reality, which is the closest fit?**
2. **After selecting a context, review the compliance criteria and discuss if you think it would be possible to achieve.**

d) Module 3: OECD DDG Annex II Risks Requiring Immediate Disengagement

According to the OECD Due Diligence Guidance, the following aspects must be assessed and found to be absent in order to engage in a commercial relationship.

This module addresses Annex II risks for which the OECD DDG recommends to immediately suspend or discontinue engagement with upstream suppliers (AMPs) if a reasonable risk is identified. All requirements of this module are pass/fail requirements.

The first step to joining CRAFT is ensuring that the following issues are absent, or making the best efforts and in good faith to not be linked to them.

| Requirement | Compliance criteria |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The worst forms of child labour are not tolerated. | <ul style="list-style-type: none"> - A baseline assessment of child labour has been conducted - No child under the age of 18 performs the type of work considered the worst forms of child labour (e.g., working underground or underwater, using dangerous machinery or tools). |
| Is not linked to any form of forced labour | <ul style="list-style-type: none"> - Certifies in a verifiable statement the absence of any forms of forced labour in the mine - Assures that any person in the AMP is free to resign, without the menace of penalty |

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Is not linked to any gross human rights violations, such as sexual violence | - Credible testimonies by independent parties certifying the absence of sexual violence |
| Is not suspected of committing any forms of torture, nor cruel and degrading treatment | - Credible testimonies by independent parties certifying the absence of torture, cruel, inhuman, and degrading treatment |
| The operation is located in a Conflict-Affected and High-Risk Area (CAHRA). | - At least annual evaluation to determine whether or not the AMP is considered to be in a Conflict-Affected and High-Risk Area (CAHRA). - Reference to at least two institutions that certify that the AMP is or is not in a CAHRA. |
| We are not linked to committing war crimes or other serious violations of international humanitarian law. | - It can be proven (e.g., in a statement by human rights bodies or other related groups) that the internal supply chain is not controlled by or benefitting any party involved in serious violations of international humanitarian law. |
| It is reasonable to believe that the mine site(s) and transportation routes are not illegally controlled by non-state armed groups. | - Evidence can be provided (e.g., a statement by a human rights body) that the AMP's mine site and transportation routes are not illegally controlled by any non-state armed group. |
| Undertakes all reasonable efforts to avoid production at its mine site and its internal supply chain being subject to illegal taxation or extortion of money or minerals by non-state armed groups. | Internal policy requiring all members to abstain from making any payment considered related to extortion and illegal taxation. |
| Legal Compliance | The AMP must be legitimate (See legitimacy of the AMP). |
| Impact Assessment and Management System | Follows the affiliation requirements for the schemes (See Module 1: Scope and Affiliation). |
| Responsible Person | The AMP must nominate a Responsible Person for implementing the Code. |

Suggested methodology: Two options are proposed: a) comment on the requirements with all the miners or b) divide the miners into small groups and assign each one different requirements and compliance criteria, asking them to review if they consider them feasible to comply with and if the way both the requirement and the compliance are presented is understandable.

Expected result: Responses from the workshop attendees to the questions posed in this section.

e) Module 4: OECD Annex II Risks Requiring Disengagement after Unsuccessful Mitigation

This module addresses Annex II risks for which the OECD DDG recommends suspending or discontinuing engagement with upstream suppliers after failed attempts at mitigation.

| Requirement | Pass Criteria |
|-------------|---------------|
|-------------|---------------|

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| See Module 3 | - All requirements of Module 3 addressing risks requiring immediate disengagement must be passed. |
| Direct or indirect support to public or private security forces that illegally tax, extort, or control | - A first-party claim verifies that the AMP (its members, mine site, and internal supply chain) is not illegally taxed, extorted, or controlled by public or private security forces. |
| Is supportive or seeks the support of public or private security forces that safeguard human rights | - Declares that it collaborates with or seeks support of public or private security forces as required by law and that relations are not characterized by tensions. It shall describe the "good relation" and provide information on all public or private security forces present at the mine site and along the internal supply chain. |
| Will support all efforts or take all viable steps to minimize adverse impacts associated with the presence of public or private security forces on their mine sites | - Applies if an organization is supporting the miners and if the miners take steps to minimize adverse impacts |
| Does not knowingly hire individuals or units of security forces that are known to have been responsible for gross human rights abuses | Ensures that individuals or units of hired security forces are not linked to gross human rights abuses |
| Avoids the misrepresentation of taxes, fees, and royalties paid to governments for the purposes of mineral extraction, trade, handling, transport, and export | Keeps receipts for payments to public security forces, if required by law |
| Pays to the government all taxes, fees, and royalties related to mineral extraction, trade, and export | - Guarantees that taxes, fees, and royalties are paid, as required by law. The AMP should collect self-declarations from its members (e.g., "I paid my taxes and can prove it upon request of an auditor."). |
| Is committed to disclose, if requested, all payments of taxes, fees, and royalties in accordance with the principles set forth under the Extractive Industry Transparency Initiative (EITI) | - Keeps records and receipts of taxes, fees, and royalties paid, as required by law |
| Undertakes all reasonable efforts to avoid offering, promising, giving, or demanding bribes | The AMP discloses, or declares to be committed to disclose, payments made to the national EITI (if in a EITI member country). |
| Resists any solicitation of bribes to conceal or disguise the origin of the minerals | - Implements a binding internal policy that requires all members to abstain from offering, promising, giving, and in particular expecting or demanding any bribes |
| Supports all efforts or takes all viable steps to contribute to the effective elimination of money laundering where a reasonable risk | Establishes an internal control system (ICS) to ensure that gold and/or mineral commercialized by the AMP and/or its entities originates exclusively from the mine site of the AMP |
| | Performs processes and implements measures that allow for verification that the average gold production volumes match the effective production capacity of the AMP |

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| of such practice from or connected to its operations or products has been identified | |
| Legal compliance Impact evaluation and management system Nomination of responsible person | All requirements of Module 3 related to management practices must be passed (see compliance requirements of Module 3 for this topic). |

Questions to ask the group of miners, from Module 4:

1. Are the requirements and compliance criteria (how to demonstrate that efforts are being made to meet the requirements) presented in an understandable manner?
2. Do you have any suggestions on different ways of presenting the compliance criteria?

Suggested methodology: Two options are proposed: a) comment on the requirements with all the miners or b) divide the miners into small groups and assign each one different requirements and compliance criteria, asking them to review if they consider them feasible to comply with and if the way both the requirement and the compliance are presented is understandable.

Expected result: Responses from the workshop attendees to the questions posed in this section.

f) Module 5: OECD DDG Non-Annex II High Risks Requiring Improvement

This module addresses high risks that are not specifically covered by the "Model Supply Chain Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas" of the OECD Due Diligence Guidance. Such risks are commonly referred to as "**non-Annex II risks**".

CRAFT is intentionally not prescriptive on the sequencing and prioritization of improvements that address the requirements of this Module 5. According to their own needs and support opportunities provided by CRAFT Schemes, the AMPs may choose in their improvement plans (the commitments expressed in their CRAFT reports) to work during the year on one, more, or all improvements.

| Requirement | Compliance criteria |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Takes measures to eradicate the worst forms of child labor | - A study or quantitative survey shows that people from 15 to 18 years old in the perimeter of the AMP mining activity have been relocated to work zones that do not affect their mental or physical health nor their safety. |
| Take measures to eradicate child labor for children less than 15 years old | - The results of a detailed quantitative survey reveal that all persons under 15 years of age in the perimeter of the AMP (e.g., the community) attend school and are not employed or allowed to perform any work. |

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| Takes measures to protect women against sexual violence and harassment at work | Unacceptable behavior will not be permitted from any individual member, and measures will be taken to protect women against sexual violence and harassment in the workplace. Makes efforts and takes steps to raise awareness about sexual violence and harassment, and encourages victims to denounce aggressors to the competent authority |
| Takes measures to respect the rights of women, in particular to reduce any gender-based restriction of access to mineral resources | Incorporates rules and criteria that provide equal opportunities between men and women for access to mineral resources, to mineral producing activities, and to miners' organizations. The results of a gender survey and local employment and income statistics demonstrate that equal opportunities exist for women and men. |
| Does not base its decisions on criteria classified as discrimination in the Universal Declaration of Human Rights | AMP's decisions are not based on discriminatory criteria. Incorporates within its organizational policies, processes, and decision-making structures the criteria of non-discrimination and equal opportunities regardless of condition (sex, color, race, etc.). |
| Makes basic mining safety rules mandatory for its members | - Basic mine safety rules are created, and individual members (miners) know and follow these rules. |
| AMP members wear personal protective equipment at work. | - Miners use personal protective equipment (PPE). |
| Takes measures to: - eliminate whole ore amalgamation - eliminate open burning of amalgam or processed amalgam - eliminate amalgam burning in residential areas - eliminate the practice of cyanide leaching in sediment, ore, or tailings to which mercury has been added without first removing the mercury | The AMP does not use amalgamation on the whole ore Open burning of amalgam does not take place. Amalgam burning takes place only in dedicated areas The amalgamated material is not leached, or is leached after pre-treatment to remove mercury. |
| Takes steps towards integrating into existing communities | - Makes continuous efforts to integrate or align its coordination mechanisms for consensus-based decision-making into existing social structures |
| Has decision-making structures in place | -Establishes formal and/or informal coordination mechanisms for consensus-based decision making and ensures that these decision-making structures are operational and functional |
| Operates in close coordination with and receives the support of Protected Area Authorities | - Reaches an agreement with the administration of the protected area, supporting authorities in their task of achieving the conservation goal |
| Uses mining land in coordination with farmers and ranchers who require the same resource for agriculture or livestock | - Reaches a consensus with farmers and ranchers about land use during the life of the mine and the post-mining use; i.e., conflicts over land use are appeased |

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| Legitimate small- and large-scale mining operations undertake best efforts to coexist and cooperate | - Makes efforts to allow small-scale mining operations (ASM) and adjacent large-scale mining (LSM) operations to co-exist and coordinate their activities. --- or --- - Demonstrates at all times to be seeking equitable consensus and coordination with adjacent LSM operations |
| Uses water resources in coordination with other water users | - Reaches consensus with non-mining stakeholders about an equitable distribution of water resources |
| Avoids seriously polluting bodies of water with suspended solids that put at risk the lives of other water users | The degree of pollution of water bodies with chemical products and fuel residues is moderate, to the extent that -- with reasonable treatment efforts -- the water quality does not represent a risk to the health and livelihoods of other water users. |
| Avoids serious contamination of waterbodies with chemicals and fuel residues that put the community health and livelihoods of other water users at risk. | The level of contamination of water bodies with chemicals and fuel residues is moderate, to the extent that – with reasonable treatment efforts – water quality does not represent a risk for the health and the livelihoods of other water users. |
| Takes steps towards formalization of its operations beyond rights related to mineral extraction | - Has undertaken all possible steps of formalization, as required by national law |
| Has designated a point of contact for complaints and at least a simple procedure to address complaints | - Has a basic procedure for addressing complaints |

Questions to ask the group of miners, from Module 5:

1. Are the requirements and compliance criteria (how to demonstrate that efforts are being made to meet the requirements) presented in an understandable manner?
2. Do you have any suggestions on different ways of presenting the compliance criteria?

Suggested methodology: Two options are proposed: a) comment on the requirements with all the miners or b) divide the miners into small groups and assign each one different requirements and compliance criteria, asking them to review if they consider them feasible to comply with and if the way both the requirement and the compliance are presented is understandable.

Expected result: Responses from the workshop attendees to the questions posed in this section.

g) Closing Activity

As a conclusion, the following table can be presented to show the proposed way of addressing the modules and the forms of affiliation with CRAFT.

CRAFT Overview: Modules and Affiliation Levels

| | <u>Applicant</u> | <u>Candidate</u> | <u>Affiliate</u> | <u>Affiliate (Renewal)</u> |
|-------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <u>MODULE 1: SCOPE AND AFFILIATION</u> | <u>Application to participate in the scheme</u> | <u>Updated in more detail</u> | <u>Updated with additional details</u> | <u>Updated with additional details</u> |
| <u>MODULE 2: LEGITIMACY</u> | | <u>Provide evidence</u> | <u>Updated</u> | <u>Updated</u> |
| <u>MODULE 3: ANNEX II RISKS REQUIRING IMMEDIATE DISENGAGEMENT</u> | | <u>Risks were assessed and not identified (Pass)</u> | <u>Risks were assessed and not identified (Pass)</u> | <u>Risks were assessed and not identified (Pass)</u> |
| <u>MODULE 4: RISKS REQUIRING DISENGAGEMENT AFTER UNSUCCESSFUL MITIGATION</u> | | <u>Risks were assessed</u> | <u>Risks were assessed and not identified (Pass) or mitigation progress was satisfactory</u> | <u>Risks were assessed and not identified (Pass) or mitigation progress was satisfactory</u> |
| <u>MODULE 5: HIGH RISKS REQUIRING IMPROVEMENT</u> | | | <u>Risks were assessed and improvement plan (Commitments) was established</u> | <u>Additional risks were assessed and improvement plan (Commitments) was being implemented</u> |
| <u>Module 6 and Module 7 (will be included in future version of CRAFT)</u> | | | | |
| <u>LEVEL OF ENGAGEMENT</u> | <u>Begin to receive support</u> | <u>Linkage with formal markets (commercial relationship formed)</u> | <u>Continue with the commercial relationship</u> | <u>Continue with the commercial relationship</u> |

Final questions and request for comments:

1. Has the proposed approach for compliance with the requirements been understandable?
2. Do you consider that the requirements can be met?
3. What would make it easier to fulfill the requirements?

Many thanks to the miners and the team of facilitators for reviewing the CRAFT content and providing their input!

V. Annexes

As indicated at the beginning of the guide, upon completion of the activity please send the following to ARM (standards@responsiblemines.org):

- Consultation report (following the format: date, place, agenda, completed activities)
- List of comments from the miners
- Attendance list
- Photographs of the activity
- Copies of materials used